As the first year of the Fraser government ended the signs were multiplying that a confrontation between government and unions could occur at any moment. The simmering tension between governments and business on one hand, and unions and workers on the other has come very close to open struggle on a number of fronts. Victorian government moves to limit union action on social and environmental issues such as Newport, Fairfax intransigence over printers’ demands and the use of scab labor (backed by plans to introduce sweeping technological changes to the printing process) and various threats to ‘get tough’ with unions are all indications that the conservative forces are itching to smash union militancy and shackle unions’ ability to act in either the narrow or wider interests of workers.

Whatever the outcome of the present confrontation it is clear that the next few months could well see an attempted decisive move by Fraser to ‘cut the unions down to size’, thus making it easier to solve the crisis in the interests of capital.

Yet while this big stick of conservative policy occupies attention at the moment, there has also been increasing prominence in recent months for another approach to solving the system’s problems. This has been labelled, in previous ‘Comments’, the carrot approach. This Comment examines that approach in more detail.

The more subtle, softline aspect of ruling class strategy is mainly bound up with various ‘participation’ schemes, but also has more general philosophical and political aspects. With the system in crisis in many respects, after the long boom and successes of the post war years, there is a need to try to justify and shore up the system ideologically as well as to solve its objective problems in fact. And while no amount of ideology can substitute for solutions to objective problems, the battle of ideas in defence of the system and against the socialist alternative is very important - in politics, even crucial.
For, as Marx recognised long ago when he distinguished between a 'class in itself' and a 'class for itself', a class which is objectively exploited and oppressed does not necessarily see that its interests can best be served by overthrowing its exploiters and oppressors and reorganising society in its own interests. Social changes, especially revolutions, are above all political acts requiring a certain degree of consciousness, if only partial and not fully understood, about what is being done. Therefore, if socialist and progressive and militant consciousness is weak, the response of workers and others to a crisis situation may more easily be contained within the system.

The ruling class recognises this, and so wages an endless ideological campaign. In the present crisis this campaign has been stepped up, although it is also accompanied by real soul-searching by establishment thinkers as they seek to find new answers to replace the old certainties.

Of late, a large number of business leaders, Liberal politicians and capitalist ideologists have gone into print on a philosophical plane trying to explain the crisis by shifting the blame onto alleged national characteristics of laziness and softness (Jim Killen and Sir Paul Hasluck) and calling for various solutions such as worker participation schemes, share ownership by employees, etc. As Sir Robert Norman, chief general manager of the Bank of NSW, and a leading planner and advocate of capitalism put it recently, business must get out and sell its system. Business leaders, he said, can no longer afford to be political neuters. They never were, of course, but Sir Robert is really pleading for a more active intervention in politics by more business people, as his later comments show:

There can no longer be any room for any person being a neuter in the sociological and philosophical upheaval which reflects the gales of change battering our world today.

In other words, capitalism must develop its own ideology further, make it more appropriate to the real conditions of the time, and take the offensive. This ideological battle is cloaked in fine-sounding words but really has a 'crass' material aim: the self-interest of business. For, according to Sir Robert, industry makes no genuine effort to tell its employees how their organisations and industry really work. It does not make or emphasise the point that the workers' greatest enemy is not the organisation that makes a profit but the one that does not. Ours is not just a profit system, it is a profit and loss system, and on our entrepreneurial enthusiasm we either stand or fall. Profits, therefore, become the broad yardstick of our efficiency.

What worries Sir Robert is that it is precisely the profit (profit and loss, if you like, although he never poses the question: who profits and who loses?) system which is in question and doubt. After all, if, as many more are beginning to see, it is the profit system and its problems and contradictions which is the basic cause of the 'sociological and philosophical upheaval' then who can wonder at the questioning and doubt. To meet this questioning and doubt, the system's rulers and supporters are developing all sorts of theories, explanations and prescriptions, all with the aim of proving that the system is still the best of all possible worlds, that its problems are caused by the
people who inhabit it and that if only they would change things would be OK once again. Some of the theories are just plain way out, like those of the philosopher Ayn Rand, who calls for a return to laissez-faire capitalism which even most other capitalist theorists realise is an impossibility.

But some of the theories are much cleverer and the solutions they propose are more realistic, capable of containing and confusing working class opposition unless carefully combated. Foremost among these are the various schemes for worker participation and share ownership.

These days it is not just reformist politicians who put these ideas forward; even extreme rightwingers like Willis and Fraser are looking carefully at the schemes as a possible solution to the general problems. Liberal Senator Peter Rae, writing in The Australian on April 15 under the revealing heading “The workers’ role in saving capitalism” puts the pro-capital case very well:

World capitalism and its social, economic, political and environmental effects, is in the throes of a public examination for which it appears regrettably ill-prepared. There is an obvious reluctance on the part of unions, company directors and governments to face the reality of this public examination.

