<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction: E. L. Wheelwright</td>
</tr>
<tr>
<td>Primary Accumulation: The Genesis of Australian Capitalism: Ken Buckley</td>
</tr>
<tr>
<td>Early Australia: Wage Labour or Slave Society? Michael Dunn</td>
</tr>
<tr>
<td>Australia: Victim or Partner of British Imperialism? David Clark</td>
</tr>
<tr>
<td>Australian Immigrants, 1788-1940: Desired and Unwanted Marie de Leprevanche</td>
</tr>
<tr>
<td>The Political Economy of Post-War Immigration John Collins</td>
</tr>
<tr>
<td>Social Policy and the Permanent Poor Jill Roe</td>
</tr>
<tr>
<td>Capitalisation and the Environment: The Failure of Success Leonie Sanderson</td>
</tr>
<tr>
<td>Mass Media: Structure, Functioning and Control Allan Ashbolt</td>
</tr>
<tr>
<td>The Ideology of the Labour Movement Bob Gollan</td>
</tr>
<tr>
<td>Structure and Structural Change in the Ruling Class R. W. Connell</td>
</tr>
<tr>
<td>Technocratic Laborism—The Whitlam Government Bob Calley and Bruce McFarlane</td>
</tr>
<tr>
<td>Notes on Contributors</td>
</tr>
</tbody>
</table>
...In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation on which rise legal and political superstructures and to which correspond definite forms of social consciousness. The mode of production in material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their existence, but on the contrary their social existence determines their consciousness.

Karl Marx. Preface to *A Contribution to the Critique of Political Economy*, 1859

INTRODUCTION

E. L. Wheelwright

The anatomy of civil society is to be sought in political economy.

Karl Marx, preface to *A Contribution to the Critique of Political Economy*, 1859

This *collection* of essays originated in the belief that a ‘History of the Political Economy of Australian Capitalism from the Earliest Times to the Present Day’ should be written; that this would be best attempted from a *basic Marxist standpoint; and that* before it could even be started, it would be necessary to provide both bricks and straw. These essays constitute an initial step along that road, and it is hoped that this *volume* will be the first of a series.

It is curious that this task has never been attempted before in Australia; for, as S. J. Ryan has remarked:

Australian economic history is the major part of all Australian history; from the beginning economic factors have dominated development in a way that should gladden the heart of any Marxist. What is true of any particular strand of economic growth—land settlement, labour relations and labour organisation, immigration, secondary industry—is also true of each major stage in the development of the community as a whole; each is characterised by economic changes which conditioned political, social and cultural changes.1

This is something which strikes any newcomer to Australia who is a student of socialist approaches to history, the almost total lack of any Marxist based attempts to analyse the development of Australian capitalism, despite its obvious suitability for that task. It soon becomes apparent that little help can be expected from conventional economics, especially as taught in most Australian universities; this lacks an historical approach, is extremely weak on the history of economic thought, and is characterised by the virtual absence of any teaching of Marxist economics.2 Furthermore, as has often been pointed out in Marxist literature, orthodox economics takes as ‘given’ all the most important and most interesting questions which are relevant to the evolution of
POLITICAL ECONOMY OF AUSTRALIAN CAPITALISM

The socio-economic system we call capitalism. An excellent recent expression of this point is to be found in the work of Harry Magdoff:

"The technical parameters which economists study are those that, at best, condition the money in which the arrived-at social system behaves. That is why, if one wants to come to grips with the essence of capitalism and imperialism, the investigation must be able to penetrate the screen created by the fetishism of commodities and commodity exchange. In one sense, prices and wages undoubtedly do reflect the exchange of equivalences. But these equivalences are the products of a specific historical process... The equivalences of our time are instruments which facilitate the efficient reproduction of the existing allocation of resources and of the existing property arrangements. In this context, prices and markets are -impartial; they repeatedly reproduce the existing class structure of a society, the existing income distribution within a country, and the existing income differentials among countries. They are the 'impartial regulators of the attainted capitalist institutions, and of the economic dependence of the periphery on the metropolis." (Emphasis added.) 13

This irrelevance of bourgeois economics to the point at issue is almost matched by the inadequacies of much historical writing, the bolstering of myths and the crawling along the frontiers of knowledge with a hand lens (to use Eric Ashby's felicitous phrase) are both painfully in evidence. There has been a very considerable development of Australian historiography over the last two decades, but little of this is useful for the purpose in hand. In fact it is significant that, for the only full-scale attempt in any kind of Marxist historiography, it is necessary to go back almost to pre-war days, to the work of the late Brian Fitzpatrick, a scholar who could not get a full-time permanent job in any Australian university, to the ever-lurking shame of their history departments. Geoffrey Blainey, who contributed the foreword to the 1969 edition of Fitzpatrick's The British Empire in Australia 1834-1939, which was first published in 1941, wrote: 'This book in the 1940s perhaps had more influence on the study of Australian history than any book in any previous decade'. Blainey also noted that the opening sentence of the first edition was deleted from succeeding ones: it read: 'Political philosophy and political trends can usually be explained by reference to economic developments which they reflect'. 14

