

AUSTRALIA RECONSTRUCTED: SOCIALISM DECONSTRUCTED

Herb Thompson

Introduction

Australia Reconstructed,¹ a report by the mission members of the Australian Council of Trade Unions and the Trade Development Council, was published in July 1987 to widen economic strategy debate amongst trade unionists in particular, and members of the Australian community in general. The report came as a result of a fact-finding mission to Sweden, Norway, Austria, West Germany and Britain, jointly funded by the ACTU and the Trade Development Council. The mission was charged with three Terms of Reference: (1) to examine the relations of government, trade unions and business and available tripartite mechanisms in the formulation and implementation of trade and related policy matters; (2) to consider the implications of technology, work organisation, education and productivity for international competitiveness; and (3) to evaluate the contribution of trade union research education and organisation to union participation in trade related issues. The structure of the report is divided into six chapters, each of which deals with one major policy area: Macroeconomic Policy; Wages Prices and Incomes; Trade and Industry Policy; Labour Market Policies; Industrial Democracy; and Trade unions. The stated objective of the report was to

*Herb recently entered hospital for major surgery. The editors wish him a speedy recovery.

"achieve full employment, low inflation and rising living standards which are equitably distributed".

Australia Reconstructed (AR) is primarily concerned with the manufacturing sector and argues for an active and strategic industry policy so as to reduce Australian reliance on mining and agricultural production. Moreover, the report gives very little attention to the public sector or the production of services in general. There are a total of 72 separate recommendations, the core of which include:

1. A national development fund for investment in new industrial capacity and low-income housing. Superannuation funds would be obliged to make up to 20% of their funds available to the fund and this would be supplemented by a one per cent tax on imports and surcharge on luxury imports.
2. A study into the incidence of 'speculative' versus 'productive' investment, as well as an inquiry into corporate takeovers.
3. Retention of centralised wage-fixing, with wage increases determined by conditions in internationally traded goods sectors.
4. A six month conditional price-freeze.
5. A national employment and training fund.
6. An industrial democracy programme providing for more worker's participation in corporate structures.

The above recommendations and many others in the report require careful scrutiny and attention since they have dominated the agenda of the union movement during the past year.

However, rather than provide a detailed examination of the 72 recommendations, the purpose of this paper is to draw out and critically evaluate the philosophy, assumptions, and political perspective of the report as a whole. It would seem that this is a necessary first step in order to begin the debate. Only then will the strengths, weaknesses and implications of the report's recommendations be put in context for those interested in the fine details. This should prevent a dialogue of the deaf from taking place between those who wish to give capitalism a human face and those who wish to pursue the tenets of socialism.

The Philosophy of Australia Reconstructed

The philosophical premise which underpins the recommendations in AR is that consensus decision-making is essential to effective economic policy. This is the familiar tripartite approach, involving government, business and unions, which underlies the incomes policies with which we have become familiar during the Accord process since 1983. The then Minister for Trade, Mr. J. Dawkins, who introduces the report, states that "simplistic, mischievous 'solutions', based largely on conflict and sectional interest, (must be) excised from the body politic". That is, conflict in a capitalist social formation is to be seen as a mischievous anomaly which can be excised by rational participants in government, business and unions who agree to put aside their class interests in order to cooperate for the benefit of the nation. This philosophical premise, of course, is not above criticism. In fact, it is the argument of this paper that antagonism is an essential and inherent component of the social relations found in capitalism. Further, any understanding of class analysis makes a mockery of the proposition that personifications of capital and labour need only sit down and reason together, with the State acting as a mediating influence, in order to overcome the inequities and injustices found in capitalism, much less to "reconstruct Australia".

