Who Rules Australia?*

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To the very limited extent that political scientists and political journalists are interested in the analysis of power in Australia, they assume it to be competitive and fragmented.[1] According to one well-known liberal journalist, power resides with

the multiplicity of interest groups and power concentrations which pervade the Australian scene: big business, the trade unions, the public service, the press, police, churches, courts, universities, the political parties and finally the Governments themselves. No one of these has a monopoly of power; instead they compete for it, and the central balance at any particular moment is probably between the various groups which have been striving for it.[2]

This pluralist view of power is shared by almost all political scientists, who soothingly pronounce that there are no dominant classes or interests in our society. Hughes blandly describes Australia as a 'free pluralistic society'.[3] Wolfsohn celebrates our 'pluralism of pyramidal structures'.[4] Miller proclaims Australia as a 'pluralist society' in which power is shared by 'highly differentiated and fragmented strategic élites'.[5] Parker declares that in New South Wales 'the rich diversity of economic life maintains a stable – though not a static – equilibrium among the contending political interests and pressures, and prevents any one group from permanently dominating the political scene.'[6] These observers do

* The structure of this chapter owes much to Ralph Miliband, *The State in Capitalist Society*, Weidenfeld and Nicolson, London, 1969. See also Isaac Balbus' review in *Monthly Review*, vol. 23, May 1971; Nicos Poulantzas' review in *New Left Review*, no. 58, November-December 1969; and Miliband's reply to Poulantzas in ibid., no. 59, January-February 1970. The insightful critiques of Miliband by Balbus and Poulantzas deserve to be contrasted with the condescending remarks of the professor of social philosophy at the Australian National University: 'So far as Anglo-American political science is concerned (of course things are different in countries like Italy or France which have not arrived at the ultimate stages of political modernization) Miliband is like a survivor from an earlier vanished world.' (P. H. Partridge, *Politics*, vol. V, no. 2, November 1970, p. 235.)

1. This pattern is not unusual. To quote an expatriate Australian: 'The question which more than any other seems to guide research on the Soviet system is "Where does power lie?" With exceptions such as C. W. Mills, Robert A. Dahl and F. Hunter, few scholars of *American* politics give the same prominence to the question, and in *Britain* scholars practically never raise it at all.' (Ross Terrill, 'Problems in Applying the Theory of Totalitarianism to the U.S.S.R.', *Politics*, vol. III, May 1968, p. 8.)

2. Craig McGregor, *Profile of Australia*, Penguin Books, 1968, pp. 337, 339. For a similar formulation by a conservative journalist, see Donald Horne, *The Lucky Country*, Penguin Books, 2nd rev. ed., 1967, pp. 165–6.

3. Colin A. Hughes, 'Polity', in A. F. Davies and S. Encel (eds), *Australian Society*, Cheshire, Melbourne, 2nd ed., 1970, p. 245. L. F. Crisp also states that Australia is 'a liberal pluralist society'. (*Age*, 6 November 1971.)

4. Hugo Wolfsohn, 'Power in Australia', *Arena*, no. 6, Summer 1965, p. 10. It is also instructive to examine a more widely-read article by Wolfsohn entitled 'The Ideology Makers', reprinted in Henry Mayer (ed.), *Australian Politics: A Second Reader*, Cheshire, Melbourne, 1969, ch. 5. The author is not at all concerned with the vast ideological and cultural influence which business wields on Australian society, but he does attach considerable importance to the activities of judges such as Sir Edmund Herring and clergymen such as Sir Irving Benson.

5. D. F. Miller, 'The Culture of Social Quiescence', *Dissent*, no. 17, Winter 1966, p. 19.

6. R. S. Parker, 'The Government of New South Wales', in S. R. Davis (ed.), *The Government of the Australian States*, Longmans, Melbourne, 1960, p. 60.

not deny the existence of 'élites' in the economic, political, administrative and other pyramids of power, but they maintain that such 'élites' lack the degree of cohesion and common purpose required to turn them into a dominant or ruling class.[7] Indeed, they see competition between the different 'élites' as a guarantee that power in Australia will be diffused and not concentrated.

In all essentials, the pluralist analysis of power is false.[8] Forming part of the conventional wisdom of most political scientists, it would be more appropriate to call it a conventional obfuscation of Australian reality. Crude marxist analyses of the local power structure[9] have come much closer to reality than the smooth writings of those in the conforming academy. One prestigious political scientist has alleged that the concentration of economic power is of 'first importance in Australian life – if not in Australian politics'.[10] Such blindness to the close connection between economic and political power deserves to be contrasted with Neumann's view that 'the translation of economic power into social

7. For an important discussion of the terms 'dominant class' and 'ruling class', see Wlodzimierz Wesolowski, 'Marx's Theory of Class Domination', in Nicholas Lobkowicz (ed.), *Marx and the Western World*, University of Notre Dame Press, 1967.

8. For critiques of pluralism, see Miliband, *The State in Capitalist Society*, chs 1, 6; Charles A. McCoy and John Playford (eds), *Apolitical Politics*, Crowell, New York, 1967, part II; Robert Paul Wolff, Barrington Moore, Jr, and Herbert Marcuse, *A Critique of Pure Tolerance*, Beacon Press, Boston, 1965, ch. 1; William E. Connolly (ed.), *The Bias of Pluralism*, Atherton Press, New York, 1969; and Isaac D. Balbus, 'The Concept of Interest in Pluralist and Marxian Analysis', *Politics and Society*, vol. 1, no. 2, February 1971. See also references in John Playford, 'The Myth of Pluralism', *Arena*, no. 15, 1968, reprinted in F. G. Castles, D. J. Murray and D. C. Potter (eds), *Decisions, Organizations and Society*, Penguin Books, 1971.

9. Some examples are discussed in John Playford, 'Myth of the Sixty Families', *Arena*, no. 23, 1970.

10. R. S. Parker, 'Power in Australia', in Colin A. Hughes (ed.), *Readings in Australian Politics*, University of Queensland Press, St Lucia, 1968, p. 23.

power and thence into political power becomes the crucial concern of the political scientist.'[11]

Economic and Social Characteristics

Australia is a capitalist society in which the overwhelming part of economic activity is dominated by private ownership. There is, of course, a sizeable 'public sector'. The state owns and administers various industries and services; it performs an important economic role by way of regulation and control; and it is also the largest customer of the 'private sector'. Indeed, a number of industries could not survive without the subsidies and credits dispensed by the state. To quote a former Prime Minister, 'the overwhelming bulk of expenditure in the so-called public sector is basic expenditure in the private sector.'[12]

In a speech to the N.S.W. Chamber of Manufactures' annual dinner on 5 August 1970, another former Prime Minister, J. G. Gorton, referred with pride to the fact that successive governments had provided millions of dollars 'to help private enterprise develop'.[13] According to the 1969–70 annual report of the Tariff Board, the protection of secondary industry alone was costing $2,700 million a year.[14] Ansett Airlines receives extremely generous subsi-

11. Franz Neumann, *The Democratic and the Authoritarian State*, Free Press, Glencoe, 1957, p. 12.

12. Robert Menzies, *The Interdependence of Political and Industrial Leaderships in the Modern State*, British Institute of Management, London, 1964, p. 8. For an important analysis of the economic functions of the bourgeois state, see Robin Murray, 'The Internationalization of Capital and the Nation State', *New Left Review*, no. 67, May-June 1971.

13. Government constructs roads, railways and wharves for big business, mining companies pay paltry royalties to government, etc. For some examples see Bruce McFarlane, *Economic Policy in Australia*, Cheshire, Melbourne, 1968, p. 39; and Brian Fitzpatrick and E. L. Wheelwright, *The Highest Bidder*, Lansdowne, Melbourne, 1965, pp. 102–3.

14. *Australian*, 24 September 1970.

dies and tax concessions, and to survive competition from Trans-Australia Airlines it has required 'massive Government protection'.[15]

State intervention is nothing new in Australian capitalism; it has always been of crucial importance in the economic life of the country.[16] In his presidential address to the Sydney Chamber of Commerce, W. H. Lambert recently stressed that Australian business had 'clung to the skirts of Government since the days of John Macarthur'.[17] However, although the scale and pervasiveness of state intervention has been increasing in recent decades, the state still owns only a subsidiary part of the means of production. Thus, to speak of Australia as a 'mixed economy'[18] – with the clear implication that capitalism is a thing of the past[19] – is to attribute an incredibly misleading meaning to the notion of mixture. State intervention has consolidated the capitalist

15. Stewart Joy, 'Transport in Australia', in *Anatomy of Australia*, Sun Books, Melbourne, 1968, p. 237. See also *Australian*, 27 November 1968; *Bulletin*, 25 April 1964; McFarlane, op. cit., p. 41.

16. Noel G. Butlin, 'Colonial Socialism in Australia, 1860–1900', in Hugh G. J. Aitken (ed.), *The State and Economic Growth*, Social Science Research Council, New York, 1959; S. Encel, 'The Concept of the State in Australian Politics', in Hughes, op. cit.; Russell Mathews, *Public Investment in Australia*, Cheshire, Melbourne, 1967; S. Encel, *Equality and Authority*, Cheshire, Melbourne, 1970, pp. 62–5.

17. *Canberra Times*, 22 August 1968.

18. See for example H. W. Arndt, *A Small Rich Industrial Country*, Cheshire, Melbourne, 1968, p. 6; Paul A. Samuelson, Keith Hancock and Robert Wallace, *Economics: Australian Edition*, McGraw-Hill, Sydney, 1970, p. 41.

19. Several years ago the present editor of the *Bulletin* proclaimed that capitalism was dead. See Donald Horne, 'The Metaphor of Leftness', *Quadrant*, vol. VI, Winter 1962, pp. 60–61:
'. . . until recently there were great economic and social problems inherent in emergent capitalism. . . . These problems have now been solved. . . . Our present kind of "mixed economy" or liberal-democratic state, or whatever it is, is not capitalism. It is the product of the social clashes that destroyed capitalism and its problems.'

system; it has enabled private enterprise to function and prosper.

