ORGANISED LABOUR IN AN ERA OF
GLOBAL TRANSFORMATION: AUSTRALIA
RECONSTRUCTED REVISITED

Mark Beeson *

In the decade that has elapsed since the publication of the ACTU/TDC's (1987) report, *Australia Reconstructed* (*AR*), it has become clear that its most enduring significance is likely to be archaeological. With the benefit of hindsight it is possible to suggest that not only was the adoption of more cooperative relations between capital, labour and government of the sort mooted in *AR* unlikely in Australia by the late 1980s, but the preconditions for such arrangements were being eroded globally. In the space of ten years many of the ideas and strategies that were central to the ambitious and sophisticated *AR* blueprint are not simply off any putative agenda of national reconstruction or structural adjustment, they are no longer even part of national political discourse.

Attempting to explain the demise of what was routinely taken to be an example of nascent Australian corporatism is a revealing exercise. *AR* was conceived at a time when not only were the prospects for Australian corporatism inauspicious, but the corporatist model generally was under increasing strain elsewhere. Although the local failure of corporatist-style arrangements may be attributed to changes in Australia’s external situation – particularly the internationalisation of economic activity, changes in production processes, and the emergence of an international political order that reflected and drove such developments - it is also important to recognise that the failure of something akin to corporatism

* I would like to thank Mark Berger and the editors of JAPE for their comments on an earlier version of this paper. The usual caveats apply.
The Attraction of Corporatism

Despite its failure to noticeably influence government policy, *AR* remains an impressive document. Inspired by the apparent success of Scandinavian and Austrian governments in managing the process of economic development and adjustment through more cooperative and inclusive political structures, *AR* provides a comprehensive and analytically sophisticated blueprint for reproducing such outcomes. Central to the *AR* (**AR**:10) vision is the idea that economic growth in particular and "national objectives" in general are best achieved via a consensual, tripartite approach. It is the advocacy of this sort of cooperative relationship between business, government and organised labour that leads to such relationships being dubbed "corporatist".

It is important to recognise how influential corporatist ideas were in Australia during the mid 1980s, at both the level of theory and as a basis for policy (Gerritsen 1986; Dow 1984). Anachronistic as *AR* may appear in retrospect, it reflected ideas that had been internationally influential for some time (Panitch 1980). However, even if corporatism is taken to be an ideal type with the limitations implicit in Schmitter's (1979:22)
'societal corporatism', its applicability to an Australian context was more often asserted than demonstrated. Corporatist structures and patterns of political representation were not simply something that might be unproblematically selected from a range of possible socio-political options available to policy makers or 'peak' interest group representatives.

The work of Peter Katzenstein, one of the key theorists responsible for highlighting the apparent advantages enjoyed by more consensually organised, corporatist European states remains important, especially in providing possible explanations for the failure of similar political relationships to take hold in Australia. Central to Katzenstein's (1985) explanation of the successful adoption of corporatism in many of the small European states is historical contingency. The necessity of re-building economies shattered by the successive blows of depression, fascism and World War was central in establishing the political preconditions for more cooperative relations between the state, capital and labour. These preconditions were further consolidated, Katzenstein argues, by the fragmented nature of the political Right in Europe, and the widespread use of proportional representation. Corporatist structures, therefore, both reflected and reinforced the particular social and political circumstances of nations that successfully established them.

More controversially, Katzenstein suggests that this pattern of political accommodation was further entrenched by the exposed and vulnerable nature of the small European states in an increasingly competitive and global economy. The attraction of corporatist relationships was enhanced by the apparent flexibility they conferred on policy makers and industrialists as they attempted to adjust to rapidly evolving patterns of international production and demand. Labour's interests were accommodated in a process of 'domestic compensation', which was

