The following is an edited version of a report given by Communist Party Joint National Secretary, Eric Aarons, to a CPA National Committee meeting on September 22.

The political, industrial, as well as the economic scene in Australia is in a state of flux.

Big battles have taken place, and bigger ones will occur.

Both promise and danger for the labor movement and the left are contained in present developments. The main features of the situation are:

- The continuing world, and Australia, economic crisis.
- The swing to the left registered at the ACTU Congress and evident also in some, but as yet far from all, unions.
- The consolidation of the left in the Labor Party nationally and in some states (not yet including Queensland), and changes in leaderships which provide new openings.
- The clear intention of Federal and Liberal or National Party-led state governments to up the ante in the union-bashing stakes, seeing this as both necessary to a successful capitalist resolution of the economic crisis, and as the main lever for reversing their generally declining electoral fortunes. The ASIO legislation and other state attacks on democratic rights (Western Australia and Queensland especially) are linked in with this, while also casting a wider net.
- The volatility of the political climate, shown especially in the South Australian elections.

More inflation and more unemployment make the economic outlook grim. One commentator (John Palmer), reporting the Tokyo economic summit earlier in the year, said: "The seven leaders have given up the pretence they can manage the world economy".

They are leaving it, he said, to economic forces, hoping that the recession will bring about a restructuring which would allow a resumption of growth.

But, he concluded, "How much of the capitalist world economic and social order will survive the process remains to be seen".

OECD says the world recession will be "worse than '73 since the recent recovery was not complete".

A new cyclical downturn, and rising inflation — which is behind the escalating gold price — has hit the US, which accounts for half of the capitalist world's production.

Recent oil price increases will cost about 70 billion dollars.

But, though grim, capitalism's situation is not yet catastrophlc, or even beyond redemption.

The capitalists face what a Financial Review article called "the hard slog of the uncertain '80s" (as distinct from the rosy promise of the "Soaring '60s").

The continuing economic crisis does not mean that restructuring cannot achieve some of the capitalists' aims, or preclude areas of economic growth in a stagnant or even overall declining state.

And the political development depends on the political battle waged.

While the Fraser government has been somewhat on the defensive, it is moving to go onto the attack, and only some elements of an offensive from the labor movement are yet present. But some of these elements do exist, and we can and should build on them in the broad movement and in our own party.

The higher Australian inflation rate results from government decisions which have boosted petrol prices and health costs; from the rural boom and high food prices; from high rents and lack of houses people can afford to buy; and from continuing decisions by big corporations to raise prices to further boost their profits.

The outburst of pent-up dissatisfaction with partial indexation, productivity and relativities is hampering the government's efforts to secure higher profits for the corporations while restricting inflation by substantially depressing wages, though
their efforts to do so and to cut the social wage and increase the tax burden, continues.

Substantial increases in unemployment are certain. Four per cent non-farm growth is needed just to absorb the increase in the workforce, without reducing existing unemployment, and growth forecasts are much less than this. The bureaucracy expects at least another 50,000 a year increase till 1983.

As we know, the real unemployment figure is much higher than the official one, as large numbers do not look when they know they cannot find, or are ineligible for the dole.

It's a joke, but one deserving of an angry response when the mealy-mouthed budget papers say:

(The drop in workforce participation) presumably reflects withdrawal from the workforce by those who, while offering for jobs under more buoyant market conditions, do not feel a need to seek work where it is much harder to find (the so-called (!) 'discouraged worker effect').

Another feature of the unemployment figures is that the number of wage workers has actually declined at a time when the total of people in the workforce has slightly increased [from 5,965,600 in '76-'77 to 6,007,300 in '78-'79]. This comes about because the number of employed and self-employed grew from 868,000 in '76-'77 to 933,000 in '78-'79 (i.e. by 7.5 per cent) while the number of wage and salary earners actually fell [from 5,066,000 to 5,049,000 over the same period].

This almost certainly arises from the rapid growth in body hire and sub-contracting, which poses new problems for the unions in a number of industries.

Despite incompetence, despite more appearance of action than real action, despite the fact that the economic forces within capitalism continually escape political control, the government doggedly pursues its economic strategy which involves:

- making Australia an attractive field, compared with other countries, of investment for multinational capital by holding down inflation and depressing both direct labour costs and the social wage. John Byrne of the Financial Review said — July 2 — that "ideal conditions" exist for foreign investment and takeovers
- to flog off resources, minerals and processing (for example of Aluminium) at bargain basement rates
- to move the more labour-intensive industries offshore to take advantage of low wage rates and labour forces 'disciplined' by repression
- to restructure what's left, though with an eye cocked to political effects (hence the vacillation on tariffs, etc.)
- to milk the state (financed by the mass of taxpayers) by sale of profitable public enterprises, and, especially, provision of infrastructures and cheap power supplies.

Politically, they aim to put the unions in a strait-jacket by state action backed by popular sentiment because it can't be made to 'stick' otherwise, and to shunt off into a ghetto that section of people who bear the main brunt of the crisis — the unemployed.

