

THE LIMITS TO POLITICAL UNIONISM

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As Australian capitalism heads towards the 1990s with the Hawke Labor government in power, it is apparent that there remain many unresolved issues for the Left on how to deal with this government, in terms of the Left's long-term vision for social change. Many of the economic problems which emerged with the onset of crisis in the mid 1970s remain, but there is increased uncertainty and division over appropriate responses. The readily identifiable villains of the 1970s - multinationals, monetarism, Malcolm Fraser - have given way to a set of forces, associated with the restructuring of Australian capitalism and the policies of the Hawke government, which are much more problematic for the Left.

This has been reflected in debates over the Prices and Incomes Accord, developed in 1983 as an agreement between the ALP and the ACTU providing a set of guidelines for Labor government policy. Debate over the Accord and whether it has potentially progressive implications has taken place within the labour movement, political parties and among the Left intelligentsia (Stilwell 1986: Ch. 3). There are three distinct positions on the Left towards the Accord. One position, held particularly by those who argue that a revolutionary strategy is the only viable option, have seen the Accord as basically anti-labour, allowing capital to control the working class by using a Labor government to enforce wage restraint (Thompson 1984; CPA M/L 1986). Secondly, there are those who have seen the Accord as being corporatist (Stewart 1985), labourist (Beilharz 1985/6) or gender-biased (Outhwaite et.al. 1988; Rosewarne 1988), as it serves the interests of those who are active participants in the decision-making process (employers and male workers) at the expense of less-powerful groups (most notably women and welfare recipients). There has been a third interpretation which argues that the Accord provides a

framework within which "political unionism" can be developed, allowing the labour movement to intervene in decision-making to extend the democratic process, possibly creating the conditions to transform Australian capitalism (Dow et.al. 1984, 1986; Ogden 1986; Ormonde 1986; Higgins 1985; Ewer et.al. 1987; Matthews 1986, 1988; Dow 1988).

It is this last strand of analysis which will be critically assessed, since it has been the most influential. The importance of this interpretation, which has been strongly shaped by the experience of social democracy in Sweden, can be gauged by its role in influencing the strategy for the Australian economy outlined in the ACTU/Trade Development Council's recent document, **Australia Reconstructed** (1987). Two recent books by proponents of the "political unionism" thesis, **Unions and the Future of Australian Manufacturing** by Peter Ewer, Winton Higgins and Annette Stevens, and **A Culture of Power** by John Mathews, provide useful vehicles by which to assess the feasibility and desirability of this strategy. The major weakness of these books, and of political unionism as it currently stands, is a failure to adequately conceptualize the class context of institutional arrangements.

Inspirations for Political Unionism

The most obvious factor inspiring alternative economic strategies such as political unionism has been the onset of economic crisis and high unemployment since the 1970s. There are a number of distinct explanations of this crisis, but it reflected in part the breakdown of the consensual institutional framework of the past - WWII period (Armstrong, Glyn and Harrison 1984). In most advanced capitalist countries there existed, at least until the late 1960s, an implicit agreement between capital, labour and the state which defined their appropriate spheres of action and which provided the foundations for a long period of economic growth and full employment.

The first element of this agreement recognised the legitimacy of trade unions, yet confined their role to one of negotiating wage increases for their members, leaving decisions over work organisation in the hands of

private capital. The **second** followed Keynesian economic analysis in seeing a role for the state in managing the national economy at the aggregate level (so-called fine tuning), but demanding that private investment decisions remain free of government control. The **third** element saw the state as having a role in providing welfare for the disadvantaged as well as social services such as health and education, provided it did not interfere substantially with overall income distribution. At an international level, this was based upon a regime of relatively free trade and capital flows, combined with exchange rate stability under U.S. hegemony (the Bretton Woods system set up in 1945).

These foundations began to disintegrate from the late 1960s onward, due to a growth in political dissent and industrial militancy and a decline in economic performance, leading to a global recession in the mid-1970s. One feature of this recession was the onset of stagflation - the simultaneous existence of low economic growth, high unemployment and growing inflation - and the inability of conventional Keynesian economics to deal with this problem. This theory, based upon a watered-down and mechanistic interpretation of Keynes' **General Theory**, believed there was a trade-off between unemployment and inflation, and that governments could achieve an optimal outcome through the manipulation of aggregate demand via fiscal and monetary policies. One response to this was the emergence of monetarism, a doctrine which argued that the market system was inherently stable and that instability was caused by attempts by the state to manage the economy. Monetarists opposed active government policies, laying the groundwork for the current "New Right" critique of government as being inherently incompetent and inefficient, which provided the intellectual input for conservative governments in the 1980s, such as Thatcher in Britain.

