

THE AUSTRALIAN
NEW LEFT:
Critical Essays and Strategy

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them. In contrast to other countries, the left in Australia was let down not just by an outmoded marxism but by its adherence to Australian radicalism, encapsulated in the middle class hegemony. To build a new hegemony, to make a break with the present, the left must make a break with the past.

The lessons of the Old Left's interpretation and use of Australian history are many. While identification of revolutionary doctrines with Australianism may be useful for the mobilising purposes of particular organisations, this combination is not a dynamic alternative in a political culture which incorporates a strong element of native radicalism. In addition, the Old Left 'tradition' has retarded, rather than advanced, analysis of the forces and conditions conducive to changes in the nature of Australian society. Conflict isn't uniformly dichotomous in Australia; it is dispersed and unpatterned. While social and economic factors do create some persistent tensions, most uninstitutionalised conflict generates around temporary issues. Nor is power (social-economic-political) the prerogative of a coterie of 'monopolists'; rather, a large number of élites enjoy dominance in particular spheres, which may, but need not, overlap.

Perhaps most importantly, the Old Left's identification with the evolutionist, radical view of Australian history, led it to misunderstand the nature of the radicalism it associated itself with. Radicalism was a dominant political force only briefly in the mid-nineteenth century; since then it has been used, and now submerged, in the political traditions associated with the middle class hegemony. It still exists rhetorically and institutionally, but its promises halted when its premises disappeared. The Old Left looked forward by glancing back, but it never assessed the tradition it was identifying with.

4. Challenging the Control of the Australian Economic System

Bruce McFarlane

I

GROWTH OF AUTHORITARIAN CONTROL OF THE AUSTRALIAN ECONOMY

A study of post-war developments in the field of economic policy shows clearly that the theory and practice has distinct overtones of centralism, authoritarianism and élitism.

In the matter of *theory*, much can be learned from the Vernon Report Affair: the circumstances leading to the production of the report, the reception it received and the views of both the Vernon Committee and the Treasury on 'planning' and 'control'.

The Vernon Committee was established in an atmosphere of economic crisis and panic in 1962. It followed a period of unprecedented bungling in Australian economic policy which was associated with a doctrinaire, irresponsible hatred of economic planning on the part of the Federal government and its Treasury chiefs. It met with a systematic campaign of government vilification, the ammunition for which had been enthusiastically supplied by a Treasury which opposed the Vernon Committee from the beginning. The Vernon Committee and its Report was, after all, a permanent monument to the failure of the 'stop-go' policies of complacent, arrogant Toryism in politics and of an outdated and outmoded system of analysis in economics.

The Commonwealth government's purpose in setting up the Vernon Committee was to stifle economic dis-

cussion for two or three years and then to sidetrack it. The government rejected the Report, not because it was radical, nor because it advocated planning, but mainly because it did not want any outside body of a semi-permanent nature that might be critical of its policies and be pushing it to do things. The government, as later became clearer, had other ideas about the kind of planning it had in mind: the growth of formal conjunction of the higher representatives of the State and business in a new series of *ad hoc* planning bodies and agencies. The Report was embarrassing because it showed up fairly clearly the magnitude of the tasks facing Australia and the contrast between these and the weaknesses of existing institutional arrangements. A British Conservative government would not have attempted to energise the country and plan for a greater effort, but it would have used such a report and the establishment of a Planning Advisory Council as a vote-catching gimmick to outbid the Labor Party over the need for planned expansion or 'guided growth'. The Australian government, not altogether surprisingly, took refuge in an outdated *laissez-faire* ideology and an undemocratic destruction of the Vernon proposals before they could reach the public.

The two most important aspects of the reception given to the Vernon Report were:

1. The dilemma of a government devoted both to *laissez-faire* (in theory) and to economic growth (in practice). It was natural that where growth failed to occur some kind of exhortation and co-operation with business became necessary as a substitute for planning; this was essentially the advocacy of the Vernon Report.

2. The ideological atmosphere in the Treasury, which was such that this key 'planning' unit would interfere vigorously in the economy but it would not 'plan'. It would attack (say) the motor vehicle industry with a heavy hand, but not 'interfere' to achieve a coherent programme for economic development. This has increas-

ingly meant that the activities of the Treasury, Tariff Board, Department of Trade, Department of National Development add up to a piece-meal planning system which is often confused, even contradictory, and has come to be called a 'hydra-head'.

The real clue to the Treasury's attitude to planning is not only to be found in its reaction to the Vernon Report. The Treasury's views, reflecting the will of its political masters, was set out years ago in a *White Paper on The Australian Economy, 1962*. Without doubt this was one of the most irresponsible documents ever issued by a policy-making body in Australia, and one which made Australia a laughing stock, when taken in conjunction with the Treasurer's stubborn pronouncements of 1962 that planning was some kind of a socio-economic sin. The *White Paper* commented on long-term planning proposals as follows:

'Such thought is, however, based upon certain assumptions as to how our economy prefers to organise itself and what the role of government in it is to be. Hitherto it has been, and still is, preponderantly a free enterprise economy. . . . The underlying presumption is that, given the right facilities and economic climate, private enterprise will advance growth further, and along lines more acceptable to the community than any alternative system would.'

Three years later, the Prime Minister echoed this exactly in his statement on the Vernon Report on 21 September 1965:

'After all we are a private enterprise economy. In such an economy, the demands set up by the people who are the buyers are the normal stimulant for increased industrial investment and activity. What the Committee appears to have in mind is that those demands should where necessary be directed . . . the Committee has predicated a degree of planning and direction which in our opinion would not be either appropriate or acceptable in Australia.'

The *White Paper* of 1962 went on to deny that economic successes in France and Japan owed anything to economic planning: their rapid growth was largely a matter of catching up a lag in the level of development. The incredible statement followed that 'what suits older more mature economies may be quite wrong in an economy like ours which is, in important aspects, still in a frontier stage of development'. Since other 'frontier countries' such as India, Pakistan, Ceylon, Cuba, Ghana, and others have chosen a course of planned development, they would have been interested to learn that central planning was now only suited to older industrial societies!