The irony of AR is that the authors clearly recognise the inherent basis for conflict in a capitalist social formation at both the macro-economic level and at the "frontier of control" on the shop floor, but insist that these problems can be overcome in the long run by the consensual co-ordination of capital, labour and the State. For instance, in the executive summary of the document an awareness is shown of the struggle at the macro-economic level between capital and labour both over their respective shares of national income and the uses of which those shares are put. It is stated that:

"The exemplary wage restraint shown by the Australian trade union movement under the Accord has also been significant for improved competitiveness ... However, private sector investment in plant, equipment and commercial buildings as a proportion of GDP is currently at historically low levels and very meagre by international standards"

It has been clearly demonstrated over the past five years that the profit share has been inversely correlated to the wage rate. However, if workers make sacrifices in their real income for the benefit of profit-takers, there is absolutely no assurance that those profits will be used productively in order to generate economic growth and jobs in the future. The somewhat naive solution to this impasse is to require superannuation funds to make available up to 20% of their future income to a national development fund. In other words, workers savings are to be used to generate lending for

profit-making enterprises in industry and housing construction to compensate for the flight of capital abroad seeking higher returns as well as speculative investment in property and paper securities. This is exactly the type of "solution" that is generated by the pursuit of consensus in a capitalist economy.

Another self-described "linchpin" of *AR* which attempts to come to grips with the antagonism between labour and capital on the shop floor is developed under the heading of industrial democracy. The goal of this "linchpin" is unabashedly stated at the beginning of Chapter 5 as "maximising productivity in Australia." Socialist notions of "worker's control" or work councils are replaced by the logic of capitalist production. The fact is that the working class on the shop floor has always pursued industrial democracy at the expense of managerial power; whereas management wants greater flexibility at the expense of union power. Employers talk in terms of employee participation to develop mutual goals of productivity rather than altering the distribution of power, whereas unions take positions in favour of worker's control in order to shift the distribution of power. Democratic procedures may be incorporated into the system by management in an optimal way for purposes of efficiency and profitability. Yet, while capitalists may choose to introduce democratic elements and procedural protections within this hierarchical framework, these elements are neither legally assured nor do they amount to de facto abrogation of control by owners and managers. To attempt to force managers or owners to abrogate their control, or to insist on legally assured democratic participation by workers in areas defined by managerial prerogative will inevitably generate conflict whether the members of the ACTU/TDC mission like it or not.

Although the linkage between workplace democracy, productivity and job satisfaction is taken as having been established, Robert Drago has carefully argued and shown that a number of researchers remain unconvinced by the argument.³ Evidence appears to show that where enhanced worker autonomy in capitalist firms does increase productivity, there exists simultaneously high levels of job insecurity, low education levels, and a lack of union activism. In other words, the combination of 'democratic' work practices and capitalist domination may be responsible for heightened productivity rather than 'democratic' work practices alone. Capitalist production requires, in a very rational way, vertical hierarchy. To threaten that vertical hierarchy is to threaten the structure of capitalism. A careful reading of *AR* clearly reveals that this is not what the authors intend.

Political Perspective of Australia Reconstructed

The AR report, while issuing all the caveats against the simple transference of one nation's economic model to the material and historical reality of another nation, does seem somewhat enamoured of the Swedish model. This should not be surprising since the social democratic politics of Sweden have long appealed to Labor politicians in Australia, at least since the time of Whitlam's Government. This attention to Sweden, the emphasis on consensus rather than conflict, the development of recommendations to reform capitalism rather than to change it, the notation of the State as a mediating agent in the struggle to humanise capitalism, the incorporation of an incomes policy and tripartitism into the analysis, and the assumption that equity and distributional justice can soften the problems generated within a capitalist social formation, can only lead one to conclude that the politics of AR are the politics of social democracy. In itself, this is not a problem as long as one does not confuse social democracy with democratic socialism, especially since there have been a number of recent attempts to conflate the two political positions.⁴ Social democratic regimes operate on the assumption that capitalism can be reformed without changing its basic structure. Democratic socialism is based on the supposition that the structures of capitalist production, distribution and exchange can be changed through democratic parliamentary procedures. AR has definitely continued the process established by the Accord, in deconstructing socialism and socialist solutions, while attempting to reconstruct Australian capitalism, albeit with a reformist manifesto.