Most of the Left saw the recession as confirming Marx's view of capitalism as an inherently unstable and crisis-prone system, but what is interesting is that this largely did not translate into demands among the working class that socialist solutions be placed on the political agenda. One reason for this is that, while the crisis clearly illustrated the fragile hold which reformist governments held over the economy and over state power, the lesson drawn by reformist parties in countries such as Australia

was that a rightward shift in economic policy was required. Another reason is that the reform versus revolution dilemma, which has hung over socialist politics like the sword of Damocles for the whole 20th century, remained unresolved. For many on the Left the answer appeared to lie in neither direction, given the revealed weakness of social democracy and the problems of the socialist countries. It is in this context that the idea of 'radical reforms' began to gain currency in Australia (Stilwell 1982; Connell 1983), and the idea of a 'third way' between free market capitalism and bureaucratic state socialism began to appear more promising.

Sweden has come to provide the model of this third way. The 'Swedish model' was encouraging to both social democrats and socialists in a number of senses. It showed how an economy with a large public sector, extensive welfare provisions and a high level of unionisation could deliver economic growth, relatively full employment and moderate inflation, even in periods of world economic recession. This had been achieved by a social democratic government which collaborated closely with the labour movement and applied measures such as an active labour market policy, tripartite negotiations over macroeconomic policy and industry policies to facilitate structural change. An important interpretation of Swedish social democracy was provided by Winton Higgins, who argued from a Marxist perspective that:-

the most important aspect of recent Swedish history emerges as an exceptionally powerful and sustained working-class mobilization which has put such pressure on the economy that the dominant mode of production has been undermined (Higgins 1979:5).

For Higgins the most important feature of the Swedish model was not the policies pursued, but rather the role played by the labour movement in initiating policy changes around the general goals of full employment and rising living standards (see also Higgins and Apple 1983).

The view of political unionism as providing a basis for socialist transformation, advocated by Higgins, Dow and others, rests upon two strands of theoretical analysis. The first may be termed the Keynes/Kalecki synthesis. In his **General Theory** Keynes sought to show how full employment required sustained government intervention to manage the level of effective demand, redistribute incomes and boost the level of real investment in the face of pessimistic business expectations and a preference for highly liquid assets. Michal Kalecki's work allows Keynes' analysis to be developed in a Marxist direction, as he shows how the primary obstacle to the use of anti-cyclical policies for full employment is not technical but political. For Kalecki, the major obstacle is that the crucial economic variable, the investment decision, remains in the hands of the capitalist class, which sees full employment as undermining its ability to 'discipline' labour and maintain class dominance (Kalecki 1976 (1942)). The conclusion drawn by contemporary advocates of political unionism is that the synthesis illustrates the need for decisions over investment and distribution to be taken out of the hands of capital for growth and accumulation to occur.

The second theory which has influenced political unionism is that of the 'democratic class struggle' developed by Swedish social theorist Walter Korpi and utilised by other writers to analyse Swedish social democracy (Korpi 1978, 1983; Stephens 1979; Himmelstrand et. al. 1981). All of these authors hold a view that the transition from capitalism to socialism is a process of 'maturation' of capitalism rather than a violent rupture (whether through the seizing of state power or the 'collapse' of capitalism). The key variables which determine the degree to which this has occurred are:-

The development of the forces of production;

The concentration and centralisation of capital;

Extension of the wage relationship, and hence the growth in the size of the working class relative to other classes (especially those whose activities are linked to pre-capitalist social relations, such as small-scale independent farmers);

