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Alternative Strategies: Left Nationalism and Revolutionary Marxism

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An encouraging feature of Australian left politics over the past several years has been increased debate over the nature of socialism and questions of strategy. Moreover the audience for this debate has been larger than at any time since the 1940s, especially in the trade unions and Labor Party. The following is a contribution to the debate which examines the arguments of “Alternative Economic Strategies” (AESs) from a marxist perspective.¹

1. Responses to the Crisis

During the 1970s the deepening world economic crisis and the inadequacies of the Australian Labor Party (ALP), in and out of office, have reduced the credibility of right-wing reformism. Policies for managing capitalism in a more equitable way look more and more implausible in a situation where the size of the national economic cake is static or declining. Nevertheless at least two responses distinct from the ALP’s traditional approach have recently emerged which, rather than attempting to manage capitalism, attempt to elaborate strategies to overcome capitalism’s crisis. The inspiration for the first comes from Britain and the revival of the left of the British Labour Party. Its economic policies sometimes go under the name of “Alternative Economic Strategy”.

Whilst there has been no detailed exposition of an Alternative Economic Strategy (AES) for Australia so far, a number of different but overlapping strategies have recently been published by the Metalworkers’ Union (AMWSU), Laurie Carmichael, Frank Stilwell, Hopkins and Curtain and the CPA.² Most of them contain policies for increased state ownership, planning, “industrial democracy” and import controls but there is a wide range of opinion about how these strategies and programs are to function, although their advocates generally agree that they have a role to play in the “transition to socialism”³ or, more circumspectly, in meeting “the needs of the Australian people”.⁴ Beyond offering solutions to the problems of Australian capitalism, AESs range from being the economic program of a left government, to a set of transitional demands capable of mobilising people and increasing socialist consciousness.

This article, in the tradition of the revolutionary left, offers an approach different from both the ALP reformists and the Alternative Economic Strategists. The emphasis in this strategy to overcome the crisis rests on building organisations out of contemporary struggles; and a revolutionary party which can eventually smash the capitalist state. The strategy stresses involvement in struggles on the shop floor and in the street rather than formulating policies for a left government or a program for a movement which does not yet exist. The alternative to an AES—a contemporary revolutionary strategy—is outlined in a little more detail in the final section below.

The immediately following sections consider the socialist or “transitional” content of the AES and the likely consequences of advocating and trying to implement it.

2. Keynes and Conspiracy

AESs take shape within a left nationalist theoretical framework. The answers they offer to the problems of Australian capitalism are largely determined by that framework. Unfortunately left nationalist arguments are often little more than a conspiracy theory which argues that the world is dominated by transnational corporations (TNCs) that decide the direction of economic development. In the early 1970s “Australia plunged into its biggest economic crisis since the 1930s. All because of the decisions of a few owners of companies”.⁵ In particular the TNC conspiracy is held to be responsible for the restructuring of the Australian economy: “Australian manufacturing is being wound down by deliberate intent”.⁶ Hence the AESs preoccupation with attenuating Australia’s ties with the world economy, through import controls etc.

It is certainly true that TNCs wield a great deal of economic power, have internationalised the production process and are a characteristic form of contemporary capitalist organisation. Individual TNCs have the muscle to change policies in a number of underdeveloped countries. But this does not mean that they can successfully plan the direction of economic development. Capitalism is based on competition—amongst individual companies and amongst national capitals. TNCs’ ability to control their environments is limited by competition with each other and the products of state capitalist countries such as the USSR, China and Poland. Similarly, although TNCs may collaborate with each other for limited ends or periods, the scope for collaboration between Ford, General Motors and Toyota or Kodak, Canon and Zenit for instance on questions of length of production runs and price etc. is limited. Each TNC tries to gain advantages over its competitors—to undercut and outsell them and disrupt their plans. The success of one corporation is frequently dependant on the failure of others. Thus the first companies to start producing aluminium using cheap electricity in Australia on a large scale did extremely well out of it. Those onto the scene later have been stuck with excess capacity or half completed projects, unable to make contracts to sell their output on an oversupplied market.⁷

Working class resistance to employers is another stumbling block for TNCs trying to control their environments and indeed, only the challenge of the working class is capable of consistently uniting the whole of the capitalist class, including the TNCs. So, in the face of the Polish working class united in Solidarity, even an obscene unity amongst the ruling classes of western imperialism represented by the IMF and the ruling classes of Poland and Russia was possible.⁸

Left nationalists use the arguments of Keynes and Kalecki as well as conspiracy theory to explain the current crisis. They generally reject simple Keynesian measures as solutions to the crisis by themselves, but still use underconsumptionist explanations of it and thus the state is the key to solving economic problems for advocates of the AES, as for the traditional Keynesians. Most of the policies that make up the AES can only be implemented by the state and enhance its power.

The left nationalists commonly dress up their underconsumptionist thesis in the language of class:

Employers seek to depress the wages of the workers in order to undermine the costs of production, but in doing so they undermine the level of aggregate demand necessary for the maintenance of a high rate of profit.⁹ In time the greater mass of products turned out comes up against a market limited ultimately by the restricted purchasing power of the mass of workers and sales fall.¹⁰

This scenario ignores the purchasing power of capitalists. So long as they spend the surplus value they extract from workers, there is no necessity for a crisis. Expenditure by capitalists can take the form of individual consumption of luxuries, investment cuff individual capitalists or collective spending by the capitalist class through the capitalist state. The crisis cannot be explained in terms of limited spending by workers, a failure of capitalists to invest or declining effectiveness of state expenditure. None of these “explanations” can account for the timing of the crisis.

Marx did put forward underconsumptionist arguments in *Capital* and elsewhere, but they were deadends.¹¹ They did not and underconsumptionists today still have not linked the occurrence of

crisis with the organisation of production. There is another theory of crisis in Marx which does show why capitalism is necessarily crisis-ridden.

