

Prices and Incomes Policy and Socialist Politics

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INTRODUCTION

This paper discusses the question, "How does a labour movement agreement on prices and incomes fit into a view of the socialist objective and socialist politics?" The political context of the discussion has changed substantially since the paper was first prepared in draft form.¹ The selection of Bob Hawke as leader of the Federal Parliamentary Labor Party, Malcolm Fraser's calling of a March 5 Federal Election and the consequent electioneering have all brought the issues of economic planning and Labor's prices and incomes policy more urgently and sharply into focus.

Although these recent events have necessitated a rapid re-drafting of this paper it seems well worthwhile to go ahead with the discussion that forms its basis. Indeed for the labour movement² the question of prices and incomes policy is very much on the agenda. The Labor Party's election campaign has made that clear. Labor's economic policy - its "national recovery and reconstruction plan" - launched by Bob Hawke on February 10 states:

"Labor's anti-inflationary policy will rely on prudent monetary and budgetary management and the implementation of a comprehensive, durable prices and incomes policy.

This will be the clearest expression of the commitment to recovery through reconciliation".³

It is clear that a Hawke Labor Government will be relying heavily on a prices and incomes agreement with the trade union movement as a "lynchpin"⁴ of its approach to the economy. This has been recognised by all media commentators,⁵ by the Government parties who have sought to undermine the policy⁶ and by the ACTU.

Before moving on to the main body of the discussion I would like to say a little more about the current political context of the prices and incomes policy discussion.

Firstly, in recent months the Fraser Government has taken the political and economic initiative by pushing through a six to twelve month freeze on public sector wages, with support from the Commonwealth Conciliation and Arbitration Commission for a freeze in the private sector. The Government now has a firmly established "incomes policy" of its own. Secondly, the starkness of the Fraser incomes policy has been underlined by the anti-union election rhetoric of the Prime Minister and other Government spokespersons.

Thirdly, the response of the Labor Party and the unions to Fraser's wages initiative has been unclear, publically lacklustre and unconvincing. For some time no clear wages policy was able to emerge. This has only been resolved in the run-up to the election.

Finally, it is worth considering that Bob Hawke as the new Labor leader is strongly pushing a theme of "national reconciliation and social partnership" and promising that,

*"The first initiative of Labor in government will be to convene a National Economic Conference (at which) Labor will propose a broad economic strategy to restore growth to the economy ..."*⁷

Mr. Hawke's "consensus" approach is the main thrust of his electoral appeal. It is no simple vote-catching gimmick though. He has been proposing this sort of formula for years - from the well known Boyer lectures to, more importantly, his participation on the Jackson and Crawford Inquiries into Australian Manufacturing.⁸ The notion of consensus between employers, employees and government is put forward as a serious basis for economic planning. This gives rise to a dilemma for the labour movement. Should it reject any compromise and move into opposition or should it seek to enter into and shape the consensus? Australian Council of Trade Unions (ACTU) spokespersons have made clear their wish to take part in the process outlined by Mr. Hawke.

This paper argues strongly that socialists in the labour movement should take the opportunity provided by the consensus approach as a way to enter into new debates and stake out new areas of legitimacy for the movement in Australian politics. They should seek to put some "flesh on the bones" of Mr. Hawke's idea of national reconciliation". The proposed national economic summit may be the most appropriate place to start. If that is the approach to be taken after the coming to office of a Hawke Labor Government the following discussion may be worthwhile.

The paper begins with a brief examination of the industrial, economic and political background to prices and incomes proposals before moving on to more general discussion. It examines the proposals in the light of the ALP's "socialist objective" (a useful general statement of socialist aims in the Australian setting) and the work of some theorists of the European incomes policy experience. The view taken is that the prices and incomes policy should be supported as a policy which indeed has socialist components and which, while being contradictory, can provide the basis for a socialist approach to current problems in Australia.

LABOUR AND WAGE DETERMINATION IN AUSTRALIA

Former ACTU Secretary Peter Nolan, has pointed out that in a period of government intervention in the economy "all governments have policies on incomes".⁹ Sheehan agrees. He believes that we cannot really ask whether or not to have an incomes policy, the real question is what type of incomes policy is suitable at a given moment.¹⁰

In Australia it has been the case for at least the period of this century that the state has played a major role in influencing economic developments. The question of what approach governments and the labour movement have taken on incomes has been on the agenda all of this time. For most of this period the response has been to hand the determination of wages to a centralised agency. Australia's industrial relations history has been dominated by arbitrated wage fixation since the coming together of the relatively diverse trends in the labour movement to form the Labor Party, forge the union/Labor Party link and commit itself to what became the central tenets of Australian labour politics - arbitration, protectionism, nationalism (and racism).¹¹

The important tenets for consideration here are those of arbitration and protectionism. They were brought together by legislation of the new Commonwealth Parliament when it passed the 1904 Conciliation and Arbitration Act and the 1906 Excise Tariff Act.¹² National capital, the state and labour were tied together ideologically and legislatively in what was perceived as a mutually beneficial arrangement. Along with the arrangement came the concept of the basic wage, an evaluation by the Commonwealth Court of Conciliation and Arbitration of a "fair and reasonable" payment for work and the view that through conciliation and arbitration peace in industry can be provided "in the interests of the public."¹³

From that founding basis the system of Australian wage fixation, based upon arbitration, has gone through three distinct periods. These periods are :

- (1) the period 1920 to 1953 when as a general rule the basic wage was indexed to movements in consumer prices (there were exceptions however, when rigidly economic considerations were taken into account such as the 1931 cut of 10 percent as part of the "Premiers' Plan");
- (2) the period 1953-1974 which saw the decline of the central role of arbitrated wage fixation (although basic wage adjustment continued to be the cornerstone) and the rise of wage bargaining in the field and related development of over award payments (a feature known as "wages drift"); and
- (3) the period 1975-1981 when centralised indexation of wages re-emerged.¹⁴

Sheehan's analysis of these periods provides a useful framework, according to which the history of Australian wage fixation is seen as dominated by three dilemmas or tensions, these being :

- (1) in wage fixation between the needs of wage earners for an adequate income and the capacity of the economy to pay a given level of wages;
- (2) between the pressures on the Conciliation and Arbitration Commission (and its predecessor the Commonwealth Court) to act as a dispute-settling authority and the pressures on it to act as an economic regulator; and
- (3) in the overall process of wage fixation, between the dominance of compulsory arbitration as a means of adjusting wages and the dominance of collective bargaining.¹⁵