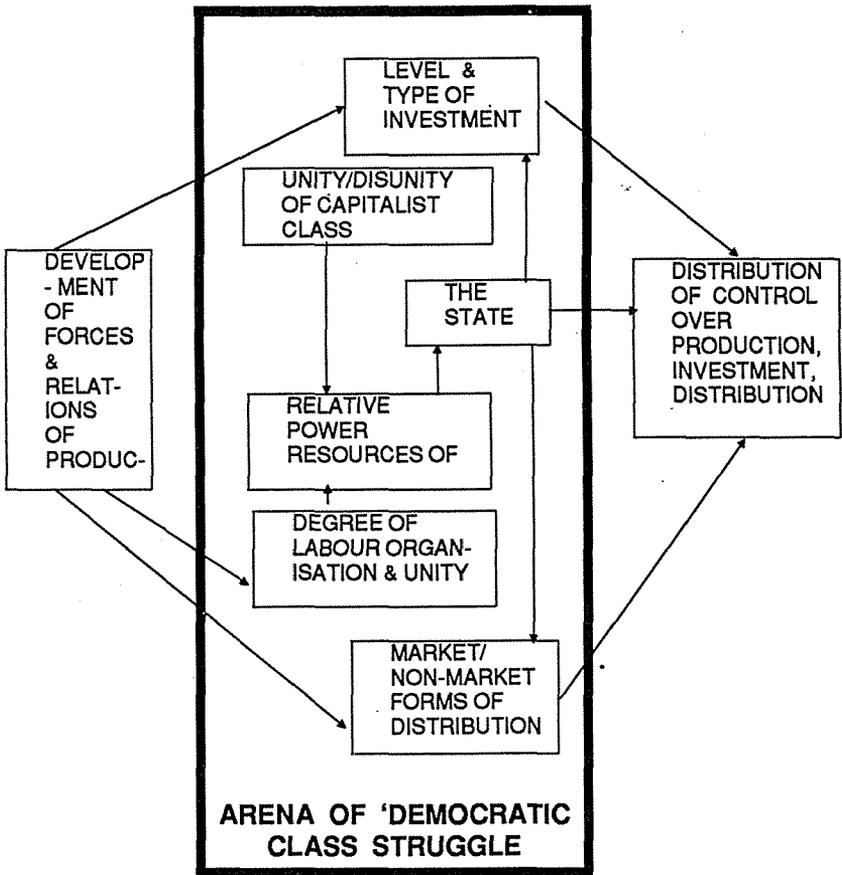
The degree of labour organisation on a collective basis (unionisation);

Extension of political democracy and universal suffrage.

Working from a Marxist perspective, these writers criticise pluralist theories for failing to observe the fact that under capitalism the working class is subordinate to capital, but they are also critical of Leninist interpretations since it is argued that through political and union organisations this subordination can be partly overcome (Korpi 1983: 14; Himmelstrand et. al. 1981: 6-10). What becomes the crucial variable is the relative 'power resources' of each class, defined by Korpi as "characteristics which provide actors - individuals or collectivities - with the ability to punish or reward other actors" (Korpi 1983: 15). The capitalist class obviously possesses considerable power resources emanating from its control of the conditions of employment of labour, as manifested in the wage relation, the labour process and control over investment decisions, but this power is undermined by the existence of competition among capitals which limits their ability to present a common interest. The factor which differentiates advanced capitalist economies is the power resources held by labour, which depends upon such factors as its numerical size and level of organisation, the degree of centralisation of the labour movement, class consciousness, and its links to a socialist or social-democratic party which enjoys widespread electoral support (Himmelstrand et. al. 1981: 153-154).

It is seen as crucial that the labour movement shifts the arena of class conflict from the industrial sphere to the political sphere, engaging in democratic class struggle. This is because the dominance of capital over the economy is countered by the (potential) political strength of labour in a democratic society, and because the ability of the state to regulate the activities of capital and socialise control over such activities as investment, as well as 'decommodifying' labour-power through the welfare system as well as through wages policy. The state is thus the crucial means by which control over capital can be redistributed toward the working class, and democracy can be extended from the political sphere to the in-

dustrial and economic spheres, allowing for societal transformation (Stephens 1979: 26, 38-55). A model of the 'democratic class struggle', with the addition of the Keynes/Kalecki synthesis, is provided below:-



Political Unionism in Australia? Ewer, Higgins & Stevens and John Mathews

Unions and the Future of Australian Manufacturing can be understood as an attempt to translate the ideas of political unionism into a strategy for the revival of the Australian manufacturing sector. In **Unions** Ewer, Higgins and Stevens arrive at the conclusion that it is precisely those measures advocated by political unionism - centralisation of decision-making within the labour movement, greater union involvement in state institutions, and the extension of industrial democracy - which are essential to improving the performance of Australian manufacturing. Further, they believe that under the Accord the ACTU has been moving towards a "'Swedish' line" and "has been developing the two essential focuses of a viable labour movement programme ... economic efficiency and social equity" (Ewer et.al.: 152).