Worker participation, says Rae, has been discussed and resisted by ‘vested interests’ in such a way that the public has become ‘confused’:

Yet, it is, in my view, an inescapable matter for resolution if the capitalist system of private enterprise is to be preserved.

Nothing could be clearer. To make it even clearer that Rae’s concept of participation is a thoroughly capitalist one, and not crypto-socialist or a sell-out to the workers, he goes on to oppose too much government intervention in business and the
development of big corporations which might stifle individual initiative. For:

Individual activity remains, and in a free society must remain, the chief engine of development and improvement in both economic and social activity.

Rae extolls the virtues of small business ("... still by far the largest provider of employment in Australia") and the individual entrepreneur. He wants to find a way whereby these capitalist virtues of individual initiative can be extended to involve workers and others who in reality suffer from the sort of individual initiative which Rae admires. To perform the difficult task of making people believe that they are or can be participants in private enterprise and 'individual initiative', it is necessary to provide sops which give people the feeling of a material stake in the system and some measure of control.

To preserve the opportunities for individuals we need to reform the nature of the relationship between the individual and the big corporation - particularly qua investor and qua employee. In other words we need to reform and make more efficient and attractive the avenue for participation of the capital and labor provided directly by individuals.

Economically, this is pitched more in the interests of small business and middle class people with a reasonable amount to invest than at workers, most of whom would find it very difficult to rake up any significant amount to buy shares with. But politically, the main intention is to somehow find the ways to tie workers into the corporate system. Rae ends with a despairing question, aimed at the hardliners within the establishment and at those within the workers' movement willing to be conned:

Is it too much to hope that an awareness of the problems of our economy will cause people to start looking beyond the symptoms of strikes, industrial unrest, investor apathy, declining growth rates etc. to the true nature of the disease - the failure to provide a system adequately involving a broad cross-section of individuals and sufficient to enthuse both their capital and labor participation?

'PARTICIPATORY' CAPITALISM

This 'improved form of participatory capitalism' - to use Rae's somewhat grandiose term in a later article - is increasingly the concern of capitalist policy makers.

Mr. J.H. Valder, chairman of the Sydney Stock Exchange, recently called for 'worker participation in the ownership of companies' and clearly saw this as a way to tie workers into the system, to give them a stake in it so that they would defend it as theirs.

What we should be doing is making all employees and their families realise that their own welfare is dependent on the financial success of the companies for which they work.

From the establishment point of view there is not necessarily anything sinister about all this. They see their system as the only possible one so that the welfare of everyone, even those at the bottom of the heap, must depend on the health of the system. It follows logically that people must be made to see this, hence schemes like participation and share ownership.

Australian ruling class interest in these ideas was given a push by the recent visit of American advocate of the ideas, Louis O. Kelso. A corporate lawyer, he has developed the 'Kelso plan' which encourages employees to acquire shares in the company for which they work. The Sydney Morning Herald editorialist, with disarming honesty and a neat play on words, dubbed Kelso a 'corporate prophet'. That the pun was intended is clear from the discussion in the editorial:

The obvious intention of such schemes is to break down the barrier between labor and capital and give workers a direct interest in their employers' profitability.

And to underline the point, the editorial goes on:

The former NSW Minister for Labor, Mr. Hewitt, believed that the plan could be the answer to industrial trouble.

The Herald is, naturally, well aware of the major obstacle to the plan:
It is doubtful whether the response of the union leadership will be as favorable. Those leaders intent on heightening rather than lowering class conflict would see it as a threat to their position. They could portray it as an attempt to buy off their workers rather than allow them to participate in decision-making at board level.

The Herald is dead right about this last point. Of course they never pose the question, let alone answer it, whether the scheme is in fact an attempt to 'buy off'. Equally, it never asks whether conflict in fact should be heightened, not in the interests of trade union leaders but in the interests of that vast majority of Australians who make up the working class and who only ever get anything when they are prepared to show a little fight. And who can wonder at the suspicions of trade unionists when, as the Herald itself notes: "Mr. Fraser said .... that he found the proposal attractive "in philosophical terms" and had it under examination". A bit more ruling class philosophising! Of course, the proposal is 'philosophically attractive' because it is above all politically attractive - but then, even Mal the Knife likes to wax philosophical to tart up self-interested schemes. (The individualism involved in share ownership and the thought that even the workers can become 'little capitalists' with their own share in the system is a comforting hope in these times of 'philosophical upheaval').