The competitive nature of capitalism means that capitalists who invest in new, labour displacing technology are more successful. They can produce commodities more cheaply than their competitors. While this makes good sense for the individual capitalist, it leads to a decline in the relative share of wages in total capital expenditure. But it is only labour power, bought with those wages that creates new value. Even if the exploitation of labour power increases, there will be a tendency for the ratio of surplus value produced by labour power to outlays on wages, raw materials and the means of production to drop, i.e. for the rate of profit to fall.¹²

At different stages of capitalism's development, factors have temporarily offset the tendency for the rate of profit to fall.¹³ Nevertheless, according to this theory of crisis the rate of profit eventually falls so far that capitalists see no point in making further investments. Here is the origin of the "realisation" crises of underconsumptionists, in the overproduction of capital compared to the opportunities for its profitable investment, because of a fall in the rate of profit.

So long as the motive force for production is accumulation by private and national capitals (in order to survive competition from their rivals) crises will occur. Overcoming capitalism's proneness to crisis entails the reorganisation of the production process i.e. the abolition of capitalism, by ending the ruling class's monopoly ownership of the means of production and the transformation of the production process under the control of workers on the shopfloor and coordinated by a workers' state. In these circumstances democratic planning can determine which use values are produced rather than the requirements of accumulation determining which exchange values are produced.

The policies in the AES will not lead to this result, although many left nationalists believe that state ownership is equivalent to the reorganisation of production. Such a failure is hardly surprising since the AES is based on theories that locate the origins of crisis outside the production process—in the collusion of TNCs and in the sphere of circulation.

Before considering the obstacles to the AES and the shortcomings of some of its policies, it will be useful to examine the left nationalist version of the crisis in Australia. After all the AES must be judged by its appropriateness to a specific set of circumstances.

3. The Crisis in Australia

While left nationalists use both Keynesianism and conspiracy theory to explain the world crisis, they tend to rely on the TNC conspiracy in their account of the crisis in Australia. The AES is their solution to the crisis but there is little evidence to support the left nationalist account of the crisis in Australia and its causes.¹⁴

Left nationalists see a "new international division of labour" as the decisive factor for Australia's economic development with the TNCs as the agents of its implementation. "The multinationals and their representatives in the Liberal-Country Party Government"¹⁵ are said to be responsible for "deindustrialising" the country by running down manufacturing industry on the one hand, and turning Australia into a vast quarry on the other. The power of the TNCs is supposedly indicated by the extent of their ownership of Australian industries and their influence on the government, especially its foreign investment policies. But for these arguments to be valid it has to be demonstrated that the TNCs constitute a distinct and coherent force in the Australian economy and Australian politics.

It is true that TNCs own a higher proportion of the firms and produce a higher proportion of output in Australia than in any other developed private capitalist country except Canada. Yet it is the very extent and diversity of TNC ownership that casts doubt on their ability to act in concert. Unlike underdeveloped countries Australia has a significant manufacturing sector, with large-scale TNC involvement, mainly producing for the local market. What is good for General Motors Holden is not necessarily good for Utah Developments. There are dangers in assuming a TNC fraction of capital

exists, as left nationalists do, without being quite clear that a fraction is more like a temporary and contingent coalition of individual capitals than a permanent bloc. On some questions “fractions” may be organised along industry or sector lines, on others according to nationality or size. So GMH and Utah may belong to a “TNC fraction” on the question of, say, the repatriation of profits. But they would belong to opposing “protectionist” and “.free-trade” fractions, on the question of import controls, alongside Australian capitals. TNC and Australian mining capital for instance got together to put a joint submission to the Industries Assistance Commission’s inquiry into general reductions in protection.¹⁶

The close integration of Australian firms and TNCs—through the supply and purchase of inputs, subcontracting, technology transfer, and interlocking directorships—makes attempts to distinguish between their interests on the basis of nationality even more difficult. The government itself acts as a marriage broker for local and foreign capital. For example the Foreign Investment Review Board has been insisting on at least 50 per cent Australian equity in new mining ventures since mid-1980. More recently the Australian government has tried to encourage greater Australian equity in foreign owned firms operating here and Foreign Investment Review Board guidelines were further tightened.¹⁷

The government’s protection policies also throw doubt on the left nationalist characterisation of it as intent on carrying out the TNCs wishes by deindustrialising Australia. The Fraser government’s commitment to medium to long term protection for the clothing and car industries, which in their present form stand no hope of being internationally competitive, does not tally with this view. The level of protection for these, the weakest of Australia’s manufacturing industries has actually risen under Fraser.¹⁸ Instead of guaranteeing the continuation of budgetary assistance to industry, as Phil Lynch did in March 1982, incentives to sell up would be far more appropriate to the strategy left nationalists attribute to the government.¹⁹ By focusing attention on the TNCs left nationalists justify their own nationalist solutions to the crisis.

The evidence for deindustrialisation is the decline in manufacturing employment. The mechanisms at work are said to be:

- 1) imports replacing Australian production
- 2) Australian manufacturers going “off-shore”
- 3) crowding out of manufacturing by mining investment
- 4) the “Gregory effect”

While manufacturing employment has declined since the early 1970s this does not demonstrate that Australia is being deindustrialised and that manufacturing in general will be decimated. Moreover, employment is an inadequate index of manufacturing activity. Because technological change, mergers and rationalisations are also responsible for sackings, absolute levels of investment, output and capacity have to be examined too. When this is done it becomes apparent that while the *share* of manufacturing in economic activity is declining, the trend for absolute levels of output etc. is static or rising. The Australian pattern is the same as that of other developed private capitalist countries.²⁰

The mechanisms supposedly responsible for deindustrialisation are suspect. Studies by Henderson and Tucker and by Marsden and Andersson indicate that technological change and depressed demand are more significant causes of reduced manufacturing employment than imports. Similarly off-shore investment has to be compared with foreign investment in Australia. Net investment flows into and out of Australia have led to industrialisation rather than deindustrialisation.²¹ Further, a higher proportion of foreign direct investment has gone into manufacturing than has local investment.