For example, in the first period (1920-1953) the needs of wage earners for a "living in a civilised community"¹⁶ were the guide for the adjustment to the basic wage until the crisis of the depression hit and the "capacity of the economy to pay" became less favourable for workers.¹⁷ Another example, illustrating the third tension, can be drawn from the second period (1954-1974), where the balance of the wage determination tended towards collective bargaining. In a further example, the 1974 National Wage Case decision showed the Conciliation and Arbitration Commission expressing its own confusion between the tension of "needs" and "capacity to pay" when it said:

*"... (we have)... not refrained in the past from awarding an increase if there was a just case for doing so even if its action would lead to a rise in prices. We affirm this approach in the present case. With inflation running at the current high rate and having noted the observations of the Prices Justification Tribunal on the part played by wage costs in its recommendations for price increases, we are very conscious of our statutory duty to 'have regard .. to the state of the national economy and the likely effects on that economy of any award that' we may make. But in the present conflict between doing justice to groups of wage earners and adding to inflation, we believe that our duty is to the former."*¹⁸

These tensions provide threads to understand over sixty years of wage decisions. The whole period establishes a system of determination in which arbitration has played a key role. The state has been in a pivotal position, through intervention by government and the contribution of the "relatively autonomous" Arbitration Commission.

The state, through the Commission and the government, has played the dual and sometimes contradictory role by intervening at times to encourage wage equity and cost-related adjustment and at other times to force wage reduction in a period of downturn.¹⁹

Wage Indexation 1975-1980

The Whitlam Government came to office in 1972 at the end of the long second period of wage determination (1954-1974) where the tendency towards collective bargaining and earnings drift had become a feature. This tendency was confirmed for a period after the breakdown of the 1967 Metal Trades Award and the defeat of the penal powers.²⁰ These industrial victories placed workers and their unions in a favourable position to respond to the building inflationary trends of the early 1970s.

Significant inflation became evident in 1970. In particular food prices, clothing and household goods prices were on the increase. This the Whitlam Labor Government inherited.²¹ The "wages explosion" of 1974 is directly related to this. The contribution of wages in an inflationary "wage-price" spiral in 1974 is contested by few, although the initial pressures were arguably international and cost-based.²² Furthermore, the coincidence

of inflation and a stagnating economy led many to draw links between inflation and employment. In this context Minister for Labour and Industry, Clyde Cameron, proposed a system of wage indexation.²³ It was a return to the sort of centralised system that the union movement had been arguing for since the abandonment of the indexation of the basic wage in 1953.²⁴

Hence, after a time of discussion and compromise between the ACTU and the Labor Government, the Arbitration Commission introduced on April 30, 1975 a wage indexation package acceptable to the parliamentary and union wings of the labour movement. It allowed wage increases on three grounds:

- (1) general wage increases to compensate for price increases;
- (2) general wage increases to reflect increased national productivity;
- (3) individual award increases for work value changes and special circumstances.

In addition there were to be a number of very clear "trade offs" for the trade union movement. Specifically there were the cuts in the income tax levels for November 1974 which the unions agreed to consider in lieu of indexation for the final 1974 quarter and the implementation of what the Commission called "supporting mechanisms ... to ensure the viability" of the wage indexation package.²⁵ These mechanisms included government support for and intervention in indexation cases before the Commission, support for the principles of indexation in the public sector, a supporting prices mechanism through the Prices Justification Tribunal (PJT) and a continuing sympathetic approach to income tax reform.²⁶

The system of indexation, after being questioned several times in its history by variously the Commission, the employers, the unions and the (later Liberal) government, was formally ended on July 31, 1981²⁷ by a decision of the Commission which decided that:

"the commitment of the participants to the system is not strong enough to sustain the requirements for its continued operation ... For these reasons we have decided that the time has come for us to abandon the indexation system".²⁸

The major features of the indexation experience for the purposes of this examination are the emergence and maintenance of partial and plateau indexation and the consequent real wage reduction this caused, the nevertheless remarkable level of conformity to the guidelines by the union movement, the deflationary effect of the package particularly in its first two years, the failure and undermining of the "supporting mechanisms" by the Liberal and National Country Party coalition government particularly the scrapping of the PJT, the abandonment of tax indexation and the generally belligerent and anti-union industrial relations stance of the government and the employer groups.

For the labour movement then the indexation experience was a mixed one. On the one hand it showed that the formal institutions of the state can easily be turned against the interests of wage and salary earners - in this case to institute wage cuts and to heighten the level of industrial conflict. On the

other hand however, the indexation package showed that a Labor government could have at its disposal some mechanism to assist in the stabilisation and equitable adjustment of wages during difficult economic times. Further it increased the co-ordinating role of the ACTU and gave it new prominence and respect in the national political arena, and showed the potential at least of wider labour movement agreements.

Proposals for a Prices and Incomes Policy

Diverse sources in the labour movement began an assessment of the Whitlam Labor Government economic and industrial experience and drew conclusions which, when coupled with the lessons of the operations and fate of wage indexation, were similar to those of Ralph Willis, who said in 1979 when surveying the prospects for a future Labor government that:

"...fundamental to the ability of a Labor Government to achieve a return to anything approaching full employment ... is substantial co-operation between government and the trade union movement, or to put it in the obverse full employment will not be obtainable if each side of the labour movement simply goes on 'doing its own thing' as was very much the case when Labor was last in government".²⁹



The debate was difficult and at times bitter. In 1979 for example there was a much publicised clash between the then ACTU President Bob Hawke and Labor Leader Bill Hayden and much of the Left of the Labor movement, including the metalworkers union, who opposed strongly the Willis type suggestions, raising the spectre of the failed "social contract" in the United Kingdom. Throughout 1979 and 1980 this continued. Labor went to the polls in late 1980 with an ACTU/Labor "accord" on prices and incomes, a vague, partly worked out policy that was an electoral gimmick more than anything else.³⁰ The 1981 ACTU Congress provided the platform for the conclusions to be more finely drawn. Cliff Dolan used his opening address to make it clear that he believed most workers would not benefit under a system of "so-called free collective bargaining". He was counterposing this view to the confrontationalist, destabilising legislation then being proposed by Liberal Minister for Employment and Industrial Relations, Ian Viner. Furthermore, he said:

"We should also remember that wages and salary increases alone do not determine the standard of living of our members. In debating wages and economic policy we should keep in mind not only the wage and salary earners we represent, but those who are not able to earn a wage or salary."

Dolan went on to urge the Congress to opt for the maintenance of an "equitable method of wage fixation".³¹ Hayden and Hawke, representing the Parliamentary Labor Party, put similar positions to the Conference, arguing that only a Labor government offered the chance for co-operation between unions, employers and government in a fair and equitable system of wage fixation.

