As working class militancy explodes in an upsurge of struggles for better wages and conditions, the details of the ruling class plan for an offensive become clearer. The various sections and policy-makers and advisers of the ruling class are all offering their own 'solutions' to the problems of the system. Indeed, within the confines of agreement on general principles and of not saying too much in public, there is a veritable 'democratic' debate amongst the ruling class and its supporters as to the best way out of the present malaise.

In newspaper editorials, feature articles by, or quoting, 'experts', government and employer statements and inspired leaks from inside the government, there is recognition of the difficult problems facing the system and of the need for political as well as economic solutions. And there is also detectable an increasing realisation by the establishment that the economic and political solutions are very much related.

Marxists have long understood that the problems of the capitalist economy stem from deep underlying causes: economic crisis is part and parcel of the very dynamics of capitalism - an objective factor which asserts itself irrespective of subjective will, choice or political decision so long as the system remains. Equally, there is political struggle as to the solution, or the best solution, for particular classes and groups, whenever a crisis strikes. (Capitalists and their politicians and advisers can hardly be expected to see the most simple and permanent solution of all: abolish the system.) Therefore, from the point of view of the ruling class not only must they seek to find 'scientific' solutions to the objective problems of their sick economy, they must also find 'political' solutions to contain the response of the working class and others who also fight for their own interests, and are a force to be reckoned with sometimes more difficult than the objective economic problems.

The debate within the establishment therefore takes place on two fronts: how to nurse the economy back to good health and with what measures, and how to sell the various schemes and policies to the workers; or, if this is unsuccessful, how to contain and defeat the workers and their organisations as a necessary part of solving the crisis in the interests of capital.

That the need for an offensive on the second front is as pressing as solutions on the first is shown by the massive upsurge of workers' struggles in the last few weeks. Nurses in NSW hold their most militant meetings, marches and pickets ever, and adopt on-the-job tactics in place of strikes which might hurt patients; meatworkers adopt offensive tactics reminiscent of the NSW builders' laborers' strike in 1970 by going into food stores to demonstrate against scab meat supplies; woolworkers fight out an eight-week struggle involving sit-ins; teachers in NSW conduct a series of struggles around unemployment of teachers and the quality of education in schools. At another level, the AWU, one of the most conservative and rightwing of Australian unions, decides to fight a case before the High Court challenging the wage indexation guidelines. Many other sections of workers and unions are showing restiveness and willingness to engage in unusual levels and forms of struggle.

What is particularly striking about many recent struggles is that they have involved workers who have not been renowned for their
militancy. Almost spontaneously, these sections have organised and shown willingness to engage in different and advanced forms of struggle, going beyond what has, up till now, been the norm for other, traditionally much more militant, sections.

A second important feature of these struggles has been the semi-spontaneous way in which they suddenly erupted, taking governments and employers by surprise. Just as Fraser was preparing his main blow against the traditionally militant unions and was even so confident as to attack indexation, a quicker and stronger response came from the least expected quarters. These were not long-prepared struggles, planned by a few experienced militant leaders, but the response of ordinary and often inexperienced workers to the real situation they found themselves in. The realisation that 'God helps those who help themselves' has spread to wider and wider sections as they take stock and read the signs of what Fraser is up to. Ironically for Fraser, his own method of grabbing for power probably helped to spread and instil that realisation. Many workers, deprived of what they saw as 'their' government by a blatant 'breaking of the rules' have rightly concluded that to be organised and strong and to take action is the only way to defend their interests.

And on the economic front things look no better. All the surveys and forecasts point to more of the same - for how long nobody knows. As the Financial Review put it, in big bold type, in an advertisement for a coming series of articles on inflation: Everyone knows the problem, but no one seems able to solve it. This was under the unsmiling visages of Malcolm Fraser, Harold Wilson and Gerald Ford, not looking especially like three wise monkeys, although Wilson looks the wisest and quite clearly is, since he got out. One has the mental image of him taking a close look at Britain's books one night, deciding that all was lost and that someone else should preside over the demise of British capitalism while he retired to the ivy-covered cloisters of a university to watch the fray from afar and perhaps pen a line or two about it.