As suggested by Adam Przeworski, "The movement for socialism develops within capitalism and faces definite choices that arise from this very organization of society. These choices have been threefold: (1) whether to seek the advancement of socialism through the political institutions of the capitalist society or to confront the bourgeoisie directly, without any mediation; (2) whether to seek the agent of socialist transformation exclusively in the working class or to rely on multi- and even supra-class support; and (3) whether to seek improvements or reforms within the confines of capitalism or to dedicate all efforts and energies to its complete transformation."⁵ Social democrats, including the authors of AR, choose to participate in capitalist society, to seek supra-class alliances, and to struggle for reforms within the confines of capitalism.

Social democracy is based on a continuing struggle to extend the democratic principle from the political to the economic realm. The authors of AR select a quote from the Norwegian Social Democratic Party Committee to make the point:

Holding the beliefs that we do, we can never accept that the place where people are required to spend a third or a quarter of the day must be excluded from the general democratisation of the rest of the community. We must also create an environment in the workplace for free and independent people who can feel themselves to be active partners in a co-operating community. In the workplace, too, people ought to feel themselves to be members of a democratic society, and not just units in a production process.⁶

From a class perspective, the above quotation fails to recognize that the capitalist firm requires a locus of command. It is not that bosses or managers are undemocratic people. The logic of capital accumulation requires a hierarchy of decision-making and supervision. There is a wealth of neoclassical economic literature in which vertical hierarchy in a capitalist firm is explained as a rational necessity for the monitoring of employee effort. To change this logic is to change the nature of the capitalist firm. This is the contradiction that social democrats face in every reformist situation. They are forced to go back and forth between an understanding of class antagonism and a cultivated belief in idealistic principles of democracy and justice. They seem unable to win in either case, and they behave the way rational, idealistic people do when confronted with dilemmas: they bemoan and regret, change their strategies, and once again bemoan and regret. Workers are left with the industry remains of Accord I, Accord II, and Two-tiers. Next year we will most likely add AR to the list.

After the appearance of the General Theory by John Maynard Keynes in the 1930s and its popularisation for the next 30 years, social democrats were able to discover distinct policies for administering and adjusting capitalist economies. "Capitalism wisely managed:, wrote Keynes, "can probably be made more efficient for attaining economic ends than any alternative system yet in sight".⁷ Keynesianism provided social democrats with a goal, and hence the justification to abandon socialist guidelines of nationalisation, planning, and worker's control of the production process. The State became the institution to regulate economic crisis and promote full employment. Government "White papers" in the 1940s extolled the necessity of full employment without inflation in order to promote an equitable and just society. This revelation was actively developed by the social democrats in Sweden. In the 1930s, the Swedish Social Democrats perceived that unemployment could be reduced and the economy invigorated if the state followed anti-cyclical policies, allowing budget deficits to finance productive public works during depressions and then pay back the debts during periods of expansion. The whims of the capitalist market were to be controlled and the welfare of citizens enhanced by a benevolent State apparatus.⁸

The decline of Keynesianism in the 1970s during a decade and more of stagflation has provided another dilemma for the social democrats. The response has been to initiate post-Keynesian incomes policies on the assumption that the State can continue to act as a mediator of pluralist interests. Through tripartite negotiation, capitalists are to become the private functionaries of the public interest and workers the willing agents of private capital accumulation. The State is meant to assist capitalist allocation of profits to productive investment. The difficulty with this social democratic scenario is that for it to work, it requires the willing cooperation of the three partners of the corporatist national enterprise, and must, therefore, be sold as a national populist position. The very capacity of social democrats to regulate the economy still depends upon the profits of capital which must be protected and increased in the long run. The expectation that current profits will be transformed into future improvements of the material interests of wage-earners has become the foundation for the absolute consent of social democrats to capitalist principles in the 1980s.⁹ This expectations is to either forget or to deny the argument of Marx that no improvement in the material conditions of workers is able to mitigate the basis of conflict:

"Even the most favourable situation for the working class, the most rapid possible growth of capital, however much it may improve the material existence of the worker, does not remove the antagonism between his interests and the interests of the bourgeoisie. Profit and wages remain as before in inverse proportions."¹⁰

The rejection of socialist principles as well as Marxist analysis leaves social democrats with no choice, but to attempt to reproduce and improve capitalism even if, ironically, they must struggle against the resistance of capitalists themselves. For instance, Bryan Noakes, director-general of the Confederation of Australian Industry rejects both the ACTU plea for consensus and the post-Keynesian solutions of AR. He observed that the report's recommendations "make one realise just how far apart employers and trade unions are". He would rather that we had a purer form of capitalism with "less government regulation and a tax regime that will allow successful entrepreneurs to earn a fair return for their risks and their efforts."¹¹

The mission members, sponsors and authors of AR have decided to continue the social democratic adjustment to economic crisis which began with the original Accord in 1983. Admittedly, it is a comprehensive, well-argued document that deserves discussion and debate. While somewhat pretentious in presuming a blueprint for the reconstructing of Australia, it follows in the tradition of social democrats who, thirty years ago, were informing the world that Keynesian theory has solved the problem of the business cycle and that we need never again worry about

recession or depression. The real success of the entire process of the "Accord", culminating in this latest document, is that socialism is being deconstructed and the phoenix of the corporatism is being revealed as the newest saving grace for the capitalist mode of production.

If socialists are to become involved in the debate over AR they should at the very least be aware that the document has little, if anything, to do with socialism.

Conclusion

Nationalisation of the means of production is seen to be electorally unfeasible in advanced capitalist societies; economic planning is seen to interfere with managerial prerogative; worker control of the production process defies the logic of capitalist accumulation; union officials who attempt to look after the interests of their members are accused of destroying tripartite consensus causing economic crisis; radical redistributive policies destroy the confidence of capital; and wage militancy is met with accusations of greed. It is evident that social democratic principles have tightened the parameters of debate, critique and analysis. Accord I and II, the Two-tier wage system, and now AR, have closed off the debate to socialists. Socialist alternatives are now seen as anachronistic, irrelevant, or unworkable in the present economic circumstances by those developing corporatist solutions. To offer a socialist alternative in a social democratic forum is to effectively change the subject. Therefore, a socialist critique of AR, must begin with the premises, assumptions, philosophy and political perspective, before being diverted into a discussion of the strengths and weaknesses of each specific recommendation.

In any case, one of the typical responses to any critique is the request for an alternative solution. Sometimes the request is made so as to divert attention away from a necessary response to the criticisms. In this instance it is possible to provide a simple but essential alternative without having to suggest a socialist blueprint. That is, an alternative exists within the framework of the capitalist social formation that must receive the highest priority of the working class in Australia. The alternative suggested is that, before anything else diverts our attention from the most serious problem facing the working class in 1988, it is requisite to stop the extensive use of the legal-judicial system by employers to decimate the ability of working people to struggle on the job. Unions and workers have suffered serious monetary and industrial defeats over the past two years due to employers taking action outside the

industrial arena, bringing civil and criminal law to bear issues previously handled on the job or in the Arbitration Commission.

It should not be necessary to remind ourselves of the attacks by employers and Labor Governments on the Builders' Labourers' Federation, the Federated Confectioners' Union, the Food Preservers' Union and Federated Furnishing Trades in Victoria, or more recently the Plumbers' and Gasfitters' Union. Nor should we forget the disputes at Mudginberri in the Northern Territory; the Dollar Sweets dispute in Melbourne; the SEQEB dispute in Queensland; or the Robe River dispute in the Pilbara iron ore industry. Also there are the innumerable threats and actions which have been taken out by various employers under Section 45D and E of the Trade Practices Act or other civil court threats for damages taken out against unions, union officials and rank and file members. Yet, it would appear that these disputes have all been put in the "too hard" basket, or that an over-riding desire not to embarrass Labor Governments has prevented workers from developing a struggle to eliminate these onerous infringements on the working class.

