

# Continuity or discontinuity in the recent history of the Australian Labor Party?

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## Abstract

Recent characterisations of the Australian Labor Party as a ‘cartel party’ suggest that there was, after the 1970s, a fundamental discontinuity in Labor’s history. We assess this contention not only in terms of the ALP’s policies but also the mechanisms which link it with different classes and social groups: Labor’s electoral support, membership and local branches, the backgrounds of the Party’s parliamentarians and leaders, the role of trade unions inside the ALP, and its sources of funding. While there have been some quantitative changes in these characteristics, we conclude that Labor remains, on balance, a ‘capitalist workers’ party’.

During the 1980s and 1990s critics of the contemporary ALP, such as Graham Maddox and Tim Battin, argued that an important break with the Party’s socialist tradition had recently taken place. They focussed particularly on Labor Party policy and actions in government (Maddox 1989; Maddox and Battin 1991, 181-96).<sup>1</sup> This theme has been taken up by contributors to a 2006 book on the evolution of political parties in Australia, *Political parties in transition?* (Marsh 2006a). Drawing on Katz, Mair and Blyth’s conceptions of cartel parties, convergent in their policies and reliant on state funding (Katz and Mair 1995, 5-28; Blyth and Katz 2005, 33-66), these writers argued that Labor can now be described as a cartel party. While Maddox and Battin argued that Labor’s embrace of economic rationalism/neo-liberalism represented a major departure from the Party’s traditional ideology, according to Ian Marsh there was ‘convergence in policy agendas’ between the ALP and the Liberal Party (Marsh 2006c, 126). But the Australian explorers of the concept of a cartel party rest their case not only on examinations of Labor policy, the focus of Maddox and Battin, but also on significant shifts in Labor’s electoral support, membership and sources of funds. Gary Johns, for example, concluded that ‘the Australian case is one where major parties have lost their party base’, and Ian Ward that ‘the Labor and Liberal parties [are] now without firm foundations in civil society’. According to Marsh, ‘major party organisations have largely jettisoned interest aggregation. Established organisational linkages—the trade unions with Labor and business with the Liberals—[have] weakened’ (Johns 2006, 66; Ward 2006, 89; Marsh 2006c, 131, 135-137; also see Marsh 2006b, 13).

The purpose of this article is to consider claims that there has been a major shift—the ‘discontinuity thesis’—in the recent history of the Labor Party. It is necessary first to determine what the Party has been, in other words the nature of its *material constitution*, until the 1960s. We argue that the ALP has been a capitalist workers party. We then examine what has happened to those features of the Party which identified it as ‘capitalist’ and those that made it distinctively ‘labour’. Has there been a transformation in Labor’s relations with different classes and social groups? In the second part of the article, we assess the argument that there has been a discontinuity in Labor’s *policies and practice*. We argue that, far from a fundamental break, there has been an underlying thematic continuity, in this respect, over the

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1 For a contemporary critique see Kuhn (1992, 357-361). More recently, Maddox continued to defend the ‘Labor tradition’ and noted that ‘Labor has apparently become a party of business’ (Maddox 2004, 51-57).

past century and longer. Labor was, and remains, a party that seeks to shape the capitalist state and capitalist economy in order to secure the process of capital accumulation. Continuity does not mean, however, that the Party's policies and practices have not changed over time. We use a case study of industrial relations under Gough Whitlam, Bob Hawke, Paul Keating and Kevin Rudd to illustrate some important changes. However, we argue that these changes did not result from an alleged 'betrayal' of a tradition, a key theme of the 'discontinuity thesis', but the interplay of the various forces that make up Labor's material constitution. We conclude with a summary of our case.