---

1 In Schmitter's (1979: 22) formulation 'societal corporatism' is distinguished by competitive electoral processes, ideologically varied executive authorities, and is associated with 'postliberal, advanced capitalist, democratic welfare states'. 'State corporatism', on the other hand, is characterised by state bureaucratic domination, monopolistic political representation, ideologically exclusive executive authorities, and is associated with anti-liberal, authoritarian or mercantilist states.
intended to ensure that the burden (and rewards) of adjustment were more equitably spread. Lacking the leverage to export the adjustment costs imposed by international market competition, the small states attempted to counter the impact of international liberalisation through domestic policies. Thus, the apparently superior performance of many of the small European nations and the privileged position of labour made corporatist-style structures an attractive model for Australia’s labour movement. However, even when AR appeared, it was clear that there were internal obstacles and increasingly powerful external constraints that made the adoption of such a model in Australia highly problematic. Indeed, in Australia the external imperative of relentless international competition was utilised by the business sector as a way of disciplining rather than cooperating with labour. Although domestic political struggles may not have been directly determined by external imperatives, they provided the overarching framework within which such contests played themselves out.

External Constraints

The ‘globalisation’ theme, especially when utilised in the political economy literature, is indicative of a range of factors that appear to have constrained, or at least conditioned, the policy options of nation states (Drache 1996). Disentangling some of the more important aspects of this phenomenon sheds important light on the potential efficacy of interventionist, nationally-oriented proposals such as AR. Moreover, concepts like globalisation and a number of related ideas – ‘flexibility’, ‘restructuring’, ‘competitiveness’ etc. – have been deployed in domestic debates, effectively marginalising broadly based, hierarchically structured policy models of which AR is a noteworthy exemplar (Hirst and Thompson 1995).

Paul Hirst and Grahame Thompson (1996) provide a much needed corrective to some of the more utopian and unspecific accounts of
globalisation. They emphasise that the internationalisation of economic activity is not a new phenomenon, nor as pervasive as some accounts claim. Moreover, nationality continues to matter, as demonstrated by the persistence of different patterns of political and economic organisation throughout the world (Beeson 1996). Although the case for globalisation may have been overstated, it is not without substance. Financial markets have clearly become a greater constraint on state sovereignty, something that has been reinforced by states voluntarily diminishing their influence over economic activity through policies of liberalisation and deregulation. While it may be possible to debate whether the Hawke government needed to liberalise the economy as early or as completely as it did, it is clear that when the powerful interests within the US economy began a process of financial deregulation smaller countries like Australia ultimately had little choice other than to follow suit (Cerny 1993: 73).

Yet it is important to emphasise that the overall trend toward international financial deregulation and liberalisation that the US was instrumental in initiating was not inevitable, but an essentially political process and emblematic of a deep-seated change in an increasingly international political-economy. The imposition of an open, liberal financial order by the US was intended to maintain its own policy autonomy, which was otherwise threatened by internal and external constraints (Helleiner 1994: 202). It should be stressed, therefore, that the empowerment of financial markets was not a narrow technical exercise of rational adjustment to changing international circumstances, even if it is often portrayed as such by orthodox economic commentators. On the contrary, the historic shift from the Keynesian orthodoxy of the post-war period to the neoliberal order that began to emerge in the 1970s was legitimated and underpinned by a pervasive ideological transformation (Glyn et al 1990).

Whether it is described as a ‘market civilisation’ (Gill 1995) or a ‘business civilisation’ (Strange 1990), new and distinctive patterns of social relations, authority structures, and norms and values were

---

2 There are a number of such texts of which Kenichi Ohmae’s (1995) is, perhaps, the most egregious.
developing during the 1980s around market processes. The close relationships between state, civil society and the economy that had been the hallmark of the post-war accommodation between national governments, labour and capital, have been replaced by more diffuse, international sources of authority (Strange 1990: 260). Robert Cox (1987: 359), perhaps the most influential theorist of this transformation, has argued that this shift has been promoted and entrenched by the emergence of an ‘historic bloc’ of class interests, centred around multinational enterprises and mobile financial capital, and guided by a ‘transnational managerial class’ that directly benefited from this emergent world order. By the time AR appeared, the international ideological climate and the structural preconditions that might have underpinned such a project were already severely eroded. These conditions were exacerbated by more parochial factors.