Among the factors seen by the authors of **Unions** as causing the decline of Australian manufacturing are: (1) the dominance of neoclassical economic theory and its doctrinaire 'solutions' with the bureaucracy; (2) the growth of 'paper entrepreneurship' at the expense of concerns with productivity and technological change; (3) a shortage of long-term capital lending to industry by financial institutions; (4) public policies (particularly the tariff system) which fragmented markets and limited the scope for economies of scale; (5) and craft-based unionism concerned solely with wages and working conditions. The major obstacles to reform are seen as institutional inertia and the "bureaucratic monopoly" over policy advice and economic management. While these observations are certainly useful and important, they reflect a tendency to attribute decline to "irrationalities" in public policy and the institutional framework. As a result of this, the means by which Australian manufacturing is to be revived is simply through union intervention in decision-making to impose a more "rational" strategy. Lost here is an adequate analysis of when or why capital left manufacturing or where it went - it is difficult from the

analysis in Unions to see why any resistance to union strategies would exist at all. These points indicate a limited class perspective on the question, which will be returned to below.

One point stressed by Ewer, Higgins and Stevens is that democratisation of decision-making in the workplace is not only a desirable end in itself as it cuts into managerial prerogative, but it has become a technological necessity. They believe that new production techniques such as Just-in-Time and Total Quality Control make some form of workplace democratisation inevitable in order to enhance efficiency:-

Because these systems rely on multi-skilled workers exercising considerable discretion in the production process, they have an anti-Taylorist logic that improves the bargaining position of wage-earners and their organisations. (Ewer et.al: 148)

Their argument is that the era of 'Fordist' production techniques (based upon deskilling and rigid specialisation of tasks, management monopolisation of knowledge of the production process, and assembly-line production of standardised commodities) is being replaced by an era of 'flexible specialisation' where workers produce small batches of more specialised commodities, and where they are required to possess knowledge of many facets of production and be multi-skilled. The optimistic assessment of new production technologies for both efficiency and workplace democracy is enthusiastically held by John Mathews in his **A Culture of Power:-**

The democratisation and humanisation of the workplace can be postponed no longer ... Trench warfare in the workplace, and the brutal suppression of individual aspirations by technologically - imposed drudgery, is just not efficient or productive; goods produced in this way are now too costly to compete ... Industrial democracy has become a matter of economic survival. (Mathews 1988: 20)

Mathews views the election of the Hawke Labour Government for a third term as having "opened up, for virtually the first time in Australia's history, the prospect for a sustained period of social democratic reform" (Mathews 1988: 7). He claims that the labour movement should view this as presenting the opportunity to become more extensively involved in the management of the economy, developing what he terms a culture of power, around the goal of extending democracy from the political sphere to social, economic and industrial spheres. He suggests four key elements of this democratisation process:-

- **Democratisation of work organisation** through making the introduction of new technologies and production techniques (eg. Just-in-Time) conditional upon an extension of industrial democracy;
- **Democratisation of capital** with the development of collective investment funds under union control;
- **Democratisation of social policy** through a Guaranteed Minimum Income scheme;
- **Democratisation of the media** with a tax on media advertising to finance alternative media.

A feature which **Unions** and **A Culture of Power** share with the theories of 'democratic class struggle' is a view of the state as an arena of class struggle, where the major constraint upon social democratic reformism is not structural but organisational. Jonas Pontussan has noted that there is a particular interpretation of this view of the state which sees the state as "a mirror-image of a pre-given distribution of power", whereby "bourgeois class rule is exercised over, rather than through, the state" (Pontussan 1984: 89). The analysis thus severs class conflict from the process of capital accumulation, with the implication that crises of accumulation can be resolved by the state mediating capital/labour conflict while 'taming' the market through various policy measures. Such an approach is consistent with the two factors seen as causing economic crises in theories of political unionism. Economic crises are seen as arising out of a breakdown in consensual relations between the antagonistic social classes

and/or the obstacles these class antagonisms present for continued accumulation and development of the forces of production (Matthews 1988: 41-43; Ewer et. al 1987: 151-153; Himmelstrand et. al. 1981, Ch. 5). This perspective, which is absolutely central to **Australia Reconstructed**, reflects a basically Keynesian view of the state which can be 'above' class conflicts if in the right hands (see Skidelsky 1979 esp. pp. 55-70). This is neatly summarised by Dow, Clegg and Boreham in their sustained defense of corporatism and the strategy of political unionism:-