## Labor's material constitution

Australian socialist W. R. Winspeare argued, in 1915, that capitalists could benefit from Labor's ability to attract workers' support for policies contrary to working class interests (Winspeare 1914, 9-10, 22, 24, 37, 39, 45). In a similar vein, Lenin characterised the Australian Labor Party as a '*liberal labour party*', 'the unalloyed representative of the non-socialist workers' trade unions' whose officials also led the party (Lenin 1977, 216-217). From this perspective, the ALP was a *capitalist workers* organisation. A *workers* party, in that it was established by the trade unions and the working class formed its most solid base of mass support. This evidently distinguished Labor from its conservative rivals. It was a *capitalist* party, because its project was to manage the capitalist state and economy, not to overthrow or profoundly change them. Labor was, then, a capitalist workers party, rather than a socialist workers party because of the class interests of those who led and controlled it—the trade union and parliamentary leaders.

As Lenin put it of the British Labour Party,

[W]hether or not a party is really a political party of the workers does not depend solely upon a membership of workers but also upon the men that lead it, and the content of its actions and its political tactics. Only this latter determines whether we really have before us a political party of the proletariat (Lenin 1920; also see Lenin 1916).

The class position of top trade union officials is determined by the function of trade unions in capitalist society (Hyman 1971; Cliff and Gluckstein 1988; Kelly 1988). The purpose of unions is to improve the terms on which labour power is exploited, not to overcome exploitation itself. The job of union officials is to act as bargaining agents; to secure the best wages and conditions for workers. Their job is routinised, and the negotiations and the union become ends in themselves, rather than means to an end. Union leaders attempt to gain benefits for workers but they also seek to moderate working class demands to levels capitalists find acceptable, even if disagreeable. As has been established since the early writing of Sidney and Beatrice Webb, full-time trade union officials experience rather different working and life circumstances to the workers by whom they are elected or they are appointed to serve (Webb and Webb 1911). They are not exploited by an employer and they lead a relatively privileged lifestyle compared to the mass of their members. In playing their negotiating role, union officials come under pressure not just from members but from employers and the state. Don Rawson commented in 1966, '[s]ince the work by which they will be judged consists of trying to improve conditions under the existing, capitalist system it is not surprising that union officials have usually been reformist rather than revolutionary' (Rawson 1966, 14). They use their position in the ALP to further their interests as a social group, and these interests are fundamentally pro-capitalist.

Its parliamentary leaders reinforced the reformist rather than the revolutionary orientation of the ALP. Like union officials, Labor politicians mediated between workers and the capitalists. But they performed this function at one further remove from direct struggles at the

point of production. Like union officials their electoral work—canvassing support for Party preselection, door-knocking or speaking at public meetings—brought them into periodic contact with workers. But their normal routine did not involve relating to workers *as workers*: reporting to them at strike meetings or visiting workplaces to recruit to a union. Unlike union officials, therefore, Labor politicians rarely interacted with workers in forums where they could be disciplined. They were therefore even less subject to control by rank and file workers than union leaders.

Further, Labor politicians, unlike union leaders, were at times called upon to run the capitalist state which integrated them even further into the system. When in office Labor leaders have a responsibility to oversee some of the key elements of the state machine which they share with other senior public officials, for example, the heads of the public service and Reserve Bank, the military chiefs of staff, and the judges of the High Court (Kuhn 2005). These arms of the capitalist state were capable of reining in Labor leaders if their programs, while by no means radical, stepped too far beyond the parameters of what the capitalists of the day were prepared to accept. Jack Lang discovered this when he was dismissed by the Governor of NSW in 1932. Rather than challenge undemocratic bastions of authority, Labor politicians have in most cases bowed down before them. The personal benefits they enjoyed, in the form of high salaries, perks and pensions, reinforced a preference for gradualism and incorporation rather than radicalism.

Contradictory features of working class experience and consciousness<sup>2</sup> made a stable Party possible, despite the fact that Labor's leadership pursued policies contrary to the long-term class interests of its base.

On the one hand, the material reality of working class life and, in particular the exploitation that workers experience, can breed a basic sense of class identification. This is most apparent when exploitation drives workers to fight, evident in recurrent strike waves throughout the 20<sup>th</sup> century. The forms that working class self-identification take are varied. They can be relatively diffuse like disengagement at work, which is the norm (Moullakis 2005); support for particular football codes and teams; attendance at certain schools; and identification with specific religions. But they can also be more explicit and active, most obviously in episodes of industrial militancy and membership of trade unions. Between 1920 and 1980 approximately one half of the Australian work force were members of trade unions. In areas of blue collar employment the figure was closer to 75 per cent. Support for the Labor Party is best understood as another element of working class identity.