Scholars engaged in such a study of Australian capitalism as we have in mind will find little help from the work of most Australian economists or economic historians; indeed the same can be said of other social scientists, such as sociologists, anthropologists and political scientists. This itself is curious, for Australia has produced so few Marxist-based social scientists of any stature. Overseas scholars often remark on this phenomenon; for example, Samir Amin, in an article noting that much modern social science is very relevant to the present condition of mankind asks: 'Why is Australia a world of absolute silence? The question cannot be answered by resort to the cheapspect that Marxist based social science has nothing to contribute..." (The number of highly respected and distinguished Marxist scholars in Western Europe, Britain and the U.S.A. give the lie to that, as does the tremendous revival of interest in Marxism thought, as evidenced by the flood of contemporary literature on the subject. Marx and Engels themselves, naturally enough had little to say which was of direct relevance to Australia. What they did have to say has been thoughtfully gathered together in one slim volume by Henry Mayer under the title, Marx, Engels and Australia, most of the references are marginal to the purpose in hand; they refer to the likely effect of the Australian gold discoveries on the commercial crisis of British capitalism but there are occasional references to the social composition of Australia, which are hardly complimentary. On one occasion Engels refers to Australia as a State of unconvicted blacks, a United States of deported murderers, burglars, rascals and pickpockets, who will throw out the English and establish an aristocracy of rogues'. 15

On another occasion Engels gives his impression of the culture of migrants to Australia (and elsewhere) from Ireland, after a visit to that country:

How often have the Irish started in order to achieve something, and every time they have been crushed, politically and industrially. Through consistent oppression they have been artificially converted into an utterly demoralised nation, and now, as is well known, they fulfill the function of supplying England, America, Australia etc., with prostitutes, casual labourers, pickpockets, thieves, swindlers, beggars and other rabble. 16

The best-known references to Australia by Marx himself are in his discussion of E. G. Wakefield's theory of colonisation; they occur in Chapter 33 of the first volume of Capital. 17 They are significant for the development of pastoral capitalism in Australia, and are worth quoting at length.

It is the great merit of E. G. Wakefield to have discovered, not anything new about the Colonies, but to have discovered in the Colonies, the truth as to the conditions of capitalist production in the mother-country. As the system of protection at its origin attempted to manufacture capital not artificially in the mother-country, so Wakefield's colonisation theory, which England tried for a time to enforce by Acts of Parliament, attempted to effect the manufacture of wage-workers in the Colonies. Thus he called 'systematic colonisation'. First of all, Wakefield discovered that in the Colonies, property in money, means of subsistence, machinery, and other means of production, does not as yet stamp a man as a capitalist if there be wanting the working men, the wage-worker; the other man who is compelled to sell his labour power for his own free-will. He discovered that capital is not a thing, but a social relation between persons, established by the instrumental-
POLITICAL ECONOMY OF AUSTRALIAN CAPITALISM

to the amount of $50,000. Mr. Peel had the foresight to bring with him, besides, 3,400 persons of the working-class, men, women and children. Once arrived at his destination, Mr. Peel was left without a servant to make his bed or fetch him water from the river. Unhappy Mr. Peel who provided for everything except the export of British modes of production to Swam River! (Emphasis added.)

The essence of Wakelton's policy was for the government, which controlled the release of land in the colonies, to make its price so high that only the rich could afford it, thus effectively keeping the poor off the land except in their capacity as wage-labourers for land owners. This was most succinctly summarised in Marx's Grundrisse: 'Hence Wakefield's theory of colonisation, which has been followed in practice by the English government in Australia—landed property is here artificially made expensive, so as to transform the labourers into wage workers, to get capital to work as capital.'

In Marx's view these programmes, adopted in English colonies and especially in Australia, were a fluke, because they diverted the stream of emigration to the United States, where there was no such artificial method of making land expensive; on the contrary legislation encouraged the small settler. However, in Australia the programme was carried to excess;

The shameless lavishing of unoccupied colonial land on aristocrats and capitalists by the Government, so loudly denounced even by Wakefield, has produced, especially in Australia, in conjunction with the stream of men that the gold-diggers attract, and with the conviction that the importation of English commodities causes even to the smallest artisans, an ample 'relative surplus labouring population'; so that almost every mail brings the Job's news of a 'lot of the Australian labour-market', and production in some places there flourishes as wantonly as in the London Haymarket.