High growth economies demand non-market patterns of production; they demand sustained high rates of investment and capital accumulation. Ultimately, high rates of capital accumulation are incompatible with capitalist social relations; corporatism is a way of achieving the former while displacing the latter. (Dow et.al. 1984: 30)

The Limits of Political Unionism

The works of both Ewer, Higgins and Stevens and John Mathews have sought to adopt some of the key ideas of Swedish social democracy as a means of developing responses to both the 'crisis of the Left' in Australia and elsewhere, and to the rise of New Right conservatism. One feature of both books is that their strategies seek to intervene in shaping progressive aspects of contemporary capitalism rather than trying to stem the tide of change to defend the post-WWII 'Keynesian' institutional framework. There is also the aim of positively shaping the agenda of the current Labor government as a means of grappling with the perennial question of the Australian Left "to ALP or not to ALP". Both works look at the comparative success of some capitalist economies in managing the current recession and contrast this with the dismal performance of others such as Australia. In particular Ewer, Higgins and Stevens note the importance of a number of national - institutional factors not generally analysed (such as accounting practices, management priorities, bank lending practices, the behaviour of stock markets and forms of public assistance) which are crucial in determining the performance of the manufacturing sector in different countries (Ewer et.al.1987: Ch. 4).

In both *Unions* and *A Culture of Power* there is an explicit rejection of socialist politics in the Leninist mould and an implicit rejection of Marxian class analysis. Mathews is explicit in rejecting socialism as a doctrine which "tends to muddy the waters of an otherwise rational debate" (Mathews 1988: 15). He instead argues for a "'post-socialist' paradigm" based around 'democratisation' of social institutions which he believes "could become unbeatable" as an electoral proposition (Mathews 1988: 54). Ewer et.al. reject Marxist theory in one footnote, claiming that national-institutional differences between countries undermine "all streams of thought which posit universal forms of capitalist calculation" (Ewer et.al. 1987: 165). This goes considerably further than the theorists of Swedish - style political unionism, and indeed Higgins' earlier work (Higgins 1979; Higgins and Apple 1983), which work within Marxian class categories to argue that many socialists underestimate the extent to which social democratic reforms can create the basis for societal transformation.

The major problem which arises from the analysis of *Unions* and *A Culture of Power* is an unwillingness to address the class context of institutional arrangements in Australian capitalism. The result is that both books treat class conflict as essentially a conflict of ideas. Ewer et.al. do this by contrasting what they see as the 'rational' solutions generated by the political unionism framework for the manufacturing sector to the dogmatism and reactionary views of neo-classical economics as manifested in institutions such as the IAC, Treasury etc. Hence they see the appropriate labour movement strategy as being to establish a greater presence within state institutions in order to shape policy. Mathews believes that the idea of democracy can be contrasted to the ideas of the New Right, and that the electorate will rally behind this strategy (if adopted by a Labor government) and "condemn the New Right to political marginality" (Mathews 1988: 53). Both envisage no conflicts between a Labor government presenting itself as economically competent and socially progressive. Both of these arguments possess serious limitations, both in terms of their analysis of Australian capitalism and in their strategies for social change. These limitations derive from the framework

of political unionism itself, which severs class conflict from the process of production and capital accumulation, and from the manner in which both books have developed the strategy in the Australian context.

Limits to Analysis

A fundamental limitation of both books is their failure to conceive of capital as a **social relation**. This reflects a desire to avoid determinist conclusions and to analyse variations between capitalist economies. However, it leads to an overestimation of the extent to which those measures seen as enhancing economic performance are compatible with strategies for progressive social change. This can be seen in the treatment of changes in the labour process and the progressive potential of new forms of work organisation. In line with much recent literature on the labour process, conflict in the sphere of production is viewed as essentially political i.e. a struggle for control. As Sheila Cohen has observed, this form of analysis loses sight of why capital seeks to exert control in the labour process and why conflict occurs, except "as some lust for power inherent in human nature" (Cohen 1987: 49). It thus loses sight of the reason why capitalists undertake production, namely to produce surplus-value through the exploitation of labour. If the struggle over control is understood in entirely political terms, then it appears obvious that 'unproductive' conflict can be eliminated by increasing avenues for negotiation to discover common ground. When this question of control and forms of work organisation is grounded in the wider capital/labour struggle over profitability and the relationship of workers to their product, it becomes apparent that the democratisation of work organisation requires intervention in decisions over capital investment and the types of commodities produced, not just over how production is organised.¹ It also

1 For a discussion of how decentralised forms of work organisation have been developed by firms such as Fiat in Italy to undercut union organisation in large factories see Murray (1983). It should also be noted that these theorists have seriously misrepresented the Japanese labour process, by understating the extent to which it continues to depend upon mass production techniques, strict managerial hierarchies and highly segmented labour markets (see Sayer 1986).

suggests that attempts by capital to speed-up the labour process will continue to generate worker resistance, placing union representatives in a contradictory position more often than theorists such as Ewer et.al. and Mathews allow for.