On the other hand, subordination to employers inculcates feelings of powerlessness, submission, adaptation to capitalist norms and a belief in the apparent 'imperatives' of the system: the sanctity of profits, national defence and international competition. While exploitation leads to a desire for justice, powerlessness breeds the belief that workers cannot win justice by their own actions and must rely on an arm of the state, in other words a strategy of parliamentary reform. Working class support for Labor, regardless of its record in office, was therefore reproduced by this mixed consciousness. Labor in turn moulded this outlook to promote nationalism.

In summary, Labor's material constitution, its character as a capitalist workers party, was founded on its ambition to manage the capitalist state while resting on a base of working class votes and trade union affiliation. Its leading personnel were trade union leaders and parliamentary representatives who depended on support from the working class but were not

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2 The dual and contradictory nature of working class consciousness is explored by Gramsci (1971, 333) and Lukács (1971).

working class themselves. Their orientation was to improve the lot of the working class within the capitalist system not to challenge it fundamentally.

Has Labor's material constitution, outlined above, been transformed in recent decades, as the cartel thesis suggests, or is it still essentially intact? The following sections consider in turn, the class basis of the ALP's electoral support, its membership, its leadership, its relationship with the trade unions, and its finances.

### *Electoral support*

A variety of indicators confirm that Labor's support base still rests predominantly in the working class. Although a majority of workers don't always vote Labor, workers are still over-represented among Labor voters. At the 2004 federal election, nearly 59 per cent of Labor's vote came from people who can be identified by their occupations as working class (calculated from Bean et al. 2004), as compared to only 43 per cent of the Coalition's. On average, nearly two thirds of trade unionists (63 per cent) voted Labor in the 11 federal elections between 1966 and 2004 (Leigh 2006, 541).

Despite these facts, however, Labor's bedrock electoral support amongst the working class has clearly been declining. In 1987, 59 per cent of manual workers supported Labor. By 2004 this figure had fallen to a record low of 42 per cent. Forty nine per cent of non-supervisory employees voted for Labor in 1987, only 39 per cent in 2004 (Scott 2006, 3). Labor can no longer rely on a case-hardened primary vote of 45 per cent plus in the way it once could. In 2007, when Labor won office for the seventh time in its history, it did so with a primary vote of 43 per cent. On every previous occasion it had polled between 48 and 50 per cent.

### *Membership*

Labor's individual (as opposed to union affiliate) membership has been declining over a long period. In 1954, just before the DLP split, Labor had 75,000 individual members (Scott 1991, 30). By 2006, membership had fallen to 40,000, while population had doubled (Ray 2006). Recent efforts to stem the decline have not had any notable success. In 2000, the NSW branch, which claimed 21,500 members, launched a membership drive with a target of 50,000 by 2005. Instead, the membership fell to 16,300 (Ramsey 2005).

The composition of the Party has been undergoing long-term change. The most dramatic shift has been the decline in blue-collar members who made up 46 per cent of the NSW ALP's membership in 1961. By 1981 the figure had fallen by more than half to 21 per cent, a far more dramatic decline than the fall in the blue collar proportion of the workforce. For a period in the 1960s through to the 1980s, the decline in blue-collar worker members was offset by an influx of higher level white-collar professionals, managers and administrators, in many cases former students who were attracted to the Party on the basis of its opposition to the Vietnam war, racism and sexism. However, the Hawke and Keating Governments' record on a range of social justice issues in the 1980s and 1990s demoralised many of this cohort, leading to a significant loss of members (Scott 1991, 25, 37-38, 46; also see Ward 1989, 175-184).