Despite the fact that most enterprises are small or medium-sized units, capitalism in Australia is increasingly synonymous with giant enterprise. The most important feature of economic life is the domination of key sectors of industrial, commercial and financial life by a handful of large firms. Particularly marked is the high concentration of ownership and control of the means of 'mental production' – the mass media[20] – which makes possible the moulding of public opinion in the spirit of the desired ideology. Another major feature is the rapid penetration of the multinational corporations which already control many crucially important industries. Foreign ownership and control introduces new political and economic dimensions into the structure of Australian capitalism. As Connell has noted:

> 'Australia' is not a natural unit for the analysis of power structure . . . The structures of power which bear on economic and political decision-making about the geographical entity we call Australia ramify far outside its borders; to talk intelligibly about Australian élites *per se* is not possible.[21]

The inflow of foreign capital has led to the relative weakening of the 'native industrial bourgeoisie' which is exhibiting an ambivalent attitude towards foreign capital. The multinational corporations exert pressure on the state to do nothing in economic policy which would discourage further foreign investment. Foreign capital also exerts an influence on Australia's foreign policy but regrettably the connection has hardly been touched on by social scientists.[22]

20. A. F. Davies, 'Mass Communications', in Davies and Encel, op. cit., pp. 520–21, 538–9; Dick Thomson, 'Capitalism and the Mass Media', *Australian Left Review*, no. 31, July 1971.

21. R. W. Connell, 'Australia: Dilemmas of Sociology', *Politics*, vol. V, no. 2, November 1970, pp. 206–7. See also chapter by Wheelwright in this volume.

22. A pioneering attempt – marred unfortunately by appeals to nationalistic populism – to analyze some of the issues involved is

A small number of people own a markedly disproportionate share of personal wealth in Australia. Many of them also control the uses to which their assets are put, but increasingly this control is vested in people who – although generally wealthy – do not themselves own more than a small part of the assets which they control. The owners and controllers together constitute the class which marxists have traditionally designated as the ruling class.

The other end of the social scale is occupied by the working class. The major form assumed by the 'relations of production' is that between capitalist employers and industrial workers. The economic and political life of Australian society is primarily determined by the relationship between the class which owns and controls and the working class. In fact, the political process is mainly about the confrontation of these social forces. The intermediate strata, however, are of considerable importance and they significantly affect the relations between the dominant class and the working class.

Australia is usually described as 'democratic'[23] on the ground that its political institutions prevent any class or interest gaining a permanent political advantage. Marxists, on the other hand, term it a 'bourgeois democratic' society in which an economically dominant class rules through these institutions. They argue that this class, by virtue of its economic power, is able to use the state as an instrument for the domination of Australian society.[24] However, before

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Fitzpatrick and Wheelwright, op. cit., ch. 18. See also Marshall Windmiller, *The Peace Corps and Pax Americana*, Public Affairs Press, Washington, D.C., 1970, p. 17.

23. On 16 September 1970, the then Deputy Prime Minister, Sir John McEwen, stated in the House of Representatives that Australia had already 'achieved democracy', while the Federal Attorney-General had earlier asserted that civil disobedience could never be justified in Australia since it was 'a fully democratic society'. Cited in Henry Mayer, 'Speaking Freely', *Australian*, 27 August 1970.

24. For an outline of the marxist theory of the state, see Miliband, 'Marx and the State', in Ralph Miliband and John Saville (eds), *The Socialist Register 1965*, Merlin Press, London, 1965. See

determining whether an economically dominant class wields decisive political power, it is first necessary to demonstrate the existence of such a class.

Pattern of Economic Power

Australia has never lacked purveyors of the myth that we live in an egalitarian society. A former Prime Minister said: 'I do not know any free country in the world where what is produced by the community is more fairly and evenly distributed among the community than in Australia.'[25] The present Premier of N.S.W. has observed: 'We have no poor people in New South Wales. Nor any very rich people. Ours is a classless society.'[26] These affirmations were echoed by Horne who once wrote that the 'redistribution of wealth' had 'made inequality (unless by a sense of inequality you mean envy) a minor problem . . .'.[27] More recently, he has declared that 'Australia is the most egalitarian of countries, untroubled by obvious class distinctions, caste or communal domination . . . there are still inequalities of wealth, power and opportunity, but the ordinary people have won – or had delivered to them – a profound and satisfying ideological victory.'[28]

The evidence, however, tells a very different story. Walker has noted: 'The information available on labour's share in the national income . . . suggests that labour's share has

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also Nicos Poulantzas, *Pouvoir Politique et Classes Sociales de l'Etat Capitaliste*, Maspero, Paris, 1968; Quintin Hoare and Geoffrey Nowell Smith (eds), *Selections from the Prison Notebooks of Antonio Gramsci*, Lawrence and Wishart, London, 1971, pp. 206–76; Louis Althusser, *Lenin and Philosophy and Other Essays*, New Left Books, London, 1971, pp. 121–73.

25. H. E. Holt, cited in the *Australian*, 30 September 1967.

26. R. W. Askin, cited in the *Sydney Morning Herald*, 22 November 1967.

27. Horne, op. cit., p. 61.

28. Horne, *The Lucky Country*, pp. 19–20.

not risen to any marked extent since early in the century.'[29] Encel concluded that the distribution of income 'appears to have remained largely unchanged during this century, and . . . the share of national income received by the working class, in particular, has remained virtually the same . . .'.[30] Russell has demonstrated that the distribution of income in 1963–4 was not unlike that of 1945–6,[31] while more recently Gruen argued that it is 'probably more unequal than it was in the immediate post-war years'.[32] Moreover, as in all capitalist societies, the maldistribution of wealth is far more pronounced than the uneven distribution of income.[33] In a recent special report on Australia in *The Times*, Michael Morton-Evans wrote: 'The distribution of wealth is among the most inequitable in the civilized world. The rich are very rich and the poor are very poor, and while there is really no excuse for poverty in such a potentially rich country, nevertheless it exists to an alarming degree.' He went on to point out that social service payments as a percentage of the Gross National Product were a mere 5.5 per cent in 1968–9, as against 15.2 per cent in the EEC countries and 10.9 per cent in Scandinavia.[34]

Despite the fact that a small class of people own a large share of wealth in Australia, many writers argue that ownership is today a fact of declining significance, not only because it is subject to legal and political restrictions, but also

29. Kenneth F. Walker, *Australian Industrial Relations Systems*, Harvard University Press, Cambridge, Mass., 1970, p. 122.
30. Encel, op. cit., p. 115.
31. E. A. Russell, 'Wages Policy in Australia', in J. E. Isaac and G. W. Ford (eds), *Australian Labour Economics*, Sun Books, Melbourne, 1967, pp. 196–7.
32. F. H. Gruen, 'The Radical Challenge to Bourgeois Economics', *Australian Quarterly*, vol. 43, March 1971, p. 64. A recent survey revealed that wages and salaries declined from 63.2 per cent of gross national product in the period 1955–6/1959–60 to 61.7 per cent in 1969–70, while employees as a proportion of the workforce grew from 89.6 per cent to 91 per cent (*Australian Economic Review*, no. 4, 1970, p. 5).
33. See chapter by Groenewegen in this volume.
34. *The Times* (London), 10 March 1971, p. VIII.

because of the increasing separation between the ownership of private wealth and its actual control. It is alleged that control is passing into the hands of managers who own only a small part of the assets they control. Consequently, ownership is said to be no longer a decisive element of economic or political power.

It is true that the separation of ownership and control in recent decades, particularly in large-scale enterprises, is an important feature of the internal organization of capitalist enterprise, although 'family capitalism' is still to be found at the directorial and executive level.[35] The most dynamic and powerful enterprises are increasingly headed by managers whose position cannot be attributed to ownership and who are largely immune from the control of individual shareholders.

The theory of managerial capitalism is based on the assertion that managers are motivated by considerations other than those of owners and that they are more socially 'responsible' and more concerned with the 'public interest' than the classical capitalist entrepreneur.

> The owner of a business is likely to place great emphasis on the object of profitability. The professional manager . . . is likely to be concerned with securing a *reasonable* rate of profit, not in maximizing profits. Once he has secured the desired rate of profit he will concentrate on other more professionally-responsible objectives, such as innovation, market standing, and manager performance and development.[36]

35. Playford, op. cit.; Encel, op. cit., pp. 378–89.
36. W. J. Byrt, *The Idea of Management*, Sun Books, Melbourne, 1968, p. 60.
Another local example of obfuscation comes from J. C. McNeill, managing director of BHP: 'Much of the confusion caused inadvertently by Karl Marx, and less excusably by his disciples, can be put down to the fact that he lived before the divorce between management and ownership which characterizes modern industry.' (*Australian Finance Review*, 1 July 1971). However, over a hundred years ago, Marx had already drawn attention to the 'transformation

The claim that there is a 'new class' of managers who are radically different from capitalist owners is false. The most important imperative demand inherent in the capitalist system is still that managers should make the 'highest possible' profits. The differences of purpose and motivation between owners and managers are completely overshadowed by a basic community of interests. Managers receive high salaries; they constitute an important group in the shareholding population; their social origin is close to other men of high income and substantial property.[37] Tertiary educational qualifications are increasingly required to reach the top levels of management, but universities are not very accessible to children of working-class parents.[38] In other words, the owners and managers are socially cohesive, and the small minority of working-class origin are easily assimilated into the propertied class – both in their style of life and in their outlook. Managerialism simply means that the most important elements of capitalist property have grown too large to be both wholly owned and efficiently run by owner-entrepreneurs. In no sense does it mean that capitalism is being transcended.[39]

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of the actually functioning capitalist into a mere manager, administrator of other people's capital, and of the owner of capital into a mere owner, a mere money capitalist.' (*Capital*, Foreign Languages Publishing House, Moscow, 1966, vol. III, p. 436).

37. Encel, op. cit., pp. 404–7.

38. Tom Roper, *The Myth of Equality*, NUAUS, Melbourne, 1970, pp. 16–22; Peter J. Fensham (ed.), *Rights and Inequality in Australian Education*, Cheshire, Melbourne, 1970; Encel, op. cit., pp. 147–51.

39. See Miliband, *The State in Capitalist Society*, pp. 29–39; Theo Nichols, *Ownership, Control and Ideology*, Allen and Unwin, London, 1969, ch. XII; E. L. Wheelwright and Judith Miskelly, *Anatomy of Australian Manufacturing Industry*, Law Book Co., Sydney, 1967, p. 14; Paul A. Baran and Paul M. Sweezy, *Monopoly Capital*, Penguin Books, 1968, ch. 2. For a critique of Baran and Sweezy as 'managerial marxists' who accept the factual premises of the theory of the beneficent corporation and confine themselves to debating its conclusions, see Robert Fitch and Mary Oppenheimer, 'Who Rules the Corporations?', Parts 1, 2, 3, *Socialist Revolution* (San Francisco), vol. 1, nos 4, 5, 6, July–August, September–October, November–December 1970. See also James O'Connor's rejoinder in the next issue. John Playford, '*Monopoly Capital*: Bibliography of Left Critiques', *Arena*, no. 21, 1970 provides a number of additional sources.