The failure to adequately conceptualise the nature of capital is also found in Ewer et.al's analysis of the decline in investment in Australia manufacturing from the late 1960s. They note that conventional indicators do not provide an adequate explanation, and then go on to attribute the decline to failures in the institutional framework. What the authors do not look at is the trends in profitability in manufacturing in both absolute terms and in relation to rates of return in other sectors. Figures on corporate profitability in Australia show that the net profit share declined from 18.5% in 1969/70 to 13.6% in 1974/75, making a weak recovery before falling to 12.5% in 1982/83 (ACPI 1986). This trend is in line with those of other advanced capitalist countries and is generally associated with an overaccumulation of capital at the end of the "long boom" (Armstrong et.al. 1984: 466-467). There was also a strong trend for capital (both domestic and foreign) to shift out of the manufacturing sector, firstly into mining in the late 1960s and early 1970s, and then into finance and property in the mid-70s (RBA 1985: 81). Ewer et.al. fail to distinguish the effects of a decline in manufacturing investment (failure to take advantage of new technologies and new markets) from its causes, which is attributable to their reduction of capital to its most obvious institutional form, the industrial firm. By contrast, a Marxist approach stresses that capital must be defined as more than means of production, or even the labour process, but rather as a social relation entailing production for profit and the exploitation of labour; it exists in a number of forms (money, production, commodities) but its nature is not reducible to these forms.

This points to a fundamental weakness of the theories of political unionism and 'democratic class struggle'. The model understands capital and labour as essentially political entities, jockeying for influence over the state. The systemic power of capital is thereby ignored. Further, the structural dominance of capital is not seen as an active force, but rather a constraining force upon the ability of labour to pursue its interests. The problem is that the labour movement may be ascendant in the political

sphere (ie in conditions where there is a highly unionised workforce, disunity among business groups and a social democratic government in power), yet its ability to exercise power in the interests of labour is constrained by capital's continued control over the means of production, so that reforms will tend to be partial and contradictory.

The differences of approach are apparent in the discussion of state economic activities. Political unionism sees state intervention as violating 'market conformity' and intensifying the contradictions of advanced capitalism between property rights and democratic control (eg Himmelstrand et. al. 1981: Ch. 5; Stephens 1979: 51-54). In many cases this is simply untrue. Many forms of state expenditure can be understood as measures which either socialise the costs of private accumulation (eg much state-funded Research and Development activity) or provide markets (eg defence expenditure), without any notion of extending 'democratic' control over capital. Where state activities may be said to violate market relations, it is apparent that this is a contradictory process which rests upon precarious ground, rather than a decisive measure in the extension of popular control over economic activity. To give an example, the idea that the extension of public welfare provision signifies a 'decommodification of labour-power' must be tempered by the realisation that questions of financing of the welfare state become crucial. Ultimately, a policy of redistribution through the welfare state is dependent upon capitalist expansion or it can only be achieved through redistribution within the working class. This can certainly be said to have been the case in Sweden, where the major attempt to move beyond a welfarist strategy to one which gave actual control over private capital - the campaign over wage-earner funds of 1976-84 was largely defeated as a result of a sustained employer offensive (Pontusson 1987). Perhaps more importantly, the internationalisation of capital in the past WWII period may well have undermined the *raison d'être* of social democratic economic strategies: Keynesian growth measures based upon stimulation of domestic demand.

The 1980s have seen a sustained restructuring of capital, in Australia and elsewhere, on an international scale, in order to create new markets and new avenues for investment. The process of capital restructuring neces-

sitates a major role for the state in recreating the conditions for profitable accumulation. In Australia the Hawke Labour government has played a crucial role in facilitating a restructuring process based upon export-oriented manufacturing, through restraint on real wages, reorganisation of work practices to boost productivity, removal of various controls over capital inflow and outflow, and tariff reduction. These measures have been widely applauded by the business press as allowing 'market forces' to operate in the Australian economy, and indeed this is what the leading figures in the government themselves see as their major achievement:-

The way we've run the economy is to let the forces of the market have virtually free operation ... and that approach has served Australia well. (Bob Hawke, quoted in SMH 23/6/88).