LABOR PARTY POLICIES

Even more important for the working class movement is the approach and policy of the Labor Party on these questions. Various State Labor Party branches have adopted policies on worker participation although there is no sign of any precipitate rush to implement them and the politicians take great pains to dissociate themselves from any confusion with workers' control. During the May NSW election campaign, Liberal Premier Willis attacked the ALP for having a workers' participation scheme which threatened the rights of business. The Liberals sent a letter to employers asking for campaign donations on the basis that return of the Willis government was essential to preserve the free enterprise system in NSW. This exaggerated (and now, after six months of Labor government, demonstrably false) claim was backed up by reference to the worker participation policy of the NSW Labor Party. Wran very hastily denied that the worker participation policy meant workers' control and then went on to say that in any case the policy had been dropped for the time being. He explained that he had met with union leaders before giving his policy speech and they had agreed that 'industrial experiments' such as worker participation and the 35-hour week (!) would have to be put aside because of the state of the economy.

It is interesting that Wran felt he had to put aside his own party's policy so as not to scare business and that large sections of business are still wary of anything which might give workers a small say in management. For the fact is that far from threatening capitalist interests, worker participation schemes are designed to maintain them. In some countries of Western Europe these schemes have already proved their worth in containing workers and even in boosting profits. It is therefore only the conservatism and backwardness of Australian capitalists together perhaps with a fear that workers offered participation schemes might demand workers' control, which prevents them adopting the plan.
A close look at Labor Party participation policies shows clearly that they are not intended to threaten capitalism or to serve as a transition to socialism. Indeed, ALP leaders are even very careful as to the pace and degree of worker participation. In a letter to the *Financial Review* earlier this year, Don Dunstan stated that industrial democracy must 'develop slowly' (i.e. not too quickly!). This is from one of the foremost advocates of worker participation in the country.

The NSW Labor Party has developed a detailed worker participation policy (the one that Wran will not implement 'in the current economic climate'). The policy statement makes it quite clear that workers' participation is envisaged as operating within the system:

*One of the difficulties that must face us in seeking to introduce systems of Workers' Participation in Australia is to find the appropriate form of participation having regard to our existing social and economic system and the laws and procedures already in operation for the regulation of relations between employers and employees.*

In other words, in no way is the campaign for workers' participation seen as breaking out of, or even pointing away from, the existing system. From the very beginning, its proponents are careful to design it in accordance with the way things are at present. This method of introducing 'industrial democracy' is seen as the 'realistic alternative' to workers' control. It is conceded that Workers' Self-Management, as practised in Yugoslavia, is the 'ultimate in worker participation in management'. But:

*The problem is that its application in Australia would be severely limited by the question of ownership.*

*In a socialistic state such as Yugoslavia, where the means of production, distribution and exchange are vested in society as a whole and where the workers act as managers, no problems arise.*

*In a mixed economy such as we have in Australia, the private ownership of capital, no matter how remote it may be (?!), presents the basic contradiction to a system of Worker Control.*

This hits the nail on the head. But having come thus far, it is a pity that conclusions are not drawn as to the value for socialists in a capitalist society of promoting worker control ideas. Rather than the existing ownership of capital being the basic contradiction to a non-existent 'worker control system', the statement is far better turned around: Struggles for workers' control present a basic contradiction to the ownership of capital.

Not surprisingly, the policy's authors do not draw this conclusion, preferring instead to use the fact of private ownership as an excuse for developing participation schemes rather than struggles for control:

*However, as a general rule given the fact that our society will continue well into the foreseeable future as a mixed economy with a substantial measure of private ownership (?!), then the most appropriate system to strive for is one which will work, and produce considerable tangible benefits for working people rather than one which, whilst the ultimate ideologically, would have limited practical application.*

No socialist would deny that it would be much easier, in today's conditions, to
implement worker participation. But anyone claiming to be socialist should ask whether to do this will assist the socialist movement or the capitalist system. That it will more likely assist the latter can be seen from the statements of capitalist policy makers at the beginning of this Comment and from a study of the real experiences of participation schemes in other countries. An interesting light is shed on this by Per Ahlstrom, an editor of Metallarbetaren, the monthly magazine of the Swedish Metal Workers' Union, the largest in the country. (Reprinted in the AMWU monthly journal, October 1976). Since Sweden is the country where participation has been refined to a high level, and is regarded by reformists the world over as a social-democratic paradise, Ahlstrom's views are significant. He says:

What has really happened in Sweden is that employers have realised that it is economically profitable to have good working environment. And that production often moves more smoothly if the workers, who have first-hand knowledge of the way things are done on the shop floor, are allowed to participate and give advice and tips about improvements.

Ahlstrom points out that companies in Sweden function in a different climate from that in other capitalist countries. The Social-Democrats promoted full employment and a levelling out of wages among workers. This resulted in shortages of labor during boom periods and difficulties in 'buying' workers by paying higher wages than competitors. Therefore, companies in Sweden hit on the working environment as a selling point to attract labor.