Even the computers are getting in on the act. These days every dynamic corporation apparently has one and gives it little riddles to solve like whether it will be profitable to invest in this project or that, and when and how. But in apparent confirmation of the theory that basic laws govern all parts of the universe, the transistors and diodes and electric wires don't seem to be able to come up with a different answer to those provided by the neurones and synapses of the best business and bourgeois economist brains. What the computers tell business, with a 'quality of financial and economic analysis now much higher than it has ever been in the past' (The Australian, April 8), is that it is not profitable, or not yet profitable under current conditions, to invest in various projects.

Or, to put it in more acceptable, 'human' terms:

"In general, Australian business is not about to spend its way out of the recession, because the men who are running it can see no logical reason to risk other people's money (read: their own money - in a capitalist society it is not unusual for the needs of PR to dictate that one says the exact opposite of what one means - B.A.) in the attempt."

Of course, they would very much like to be able to risk 'other people's money', as for instance with Fraser's 40 per cent investment tax allowance which takes taxpayers' money and gives it to business, but unfortunately, even that is not good enough at the moment.

"Liberal government or no Liberal government, says business, the realities of the situation determine the decisions to be taken. And reality in this sense means the outlook for profits, because profitability is the only genuine yardstick of efficiency in any economy .... " (John Hallows in The Australian, April 8.)

A better statement of the capitalist view could hardly be imagined. Hundreds of thousands may be unemployed while many social needs go unattended but business, individually and collectively, will not invest in projects, much needed by society or otherwise, unless profitability is guaranteed in advance. A different view of things, which puts social needs ahead of those of profit, would lead to a different way of doing things. Social capital would be made available for socially useful projects, with profitability a secondary, though in the long run not unimportant, consideration. Paradoxically, this would also generate the economic activity needed to bring the whole economy out of its decline and stagnation.
But it is precisely this wider view which capitalism is incapable of adopting, economic ‘spin off’ or no. Still less is it capable of implementing such a view and course of action. The very nature of the system makes this impossible except on a small scale. For what is needed is a planned and social approach to problems which looks at things from the overall view of social needs and invests or not, accordingly. This is only possible if at least the main means of production are socially owned. Individual capitalists, to whom profit is paramount, and who in any case would go out of business if they did not make profit, simply cannot proceed in this way. The logic of the system dictates that each separate corporation or business must make a profit or cease to exist. Therefore, none are capable, in a recession, of breaking the vicious circle. Each waits for the others to set the pace and create a new situation where it will be possible for them to make a profit. Thus the economy remains stagnant, until stocks are sold off or one sector of business is able to invest with assured profit, or government action in some way (by means of investment funding or government projects which provide contracts to private enterprise) creates a favorable climate.

Unfortunately for Australian capitalism, such a climate appears a long way off yet. As the above-quoted article by Hallows puts it: ‘.... the best business brains have come to the conclusion that the entire world economy is in for a long period of flat activity - and that in those circumstances the high-cost Australian economy as it now stands, with its soaring wages and inflation outstripping its foreign competitors, is in long-lasting trouble.”

There are two important aspects of the crisis mentioned here. The world capitalist economy, on which Australian capitalism is heavily dependent, is experiencing a combined recession for the first time since the thirties. And the Australian economy itself has particular weaknesses, due in large part to the heavy share of primary products and mineral exports in the total economy. Manufacturing industry is especially weak, as revealed in the Jackson report amongst others. This report, by more enlightened sections of the establishment, paints a sick picture of Australian industry. Since many of the factors responsible will not be easily rectified within a capitalist context, it can be expected that the problems will remain for a long time and will therefore make necessary dramatic policy initiatives by the ruling class.

In response to the individual situation and to the obviously long-term nature of the economic problems, ruling class strategy is shaping up along two lines which, at first sight, seem contradictory but which, more and more, are being seen as parallel and complementary. One is the ‘stick’ line, involving an offensive against workers, unions and the underprivileged. The other is the ‘carrot’ line, involving elaborate plans for workers’ participation and attempts to somehow ‘integrate’ the interests of workers and bosses.

