

# Illusions of equality: the capitalist state

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When people want to bring about social change they usually look to the state because it is supposed to be above social conflicts, a neutral guardian of the interests of all citizens. But this is a mistake. There are close ties between the state and capital. But their relationship is even more intimate shaping the state's internal structures. This chapter examines how these mechanisms make the capitalist state an obstacle to radical change and exposes some of the myths about democracy in Australia.

If you write to the government to complain about your wages, the unfairness of the tax system or foreign policy you might, if you're lucky, get a polite form letter back. When the managing director of BHP-Billiton or Telstra, the chair of the university vice-chancellors' committee or a high International Monetary Fund official expresses concern s/he gets personal audiences and participates in negotiations.

The capitalist class can and does exercise direct influence over governments. This starts well before parties take office. In March 2004, within a couple of months of taking over as leader of the Labor Party, Mark Latham trekked out to rural NSW for a bite to eat and a chat with the heir apparent to the Murdoch media empire, Lachlan Murdoch, and the Chief Executive Officer of News Limited, John Hartigan. Unlike the choreography and publicity that accompanied Latham's encounters with ordinary folk, this did not take place before the cameras. It was no public relations exercise, but a serious exchange of views. Both sides had leverage: the political patronage of the bulk of the daily newspapers in Australia on the one hand; the formulation of media policy, including media ownership rules, if Labor won government, on the other.<sup>2</sup>

The government, however, is only part of the state. Conventionally, states are understood as being made up of three arms, the legislative, executive and judicial. In countries like Australia this is complicated by different levels of public authority which have a degree of autonomy from each other. The *state* in Australia includes Australian (Commonwealth/Federal) institutions, those of the *States* and Territories and, quite tightly regulated by the States, local government.

The Commonwealth, State and Territory parliaments, along with local councils comprise the *legislative* arm of the state. In them our elected representatives are said to make the most important decisions for our society. These take the form of policies laws and by-laws,. The *executive* is made up of governments, the public service, police and armed forces. It includes other institutions set up under particular laws, like the Australian Broadcasting Corporation (ABC), Reserve Bank, Australia Post and public universities. These have varying degrees of autonomy from ministers. Executive agencies are supposed to carry out the decisions of the legislatures. In practice, most state decisions are formulated if not actually made by ministers, their advisors and allies--who may or may not hold any public office--and senior public servants. Judges and magistrates are the most important figures in the third arm of the state, the *judiciary*, which is, we are told, the neutral adjudicator of disputes about the application of laws.

The way the state actually operates has little in common with the idealised image of the functions of legislatures, executives and judiciaries projected by most public officials, political scientists, journalists and lawyers. This chapter investigates how and why not only governments and ministers but also senior public bureaucrats and judges are so responsive to the interests of the capitalist class, which is, in this sense, a ruling class.

## The state and capital

A fundamental reason is that the state depends on capital. Levels of investment, inflation, unemployment and interest rates, trade and budget deficits are the results of a multitude of buying,

selling, borrowing and lending decisions by business, especially big business. The decisions we make have little impact on society. The decisions of members of the capitalist class have huge effects, because the productive resources and hierarchies they control give them power. This is true whether they run businesses whose activities are confined to Australia, transnational corporations with operations here, or public enterprises, like most universities and suburban railways.

The immediate concerns of capitalists--the fragile flower of 'business confidence'--and, more profoundly, the expected rate of profit on their investments shape their decisions. These issues dominate the financial pages of the newspapers and preoccupy Prime Ministers, Treasurers, other Ministers and heads of departments. Managers of different state institutions are not only sensitive to explicit messages from capitalists. Through economic indexes, business communicates its needs to governments and public servants in an even more persuasive, if less direct way.

State managers respond because politicians' electoral prospects and the job security or chances of promotion of senior public servants tend to deteriorate when growth slows and unemployment rises. The incomes of all public employees also ultimately come, via taxation and state charges, from the part of the economy which produces commodities. So state managers encourage economic growth and that means the profitability of capital in the territory they preside over.

Just as the state depends on capital, capitalists have always relied on states in fundamental ways. At the most basic level, the Australian state provides security for locally based capital from other states and against threats from below, especially from workers. It establishes and enforces rules of economic behaviour. It promotes growth and international competitiveness, in specific industries and across the economy. Amongst these are policies to control the working class.