By contrast, the Vernon Report demanded a Supreme Council of Economic Advice to do long-term planning, in place of short-term 'intervention'. Bureaucratism was to be shared with the representatives of Big Business. But important questions concerning the Vernon Report were never really asked:—did the new, envisaged system of 'advisory planning' mask capitalist exploitation under the guise of achieving higher rates of growth of the economy? What are the real implications of 'consultation' between big business and government? Is a faith in market forces appropriate to Australian conditions today? Is the 'model' of Australian capitalism one of rational production and investment patterns or one of idiotic resource allocation and continuous social inequality? Would the Vernon Committee's 'model' of the Australian economy be an improvement on existing reality?

To answer these questions, however, requires a look at Australia's bureaucratic *hydra-head system of planning*—the practice of Australian economic policy as determined by the economic rulers of the nation. This is something that very few Australian academics or journalists have attempted, and where the Left can be regarded as having made a substantial analytical contribution.¹ It will also

¹ See J. Playford, *Neo-Capitalism in Australia* (Melbourne, 1969); E. L. Wheelwright and J. Miskelly, *Anatomy of Australian Manu-*

be necessary to examine the embryo of 'concerted economy' (committees of control where big business and big government are formally joined) which is growing up, side-by-side with the older system of government preferment between competing pressure groups and the post-war system of 'hydra-head' control.

The price level in Australia, for example, is influenced heavily by the following *ad hoc* agencies: the Tariff Board, the Arbitration Commission, the Restrictive Practices Tribunal, the Treasury and the Reserve Bank. The allocation of public investment is influenced by the Trade Department, the Housing Agreement, the Loan Council, the Premiers' Conference (i.e. six state governments), the Commonwealth Grants Commission, the Commonwealth Bureau of Roads and the Australian Agricultural Council, while the fixed-investments of public corporations are controlled by the Treasury. The fuel-energy-power balance is determined by six state electricity commissions, the Snowy Mountains Authority, the Tariff Board (through its protection for crude oil production) and the Atomic Energy Commission. In the field of education, apart from six state government departments, Australia now has the Commonwealth Office of Education, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Commonwealth Scholarships Board, the Advisory Committee on

facturing Industry (Sydney, 1967); Hylda Rolfe, *The Controllers* (Melbourne, 1967); B. McFarlane, *Economic Policy in Australia* (Melbourne, 1968); J. H. Kelly, *Struggle for the North* (Sydney, 1966). One would also refer to the excellent exposures of the system by writers outside of the left, notably those of M. Newton, 'The Next Treasurer', *Nation*, 18 September 1965; 'The Remote Controller', *Nation*, 11 December 1965; 'After Dawson', *Nation*, 5 March 1966; 'Getting the Nod', *Nation*, 2 April 1966; 'Treasury Lights', *Nation*, 6 August 1966; 'The Authorities', *Nation*, 23 June 1966; and those of K. Davidson, 'Regulation without Planning', *The Australian*, 3 November 1966 and 'Regulation and Free Enterprise', *The Australian*, 17 November 1966.

Advanced Education, the Australian Research Grants Committee.

Many of these parts of the hydra-head are simply the result of trying to get around the restrictions imposed by an obsolete federal Constitution. Others were set up as election gimmicks. But many are the result of the growing interpenetration of the public and private sectors.

The historical roots of government intervention lie deep in Australian society and history.² In my interpretation, they can be traced back to the 'mode of production' of the penal colony in New South Wales during 1788-1842 which was really a kind of state capitalism. The Government Commissariat controlled imports and exports and currency. Practically all of the convicts were maintained from the stores of the Commissariat, and the Commissariat purchased the produce of convicts, whether working on government or private projects, at fixed prices. However, the government after 1792 was authorised to make grants of 100 acres of land to superior officers and assign two convicts to each one. This provided a modest supply of capital and labour to private individuals, and private trade was encouraged by allowing trade in privately-grown grain, establishing a regular market, and allowing ship-masters to set up temporary shops to sell their cargoes on a seller's market to a community hungry for goods. Convicts, after a period of work for the government, were allowed to work for wages for private employers. The Government Commissariat played a dominant role in the economic affairs of the penal colony, but private enterprise began thrusting down healthy economic roots and setting in motion the

² See N. G. Butlin, 'Colonial Socialism in Australia', in H. G. J. Aitken (ed.), *The State and Economic Growth* (New York, 1959), 26-78; S. Encel, 'The Concept of the State in Australian Politics', *Australian Journal of Politics and History*, Vol. VI, No. 1, May 1960; P. Karmel and M. Brunt, *The Structure of the Australian Economy* (Melbourne, 1962), Ch. 4; B. McFarlane, *Economic Policy in Australia*, Chs. 3, 5, 9.

economic forces which were to eventually transform the continent. In fact, this hybrid mixture—the state proping up a co-existing private sector became the typical face of Australian capitalism. The N.S.W. Commissariat, then, from the earliest times, had supplied food and public works and had adjusted prices and foreign exchange rates. There was, in fact, throughout the second part of the nineteenth century, a tremendous contribution by the state sector to the structure and rate of Australian economic growth. Heavy public works helped to coach and encourage private enterprise into doing some economic development. With the coming of the Australian federation in 1901 and the growth of the tariff system, the government was virtually taking the risk out of capitalism—helping to underwrite risk, insisting in the building up of guaranteed markets for the products of domestic enterprise. Industrialisation was not achieved by a thrifty, development-orientated aggressive middle class. What happened was that state intervention became a substitute, in large areas of the economy, for the normal functions of the middle class as agents of economic development. Inevitably, there followed the growth of a bureaucracy to run a network of regulatory agencies.

It is clear, then, that the old *laissez-faire* slogan 'no government in business and no business in government', has never been allowed to operate in Australia. In the words of a Big Business leader: 'Australian business has clung to the skirts of government since the days of John Macarthur.'³ From the earliest times the accepted doctrine was 'enough government intervention to maintain and increase profit levels'. That doctrine persists today.