Crowding out is not the main obstacle to investment in low profit industries (and many highly protected manufacturing industries are very profitable). Even if there were no mining industry in

Australia, profit rates would have to be sufficiently high for capitalists before they invested in manufacturing. Moreover there is always the outlet of non-productive, speculative investment in real estate, etc. The demise of the resources boom may well see a decline in overall manufacturing investment rather than an increase, as opportunities for profits in industries providing inputs to and processing the outputs of mining decline.

The Gregory effect—cheaper imports caused by mineral exports leading to an appreciation of the exchange rate—is a formal possibility in the world of bourgeois economics. Repatriation of profits and increased aggregate income in Australia are off-setting factors associated with the resources boom, whose dimension and decline themselves put the effect into doubt. Other factors, such as interest rate movements, can also counteract it.

The decline in manufacturing is a symptom of the economic crisis in Australia, not its proximate cause and most significant effect as the left nationalists argue. Manufacturing activity is more sensitive to economic down-turns than most other sectors, especially services. Thus during the 1930s depression in Australia employment in manufacturing fell at twice the rate of total employment in 1929-30 and 1930-31.²² Yet manufacturing was the leading sector in the limited recovery from 1932-33.²³

Australia's role as a quarry for the TNCs is also in some doubt. Instead of accelerating the decline of manufacturing, the "resources boom" provided a boost to the whole Australian economy, including manufacturing. The effect of the international crisis on oil and oil-substitute prices temporarily insulated Australia from the world down-turn. But as the crisis eventually reduced the demand for energy and the production of oil substitutes increased, in Australia and elsewhere, the energy price cushion deflated and the crisis hit home here too. First oil shale then aluminium, coal liquefaction, natural gas and coal projects were scaled down, postponed or abandoned.

Left nationalists tended to ignore the international nature of the resources boom (when they actually recognised its existence at all). It was explained as part of the TNCs' plan to turn Australia into a quarry.²⁴ But the world crisis is now closing quarries in Australia.

4. Obstacles

To please the bourgeoisie, the eclecticism and sophistry of the Kautskys and Vanderveldes blur all that is concrete and precise in the class struggle and advance instead the general concept of 'transition', under which they hide (as *nine-tenths* of the official *Social-Democrats* of our time do hide) their renunciation of revolution!

V. I. Lenin *The Proletarian Revolution and the Renegade Kautsky* Moscow 1950 p. 177.

The discussions of the AES considered here either assume that the capitalist state can be used for socialist purposes or do not refer to the question at all. But, as a strategy for the "transition to socialism" the AES is reliant on the state to implement its policies. The class neutrality or bias of the state cannot just be assumed or ignored.

Failed attempts to use the capitalist state for "socialist" ends litter the history of social democracy: the French Popular Front government of 1937, Chile 1973, Australia 1975. The behaviour of Mitterand and Papandreou, despite their own AESs, under pressure from the state, local ruling classes and US imperialism are only the most contemporary examples. Hence:

M. Jacques Delors, the Finance Minister, last week ... said that a socialist administration would have more success in running a wage constraint policy than its predecessors because for the first time in 25 years, the unions were working with a Government of the left.²⁵

Australian socialists had a clear lesson on the nature of the capitalist state and the possible fate of even far from radical social democratic governments. The Kerr coup was a gentle lesson compared to those offered in Chile almost a decade ago and in Poland only last year.

Lack of success in using the capitalist state as an instrument of socialist policy is not due to mistakes and miscalculations on the part of left-wing governments. It is due to a mistaken strategy, which is shared by many advocates of AESs. A myriad of threads tie the capitalist state to the capitalist class. The old school tie, the class position of senior state personnel and their social origins, consultations with business interests and the ideologies of the state machine all serve to integrate the senior officials of the state with the capitalist class. “Socialist” legislators are not only thwarted by the intransigence and opposition of the state apparatuses. The logic of capitalist development, unchallenged by workers’ control and workers holding political power, leads to compromises and sell-outs. If profits aren’t respected then the economy falters.²⁶

On the basis of their analysis of the inherently capitalist nature of the capitalist state, marxists have asserted that “the working class cannot simply lay hold of the ready-made state machinery, and wield it for its own purposes”.²⁷ The capitalist state has to be destroyed as a new one is constructed on the basis of the armed people, abolition of the separation between the executive and legislature and recallability of functionaries, paid at workers’ wages.²⁸ In no discussions of the AES are there proposals to abolish and replace as opposed to “transforming” the capitalist state.

At the same time it must be conceded that discussions of the AES do generally stress the importance of extra-parliamentary action. A number even give pride of place to organised labour before parliamentarians in their formulations:

What we wish to advocate is Holland-type rationalisation and planning, initiated and shaped not by government but by organised labour itself.²⁹

However, most of the policies in the AES can only be implemented by some form of state. All of the AESs considered here are explicitly reliant on state action, whether in the form of “tripartite planning agreementst”,³⁰ “the demand for legislation leading to self-management in industry”³¹ (rather than workers *imposing* self-management themselves) or the AES as the program of an ALP or “left government”.³² Reference to extra-parliamentary action does not solve the problem of the state if government measures are a part of the AES.

Left nationalists have offered some proposals for structurally changing the state. The CPA refers to these in a non-specific way³³ while Stilwell proposes “extending trade union and political rights within the military”.³⁴ Given the existence of an alternative focus of political power such proposals are tantamount to smashing the old state e.g. soldiers taking directions from the alternative state rather than their officers. But without the perspective of workers’ power expressed through a new workers’ state, modifications of the existing state machine is like painting a tank in bright colours instead of the depressing old khaki. It serves to breed illusions in the neutrality of the capitalist state and reliance on it.