Sir Eric Willis, NSW premier, in a policy statement for the State election, expressed this dual approach succinctly when outlining a new industrial policy: “which would not only tighten controls on unions but increase the involvement of employees with their companies. We are working on plans that will not only encourage employees to become shareholders in the company that employs them but also provide incentives to the company to do so.”

The two lines are seen as parallel and complementary by some, but others are more partial to one or the other. Such differences represent little in real terms, being very much by way of strategic and tactical differences within an overall agreement as to aims. But what is noticeable is that it is not only the ‘soft-liners’ and reformist ALP politicians who are pushing the ‘carrot’ of workers’ participation. Hard-line rightwingers such as Willis and Fraser have also recognised the need for something which can tie workers into the system more, make them feel a part of it, more happy and contented. This recognition has also been accompanied by a realisation that the more obvious and traditional tactics will also have to be carried out with greater sophistication. This is very much forced by the strength of the organised workers’ movement which has to be ‘conned’ as well as contained and attacked.

The new policy on the Prices Justification Tribunal is an example. In his policy speech, Fraser said he would abolish it, then promised Hawke, as a ‘peace offering’ that he would reconsider. Introduced by Labor and never
much more than a justifier of price rises, the PJT was nevertheless regarded as a nuisance and an intrusion into sacred rights by many big and small companies. But now the Tribunal is not only seen as a useful smokescreen and legitimiser of price rises, but also as a positively necessary part of the industrial relations landscape. A survey of the major companies by Dr. Neville Norman showed that all companies favored abolition of the Tribunal 'some time in the future' but that a big majority said 'it would be *industrial relations suicide* to abolish the tribunal at this stage'. (The Australian, March 27. My emphasis - B.A.). It is of course relevant to note that 'Most companies polled had said that since 1974 the tribunal had taken a softer line and presented less of a nuisance than it did in its first 12 months of operation'.

As with so many reforms introduced by a Labor government, the ruling class at first opposed the PJT, then discovered it wasn't quite the bogey it had thought and even had its uses; then found the ways to integrate it into the system of things and finally found that politically it was essential, at least for a time.

Then there is the question of indexation. Introduced by Labor to bring down the rate of inflation and prevent militant strikes by workers, indexation was nevertheless disliked by many sections of business. Hardliners in the ruling class would like to get rid of it altogether or else make it work even more in their favor. The Fraser government has taken this line too, opposing the full flow on of CPI increases and calling for the Arbitration Commission to 'take economic conditions into account when fixing rises' and claiming that the guidelines do not oblige the commission to grant full cost of living increases. In other words, as The Australian put it, the government wants to place more emphasis on the state of the economy than on industrial peace.

But other sections of the ruling class think that the alternatives to indexation would be less advantageous to their interests. This approach stems from appraisal of the upsurge of industrial struggle which suggests that indexation may be the lesser of two evils, etc.

This new approach has been forced by the realities of the upsurge of industrial struggle which not only makes it difficult to attack indexation but makes it clear that indexation is the lesser of two evils. Indeed, there is a very strong push from within the union movement in the *opposite* direction: indexation should go or should be seen as a minimum, not a maximum, goal because the workers could get *more* by collective bargaining. In this situation, sections of the ruling class are saying to the government that indexation must be preserved as the only way to keep the situation under control. The more clever are even advising that some settlements should be made with workers *outside the guidelines* if necessary, to avoid too great industrial strife. An editorial in The Australian on April 3, titled 'We are at the crossroads on indexation' said:

"If the commission cannot settle a few major strikes under indexation guidelines, let the strikes go on: better that than the onset of wholesale industrial anarchy and economic catastrophe, which will appear if we return to the rule of industrial muscle clawing for ever-higher wage rises out of spiralling inflation."

"And that, make no mistake, is the most likely alternative to the indexation system. It is hardly realistic to believe, as some government members fondly imagine, that the end of indexation would mean wage rises lower than inflation in any circumstances other than an economic crash."