A fundamental activity of states is repression. They claim a monopoly over the exercise of violence through the military, police, and the whole apparatus of justice and prisons, which exist to maintain the bosses' law and capitalist order.<sup>3</sup> The British state used military power to take the land from Aboriginal people, as a crucial first step in the development of Australian capitalism. Ultimately the legal system depends on the threat of violence: the police have the right to use 'necessary' force to uphold the law and you can be locked up if you don't obey it.

The armed forces are used to secure the interests of the Australian ruling class against rival ruling classes and other groups both here and overseas, as Tom O'Lincoln demonstrates in chapter 10. The Australian military has not only fought overseas; it has broken strikes by Australian workers. It has contingency plans for repressing protests and demonstrations, under the label of 'aid to the civil power'. The army's *Manual of land warfare* includes guidelines for shooting agitators in crowds and the construction of concentration camps.<sup>4</sup>

In order to make the business environment more predictable, State and Federal governments set rules for the behaviour of enterprises towards each other, owners, shareholders and partners: contract, company, corporations and competition law. The Commonwealth, through the Reserve Bank, regulates that precondition for sophisticated capitalist activity: money. The Commonwealth Treasury and Finance Departments, the Reserve Bank and the Commonwealth/State Loans Council promote economic growth by influencing interest and exchange rates, the scale of public income, especially from taxation, and expenditure. The Australian and State government oversee rules about the fair treatment of consumers by business.

Special departments, bureaus, divisions, branches and sections promote the well-being of whole sectors of the economy, like manufacturing, agriculture, mining, communications, tourism and transport, and specific subsectors and industries. Public agencies formulate and implement programs to promote the competitiveness and productivity of these business clients, while, as far as possible, securing their support for the party or parties in government. Other state institutions fund or regulate important infrastructures that serve enterprises (water, electricity, gas, ports, railways, roads, ports, airports, broadcast spectrum). The Productivity Commission provides advice and information about industry policy and its impacts on the economy as a whole.

State and Federal welfare, education and health policies ensure that a suitable supply of labour power is available to the capitalist class. The provision or regulation of public transport, domestic water, sewerage, electricity, telephone and gas services comes under this heading. Rules that govern transfer payments (including pensions, youth allowance, unemployment benefit), income taxation and the rights of spouses, parents and guardians shape the families in which the next generation of workers are raised and socialised. Community services departments can intervene to directly manage family relationships.

The education system produces workers with general abilities and specific skills that employers need or might need. More importantly, given that these competencies could be developed in quite different ways, the education system trains people to follow orders and accept of the status quo. In chapter five, Graham Hastings explores this hidden curriculum. The bureaucratic structures of school and work, the undemocratic authority of teachers and bosses, have parallels in the health system, with its complicated rules and the elevated status of doctors. Hospitals and doctors' surgeries help maintain the ruling class hegemony over those who pass through them.

Governments and State and Federal industrial relations commissions determine conditions under which workers' labour power is bought by employers, including wages, hours of work, superannuation entitlements, public holidays, health and safety rules. Their decisions are further means to secure the profitability of business in Australia and the competitiveness of locally based capitals against their rivals in other countries.

Information collected by the Australian Bureau of Statistics helps governments formulate policies and work out how effective they have been. Its collections also help businesses in their calculations about their markets, labour supplies and raw materials, as well as their assessments of government performance.

Globalisation, the intensification of economic, social, cultural and technical relationships over distances and across national boundaries, has affected the way states and capitals interact. The process has been going on for a long time. Tens of thousands of years ago, humans settled most of the habitable parts of the planet. Advances in technology since then have progressively expanded the scope of trade and communication. The emergence and growth of capitalist production have, however, dramatically increased the pace of change.

The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.

The bourgeoisie has, through its exploitation of the world market, given a cosmopolitan character to production and consumption in every country. To the great chagrin of reactionaries, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property.<sup>5</sup>

The chase over the globe, described here by Marx and Engels, is a corollary of the logic of capital accumulation (see Introduction), a way in which capitalists compete to make profits. But has the increase in the size of capitals and their spread across borders meant, as some writers have argued, that they have cut loose from the state?<sup>6</sup>

Certainly their bargaining power is great. Separately or together, they can demand and often get concessions, like tax cuts, subsidised infrastructures or inputs, a disciplined workforce. But these have long been sought, sometimes successfully, by smaller capitalist enterprises.