In late August 1981 the re-convened Australian Labor Advisory Committee (ALAC) began discussion on developing a prices and incomes policy for the next election. The ALAC sub-committee of Bob Hawke, Bill Hayden, Ralph Willis, Jan Marsh, Bill Kelty and Charlie Fitzgibbon worked on this in the context of increasing economic crisis and a realisation of the extent of the crisis by the trade union movement.

ALAC released its Discussion Paper on Economic Policy in June 1982. This forms the basis of the prices and incomes agreement that Labor will take to the March 5 election, and that will undoubtedly be ratified by the Special Unions Conference of February 21 and 22.³²

Before looking at the ALAC document we should note that the contribution of the Amalgamated Metal Workers and Shipwrights Union (AMWSU) to the economic policy and incomes policy debate has shifted the political ground of that debate markedly. The AMWSU's 35 hour week and "social wage" campaigns, together with its negotiation of the new Metal Trades Award in late 1981³³ and the launching of Australia on the Rack helped to broaden the incomes policy coalition. Australia on the Rack³⁴ first put the prices and incomes proposal into the public spotlight. There, the union sets out the basis of the claims it believes workers "should go for" in the context of a Labor/unions agreement on wages, the "social wage"³⁵ and economic policy.

Stating that "the policies of the ACTU provide the logical basis" for the determination of the "sort of issues to be covered by an agreement and the claims to be made on these," the publication lists the following for action:

- (1) a wages claim for the restoration of real wage rates;
- (2) full automatic adjustment based on CPI increases and increases based upon national productivity growth;
- (3) automatic adjustment to social welfare benefit payments after equalisation of benefits (such as unemployment benefits), the raising of pensions to 30 percent of average earnings and extending of eligibility requirements;
- (4) the re-establishment of a universal health care system along the lines of Medibank;
- (5) tax reform including tax indexation, the introduction of a broadly based wealth tax and capital gains tax, the imposition of a resources tax or excess profits tax, closing off tax avoidance options and a review of the indirect tax base; and
- (6) price control through a strengthened PJT and Trade Practices Legislation.

These income related claims, the union argues, must be a part of a broader approach to economic and industry policy based upon a commitment to full employment and industrial planning through tri-partite planning agreements between employers, government and the unions. The capacity of workers and their unions to make informed and useful decisions should be strengthened through the legislation for, "workers' rights to information and decisions at present exclusively held by management". Using this sort of formula, the union believes that it will be possible to reach industry agreements which protect workers from the brunt of technological change, structural shifts in the international economy and work health and stress hazards while increasing national productivity and growth.³⁶

The AMWSU is clear but not dogmatic about these proposals for a negotiated agreement with Labor in government. "Those fundamentals to agreement are not negotiable but the timing of them is,"³⁷ concludes Australia on the Rack. Obviously, it is not only the Labor Party in parliament that has learned from experience. The metalworkers union recognises the enormity of the task and the difficulties Labor will face in office, Nevertheless, a commitment and movement should be made by Labor. Laurie Carmichael, Assistant National Secretary of the AMWSU has said that the progress of an incomes agreement "will need to be measured but not so measured that it can't be seen. Working people must be able to see the overall agreement working to their benefit".

The AMWSU's initiative has now been taken over by the more formal and limited ALAC, Labor and ACTU negotiations and by developments in the ACTU's approach to wages policy in the period of economic crisis.

The ALAC document presents "a mutually agreed policy on prices and incomes (as offering) the best prospect of enabling Australia to experience prolonged higher rates of economic and employment growth, and accompanying

growth in living standards, without incurring the circumscribing penalty of higher inflation."³⁸ A list of areas for agreement:

- (1) the setting up of a pricing authority to review price increases with the assistance of the States;
- (2) strengthened trade practices legislation;
- (3) a return to centralised wage fixation at which full cost of living adjustments will be strongly advocated;
- (4) surveillance of non-wage incomes;
- (5) restructuring the tax scales, moves to clamp down on tax avoidance and evasion and an application of an effective tax on capital gains;
- (6) improvement in the social wage such as the setting up of a health insurance scheme; and
- (7) "supportive policies" in "areas of mutual interest" such as industrial relations legislation and others. The prices and incomes policy is to be implemented via continuous consultation, especially through a tri-partite Economic Planning Advisory Council (EPAC) and related bodies.³⁹

The Labor Party's stated economic policy is not as specific as this. It does commit a Labor government to increases in social wage spending, including a health insurance scheme and it does offer a consultative, tri-partite approach to economic planning through EPAC. Further, the section on prices and incomes policy provides for guidelines for price, wage and non-wage income movements, public surveillance of key prices and non-wage incomes and for "maintenance of real wages" over time.⁴⁰

In recent months the ACTU has taken the issue further. In response to the crisis of unemployment and as a counter to the Fraser Government's wage freeze it has put forward the proposition of a "national employment" fund to be partially funded by wage and salary earners foregoing a percentage of tax indexation.⁴¹ It has also demanded a place in economic decision-making by seeking trade union participation at any economic conference the Fraser Government proposes.⁴²

The various proposals for a prices and incomes policy for the labour movement differ on several issues - maintenance of "money" wages or "real" wages, level of commitment to the social wage etc. Clearly the Labor Party's conception is the dominant one at this stage, and that is qualified subject to the outcome of the national economic conference. The ALAC and ACTU versions provide a role for a broad trade union determination and the AMWSU proposal gives scope for a left input.

Despite their differences and their relative sketchiness the variety of incomes policy proposals can be looked at as a group with common links. Principally they are all part of the labour movement response to the current malaise of the Australian economy. They all draw their source from the lessons of Australian wage fixation history and the experiences of the last Labor Government and they all, within the context of combatting inflation, promoting employment, maintaining and contributing to overall economic planning and development, fit into the broad definition of "incomes policy" as used by Wright and Apple: namely incomes policies are:

*"policies where the State, through encouragement, legislation, as an employer or via the judiciary, deliberately seeks to influence the outcome of labour market negotiations."*⁴³

The way is clear for a labour movement negotiated agreement on prices, incomes and the economy. The agreement will be promoted as a centre-piece of Labor's electoral package and there seems little doubt that it will be electorally advantageous. But is an electoral advantage enough for a party that is seeking at least some measure of control over and leverage to change the workings of the Australian economy? Winning government certainly does not guarantee that opportunity for a party of Labor's type. Neither does winning government with just the promise of an agreement. The agreement must stick and it must have content if it is to be more than an electoral trick. It must have identifiable short term and longer term consequences if it is to last. This paper now turns to some of the consequences for the politics of the labour movement that may be found within the process of the agreement.

PRICES AND INCOMES POLICY AND SOCIALIST POLITICS

Labor's socialist objective is as follows :⁴⁴

"The Australian Labor Party...has the objective of the democratic socialisation of industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields."