"Managerial prerogatives" provide capitalists with a powerful tradition to combat union claims and existing working conditions. These prerogatives have now been bolstered by civil and criminal courts as well as legislation under the Trade Practices Act which the Labor Party had promised to remove upon coming to office. The most debilitating and decimating challenges to the working class are now coming through the courts; and there is nothing in the various Accord agreements or the present version of AR which will prevent these challenges from continuing in the future. The passive response by the ACTU, union officials and socialists in general makes any further discussion of AR or similar glossy documents fatuous, to say the least.

Debate over the various Accord processes has been stage managed over the past five years by the centralised bureaucracies of the ACTU, the Labor Party and a few major unions. The rank and file are not being consulted, debate is being controlled within ACTU forums, and workers are not participating in the corporatist, much less company, decisions to reduce living standards. One might conclude, as did Jonas Pontusson that "the centralization and bureaucratization of the postwar labour movement has weakened its capacity to engage in popular mobilization; and more importantly, that participation in corporatist structures has restricted labour's conception of politics."¹²

A new era has begun in Australian capital-labour conflict, which labour is losing in the courts. Surely, this is the crucial problem to be confronted. When the perennial challenge is presented to socialists who criticise AR or any of the other Accord

documents to provide an alternative, the answer must be to change the subject in order to put socialism back on the agenda. As Paul Sweezy has aptly argued with reference to 'solutions' such as those found in AR:

If the debate is confined to this level, it seems to me that the orthodox clearly have the better of it. But from the radical point of view these arguments and counter-arguments do not even scratch the surface of the problem.⁴⁵

Notes

1. Department of Trade, *Australia Reconstructed*, Canberra: Australian Government Publishing Service, 1987
2. *Ibid.* p.xi
3. See for instance, Robert Drago, "Participatory Management in Capitalist Firms: An Analysis of Quality Circles", *Economic Analysis and Workers Management*, Volume 20, No. 3, 1986, pp. 233-249; Harry Katz, Thomas Kochan and Kenneth Gobielle, "Industrial Relations Performance, Economic Performance, and QWL Programs", *Industrial and Labor Relations Review*, Volume 37, No. 3, 1983, pp.3-17; Sar Levitan and Diane Wemeke, "Work Participation and Productivity Change", *Monthly Labor Review*, Volume 107, No.9, 1984, pp.28-33; and Edwin Locke and David Schweiger, "Participation in Decision-Making: One More Look", *Research in Organizational Behaviour*, Volume 1, 1979, pp265-339.
4. For example, See Hugh Stretton, *Political Essays*, Melbourne: Georgian House, 1987, p.195.
5. Adam Przeworski, "Social Democracy as a Historical Phenomenon", *New Left Review*, No. 122, 1980, p.27-28
6. Department of Trade, *op.cit.*, p.147.
7. J.M.Keynes, "The End of Laissez Faire", *Essays in Persuasion*, London: Macmillan, 1926, p.321.
8. Adam Przeworski, *op.cit.*, p.51.
9. Adam Przeworski, "Material Bases of Consent: Economic and Politics in a Hegemonic System", *Political Power and Social Theory*, Volume 1, 1980, pp.21-63.
10. Karl Marx, *Wage Labour and Capital*, Moscow: Progress Publishers, p.35.
11. As quoted in *The West Australian*, August 7, 1987, p.27.
12. Jonas Pontusson, "Radicalization and Retreat in Swedish Social Democracy", *New Left Review*, No. 165, Sept/Oct., 1987, p.31.
13. Paul Sweezy, "Symposium: Economics of the New Left, Comment" *Quarterly Journal of Economics*, Volume 86, No.4, 1972, p.662

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