Even more optimistic than the above proposals for structural reforms of the state is the view that some state apparatuses are embryonically socialist.³⁵ The Arbitration Commission has been picked out as an especially promising institution. Its consistent role in dampening, diverting and smashing workers’ struggles for almost 80 years is ignored, along with its subservience to the central state and ruling class, both through its legal constitution and personnel.³⁶

The lack of convincing AES solutions to the problem of the capitalist state is matched by illusions in the only means mentioned for capturing it—the Labor Party and especially its left wing. A sequence of events, each less plausible than its predecessor would have to occur before the advent of a Labor government with the AES as its platform:

1) the appearance of a powerful and principled left wing inside the ALP. This has nonetheless happened in the past. The Socialisation Units during the early 1930s talked of the dictatorship of the

proletariat and revolution in a way that would choke today's left factions, but they were internally divided and only got a limited distance before being smashed by the Lang machine.³⁷ The Socialist Left in Victoria too, was a democratic and radical organisation during the early 1970s, although it has since become bureaucratised and more preoccupied with numbers games inside the Labor Party. In NSW leaders of the "left" Steering Committee actually call for reduced links with the union movement. Compared to the rise of left nationalism led by Tony Benn in the British Labour Party, no widespread radicalisation has recently occurred in the ALP.

2) the ALP left winning control of the ALP machine and the Parliamentary caucus. The Parliamentary ALP has consistently ignored radical Party policies with which it has disagreed although the structure of the ALP gives trade unions considerable power at conferences. It has been able to do this because the Labor left does not have an independent organisation in the unions. Its successes (and those of the Bennites in Britain) are dependent on the goodwill of trade union officials and the votes they control at Party conferences. Moreover the whole rule-bound apparatus of the ALP is stacked against the left.

3) a left government carrying out its program. The pressures on right-wing and centre Labor governments not to carry out their programs is great. We don't have to go back to Scullin's acceptance of the Premier's plan to find an example: the 1975 Hayden budget prefigured the cuts of the Fraser period. In Europe the realities of office have dampened the radicalism of Mitterrand's and Papandreou's programs. The right-wing is not above splitting the Party and bringing down governments, as Lyons did in 1931, to quash policies it regards as too radical. The British Social-Democrats too are making a pre-emptive move in this vein.

5. Policies

For some people the AES is not a strategy at all.³⁸ It's a tactic—a unifying set of demands on the capitalist state, which is incapable of meeting them. The AES is capable of "playing a role in the development of socialist consciousness and hence providing one of the preconditions for an eventual assault on the capitalist The idea of placing demands on the state is unobjectionable, although the value of a program of them is open to question at this stage".³⁹ Some of the policies, e.g. shorter working hours, better pay, do fulfil the main requirements of effective radical demands: that they are

1) concrete and relate directly to workers' conditions of existence e.g. demands for improvements in living standards or an end to state repression.

2) capable of mobilising workers in struggle against the ruling class. Other demands in AESs, for increased state ownership, planning, import controls and industrial democracy, do not meet these conditions. Their implications are examined below.

Increased state ownership is the crux of the claim that the AES is part of a transition to socialism.⁴⁰ Most Australian left nationalists and advocates of AESs identify state ownership with socialism. Such identification however, divides two conceptions of what socialism is all about.⁴¹ On the one hand there is a view, common to social democracy and stalinism, which emphasizes the role of the state in transforming society. Socialism is to come from above, through the Party or Parliamentarians using the state on behalf of the masses. Enhancing the state's role, through AES-type policies of control over the means of production, the flow of goods and capital or planning is therefore progressive. The other perspective is one of socialism from below. It identifies socialism with working class political power and its achievement with the self-activity of the working class. In this view demands and policies have to be examined concretely in terms of the contribution they make to struggle rather than as building blocks of socialism.

State ownership involves a redistribution of property relations. At present nationalisation means ownership passing from individual members of the capitalist class to the capitalist class in general as represented by the state. It does not affect the relations of production. The relationship between a

worker and a manager is the same in a steel plant in Port Kembla, Katowice or Sheffield, despite state ownership of the last two. The material benefits of state ownership are hard to demonstrate to workers in state owned industries. There is a sizable leftwing literature on workers' struggles against the boss in those countries where the entire economy is state owned and controlled.⁴²

This is not to say that the call for nationalisation cannot be an important tactic in some struggles; especially those over factory closures. In these situations it is a demand for the state to subsidize workers' jobs out of surplus value. Forcing the state to nationalise a factory can thus be an important victory. But it is a victory on a par with improvements in wages and conditions, something that the capitalist class can undo later if the level of militancy or the capacity to fight back falls. It is not a step in constructing a socialist society. Although capable of mobilising workers in specific circumstances in the current period, as a general demand nationalisation is at present extremely abstract, implying the election of a Labor government rather than the seizure of factories.

If a major problem of the Australian economy was the role of TNCs then state ownership might be part of the solution. However the analysis in section 3 above suggests that the problems lie in the state of the world economy and the production relations of Australian capitalism. Nationalisation does not alter either.

"*Industrial democracy*" is generally advocated as a complement to state ownership in AESs. This sounds like workers running society. In the circumstances of the working class holding political power this would be the case. In other circumstances, the scope for "industrial democracy", will be subject to severe constraints. It means workers being given part responsibility for the profitable operation, of enterprises. This kind of industrial democracy is quite compatible with sackings, wage cuts and the erosion of conditions. Workers' struggles can extend the "frontier of control"⁴³ under capitalism—to union control over hiring and the rate of production for example. But participation in all the decisions of a firm is a form of corporatism, a means of coopting workers and their representatives. The struggle for control is obviously important for socialists, but it can only be taken beyond, narrow limits when workers seize control of the whole of society, not just the factories.