In contrast, there have been two groups whose weight in the Party has grown. The first is the layer of Party and union functionaries, their personal supporters and aspirants to such posts (Cavalier 2005). The second layer is retirees. Between the early 1960s and the 1980s, the proportion of those signed up as retirees in the Party rose significantly and, in 2006, the average age of members in the NSW branch was 60 (Davies 2006).

The decline in the ALP's membership has affected its organisation on the ground. Where once Labor had a base of members in the bigger workplaces who could be relied upon to

champion Labor's cause, this layer has now vanished. Former NSW minister Rodney Cavalier estimated in 2005 that the NSW branch had only 1,000 active members outside the apparatus and '[t]he Labor Party has ceased to exist below' (Cavalier 2005). In 2005, Mark Latham estimated that the active membership was 7,500 nationally and suggested that the Party had become 'a virtual party controlled by a handful of machine men' (Latham 2005a, 185; Latham 2005b; also see Button 2002; Ray 2006).

### *Leadership*

The decline in Labor's working class membership is magnified amongst the Party's parliamentarians. Until the election of Gough Whitlam in 1967, all national Labor Party leaders, apart from Bert Evatt, had experience as workers before entering Parliament. Even Evatt came from a working class family.

The election of Whitlam marked the advent of a new generation of Labor leaders. Whitlam's father was the Commonwealth Crown Solicitor and he himself had been a barrister. Of subsequent Labor leaders only Bill Hayden, who was a police officer before becoming an MP, had sustained experience in anything approximating a working class job.

The changes in the background of leaders were mirrored in the parliamentary caucus. In 1901, 63 per cent of Labor members of the House of Representatives and Senate had blue-collar backgrounds. Forty years later the figure had fallen to 39 per cent. By 1981, the figure was down to 12 per cent (Crisp and Atkinson 1981, 57). Table 1, which reports only the job held immediately prior to entering Parliament, indicates the dominant trend of the past two decades: the rapid increase in the proportion of politicians whose immediate prior occupation was in the Party or union apparatus. This category includes State politician, 'adviser, consultant, lobbyist', 'party and union administrator', 'party and union official', and 'researchers, research assistants, electoral and project officers'.

**Table 1: Previous Occupations of ALP federal MPs Immediately before Entering Parliament, 1971-2005**

	1971		1983		1993		2002		2005	
	N	%	N	%	N	%	N	%	N	%
Blue collar	5	6	2	2	0	0	0	0	0	0
Lower white collar	5	6	0	0	0	0	0	0	0	0
Higher white collar or professional	34	40	58	55	48	44	19	20	17	19
Party and union apparatus	21	24	22	21	47	43	65	70	59	67
Business	9	11	13	10	14	13	9	10	12	14
Other	12	14	10	12	1	1	0	0	0	0
<b>TOTAL</b>	<b>86</b>	<b>100</b>	<b>105</b>	<b>100</b>	<b>110</b>	<b>100</b>	<b>93</b>	<b>100</b>	<b>88</b>	<b>100</b>

Percentages may not sum to 100, due to rounding.

Source for raw data: *Commonwealth parliamentary handbooks*, 1971, 1983, 1993, 2002 and 2005.

The current life experience of Labor MPs is hardly likely to give them insights into workers' lives. It has become very difficult for Labor voters to engage with their elected representatives unbuffered by minders and spin-doctors. Five-minute shopping mall walk-throughs and community cabinets have become Labor leaders' preferred method of 'meeting the people'. The distancing is not just physical but financial. Even the most junior federal MP was paid \$2,436 per week, in 2007-2008, equivalent to more than double average weekly

earnings for full-time adult employees (\$1,173). The Prime Minister's weekly salary was \$6,334, well over five times average earnings (ABS 2008; Remuneration Tribunal 2007; Remuneration Tribunal 2008).