To achieve this objective the following particular principles are put forward along with some eighteen others :

"Redistribution of political and economic power so that all members of society have the opportunity to participate in the shaping and control of the institutions and relationships which determine their lives..."

The application of democracy in industry to increase the opportunities for people to work in satisfying, healthy and humane conditions, and to participate in and to increase their control over the decision-making processes affecting them..."

The restoration and maintenance of full employment..."

*The abolition of poverty, and the achievement of greater equality in the distribution of income, wealth and opportunity."*⁴⁵

The key criteria here are:

- (1) socialisation;
- (2) democracy;
- (3) redistribution of wealth and power, both political and economic; and
- (4) the abolition of poverty.

They can be used to understand the extent to which proposals are socialist in their direction and content. Having referred to these "yardsticks" the discussion should now move to an examination of the proposal for a negotiated incomes policy in the context of the objective of socialism. Two important concepts, developed elsewhere in discussions of incomes policies, inform the examination. They are the concept of "corporatism", as used by Leo Panitch and Colin Crouch⁴⁶ and "Statism", as employed by Phil Leeson, David Purdy, Paul Hirst and others.⁴⁷ I will also make some reference to the concept of "labourism", as used by Hagan to describe the history of the Australian trade union movement.⁴⁸

As used by Panitch in his studies "corporatism" is "a political structure within advanced capitalism which integrates organized socioeconomic producer groups through a system of representation and co-operation mutual interaction at the leadership level and of mobilization and social control at the mass level."⁴⁹ Crouch's working definition is quite similar, corporatism being: "the hierarchical, non-conflictual integration of the state and organised groups representative of both capital and labour."⁵⁰ Both Panitch and Crouch use the concept of corporatism to understand political and industrial developments in Britain and by extension, the rest of capitalist Western Europe.

They identify the increasing role played by the state in British economic social and industrial policy, especially since World War II. In conjunction with this increasing state intervention, they note the acceptance by the trade union movement of the parameters of bargaining under capitalism. Alongside this acceptance however, the strength and wage-related militancy of the trade union movement has grown since the defeated general strike of 1926. Workers, as a rule, had been able to struggle successfully for wages under the rules of prospering post-war capitalism. It is no longer the case however that contemporary capitalism can withstand militant wage demands and at the same time maintain rates of profit and investment a satisfactory balance of payments, hold down inflation and control the level of unemployment. Panitch and Crouch argue that corporatism is the capitalist response. Through the incorporation of workers' organisations alongside employers and the state in the so-called "national interest" the ability of the working class to independently act is curtailed.

Bringing unions into an agreement on incomes is the most important and effective way of tying them into a corporatist political structure. That is, an incomes agreement brings unions, employers and the state together to develop and administer a wages policy in which the unions principal task is to ensure rank and file acceptance. Panitch argues that "a voluntary incomes policy is an integrative operation without peer... (it) operates by acting on workers collectively, in that it seeks to modify the wage bargaining behaviour of the trade unions. The union is the direct object of the incomes

policy and it must ultimately be the vehicle for administering the policy to the rank and file...As such, incomes policy involves the explicit acceptance by the organised working class of the claim that there is a community of interests within existing society."⁵¹

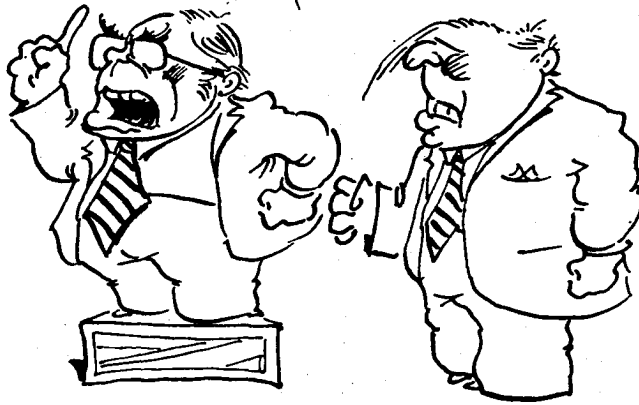
The actual result of this tendency towards corporatism in Britain was the "incomes policy" experiment of the Labour Governments of the 1960's "social contract" of the 1970s.⁵² During these periods the Labour Government and the trade union movement entered into agreements on wage restraint in return for guarantees of the maintenance of real earnings, moves to re-distribute wealth, greater government - union - employer consultation and the introduction of industrial democracy and industry plans. The result was far different to the promise. The union movement eventually pulled out of the agreements, largely at the insistence of their rank and file members who had become disillusioned with Labour and aggravated at real wage reductions and the failure of the other promises to bear fruit. This is the "social contract" as the British left has come to see it. It has come to almost define the worst kind of working class incorporation into the system of capitalist industrial relations.

For Panitch and Crouch this is one possible result of corporatist developments in contemporary capitalism. The other possible result is the relatively successful attempt at integrating the union movement into corporatist structures as has been the case in Sweden, Scandinavia, West Germany and elsewhere. Crouch has looked at these developments arguing that in general, these governments have been "drawn towards corporatist politics, not as a result of grand design...rather, they have been drawn to them in crises...as they have sought to re-institutionalise conflict."⁵³ Panitch agrees, corporatism "appears to be associated with the attempt to contain the political and economic strength of the working class" developed since the War.⁵⁴

At this point the two corporatist theorists diverge. After recognising that corporatism is principally a flexible response to working class advances Panitch then goes on to place his hopes upon the economist wage based militancy that it seeks to incorporate while Crouch sees limitations in that approach.

Panitch argues that there are limits to corporatism in the very tensions it seeks to resolve. Basic class antagonisms are such that workers will refuse to accept the ultimate restraint that must eventually come with corporatist incomes policies. They will break out of it, as indeed they did in the British case. Furthermore, they will break out of it principally because of the inherent wage based militancy of workers under capitalism. "Any explanation of the instability of quasi-corporatism," he says "must deal ultimately with why wage demands arise at the base."⁵⁵ Wage militancy is the basic expression of workers under capitalism because the wage is the principal return for the individual worker. Panitch quotes Gorz to this effect.

WAGES CAUSE INFLATION!
PRICES DO NOT CAUSE INFLATION!
PRICES...



...CAUSE
WAGES?



com

Gorz's comment is well worth noting:

"(Wage) demands translate the desire to be paid as much as possible for the time being lost, the life being wasted, the liberty being alienated in working under such conditions: to be paid as much as possible not because the workers value wages (money and all it can buy) above everything else, but because, at the present stage of union activity, only the price of labor power may be disputed with management, but not control over the conditions and nature of work."⁵⁶

Panitch posits new revolutionary leadership as the answer to the impasse that he sets up. The Labour Party in Britain is not the answer but there is a need for "a political party which would maintain and give focus to industrial militancy" so as to avoid "yet another phase of quasi-corporatist policies."⁵⁷ In Panitch's understanding this leadership could take the British working class out of their economist militancy or the Scandanavian working class out of their corporatist trap.