In very few cases (including the abortive Economic Policy Advisory Committee of 1949-53) has any worker on the job, trade union or consumer representative been

³ W. H. Lambert, Presidential Address to Sydney Chamber of Commerce, *The Canberra Times*, 22 August 1968.

admitted to the inner-circle of decision-making in the hydra-head system of bureaucratic regulation. Leaving aside the question of whether they could offer any reasonable countervailing power (which has serious implications for any 'pluralist' view of Australian government), their exclusion indicates a growing, if mild, authoritarianism in the control of the Australian economy. When this is put alongside the authoritarianism of the private sector—the dominance of the 'techno-structure'⁴ in our large corporations—the point becomes even clearer.

Measured in various ways, Australian manufacturing industry shows up as one of the most monopolistic in the western world. These corporations are themselves divided into three groups: the older, inefficient ones existing on government protection and subsidies; the new and more aggressive, thrusting corporations, and the oversea subsidiaries of international corporations. The older corporations survive under conditions of market saturation or with a structure unsuited to the small Australian market, except under circumstances involving high unit costs of production. Since the relaxation of import controls (behind which a rampant inefficiency had been established) they have required—and generally received—tariff protection from the government. The new corporations have been breeding a new type of management—the internal planning has been improved by the introduction of operations research and other methods. The decision-making process has been im-

⁴ The term 'technostructure' comes from J. K. Galbraith's *The New Industrial State*. It refers to the engineering, planning, legal and accounting personnel who have sole power to determine corporation activity, unencumbered 'workers' control' or other intrusions into the sacred 'prerogatives of management'! Galbraith does show that the technostructure controls wants of consumers and heavily influences government decisions on the level of continuing demand for products to be generated in the economy, the allocation of government contracts, etc.

proved; it has not been democratised. All of this has placed the corporate sector in a much stronger position: industrial oligarchy has grown apace. At the same time bureaucracy within the corporation has grown, and corporate bureaucracy has found it speaks the same language as its prototypes in the top echelons of government departments and in some of the trade unions—to say nothing of the top decision-makers in other parts of the private sector. The trend has increasingly been one in which corporate bureaucracies amalgamate and interlocking directorates become increasingly intertwined, leading to the development of a tight group of 'controllers' in the corporate sector.⁵ As for the third group—the subsidiaries of oversea corporations, they are becoming increasingly significant autonomous 'islands' within the Australian economy. Controlling 50 per cent of fixed assets in manufacturing⁶ and dominating the mineral and cattle industries, these corporations have grown in importance through the 'leverage' effect which results from their purchase of shares in other corporations and in their own subsidiaries. The significant thing about this sector is its relative independence from day-to-day economic policies of Australian governments. Is there a credit squeeze?—funds can be obtained from the parent in Geneva, Washington or London. Is the Australian government seeking to cut back new investments as part of an anti-inflation drive?—this has nothing to do with the expansion plans of such companies which are determined by geo-politics on an international scale, and not by what a Reserve Bank or other indigenous capital controllers may desire. Moreover, most of these corporations are in for their cut of the 'gravy' of government handouts. Examination of tariff protection granted in recent years shows that a major part of it has gone to

⁵ See Hylda Rolfe, *The Controllers*, Introduction and Ch. 7.

⁶ See E. L. Wheelwright in A. Hunter (ed.), *The Economics of Australian Industry* (Melbourne, 1963), Ch. 5.

the subsidiaries of oversea corporations. Normal restraints on the other hand, simply do not apply.

Another aspect of control of the Australian economy is the embryonic growth of a system which has become well established in France—'concerted economy'. In this system a number of committees are set up, often of a semi-secret kind, in which representatives of the biggest industrial firms in the country sit cheek by jowl with high officials of the government in order to make broad decisions affecting each industrial sector. The major example, so far, is the defence industry incubus, which is dominated by a series of 'industry advisory committees'⁷—thirteen in all, comprising eighty representatives of the Department of Supply. Their job is to advise on where to direct defence expenditure and to shape government policy itself.⁸

Other examples of the 'cheek by jowl' system of concerted economy and concerted politics include: the National Materials Handling Bureau; the Overseas Telecommunications Commission; the Australian Coastal Shipping Commission; the Australian National Airlines Commission.⁹ A number of government enterprises—the Reserve Bank, the Commonwealth Banking Corporation and Qantas Airways Ltd—are run on the same principle.

The final ingredient in the authoritarian control of the economy is the growth of the *power-seekers*. This is Australia's own economic power élite—a group of men centred at the top of the public service, industry and universities, many of whom have had careers in each of

⁷ See J. Playford, *Neo-Capitalism in Australia*; B. McFarlane, *Economic Policy in Australia*, Ch. 3.

⁸ Sir John Allison in Queale Memorial Lecture, Adelaide 1961. Also see confirmation of this by the Minister of Supply in *Commonwealth Parliamentary Debates*, 10 May 1966.

⁹ Playford, *op. cit.*; see also *Commonwealth Parliamentary Debates* (Senate), 30 May 1968, p. 1271; *ibid.* (House of Reps.) 21 September 1967, 1 November 1967, 9 May 1968.

these spheres and appear to move easily between them. The composition of this group is known, following New Left research;¹⁰ here it is more important to assess their role.

While no final assessment is possible yet, my view is that the power-seekers represent a new element in Australian capitalism. It is not only the older (Marxian) notion of the concentration and centralisation of capital-ownership that is decisive in the leadership of our economic system. *Rather we are seeing the concentration and centralisation of control itself.* The power-seekers are often not ideological, nor even 'Cronies' of Cabinet ministers. Indeed they often regard the latter as unnecessary gadflies. What the power-seekers do is to shift power from parliament, thereby smashing the equation 'being in parliamentary office = being in power' and opening up completely new centres of extra-parliamentary power and control.