Capitals, even large transnational corporations still rely on states to regulate business activity, to provide infrastructure, to protect them against challenges from below and to assert their interests against states dominated by rival capitals. States also have leverage because capital is not fully mobile. Most corporations cannot simply terminate their operations in one country and set up in another without spending large sums of money. Their *sunk costs* may include investments in site preparation, buildings, the installation of equipment and the expense of training workers. What is more, some locations may be intrinsically more profitable, when the costs of transporting raw materials or finished products, or the availability of skilled labour are taken into account.

Far from capital wanting or being able to ‘escape the state’<sup>7</sup> by going off shore, states are essential for capital. The temporary weakening or breakdown of states on particular territories (as in Lebanon between 1975 and 1990; Somalia since the early 1990s; and the Solomons between 2000 and 2003) is an obstacle rather than an incentive for investors.

On the other hand, imperialism, the expansion of the activities of the most powerful states across the world, has been a feature of capitalist expansion, from the conquest of Ireland by England under Cromwell to the US invasion of Iraq in 2003. The ruling classes of the largest, richest countries use international institutions to supplement the direct application of their power through armed force and diplomacy. The International Monetary Fund and World Bank are directly controlled by their biggest creditors, the governments of wealthy countries. The United Nations and World Trade Organisation have always served the collective interests of their wealthiest member states or been paralysed by conflicts amongst them.

Certainly the *ways* that states promote capital accumulation have changed in recent decades (as they did over previous centuries). But what has been labelled ‘deregulation’ has generally been ‘reregulation’: a change in the means used to regulate and encourage profit making and investment, rather than the evaporation of this state responsibility. In 1983-1984, for example, the Hawke Labor Government ‘deregulated’ banking in Australia. New practices and legislation eliminated the Reserve Bank’s powers to direct banks about their assets, in order to control interest rates, and to peg the exchange rate of the Australian dollar. This did not mean the Australian state no longer sought to influence interest and exchange rates. On the contrary, the Reserve Bank now does this by trading in government bonds and currencies.<sup>8</sup>

Until the 1970s, tariffs and quotas were a vital means by which governments promoted profits and reinvestment in Australia and the development of manufacturing industry. That *protectionist* strategy had major successes. But it became less and less effective from the 1960s, as the size of factories around the world and the level of the global integration of production increased.

To secure the future of Australian industry, governments in the 1970s, 1980s and 1990s, especially the Hawke and Keating Labor administrations between 1983 and 1996, changed the ways in which the state regulated the economy. The emphasis shifted away from tariff and quota protection. Governments now place more emphasis on encouraging areas of production and activities they think will serve the long-term interests of Australian capitalism, by means of incentives to engage in research and development, the provision of infrastructure, subsidies for investing in new technology and measures to promote the scale of production. Some sectors, such as clothing, textiles and footwear, suffered major declines as a result of these changes. Others, like the car industry, went through significant but, from the point of view of capital, generally successful restructuring. Other sectors again, like alumina refining, expanded rapidly thanks to state policies.

The decline in the state’s role has been more apparent than real in areas beyond ‘deregulation’ and protectionism. As we will see, measures like privatisation, which seem to reduce the size of the state, are often better understood as the reorganisation of state activity.

Those who argue that the power of states is declining tend to distinguish between the interests of states and capitals. This ignores not only their common interests, but also their identity.

## The state as capital

The relationships between states and capitals is not just an external one between separate entities. It is not just that there is a symbiotic relationship between states and capitals: they share the same genetic material. The social relations of capitalism pervade state institutions. As Chris Harman has emphasised, state managers are members of the capitalist class and, in an important sense, the state *is* capital.<sup>9</sup>

Like private corporations, states are large enterprises ruled by strict hierarchies. At the bottom are workers, people who do what they are told and control none of the human or inanimate resources. In Australia, the State and Commonwealth governments are easily the largest employers. Together they employ over one and a half million people, the vast majority workers who simply sell their labour power. Then there are all the public service jobs sub-contracted to the private sector. At the top of public sector agencies are state managers (whether senior politicians or bureaucrats), who decide how assets and staff are deployed. These managers, by virtue of their role in the production relations inside the state, are as much members of the capitalist class as the executives at the top of AMP, Coles-Myers or Coca Cola. They have common interests with the rest of that class in preserving the authority of management and its control over productive resources.