We know that politics is complicated, and not a simple expression of the economic needs of big capital. But those needs are often quite straight-forward.

Recently I spoke with someone who works for one of the big mining multinationals interested in aluminium and uranium, among other resources. He said that these corporations quite openly discuss the political and economic requirements of their enterprises.

The lead time for a big mining development, for example, Roxbury Downs, is 7 to 12 years, so the stability of price projections, inflation rates and labour costs is absolutely crucial in estimating whether the hundreds of millions invested will return the required profit.

You don't need to be a marxist to draw the conclusion that speed is essential for profitable uranium mining in Australia, or realise why certain forces became hysterical over the ACTU debate and the preceding ALP decision.

Nor to conclude that general political stability and wage 'stability' (if possible at a declining level) is sought.

A leftward swinging trade union movement, especially one which can defy penal powers and state-established wage
guidelines and effectively contest the control and plans of the multinationals, just does not suit. And, with most other resource-rich countries very politically unstable, Australia remains one of the last which is conservatively-stable.

So, even here, the issues are not purely economic. Any left thinking can be dangerous to such stability. Any social movement, for example the environmental one, can be a danger, for they are exporting pollution along with capital. Less directly, women’s liberation is also seen as ‘destabilising’ the social fabric.

Despite South Australia, the government is in considerable strife as a result of the intractable economic crisis and the conflicting demands of different sectors and groups, reflected in the growing strains within the coalition and between state and federal governments.

Disenchantment with Fraser is growing, though he is unlikely to be dumped in the near future because there is ‘no one more competent’. And, although some members of the ruling class are ruminating on a switch to a Hayden Labor government with a ‘good management’ and ‘stability’ program, they have not yet taken the plunge.

We have heard that Fairfax and Packer met recently and decided to stick with Fraser. Murdoch may be keeping his options open, hoping that the Queensland-type rightwing will extend its influence nationally, that Keating will be able to follow the Ducker act in NSW, and that Hayden and the centre-right majority in the Labor Party can be pressured in the right direction.

And, while the media are not all powerful, anyone would be foolish to ignore the awesome power they can bring to bear at an instant, given a situation to work on.

The main political weapons the Fraser government and its supporters are counting on are disbelief in Labor’s and Hayden’s capacity to manage the economy and restore prosperity (even if the Libs themselves can’t either), and especially the escalating union-bashing.

Surveys don’t reveal everything, but can’t be shrugged off either. A Gallup poll in August found that three-quarters (74 per cent) of those surveyed believed unions should not have the right to strike if an Arbitration Commission hearing had gone against them; the same proportion believed that in those circumstances, if the strike caused great public inconvenience, the union should have to pay a heavy penalty; and three-fifths believed that the federal government should be able to suspend or dismiss employees during emergencies such as the Telecom dispute.

To change this, which is essential, requires a vigorous defence of the unions. But, in a rough parallel with the Union of Students, it requires as well a sustained effort to change the way people perceive trade union actions. And this requires a deeper and more consistent adoption of interventionist and mass-oriented policies and tactics.

It requires also a more determined and well-conceived pursuit of industry unionism and struggle for union democracy and to overcome the constant danger that union officials, including communists, may become bureaucratic and get separated from the party and the union rank and file; and more attention to the role of migrants, women and youth.

There are some events which indicate the new phase of development the labour movement is now in.

In the first place are the victories of the left in the ACTU Congress.

There are the pressures and stirrings in the trade unions arising from the crisis, the squeeze on living standards, the restructuring and technological development of industry, and the emergence of new forces seeking a ‘new deal’. These can, in a conjuncture of circumstances, put even left leaderships of unions in jeopardy as the Jim Baird defeat showed, or lead to left advances.

There is the retirement of Ducker from his controlling position in the NSW Labor Party, basically because his health could no longer cope with his accustomed level of service to the right-wing cause.

The appointment of Keating is in some ways a sign of the weakness of the right, because he wished rather to be the string-puller behind the scenes, furthering his ambitions for future leadership of the Labor Party.
This could be jeopardised somewhat by him being so directly involved in the machine. But the rightwing pressured him, realising the dangers of a weak figure in this position.

Keating is neither weak nor lacking ability. But any change is dicey in a tight situation such as the rightwing in the NSW Labor Party now faces. And cutting the link between Party and Labor Council control creates openings for left advance.

I don't know what is happening in the SA Labor Party following the electoral debacle, but no doubt it will stir things up. Then there is the issue of Queensland following the suspension of Senator Georges and the expulsion of Joe Harris.

If the Casey leadership, with its grouper-like policies, is consolidated in the course of this struggle, it will severely set back the struggle for civil and union rights in that state and therefore nationally.

It will crush or severely constrict the reform movement and the developing socialist left (there are twenty or more other people on charges at present, and if the leadership succeeds now, it can pick anyone off in future).

It will make Hayden, who also comes from Queensland, captive of the right, or open to continual blackmail and pressure in policy and organisationally.

The response in the unions and the Labor Party organisation is very good at this stage. Continued and mounting support is needed from unions and Labor Party organisations from all over the country.