Economic planning is another complement to state ownership in AESs. Many private capitalist countries have employed sophisticated economic planning for decades. France had an elaborate planning system long before Mitterand and Poland is a "centrally planned economy". In neither case has planning resulted in material benefits for the working class or averted the effects of the world crisis. The anarchy of capitalist production is not the consequence of the lack of a Department of Economic Planning,⁴⁴ collecting statistics and issuing directives. Planning will not end the unpredictability and crises caused by international competition amongst private and state capitals. Moreover it is difficult to imagine the kind of workers' struggles that could be generated by the demand for national planning, or the concrete problems at the point of production that it would solve.

Import and investment controls are characteristic of the AES in Britain and occur in some Australian versions.⁴⁵ They are seen as important means of minimising the influence of the TNCs and the world market on the Australian economy. However insulating Australia from external economic influences will not solve its problems. In contemporary capitalism it is as impossible to have a long term economic recovery in one country as it is to have socialism in one country.

Australian economic development has depended on overseas sources of investment since the First Fleet. As shown in Table 1, unlike many underdeveloped countries Australia has benefitted from a general net inflow of funds.

**Table 1: Net International Capital and Property Income Flows
Australia 1959-60 to 1980-81**

Year	\$A million
1959-60	230
1960-61	391
1961-62	-30
1962-63	317
1963-64	186
1964-65	189
1965-66	604
1966-67	191
1967-68	738
1968-69	588
1969-70	154
1970-71	764
1971-72	1,224
1972-73	-301
1973-74	-264
1974-75	-138
1975-76	1,161
1976-77	80
1977-78	397
1978-79	1,824
1979-80	-687
1980-81	4,042

The aggregate shown is net property income inflow plus net capital inflow.

Sources: ABS *Balance of Payments* 5302.0; ABS *Balance of Payments* 5303.0

Restricting foreign investment in Australia implies either that the rate of growth will slow down and unemployment rise still further, or that a new source of capital will be tapped. Given the scale of replacement investment required in average years, let alone those of minerals booms, the source could only be an increase in the rate of exploitation of Australian workers, through cuts in the paid and social wage. More extensive import controls than those which currently apply mean a cut in working class living standards, through higher prices for many commodities. Protectionism is also a form of economic warfare. Aggressive moves by an Australian government are likely to provoke protectionist responses from the consumers of the approximately 13 per cent of GDP which is exported. Over the past year Australian primary exports to the EEC, USA and Japan have either been threatened with or affected by import controls imposed by those countries.⁴⁶ In this way import controls can generate rather than alleviate unemployment. The implications of import controls for the class struggle are considered in the next section.

The AES sets down a series of demands side by side in a program, in order to harness them into a socialist movement. But such a movement is built by forging concrete links between struggles - unionists imposing bans against uranium mining or demonstrating against abortion laws and Bjelke-Peterson's ban on marches or by members of social movements, women's groups etc. supporting each others activities and attending picket lines. Fetishizing a program can be an excuse for abstaining from real struggles (as some political sects do) or a means of diverting attention away from them (as some trade union officials do).

6. Some Consequences

The main link between the AES and the real world is its impact on struggle through its protectionism, relationship with the ALP and programmatic form. In the current period redundancies are a major concern to many workers. Protectionism is advocated by both union officials and employers as a means of saving jobs. The import control policies of some AESs bolster these arguments and give them a left wing cover. Protectionism distracts attention away from the fight for jobs on the shop floor to lobbying the Industries Assistance Commission, governments and MPS. No wonder employers and union officials, especially in the car and clothing industries, can collaborate in campaigns for protection: strong, independent shop-floor organisation fighting for jobs (or anything else) is a threat to both. At Ford Broadmeadows managers and the Vehicle Builders Employees Federation worked feverishly to end a strike over wages initiated and controlled by rank and file unionists. At the same time Geelong VBEF officials refused to offer support for the strike but saw the way clear to organise a demonstration in favour of protection for the car industry. The Clothing Trades Union regularly supports protectionist submissions to the Industries Assistance Commission by employers who offer amongst the worst wages and conditions in Australia.

Tariffs can only save jobs in the very short term. They can stop a surge of imports and keep the local market safe for local products. But in the slightly longer term, as employers introduce new technology, rationalise their operations or respond to depressed market conditions, import controls don't protect jobs—they only protect capital. The car industry has been one of the most protected in Australia. That hasn't stopped companies from rationalising their production processes, introducing new technologies and sacking workers. Reduced tariffs and higher imports did not close General Motors' operation at Pagewood in Sydney. The closure was the result of longer production runs at fewer factories, i.e. excluding Pagewood, being cheaper than shorter runs at more factories. Imports are a less significant job killer than new technology and the economic downturn in the car industry. At Pagewood nationalisation and occupation were the most militant demands capable of mobilising workers in struggle. They were not raised (in fact they were opposed) by the left nationalist officials of the Metal Workers' union despite their support for radical economic programs. The demands came from workers on the shop floor. Because of its abstract form, the AES serves to reinforce people's reliance on the ALP rather than their own capacity to change the world. Most of the policies in the AES can only be implemented by a left Labor government. So it's an excellent excuse for tough talking union officials and ALP left wingers to do nothing about struggles today, except for pointing out the iniquities of Fraser and gaining electoral mileage for the Labor Party.

The end of the international resources boom has put the crunch on the Australian government. It will now be far more difficult to reconcile the interests of mining and manufacturing capital, particularly on the question of protection. With the profitability of many resources projects now in doubt, mining capital is now keener than ever to cut costs by lowering tariffs. At the same time the survival of manufacturing capital in many cases depends on the maintenance of protection levels. The free trade lobby on the government's backbench is likely to sustain or increase its influence for a while, despite the diminished plausibility of arguments for restructuring towards the now faltering mining sector.⁴⁷ So manufacturing capital is likely to see an ALP government as a more attractive proposition.⁴⁸ Left nationalist analyses and policies, even quite radical ones like the AES, play a role in cementing relations between manufacturers and the ALP.

