AGENDA FOR RENEWAL

The old left verities are finished, argues John Mathews, and it's time to come up with a new grand picture.

For the past two years, Australia has been treated to a novel and unnerving spectacle — the rise of an ideologically radical Right that has come close to capturing political power. It has now become entrenched within the Liberal Party, and within business organisations like the National Farmers Federation, in a way which will ensure its continued influence over the political agenda. The New Right is a radical political movement, constituting a threat to the labour and social movements' project, and in this it is quite different from the threat posed by orthodox conservatism.

Like all radical movements, the New Right has had to overcome the hurdles of inertia and tradition within its own political constituency. Its attempts to do so have led to some spectacular clashes on the Right of Australian politics — from the leadership battles within the Liberal Party and the wider struggle between “wets” and “dries”, through the “Joh for PM” campaign and its destabilisation of the National Party, to the 1987 collapse of the Liberal/National coalition which kept the rest of the country mesmerised. The Hawke Labor government has played up these divisions, and has kept the opposition forces at bay through a tactic of selective ridicule and constant reference to John Howard’s poor popularity rating.

This tactic, while proving to be electorally successful in bringing Labor victory in July last year, hardly constitutes the ground for meeting the long-term challenge posed by the forces of the New Right. The New Right poses the challenge: vote for us and we will give you freedom. Freedom from big government, freedom from unions, freedom of choice in the market. This is a none-too-subtle message that is clearly striking a chord in the body politic, even if the outcome in reality is very different from these ideals. This political phenomenon can be traced to the breakdown of the postwar “consensus” around Keynesianism which, in its time, delivered mild counter-cyclical corrections and economic growth, but only at the cost of inflation. The necessity to provide a political setting for the operation of Keynesian and welfare policies, to determine incomes, prices and investment, was either not recognised or seen as too drastic a step. Now the New Right has signalled its intention of permanently postponing such a development.

It is not enough simply to react to the New Right’s case by ridiculing it, or by arguing in defence of the status quo. It is not enough to argue for unions, for nationalised industries, for the welfare state, without stopping to ask what it is about these institutions which is generating so much resistance, and whether there might not be some advantage to be gained from listening to the criticism and formulating constructive proposals designed to respond to them.

For it has to be understood that the New Right, in making its populist appeals, is responding to the same popular issues that should frame the agenda of the labour movement. There is a case to be made against some of the bureaucratic rigidities that labour movement influence has built into both the public and private sectors. The New Right responds with its own version of “economic democracy”, namely a market guided free-for-all. The labour movement has to take seriously the task of showing how an alternative version of economic democracy, one couched in terms of the direct, collective influence of workers and citizens, can avoid the perceived rigidities and defects of the system we have now.

There are others in the labour movement who are pragmatists and who argue that electoral success will always depend on carefully tailoring policies to the public opinion polls; they make the response of the conservative centre of public opinion the touchstone for all programmatic initiatives. Now, while this approach might have some success as an electoneering device, it is not an adequate way to generate a program of government. Quite apart from the fact that such a response is bereft of any strategic element, and is innocent of any attempt to build a popular coalition or constituency which might in the medium to long-term marginalise the New Right — quite apart from this, such an approach has learnt nothing from the Thatcher experience, where issues which commanded only minority support were brought to dominate the political agenda.

There is no longer, if there ever has been, a “natural” program or constituency for the labour movement to appeal to. The political agenda is being shaped by a variety of new forces and pressures, from the New Right to the new social movements organising around issues
of conservation, peace, and social justice. If it is not to lapse into opportunism, or to become just another social pressure group, the labour movement needs an integrating vision which is based on the traditional values of the movement — fairness, equality, rights — but which translates those values into relevant, imaginative and popular programmatic initiatives.

The ideology that has traditionally guided the labour movement's project is, of course, socialism. It is time to take a hard look at this ideology; when faced with a challenge as severe as that posed by the New Right, there can be no room for sentiment in formulating our counter-strategy. How relevant is the vision of socialism to the labour movement's project in the closing years of the twentieth century?

It can be argued that the term "socialism" today conjures up a mass of contradictory images, none of which are terribly helpful in meeting the challenge of the New Right. There are the "image" problems associated with the term — that it is linked with economically depressed rather than buoyant conditions; that it is claimed as their achievement by despots and murderers like Pol Pot in Cambodia or the Iraqi Baathist Party; that it is generally interpreted to mean greater state power in the economy, with enlarged public sectors, higher levels of government spending, higher taxation, and greater interference in people's lives. All of these are certainly undesirable images, or policies which the labour movement does not want to be tied to necessarily.