External change of a sort that made AR’s adoption difficult was not confined to the financial sector. Such changes were mirrored in the way productive activity is organised within and across nations. The organisation of production has had equal, if not greater, implications for labour movements and the nationally-oriented strategies that AR embodies. Indeed, so great has the combined impact of financial and productive restructuring been that the whole notion of a discrete ‘national’ economy has become an increasingly contested concept (Bryan 1995: 37). This is not simply a theoretical difficulty. Changes in national and international production structures are systematically undermining the possibility of nationally based tripartite arrangements, the political consequences of which Susan Strange (1996: 53) considers to be ‘every bit as far reaching as the industrial revolution in the past’. In such an environment, the more inclusive institutional structure of the Keynesian welfare state itself is considered an impediment to the operation of market forces and as such something to be swept aside (Jessop 1993). A closer examination of some of the key elements of this

---

3 The idea of an historic bloc was developed by Gramsci and is suggestive of the social forces and associated hegemonic ideas that coalesce around, legitimise, benefit from and constitute particular patterns of class relations. In short, historic blocs are ‘the configurations of social forces upon which state power ultimately rests’ (Cox 1987: 105).
process highlights the difficulties facing national labour movements seeking collaborative nationally oriented policies.

**Labour and the Production Process**

Nationally based trade union movements and the sorts of strategies embodied in AR have been undermined by inter-connected trends at the level of the production process itself and at the level of its international organisation. Although the overwhelming bulk of production is still aimed at domestic rather than global markets and most foreign direct investment occurs within a limited number of "Triad" nations in North America, Japan and Europe (Wade 1996), the structure of production has taken on an increasingly global complexion. In the manufacturing sector especially - where trade unions have traditionally enjoyed one of their strongest sources of membership and support - the production and distribution of commodities has acquired an international logic (Dickson 1992). Hitherto peripheral areas of the globe have been incorporated into a new and evolving international division of labour. From the perspective of organised labour, what is of greatest significance is that increasing trade with the late industrialising economies of Asia in particular has directly led to the loss of millions of manufacturing jobs in the older industrialised economies (Wood 1994).

The implications for labour of this deep-seated change in the structural basis of international production are profound. Although capital, and even the organisation of production, has become increasingly mobile, labour remains essentially constrained by national boundaries. Consequently, sections of the labour force involved in internationally competitive and transferable forms of production in countries such as Australia, find themselves in direct competition with workers from other countries. However, competitive pressures are not simply derived from the lower wages of workers in developing economies. The security of domestic labour forces is also threatened by the possibly greater productivity of workers in countries like Japan (van Lier 1992: 457). This raises important questions about the way in which productivity increases are generated and the nationally institutionalised political accommodations that might be expected to foster them. Clearly, AR was,
and potentially still could be, a thoughtful response to this issue. Yet the organisational logic of some of the more important new productivity enhancing technologies seems to undercut the possibility of such broadly based strategies.

One of the most important structural transformations with which organised labour must deal is the shift to what is routinely referred to as a post-Fordist mode of production (Amin 1994). In contrast to assembly-line based mass production of Fordism which utilised Taylorist work practices, dedicated machines and rigid technologies, post-Fordism is generally depicted as being predicated upon new technologies, 'flexible' production techniques, less hierarchical productive relations and a generally greater responsiveness to changing consumer demand. In short, there has been a fundamental shift from an industrial, manufacturing-based society, to what Peter Drucker (1993) has called the 'knowledge society' ⁴.