We have recognised, perhaps more than any Australian government before us, that while the private sector must have room and profits, it must also have competition. In turn, this has meant that we have looked to market forces to provide a greater guide to the structure of our economic development. (Paul Keating 1987: 183)

Many of the key policy initiatives of the Hawke government - deregulation of the financial system, commitment to a smaller public sector, privatisation of public enterprises, application of a 'user-pays' principle to higher education, and a retreat from universalist forms of social welfare to targeted forms - go against the strategy of political unionism, which sees a need to extend non-market forms of resource allocation and distribution. This does not appear to have fazed John Mathews, who believes Labor have proved themselves to be responsible economic managers, regardless of the fact that in so many areas they have reneged upon the original tenets of the Accord. In view of Mathews' approach to strategy - the ALP is the **only** vehicle for social transformation - it is difficult to see how he can argue otherwise, regardless of evidence to the contrary. Ewer et.al. go further in acknowledging the problem which a Labor government committed to market-based economic solutions presents for a strategy of political unionism, and stress the need for a more active and independent labour movement role. This, however, runs against their

view that labour's strategy requires a highly centralised and unified labour movement working in tandem with a social democratic government (Ewer et.al.: 97-99, 117, 153).

Limits to Strategy

Some of the most basic strategic limitations of John Mathews' argument that the labour movement needs to move beyond a 'culture of opposition' to a 'culture of power' can be seen in his concluding assessment of the Hawke Labor government:-

What the first two Hawke Labor Governments have established is the credibility of the labour movement as a legitimate and economically competent government. The movement can build upon this success in a third term to initiate a process of fundamental democratic reform that clearly differentiates the labour movement from its New Right opponents. (Mathews 1988: 53-54)

The problems with this assessment as a guide to strategy are considerable. Firstly, there is the notion that over the last five years the Labor Government and the labour movement have been partners. To the very limited extent this has been true, it is obvious the labour movement has been very much the junior partner, as elements of the Accord strategy have been very much at the margins of economic policy-making (eg development of tripartite industry plans). The strategy has been subverted through the Hawke Government's approach to macroeconomic policy and financial deregulation. It has been largely committed to a market-based restructuring of capital and an increased integration of Australian capitalism into the global capitalist system, with labour market policy structured towards these ends. Secondly, Mathews views economic policy as a technical exercise, somehow divorced from social classes and political struggles. The third point, which follows from the second, is the view of economic 'competence' implicit in this approach. In a class-divided capitalist society, the crucial question is competence according to whom - the business press? the stock markets? the OECD? the labour movement? The limits of Mathews' analysis can be illustrated by the fact that three of his

key planks for democratisation - democratisation of capital ownership, social policy and media ownership - envisage policies which are precisely the opposite of the approach taken in recent years. A concerted labour movement push for these important initiatives would encounter sustained opposition, not only from the New Right (Mathews' favourite bogeyman), but from large sections of capital and, indeed, from the Labor Government itself.

Ewer et.al. adopt a more sophisticated approach to strategy. Contrary to Mathews, they do not view the election of the ALP government as the end in itself, and acknowledge that the Hawke Government has been quite "recalcitrant" in its approach to the Accord (Ewer et.al. 1987: 136). They attribute this to institutional inertia and the hold of neo-classical dogmas in the bureaucracy and thus reject the notion that the government's policies possess a coherence of their own which is quite contrary to a left economic strategy.

It is stressed that a well-organised and independent labour movement is central to strategies for social change, and argue that in recent years progressively shifted its strategy to one which "articulates the public interest in industrial regeneration and the majority interest in social justice" (Ewer et.al. 1987: 153). This conception goes beyond Mathews' fairly crude electoralism (see esp. pp. 49, 53) but is itself problematic, raising three questions in particular:-

- Does the presence of union representatives within state institutions transform the priorities of the state? There has been a long debate between corporatist theorists and those of political unionism over whether this constitutes integration or an independent and significant form of intervention. A provisional assessment of the debate suggests union intervention in state policy formation is significant, but only if the labour movement retains its autonomy from the state or the dominant party and is willing to support its goals with industrial action. There is also the question of the significance of the various state institutions where there is a union presence. Here Poulantzous' notion of the state apparatus as a "strategic field" (Poulantzous

1978: 138) is useful in indicating how the scope of industry councils and other tripartite bodies to act in labour's interests is constrained by the continued dominance of institutions such as the Treasury, IAC, Dept. of Finance etc. over general policy; these institutions are committed to a profoundly different agenda for Australian capitalism to that of political unionism.