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At a deeper level there are problems to do with just how a socialist order ought to be defined. Is it a moral and ethical construct, or is there an economics of socialism? If so, how is this to be expressed, in terms of ownership of resources, economic decision-making, allocation of goods and services, and all the other problems presented by a modern, complex economy? When the creed developed, there was a degree of unanimity based on the simplicity of the notion of social ownership as a counterpoint to the individual ownership of capital, with all its attendant and manifest injustices. Today, there is no such certainty. Much of the recent work on "feasible socialism", for example, turns out to be, on closer inspection, the formulation of a democratised capitalism. If democratisation of the economy is the goal, then it would be better stated as such, and not confused with early, romantic notions of "socialism".

I do not want to be misunderstood on this point. The term "socialism" is one which is accepted within the labour movement as standing for a certain set of values. It conjures up an anti-
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pragmatic approach to history and to politics, and this will long continue to be the case. My point is that the term "socialism" and the conceptual array associated with it, are not helpful any more in formulating the near and medium-term goals of the labour and social movements. In other words, it does not generate a program. In the practical political and industrial arena, the term "socialist" today is used more as a sanctifier for any current aim rather than as a means of discriminating between different policy options. Our ideology, our paradigm, should not just present us with a set of goals or vision of the future, but should provide us with a means of choosing between different strategic and tactical options for reaching quite specific goals.

For example, in the debate between proponents and opponents of the Accord, the only thing both sides can agree on is that their approach is an advance towards socialism; in other words, the notion of "socialism" is so elastic that it easily accommodates opposing points of view. We have seen the same thing happen when socialists line up on both sides of the debate over nuclear power, equal pay, or many other current issues.

The fact is that no one knows any more what precisely is meant by the term "socialism", and no one group has the "papal" authority to clarify the issue. Its invocation tends to muddy the waters of otherwise rational debate.

So far my points agree with many of those made by labour movement activists who advocate dropping the term "socialism". The problem is: what to put in its place. I disagree emphatically with those who argue that when we drop the term socialism, we should also drop any pretensions to ideology or coherent goal. Proponents of this point of view, like Bob Carr, argue that ideologies have had their day. Carr argues that the pluralist democracies of the west are not wretchedly unjust societies; that active politics touches most people only in a marginal way; that real change is difficult to achieve. Against this setting, he lists a few things that Labor governments can hope to achieve, such as: delivering non-inflationary growth; developing an equitable tax system; turning the tide of environmental degradation; trimming waste from government; redistributing welfare from the middle class to the poor; and providing better services to working class suburbs.

There is no longer, if there ever was, a 'natural' constituency for the labour movement.

But this list, under even the most favourable interpretation, does not amount to an alternative vision of a "socially just" or "fair" society. In other words, Carr has failed, in my view, to develop a paradigm that would inspire the movement and provide it with an integrated set of feasible goals around which it can construct an alliance which will marginalise the New Right. He also fails to ground any of his prescriptions in a critique of the existing capitalist order. He thus has no way of demonstrating whether the mild reforms he advocates will have any purchase against the counter-trends developed within capitalism itself.

So to argue in favour of moving beyond a traditional concern with "socialism", is not to argue that comprehensive political goals are outmoded. At this late period of the twentieth century, following the experiences with fascism, nazism and stalinism, people are rightly suspicious of ideologies. Any new attempt to formulate a comprehensive picture must meet these suspicions and allay them. But the attempt must be made, for politics is ultimately about values and notions of the "general" interest that lies beyond the daily clash of special and particular interests.

In the light of this discussion, what, then, are the criteria that ought to characterise any paradigm for the labour and social movements that offers a genuine vision of a future this side of socialism? Let us call this a "post-socialist" paradigm.

Such a paradigm is emerging from many of the current initiatives being undertaken by the labour and social movements. We need to systematise these disparate initiatives into a coherent vision of economic democracy, to establish clear goals and guidelines for action in the 1990s. Our paradigm must provide a clear alternative to the vision promoted by the New Right — yet be feasible and practicable. The formulation of such a challenge shows how far the labour and social movements have come in making the transition from a culture of protest to a culture grounded in the responsible exercise of power.