State managers seek to extract as much work as they can from their subordinates for as little money as possible. This is another preoccupation they share with their private sector counterparts. Both public and private sector bosses have pursued this goal (often labelled 'productivity gains') and others, notably speculative profits, by restructuring their organisations. Businesses may separate out particular activities into a distinct unit for accounting purposes and then set it up as a wholly-owned subsidiary. In the government sector this is called 'corporatisation' when the subsidiary is regulated under private corporations law,. Such shifts involve no fundamental change in work hierarchies.

A parent firm may eventually cut loose a subsidiary by issuing separate shares in it or selling it off. UK telecommunications corporation Cable and Wireless floated its Australian subsidiary Optus, in 1998 (in 2001 Optus was taken over by the Singaporean telephone company Singtel); BHP-Billiton spun off its steel-making and processing activities into Bluescope Steel in 2002; Rinker resulted from the 'demerger' of CSR's building materials group, the following year. When a government does the selling it's called 'privatisation'. Over the last couple of decades, Australian governments (Labor and Coalition) have flogged off airports, factories producing military goods, office buildings, Qantas and shares in Telstra. State governments have sold electricity, gas, water, insurance, betting and public transport concerns to the private sector.

This isn't anything particularly new. The Commonwealth Shipping Line went in 1928. A conservative government in Queensland disposed of butchers' shops, a cannery and cattle stations, in 1929 and 1930. The Menzies Coalition Government sold AWA (a communications equipment manufacturer), Commonwealth Oil Refineries, the Commonwealth Whaling Commission, coal mines and the Australian Aluminium Production Commission.

The practice of 'outsourcing' or 'contracting out' is also common to the private and public sectors and may be combined with the sale of assets and transfer of staff. Coles, Australia's biggest supermarket chain, has outsourced most of its transport operations. Many corporations have contracted out the cleaning of their buildings and the provision of computer and communications services. The same is true of various government agencies. Where corporatisation, privatisation and outsourcing have cut costs for public or private sector institutions, it has frequently been by reducing the wages, conditions and/or union organisation of workers.

If the new arrangements have not been successful, outsourcing may be reversed. The Health Insurance Commission in 2004 brought back 'in house' some computing facilities previously

contracted out to IBM, along with workers who operated them before and after the original outsourcing deal.<sup>10</sup>

Australian governments have not yet employed large numbers of mercenaries ('security contractors') to bolster armed interventions, now a standard feature of US military operations.<sup>11</sup> The Australian armed forces already outsource many equipment maintenance, logistics, health and training activities. The Howard Government contracted out the operation of Australia's concentration camps for asylum seekers. Several State governments have paid corporations to run prisons. The organisational form change, but the core function of the state remains. Restructuring the interface between the public and private sectors has not led to a decline in the significance of states.

States not only share structures with private sector institutions. They can also be understood as a necessary phase through which capital has to pass in the circuit of accumulation. Just as financial and commercial enterprises are essential for the continuation of capitalist production, so are states. Whereas productive capital actually creates commodities and surplus value, commercial capital is concerned with the realisation of the surplus value embodied in commodities, through their distribution and sale. This function entitles its managers to a cut of that surplus value, in the form of commercial profit. The finance sector mainly redistributes surplus value within the capitalist class and bankers receive their cut as interest. The state secures the general conditions necessary for capitalist accumulation; state revenues are another deduction from surplus value. The members of the capitalist class who run the state therefore have common interests with their private sector fellows in the maintenance of the system. They also have sectional interests of their own.

Because of the role they play in securing the reproduction of capital, senior state officials come into close contact with other sections of the capitalist class. Top public and private sector managers and politicians often have similar backgrounds too. Connections formed at school, church, university, clubs or through charitable work make networking easier. There is movement of personnel in both directions between corporations and the state.<sup>12</sup> After a period as a minister, many a Labor and a Coalition politician has made a career as a company director or consultant. Common interests and personal ties cohere the bosses, public and private, into a capitalist class which shares assumptions, ideas and moods.

## **Myths of democracy**

As participants in economic processes there is no comparison between the power of bosses and workers. Yet, because exploitation is concealed (see Introduction), capitalism can operate even if individual capitalists do not have special privileges before the law. Unlike the situation in earlier class societies, today rulers and ruled generally have the same legal status and rights.