- How adequately does, or can, the ACTU represent the interests of all members of the working class including those not in the paid workforce? Implicit in Ewer et.al., Mathews and **Australia Reconstructed** is a definition of a worker as someone involved in full-time paid labour in an industry where there is strong union representation and where productivity gains are readily measurable. An indication of this is seen in the treatment of changes in the labour process, which focus exclusively upon manufacturing, so that the 'Taylorisation' of various service industries is almost completely ignored.² As a result, the interests of many women workers (esp. part-time and casual workers) and those in the public sector have been neglected at the level of strategy. These groups have particular problems in receiving wage gains on the grounds of productivity increases in the recent two-tier wages structure (Rosewarne 1988).

- How does political unionism place the labour movement in relation to new social movements? This question obviously relates to the idea of whether transformations in capitalism have changed the relationships between the economy, the state and civil society. This issue is too broad to tackle³, but it is important to note that political unionism has been criticised for promoting a model which effectively places the labour move-

2 This trend was originally discussed in Harry Braverman's **Labour and Monopoly Capitalism** (Monthly Review Press, New York, 1974), Chs. 15, 16. For recent evidence of this trend in the banking industry, see Ian Reinecke, **The Money Masters** (Heinemann, Sydney, 1988), Ch. 5.

3 An excellent discussion of this question can be found in S. Lash and J. Urry, **The End of Organised Capitalism** (Polity Press, London 1987).

ment in a 'vanguard' role in relation to other social movements, and hence unwilling to tolerate sustained critique of its 'productivist' goals (McDonald 1988).

Conclusions

I have argued in this paper that the limitations of political unionism as a strategy for social change are twofold. At an **analytical** level it acknowledges the existence of antagonistic class relations at an economic level, but then proceeds to analyse the **struggle** at the political and ideological levels. Class struggle becomes a process of jockeying for influence over the state, which effectively becomes a tabula rasa for whichever class can make the most substantial imprint upon it. Lost in this analysis are notions of capital as a social relation defined by its ability to exploit labour, the need for the state to effectively underwrite private capital accumulation and restructuring, and the increased international mobility of capital in the current epoch. At a **strategic** level, political unionism relies very much upon the existence of a social democratic government which is willing to pursue progressive economic and social strategies regardless of the degree of opposition from capital. It rests upon a notion of intervention which believes a Left government can be "somehow stealing socialist progress from beneath [capitalism's] nose while it happens to be looking the other way" (Cohen 1987: 47).

In both **Unions** and **A Culture of Power** there is an implicit view that the labour movement must win under this Labor government since it embodies the most 'rational' ideas. What is ignored here, particularly in Mathews' analysis, is that terms such as rationality, efficiency and responsibility cannot be divorced from their class context within a capitalist economy, nor can conflict based upon sectional interest be "excised from the body politic", as John Dawkins confidently proclaims in the introduction to **Australia Reconstructed**. Strategically, the implication is that attempts by various groups on the Left to develop a "culture of power" and intervene in the policy-making process cannot be divorced from the maintenance of a "culture of opposition" which seeks to resist the rule of capital. This is especially the case when a Labor government is in power

which is committed, not to social democratic reform, but to a strategy of market-based restructuring and reduction of labour costs for capital. A related point is that a broadly-based movement for social change requires a genuine dialogue between the labour movement and groups concerned with less 'economistic' visions of social change.

Political unionism has been an important doctrine for the development of new ideas concerning the analysis of capitalism and the process of social change. The sort of policies suggested in **Unions, A Culture of Power** and **Australia Reconstructed** clearly have merit, particularly when contrasted with those currently being pursued by the Hawke Labor Government. What has been missing from the debate is an adequate analysis of why the strategy of the Accord has not been implemented, and why the goals placed at the centre of the agreement by the labour movement have in practice been marginalised. Only then can we work out the strengths and limitations of political unionism, and its goal of a more democratic organisation of capitalism, in the Australian context.

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