It cannot be denied, of course, that members of the propertied class are divided over many issues. However, these divisions – whether regional (based on economic differences), industrial (e.g. coal *v.* oil), corporate (e.g. GMH *v.* Ford) or political (liberals *v.* reactionaries) – are contained within a conservative ideological spectrum.

These divisions cut across and mutually condition one another, and the dividing lines are irregular and shifting. These factors introduce elements of indeterminancy and instability into the behaviour of the ruling class and make of capitalist politics something more than a mere puppet show staged for the benefit (and obfuscation) of the man in the street. But we must not exaggerate the depth of the divisions inside the ruling class: capitalists can and do fight among themselves to further individual or group interests, and they differ over the best way of coping with the problems which arise from the class position; but overshadowing all these divisions is their common interest in preserving and strengthening a system which guarantees their wealth and privileges.[40]

One obvious manifestation of the basic political consensus on the crucial economic and political issues is that in the main the dominant economic class supports the Liberal Party.[41] Moreover, it does not exert pressure for a redistri-

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40. Paul M. Sweezy, *The Present as History*, Monthly Review Press, New York, 1953, p. 137. See also Sweezy, 'Power Elite or Ruling Class?', in G. William Domhoff and Hoyt B. Ballard (eds), *C. Wright Mills and "The Power Elite"*, Beacon Press, Boston, 1968; Sweezy, 'Thoughts on the American System', *Monthly Review*, vol. 20, February 1969.

41. For its finances the Liberal Party relies heavily on business contributions. See Colin A. Hughes, 'Australia', *Journal of Politics*, vol. 25, 1963, pp. 646–63. As Miliband has written (op. cit., p.

bution of income, the nationalization of private enterprise, extension of trade union rights or increased social benefits. Beyond all their tactical differences, men of wealth and property are fundamentally united within a strategic consensus concerned with defending the social order which affords them their privileges. They possess a high degree of cohesion and solidarity, with common interests and purposes which far transcend their differences on specific issues.

Does the existence of this dominant economic class make up a ruling class? In other words, does its ownership and control of crucially important areas of economic life mean that it exercises a *decisive* degree of political power?

Role of the State

It cannot be emphasized too strongly that the assumption of governmental power is *not* equivalent to the control of state power. Government is formally invested with state power, but it may not effectively control that power. State power lies not only in the institution of government but also in institutions such as the public service, the military, the police, the judiciary and the arbitration apparatus. The form of the state system is shaped by the interrelationship among these institutions.

The capitalist class does not actually 'govern' Australia. Businessmen have not been exactly under-represented in the political executive at both the Federal and State levels, but they have not assumed the major share of government.[42] Nor is this the only part of the state system in which businessmen have a direct say. As the state becomes more closely concerned with economic life, businessmen are liberally represented on the ever-expanding range of advisory boards and committees.[43] For example, all the part-time directors of the recently established Australian Industry Development Corporation are prominent industrialists.[44]

Although only a small minority of the senior positions in the state system are held by businessmen, the significance of this fact is greatly reduced by the social composition of the state 'élite' which is predominantly drawn from the same classes as those of businessmen. This pattern applies not only to the leading members of the public service, the judiciary and the arbitration system – all of whom are insulated from universal suffrage – but also to the political 'élite'. In terms of social origin, education and class situation, the state 'élite' as a whole is largely drawn from the professional groups or from the world of business and property.

One important reason for the bourgeois predominance in the appointive institutions of the state system is that children born of intermediate strata and ruling class parents have a far greater chance than other children of gaining access to the kind of education required for filling the higher positions in the state system. Of course, not a few people born into the lower-middle class and even into the working class are brought into leading positions in the state system. But this is not evidence of 'democratization'. On the contrary, it is a process of 'bourgeoisification' of able and thrusting recruits from the subordinate classes. As these recruits rise in the state system they become part of the social class to which their position, income and status gives them access. Their class origins do not affect the class character of the state. Indeed, they strengthen it, for as Marx observed: 'The more a ruling class is able to assimilate the foremost minds of a ruled class, the more stable and dangerous becomes its rule.'[45] Moreover, the recruitment of children from the subordinate classes fosters the belief that equality of opportun-

188): 'This may not ensure that the piper plays the right tune without any discordant notes; but at least there are fewer such notes.'

42. Encel, op. cit., pp. 349–51.

43. ibid., pp. 361–4; John Playford, *Neo-Capitalism in Australia*, Arena Publications, Melbourne, 1969, pp. 10–14.

44. *Age*, 22 December 1970.

45. Karl Marx, *Capital*, vol. III, ch. 36.

ity is to be found in Australian society, thereby obscuring the degree to which it does not exist.

More frequently, men (and, very occasionally, women) from the subordinate classes have been brought into the elective part of the state system – the political executive and parliament. However, they have usually constituted only a minority of those who have achieved high political office, notwithstanding Menzies' claim that Federal parliamentarians with 'few exceptions . . . begin life with no advantages of wealth or social position'.[46] By social origin or previous occupation, the majority have belonged to the intermediate strata and the ruling class. It is true that the growth of the ALP brought into parliament many people who were workers, but the changing social composition of Labor parliamentarians in recent times indicates a marked expansion of those from the intermediate strata.[47] As for the non-Labor parties, although they have undergone to some extent a process of social dilution, they still remain solidly intermediate strata and ruling class in their social composition,[48] with businessmen and property owners constituting a sizeable part of their parliamentary representation.[49] Even such an inveterate anti-marxist as Crisp has described the Liberal and Country Parties as 'first and foremost the political instruments of the owners and controllers of private, productive, and commercial capital, urban and rural.'[50]

46. R. G. Menzies, *Speech is of Time*, Cassell, London, 1958, p. 201.

47. A. F. Davies and S. Encel, 'Politics', in A. F. Davies and S. Encel (eds), *Australian Society*, Cheshire, Melbourne, 1965, pp. 103–4; Encel, *Equality and Authority*, pp. 229–30.

48. Katharine West, *Power in the Liberal Party*, Cheshire, Melbourne, 1965, pp. 53–4, 72–3, 130, 244; *National U* (Melbourne), 13 October 1969, pp. 5–6.

49. Encel, op. cit.,pp. 230–1.

50. L. F. Crisp, *Australian National Government*, Longmans, Melbourne, rev. ed., 1970, p. 227. Some writers argue that the Liberal Party is not the favoured instrument of private capital because it 'is not on *all* issues the party of *all* "big business" interests' (Katharine West, *The Australian Liberal Party*, Longmans, Melbourne, 1968, p. 43. Her italics.) But who has ever advanced such a crude proposition?

Here it must be emphasized again that although not a few members of the state 'élite' were not born into the economically dominant class, this fact does not fundamentally affect the state's class character and its role of guardian and defender of the interests of property. For example, the social origins of senior public servants in Australia are more divergent than those of their British counterparts, although they come from a much narrower range than is commonly believed.[51] This is an interesting and salient finding, but class origins are *not* decisive. The really important point is that the public service and other elements of the state system are subject to the structural constraints of the capitalist system.

Role of Government

The leaders of the major political parties insist that there is a vast gulf separating them from their opponents. However, one of the most important facts of political life is that the disagreements between the parties which have been able to achieve office have not been of a fundamental kind. The political office-holders agree over the foundations of society, particularly the existing economic and social system of private ownership and private appropriation. Governments have been composed almost completely of men who, beyond all their political, social, cultural and religious differences, have had in common a basic belief in the validity and virtues of the capitalist system. Opening the new Sydney Stock Exchange in 1960, the then Labor Premier of N.S.W. declared:

> The ethics of the Sydney Stock Exchange are ethics that we can all be very proud of indeed. I cannot imagine a modern city like ours getting along without the Stock Exchange. Those running the Stock Exchange are a most responsible band of men.[52]

51. Encel, op. cit., pp. 278–9.

52. R. J. Heffron, cited in the *Australian Financial Review*, 20 October 1960.

Of course, a handful of members of a few Labor governments have professed anti-capitalist convictions, but these governments have never wished to pose a challenge to the capitalist system. The basic ideological consensus between political office-holders has not precluded genuine differences between them – on issues such as the degree of state intervention in economic and social life – but these differences have never been allowed to bring into question the validity of the capitalist system. Australian politics has not been about radically different social systems; it has been based on different conceptions of running the ongoing economic and social system.

The political office-holders fail to see that their commitment to capitalist enterprise is evidence of bias towards particular classes and interests. While Deputy Prime Minister in 1969, Sir John McEwen spoke of 'the tremendous importance of partnership between government and private industry in working for national progress'.[53] In similar vein, G. L. Carter, Federal Chairman of the Australian Finance Conference and General Manager of Australian Guarantee Corporation Ltd has stated that 'government and industry are a working partnership with one common aim: a virile and viable Australian economy'.[54] These two statements are excellent examples of words and concepts being used in an ideologically and politically loaded way. For what is being improved is not just *the* economy but a *capitalist* economy and this ensures that capitalist interests are least likely to lose.

53. Cited by E. L. Wheelwright, in G. G. Masterman (ed.), *Big Business in Australia*, Angus and Robertson, Sydney, 1970, p. 61. One example of the 'partnership' between public and private capital is the 20 per cent participation by the Administration of the Territory of Papua and New Guinea in the equity of Conzinc Riotinto's Bougainville copper project, which entitles it to appoint a director to the board of the company (*Australian*, 2 March 1970).

54. Bob McMurchie (ed.), *Australia–1980*, Angus and Robertson, Sydney, 1969, p. 9. See also W. McMahon's comments, ibid., p. 17.

The commitment of political leaders to the capitalist system means that their attitude to businessmen as a class or a social type is of relatively minor significance. The favourable view they take of capitalist enterprise is highly likely to produce a sympathetic view of businessmen, many of whom are also likely to be their friends and acquaintances. However, some political leaders have considered business as an inferior activity. Sir Robert Menzies, for example, had few close associates among businessmen and, according to one observer, he possessed a 'feeling of superiority over the creatures of the business world'.[55] But this was of no serious consequence, given his fundamental commitment to the system of which businessmen are an intrinsic and major part.