The aim of the 'concerted economy' element in our decision-making structures and in the economic power élite, is to co-ordinate the activities of Big Business and Big Government in a formal way (this was also the essence of the Council of Economic Advice advocated by the Vernon Report), and to achieve thereby a consensus which can be presented as being in the public interest. Naturally, workers from the job, union representatives and consumer interests are excluded from the consensus. It is clear, then, that the system of 'pressure group' competition so beloved of political theorists is breaking down, both because irrational forms of government regulation are emerging and because industrial oligarchy is becoming dominant in the manufacturing sector. Competing élites are all that is left, rather than a multiplicity of small groups in competition; a network of new and secret committees regulate our affairs, while a small

¹⁰ Playford, *op. cit.*

group of power-seekers, amounting to a new economic power élite, compounds the anti-democratic features of the 'planning' system.

For any economic democracy, even of the most formal kind, to survive, the Australian public will need to take certain minimal action. It will need much more information about the overt and occult activities of influential people and organisations upon policy decision. It will need to support those groups in society which can, in a practical way, counterpose a new system to concerted economy and 'concerted politics' (stressing as they do the *interdependence* of other government economic interest groups, and the *interpenetration* of private and public decision-making). This new system must involve a complete restructuring of the Australian economy, and an overhaul of existing machinery of government intervention. There will have to be a consistent admission of the public to the *secrets*¹¹ held close by the economic and administrative bureaucracy. There will need to be a strengthening of the obstacles in the way of freedom of action of this bureaucracy. And in the theoretical field the leaders of such a movement will have to reject the idea of 'social harmonies' achieved by consultation between business and the state.

A broad conclusion emerges from what has been said so far. The Australian public must increasingly accept a state of affairs where economic and social decision-

¹¹ It was Karl Marx who pointed out that 'Bureaucracy is a circle no one can leave. Its hierarchy is a *hierarchy of information*. The top entrusts the lower circles with an insight into details, while the lower circles entrust the top with an insight . . . into what is universal. . . . Bureaucracy possesses the state's essence . . . as its *private property*. The universal spirit of bureaucracy is the *secret*, the mystery sustained within bureaucracy itself by hierarchy and maintained on the outside as a closed corporation.' K. Marx, 'Critique of Hegel's Philosophy of the State', in L. D. Easton and K. H. Guddat (eds): *Writings of the Young Marx on Philosophy and Society* (New York, 1967), pp. 185-186.

making is carried on with progressively less democratic control, or there must be a revitalisation of democratic participation in economic life and planning. There is, moreover, an imperative for such a revitalisation brought on by the need to protect citizens from the coming onslaught of the *triple revolution* (of which more below) under conditions of a highly regulated system of economics and politics.

II

IMPERATIVES OF REVOLUTIONARY CHANGE

For any social revolution to effectively challenge the economic power structure, there will have to be an imperative rooted in conflict between technical and economic change and the control over these by the existing institutional structure. Also important is the subjective *will* to bring about change—the moral drive for socialism.

One imperative is the appearance of the 'triple revolution' at the very time a small oligarchy has taken control of Australian society. As the impact of the triple revolution unfolds, many people may come to understand the implications of what a 'one-dimensional' society is really like. The aim of the New Left is to bring about by educational agitation, demonstrations and other challenges to bureaucratic power, a public awareness of *the need to begin the process of self-management of our affairs*, because this will be the only way to use the triple revolution for social purposes that are democratically devised.

What do Australian New Left writers mean by the 'triple revolution'? Basically, it is the simultaneous impact of automation, cybernetics and eugenics.

The first element is the upheaval in production due to *automation*. Automation—the use of machines as controllers of the process of production—is already well-developed in the U.S.A., U.K. and U.S.S.R. It is qualitatively greater in its impact than the previous kind of

technical change which was brought about through *mechanisation*. Unlike mechanisation, automation would make a big reduction in the demand for labour, particularly if introduced on a wide front. This would include a fall in demand for white-collar labour, since one of the most important trends is towards low-cost automation of small and medium-scale offices and factories, not merely of large ones. As one engineer has put it, 'low cost automation heralds a big movement in this direction, giving the ordinary small engineering shop the opportunity for flexible cheap automatic production . . . all these machines do automatically what was previously done by human hands and minds'.¹² In other words, automation does not affect merely the large mass-production plant. It affects, just as much, the 'ordinary small engineering shop', and therefore, the white-coated machine minder and the office worker as well.

Why is the demand for labour likely to be cut to an extent which cancels growth of productivity (and hence more employment) brought about by automation as a whole? The answer is that we can no longer think of the 'offsetting' effects on extra employment of higher productivity of the economy. The 'productivity' will not come in the form of *more production from more employment*, but in the form of *higher real product per man hour with a reduced labour force*. Automation replaces workers because machines can be made to exhibit *intelligence*—to set up goals, make plans, consider hypotheses and recognise analogies.¹³ This is a completely new threat to the use of humans as factors of production. It is quite definite, as scientists have pointed out, that 'a computer can control industrial processes . . . in fact industrial engineers can now devise processes so intricate

¹² I. Nicols, 'Low Cost Automation', *New Scientist*, 7 July, 1960, p. 24.

¹³ M. L. Minsky, 'Artificial Intelligence', *Scientific American*, September 1966, p. 246.

that it would be difficult, if not impossible to control them with human workers'.¹⁴

These tendencies will be re-inforced by the second aspect of the triple revolution—*cybernetics*. It was not for nothing that the founder of the theory of cybernetics, Norbet Weiner, described it as the 'science of control'. Cybernetics studies systems of elements interacting on one another—it has established that the behaviour of a system depends not only on the way in which its elements operate, but also on the way in which the elements of the system are 'coupled' to one another. This is a revolution in communication and knowledge, and its widest application in industry and technology has been to produce self-governing machines and devices—machines which repair themselves and other machines; machines which are self-regulating; machines which need no human beings.