Crouch has a less "grand" vision. He diverges after accepting that corporatist political strategies are a class recognition of working class and union strength and that they therefore embody within them basic class antagonisms. He argues that the tensions within the corporatist political structure of an incomes agreement can be exploited by the working class organisations. Arguing that most modern day industrial relations systems are strategies for subordinating labour and that the unions can exploit the contradictions within such systems, Crouch puts forward the option of "bargained corporatism" which involves:

"acceptance by unions of several strategies which, compared with liberal collectivism (free collective bargaining), constitute a set-back for (workers') interests. But it also holds out the chance of advances..."

"(Unions must exchange) the possibility of greater political influence and more and broader power for their members in the work-place, but at the same time to accept more restraint, a more obvious role for the unions in restraining their members, more state interference and fuller acceptance of the industrial order and its priorities."⁵⁸

Crouch offers this possibility as a way to "open up a chink of light in what is otherwise a tight, closed system." He therefore poses active union intervention in the corporatist incomes policy structure as the only way of advancing workers interests. Although he advances this in a very tentative, almost pessimistic light, we find little hope in Panitch's militant rejectionism. "No moderation without participation" is the slogan he chooses to describe his position.⁵⁹

The corporatist concept can help us to understand the Australian incomes policy options a little, but only a little.

Both Panitch and Crouch very usefully point out that the trade unions of contemporary capitalist societies have long accepted the "rules of the game" of those societies. This has meant that their principal function has been to bargain within a capitalist framework. They have also pointed to the militancy and strength of many of these same unions. Both of these observations are true of Australia. The Australian union movement could easily slide into further integration into a corporatist structure, especially if such a structure gave a role to the historically accepted Commission. On the other hand, the industrial strength and willingness to act of the Australian movement is set. This could lead to tensions in the system tending toward the breakdown predicted by Panitch.

We can conclude therefore, that there are indeed tendencies towards corporatist integration in the trade union movement. In the perspective of the socialist objective of Labor these tendencies should be combatted as a threat to the increasing participation in and redistribution of political power the objective seeks. A socialist approach to incomes policy needs to take this into account. But need it reject an incomes policy on these grounds?

Further, on the corporatist threat, it is certainly the case that the parliamentary Labor Party is keen to see the unions involved in a prices and incomes policy which in no way threatens the capitalist prerogatives of private profit decision-making or the "right" to employ labour. Panitch would argue that this is corporatist integration at work through a social democratic working class leadership.

The problem with Panitch's view on this and his overall concept of corporatism however, is that really it does very little other than to observe the recent British experience and then project it as the model "social contract" variant of corporatism. To say that the British experiments failed and that the Labour leadership had a very restricted view of the contract is to do just that - say it, and little else. The alternative that Panitch offers is equally as disappointing; that is in the short term return to the militancy of economist wage demands while seeking to build leadership. That effectively returns the workers to battle in the free market. Moreover, it allows employers and the state to take the initiative in developing and pushing the corporatist trend. That employers and the state will do this is not at question - they will always have a policy on incomes, as Nolan and Sheehan have argued.

Panitch's approach is effectively an abstentionist one, dressed up with militant terminology. In terms of an understanding of the socialist objective it offers little else than a re-statement of the objective itself - it makes the objective an article of faith, a hope based upon wage militancy in the short term and new leadership in the longer term.

Crouch offers more. His view of the contradiction inherent in the incomes policy corporatist structure sees within it some movement and change. It is not a view of fixed contradictory blocs like that of Panitch, rather it is a view of a process of tension and changing balance of forces. This more dynamic view of the politics of incomes policies is taken up by those theorists who employ the concept of statism. This concept helps us to understand the socialist content of a labour movement approach to incomes policy.

It has been advanced by English marxist Phil Leeson in addressing the British experience of the social contract and proposing a socialist response to it.⁶⁰ Based on the recognition that there is a historically evolved state sector and state intervention in the economy of contemporary Western society, "statism" is used to denote "the complex of state activities observed in the twentieth century."⁶¹ Leeson looks at the range of activities that the modern state is involved in such as state run corporations, state regulation or state provided social welfare provisions and argues that statism:

"clearly has progressive attributes which capitalism does not possess. It is able to expand production in certain spheres which capitalism finds it difficult to cope with. It tends to lead towards a stability and predictability of economic activity. It has led to an improvement in the distribution of income, to the eradication of absolute poverty, and, has been very much involved in this century's rise in living standards. The step by step increase in state action

*implies some degree of understanding of social processes, or at least the possibility of acquiring it, and the power to act on that understanding, all of which are denied to the capitalist system as such."*⁶²

While recognising the major limitations of current state activity and its generated rules of bureaucracy, Leeson argues further that:

*"...there seem to be good grounds for believing that just as statism grows within capitalism so the conditions for socialism grow within statism. State activity involves growth, however imperfect, in the understanding of social processes and in the acceptance that social problems can be dealt with by social action. Each activity involves some reference to social policy, some awareness of the possibility of the public taking an attitude. Many of these activities are piecemeal, reactive affairs but their multiplication places more thoroughgoing, long-term, questions on to the agenda for public discussion."*⁶³

Here Leeson is essentially taking up points made by another Marxist, Nicos Poulantzas. Poulantzas' past work stressed the contradictory nature of the state, its class nature and the struggle of class forces within state institutions. Recognising the tendency towards increasing state activity and centralisation under contemporary capitalism, he poses the threat of "authoritarian statism", a social formation where the centralised state becomes dominant. It is essential then, he argues, to extend the democratic and socialist tendencies in state activity in the battle against authoritarian statism.⁶⁴ In Australia Frank Stilwell has argued for a strategy based upon "accentuating" the potentially socialist aspects of "existing institutions",⁶⁵ while Hopkins and Curtin argue for a programme of "Holland-type nationalisation and planning initiated not by government but by organised labour itself"⁶⁶

There is a coalescing of ideas here. Firstly there is a developing notion that the shift from capitalism to socialism does not involve abrupt rupture but a process of transition where the socialist elements and practices within capitalism are extended and transformed. Secondly, between this view and Crouch's view of "bargained" corporatism, there is some common ground, that being the dynamic view of change and the recognition of the balance of class forces within a political structure. Crouch's problem is that the corporatist view leaves an inflexible role for the state, merely leaving it to play a role within the corporatist structure.