Companies with poor working environment and monotonous work have trouble retaining their employees. Turnover and absenteeism are high. That costs a lot of money.

Volvo was probably the first company to realise that. By backing improved environment and consultation with the workers Volvo tried to reduce personnel turnover and absenteeism. And it worked out well. An inside investigation that Volvo made is said to have indicated that investments in good working conditions produce a 20 per cent return. (My emphasis - B.A.)

It is this last fact which has helped to promote great interest in participation schemes in countries where the industrial climate does not force it. Big business is beginning to realise that participation may be more than just a way of staving off worker discontent - it may also produce dividends in the literal economic sense. Significant in this respect is the linking, in Sweden, of participation and 'humane' working conditions with piecework. Although in factories like Volvo's the assembly line has been broken down and workers produce in small teams, the companies can still control work speed in their own interests. Ahlstrom notes:

There are many ways to control a worker's working speed. The moving assembly line is just one of them. The most frequently used method is the wage system. With piecework, no moving assembly line is required. The worker is still forced and enticed to work hard in order to earn as much as possible.

The employers are reluctant to break this link between participation and piecework:

In more and more industries, unions are demanding fixed salaries. But the employers' answer is almost always no. The Swedish employer's desire to experiment does not go that far.

Ahlstrom concludes:

The experiments undertaken thus far by Swedish companies have not altered the relationship between employee and employer in any decisive way.

The NSW Labor Party document recognises, if only in a naive way, that business will not be very interested in participation and 'job enrichment' schemes unless it has something to gain:

Whilst much research material is now available on the question (of forms of worker participation) surprisingly (?) few companies have shown even the slightest interest in this area except when they are beset with high labor turnover in times of full employment.

But the question is never posed, by the authors of the document, of whether there can be any compatibility between the needs
and interests of bosses and workers. If employers are only interested in participation as a means of solving their own problems, how can it be anything more than a mechanism for propping up the system by tying workers into it more firmly?

Socialists, of course, are interested in improving the lot of workers even within the system - very often they are the most effective organisers and participants in struggles to do this. But socialists should never be part of helping to develop schemes which help the system overcome its problems. That is why the concept of workers' control, even as part of day to day struggles within the system (e.g. workers' control over safety matters) is the one which socialists should put forward in opposition to participation.

It is interesting to note that there is a theoretical underpinning for the concept of participation in the Labor policy document. This is the idea that there are no longer any big capitalists and that the real problem today is the 'professional managerial class'. The document says:

*The controllers of capital in Europe have come to accept the rights of employees to share with them the responsibility for decision making at the highest level, the Board of Directors. This is as it should be as in most cases today there are no clearly distinguishable owners of capital. Rather there is the small shareholder, the bank depositor, the insurance policy holder and the mutual fund investor, people who are as powerless as are employees in dealing with the controllers of capital, the professional managerial class.*

*Professional Managers control the enterprises as they do the financial institutions, in most cases with no greater commitment than a desire to retain their influence, privilege and power indefinitely.*

These naive and demonstrably false views, put forward long ago by the ideologists of 'people's capitalism', have been demolished, not only by marxists, but also by 'reputable' sociologists such as C. Wright Mills. He showed that the so-called professional managerial class was well-integrated into the wealthy and powerful elite who really controlled things and that there was a strong identity of interests between them. To suggest that the small groups of big capitalists who own controlling shares in the big corporations are not in control of their own companies is as naive as the next statement in the Labor policy:

*As the power of this group (the managerial class) is being checked in Europe for the good of the community....*

If one really believes this analysis then participation schemes can readily be justified as an advance for the working class. Indeed, the policy almost suggests that it is also an advance for the poor old shareholders, who are just 'as powerless as employees....'

'The test of the competing theories behind the strategies of workers' control and workers' participation lies in practice as well as analysis. If all the managers are interested in is maintaining influence, power and privilege then how does one explain the statements of capitalist representatives at the beginning of this article that workers must be convinced of the need for companies to show a profit? It can safely be predicted that, since profit is the main consideration of any capitalist enterprise, no participation scheme can ever go beyond the limits set by profit considerations. As noted above, this has been the experience in Sweden, where participation and job enrichment are most highly developed.

The real test of any participation scheme would take place if and when workers started to demand a say in the goals of production and what is produced. One can imagine the response of business if workers at, say, GMH, voted to produce public transport vehicles instead of the Golden Holden. The only way a participation scheme can work is if there is a large measure of ideological agreement between bosses, managers and workers about major questions like this - that is, if workers are firmly integrated structurally and ideologically within the system at both the workplace and the more general social level. This is to some extent unfortunately the case in places like Sweden and West Germany.

That is why socialists must firmly reject participation and similar schemes.

B.A.

20.11.76.