7. Revolutionary Strategy

The AES ultimately fails on the level of practical activity. So far my argument has mainly been negative, demonstrating the inadequacies of left nationalism and the AES. All too often revolutionaries are accused of being strong on criticism but weak on proposals for action today. In the long run we do believe that socialism is the *only* solution to exploitation and economic crisis. But we do have a strategy for building a revolutionary movement and climate. That strategy is

based on the participation of socialists in the struggles being waged against exploitation and oppression today.

The starting point of revolutionary strategy is the notion that “the emancipation of the working class must be the act of the working class itself”.⁴⁹ Working class is the “subject of history” not because of the inherent moral superiority of workers, but because of the role they play in production. Action by even some small sections of the working class, by themselves, can virtually paralyse society. Transport, refinery and power workers can bring things to a halt very quickly. But all workers have this capacity to some extent, because the working class produces the wealth upon which society is based. Their role in production also gives workers the experience of collective activity. It is imposed on them in factories by management’s discipline over production and it is also the most effective weapon in their hands when confronting that same management over wages, hours or the length of tea breaks. The power and experience of collective action workers derive from their role in production distinguishes them from all previous exploited classes. Peasant revolts always wound up with the return of feudal lords, slave revolts with the return of slave owners. Neither class had the capacity and neither feudalism or the slave mode of production could provide the resources to build a new society without exploitation. But the Paris Commune, Soviets in Russia and the fleeting experience of working class revolution has shown that workers can create a new form of state that abolishes exploitation on the basis of the tremendous productive inheritance of capitalism.

The problem faced by a socialist strategy is therefore one of galvanising the working class into action. In situations of mass action people gain an experience of their own ability to change the world. Forty thousand people marching for nuclear disarmament through Sydney can find the possibility of helping to influence governments plausible in the way an individual at home alone cannot. The corollary of Marx’s contention that “being determines consciousness” is that struggle can generate militancy.

By participating in the struggles of trade unions, international solidarity and social movements, socialists can build on the atmosphere of solidarity and confidence and counteract the conservative ideas that bombard people from the TV, radio etc. every “normal” day. The effectiveness of socialist analyses and perspectives is established in the course of the struggles they seek to inform, rather than by their abstract correctness. For example, the Australian Telecommunications Employees Association’s wage campaign in 1981 was an infinitely superior lesson on the role of the Arbitration Commission and the possibilities for pursuing claims despite it than any newspaper article or radical lecture.

The socialist strategy in the workplace is a variant of the “united front”.⁵⁰ That is, organising together with non-socialists for struggle for a set of limited but militant demands e.g. for higher wages, non-reliance on Arbitration, strong industrial action in campaigns, no redundancies, greater union democracy. The Militant Minority Movement in Australia during the 1930s was established by the CPA as part of such a “rank and file” strategy.⁵¹ By leading fights for militant demands of organisations like the Minority Movement or even the small but radical “action groups” and larger but less militant “reform groups” that exist in some Australian unions today, socialists can find an audience which can assess their ideas in practice.

Just as socialists need to relate to non-revolutionary workers on the job, the united front applies to social movements on the streets. They can bring an orientation to mobilising the support of workers, through militant action based on a class analysis of the issues to campaigns. The movements to defend civil liberties and abortion rights in Queensland were amongst the largest in Australia after the demise of the anti-uranium campaign.⁵² Revolutionaries, ALP members and large numbers of unaffiliated people were involved in both movements. Eventually the revolutionaries’ tactics, of consistent militancy and an orientation to the working class, were substantially adopted in each case. The success of these tactics provided socialists with an audience, not only for their ideas on those campaigns but also on other issues.

The idea that socialists should be active and take leadership roles in shop-floor and movement struggles is hardly a startling one, though the number of socialists who put it into practice is pretty limited. But is it enough? ALP members would say “No. Where’s the politics?”, meaning parliamentary action. Revolutionaries also argue that one crucial ingredient for successful political action is still missing. By acting as individuals in various struggles socialists vastly diminish their effectiveness. A political organisation is necessary to coordinate activity in particular areas of work and amongst different fields of political involvement.⁵³ Such an organisation is quite different from a political party like the ALP. Its primary orientation is to struggle, wherever it occurs. It has to be politically homogeneous enough to ensure that, once decisions are taken, they carried out by the whole of its membership. It is necessary because the discipline and force of the capitalist state is the crucial obstacle in the way of building a socialist society. A revolutionary party, made up of the most politically conscious and militant sections of the working class can coordinate different struggles and strengthen them by building mutual support amongst them. In a revolutionary situation, when a new workers’ state coexists with the capitalist state, the party is a means of smashing the state of the ruling class.

If the power to change society lies with the working class and in mass activity it isn’t found in talk encrusted parliaments. The trivial procedures, meaningless ceremonies and reactionary traditions of parliament are light years away from the struggle in the workplaces and the streets. The distinction between mass action and involvement in the representative institutions of the capitalist state is not, therefore, one of degree. A socialist strategy is not 25 per cent mass action plus 75 per cent parliamentary activity or 50/50 or 90/10. It is either based on the activity of the masses or it relies on the doings of “representatives”, away from the struggle, as a substitute. When revolutionary socialists participate in parliaments it is to expose them and propagandise for mass action, not to use them to change society.

No modern society could exist without central institutions to coordinate its activities. A socialist society will need such institutions too. Since, as was argued in Section 4, the working class cannot turn the capitalist state to socialist ends, a new kind of state based on people’s capacity for collective action is necessary. That is workers’ councils or soviets based on people organised together in their workplaces etc.