The candidature of Bob Hawke, finally announced, for the federal seat of Wills, coming on top of all the above developments in the labour movement, highlights the changes taking place and adds a further dimension.

Hawke has considerable popularity arising from his positive role in helping to modernise the trade union in the first years after he became ACTU president, from his aggressive and effective media performances against bosses and conservative politicians, and perhaps to a certain extent his "larrikin" streak with which many working class people identify.

This popularity makes him first choice as a prime minister in a recent public opinion poll.

Unfortunately, Hawke is increasingly showing that he will use his popularity to further his own ambitions, rather than as a weapon against the employers and conservatism (the chiefs of some very big corporations are among his close associates). The same ambitions are likely to be very disruptive within the Labor Party, whether Labor wins the next elections or not.

More important are the changes in Hawke's political-ideological position, as he increasingly makes the left in the labor movement his primary target.

The Murdoch press, which has been rooting for Hawke more strongly and openly than anyone else, said in a revealing editorial the day after he announced his candidature:

The right...believes (with good reason) that the ALP is basically its party.... Thus Mr Hawke's decision signals the opening of a new round in the fight (against the left).... It is a fight the right wing has to win — for the survival of the ALP as the true voice of Labor and in The Australian's opinion, for the good of the country.

This editorial (September 24) also hints about possible political realignments flowing from a Hawke-led fight against the left. And Hawke himself made some veiled statements about his future actions if thwarted in his ambitions, which could be taken in the same vein.

In other words, Hawke's entry into the parliamentary arena could eventually result in quite far-reaching realignments in political formations in this country. Naturally, the left will strive to see that if this comes about, the end result will be favourable to the labour movement and to the socialist cause. But a great deal of damage could be done in the meantime, aiding the multinational and local big corporations to achieve some important parts of their aims.

Will there be a federal election this year?

Probably not. Fraser would be unwise to take the SA result as a signal to have one.
Nevertheless, he is obviously keeping his options open, and we cannot dismiss the possibility.

The thrust of the left’s present activity is directed against Fraser, and will be in the next election. Some pleasure can be taken in the quite good chances of his defeat. But it is necessary to look ahead, having in mind the Labor government that would replace Fraser’s, and beyond.

The ruling class is clearly looking ahead to this eventuality, whether it accords with their wishes or not. It is supporting the rightwing in the unions and the Labor Party and organising pressures on the Labor Party and its leading figures to make it pliable to their demands.

We must take initiatives and help mobilise forces from the other end of the political spectrum.

On the broad scale, this means especially continuing and deepening the interventionist/worker control content of industrial struggles on the basis of the many positive experiences, and to further develop in number and quality the programs and policies which embody this approach.

On a narrower front, it means also influencing Labor Party policy and direction. There is the example of Hayden’s wealth tax proposal.

This should be supported in order to (a) make this class issue also a mass issue (which it is not yet), (b) ensure that the promise is not forgotten, and (c) push it beyond the limits within which Hayden would wish to confine it.

A further example is the aluminium ‘explosion’ in Australia, especially NSW, which raises also the whole question of minerals and energy policies. The NSW government is spending hundreds of millions ($750 million has been mentioned) on power stations in and around the Hunter Valley. Secret deals have been made with the multinational aluminium companies to provide the huge amounts of electricity needed, for a song.

Even the Financial Review was moved to demur:

To believe that the decisions being taken at the moment are in the best longterm interests of the nation as a whole, one must believe that a vertically-integrated international industry and politicians at the State level — two groups whose interests nestle closely together — would, in the absence of public inspection, resist a strong temptation to play sweethearts. (Editorial, August 8.)

Why the editorial writer excused the Federal government from these strictures is not revealed; perhaps it is just political coyness.

And could the Financial Review’s righteous indignation on this occasion have something to do with the fact that CSR missed out in this heat of the aluminium stakes?

We do not know the deal. But Comalco, two years ago, had a fight with the New Zealand government when it wanted to increase the charges by 600 to 800 per cent. It then emerged that Comalco was paying 0.2 cents per unit while private consumers were paying 2.33 cents — 11½ times! In Queensland the cost of electricity to aluminium companies could be as low as one-thirtieth of the general consumer price.

There should be a campaign to demand that the agreements be made public, and to develop more concretely policies on control of resource development, resources taxes, environmental controls, jobs, etc.

Alongside activities in the broad movement, we should greatly intensify our own independent work as a political party standing for socialism, and prepare to enter the next federal election, whenever it is, as a major practical way of doing so.

We should link this with party building utilising the occasion of our 60th anniversary in October next year, with emphasis on building in industry, educating our members, improving our organisation, and disseminating our congress documents and other policy materials in a more extensive, assertive and self-confident way than we have in the past period.

This includes, particularly, further improving our fine 16-page Tribune, increasing its circulation, and raising the $60,000 Press Fund target.

Once again, I stress again the menace, but especially the promise, of the present complex situation. I believe we are in good shape to make significant advances in the coming period.