Purdy, writing in the same volume as Leeson uses this concept to look at incomes policy or "social contract" proposals. He argues very strongly that it is wrong to see a "great divide" between capitalism and socialism, a view which allows many to see the need for a planned incomes policy and economic policy under socialism but support only free wage bargaining under capitalism.

On the contrary he argues there are "growing points of socialism within capitalism" and the "social contract" provides many of them:

"A social contract is not an unpleasant expedient designed to cope with a short-term inflationary crisis, but represents a stage in the socialisation of the advanced capitalist economy."⁶⁷

Thus, labour union participation in the social contract should be encouraged, alongside campaigns to extend the democratic and socialist tendencies in other state functions. Retaining an attachment to free bargaining would amount to an acceptance of "the land of capitalism where the distribution of rewards and life chances is governed by privilege, luck and force.

These ideas have been raised by Apple, Higgins, Wright and others. They argue that the Swedish incomes policy, rooted firmly in a broader economic planning package as the "co-ordination of wages policy with economic policy at large," is carrying out the erosion of capitalism through questioning and taking over, under social control, the formerly private employer perogatives to private property, control over the means of production, create jobs and joblessness and overall economic decision making.⁶⁸

Statism and the Labour Movement Prices and Incomes Agreement

This paper has argued that the key component parts of Labor's socialist objective are socialisation, democracy and redistribution of power and wealth. A strategic approach to the objective would concern itself with how to go about putting the Labor Party and the broader labour movement in a more favourable position to encourage democracy, socialisation and redistribution in Australian society. The statist analysis offers just that strategic approach. In the terms of the socialist objective it argues that socialisation, democracy and redistribution can be encouraged by extending the trends already existing in Australian capitalism. A labour movement negotiated or "social" agreement does contain these trends and they can, through labour participation, be extended.

Indeed it is the case that these trends exist; as Purdy has noted above an agreement of this kind is a "stage in the socialisation" of the economy. In its most basic form an agreement recognises a wider social view of income distribution and wage relativities, it places incomes policy within the context of economic policy as a whole, it stresses the broad social responsibilities of all participants and in return affords greater rights to workers and unions and it places a central coordinating role in the ambit of the state. Many privileges are taken out of private hands and placed in the social arena. There a redistribution and socialisation of power and responsibility occurs, a redistribution of income occurs and the content of the process is potentially democratic.

This view of an agreement takes all of the current proposals into account. At their basic level they are all consistent with the further socialisation and democratisation of economic planning and industrial relations and can be extended further in the direction of socialism. This "statist" view of the agreement is therefore consistent with and favourable for the socialist

objective. It follows that a socialist approach would be to support the calls for an agreement on prices and incomes in the context of wider economic planning while all the time seeking to expand and extend the components and process of the agreement.

Nevertheless, one should be wary of the problems of such an agreement stagnating in the corporatist impasse suggested by Crouch and Panitch. The notion of extending the agreement is then very important for an approach which sees the socialist objective as its motivation. The components of the agreement suggested by the AMWSU campaign are useful in this regard. They seek to extend the basic agreement in several ways. Similar proposals have come from the Sydney based Transnational Co-operative.⁶⁹

Firstly, the proposals seek to extend the very definition of what income security actually involves. By putting forward the social wage as part of income there is then a recognition that a large and growing part of the current state activity involves the provision of the social wage. As well as assisting to maintain basic living standards for wage and salary earners this has implications for our strategic considerations. It confirms a new and expanded area for union struggle in the mainstream of politics, and, precisely because it is the state that primarily provides the social wage an emphasis on consolidating that part of income involves a consolidation of the state role itself.

Secondly, there is an attempt to extend the range of negotiable topics. The social wage is one, but there are others such as taxation and financial reform for example, which again can legitimise new areas for worker and union intervention. This is really the point that Gorz was moving to in the passage quoted by Panitch; that unions should legitimately take on a wider social role than that of simply fighting wage demands.

Developing a new and expanded role for trade unions is very important if Australian unions are to avoid sliding easily into corporatism or doggedly sticking to old, limited perspectives. The paper has noted already the ease with which the trade union movement historically accepted the key role of the state in industrial relations working through the Commission. Hagan's understanding of the ideology of "labourism" helps to explain the directionless politics the labour movement could find itself left with if it refuses to accept the challenge provided by the "new" trade unionism being put forward by the "agreement" proposal.

Labourism, the traditional ideology of Australian unions and Labor Party, sees a very important yet quite narrowly defined role for trade unions - that is to bargain with employers on issues of wages and conditions in the workplace. According to Hagan, Labourism's "central principle was that the capitalist state could be managed to the advantage of working men (sic) by a combination of a strong trade union movement with a parliamentary Labor Party...Labourism held that fair dealing was available and obtainable in a capitalist society."⁷⁰ Within this ideology there are set roles for the trade unions and parliamentary party. The unions have the task of looking after the workers' basic lot and the Labor Party has the task of governing in their general interest. Their respective roles are seen as complementary but nonetheless distinct.

Such a position currently has its "leftist" and "rightist" variants, both problematic. The right version sees unions as keeping their place and parliamentary government as sovereign - it is the arena where political decision making should be kept. Such a view can be invoked (and often is) to undermine popular movements seeking to devolve decision making power to local populations or social organisations and to put a stopper upon extra-parliamentary activity that goes beyond the stage of pressuring or lobbying government. The "left" version has unions playing a key role in the class battle with employers and, if they are sufficiently organised, winning the battle to gain wage rises, etc. Worker militancy, expressed through industrial struggles, is the high point of this variant. Under capitalism the class struggle then means the industrial battles of employee versus employer.

The problem with these labourist views from a socialist standpoint is that they leave workers and their unions little alternative but to struggle on in the manner they have long been accustomed to. The "rightist" version leaves no avenue but disillusionment and oppositionism when the Labor government fails to "come up with the goods". More importantly, the "leftist" variant leaves workers with a purely piecemeal, sectional approach that is inherently defensive and reactive. In effect workers through their unions can only mobilise to try and get something out of the capitalist system that they are a part of, that is daily imposed on them and that they have no say in directing. Moreover, as Purdy points out, "contemporary wage bargaining is a social practice in which militancy is continually mobilised and simultaneously contained."⁷¹ That means that the high point of left labourism as described here - worker industrial militancy - is continually fueled then frustrated.

It is necessary to break out of the circle of mobilisation followed by containment and frustration. The prices incomes agreement can help to do that by extending the role of workers' organisations beyond that of defence against the reaction to the employing class and giving them an expanded and creative economic and political role. It can, if carried out to the level of union/government/employer negotiations and discussion, bring unions into the economic policy planning areas as well. Unions would then have a much expanded responsibility and a potentially creative economic role.