The relationship between technology, labour forces and even the material basis of production itself has, therefore, become an altogether more fluid and dialectical one than in the era of mass production. The intersection of the material and ideological aspects of contemporary productive processes are revealed most clearly in the quintessential representation of the knowledge-based economy: information technology. As information itself becomes an increasingly valuable commodity and knowledge-based production becomes a more important source of wealth generation, the organisational logic of these new industries is having a profound affect on labour and the organisation of production. The notion of 'flexibility' is not simply a discursive artefact wielded by capitalists intent on winning greater concessions from organised labour - although it

---

⁴ Much of the managerial literature of which Drucker is a sophisticated and perceptive exemplar, tends to be excessively uncritical and utopian. Yet it is important for two reasons: first, there are important transformations occurring in the way production is organised which this literature has been quick to identify. Second, this managerial discourse has been a central component of the relentless drive to restructure not simply production and the corporate entities which organise it, but the way the workforces within such organisations consider themselves, their relation to each other and the companies they work for (du Gay 1994).
is often that as well - but seemingly central to the successful development of new knowledge-based industries themselves. Castells (1996: 60-5) persuasively argues that flexibility has become a requirement for organisations and institutions which seek to develop or utilise the new information technologies.

Clearly, much of the industrial output of even the most economically developed nations such as the US is still centred on Fordist production processes and only indirectly affected by the rise of new knowledge-based industries. Yet given the central role such industries have in determining not only the immediate form of nationally-based production, but also the wider transnational production structure of which it is a part, the capacity of individual firms or nations to successfully utilise new strategically significant technologies becomes increasingly important. Significantly, Hart (1992: 283) suggests that the configuration of labour-business-state relations most likely to encourage successful technological innovation and adoption is one in which there is institutionalised cooperation, a business sector that is prepared to adopt new technologies, a state that takes an active role in facilitating development, and a labour force that is comparatively weak.

The Australian Experience

Given the magnitude and pervasiveness of the changes to production processes and the political environment within which they occurred, it is not surprising that Australia was deeply affected by their development. Australian policy-makers proved particularly receptive to the sorts of market-oriented neoliberal initiatives that had such a pronounced effect in Britain and the United States. Although the degree of enthusiasm evinced by successive Labor governments in Australia was perhaps unexpected, more surprising in retrospect was the expectation on the part of organised labour that even a milder variant of societal corporatism was ever a serious option in Australia.

Although an effective and enduring ‘class compromise’ had been a central part of Australian history in the first half of the twentieth century, it was predicated upon political and economic conditions that were
steadily eroded in the post-World War II period. The political accommodations reached in Australia before the neoliberal ascendency took hold may have displayed elements of corporatism but there were important differences between successive Australian governments' policy of 'domestic defence' and the sort of domestic compensation described by Katzenstein which prevailed in the small European states (Castles 1988). The central components of domestic defence - tariff control, centralised wage bargaining, immigration control, and income maintenance - were, for a variety of political and economic reasons, becoming more difficult to sustain. Perhaps most fundamentally, however, the capacity of the Australian state to maintain the essentially Fordist compromise between capital and labour through policies of attempted insulation was less sustainable in the long run, than were the European states’ attempts to adjust to external imperatives and compensate the disadvantaged.

The problems inherent in the Australian compromise became increasingly apparent in the 1980s. The history of the Accord has been told often enough to need no repetition here. However, by the time AR appeared in 1987 it should have been increasingly apparent that the various Accord agreements, which had done more than anything else to invite comparisons with European corporatism and generate initiatives like AR, were feeble copies of their northern hemisphere counterparts. As Stilwell (1986: 34) observed, despite the window dressing provided by bodies like the Economic Planning Advisory Council and the Australian Manufacturing Council, the 'key centres of power' which had the greatest impact on economic policy making - Treasury, the Reserve Bank and the like - were not reorganised along corporatist or tripartite lines. Consequently, the entire strategy of national economic regeneration predicated upon a 'National Development Fund' (AR: 22) was compromised and never likely to be supported by critically important organs of the state bureaucracy.