And further on, the editorial concludes:

"A clear attempt to persuade the unions of the advantage of the combination of wage and tax indexation might even now save the cause."

Notable here is the added recognition that tax indexation of some sort should be introduced without delay as part of the 'package' offered to workers. The aim is to offer workers a stabilisation of their *real* incomes so that they are unaffected by inflation. For the moment at least this much should be conceded (and imposed) to avoid strife and difficult questions such as whether workers should in fact get a *larger* share of the cake than they have at present. At first sight tax indexation might seem a big concession to workers but in reality it, at best, takes money away from social service spending and puts it into the private consumption sector. It would reduce government income, but with an openly pro-business government which gives big handouts to industry, this would simply mean less spending on education, health, unemployment benefits, and so on. Thus,
workers would gain on the swings but lose on the roundabouts. Moreover, since increased spending on consumer goods is what business wants as part of a recovery the gain is also to the benefit of business. That is one reason why the economic struggle, if narrowly conceived, tends to keep within the system. Only when social priorities are discussed by workers, in terms of where social effort is directed and what is produced by labor, can the economic struggle assume a wider, more challenging nature.

And when workers begin to demand a say in these matters, as part of a slate of demands, their struggle will take on a more political aspect.

The ruling class debate also takes place on questions of 'industrial relations' which is the name given to the study of how best to keep workers in their place. Again The Australian steps in with some sage advice. In its editorial of April 12 titled 'The pitfalls of confrontation', it devotes considerable space to a discussion of whether confrontation gets anywhere. It poses the question:

"... both sides (unions and government - B.A.) should ask themselves whether the politics of confrontation ever really succeed - at anything below the level of full scale revolution (!!) and then only at enormous cost."

The question of course is really posed for Mr. Fraser - The Australian has never been noted for sincere advice to unions. The editorial, for Fraser's benefit, then goes on to analyse the fate of Edward Heath's confrontation with British unions. It points out that Heath thought he held all the political cards when really he didn't, and that the strikes he brought on by his tactics 'further weakened the economy he was striving to improve and brought his government down'. The alternative was a more sophisticated strategy:

"How much better the British situation would have developed if Mr. Heath, instead of uniting the union front against him and losing national support in the resulting industrial crisis, had tried to work with the moderate unions to seek an overall compromise solution. Mr. Heath might still be in office and the unions' members might face better prospects today." (read: "Mr. Heath might still be in office and business might face better prospects today with an integrated and less militant working class.")

Even B.A. Santamaria, from the extreme right of Australian politics but closer to ordinary people than the millionaire grazier prime minister, weighs in with his bit. His regular weekly column in The Australian of April 2 is called 'The risk of war with the unions'. He warns that even a government with such huge majorities in both houses as Fraser's could find itself in serious political trouble a year from now unless it adopts different policies.

"It (the government) will find that both the instinct for a 'fair go' and the hard facts of industrial survival will jam the moderates in the trade unions together with their enemies of the extreme left."

Therefore, there should be a policy of 'equality of sacrifice'; otherwise the government's difficulties 'will mount rapidly'. This means, according to Santamaria, a few relatively cheap concessions such as higher unemployment benefits and increases in child endowment benefits from the third child upwards. (The latter is just, but it also plays nicely to Santamaria's catholic gallery and would stave off the economic aspects of the ordinary catholics' growing restiveness with Church birth control policy.)

All this is of more than passing interest. Capitalist establishments throughout the world are striving desperately to find a new social policy which can meet the needs of the modern crisis. They are looking for a new equilibrium for the system and will attempt full-scale reorganisation of it if that is thought necessary. While the crisis poses very difficult problems, such a reorganisation which does establish at least a partial equilibrium cannot be ruled out. It would probably involve increased authoritarianism (of the state and civil society) together with schemes like participation to buy off some sections of workers and middle strata.

The left should therefore follow the ruling class debate very carefully and be ready to respond effectively to all aspects of the new social policy which is emerging from the debate and being tested in various ways. Confrontationist attacks will have to be countered (and their defeat by workers and others is by no means a foregone conclusion) but so too will the less obvious but also dangerous policies like participation.