The high salaries of Labor politicians reinforce their integration into establishment circles. They are commonly guests at society weddings, private sporting events, charity lunches, and birthday or retirement celebrations for high profile business people. Prime Minister Kevin Rudd's relationship with the private capitalist class has been particularly intimate. His wife, Therese Rein, is the millionaire CEO of a large job placement agency which benefited from John Howard's privatisation of employment services.<sup>3</sup> Many Labor politicians also have direct and personal business interests. While this is not a new phenomenon (see, barely fictionalised, Hardy 1951), the current degree of business involvement of Labor politicians is unprecedented in its scope. On retirement, senior Labor politicians commonly join boards in both the public and private sectors or are appointed as consultants for property development and infrastructure companies seeking to win government favours (Higgins and Newman 2005; McCullough 2005).

#### *Relationship with the trade unions*

Labor's relationship with the trade unions is undergoing some important changes. As unions have lost members since the 1980s, the hold of the union leaders on the Party has come under attack. Leading members have been amongst the most prominent in calling for a reduction or elimination of the role of unions in the ALP (Grattan 2000; Button 2002). In 2002 the 60:40 ratio of union delegates to delegates representing individual members at most State ALP conferences was changed to 50:50. In March 2008, the Labor Caucus changed its rules to give the Prime Minister the right to select members of Cabinet, dropping the traditional practice by which the Caucus and hence the factions, vehicles of union influence, decided on the ministry (Norington 2007; Ramsey 2008).

Union power within the Party was historically premised on the fact that they provided the bulk of the Party's funds, traditionally up to 80 per cent of the total. In recent years the figure has been in steep decline. In 2005, according to former Senator Robert Ray, unions contributed only 15 per cent (Ray 2006).

These are notable and significant changes. They do not, however, constitute a qualitative change in the character of the Party. Union officials remain structurally embedded within the Labor Party. The power that union officials can still wield within the Party was a crucial factor in the May 2008 conference defeat of the NSW parliamentary leadership over the Government's proposal to sell off the State's electricity system and an important element in the complex events that eventually led his own right-wing faction to force Premier Morris Iemma to resign, in September (Mitchell 2008; Ong 2008; Patty 2008). Further, although the relative financial contribution of the unions has fallen, the amounts involved are still substantial. In the 2000s, the federal Party continued to receive an average of about \$5 million annually from the unions and substantially more in election years. In the run-up to the 2007 federal election, moreover, unions donated millions of dollars and mobilised thousands of union members to campaign *directly* for an ALP victory through their 'Your Rights at Work' campaign (Loughnane 2007). Union contributions to the State branches are at least as significant. Furthermore, unions continue to provide a stream of parliamentary candidates, the most prominent of whom went straight into the Rudd Cabinet.

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3 Although Ms Rein subsequently divested herself of her Australian investments prior to the 2007 election, she retained significant investments in her company's operations in the UK.

The relationship with the trade unions is therefore in flux. There are elements of continuity, elements of change. This greater complexity is illustrated by recent debates in the ALP about industrial relations (discussed below).

### *Finances*

As proponents of the cartel party analysis stress, the relative decline of union funding for the Party is an indication of important changes afoot—the increasing dependence by the Party on funding by the state and by big business (Johns 2006, 51).

State funding for political parties is a relatively recent phenomenon and takes several forms. First, there are direct grants by State and federal governments to cover election costs on the basis of the number of votes that a Party receives (Young 2006, 38). In NSW parties also receive the equivalent of domestic postage for a letter *every year* for each vote cast in the previous election. The total amounts received by the Party through these avenues are substantial—at the 2007 federal election, the ALP received \$22 million (AEC 2008). Other subsidies include public funding of Party-aligned research centres (initiated by the Keating Government) and international activities, tax deductions for donations to the Party, and free election broadcasts on ABC and SBS television and radio (Young 2006, 42, 49-50).

The Labor Party also receives state funding *indirectly* through parliamentarians' salaries and allowances. Parliamentarians receive a host of financial benefits, including, at the federal level: uncapped travel, telephone and photocopy allowances plus annual subsidies for printing, postal, and electorate costs. Further assistance comes in the form of salaries and travel expenses for Labor parliamentarians' and ministers' staffers; 'a couple of thousand' of them at State and federal levels by 2006, according to Senator Robert Ray (Young 2006, 52-59, Ray 2006).