Labor ministers are on record as identifying the "micro" issues of industrial restructuring, work organisation, training and skills formation, labour market restructuring and reform of industrial relations, as the major economic issues to be addressed by a third term government. This is a welcome direction for federal Labor policy to move in, for it addresses issues of national concern, and allows the movement to engage directly with the nostrums of the New Right. A framework of economic democracy then becomes of immediate relevance, for it offers a means of solving some problems which would otherwise appear to be intractable. Let us look at three such problems: investment, industry policy, and social policy.

**Investment**

Keynesian growth strategies, even coupled with an incomes policy to restrain inflation (i.e. the Accord) have not generated the investment that they are supposed to, and are unlikely to do so in the future. Continuing lack of investment, and the steady drain of capital overseas, is a problem for the Australian
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economy that defies exhortation and threatens to block the success of all other economic initiatives.

The New Right holds out for investment on its own terms (no unions, free markets, state-funded priming through, for example, military contracts). However, democratisation of capital and of investment offers an alternative approach to solving this most fundamental of Australia’s economic problems—not via nationalisation of the banks or some other ponderous mechanism, but via the creation of collective investment funds financed by profit-sharing schemes. The mobilisation of capital in this form, under democratic control, is a feasible means of reviving Australian industry. In the absence of such collective investment funds, one can expect investment to remain weak until the terms imposed by the New Right will be deemed acceptable.

Industry Restructuring

It is widely agreed that extensive restructuring of industry, in particular the take-up of new technologies and new management techniques (concentrating on value added and quality control) forms the precondition for survival in the competitive world market in the 1990s. It is arguable whether traditional external stimuli, such as tax incentives, bounties and grants, can bring about the drastic changes needed. The New Right ridicules these efforts and holds out the prospect of genuine restructuring through the free play of market forces. But this would doubtless be a brutal experience for the Australian people.

A different model of restructuring takes democratisation as its starting point. Some parts of Australian industry have already accepted this, and are seeking to upgrade their operations in consultation with their workforce through their unions, and on the basis of the recognition of the centrality of skill and development and training. Restructuring based on co-determination between industry and unions, with government orchestrating and resourcing this interventionist approach, provides an attractive alternative to the procedures held out by the New Right. This is precisely the path adopted by the ACTU in Australia Reconstructed.

Social Policy

It is the structure of social wage goods and services that has come most directly under attack by the New Right, as being inefficient and generating fiscal crisis. These attacks go to the heart of the welfare state, which was conceived in the post-war period as being additional to economic and industry policy, smoothing out the creases in the process of economic growth which financed it. But now we find economic growth faltering, while the demands on the system, from the unemployed and those hit hard by industry restructuring, are growing. There would seem to be little point in arguing for further expansion of the welfare system on the same model, against the counter-claims of the New Right who argue for the priority of labour market mechanisms. An alternative approach, which is consistent with a paradigm of democratisation, is to reconceptualise social policy as providing the framework for accommodating social and economic change. This would lead to the search for new means of financing these necessary services, such as profits taxes and new means of delivering them, such as through a guaranteed minimum income scheme.

An alternative, democratic approach to investment, industry policy and social policy exists. Its outlines are sketched in my recent book A Culture of Power. But it is worth underlining the point here that these are practicable alternatives to the simplistic nostrums formulated by the New Right; they do not necessarily call for “big” government in the way that socialist measures are normally portrayed. External regulation of the economy has never been an adequate substitute for transforming the economy from within, and this is what is now on the agenda. Getting inside the economy does not have to mean “state ownership” through the time-honoured route of nationalisation, or even high levels of state control. Instead, what is called for is a reconceptualisation of the political economy involving, for example, comprehensive social contracts limiting wage and income levels, price levels and investment, with a range of linked democratisation initiatives, such as new collective investment funds. Such initiatives do not mean “bigger government” or higher taxes, long associated with the socialist tradition, but a different approach to the internal transformation of the economy based on better understanding of the real and complex dynamics of the capitalist process.

No-one knows any more precisely what ‘socialism’ means.

These measures explicitly call upon the resources and energy of people themselves, organised in their association as citizens and workers. The implementation of these measures will require an act of political will, and will take at least a decade to accomplish—but the first steps will clarify and define a new political direction for the labour and social movements that is clearly distinguished from the direction advocated by the New Right.

This is an edited extract from John Mathews’ A Culture of Power: Rethinking Labour Movement Goals for the 1990s, published in May by Pluto Press in association with the Australian Fabian Society and Socialist Forum. It is reproduced with permission. © Pluto Press 1988.

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