Eugenics is the development of the science of population control. It has been greatly influenced by cybernetic theory, as well as other experiments (such as the East German experiments of injecting a foetus with chemicals to counter certain human tendencies such as homosexuality). Population control, nightmare of Aldous Huxley, is already within the reach of the ruthless dictatorship. How far off is the full impact of the triple revolution? Probably not more than 30 to 50 years. It is no longer in the category of space fiction. Few scientists will regard it as 'fantastic', or disagree that our present generation may have the last opportunity to change society before a system akin to *Brave New World* is established.

The implications for any 'leftist' is quite clear: the triple revolution cannot be left to the Establishment to introduce and control. Automation and cybernetics on a wide front cannot be combated by strikes. They will

¹⁴ S. A. Coon, 'The Use of Computers in Technology', *Scientific American*, September 1966, p. 179.

provide the Establishment with unheard-of and irrevocable power, unless self-management of production and planning is understood *now*, practised *now*, in preparation for bringing the triple revolution under social control.

A further imperative for a new strategy of change is the absence of the Australian trade union movement as an opposition to the Establishment, let alone as a centre of change. Australian trade unions are closely integrated with the State through their embrace of the Australian Arbitration system, acceptance of their role as one of many 'pressure groups' in the pre-Budget consultations, and by their collaboration with Commonwealth Government departments (waterside-workers in the 'Woodward Scheme', engineering unions with the Department of Labour's Advisory Committees on automation, etc.). All of this is well documented in New Left writing here.¹⁵

The non-revolutionary position of Australian workers and their trade unions is rooted deeply in the past, while nationalism and xenophobic fear of Asians have been stronger than a fear of the State or of internal restraints on working class freedoms.

The labour movement in Australia began in the towns. During the 1830s furniture workers and coopers formed unions, and more sprang up in the building trades and in shipping. Outside the cities, and especially after the gold discoveries of the 1850s, the miners and shearers formed unions which were to play an important part in Australian Labor affairs in the 1890s. The workers of Australia organised themselves in the 1850s and 1860s on a very large scale, so that in 1865 there were 150,000 organised workers out of a population of 3 million. They soon found that while industry was continually expanding they were in a position to enforce claims on the employers.

¹⁵ J. Playford, 'Trade Unions and the State', *Australian Left Review*, No. 1, 1969.

Yet, having freed themselves from the worst evils of exploitation, workers did not develop class-consciousness and a militant socialist programme. They were mainly conscious of their rights as privileged Australians, and the first questions to bring them together for the protection of their interests were the agitation for an eight-hour working day and opposition to Chinese immigration.¹⁶ Thus, while trade unions were legally recognised and registered in South Australia by 1876, New South Wales by 1881, Victoria by 1884, Queensland by 1886, Tasmania 1889 and Western Australia by 1902, they took up mainly political issues like the Chinese question. Feelings were virulent in all States and there were huge workers' anti-Chinese demonstrations in South Australia in 1888. This early diversion of trade union activity in the direction of politics probably accounts for the fact that collective bargaining and the friendly-society functions of unions never developed as they did in England. The unions threatened strikes, but they expended most of their energies after 1880 in opposing the immigration of Chinese and kanaka Melanesian labour, in helping to establish Arbitration Courts, and, finally, in the founding of Labor Parties in the 1890s.

Clearly, the large influx of seekers-after-gold, who were not politically minded, diluted any class consciousness and delayed the emergence of all ideas of the socialist republic. The conservative Senator St Ledger was not too unjust when he observed in 1904 that:

'Australian socialism had its origins, not in protest against any social tyranny or any economic oppression, nor from the dominance of any ecclesiastical or monarchical regime but in the adoption of an ideal to be realised by a community then enjoying every opportunity which liberty, justice, and prosperity could produce for it. It was a leap backwards to the ideals

¹⁶ H. McQueen, 'A Race Apart', *Arena*, Winter 1969.

of Plato's *Republic* or More's *Utopia*. It was adopted by the Australian people after they had eradicated all vestiges of privilege and politically had established almost absolute equality. It was adopted at a time when economically the people were living at a standard of general comfort the highest in all past history.'

For all the evidence pointed to the fact that between 1860 and 1890 the gains made by the trade unions were real, as well as apparent. Early trade unions flourished, not because the workers as a class believed themselves to be oppressed but because they wished to share the prosperity which a new and apparently rich country seemed to offer. The unions offered little socialist advice, for example, when the disastrous bank crashes of 1893 followed the land boom era of the 1880s in Victoria; the unions produced no demands for the positive control of banking—this came from small farmers who could not meet their overdraft payments when the banks called in their mortgages after 1891.

The 'socialism' that did reach the workers was an idealist socialism: a socialist commonwealth appeared as a rational social organisation which, by contrast with existing society, would appeal to *all* classes which could be brought to think about it.

By the second part of the 1890s, Labor politicians had been sent into the state parliaments. The motto of the Labor Party was 'support in return for concessions; if you give us our concessions then our votes shall circulate on the Treasury benches'. In office the N.S.W. Labor Party had to its credit by 1898 a conciliation act, an act on the exclusion of 'inferior races', an electoral act, a land tax scheme and—votes for police! The 'concessions for concessions' approach was noted by Sidney and Beatrice Webb during their visit to Australia in 1898. The N.S.W. Premier Reid revealed that the Labor Party, comprising one-third of the parliament:

'... have never asked me for anything: once they sent a deputation to beg me most respectfully to take up some measure they were interested in. Of course they abuse me at election times—call me a capitalists' cats-paw and those sorts of names, but when once they are in their seats in Parliament they vote for me: and that's all I care for. We don't oppose them in their seats; and they don't oppose us in ours: we live very amicably together.'¹⁷

This pattern of economic and political development produced, not a militant working class demanding a socialist republic, but the hegemony of bourgeois ideology, which expressed its aspirations in the search for a higher standard of living for all and in nationalism.