Business funding now makes up a large slice of Labor income, accounting for at least 23 per cent of Party funds in 2001-2002. Donations from business are particularly evident at the State level where hospitality, property development, and media companies—all dependent on government favours—are major contributors to Party funds (AEC 2003). With money comes influence. In 2008 the NSW ALP offered 'Foundation Partners' who donated \$110,000 to the Party a package that included a private 'lunch with senior ministers' and a 'welcome lunch' with the State Premier and Treasurer (West 2008). Business is now integrated into the highest levels of the Party's operations, with the Rudd Government establishing a Business Advisory Council in March 2008 which included senior executives from Rio Tinto and News Corporation.

## **Policies**

Thus far our analysis of the ALP has focused on the Party's material constitution. What of the second element of alleged discontinuity in the Labor Party's recent history - its policies and practice? Does Labor's embrace of neoliberalism in the 1980s represent a qualitative break from its (allegedly) left-wing or reformist past, as Maddox and Battin argue? While it is true that Labor's adoption of neo-liberal policies did represent an important shift, there has been an underlying thematic continuity—Labor's willingness, although not without occasional faction fights and internal dissent, to pursue the policies of economic orthodoxy prevailing at particular phases of Australian capitalist development. In its embrace of the prevailing economic orthodoxy, Labor has had more in common with its conservative opponents than differences.

This does not mean that at particular moments, or even during whole periods, Labor's policies were identical to the conservatives'. Until the 1980s, Labor had a more expansive

approach to the welfare state and was generally more eager to use state-owned enterprises in the pursuit of national development. The Chifley Government's attempt to nationalise the banks in 1948 epitomised the Party's greater faith in state intervention and state-run activities. Labor has been more inclined to see the regulation of prices as an effective tool of economic management, initiating unsuccessful referenda in 1948 and 1973 to give the Commonwealth substantive powers in this area. Moreover, in the field of industrial relations, most evidently during the late 1920s and again in the late 1970s, there have been significant differences between the major parties' industrial relations policies.<sup>4</sup>

While important, these policy differences do not disguise the basic agreement between Labor and the main conservative party about the broad policies necessary to achieve prosperity in Australia, even if both sides had an interest in rhetorically magnifying their disagreements about details. After Federation both Labor and the conservatives shared a common programme of tariff protection to foster the development of manufacturing industry (Kuhn 1988, 123-136). During the depression of the 1930s, the ALP split and the federal and NSW governments fell. However, all of the Labor administrations, including Jack Lang's—the most radical—agreed to policies of fiscal retrenchment (Clark 1977, 148). In the 1930s and 1940s, Keynesianism became the orthodoxy of the economics profession, and Labor soon embraced it too, as did the Menzies Government that followed. Chifley's attempt to nationalise the banks can best be understood not as creeping socialism, as his conservative opponents argued, but a modest proposal to regulate credit that owed more to Maynard Keynes than to Karl Marx (May 1968; Kuhn 1986, 138-140). As the Australian economy became increasingly integrated into the world economy in the 1960s and 1970s, Labor embraced the thrust of a Report by Alf Rattigan, who had been appointed to chair the Tariff Board by the Menzies Government, and cut tariffs in 1973 by 25 per cent. And Labor pioneered monetarism in the 1975 budget, paving the way for the obsession with budget surpluses that remained a staple of Labor and Coalition economic policy until the economic crisis that began in 2008. (Whitwell 1986, 53-79, 216; Kuhn 1988).

Labor's policies have changed, sometimes in quite important ways, but these changes reflect less a shift from radicalism to moderation, as suggested by Maddox, than shifts in the requirements of capital accumulation. Constant throughout, however, has been a broad commitment to the interests of Australian capitalism. In periods of economic expansion, this has allowed scope for reforms that benefit Labor's working class base; in periods of retrenchment, at least some of these reforms have been withdrawn.