The police and judicial system are supposed to guarantee that everyone, including other wings of the state, behaves according to the rules: the constitution, laws passed by parliaments, regulations issued by the Australian and State governments. As citizens, we are all equal. But, as Anatole France pointed out, 'the law, ... in its majestic equalitarianism, forbids the rich and poor alike to sleep under bridges, to beg in the streets, and to steal bread.'<sup>13</sup>

The reality is very different from the myth that we all have the same effective legal rights, that the the police exist to provide security for all and that courts are neutral. The state exists to enforce property rights; and most property, that is the means of production, is owned or controlled by capitalists and is the source of their power. The police and legal system are fundamental for the defence of capitalist property as an institution, not the petty possessions of individuals.

The law locks up the man or woman  
Who steals the goose from off the common  
But leaves the greater villain loose  
Who steals the common from the goose.

This 18<sup>th</sup> century rhyme is about the transition from feudal to capitalist social relations, which transformed large areas of collectively-held land into capitalist private property. It tells us the law is structurally biased in favour of capital. This goes beyond the laws which enclosed the commons. The biases of the legal system are apparent today in the basic assumptions of company law; the nature of the police; and court procedures. The capitalist class invented a new life-form, animated by the state--the limited liability company--in order to give itself privileges. Such 'fictitious legal persons' enabled capitalists to undertake risky and expensive activities, to incur debts, including to employees, without having to pay out anything beyond their initial investment if the operation went belly up. Larceny as a servant (theft from an employer) is a far more serious crime, with much tougher penalties, than plain old larceny. Individuals who use assumed names to pass themselves off to others for commercial purposes break the law. But if they have the means to incorporate into a few or, in the case of really big business folk, even hundreds of entities it's ok.

The idea that police forces are primarily concerned with the safety and property of individuals provides a handy rationale for their existence. But such organisations are 18th and 19th inventions and are far from being the only possible way to ensure the security and well-being of the population. Contrary to the impression conveyed by TV shows like *Blue healers* or *The bill*, the clear-up rate for crime is extremely low. The NSW police's own statistics showed a clear-up rate three months after 'selected offenses' in 2003 of less than 18 per cent.<sup>14</sup> In relation to most petty property crimes, police are effectively inspectors for insurance companies.

At bottom, police forces, including the domestic spy organisation ASIO, are designed to be reliable servants of the capitalist order. Many recruits come from working class backgrounds, but training, tight organisation and the promotion of loyalty to the force are designed to suppress feelings of solidarity with other workers. Police are taught how to bully people and that their instructions are to be obeyed. An effective police force is disciplined, has a strong corporate identity and is separate from ordinary people. An inevitable by-product of giving the police the power and discretion they need if they are to be reliable means of enforcing class rule is endemic problems of corruption. But this is a small price to pay for an institution that is available to smash picket lines, break up demonstrations, intimidate individuals, reinforce racism and panics about 'law and order' or 'national security'.

The Australian court system offers the best justice money can buy. A cut price Queens Council could be hired for a mere \$600 per hour in 2004. Add the solicitors' charges, court fees, the costs of gathering and creating evidence, finding normal witnesses and paying expert witnesses.

Despite their formal equality, when one of the parties in a court case is an ordinary person and the other is wealthy, a corporation (for whom legal fees may be tax deductible) or an arm of the state, the imbalance is immense. In criminal cases, for example, police personnel and equipment are at the disposal of the prosecution case. Workers compensation cases pit individuals against insurance companies with a huge capacity to hire investigators and medical experts. The miserable funds allocated to legal aid are only available for some criminal and family law matters. The cases presented to magistrates and judges therefore depend to a large extent on the resources of those who appear before them.

Nor are judges immune to social influences. Governments, with their own biases, appoint them, usually from amongst successful lawyers. A ruling class background is a major asset for success at law. Their incomes and the authority that judges exercise mean that they are part of the ruling class themselves, sharing its general interests and often the prejudices of their peers. This is one reason penalties imposed by judges and magistrates for stealing cars, petty theft or small scale social security fraud, committed by individuals of no social standing can be so much higher than those imposed on members of the business community, who have prominent citizens to vouch for them, when they defraud share-holders of millions of dollars.