Shop stewards committees and grass roots social action movements are not soviets or central workers’ councils. Isolated and uncoordinated, they cannot hope to rival the authority of the capitalist state. But because they express the working class’ capacity for self-organisation they have great potential. In crisis situations, 1917 in Russia, 1956 in Hungary, 1975 in Portugal and 1980 in Poland, workers’ committees and councils of action can spring up very rapidly. Given the circumstances and preparatory organisation local committees can develop links and regional and national structures. Those national structures can constitute an alternative state.⁵⁴

Today, while there are real industrial and movement struggles in Australia, one important precondition of socialist revolution is absent. There is no revolutionary party to help to promote, build and coordinate struggles into a socialist movement. The tens of thousands of militants who would make up such a party are members of the ALP and, more usually members of no political organisation. Passively accepting this situation is as good as giving up the fight for socialism. Even a small revolutionary group can today enhance the political effectiveness of its members and make links between different struggles. And its militant orientation towards the working class and struggle can form a focus around which a mass organisation can be built.

Endnotes

1. Discussions of Alternative Economic strategies are to be found in Stuart Holland *The Socialist Challenge*, Quartet 1975, CSE London Working Group *The Alternative Economic Strategy* CSE Books 1980, B. Rowthorn "The Alternative Economic Strategy" in *International Socialism* 8 1980 pp. 85-94.
2. AMWSU *Australia Uprooted* 1977 was very widely distributed and concludes with a brief AES, Laurie Carmichael "A People's Economic Program" (interview) in *Intervention* 9 1977 pp. 43-54, and "A Transitional Programme to Socialism" in G. Crough et al. (eds) *Australia and World Capitalism* Penguin 1980, pp. 240-250, F. Stilwell "An Alternative Economic Strategy" paper presented to the 6th Political Economy Conference August 8-9, Adelaide, A. Hopkins and R. Curtain "The Labour Movement and the Protection versus Restructuring Debate: A Proposal" discussion paper for the Canberra Conference on Socialist Responses to the Resources Boom, October 1981, Communist Party of Australia *Towards Socialism in Australia: Program of the Communist Party of Australia* 1979. These AESs vary in their scope and detailed contents, but given their shared perspective it is reasonable to refer to "the AES" as their common denominator.
3. Hopkins and Curtain op. cit. p. 25.
4. AMWSU op. cit. p. 18.
5. *ibid.* p. 10.
6. Carmichael 1977 op. cit. p. 44, also see J. Alford "Australian Labour, Multinationals and the Asia Pacific Region" in *Journal of Australian Political Economy* 6 1979 v.19. 7. For an account of the process at work see A. Hodgkinson "Structural Changes in the World Aluminium Industry and the Implications for Australia" in *Journal Of Australian Political Economy* 9 1980 p. 50.
8. See C. Barker and K. Weber *Solidarnosc from Gdansk to Military Repression* published as *International Socialism* 15 1982.
9. Stilwell op. cit. p. 6.
10. CPA op. cit. p. 7.
11. For an account of the development of Marx's theory of crisis see M. Itoh *Value and Crisis* Pluto Press 1980 pp. 93-106 which provides a critique of underconsumptionism. ,
12. Marx's account of the tendency of the rate of profit to fall is set out in Part II1 of Volume II1 of *Capital*.
13. For a more detailed exposition see C. Harman Marx's "Theory of Crisis and Its Critics" in *International Socialism* 11 1981 and "The Crisis Last Time" in *International Socialism* 13.1981.
14. For a more detailed critique of the left nationalist account of the Australian economy see R. Kuhn "Whose Boom" in *International Socialism* 1-2 1981.
15. Alford op. cit. p. 4.
16. *Australian Financial Review* (AFR) 16 April 1982. These companies subsequently issued a booklet on the costs of protection for the public.
17. AFR 20 January 1982.
18. See Industries Assistance Commission *Annual Report 1980-81* pp. 64-5.
19. AFR 4 March 1982.
20. See OECD *Labour Force Statistics* 1967-78 1980.

21. See R. Kuhn op. cit. p. 24.
22. C. B. Schedvin *Australia and the Great Depression* Sydney University Press 1977 p. 211.
23. *ibid* p. 290.
24. Some of the landmarks were Rundle, Lochinvar and the North West Shelf projects.
25. *Financial Times*.
26. The literature on the capitalist state from a marxist perspective is substantial R. Miliband *The State in Capitalist Society* Quartet 1972 is a sound, empirically based study, T. Skocpol "Political Response to Capitalist Crisis: Neo-Marxist Theories of the State and the Case of the New Deal" in *Politics and Society* 10 (2) 1980 summarises some different marxist approaches, however Lenin's *State and Revolution* remains the key marxist contribution.
27. K. Marx *The Civil War in France* Progress Publishers 1977 p. 50.
28. V. I. Lenin *State and Revolution* Foreign Languages Press 1970 pp. 47-53.
29. Hopkins and Curtain op. cit. p. 25.
30. *ibid*. p. 29.
31. Carmichael, 1980 op. cit. p. 248.
32. AMWSU op. cit. p. 18, Stilwell op. cit. p. 28, CPA op. cit. p. 53.
33. CPA op. cit. pp. 50, 54.
34. Stilwell op. cit. p. 29.
35. *ibid*. p. 21 and Hopkins and Curtain op. cit. p. 28.
36. See D. Fieldes 'Pains and Penalties: the penal powers of arbitration 1956-1970' Honours Thesis, History ANU 1976.
37. See R. Cooksey *Lang and Socialism* Australian National University Press 1976.
38. Stilwell has it both ways, seeing the AES as both the program of a left Labor government and is a consciousness raising tactic, op. cit. p. 24.
39. *ibid*.
40. Stilwell op. cit. p. 15,' AMWSU op. cit. p. 18, Hopkins and Curtain op. cit. p. 29 CPA op. cit. p. 53, Carmichael 1980 op. cit. p. 247.
41. See H. Draper *The Two Souls of Socialism* International Socialist, Michigan 1970.
42. For example V. Haynes and O. Semyonova (eds) *Workers against the Gulag* Pluto Press 1979, M. Holubenko "The Soviet Working Class: Discontent and Opposition" in *Critique*, 4 1975 p. 20 and M. Haraszti *A Worker in a Worker's State* Penguin 1981.
43. For an elaboration of this concept see C. L. Goodrich *The Frontier of Control* Pluto Press 1975.
44. AMWSU op. cit. p. 18.
45. Stilwell op. cit. p.19, Hopkins and Curtain op. cit. p. 23.
46. The commodities involved are sugar (in relation to the EEC), beef (EEC, Japan, USA). The EEC has lodged complaints against Australia's protection measures under the General Agreement on Tariffs and Trade.
47. Some "dries" are however backing off in the current depressed economic climate, see AFR 16 April 1982 "Labor Industry Courtship".
48. *ibid* and AFR 19 April 1982 for an attack on the "disproportionate influence" of the dries in the government by the Metal Trades Industry Association.