The Lab-Lib consensus has been as evident in foreign as in economic policy. While the bulk of the Party opposed conscription in 1916, resulting in the expulsion of Billy Hughes, the ALP was not opposed to Australia's participation in the First World War and remained a supporter of the alliance with Great Britain. Labor endorsed the country's entry into the Second World War, on Britain's side, and the Curtin Government subsequently introduced conscription for overseas service. Curtin's 'call to America' *did* represent a shift in Australia's alliance strategy, from close relations with one major imperial power to another, but it was a shift deepened by conservative governments. From that point to the present, the Labor Party has been loyal to the US Alliance which remains a bi-partisan matter of faith. The Coalition and the ALP differed over the Vietnam War and the invasion and occupation of Iraq in 2003. But Labor leaders opposed Australian participation in these conflicts because, under pressure from below, they correctly regarded them as ill-considered, likely to

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4 We owe the general thrust of this paragraph to an anonymous referee.

weaken US power and therefore not in Australia's 'national interest' (Kuhn 1997, 163-184; Crean 2003).

The discontinuity thesis suggests that there has been a long-term evolution from left to right in the ALP's policies and that this has constituted an abandonment of the great Labor tradition. This is inaccurate. Rather than there being a single 'Labor tradition', which has been betrayed, Labor's policies and practice have consistently reflected the interplay of the forces that make up the Party's material constitution—its working class base, the trade union officials and parliamentary representatives, and the pressure on the Party's leadership from the capitalist class and the state machine within which Labor's parliamentarians are embedded and whose interests they promote. Tension between these various elements has given rise to factional disputes and, at times, outright splits. These factors have pushed the Party to the left at some points, to the right at others.

We can use the evolution of Labor's industrial relations policy since the 1970s to make this point clearly. In the early 1970s, the union movement was on the offensive (following account is based on Bramble 2008). The strike rate was at a post-war high and union membership was growing rapidly. The capitalist class, having lost its ability to use arbitration as a bludgeon to end strikes following the O'Shea dispute of 1969, was on the defensive. In these circumstances, union leaders were in a strong position to place demands on the Labor Party and, in the circumstances of the post-war boom, the Whitlam Government was in a position to oblige. Before taking office, Labor promised significant reforms not just for the working class but the union bureaucracy as well.

Although the Government's industrial relations bill was gutted by the Coalition-dominated Senate in 1974, Whitlam's legislation still protected union representatives and members against victimisation, created a limited right of entry for union officials to workplaces, restricted the awarding of costs in proceedings under the Arbitration Act, and set up the Trade Union Training Authority (with a grant of \$3 million). The Federal government became a pacesetter employer, granting four weeks of annual leave, paid maternity leave, and one week of paternity leave. Further, the Government backed union claims at national wage case hearings and, on occasion, lent verbal support to unions during strikes.

The onset of the world economic crisis in 1974 halted Labor's program of reforms favourable to workers. Capital went on the attack, while unemployment undermined workers' bargaining power. In 1975, the Labor Government introduced 'wage indexation' which cut real wages and was continued by the conservative Fraser Government.

By the early 1980s, the labour movement offensive and the post-war economic boom were well and truly over. The working class and union officials were now in a weaker position to place demands on the ALP. Nonetheless, they retained significant capacity to obstruct. The capitalist class looked to Labor to carry through a substantial restructuring of the economy in its interests and to use its links with the unions to do so with minimal resistance from the working class. This strategy took the form of the ALP-ACTU Prices and Incomes Accord which earned Labor an unprecedented level of business support in the 1983 election.

The Accord committed unions to industrial peace in return for price controls and the maintenance of real wages 'over time'. In practice, control over prices was tokenistic, real wages fell, and the profits share of national income increased. Further, enterprise bargaining was introduced which traded off conditions for wages. Union density declined.

Despite its negative consequences for union members and workers in general, the Accord had advantages for union officials, especially those at the top of the movement. They had high-level access to ministers and were appointed to a range of positions on the boards of

statutory, advisory and other government agencies. Trade unions received financial assistance from the Government to promote controversial changes to work practices (Bramble and Kuhn 1999, 20-55).