The most important consequence of the commitment which government has to the capitalist system is that it drastically curtails its freedom of action on a vast number of issues and problems. The extreme reluctance of government to act in fundamental opposition to capitalist interests is one of the most important facts about Australian society, especially since the resolution or at least the alleviation of a large number of economic and social problems necessitates government action against these interests. As the Premier of Victoria, Sir Henry Bolte, stated recently: 'We care about water pollution, but it is not more important than a 100-million dollar industry.'[56]

Over the years, of course, governments aware of the long-run interests of the ruling class have been compelled to act against some property rights in an attempt to redress in a very limited way the balance between capital and labour, but state intervention to alleviate evils produced by unrestrained private economic power has not constituted fundamental opposition to the interests of property. Indeed, it is

55. Mel Jaques, 'Mr Menzies and the Capitalists', *Nation*, 26 August 1961. For Menzies' personal involvement in the world of business, see John Playford, 'Menzies' Big Business Interests', *Outlook*, April 1962.

56. Don Whitington, *The Effluent Society*, Nelson, Melbourne, 1970, p. 3.

part of the 'ransom' which has to be paid in order to protect the rights of property in general. Crisp has noted that the owners and controllers of private capital 'have to offer a "ransom" . . . of social and other legislation attractive to the unattached and detached voters in return for the continued security of the essentials of the free enterprise capitalist framework within which is set their own superior wealth and social status.'[57] In other words, government renders property a major service, although the less sophisticated and short-sighted sections of property which cannot understand the vital importance of distinguishing between socialism and social reform are often not very appreciative.[58] It must also be pointed out that, as a result of popular pressure, government has at times been forced to take action against certain property rights. Nevertheless, these concessions are far less important than the extremely positive support which government has always given to the dominant economic interests. It is positively misleading to picture government as exercising 'countervailing power' against private capital.[59]

Labor Governments

There have been occasions, particularly at the State level, when executive power has come into the hands of Labor governments whose declared aim has been the use of state power for socio-economic reforms designed to benefit the working class. Have the actions of these governments presented a threat to the interests of the dominant economic class?

57. Crisp, op. cit., p. 232.

58. Menzies once wrote that 'many men in industry . . . take short views' and were 'affected by the prospect of some immediate advantage' (*The Interdependence of Political and Industrial Leaderships in the Modern State*, p. 9.) Two political scientists have written of Sir Thomas Playford who was non-Labor Premier of South Australia for 27 years: 'Unlike the Establishment, he recognized the need for minimal concessions to maintain the conservative order.' (Neal Blewett and Dean Jaensch, *Playford to Dunstan: The Politics of Transition*, Cheshire, Melbourne, 1971, p. 11).

59. See for example Ian Bowen, 'The Australian Economy', in Charles Osborne (ed.), *Australia, New Zealand and the South Pacific*, Anthony Blond, London, 1970, pp. 116–17.

Labor leaders have always been most concerned to reassure capitalist interests that they are 'responsible' men who conceive their task in 'national' and not in 'class' terms. They have urged their more radical supporters to remember that Labor governments are faced with heavy responsibilities which must not be jeopardized by 'unreasonable' demands. Of course, Labor governments have done some things which were strongly opposed by the dominant class. However, the crucially important question does not concern the subjective reactions of conservative interests. It is concerned with the net impact of Labor governments upon the structure of power in Australian society.

Two of the most reform-minded of these governments were those led by Curtin and Chifley at the Federal level during and after the Second World War. Their most important characteristic was the objective modesty of their socio-economic aims. They expanded social services, although there was nothing 'particularly startling' about their programme.[60] They also introduced a system of controls to regulate the economy. However, despite the frustration of their welfare and regulatory aims by High Court decisions, at no time was any attempt made to go beyond the attainment of a rationalized capitalist economy. Writing of the Chifley government, one political scientist and ALP member has noted a 'substantial degree' of similarity between the post-war reconstruction policies of the ALP and those put into operation in Western Europe at the same time by conservative governments.[61]

60. James Jupp, *Australian Party Politics*, Melbourne University Press, 2nd ed., 1968, p. 112.

61. James Jupp, 'The Australian Labor Party', in John Wilkes (ed.), *Forces in Australian Politics*, Angus and Robertson, Sydney, 1963, p. 33.

The reforms of the Curtin and Chifley governments did not weaken capitalism.[62] The objective nature of these reforms was to strengthen and stabilize it.[63] During the Second World War, Evatt stated: 'There would be more room for private enterprise and business initiative after the war than ever before in Australian history.'[64] As for Curtin, he promised that in the post-war period 'No question of socialization or any other fundamental alteration in the economic system arises.'[65] One of the main purposes of the Curtin and Chifley governments was the modernization and a certain humanization of capitalism. The system of controls through which they sought to regulate economic life did not constitute a threat to business and property. Of course, many of the measures they introduced were not welcomed at the time by conservative forces. However, in the light of the radicalization generated by the Second World War, the ruling class had to pay an extremely low price for the maintenance of the existing social order. They had good cause to be grateful for the 'moderation' and 'responsibility' of Labor's leaders.

In certain sensitive areas, the Chifley government did things that a non-Labor administration would have been hesitant to carry through. Instead of repealing the political provisions of the Crimes Act it used them to prosecute a number of prominent communists. It established the Australian Security Intelligence Organization. It despatched troops to work the coalfields during the 1949 coal strike, despite the fact that the 1948 Federal conference of the ALP ratified a section of the party's platform never to use

62. See two perceptive articles on the Curtin government by W. J. Waters, the victim of a blatantly political dismissal from Sydney University's Economics Department in 1970: 'Labor, Socialism and World War II', *Labour History*, no. 16, May 1969; 'Australian Labor's Full Employment Objective, 1942–45', *Australian Journal of Politics and History*, vol. XVI, April 1970.

63. See Humphrey McQueen, *A New Britannia*, Penguin Books, 1970, pp. 194–6, 200–202.

64. *Sydney Morning Herald*, 5 August 1943.

65. Waters, op. cit., p. 58.

troops in industrial disputes.[66] At the same time it also passed legislation under which the funds of the Miners' Federation and other left-wing unions which offered financial assistance were frozen: nine union officials were fined under the legislation and sentenced to lengthy terms of imprisonment.[67] Calwell, then Minister for Immigration, screamed at the communists: 'The only place for you is concentration camps and, if it is left to me to do it, into concentration camps you will go.'[68]

What of Chifley's attempted nationalization of the banks, an episode strongly opposed by the forces of conservatism? It came after all other methods of regulation had failed and was in no sense part of an overall socialist plan.[69] Allan Fraser, a close confidant of Chifley, has stated that Chifley's aim was later achieved by the Menzies government without recourse to nationalization.[70]

Since the defeat of the Chifley government in 1949, Labor's leaders have turned into resolute opponents of any significant extension of public ownership. Calwell put his faith in co-operative planning between government and industry: 'Primary and secondary industries will have much to gain from consultation with governments in the formulation of growth-targets.'[71] Of course, there remain different emphases between the policies of Liberal and Labor leaders. After asserting that a Labor government would not

66. Chifley had previously threatened communist union officials with the use of the military to break strikes in 1945. See L. F. Crisp, *Ben Chifley*, Longmans, Melbourne, 1961, p. 356.

67. Chifley was only continuing Labor's rich tradition of strike-breaking. See Humphrey McQueen, 'Labor versus the Unions', *Arena*, no. 20, 1969, and his *A New Britannia*, pp. 233–5.

68. *Daily Telegraph*, 3 August 1949.

69. Crisp, op. cit., p. 323; Humphrey McQueen, 'A Distinguished Biography', *Class* (Monash Left Historical Society), no. 2, May 1970, p. 7.

70. John Thompson, *Five to Remember*, Lansdowne, Melbourne, 1964, p. 87.

71. A. A. Calwell, *Labor's Role in Modern Society*, Lansdowne, Melbourne, rev. ed., 1965, p. 97.

eliminate the 'private sector' of the economy Calwell has claimed that the difference between the two major parties is 'largely how wide is the private sector and how wide is the public sector'.[72] Addressing the American Chamber of Commerce in Australia, the Labor Premier of South Australia, D. A. Dunstan, referred to the 'totally discredited idea' that social progress involves the appropriation of private capital.[73] The Labor Premier of Western Australia, J. Tonkin, recently condemned the former Liberal Minister for Industrial Development, C. Court, for having an attitude of 'pure socialism' towards millionaire mining entrepreneurs Lang Hancock and Peter Wright: 'He wants to take away something they hold as individuals for the benefit of the State.'[74]

Whitlam clearly accepts as permanent the present contours of the economy. Nationalization, he believes, has 'little relevance to contemporary Australian problems'.[75] At the annual banquet of the Melbourne Chamber of Commerce, he told those present that private enterprise could not really prosper without government initiative at the national level.[76] At a luncheon of the American-Australian Association in New York on 14 July 1970, he stated that the priorities of a future Labor government will give 'more attention to the restructuring of the public sector than of the private sector'. His vision is of Australia as an 'off-shore factory for South-East Asia', 'the stepping-off point, the launching pad' for the development of that part of the underdeveloped world by U.S., Japanese and Australian capital.

72. *Commonwealth Parliamentary Debates*, House of Representatives, 9 March 1960, p. 39.

73. *Commerce*, November-December 1970, p. 12. In an address to the National Youth Council in Melbourne on 28 February 1969, Dunstan went so far as to claim that 'private enterprise is a meaningless phrase'. See also John Lonie, 'The Dunstan Government', *Arena*, no. 25, 1971.

74. *Australian*, 23 February 1971. See also the interview with Tonkin on the ABC television programme 'Four Corners' (6 March 1971), in which he stated that his government was not opposed to private enterprise whereas the previous Brand government had been implementing 'a socialist policy'. Understandably, the chairman of Rio Tinto-Zinc Corp. Ltd observed that there was 'no reason to feel that we may not get a fair deal or good hearing' from the Tonkin government (*Age*, 23 April 1971). During the South Australian State election in 1959, the then Leader of the Labor Opposition, M. R. O'Halloran, accused Sir Thomas Playford of introducing socialism. He claimed that the establishment of the Electricity Trust in 1946 was 'an extreme act of socialism' (*Nation*, 28 February 1959).

75. *Australian*, 2 December 1967.

The British journalist Jonathan Aitken, who is also an aspiring Conservative politician, recognizes that the ALP presents no threat to the existing power structure. He describes the party as 'a friendly sheep dog whose policy is to keep the *laissez-faire* capitalists in vague order with a few gentle nips and nudges'. Aitken goes on to recount how Whitlam was asked at a London press conference in 1970 what were the major 'socialist reforms' he would introduce as Prime Minister. The reply was a dreary recitation of drainage statistics, which he said proved that Perth and Brisbane were the least sewered cities in the world. Whitlam concluded his sanitary inspector's lament as follows: 'We are the only party in Australia that will ever reform this situation. Sewers are usually socialist.'[77]

Most of the very small minority of Labor parliamentarians who consistently describe themselves as socialists equate state action with moves towards socialism, while at the same time they seem unable to come to grips with the fact that capitalism is no longer in its laissez-faire stage. Calwell has referred to Australian capitalism as a 'composite system': 'We live now not so much in a capitalist system as in a technological one.' Moreover, he went on, even Menzies was 'enough of a realist to be a socialist when necessary'.[78] As for Albert Monk, former president of the

76. *Age*, 18 October 1968.