In contrast, the governments of the economically successful newly industrialised countries of East Asia were distinguished by their ability to channel productive investment in precisely the way AR's authors advocate (Wade 1990). Similarly, in Germany - the political traditions of which make it an especially useful comparative model - economic
success has been predicated upon a specific and institutionalised mode of accommodation between labour, business and government which has no parallel in Australia. A particularly important contrast here is with the role of Germany's banking sector, which not only remains comparatively highly regulated, but which is much more tightly integrated into nationally based economic activities. The financial sector's close links with government and its direct stakeholding in domestic industry mean that the state's ability to coordinate the direction and manage the consequences of national economic development is greatly enhanced (Wever and Allen 1993).

The contrast with the Australian experience could hardly be more stark or instructive. The story of government policy making in Australia during the 1980s - the most important characteristics of which were already in place when AR was conceived - was of a consistent move toward an ever greater reliance on market forces as the principal mechanism with which to determine economic outcomes. Whatever capacity the Australian state had to control the manner and circumstances in which economic activity occurred within the national space over which it claimed authority was systematically relinquished as a matter of policy. This is not to suggest that successive governments had no control over the manner in which economic processes unfolded or no influence on the character of the relationships between capital and labour. Clearly, they did. What it does suggest is that the Hawke-Keating governments deliberately chose to reduce their capacity to determine broad economic outcomes in Australia, thereby undercutting their capacity to implement the AR agenda even in the unlikely event that they might have wished to do so.

The Impact of the Reform Process

Two consequences of immediate significance for organised labour flowed from the overall policy direction taken in Australia during the 1980s. First, the privileging of market forces undercut the possibility of cooperatively determined outcomes by reinforcing the structural power of private capital (Block 1992). The potential importance of this development should have been apparent to the ACTU leadership from its experience with the various Accord agreements that preceded AR, which clearly demonstrated that the business sector in Australia was highly
resistant to any threatened diminution of its autonomy or authority (McEachern 1991). Again, what is more surprising is that the leaders of Australia’s organised labour movement should have supported the Hawke-Keating governments’ embrace of the prevalent market-oriented orthodoxy on the one hand, while simultaneously attempting to construct policies that were - if genuinely pursued - predicated upon a high degree of government intervention and business cooperation on the other.

The second major consequence of the embrace of neoliberal reforms based on deregulation, liberalisation, privatisation and the like flowed from the first: an increasing focus on micro-economic reform in general and the pursuit of greater labour market flexibility in particular. In a nation with little history of cooperation between capital and labour, it is not surprising that business took the opportunity of further undermining the position of organised labour, especially when apparently given the government’s imprimatur to do so. Drago (1995:61) argues that employers in Australia have taken advantage of the contemporary political climate and the evolving technological basis of many production processes to ‘create coherent labour control strategies’, based on an increasing segmentation of the workforce. In short, trends that were discernible prior to AR’s release have gathered momentum over the last decade. As union membership in general continues to contract (Western 1996), and the existing strongholds of trade unionism are continually eroded by job losses in the male-dominated manufacturing sector (Gregory 1993), the position of organised labour becomes increasingly difficult.

Compounding organised labour’s problems, however, has been the erosion of its political influence, as the changes that have occurred internationally have been replicated in Australia, albeit with distinctive local characteristics. On the one hand the relative inability of Australia’s manufacturing sector to effectively influence domestic debates and the content of national industry policies has meant that a broadly based

5 The relationship between capital and labour in Australia has generally been antagonistic, something that, when combined with long periods of conservative political government, encouraged the trade union movement’s defensive and self-serving labourist traditions (Bray 1994).
industrial renaissance, which might have underpinned initiatives like AR and boosted depleted union ranks, has simply not occurred (Bell 1995). The likelihood of any ‘national objective’ of the sort advocated by AR’s authors (AR: 19) being developed was rendered more remote by extremely high levels of foreign ownership in Australia. On the other hand, and in keeping with broader international trends, the balance of power between different sectoral interests within Australia’s national economic space has shifted decisively in favour of internationally-oriented interests, especially the finance sector (Kaptein 1993).