49. K. Marx and F. Engels *The Communist Manifesto* Preface to the English edition of 1888.
50. For an exposition of the united front tactic see *Theses Resolutions and Manifestos of the First Four Congresses of the Third International* Third Congress document "On Tactics" adopted 12 July 1921, pp. 274-288.
51. For an account of the Minority Movement in Australia and the "rank and file strategy" see T. O'Lincoln's article in *International Socialist* 13 forthcoming 1982.
52. For accounts of these campaigns see C. Ferrier and J. Minns "Flying Backwards to Queensland" *International Socialist* 5 1979 and J. Minns "Queensland: the Last Two Years" *International Socialist* 11 1981.
53. On the marxist theory of the party see J. Molyneux *Marxism and the Party* Pluto Press 1978.
54. Trotsky gives an account of this process in Russia in *The History of the Russian Revolution* Pluto Press 1977.

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Correspondence and Ads

Journal of Australian Political Economy

The Editors,

The exchange of views in JAPE 12/13 was a useful contribution to the Australian debate on left and socialist strategy. I'm sure the Journal's readership welcomed your decision to organise the issue. It is therefore all the more unfortunate that the issue was to some extent marred by a lapse in normal editorial practice. I refer to the deletion of important sections of my article, "Alternative Strategies: Left Nationalism and Revolutionary Marxism", without consulting me. I would like to take this opportunity to present to JAPE readers an argument, from my final draft, which provided the framework for the whole article. This argument was arbitrarily removed from the published version. The matter is of immediate interest and not just one of setting the record straight, in view of responses on the left to the prospect of the next Federal elections.

In the introduction to the article, I wrote that there have been three alternatives posed to the ALP's traditional right-wing reformism, since 1975 (not two, as the published version states). The most important of these (deleted from the JAPE version) was the development of political apathy, combined with a continuing level of industrial militancy (Alec Kahn's "The Fraser Years" in *International Socialism* 11, 1981, presents the evidence in some detail). The disarmament demonstrations of 1982 have been the first indications that a new, mass political movement could be built, since the fall of the Whitlam Government and the decline of the anti-uranium movement. At the same time there has been no sign in terms, for example, of substantial membership growth or large rallies, that the ALP is generating much enthusiasm in the working class. Nevertheless the Fraser years have not seen any significant weakening of trade union organisation. The Industrial Relations Bureau was a flop, attempts to legitimise scabbing—Krutulis, Biggs etc.—and to curtail civil liberties in Queensland and Western Australia have failed. During 1981, the Transport Workers' Union and the Australian Telecommunications Employees' Association smashed wage indexation. To the Government's embarrassment, its rhetoric about the resources boom was the backdrop to the most important wages push since 1973-74. The advent of the recession and "no-further-claims" deals have led to a fall in the level of industrial struggle, since late 1981. But the maintenance of trade union organisation and the, somewhat slower, pace of struggle is still encouraging.

This, the most widespread response to the crisis, in the working class, does not challenge the capitalist system. But it does provide opportunities for advocates of the other two, less influential responses—an Alternative Economic Strategy and a revolutionary marxist approach—to win support for their anti-capitalist politics. The point is that the AES and marxist approach have to be judged on their ability to relate to and build the struggles that are going on. The body of my article seeks to demonstrate that the AES is incapable of doing this.

Events since the argument and the whole article were written have, I believe, confirmed their major conclusions. Rather than building on the struggles that are still taking place, many advocates of an AES have given in to the difficulties presented by the economic downturn. It is more difficult to fight the boss now, but it's not impossible, nor is it impossible to generalise such struggles. The tendency to back down is well illustrated in the Amalgamated Metal Workers' and Shipwrights' Union's pamphlet *Australia on the Rack*: "To make up those losses we would need to claim far more from the employers to get the necessary ... 'after tax' take-home pay ... It is certainly not possible for the majority, including the majority of metalworkers" p. 13. Previous AMWSU publications stressed the responsibility of employers—even if undue emphasis was placed on multinational corporations—for the crisis. The latest pamphlet focuses on the Fraser Government's responsibility for Australia's problems and claims that a different Government could solve them and bring back full employment, p. 26. Attention is distracted from the struggles still going on in

the workplace and street to the task of electing a Labor Government. It is no coincidence that faces of eight Shadow Ministers grace the pages of *Australia on the Rack*. Its only suggestions for action are publicity campaigns, petitions, letters and telegrams to politicians, union leaders and churches.

Incomes policy/social contract is merging as the most important operational component of earlier AESs. The abstract nature of AESs, which I tried to highlight in my article, has opened the way to a growing convergence between the pronouncements of left nationalists in the unions and Labor Party and their more right-wing counterparts. The “social wage campaign” has successfully blurred the difference between a fightback against the cuts and a deal with a Labor Government to restrain wages.

My article sought to demonstrate that an AES is not a road forward for the Australian working class. In terms of the fundamental criterion for judging any strategy (mention of which was excised from the published version)—its ability to build on the best aspects of current struggles—the AES has failed. The differences between the politics behind an AES, left nationalism, and the timid, right-wing policies of the Labor Party in 1982 have shrunk. The real “alternative strategy” remains revolutionary marxism, whose starting and end points are the class struggle.

Yours sincerely,

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