Thirdly, this extended role for unions should be seen as part of the bargain for agreeing to orderly money wage fixation. Developing here is a socialised and socially responsible notion of economic decision-making where participants have both rights and responsibilities. If workers unions are to accept greater social responsibilities they must demand greater social rights.

Fourthly, an extension of workers rights and participation on the job and in their unions is demanded. The extension of democracy in industry planning, workplace industrial democracy and union decision-making is crucial in this respect. This extended democracy is probably the most important step that can be taken to counter the problem of the threat of corporatist integration where workers would be subjected to the decisions of corporate planners alone.

Fifthly, the negotiated agreement must extend the practice of social and economic planning in which the incomes component is a substantial part, but only a part.

These are some of the demands and practices which could help to push forward the prices and incomes agreement we will most likely see announced in the coming months. Other demands have been raised in recent discussion. These particularly relate to the public sector unions, the need for an examination of wealth in Australia through the setting up of a Royal Commission by a Labor government and the need for the establishment of a "living standards index" as a way to quantify and understand comparatively benefits in the social wage and money wage areas.⁷² These proposals are consistent with the basic agreement and seek to build upon it in a way which recognises its strengths and limitations.

This is the kind of approach that could be fruitfully taken up at Labor's proposed National Economic Conference.



Whether the labour movement has the strength, unity and foresight to take some of these points up remains to be seen. What is certain, is that the issue of a prices and incomes agreement will not be easily shifted from its now centre-stage position in Australian politics and industrial relations. The continuing demands of industry and the economy will ensure that. The most creative and forward thinking forces in Australian society will take up the issue of prices and incomes in the context of greater economic rationality and planning. Many would like the most creative and forward thinking force to be a united labour movement.

Mark Burford.
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FOOTNOTES

1. Thank you to Frank Stilwell, Richard Curtain, David Marcus and Nixon Apple for reading and commenting upon the earlier draft of this paper. Responsibility for the ideas expressed remains that of the author.
2. "Labour movement" in this paper means the parliamentary and industrial "wings" of the movement - the Parliamentary Labor Party and the unions.
3. Australian Labor Party (ALP), National Recovery and Reconstruction Plan, released February 10, 1983, pp. 10-1, emphasis added.
4. Bill Hayden described the prices and incomes policy this way in his weekly radio broadcast of May 16, 1982. Ironically, as with much else, the actual policy differences between the former Labor leader and Bob Hawke on prices and incomes are slight if at all.
5. See, for example, "A non-existent consensus", The Australian Financial Review (AFR) editorial, February 8, 1983 and Paul Kelly, "Fraser plots and gets ready for a hanging", The Sydney Morning Herald (SMH), February 11, 1983.
6. "Labor's dilemma on prices and incomes policy", press statement by the Treasurer, John Howard, February 8, 1983.
7. ALP, op.cit., pp. 11-2.
8. R.J. Hawke, The Resolution of Conflict, Boyer Lectures 1979 (Australian Broadcasting Commission, 1979). Policies for Development of Manufacturing Industry, Vol I, October 1975 (Australian Government Publishing Service, Canberra, 1975). Study Group on Structural Adjustment, Vol I, March, 1979 (AGPS, Canberra, 1979).

9. P.I. Nolan, "Incomes policies: a Trade Union Perspective" in Keith Hancock (ed) Incomes Policy in Australia (Harcourt, Brace, Jovanovich, Sydney, 1981), p. 273.
10. Peter Sheehan, Crisis in Abundance, (Penguin, Ringwood, 1980), p. 163.
11. Jim Hagan, The History of the ACTU, (Longman, Cheshire, Melbourne, 1981), Introduction.
12. Ibid, p. 10. The Immigration Restriction Act (i.e. "White Australia") provided the other legislative arm of Labor's tenets, it passed in 1901.
On the arbitration and protection Acts see also Bill Mountford, "A Wages and Incomes Policy", Australian Left Review, No. 79, March, 1982, pp. 34-5.
13. Hagan, ibid, pp. 11-2. The "basic wage" concept was set by Mr. Justice Higgins and is generally known as the "Harvester" judgement.
14. The detail for this section is drawn largely from J.P. Nieuwenhuysen and J. Sloan, "Wages Policy", in F.H. Gruen (ed) Surveys of Australian Economics (George Allen and Unwin, Sydney, 1978); and Peter Sheehan, "Wage Indexation and Beyond", Current Affairs Bulletin, November, 1981.
15. Sheehan, ibid, p. 18.
16. Mr. Justice Higgins' words, quoted in Hagan, op.cit p. 11.
17. Sheehan, "Wage Indexation", p. 18.
18. Commonwealth Conciliation and Arbitration Commission, National Wage Case judgement, May 1974, quoted in the Introduction Part III of J.R. Niland and J.E. Isaac (eds), Australian Labour Economics Readings, (Sun Books, Melbourne, 1975) p. 242.
19. Frank Stilwell refers to the "relative autonomy" of the Commission saying that it has, in its commitment to "comparative wage justice", "embryonic socialist elements." He acknowledges, of course, that the Commission plays a contradictory role. See his "Towards an Alternative Economic Strategy", The Journal of Australian Political Economy (JAPE), No. 12/13, June 1982, p.44.
20. See Nieuwenhuysen and Sloan, op.cit, pp. 108-9.
21. Ainsley Jolly, Macro-Economic Policy in Australia 1972-1976 (Croom Helm, London 1972), pp. 29-31.
22. Barry Hughes, "Trade Unions, Collective Action and Incomes Policy", Labor Essays 1981, pp. 110-8.
23. David H. Plowman, Wage Indexation (George Allen and Unwin, Sydney, 1981) provides the best examination of the arguments surrounding and the experience of wage indexation.