Open civil war is dangerous and expensive. If the myth that citizens are equal and the illusion of state neutrality can prevent challenges to the capitalist class reaching that stage, so much the better

for our rulers. As the Introduction to this book argued, thanks to the ideological hegemony of the capitalist class most of the time most people consent to their exploitation and oppression. The role of the state in reproducing labour power helps reinforce the myths of democracy and national interests. By giving us a some formal say in decisions, the existence of civil and democratic rights encourages us to identify with the established order.

It is, after all, often legal to protest. The mass media, mainstream politicians and the school curriculum tell us that the ballot box is the most effective political tool at our disposal. Parliaments are even elected more or less on the basis of one person one vote, By obtaining popular support, a parliamentary system such as Australia's can perform the task of managing capitalism, with less mess and more cheaply than a dictatorship.

A variety of mechanisms usually make democracy safe for capitalism. Differences in economic power lead public officials to pay more attention to members of the capitalist class than to other voters. The distinction between political and economic equality means that rich individuals and corporations are in a better position than the rest of us to endear themselves to political parties, by making large donations. Likewise, it is not inferior civil rights that prevents critics of capitalism from systematically using the mass media to popularise their views, merely a lack of ready cash to buy television stations or daily newspapers. In addition, by virtue of how they are organised, state institutions are capitalist. The potential for the working class to use the democratic parts of the state against capitalism in Australia is also dramatically reduced by the very limited scope of bourgeois democracy, the nature of the mainstream political parties and the mass media.

Liberal democracies confine democratic decision-making to political institutions. It does not extend to workplaces, which are subject to the despotism of capital. Currently, trade unions are the only vehicles for democracy at work. But there is a big difference between electing union leaders to negotiate with managers and electing management itself. Democracy is also limited in *time* because capitalist states promote political passivity, while labour tires us out and blunts our interest and ability to engage in politics. The formal involvement of citizens in political decision making is confined to voting in elections every couple of years: a few hours in a life time, perhaps a little longer if you have to queue at the polling booth.

Despite their conflicting programs and different relationships with classes, the political parties with members in Australian parliaments accept the capitalist order, regard it as natural that a minority owns or controls the bulk of productive resources and see parliaments as the main means to bring about social change.

These mechanisms ensure that capitalists do not have to exercise political power directly for their interests to be defended and give weight to the assertion that the actions of the modern state are shaped by interests of the bourgeoisie. This understanding of the state is quite compatible with the emergence of conflicts within the capitalist class and the state and the way the decisions of governments, courts and public service departments are sometimes influenced by other classes, especially through struggles.

Mobilisations from below can achieve results. Parliamentary democracy itself and public welfare in Australia are in large part a consequence of popular pressure; these rights and existing civil liberties are worth defending against attempts to roll them back. State managers, like those in the private sector, make concessions in the face of militant strikes or demonstrations or simply widespread discontent. But the occasional sensitivity of politicians, bureaucrats or judges to pressure from below and debates amongst them about how to respond to it do not mean that they are pursuing working class interests. They are concerned to contain challenges within the framework of capitalism. Let's look at three examples.

From late the 1970s, a campaign against logging in old-growth Tasmanian forests developed mass support, organised very large demonstrations and substantial numbers of its supporters took militant action in the forests. The Hawke Government made concessions to the movement in 1983,

preventing the Liberal State Government from damming the Franklin River, something that the previous Labor State Government also planned to do. Subsequently, in line with its broader approach, most apparent in the Accord and industrial relations (see chapter 4). Federal Labor under Hawke and Keating had considerable success in coopting the environmental movement.

The conservative Coalition government and Patrick Stevedores tried in 1998 to destroy the influence of the Maritime Union. The scale of working class resistance and support for the sacked wharfies' picket lines polarised Australian society. In the face of the confrontations between the wharfies and other picketers on one side, scabs and police on the other, a different arm of the state made concessions to resolve the conflict. Judges reinstated the wharfies, facilitating a compromise between Patrick and the Maritime Union. The union was not smashed and, in this respect, the outcome was an important victory for the union movement. But the deal did almost halve the Patrick workforce, reduce wages for many wharfies and increase the use of casual labour. The result was a dramatic increase in labour productivity and hence Patrick's long run profitability.<sup>15</sup>

In 2003, there were massive demonstrations against Australia's participation in the US-led invasion of Iraq. Over a million people were on the streets over the weekend of 14-16 February. Sections of the ruling class, including former President of the Liberal Party John Valder criticised the Government and there were big differences of opinion inside Australia's intelligence (spy) establishment. John Howard said he was totally unaffected by the movement.<sup>16</sup> Yet his government pulled almost all Australian troops out of Iraq after the invasion, leaving just a couple of hundred behind on the ground as a contribution to the occupation. The massive anti-war movement and widespread anti-war sentiment were undoubtedly a major, unacknowledged consideration in this decision.<sup>17</sup>

So sometimes and through our struggles we can push governments, bureaucrats and courts into decisions they would rather not make. At other times, when they believe the fundamental interests of their class are at stake or that the costs won't be too high, they respond with repression.