77. Jonathan Aitken, *Land of Fortune*, Secker and Warburg, London, 1971, p. 235.

78. Calwell, op. cit., pp. 75, 81. See also Calwell's statement in the *Sun* (Melbourne), 4 August 1958, that Menzies was 'a better

Australian Council of Trade Unions (ACTU), he believes that we are already far along the inevitable path towards a socialist society: 'We must gradually evolve from capitalism to socialism – first by the nationalization of major undertakings, in which great progress has already been made.'[79] His successor, R. J. Hawke, uses the term 'socialism' more readily – but with the same connotations. Indeed, he believes that the Curtin government 'abolished' capitalism during the Second World War; subsequently, Australia returned to a 'laissez-faire economy'.[80] The belief that any kind of state intervention, particularly public ownership, represents an erosion of capitalism and must therefore be treated as an advance towards socialism is deeply embedded in the thinking of those socialists who still remain in the ALP.[81]

The assumption in the ALP's theory is that the government is in full control of the state. It is based upon the postulate of the neutrality of the state. As Calwell has declared, 'the state belonged to the people and should be used freely and consciously by the people as the instrument for their own betterment and progress'.[82] The ALP has never understood the nature of economic and political power in Australia. Marxists, on the other hand, realize that the principal objective of revolutionary action is state power and the necessary precondition of any socialist revolution is the

Socialist than a lot of people give him credit for'. While president of the N.S.W. branch of the ALP, C. T. Oliver claimed that Menzies had 'done more to socialize the country than we ever did'. (McGregor, op. cit., p. 187.)

79. John Hetherington, *Uncommon Men*, Cheshire, Melbourne, 1965, p. 150.

80. *Farrago* (Melbourne University), 7 August 1970, p. 15. See also Kelvin Rowley, 'Bob Hawke: Capital for Labor?', *Arena*, no. 25, 1971.

81. For a classic example, see G. H. Gray, MHR, *Socialised Industry*, Queensland Central Executive of the ALP, Brisbane, 1965. with a foreword by Senator Jim O'Keefe, then Federal president of the ALP.

82. Calwell, op. cit., p. 30.

destruction of the bourgeois state apparatus.[83] The conclusion is obvious: the ALP is not and never has been a socialist party. As Lenin pointed out as long ago as 1913, it is a 'liberal-bourgeois party'.[84]

The business and propertied interests have been able to rely on the active goodwill of all Australian governments. However, there are other elements of the state system whose activities and ideological views are of crucial importance in determining the state's relationship to the different classes and interests in Australian society.

Public Service

Senior public servants often claim that they are politically neutral and that they merely implement the directives of the political executive. However, they obviously play an important part in the process of governmental decision-making. As a former secretary of the Department of Trade, Sir John Crawford, has observed:

> civil servants are not merely doers: they are part of the complete *process* of government including the task of making policy decisions . . . . The relations between officials and Ministers in thinking through the problems were so close and continuous . . . that who began what hardly mattered.[85]

The ideological views of senior public servants significantly affect their advice. These men usually play a conservative role in the state system; it is true that some of them have been involved in economic and social reforms, but this

83. See Lucio Colletti, 'Power and Democracy in Socialist Society', *New Left Review*, no. 56, July-August 1969; Ralph Miliband, 'The State and Revolution', in Ralph Miliband and John Saville (eds), *The Socialist Register 1970*, Merlin Press, London, 1970.

84. R. N. Ebbels, *The Australian Labor Movement 1850–1907*, Australasian Book Society, Sydney, 1960, p. 243. See also the chapters by McQueen and Rowley in this volume.

85. Sir John Crawford, 'Civil Tasks and Policy Making', in Mayer (ed.), *Australian Politics: A Second Reader*, pp. 599–600.

has been accompanied by a strong determination to strengthen the existing social order. To quote Sir John Crawford again, he found it 'most insulting and offensive' to be described as a socialist: 'I have devoted a great part of my public life to the strengthening of private enterprise in the Australian economy and to furthering co-operation in economic policy matters between the leaders of private enterprise and Government.'[86] On another occasion, he called for an ever closer partnership between private enterprise and government if the agreed economic purposes were to be served and conflicts of interest best resolved: 'It is a prime task of management in private enterprise and in Government to establish practical permanent machinery to find those solutions which seem best to fit with the national interests of Australia.'[87]

Since Labor governments have never attempted to implement a coherent set of policies in conflict with conservative interests, there is no reason why public servants should not be 'neutral' as between Labor or non-Labor governments. Dr H. C. Coombs, former Governor of the Reserve Bank, has said that a public servant can give 'different kinds of government honest service' only if he 'believes in the system broadly for which he works; not necessarily for this government or for that government, but believes that the system, by and large, is an appropriate one for the country in which he lives'.[88] There is little evidence to suggest that

86. *Sunday Telegraph*, 9 August 1964.

87. Sir John Crawford, *Responsibilities of Management in a Growing Economy* (Second John Storey Memorial Lecture, 1963), Australian Institute of Management, p. 22. 'Practical' is one of Crawford's favourite words; on the page just cited he wrote: 'Fortunately, we are a pragmatic people looking to practical solutions to problems as they arise.'

88. *Profiles of Power*, Australian Broadcasting Commission, Sydney, 1970, p. 40. See also H. C. Coombs, *Other People's Money*, Australian National University Press, Canberra, 1971, p. 59: '. . . civil servants must accept broadly the general philosophy of the government which they are serving.' More recently, the Prime Minister, W. McMahon, has recruited the one-time confidant of Chifley as 'a kind of guiding philosopher' (*Australian*, 28 October 1971.)

higher public servants have not served governments with equal loyalty. They have not yet been forced to make a clear choice between serving what they view as the 'national interest' and serving a government seriously intent upon fundamental socio-economic change. Of course, they are not expected to subscribe to a rigid political ideology, but they are expected to stay within a spectrum of thought ranging from strong conservatism at one end to right-wing Laborism at the other. Outside that narrow spectrum of thought there is the certainty of an unsuccessful career.

The conservative outlook of top public servants is reinforced by their increasing closeness to the world of business which turns them into positive supporters of capitalism. State intervention in economic life entails a constant relationship between businessmen and public servants, not as representatives of antagonistic interests but as partners in the service of the 'national interest' which public servants, like politicians, define in terms consistent with the long-range interests of capitalism. While Prime Minister, Sir Robert Menzies stated that the 'whole essence of life' in Australia 'is that there should be no hostility between public administration and business, but the utmost co-operation and mutual understanding'.[89] Sir John Crawford spoke of the partnership between businessmen and public servants when addressing the Australian Industries Development Association in 1966: '. . . public and private economic power are no longer independent of one another, either in objectives or interests or in the exercise of their decision making. They are in fact *inter*-dependent and require co-ordination.'[90] A vice-president of the organization stated that Crawford had

> brought wonderfully to our attention the degree of inter-relationship which must exist, and exist to an ever increasing extent, between government and private enterprise . . . it has

89. *Sydney Morning Herald*, 19 October 1963.

90. Australian Industries Development Association, *Director Reports*, no. 165, June 1966, p. 5.

been developing ... along quite healthy lines. There is ample evidence in the actions of the government in setting up its various advisory committees, and in its willingness and preparedness to listen to industry from time to time on major issues.

Today, it is difficult to 'separate private enterprise in fact from the business of government and all the administration that comes along with government'.[91]

Moreover, the public service and business are increasingly linked in terms of interchanging personnel. A significant number of higher public servants are finding their way into lucrative executive and directorial positions in large-scale enterprises in the 'private sector'.[92] Recent examples of retired Commonwealth officials include Sir Roland Wilson, former secretary to the Treasury and for some years chairman of Qantas Airways, who has become a director of ICI Australia Ltd, and of the Mutual Life and Citizens' Assurance Co. Ltd; Sir Harry Bland, former secretary of the Department of Labour, who has joined the boards of Associated Portland Cement Manufacturers (Aust.) Ltd, Westinghouse Brake and Signal Company (Aust.) Pty Ltd, and United Bearing Corporation Pty Ltd; and Sir Richard Randall, former secretary to the Treasury, who has been appointed a director of CIG Ltd. As for public servants who resign in mid-career, one of the latest to join the steady stream leaving the Department of Trade was J. M. Gothe, first assistant secretary of the Export Promotions Division, who became chief executive officer of Australian Motor Industries Ltd.[93]

Industry groups such as the Associated Chambers of Manufactures of Australia (ACMA) are attracting officials away from the Commonwealth public service, particularly the Department of Trade, to improve liaison with government and the public service.[94] Recent examples include Dr J. G. Fairbrother, director of the Food Section in the Department of Trade's Office of Secondary Industry, who became executive director of the Australian Poultry Industries Association;[95] I. W. Barnes, another director from the Office of Secondary Industry, who became national director of the Printing and Allied Trades Employers Federation;[96] J. S. Smith, a senior officer of the Tariff Board, who became chief federal tariff officer for ACMA;[97] K. M. Archer, Commonwealth Statistician 1961–70, who became executive director of the newly-created Canberra secretariat of the Australian Association of Permanent Building Societies;[98] and G. M. Carr, a senior Trade official responsible for Australia's participation in overseas promotional activities, who became executive director of the Australian Manufacturers' Export Council, a body within ACMA.[99]

The opportunities which business offers to senior public servants inevitably shapes their attitudes to business requirements. These opportunities are offered only to men who have shown a sympathetic understanding for the needs of capitalist enterprise. It must also be borne in mind that public servants concerned with economic decision-making cannot afford to ignore the fact that attitudes and actions which can be construed as 'anti-business' will not only antagonize powerful businessmen but are also likely to be extremely unpopular with the political executive. In short, such attitudes result in an unsuccessful career in the public

91. ibid., p. 7.

92. Playford, *Neo-Capitalism in Australia*, pp. 15–26; Encel, op. cit., pp. 364–75.

93. *Age*, 10 December 1970.

94. Playford, op. cit., pp. 26–32; Playford, 'Business Lobbyists', *Broadside* (Melbourne), 4 September 1969; Encel, op. cit., pp. 351–6; Peter Samuel, 'Lobbying: Nowadays, Gently Does It', *Bulletin*, 25 September 1971.