24. Jan Marsh, "Wage Indexation: An ACTU Perspective", Labor Essays (1981), p. 90.
25. Sheehan, "Wage Indexation", pp. 22-3.
26. Ibid, p. 23 and D. Yerbury, "The Government, the Arbitration Commission and Wages Policy: the role of the 'supporting mechanisms' under the Whitlam Government", in Hancock, op.cit.
27. Plowman, op.cit., p. 90, shows the record of National Wage Case Decisions under indexation 1975-80. Michael Wright, "Wage Policy and Wage Determination in 1981", The Journal of Industrial Relations (JIR), March 1982, details some of the disputes surrounding the fall of indexation.
28. National Wage Case Decision, July 31, 1981.
29. Ralph Willis, "The Role of Incomes Policy", Speech to Labour Economists Conference Adelaide, (1979), p. 1.
30. ACTU/ALP discussion paper, "The Relationship Between the Australian Labor Party and the Trade Unions", August 31, 1980.
31. AFR, September 5, 1981.
32. At the time of writing the additional discussion papers to be put to the Special Unions Conference are not available. Though they may alter the detail of the agreement somewhat they will not alter the substance of the argument below.
33. Wright, op.cit.
34. AMWSU, Australia on the Rack (1982).
35. The "social wage" concept is a very general one, but is usually considered to include government spending on social service and social welfare payments, health, education, housing and other goods and services provided socially or collectively through government spending. It will become clear in this paper that there is not agreement on what components of the social wage are to be areas for government action; there seems to be general agreement on the concept of the social wage however. Taxation, often talked about in the context of social wage discussions cannot really be said to be a component of the social wage itself. Rather it is the main source of funds to enable the provision of the social wage. See Ted Wilshire. "Government Policy and the Social Wage" in Greg Crough, Ted Wheelwright and Ted Wilshire (eds) Australia and World Capitalism (Penguin, Ringwood, 1980).
36. Australia on the Rack, pp. 28-31.
37. Ibid, p. 31.
38. ALAC, Discussion Paper on Economic Policy, June 1982, p. 4.

39. Ibid, pp. 7-14.
40. ALP, op.cit, pp. 20-1. The concept "maintenance of real wages" does seem to allow for the discounting of increases in the money wage in return for increases in the social wage. Most of the discussion on prices and incomes policy remains vague on this point.
41. "ACTU Executive Decision following meeting of ACTU affiliated unions", September 3, 1982.
42. "ACTU Executive Resolution on the Economy and Wages Policy", November 30, 1982.
43. Michael Wright and Nixon Apple, "Incomes Policy and Industrial Relations: Britain, Sweden and Australia." JIR, December 1980, p. 454.
44. Bill Mountford in his "A Left Framework for Development" (unpublished 1982), uses the concept of the "socialist objective" to assist in an understanding of the incomes policy proposal. He does not make specific what the "objective" refers to; in fact he seems to be referring to a more general concept than the ALP objective. I have used the idea here but made it more specific, using the ALP objective as a definition. I believe this is to be a reasonable approach for the reasons outlined in the text.
45. ALP, Decisions of 1981 National Conference, pp. 20-1.
46. Leo Panitch, Social Democracy and Industrial Militancy, Cambridge Uni. Press, London, 1976), "The Development of Corporatism in Liberal Democracies" in Comparative Political Studies, Vol. 10, No. 1, April 1977; "Socialists and the labour Party" in The Socialist Register 1979 (Merlin, London, 1979); "Recent theorisations of corporatism: reflections on a growth industry" in the British Journal of Sociology, Vol. 31, No. 2, June 1980.

Colin Crouch, Class Conflict and the Industrial Relations Crisis, (Heinemann, London, 1977); The Politics of Industrial Relations (Manchester University Press, Manchester 1979); "The Intensification of Industrial Conflict in the United Kingdom" in Colin Crouch and Alessandro Pizzorno (eds) The Resurgence of Class Conflict in Western Europe Since 1968, Vol. 1. (MacMillan, London, 1978); "The Changing Role of the State in Industrial Relations in Western Europe" in Crouch and Pizzorno, ibid, Vol. 2; "The State, Capital and Liberal Democracy" in Colin Crouch (ed), State and Economy in Contemporary Capitalism (Croom Helm, London, 1979).
47. All published in Mike Prior (ed), The Popular and the Political (Routledge and Kegan Paul, London, 1981).
48. Hagan, op.cit, uses "labourism" in the Australian context.

49. Panitch, op.cit (1977), p. 66.
50. Crouch, op.cit (1978), p. 197.
51. Panitch, op.cit (1976), p. 3.
52. Good summaries of these periods are in Gerald A. Dorfman, Government Versus Trade Unionism in British Politics Since 1968 (MacMillan, London, 1979). Also see Colin Crouch, "The Intensification of Industrial Conflict in the United Kingdom", pp. 191-257, and Nixon Apple, Winton Higgins and Mike Wright, Class Mobilisation and Economic Policy: The Struggles Over Full Employment in Britain and Sweden 1930-1980, (Arbetslivscentrum, Sweden, 1981).
53. Crouch, op.cit (1978), p. 216.
54. Panitch, op.cit (1980), p. 174.
55. Panitch, op.cit, (1976), p. 251.
56. Ibid, p. 252, quoting André Gorz, Strategy for Labor (Beacon, Boston, 1967) p. 37.
57. Ibid, p. 252.
58. Crouch, op.cit (1980), p. 189.
59. Crouch, op.cit, (1979), p. 46.
60. Leeson puts forward the term statism quite tentatively. He also has some doubt about referring to statism as a mode of production (something I would question). Nevertheless, he has no hesitation in advancing the concept, saying:

"If, however, readers find the discussion of the state mode of production to be a red herring, I hope that they will nevertheless agree that there is a phenomenon - whether called statism or not - which has certainly not been theorised in the corpus of Marxist literature adequately enough for it to be coped with successfully in political practice."

Phil Leeson, "Capitalism, Statism and Socialism" in Prior (ed) op.cit, pp. 6-7.
61. Ibid, p. 2.
62. Ibid, p. 12.
63. Ibid, p. 16.
64. Nicos Poulantzas, State Power Socialism (Verso, London, 1978), part four entitled, "The Decline of Democracy: Authoritarian Statism" and part five, "Towards a Democratic Socialism."

65. Stilwell, op.cit, p. 44.
66. Andrew Hopkins and Richard Curtain, "The Labour Movement and the Protection Versus Restructuring Debate: A Proposal", JAPE No. 12/13, June 1982. In the same issue Rick Kuhn criticises "left nationalist" approaches which "assume that the capitalist state can be used for socialist purposes." Kuhn's critique can be considered the main sort of argument to be mounted against the proposals in my paper. See his "Alternative Strategies: Left Nationalism and Revolutionary Marxism", ibid, esp. pp. 98-100.
67. David Purdy, "The Social Contract and Socialist Policy" in Prior (ed) op.cit, p. 111, my emphasis.
68. Apple, Higgins and Wright, op.cit, pp. 298-9. See also Leonie Sandercock, "Democratic Socialism and the Challenge of Social Democracy", Labor Essays 1982, pp. 25-30, and Hopkins and Curtain, op.cit, p. 88.
69. Transnational Co-operative, Workers Research, "The ACTU/ALP 'Social Agreement' A Contribution To The Debate" (August, 1982). This was an important part of a TNC sponsored forum on the "social agreement" held on
70. Hagan, op.cit, pp. 14 and 45.
71. Purdy, op.cit, p. 92.
72. Raised by Nixon Apple in a discussion paper entitled. "Job Creation, Prices and Incomes Policy and the Public Sector", (unpublished, February, 1983).



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