The techniques of control state managers use depend, as the industrial relations strategies of business managers depend, on their own cohesion, economic circumstances, and the level of organisation and self-confidence of their opponents. The examples above show that internal conflicts and debates are a normal part of the state's decision making process. Different state institutions may adopt conflicting policies. But the terms of debate are constrained by the national (or State) interest, that is, the goals of maintaining the power of capital, long-term stability and profits.

Concessions, coercion or a combination of the two are options for handling mass political activity. In Australia strikes, over economic or political demands, are illegal under most circumstances. Governments, police chiefs and security advisors can easily use public order laws or traffic regulations if they want to ban, attack or break up a particular protest or march. Nor are our legal rights set in stone.

Both Labor and Liberal governments changed laws to reduce asylum seekers' rights to appeal against adverse and often arbitrary decisions, based on spurious evidence (including pseudo-analysis of the accents and dialects in which applicants speak). To eliminate further legal rights, in 2001, the Howard Government even began to 'excise' territory from Australia for the purposes of the Migration Act, and established off-shore concentrations camps in Nauru and Papua New Guinea for refugees.<sup>18</sup>

Changes in the legislation governing the Australian Security Intelligence Organisation in 2003 and 2004, hacked away at civil liberties. People not even suspected of committing a crime can now be locked up for a renewable period of seven days, if ASIO believes they might have information about a terrorist attack. They no longer have the right to remain silent.

The government of the United States, from January 2002 cast hundreds of prisoners, mainly captured in Afghanistan but also in other countries, into a legal black hole. They were held at

Guantanamo Bay, a military base on Cuban territory first leased from a US puppet government of Cuba in 1903. These prisoners were subject to mental and physical torture and indefinite detention by the US military, outside the reach of any country's legal system. US judges were long complicit in this situation, rejecting attempts to challenge it.

It is not only our civil liberties that are tenuous. If democratic parts of the capitalist state become a pest, they can always be disciplined or even dispensed with entirely by other public institutions and/or private capital. The High Court of Australia, in 1948, ruled the Chifley Labor Government's bank nationalisation legislation invalid. As Sam Pietsch pointed out in the previous chapter, the unelected Governor-General sacked the Whitlam Government in 1975, when it fell out of favour with the Australian ruling class. The ruling class mobilised to create a crisis atmosphere. The media attacked the Government, capitalists stopped investing and the Liberal opposition blocked the budget in the Senate.

Elections can be an index of popular feeling but they are not a means for attacking the foundations of capitalism. When its basic interests are at stake, the capitalist class is prepared to break the rules of the political game.

To get rid of capitalism and, under some circumstances, even to win modest changes it is necessary for workers to 'smash' the capitalist state and replace it with an entirely new one, based on democratic social relations that embrace the whole of society, including production.<sup>19</sup> Episodes of 'dual power' during which embryonic workers states briefly coexisted with old state machines have shown what working class struggles can achieve. That is the significance of the Spanish collectives in during the early stages of the civil war in 1935-1936; the Bolivian Workers' Centre in 1952; the Hungarian Workers' Council of Greater Budapest in Hungary in 1956; the *cordones* set up by Chilean workers in 1972; workers' committees formed during the 1974 Portuguese revolution; Iranian *shoras* in 1979; and the Polish organisation Solidarity, that was much more than a trade union in 1980-1981.<sup>20</sup> The short periods of workers' rule, through the Paris Commune from March to May 1871 and the Soviet state in Russia for a few years after 1917, indicate that we can not only challenge capitalism and its states but even overthrow them.<sup>21</sup>

## Further reading

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## Endnotes

- 1 I am grateful to David Liebhold for his advice about this chapter. The analysis of the police and law draws particularly on Eric Petersen's insights, that derive from his many years of experience as a socialist activist and barrister in Sydney.
- 2 Jennifer Hewett and Toni O'Loughlin 'Media games: Murdoch and Latham's secret meeting' *Australian Financial Review* 25 March 2004 pp. 1, 76.