95. *Australian Financial Review*, 4 December 1969.

96. *Australian*, 23 December 1969.

97. *Australian Financial Review*, 21 July 1970; *Weekend Business Review*, 30 July 1970.

98. *Australian*, 23 December 1970. Two months earlier he was appointed a director of a Canberra-based computer firm – Information Electronics Ltd (ibid., 27 October 1970).

99. *Age*, 7 January 1971.

service as well as closing the door to a business career.

The advantages enjoyed by business do not operate in favour of the labour interest. Labour is unable to exercise anything even approaching the kind of pressure which business applies to the public service or to government. Moreover, labour has nothing to offer to senior public officials; they do not enter the service of trade unions after retiring or resigning from the public service. As between contending classes and interests, public servants are not 'neutral'. They are not an apolitical element in society, far above the conflicts in which classes and interests engage. On the contrary, they are the conscious or unconscious allies of capital against labour.

Armed Forces and Police

Like higher public servants, senior members of the armed forces see themselves as dedicated to the 'national interest' and free from ideological and political partisanship. In fact, they constitute a markedly conservative element in the state system. Their social origin,[100] class situation and professional interest lead them to stand for a 'national interest' conceived in highly conservative terms, which includes a strong hostility to radical ideas and movements. High-ranking officers who are active in political parties are invariably to be found in the favoured instruments of the ruling class.[101]

The armed forces are increasingly coming to enjoy a close relationship with large-scale private enterprise, simply because the military requirements of the contemporary state are fostering an association between them far more intimate than at any previous time. However, the movement of senior members of the armed forces into industry – particularly those firms enjoying defence contracts[102] – still occurs on a relatively small scale compared with the massive 'gold rush' to be found in the U.S.[103]

100. Encel, op. cit., pp. 458–9.

101. John Playford, 'Top Brass in Australian Politics', *Australian Political Studies Association News*, vol. 7, no. 1, February 1962.

Policemen, like the 'top brass', also believe that they are politically 'neutral'. Superintendent E. L. Calder, who was field commander of police on duty for the anti-war moratorium march in Adelaide in September 1970, has stated:

> I believe that the police are an impartial body. Whatever Government is in power, it is a political body, and I would not expect it to make such an impartial decision in these matters as the police.[104]

Although the overwhelming majority of senior police officers are born into working-class and lower-middle strata families, they also reinforce the conservative bias of government and act as a voice of restraint against policies which fail to correspond to their own conservative conception of the 'national interest'. After pointing out that police in the U.S. had moved 'so far to the right that the only friends [they] have are extreme societies such as the Ku Klux Klan and the John Birch Society', a sociologist noted

102. Playford, *Neo-Capitalism in Australia*, pp. 16, 35, 37; Encel, op. cit., p. 368. For Air-Chief-Marshal Sir Frederick Scherger's constantly expanding string of directorships, see *Australian Financial Review*, 14 August 1969; *Herald*, 29 January 1970; *Australian*, 17 April 1970; *Herald*, 2 July 1971. In early 1971 Air-Marshal Sir Alister Murdoch, Chief of the Air Staff 1965–9, accepted a seat on the board of Philips Industries Holdings Ltd (*Australian*, 5 February 1971). In June 1971 Lt-Gen. Sir Thomas Daly, who had retired in the previous month as Chief of the General Staff, made his first move into the business world by joining the board of Associated Securities Ltd (*Australian*, 22 June 1971). In August 1971, Air-Vice-Marshal J. F. Lush, former RAAF Support Command AOC, was appointed Australian executive representative of the Goodyear Aerospace Corporation (*Australian*, 23 August 1971).

103. Herbert I. Schiller and Joseph D. Phillips (eds), *Super State: Readings in the Military-Industrial Complex*, University of Illinois Press, Urbana, 1970, pp. 65–74. See also Mike Duigan and Greg O'Leary, *The Military-Industrial Complex in Australia*, Radical Education Project no. 6, Adelaide, 1971.

104. *News* (Adelaide), 14 January 1971.

recently: 'The same situation is already occurring in Au tralia.'[105] Given their ideological orientation, they suppo with brutal zeal the determination of the civil power to co bat left-wing ideas and movements. In a study of the polic in five late capitalist societies, one authority has stated tha more than any other institution they 'exhibit an antagonism both in concept and practice, to some of the basic precep of a democratic society'.[106]

The police act as the coercive agents of the existing soci order, particularly in periods of social strife and open clas conflict such as the 1912 Brisbane strike,[107] the 1929 mi ers' strike in which Norman Brown was killed by policeme protecting 'scab' labour at Rothbury,[108] and the 1948 ra way strike in Brisbane.[109] More recently, their political bia has been shown in encounters with left-wing students, fro the use of 'basher tactics' against Sydney University stud ents peacefully marching in favour of Indonesian nationa ists in 1947[110] to the premeditated violence directed t wards La Trobe University students in 1970 when Inspect K. Platfuss remarked: 'They got some baton today an they'll get a lot more in the future.'[111] Peter Hain, the ant apartheid campaigner and chairman of the Young Liberal in Britain, witnessed the wanton violence against demon strators at the rugby match between white South Africa

105. Paul Wilson, cited in the *Australian*, 18 March 1971.

106. George E. Berkley, *The Democratic Policeman*, Beac Press, Boston, 1969, pp. 1–2.

107. A. A. Morrison, 'The Brisbane General Strike of 1912', D. J. Murphy, R. B. Joyce and Colin A. Hughes (eds), *Prelude Power*, Jacaranda Press, Brisbane, 1970, pp. 130, 134.

108. Robin Gollan, *The Coalminers of New South Wales*, Me bourne University Press, 1963, pp. 195–6.

109. Doug Olive, *The Queensland Railway Strike, February-Apr 1948*, Brisbane, 1948, esp. pp. 18–19.

110. Editorial, *Sydney Morning Herald*, 26 July 1947.

111. *Sunday Observer*, 20 September 1970. At least two student were clubbed unconscious and one girl had a suspected broke arm. See also Stephen Bradley's account of police brutality durin the last May Day march in Melbourne, *Farrago* (Melbourne Un versity), 7 May 1971.

and Victorians in July 1971: '. . . the police have confirmed their reputation for toughness: the match at Melbourne pro- duced the most shocking police action I have seen outside South Africa.'[112]

As for the secret political police, they also form part of the coercive apparatus of the state. As an editorial in the staid *Canberra Times* commented in 1968, the fact that the Australian Security Intelligence Organization engages in photographing, phone-tapping and shadowing people who exercise their political rights is 'a chill breath of the police state'.[113]

Judiciary

Although judges in Australia are independent of the govern- ment, the notion of judicial independence must be consid- ered more broadly. Judges cannot be independent of a multitude of influences such as class origin, education, class situation and professional interest. Most of them are born in- to the 'middle' and 'upper' classes,[114] and the rest have come

112. *Australian*, 16 July 1971. See also Stewart Harris' article in the *Age*, 29 July 1971, and his letter in the *Australian*, 12 August 1971. Harris is chief correspondent in Australia of *The Times*, London.

113. Cited in Mayer, op. cit., p. 664.

114. Encel, op. cit., p. 76; R. N. Douglas, 'Courts in the Political System', *Melbourne Journal of Politics*, vol. 1, 1968, p. 47; Eddy Neumann, *The High Court of Australia: A Collective Portrait 1903–1970*, Occasional Monograph No. 5, Department of Govern- ment and Public Administration, University of Sydney, 1971. The majority of magistrates, on the other hand, are not born into the economically dominant class, but this does not affect their role as defenders of the existing power structure. A recent book on civil liberties refers to 'their general conservatism' and to the fact that they 'tend to adopt the value-judgments of ruling authority and to assume in favour of the testimony of policemen'. (Ken Buckley, *Offensive and Obscene*, Ure Smith, Sydney, 1970, pp. 14, 17.) See also the observations of the criminologist Duncan Chappell in the *Australian Journal of Social Issues*, vol. 6, no. 2, July 1971, p. 157.

to belong to these classes by the time they reach the bench. Moreover, the conservative bias created by the class situation of judges is powerfully reinforced by the fact that they are recruited from the legal profession, whose conservative ideological views are widely known. After pointing out that judges come from 'a very narrow section of the community', Professor Peter Brett has observed: 'For their whole training in the law they get an inherently conservative bias.'[115]

At the Federal level, non-Labor governments have generally held office. They have never hesitated to elevate people of conservative views to the judiciary.[116] Labor governments, on the other hand, have been extremely reluctant to appoint Labor-inclined lawyers.[117] Judges with liberal views have never constituted more than a small minority on the bench. Moreover, their liberalism must not be mistaken for hostility to the basic economic and social institutions of the ongoing society. Evatt and Isaacs were eminent liberal judges but only antediluvian reactionaries believed that their liberalism was not contained within the framework of Australian capitalism.

The conservative ideological views of judges[118] are important because they significantly affect the manner in which the judicial function is discharged. Judges are not

115. *Sydney Morning Herald*, 7 October 1968.

116. John Playford, 'Judges and Politics in Australia', *Australian Political Studies Association News*, vol. 6, August 1961, and vol. 7, May 1962; Geoffrey Sawer, *Australian Federalism and the Courts*, Melbourne University Press, 1967, pp. 59–62; Glendon Schubert, 'Opinion Agreement Among High Court Justices in Australia', *Australian and New Zealand Journal of Sociology*, vol. 4, April 1968.

117. John Playford, 'Labor and the High Court', *Australian Left Review*, no. 23, February-March 1970.

118. Writing in the *Sunday Mail*, 9 April 1960, a former justice of the South Australian Supreme Court, Sir Charles Abbott, stated that his involvement in politics began in 1928 during the Australia-wide maritime strike: 'We had gone down to Port Adelaide to maintain order. It was a volunteer corps organized by A. S. Blackburn, VC.' It is interesting to note that Blackburn, whose corps had worn military jackets while parading the wharves carrying rifles with bolts drawn and bayonets fixed, was appointed a Commonwealth Conciliation Commissioner by the Chifley government in 1947.

the mere exponents of the law as they find it: there is plenty of room for judicial discretion in the application of the law and for judicial creativity in making law, particularly at the Federal level where under the Constitution the High Court marks out the limits of parliament's discretion. In interpreting and making law, judges are deeply affected by their view of the world. Of course, they frequently see themselves as guided exclusively by values which transcend class interest, but these are usually a cloak for their conservative bias.