The relationship between the parliamentarians and the union leaders changed again with the election of Kevin Rudd. After years of declining union membership and the erosion of union organisation in workplaces, by the early 2000s union officials had lost confidence in their ability to rebuild trade unions by leading struggles against a sustained employer offensive. They looked to the election of a Labor government to save them from the Coalition's WorkChoices legislation. Labor's opposition to WorkChoices was, moreover, a crucial factor in the Party's victory in the 2007 election. ALP publicity stressed the unfairness of the Government's policies and a union campaign, co-ordinated by the ACTU, hammered the point home. The capitalist class, for its part, made strong representations to Labor in 2007 not to return to the traditional award system. Labor responded by developing the most right-wing industrial relations policy in its history, 'Forward with Fairness', quickly dubbed 'WorkChoices lite'. Rather than boast of their good relations with union leaders, as Hawke had done in 1983, the new leadership team of Rudd and Gillard distanced themselves from the union movement (Shaw and Grattan 2007).

Labor's rightward shift reflected its desire to reduce business hostility, to capitalise on the weakness of the ACTU and to take advantage of the absence of any alternative force that could mobilise working class opposition to WorkChoices.

## Continuity or discontinuity?

Let us now draw the threads of the argument together. The discontinuity thesis suggests that Labor has undergone a change in its *material constitution* and its *policies and practice* over the course of the past three or four decades.

Some important elements of what made the ALP a distinctively workers party during the first half of the 20<sup>th</sup> century are certainly undergoing change, as the 'cartel party' proponents of the discontinuity thesis emphasise. Labor is now far more reliant on the state and big business for funds. The membership is smaller and less proletarian in character. Many local branches are moribund. The leadership is much more likely to come from the middle class and the Party and union machines, and is more deeply embedded in capitalist circles than hitherto. By the same token, it has shallower social roots in the working class. Labor's core working class vote has been in slow, uneven decline since the 1970s. The union bureaucracy has less influence in the Party than in earlier decades.

The Party is still, nevertheless, based predominantly on the working class vote and is led by trade union officials and their parliamentary allies, governing in the interests of capitalism. The union bureaucracy has not been displaced in the ALP, as the row in the NSW branch over the privatisation of the power industry during 2008 graphically demonstrated. If branch membership is in decline, union apparatuses continue to provide the staff, money and materials for Labor's election campaigns. Labor's voting base is still disproportionately working class, and the Party is still seen by many class conscious workers as 'their' party. Reformist consciousness within the Australian working class is still widespread, and this underpins continuing support for the ALP. For example, in 2007 many Australian workers looked anxiously to Labor to save them from WorkChoices, as opposed to using their own industrial power to throw back the attacks. Although diminished, the features that led to the characterisation of the ALP as a 'capitalist workers' party' are still in place. Labor is not simply a variant of the Liberal Party, distinguished only by a different marketing approach.

Our review of Labor's policy and practice suggests continuity rather than a sharp break with the past. Thus Labor and the main conservative party in earlier periods agreed about protectionist and Keynesian economic policies, as Marsh has acknowledged (Marsh 2006b, 3, 7). Furthermore, the emergence of the neo-liberal consensus was already becoming apparent during the mid 1970s.<sup>5</sup> This underlying continuity in policy is a result of Labor's long-standing commitment to managing Australian capitalism. The particular *form* of Labor's policies and practice has varied over time, but particular instances of such change can be understood not as a 'betrayal', but a reflection of changes within the framework of Labor's material constitution, specifically the relative pressure brought to bear on the Party by the working class and capitalist class mediated through the parliamentary and union leaderships. Just as there has been a shift to the right in Labor policies as the capitalist class's influence over the Party has increased since the last major working class upsurge in Australia in the early 1970s, so renewed and sustained working class mobilisation may see Labor's policies or those of a substantial section of the Party shift back to the left again, albeit within the confines of its reformist outlook and ambitions.

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5 Marsh variously dates the shift 'from the late 1970s' or 'after 1983' (Marsh 2006b 3; Marsh 2006c 124, 125).

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