- 3 Friedrich Engels *The origin of the family, private property, and the state, in the light of the researches of Lewis H. Morgan*, International Publishers, New York, 1972, first published 1884.
- 4 See Department of Defence *Australian Army manual of land warfare; Part one, Conduct of operations; Volume 3, Low intensity operations; Pamphlet no 2, Aid to the civil power* 1983.
- 5 Karl Marx and Friedrich Engels *The manifesto of the communist party* in Karl Marx *The revolutions of 1848* Penguin, Harmondsworth 1973 pp. 62-98, also [www.marxists.org/archive/marx/works/1848/communist-manifesto/index.htm](http://www.marxists.org/archive/marx/works/1848/communist-manifesto/index.htm), first published 1848.
- 6 For example Kenichi Ohmae *The end of the nation state: the rise of regional economies* Harper-Collins, London 1995; Bob Catley *Globalising Australian Capitalism*, Cambridge University Press, Melbourne 1996; Nigel Harris *The return of cosmopolitan capital: globalisation, the state and war* I. B. Tauris, London, 2003.
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- 12 Tom O'Lincoln 'Wealth, ownership and power: the ruling class' in Rick Kuhn and Tom O'Lincoln *Class and Class Conflict in Australia* Longman, Melbourne, 1996 pp. 5-21.
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- 14 The figure relates 'cleared criminal incidents' to offenses the police knew about. A 'cleared criminal incident' is usually one for which criminal proceedings have been initiated against someone. Steve Moffatt, Derek Goh and Jacqueline Fitzgerald *New South Wales recorded crime statistics 2003* NSW Bureau of Crime Statistics And Research, sydney 2004 pp. vii-viii, 38.
- 15 Tom Bramble *War on the waterfront* Brisbane Defend Our Unions Committee, Brisbane 1998 (also [www.takver.com/wharfie/wotw.htm](http://www.takver.com/wharfie/wotw.htm)).
- 16 John Howard transcript of interview by Jon Faine on ABC Radio 3LO, Melbourne, 14 February 2003 [www.pm.gov.au/news/interviews/Interview237.html](http://www.pm.gov.au/news/interviews/Interview237.html).
- 17 Calculations about the need to safeguard Australian ruling class interests closer to home, for example in East Timor and the Solomons also played a role.
- 18 Peter Mares *Borderline: Australia's response to refugees and asylum seekers in the wake of the Tampa* UNSW Press, Sydney, second edition 2002; David Marr and Marian Wilkinson *Dark victory* Allen & Unwin, Crow' Nest 2003.
- 19 Vladimir Lenin *State and revolution*, Foreign Languages Press, Beijing 1970, also [www.marxists.org/archive/lenin/works/1917/staterev/index.htm](http://www.marxists.org/archive/lenin/works/1917/staterev/index.htm), first published 1918.
- 20 Pierre Broué and Emile Témime *The revolution and the civil war in Spain* Faber and Faber London 1972; John Newsinger 'Revolution in Bolivia' *International socialism* 18 Winter 1983 pp. 60-86; Chris Harman *Bureaucracy and revolution in Eastern Europe* Pluto, London 1974 pp. 124-187; For accounts of the revolutionary developments in Chile, Portugal, Iran and Poland see Colin Barker (ed.) *Revolutionary rehearsals* Bookmarks, London 1987.
- 21 On the Paris Commune see Karl Marx *The civil war in France* in Karl Marx *The First International and after* Penguin, Harmondsworth 1974, pp. 187-236 (also [www.marxists.org/archive/marx/works/1871/civil-war-france/index.htm](http://www.marxists.org/archive/marx/works/1871/civil-war-france/index.htm)), first published 1871; on the Russian revolution, Leon Trotsky *The history of the Russian revolution* Pluto, London 1977, (also [www.marxists.org/archive/trotsky/works/1930-hrr/](http://www.marxists.org/archive/trotsky/works/1930-hrr/)), first published 1932. Also useful Donny Gluckstein *The western soviets: workers' councils versus parliament 1915-1920* Bookmarks, London 1985.