This shift in the domestic balance of power is an especially ominous development for organised labour in general and the possible adoption of corporatist programs like AR in particular. As Streek (1984: 296) pointed out before AR had even appeared, for corporatist relations to endure and succeed, trade unions must be capable of dissuading business from ‘returning to the market’ when political and economic circumstances seem propitious. In the Australian case, the trade union movement was actually complicit in promoting market mechanisms through its support of deregulation policies and the shift to enterprise bargaining. The net effect of this policy has been to entrench ‘managerial prerogatives’ and further erode labour’s own institutional standing.

However, it needs to be recognised that even in those nations in which organised labour is embedded in domestic political economies as an integral and powerful part of an enduring tripartite accommodation, there is increasing pressure to follow the Anglo-American model of greater labour market flexibility and its concomitant polarisation of wage levels (Kapstein 1996). What Gramscians call the historic bloc which underpinned the Keynesian welfare state and the corporatist compromises that prevailed in northern Europe appears to be unravelling in the face of a neoliberal ideational hegemony that is reinforced and facilitated by changes in the organisation of global financial capital and production structures. In short, increasingly mobile capital is no longer dependent on the cooperation of nationally based labour forces in the way it once was. It is simply no longer necessary for labour to be incorporated into policy making processes and governmental institutions.
to ensure economic stability, an absence of trade union militancy, and the profitability of individual firms (Gobeyn 1993:6).

The ten years that have elapsed since the publication of AR have seen a consolidation and intensification of a number of political and economic trends that have effectively rendered the collaborative initiatives that AR embodied problematic, if not impossible. While many of these changes have been widespread and international, they have been exaggerated in Australia by government policies designed to strip away earlier ‘inefficient’ institutional structures and systematically amplify the impact of global market forces. For this, the leadership of Australia’s labour movement must accept a good deal of responsibility. AR may have been a sophisticated and ambitious attempt to re-cast and revitalise Australian-based industry and ultimately the position of the labour movement, but it was hardly likely to succeed in circumstances where the leadership of the political and industrial wings of the Australian labour movement were simultaneously conspiring to introduce a panoply of market-oriented reforms.

Yet it is not clear what an alternative agenda might have looked like. From the perspective of organised labour - and those who consider themselves to be part of the ‘Left’ more generally - one of the most insidious long term effects of the internationalisation and reorganisation of economic activity in combination with the apparent hegemony of neoliberal ideas has been the decline of class consciousness as a component of self-identity (Laclau and Mouffe 1985). Indeed, given the narrow and self-serving nature of Australia’s labourist traditions, it is debatable how significant it ever was. What seems increasingly apparent now, however, is that the fate of individual workers is bound up with that of particular firms, be they ‘Australian’ or not. The trade union backed shift to enterprise bargaining can only reinforce this breakdown of any collective identity and the enhanced importance of individual firms. Consequently, cross-cutting, broadly-based sources of identity that are centred on class or nation, of the sort that are implicitly and explicitly part of AR, are becoming increasingly marginalised and less plausible components of any potential counter-hegemonic discourse.

For all the distress that neoliberalism causes, especially the increasing polarisation of incomes and life-chances, it does at least remind us of
something that the Keynesian and/or corporatist compromises tended to obscure: capitalism is essentially an inequitable and exploitative system. The various accommodations reached between capital and labour in the those capitalist economies that industrialised early meant that during much of the post-War period this uncomfortable reality was generally only revealed starkly in the 'developing' countries. Yet organised labour in the industrialised nations has been deeply implicated in the maintenance of an international political and economic order which protected the privileged position of labour, as well as that of the capitalists for whom they worked (Rupert 1995). If nothing else, the unravelling of this historic bloc reveals this contradictory compromise. Rediscovering the generalised pernicious effects of capitalism may prove a more enduring basis for national and international initiatives designed to ameliorate, if not resist its impact.

References