The views of progressive emancipists in N.S.W. had been overwhelmed by the arrival of new emigrants after 1840—the influx of both free migrants with capital and pauper migrants. South Australia and Victoria received middle class migrants, few of whom were radical or even republican in outlook. The gold rushes of the 1850s brought self-reliant migrants, but their views on democracy, self-government and nationalism were not of a utopian or socialist kind, and they were satisfied when, between 1855 and 1860, the five major colonies were given control of their own destinies as 'state' governments, elected by universal manhood suffrage.

The penal colony of N.S.W. (1800-1840) had assisted a spirit of frugality and private enterprise on the part of the emancipists. Up to the 1860s the control which large squatters and landowners exercised over the state prevented full social mobility. By the 1880s, however, the state was both the protector of the little man and the prop for capitalist prosperity. The state's role in economic life was widely accepted; in 1886 the older body of believers in voluntary co-operation were facing a

¹⁷ A. G. Austin (ed.), *The Webbs' Australian Diary, 1898* (Melbourne, 1965).

growing number of believers in economic organisation by the state. The economic crisis and strikes of the early 1890s failed to shake the economic system to its foundations. The land boom of the 1880s was followed by crisis, but not by socialism. In retrospect this land mania and its consequences may be seen as a watershed in the development of a free yet regulated private enterprise system; Australian society in the 1890s was for the first time, sharply divided by class conflict. For the whole of this decade, economic difficulties, in contrast to the previous twenty years, seemed to indicate that the economic system was running down. In order to preserve the social system, the early part of the twentieth century saw new leaps in tariff protection, regulation of industry, industrial arbitration and state encouragement of a class of independent farmers. It should be noted in particular, that the Arbitration system was not (as is often portrayed) foisted upon the labour movement by Australian capitalists. On the contrary, it was the result of a cynical 'deal' between the unions and the industrial bourgeoisie: trade union support for tariff protection in return for a benevolent and orderly system of wage-determination.

Xenophobic nationalism began in the 1850s. Political agitators like Daniel Deniehy railed against the danger of immigration of the 'Asiatic hordes'. This was to be the authentic voice of Australian nationalism for many years. By 1861 meetings of Queensland workers were petitioning the government to make illegal the import of all 'kanaka' or Melanesian labour for Queensland sugar fields. Agitation for this aim increased sharply in the 1870s and 1880s, and by January 1898 the Australian Labor Federation decided that 'pending the exclusion of Asiatics and other coloured labour, this Provincial Council of the A.L.F. urges upon the Parliamentary Labor Party the desirableness of introducing legislation during the coming session providing for the payment of all employees of such labour a wage not less than that paid

to white men'. The Labor Party in Queensland had adopted the exclusion of coloured, Asiatic and contract labour as part of its platform in August 1892.

And not only in Queensland, the closest state to 'Asia', was Australian nationalism linked to racism. When the South Australian parliament rushed through legislation curbing Chinese immigration into its domains in 1888, the declamations against the 'celestials' (Chinese followers of the 'son of heaven') were deafening. Government action was supported by workers' demonstrations against the Chinese in Port Augusta, Port Pirie and Port Adelaide. And in New South Wales in 1890, Henry George's lectures on land nationalisation and the single tax were met by the observation that 'if all mankind had a right to the land, Chinamen would have as much right to Australian land as the native born', while Henry George himself drew gasps of 'oh!' when his lecture on the unemployed observed that the largest donations to Sydney's soup-kitchens came from the Chinese community.

Under the influence of this heritage the Australian grab of New Guinea in 1919, the exploitation of Nauru¹⁸ and the seedy colonialism practised recently in Bougainville¹⁹ become explicable; at the same time the

¹⁸ H. Hughes, 'The Political Economy of Nauru', *Economic Record*, December 1964, shows that Australia, by paying the Nauruans over a long period, a price for their phosphate below world prices and below what the British paid their Ocean Island colony, robbed the Nauruans of millions of dollars—in order to subsidise Australian farmers. Nauru was a trust territory of Australia under the United Nations until 1 January 1968.

¹⁹ The 'Bougainville Affair' as it has come to be called, took place in August 1969. Conzinc Riotinto of Australia, an Australian subsidiary of an international corporation, in collaboration with the Australian Administration, forcibly seized land owned by Bougainville islanders—land which they had refused to sell to the 'Crown'. 'Controlled baton charges' and tear gas were used to smash resistance by the local people. The Australian press in opposing the violence used by the government, also sang the song of a huge 'bonanza' for New Guinea in copper development. But the 'return'

acquiescence of a majority of workers in it becomes understandable.

The results of a faith in the state and in nationalism, on the part of a large majority of Australians, can be seen today. The Australian Council of Trade Unions has announced its interest in the notion of productivity in co-operation with Government and industry,²⁰ and there is continuous consultation with Government and business on an *ad hoc* basis.²¹

However, the integration of the trade unions and the state is no starting point for social change. Actually it is not even a system which reveals a powerful trade union voice on minor matters of 'economism'. Federal budgets are shaped in contemptuous disregard of union interests: tax structures fall heavily on working class incomes;²² tax deductions favour the wealthy; credit squeezes still hit hardest at flat and home building; the Vietnam war and other military adventures are a 'poor man's war',²³ financed from workers' taxation.

Today the Australian trade unions are not an autonomous and free force capable of bringing about radical social change, capable of handling automation and cybernetics, capable of seeking democratic control of social life. That is why the New Left has sought to develop, outside the official trade union structure, a movement to make workers, technicians and intellectuals

to New Guinea will be even less than is received by Australia for surrendering its mineral areas: 5 cents a ton royalty and a maximum rate of taxation of 15 per cent (under Double Taxation Agreement).

²⁰ Quotation D. W. Rawson 'Unions and Politics' in P. W. D. Matthews and G. W. Ford (eds), *Australian Trade Unions* (Melbourne, 1968), p. 171.

²¹ Playford, 'Trade Unions and the State', *loc. cit.*

²² B. McFarlane, 'The Rich and the Poor' in H. Mayer (ed.), *Australian Politics: A Second Reader* (Melbourne, 1969).