The overwhelming majority of judges have been only too willing to strengthen the arm of the state against dissent. To quote Brett again: 'The record of judges . . . as guardians of civil liberties has, on the whole, been lamentable.'[119] Consider the High Court's invalidation of the Menzies government's attempt to ban the Communist Party in 1950. A noted constitutional lawyer has emphasized that 'the substantive merits and possible limits of freedom of association were not overtly discussed and . . . had little actual influence, the main overt and actual consideration being that of keeping the Commonwealth within its granted power'.[120] Clearly, the judgement 'stemmed not from any liberal or radical political bias in the court, but from a dislike for any doctrine which left critical elements in the validity of legislation to parliamentary judgement'.[121]

In their concern to protect Australia's class society, judges have consistently displayed a definite bias in favour of privilege, power and property. Douglas has noted that

119. *Sydney Morning Herald*, 7 October 1968. More recently Chappell has written: 'As protectors of our freedoms, Australian judges have in general a dismal record' (op. cit., p. 157).

120. Sawer, op. cit., p. 56.

121. 'The High Court', *Current Affairs Bulletin*, vol. 40, 14 August 1967, p. 95.

'especially in considerations of social policy, judges' ideas of justice will tend to reflect those of the highly atypical section of society from which they are overwhelmingly drawn'.[122] Brett has underlined the 'willingness of the judiciary to continue the traditional protection of property rights'.[123] The judiciary has been unable to prevent the state interfering against the freedom of property-owners to do exactly what they liked, but they have done their best to limit the intervention. In the post-war period, for example, the High Court has interpreted section 92 of the Constitution in a way which guarantees the continued existence of private enterprise even if the government is bent upon nationalization.[124]

Very few judges in recent years have been as candid as Sir George Pape of the Victorian Supreme Court, who told a group of revolutionary socialist students from Monash University on 12 October 1970 that 'the law is in the interests of those who own property'.[125] As a general statement Pape's observation is correct, but it would be a crude over-simplification to claim that judges *merely* reflect the interests of the ruling class and that the law is the direct expression of capitalist interests. As Engels pointed out in a letter to Conrad Schmidt, dated 27 October 1890, it rarely happens that the law is the 'blunt, unmitigated, unadulterated expression of the domination of a class'. Nevertheless, judges are not above the conflicts of capitalist society, and the ruling class in Australia has had least to complain about the nature and direction of the deep involvement of the judiciary in the conflicts of our society.

122. Douglas, op. cit., p. 42.

123. *Australian Law Journal*, vol. 42, 31 December 1968, p. 329.

124. Geoffrey Sawer, 'Constitutional Issues', in Alan Davies and Geoffrey Serle (eds), *Policies for Progress*, Cheshire, Melbourne, 1954, p. 22.

125. After retiring as superintendent-in-charge of the Commonwealth Police Force's central crime intelligence bureau, Kerry Milte wrote: 'In our community . . . offences involving property are often seen to be more harmful than offences involving physical violence.' (*Sunday Review*, 3 January 1971.)

Arbitration Judges

The arbitration system in Australia is an integral part of the state apparatus. It is based on the assumption that capital and labour share a common interest in 'prosperity' despite some differences about wages and conditions. Impartial 'umpires' are appointed by the government to arbitrate between these two interests. The arbitration system, however, is not impartial; it does not stand above classes and interests. On the contrary, it functions for the purpose of mediating, regulating and controlling industrial conflict and to contain it within the confines of the capitalist system.[126] Mr Justice C. Powers claimed in 1920 that the arbitration system was the only safety valve which prevented 'the spread of Social War, Communism and Bolshevism in the Commonwealth to the extent they are spreading elsewhere'.[127]

One of the prime purposes of arbitration is to preserve the existing division of the product. Several years ago, a well-known economist wrote:

> . . . there is no evidence that the arbitration system has raised labour's share of national income over the past twenty years, or that it has succeeded in obtaining for Australian labour a higher share of national income than is earned by workers in other countries with a similar degree of economic development.[128]

Improvements won by labour, such as the forty-hour week introduced after the Second World War, can be traced to militant trade union action rather than to the benevolence of those who man the arbitration machine.

'Australian writings on industrial relations generally maintain the fiction of decision-makers uninfluenced by any-

126. See chapter by Sorrell in this volume.

127. Cited in J. Hutson, *Penal Colony to Penal Powers*, Amalgamated Engineering Union, Sydney, 1966, p. 76.

128. Benjamin H. Higgins, 'Wage-Fixing by Compulsory Arbitration', *Social Research*, vol. XVIII, September 1951, p. 349.

thing but the evidence placed in front of them in public hearings or on inspections.'[129] However, the class origin, education and ideological views of arbitration judges and conciliation commissioners are significant influences. Most of the men in the upper echelons of the system come from conservative backgrounds. Not a few enjoy close ties with the world of business. Mr Justice H. B. Piper retired as Chief Justice of the Commonwealth Arbitration Court in 1947 and transferred immediately to the boards of the Broken Hill Pty Co. Ltd and Australian Iron and Steel Ltd. His successor, Mr Justice E. A. Drake-Brockman, was both a non-Labor Federal parliamentarian and president of the Central Council of Employers before being appointed to the bench.[130] As for the next incumbent, Sir Raymond Kelly, he held views which were permeated by the 'spirit of the corporative state', and he believed that 'contentment and peace is only to be found in the acceptance of authority'.[131] Two members of the present Commonwealth Industrial Court – Sir John Spicer and Mr Justice P. E. Joske – are former Federal Liberal parliamentarians; Mr Justice R. A. Smithers was president of the Young Nationalists in Victoria in 1940.[132]

A minority of arbitration judges once had close connections with the ALP, including two members of the present Commonwealth Conciliation and Arbitration Commission – Sir Richard Kirby[133] and Mr Justice F. H. Gallagher.[134] Mr Justice Kerr of the Commonwealth Industrial Court

129. G. W. Ford, 'Work', in Davies and Encel (eds), *Australian Society*, 2nd ed., pp. 138–9.

130. John Playford, 'Arbitration Judges', *Outlook*, February 1964.

131. Robert Murray, *The Split: Australian Labor in the Fifties*, Cheshire, Melbourne, 1970, p. 119.

132. Alan Scanlan, 'How It All Began: History of the Young Nationalists', *Victorian Liberal Leader*, no. 10, August 1967, p. 5.

133. *Nation*, 8 February 1964.

134. ibid., 10 July 1965; Edgar Ross, *A History of the Miners' Federation of Australia*, Australasian Coal and State Employees' Federation, Sydney, 1970, p. 407. Gallagher resigned from the Commission in July 1971.

was also once an active member of the ALP[135] and of the Australian Association for Cultural Freedom, affiliated with the then CIA-financed Congress for Cultural Freedom. Not only have these 'Labor' judges helped to reinforce the legitimacy of arbitration among trade unionists, but they have also frequently acted against labour with more than usual severity. The late Mr Justice A. W. Foster, who once advocated the abolition of the arbitration system and was slated by the *Argus* as a 'Bolshevik',[136] meted out Draconian sentences to the leaders of the 1949 coal strike.[137] Such behaviour is not unexpected. These men are not appointed to upset the status quo; their function is to maintain the capitalist system. The arbitration system is simply another part of the complex mechanism through which the ruling class wields a preponderant influence over the policies and actions of the state.

The ideological views and composition of those occupying leading positions in the state apparatus ensure that the dominant economic interests can rely on their support. However, these interests cannot always count on government and the other elements of the state system. For example, government may wish to follow policies which they believe to be beneficial to capitalist enterprise in the long run but which powerful economic interests may find disturbing. Government may also at times be subjected to pressure from other classes which it cannot completely ignore. Thus the general support which capitalist interests find inside the state system[138] does not eliminate the need to exert pres-

135. Don Whitington and Rob Chalmers, *Inside Canberra*, Rigby, Adelaide, 1971, p. 198.

136. Constance Larmour, 'The "Y Club" and the One Big Union', *Labour History*, no. 19, November 1970, pp. 29, 33.

137. Ralph Gibson, *My Years in the Communist Party*, International Bookshop, Melbourne, 1965, pp. 151–3. See also Gibson, 'The Arbitration System', *Communist Review*, June 1960.

138. As Paul M. Sweezy has written: '. . . *in general* the state serves the interests of the ruling class. But in any given situation . . . the course to be followed by the state is far from mechanically pre-determined.' (Shigeto Tsuru (ed.), *Has Capitalism Changed?*, Iwanami Shoten, Tokyo, 1961, p. 88.)

sure for achieving their specific aims. However, just as big business enjoys a massive superiority inside the state system, so does it also enjoy a permanent advantage outside the state system.

Labour v. Capital

> Nor indeed is there anything to suggest that big business has succeeded in controlling or unduly influencing Government policy.[139]

Pluralists are correct to the extent that they have observed a multitude of groups competing with each other for advancement of their various aims. But they have created a myth by assuming that the most important organized interests, particularly capital and labour, compete on approximately equal terms, and that no one interest is able to gain a decisive advantage in the process of competition. Business is not just another interest group in Australian life; it is the keystone of power.

Business is able to exercise immensely stronger pressures than labour in pursuing its aims. The most important is the pervasive and permanent pressure on government and the state generated by the private control of concentrated economic power. The existence of this major area of independent power is a fact which no government can ignore in determining its policies and which makes it extremely difficult for any government to impose on business policies which are strongly opposed. In other words, the limits of intervention against business are narrow. Of course, the veto power of business is not absolute, but it is extremely large; by virtue of its control of economic resources, capitalist enterprise enjoys a strategic position in its dealings with government.

139. Sir Ian Potter, 'The Urge to Merge', *Australian Accountant*, vol. 31, August 1961, p. 426. Potter is not only a well-known company director but also a prominent figure in the extra-parliamentary wing of the Liberal Party.

Labour has nothing of the power of capital – despite the fact that the Prime Minister, W. McMahon, told the House of Representatives on 18 March 1971 that the president of the ACTU, R. J. Hawke, has 'absolute power', and despite the fact that the journalist Maxwell Newton believes union officials hold positions of 'enormous power in the community' (*Melbourne Observer*, 29 August 1971). Labour has no influence on what a firm produces, whether it exports or not, whether it invests and for what purpose, and a whole host of other such decisions. The only important weapon possessed by labour is the strike, which is effective if used with determination. The problem, however, is determination. Labour is particularly vulnerable to various pressures, from lack of funds to grumbling wives, calculated to erode its persistence. Moreover, the mass media can always be relied upon to blast the 'irresponsibility' of any strike. Government can also be relied upon to use every available means of influence and power at its command to erode the will of the strikers.