²³ M. Newton, 'Poor Man's War', *Nation*, 17 September 1966; K. Davidson, 'Defence Expenditure Explosion', *The Australian* (Defence Supplement), 1966.

conscious of their own collective force, and determined to be masters of their own production.

III

THE 'NEW LEFT' AND LONG-RUN REFORM

Should longer run reform come through the democratisation of public administration with reduced power of state organs permitting a more democratic system of decisions about the country's rate of investment, its pattern of economic development, its social priorities? Or is it useless to strive against the present economic policies and strategies because they cannot be prevented within the existing social system? The answer of the Australian New Left is that it is not only 'not useless' but imperative to begin change now; given the implications of authoritarian economic control in Australia and the impending upheaval in production brought about by the triple revolution, surely it is increasingly important that answers to these questions should be found. Yet, where to start? In an affluent society, wealthy enough to provide members of the community with leisure, many possible reforms will be advocated by humanitarian, radical and socialist groups. Areas selected for reform will be necessarily subjectively based; there are not clear-cut criteria for *what* reforms to promote and in what order of priority.

The role of the New Left in this situation is to oppose the 'gentility' principle, and to develop by action the realisation of people that the State, the boss, the god-professor do *not* necessarily know best and that people can self-manage their own affairs. The gentility principle that 'people are more or less good' and that 'society is fairly reasonable' is refuted by two world wars, Buchenwald and Hiroshima. Yet it lingers on. In the era of the beginning of the triple revolution such an outlook is disastrous as it gives the Establishment much room to manoeuvre.

The student power revolt, various demonstrations, sit-ins, mock-parliaments, etc. have as their aim the re-orientation of people in order to encourage them to ask the question—do I have the right to control? What has been lacking in Australia has been audacious human will to bring about change through direct action.

The role of a large number of active human beings is crucial to any New Left concept of social change. In a non-revolutionary situation people are bound by a spider's web. They are unable to distinguish the external world from themselves as controllers—people are isolated and alienated. The most recent break with this was the period 1940-1947, when people's lives had been physically disrupted. Soldiers returned to places they had not been to for years; they could create new things; the spider's web was broken. After 1947 the spider's web was successfully spun again.

The New Left seeks mass direct-action against the Establishments—big and small, in order to give people experience in self-confidence. It does this because it seeks to ensure the non-bureaucratic character of post-capitalist society. It holds that the infallible road to totalitarianism is Fabian tinkering and A.L.P.-type 'socialism by stealth' which exclude the mass of the people from control. A major task of the New Left, then, is to shift the whole focus of the debate about social change.

In Australia, we are still at the stage of arguing about the technicalities of economic management and the improvement of our political system. But these are issues of the 1930s too—a period of excitement in which the proposals advanced may be regarded in retrospect as the left wing of normal progress rather than the right wing of revolutionary change. For the long-term future, the criteria for reform need to be more 'revolutionary' than this, in the sense that they cannot be granted in the present conditions of the economic system. More particularly, the areas chosen for long-run reform need to be

somehow linked to a new burst of idealism and enthusiasm for 'brave new worlds'. They ought to go beyond mere 'economism', material demands and class interests. In the short run, they should, paradoxically, appear to be a trifle strange, but having a real chance of gaining acceptance in thirty years, and having a real chance of becoming practical and relevant.

The first sphere of activity is to reduce the social dominance and economic power of the controllers of big business. The second might be to cut down the role of the state and its intrusion into the individual's areas of action. The third should widen the scope for self-management in economic and social life—in the work place, in local government, in intermediate 'planning' organisations (housing commissions, town planning bodies, and 'advisory committees' of all kinds). Finally, private economic life and decision-making could be freed from anxiety and the vexities of bureaucratic paternalism in an attempt to prevent the emergence of a 'servile state', in which a delight in creative enterprise and the value of collective work is at a low ebb and people rely on government handouts.

Success of this long-term programme would require that profit retention inside large corporations be curbed. Such undistributed profits give managerial cliques so much power over our economic destiny through their control of a large proportion of the nation's savings. Retention of profits should ultimately be forbidden. The growth of an enterprise should be made to depend on repeated applications to the capital market.

It will be necessary to break the power of the insurance corporations which have a large 'leverage' of control over savings. A comprehensive and general public pensions scheme could eliminate their dominance. Powerful centres of economic power would have to be checked, anti-trust laws would be vigorously implemented. Moreover, large companies in a near-monopoly position, or

with high rates of return on capital, should be compelled to include on their boards representatives of workers, citizens and consumers: to 'open the books', check exploiting policies and recommend programmes that fit in with demands of social plans, democratically determined. We should seek also to train manager-auditors who know management and technology, who could speed up the flow of public knowledge by publishing critical reports on the activities of various interest groups. Even in a society of social democracy, managers need to see enterprises increasingly as services to the public rather than as parts of a financial pyramid.

A programme to destroy the paternalistic proclivities of politicians and public servants would be difficult to devise. There can be no hope of sacking the lot, because there is so much already, and will in future be so much more, that public authorities can do better than private persons—e.g., the construction of new cities and the rebuilding of the old. The increased vigilance of new generations with more education, more leisure and a new fear of being bossed about would help—but may not be enough. Our reformers of the New Left therefore propose additional measures, specifically designed to disperse decisions and initiatives, and keep the Authorities in their place as servants and not overseers:

(1) Salaries for all elected representatives should cease after (say) twenty years service. All senior public servants in policy-making seats should be compulsorily retired at fifty. Libraries of public accounts, comprehensibly presented, and annual reports of all Departments and Authorities (written by a corps of independent commentators) should be provided in every village, with a video-tape of *Hansard*.

(2) While there should be no inhibition upon the creation of new public authorities—such as corporations to build new towns and run toll roads—they should normally be required to raise their capital in the market.