Another weakness which affects labour is that business organizations speak with greater authority than their labour counterparts. They include a very high percentage of individual business units. In fact, about 90 per cent of the workforce engaged in private secondary, tertiary and rural industries is employed by members of associations covered by the National Employers Associations, established in 1961 to co-ordinate employer policy at the national level.[140] The equivalent labour organizations, on the other hand, do not cover even a majority of wage-earners: the proportion of union members among the total number of wage- and salary-earners today is 48 per cent.[141] A significant minority of unionists belong to unions which are not affiliated with the ACTU. In this sense, business organizations are much more representative than labour. Moreover, business

140. I. G. Sharp, 'Industrial Relations in Australia', in *Anatomy of Australia*, p. 192.

141. *Sydney Morning Herald*, 27 April 1971.

is not as divided as labour. Of course, business is not an economic or ideological monolith speaking with one voice on all issues, but the divisions within business do not prevent a basic ideological consensus. Business presents a reasonably united front on most of the important issues of economic policy, and over many other large national issues as well. As Encel has noted: 'when it comes to basic questions about the relation between capital and labour, the employers speak with one voice.'[142] The outstanding characteristic of the trade union movement on the other hand is division over fundamental matters, particularly ideology. It should be emphasized here that to a significant degree the trade unions have been integrated into the structure of Australian society, although their officials are not represented on as many government advisory committees as are their British counterparts.[143] Nevertheless, the great majority of them live up to the picture of a 'responsible' union official painted in 1970 by the then Minister for Labour, B. M. Snedden: 'He starts giving real leadership when he presents objectives which run parallel to the objectives of the nation'.[144]

There are many other reasons for dismissing as unrealistic the view that labour is of comparable strength to business. As far as pressure group activity at the executive and administrative level is concerned, business enjoys relations with cabinet ministers and senior public servants which are markedly different from those of labour. These men, as we have seen, are influenced by social background, personal ties, class situations, ideological views and conceptions of the 'national interest'; given these influences, business secures a degree of sympathy of a kind qualitatively different from that accorded to labour. An important reason for this difference is that labour always appears as a very much more 'sectional' interest than business. The legitimate demands of labour can always be construed as detrimental to economic viability or inflationary, as selfish or unrealistic; in other words, as against the 'national interest'. The demands of business, on the other hand, can always be plausibly presented – given the capitalist context in which they are made – as consistent with the 'national interest'. Cabinet ministers and senior public servants are very likely to feel that in endorsing the demands of business they are furthering the 'national interest'.

142. Encel, op. cit., p. 356.
143. Playford, *Neo-Capitalism in Australia*. Appendix.
144. *Australian*, 21 August 1970.

This likelihood is increased by the enormous resources which business is able to utilize in advancing its aims. Government departments and state agencies concerned with policies affecting the major interests are strongly influenced by the information presented to them by these interests as well as by the weight and intensity of the pressures which are generated. Given their vastly superior resources, business organizations and powerful firms such as BHP and CSR – which do not have to rely on intermediate bodies to present their case to government – enjoy what can only be described as a truly massive advantage. Nothing could be more profoundly mystifying than to assert that a study of the legislation implemented by the six State governments in the period 1946–55 'does not reveal any dominating preferential relationship between the party in office and its "supporting interests"', particularly as the political scientist who made this assertion had stated previously that business was the 'favoured client' of the Liberal Party.[145]

'In the "pluralist" societies of advanced capitalism', Miliband has written, 'some are much more plural than others'.[146] Another political scientist has been even more caustic: 'The flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent. . . . The system is skewed, loaded and unbalanced in favour of a

145. S. R. Davis, 'Diversity in Unity', in Davis, op. cit., p. 625.
146. Ralph Miliband, 'The Labour Government and Beyond', in Ralph Miliband and John Saville (eds), *The Socialist Register 1966*, Merlin Press, London, 1966, p. 14.

fraction of a minority.'[147] This imbalance does not automatically ensure that business interests always achieve their objectives. Neither do other interests always fail to achieve their objectives – even against strong business opposition; in fact, it would be absurd to speak of competition at all if business dominance had been absolute. Nevertheless, the odds are stacked very heavily in favour of powerful capitalist interests.

Parliament

The marked imbalance between business and labour is also seen in the workings of parliament. As is widely known, the legislature plays a subsidiary role in the decision-making process, with government increasingly insulated from effective parliamentary pressure. Nevertheless, it retains some degree of influence, and the major interests still find it worthwhile to exert pressure through parliament. Despite universal suffrage, it remains much more the instrument of the dominant class than of the subordinate classes.

To begin with, conservative parties have dominated parliament, particularly at the Federal level. As for the ALP, it has acted on a view of the 'national interest' in which working-class interests have been subdued. Almost every Labor parliamentarian has succumbed to the parliamentary embrace which has markedly affected whatever political virility a small minority of them once possessed and has caused them to see the world through a parliamentary haze. After his party had been out of office for almost two decades – although at times it had a clear majority of the total vote – and in full knowledge of the increasingly weakened legislative and non-legislative functions of parliament, Labor's Whip in the House of Representatives stated in 1967

147. E. E. Schattschneider, *The Semisovereign People*, Holt, Rinehart and Winston, New York, 1960, p. 35.

that 'we should every day of our lives thank God we have this type of Parliament'.[148] The fetish of parliamentarianism, the belief that socialism as well as social reform can come through a bourgeois parliament, is to be found in the writings of the most prominent 'Left' Labor politician, who has declared that to reorganize society it is necessary to turn to the Federal parliament since that body is 'the only real and effective way to achieve all these necessary changes'.[149]

Marx and Engels were keenly aware of the debilitating effects of 'parliamentary cretinism'. They stressed that it was 'a disorder which penetrates its unfortunate victims with the solemn conviction that the whole world, its history and future, are governed and determined by a majority of votes in that parliamentary representative body which has the honour to count them among its members, and that everything going on outside . . . is nothing'[150] compared with what they are doing.

Conclusion

A marxist analysis of power does not advance the absurd notion that the ruling class *totally* dominates the bourgeois democratic political system in Australia. That is nothing but an invention of vulgar anti-marxists eager to demolish the

148. G. S. Reid, 'Parliamentary Politics', *Politics*, vol. II, no. 1, May 1967, p. 89. When a well-known journalist interjected from the press gallery on 9 March 1971 to call the then Prime Minister a 'liar', Calwell immediately demanded that the Speaker 'deal with the animal' who had the 'audacity' to shout at Gorton, thereby committing a 'heinous offence'. The paramount role of parliament in Australian society has been argued by a former Labor President of the Senate in a book interlaced with crude anti-communism. See Gordon Brown, *My Descent from Soapbox to Senate*, Brisbane, 1953, pp. 179–95.

149. Jim Cairns, 'The Labor Movement and Socialism', *Broadside*, 7 August 1969.

150. *Germany: Revolution and Counter-Revolution*, ch. XV.

straw-man view that a 'small clique of people . . . monopolizes privilege'.[151] These critics claim that 'tight conspiracy theories of society can be demonstrated to be untrue. A lot of the people who make decisions in Australia just never meet each other'.[152] Such a superficial observation completely ignores the fact that, although some of these 'strangers' never make personal contact, they have an excellent means of recognition – their common wish to maintain the capitalist system. 'Obviously, if aware of their own position and if working toward a common goal, the members of the ruling class need not "conspire" to assure behaviour in their common interest.'[153]

Encel's curt assertion that 'The notion of the "ruling class" has – with reason – been out of favour for a long time'[154] is on a par with Mills' dismissal of the concept in a famous footnote in *The Power Elite*.[155] It is true that the structure of class power in Australia relies to a considerable extent on a complex mechanism of mediated and conditioned consent which makes it appear that the economically dominant class does not exercise a decisive degree of political power. In reality, however, the most important *political* fact about our society is the existence of concentrated private economic power, whose owners and controllers enjoy a massive preponderance in the determination of the policies

151. Horne, *The Lucky Country*, pp. 165–6. In similar 'scholarly' fashion, a British political scientist, in rejecting the notion of a ruling class, triumphantly demonstrates that 'a "conspiracy" by a *completely* dominant and *totally exclusive* Ruling Class' does not exist. See R. M. Punnett, *British Government and Politics*, Heinemann, London, 1968, p. 415. (My italics.)

152. Horne, op. cit., p. 165.

153. Richard C. Edwards, Arthur MacEwan and others, 'A Radical Approach to Economics', *American Economic Review*, vol. LX, May 1970, p. 360. See also G. William Domhoff, *The Higher Circles*, Random House, New York, 1970, ch. 4.

154. S. Encel, 'The Political Elite in Australia', in Hughes, op. cit., p. 86.

155. C. Wright Mills, *The Power Elite*, Oxford University Press, New York, 1956, p. 277. See also Domhoff and Ballard, op. cit., pp. 129, 263.

and actions of the state and in the political system as a whole.

Several years ago Nairn pointed out that marxists have tended to concentrate upon the obvious instruments of power: the coercive state, the police and the army, deliberate propaganda for a way of life and certain sacred values. However, he continued:

> . . . the modalities of power are infinite. In reality, the hegemony of one social class over subordinate classes in society may be extremely complex, a cultural tissue of great variety and subtlety, extending all the way from the education of infants to the naming of streets, present in people's inhibitions and mental blocs as well as in what they profess to believe — all that tradition of the generations 'weighing like a nightmare on the brain of the living', as Marx said.[156]

The validity of Nairn's statement does not contradict the fact that the power of the ruling class ultimately rests on coercion and violence, as any revolutionary socialist trade unionist or student can readily confirm. Nevertheless, it is important to remember that contemporary Australian capitalism is maintained not by the state's superior fire power but by the fact that the whole structure of economic and political domination is dependent upon the support – or at least the acquiescence – of the great majority of those who are subject to it.[157] Most Australians accept the existing social order and confine their demands and aspirations within its limits. Vigorous and protracted struggle will be necessary to smash the economic, political and ideological domination of the ruling class.

156. Tom Nairn, 'The British Political Elite', *New Left Review*, no. 23, January-February 1964, p. 19. See also J. D. Blake, *Revolution from Within: A Theory of Contemporary Change*, Outlook, Sydney, 1971, ch. 2.

157. Wesolowski (op. cit., p. 76) has written that 'the scope of the application of force is usually in reverse proportion to the depth of ideological domination'. See also Alan Wolfe, 'Political Repression and the Liberal Democratic State', *Monthly Review*, vol. 23, December 1971.