(3) The provision of unprofitable new public goods of a marginal kind such as sports stadiums, and opera houses, will require referenda, without compulsory voting. If not promoted by the State or local authorities, they may alternatively be requisitioned by any private group capable of contributing a given proportion of the capital cost, an affirmative vote entailing public finance for a specified term of years.

(4) While government must, of course, retain discretion to vary the revenue/expenditure balance for short-term employment policy purposes, and to adjust all kinds of detail as the situation develops, all major changes in expenditure or revenue and overall policy should be submitted for prior approval by the electorate either in party programmes or in special referenda.

Whether all this, or anything akin to it, is at all a likely programme of reform depends chiefly upon the ethical forecasts involved, upon the correctness of the guess that the attitudes ascribed to its supporters are, among the many possibilities, those that will spread fastest in future. If people do really come to feel that way in their bones then their programme would not prove quite impracticable at some future date. But that, even if it be granted, does not in itself answer the political question whether such reforms would creep dully in the normal process of social adjustment, or, more interestingly, require a Movement like the New Left excitedly resisted for years and triumphing only after a few decades of struggle.

The long-run perspectives are very favourable, for even with stop-go economic policy we will be able, given our existing material prosperity, to relegate poverty to holes and corners and efficiently to manage our economy. In the short-run, however, escaping from the horns of the dilemma does involve the search for new methods of reconciling those necessary controls and new institutions with individual freedom. It involves, also, ensuring the

initiatives of producers and social groups on the one hand and the rationality of the whole economic system on the other.

One event in recent Australian economic history which focused attention on these issues was the 1966 Qantas pilots' strike. As was remarked at the time 'the real question at issue was who will control Australian commercial aviation—will it be the airline managements, the Department of Civil Aviation or the pilots'.²⁴ The Federal Minister for Labour made it clear that the pilots' demands would have to be defeated *lest such demands for self-management spread to other industries and workers claim a share in management control*. Yet such demands for forms of democratic control are natural in a modern society—and not only in large-scale factory units. If the introduction of computer technology and automation involves a small number of operators, not only will they be working in a more intimate atmosphere, they will soon come to feel that private owners and managers know less about questions of operations, necessary investments, etc. than they do.

A problem that can rightly be raised in this context is that self-management in production and social life is incompatible, not with planning, but with an undemocratic control of planning—whether this be (as it now is in Australia) caused by monopoly power and bureaucratic regulation or by political dictatorship (as in certain Communist countries). The main question for advocates of self-management is to relate it to an overall conception of the economic process. Many proposals have been advocated. One is to pass down a single national plan to lower units for revision and its return to the centre for application. But the more planning is formed at the top the less there is to control below. Moreover, this procedure still leaves unsolved the dilemma of

²⁴ B. Creer, 'Strike is a Struggle for Power', *The Australian*, 30 November 1966.

proportionality in the economy—this can be discerned at the centre but not at the periphery. In the interests of optimal proportions many individual plan-amendments could not be accepted if they fail to mesh in with the overall proportionality needs. Can the process start at the other end? Can plans formulated at lower level productive units and in local government areas be forwarded upward for co-ordination? The previous dilemma would surely be repeated and a less than optimal production structure would emerge. That is why the New Left has its suspicions about 'planning'.

The simplest way out of these dilemmas is to extend social ownership and self-management; but to produce for a socialist market—with demand influenced by adjustments made to income distribution. The advantages of this are elementary; bureaucracy reduced, the real needs of the people transmitted quickly, optimal rather than maximal solutions. The task of choosing is thrown on to the consumer and the system polices itself. No doubt there would have to be adjustments—to demand, to industries working under decreasing costs, the taking into account of external diseconomies imposed on other consumers by things like motor cars. Nevertheless, at the micro-economic level, and looking at a situation of equilibrium, a controlled market is the simplest and most productive mechanism for a collectivist economy with a complex and sophisticated industrial structure.

Self-management in individual units could later be extended to wider spheres of economic decision-making. The representatives of such self-managing units, together with representatives of citizens' local and regional organisations could have a greater say on the national rate of savings and investment—which are crucial to economic development and living standards. One would not expect the rate of savings, determined democratically instead of being foisted on the public by top officials in

Treasury, to necessarily fall. In fact, as society moved more towards a social democratic system, large revenues would accrue for re-investment in economic growth. For, as Wicksell once pointed out:

'socialisation is not to bring about a more equal economic distribution (which is the function of tax policy) but to achieve technical progress gains and a faster accumulation of capital . . . if private property were replaced by common property, all who were before without property would get greater incomes; but they would not get them as higher wages for labour, but as a share in the rent of the then nationalised capital (including landed property) . . . the individual does not know if the accumulation of capital will increase production as a whole, that the enterprise in which he exists will be successful or whether he will gain by current sacrifice, so . . . a collectivist society offers better guarantee for a vigorous accumulation of capital.'²⁵

Moreover, in a collectivist society, monopoly rents, surcharges on risk and interest on capital would not accrue to private persons alone—most would be paid into a general investment fund at the disposal of the community as a whole. Into this fund would also go the proceeds of deductions from firms producing under decreasing costs, less deductions paid to firms working under increasing costs.

Self-management at the point of production can have little meaning if every important decision had been taken at a high level and has become mandatory for lower units. Hence the need for parliamentary and other political reforms to ensure that decisions about the economy and economic plans, reflect the interests of these productive units in competition with others. The difference between the present system and the 'democratisation of the planning system itself' now becomes starkly clear;

²⁵ K. Wicksell, *Value, Capital and Rent* (London, 1954).

on the one hand, a triennial facade of democracy with election of political party candidates, followed by the rule of Cabinet alone and a small coterie of top public servants choosing between vested interests representing private owners and imposing (via taxation) the rate of savings the rulers see fit; on the other hand a system in which various parliaments represent various sectors of the economy—but this time the elected representatives of those working in the industries and social spheres, the 'competition' being a full analysis of the needs of the economy and of the people at work; and the rate of saving (and indeed each fiscal measure) voted on by the representatives of people's organisations and self-managing units.