There are few references by contemporary Marxist scholars to Australia, and they are not uncomplimentary. As Engels was in his day, Pierre-Joseph Proudhon, for example, in his The Village of the Third World, includes Australia and New Zealand in his classification of the imperialist zone of capitalist countries and explains his reason for doing so, that, '... although Australia and New Zealand are mainly producers and suppliers of primary products, they are still essentially part of imperialism and might be described as an excrecence of that system projected to the other side of the world.'

Samir Amin, author of the monumental Accumulation of Capital on a World Scale, attacks the functionalism of post-war capitalist societies, and singles out Australia for special mention.

But Los Angeles also exists: and—worse—Australia. Why... is it that we love the old cities, we even love Manhattan, but we can't even the old princes who conceived it discern the pretentious functionalism of the latest 'achievements' of post-war capitalism...
be the state apparatus of each colony in the first instance, or that of a federal government at a later stage. Second, most of the 'inputs', or 'factors of production' of the system must of necessity be imported; this applies to labour, capital, and the mode of production, virtually the only exception being land. If these initial inputs are 'once for all', then an indigenous form of capitalism may have a chance to develop, but if the initial injections are boosted at regular intervals from the same source, the initial inputs and forms will be reinforced. Also if there is a change in the source from which either labour or capital, or both, are imported, then if these injections are large enough, and continue for long enough, a change in the character of the system might well be expected. What should also be included as an invisible 'input' is an ideology and a system of class relationships and social attitudes which are attuned to the social relations of capitalist production; although ideologies and social attitudes which are not so attuned will inevitably creep in, if they are present in any numbers in the source. Thirdly, the transplanted system must operate in a physical environment which is very different; there is space, and in spite of the 'tyranny of internal' distance' access to land is much easier unless artificially restricted on the Wakefield model.

None of these matters has been adequately examined from the point of view adopted here. There has been some useful work done on the role of the state in the economic development of Australia; this has been described variously as 'state socialism', 'colonial governmentisation', 'colonial socialism', and more recently, as 'neo-capitalism'; but there is not a single book on the subject.15 McFarlane has summarised the position as follows:

From the very earliest days...a public sector has been crucial in setting the pace, atmosphere, and social investment 'infrastructure' essential to economic development. With the coming of federation and the growth of a tariff system the government was virtually taking the role of a capitalist, helping to develop the resources and build up generalised markets for the products of domestic private enterprise. Industrialisation was not achieved by a thrifty, development-oriented aggressive middle class. What happened rather was that the public sector or government regulation became substitutes for the normal functions of the middle class and capital groups, as agents of economic development. Indubitably there followed the growth of a bureaucracy to run a network of regulatory agencies.16

Yet, as Encel notes, until about the 1950s, economic writing in Australia was dominated by the assumption that the role of government was merely a background factor in the development of capitalism in Australia. Event today, economic text-books still appear with chapters quaintly entitled, 'Government Intervention'.17 Encel is one of the very few who have paid attention to the sociological results of the economic role of the state, using such terms as 'bureaucratic revolution', and

"the bureaucratic ascendancy".18 Further work needs to be done on the effect of this on the class structure, and in particular, on how government bureaucracies acquire an ideology. As for the role of State Governments and their relation to class interests, this has been almost totally neglected. (One potential contributor to this volume of essays offered an item provisionally entitled 'States Rights and Class Interests', which was unfortunately withdrawn. It is hoped to include this in Volume Two.)

On the question of the impact of the import of labour and capital on the class structure, a great deal of work needs to be done. It might be expected that at least at a certain stage, with a favourable ratio of natural resources to people, the class structure might be more open, more fluid, than in capitalist societies elsewhere, at least when there is ease of access to those resources. It would be interesting to know whether this has been the case, and if so, at what stage of the development of Australian capitalism it began to change. There has been little attempts to relate changes in the class structure to changes in the development of capitalism; in fact the first book-length study of class structure in Australian history has yet to emerge.19 Large-scale immigration clearly has a substantial effect on the class structure; if the immigrants come from poorer countries and lack training in industrial skills, they tend to enter the work force at the bottom of the socio-economic pyramid, undertaking the unpleasantr, dirty or menial jobs. In this way immigration permits the indigenous population to move up the economic ladder, and engage in more pleasant occupations, or to jobs at the subservient level, hence tending to have the effect of dividing the labour movement, as Lenin pointed out almost sixty years ago.20 It is an open question whether the Australian Labor Party dug its own grave by instituting the post-war immigration programme; the question can only be resolved by further study of the dialectics of immigration. Large scale import of capital must have a profound effect on the ownership and control of wealth, and therefore on the class structure, especially on the national bourgeoisie. In a country in which, by official calculation, foreign capitalists control over one quarter of industrial production, over one half of mineral production and over forty per cent of both general insurance and finance company business, there must be a significant weakening of the strength of the indigenous capitalist class.21

Another set of questions relates to the morphology of the growth of capitalism in Australia. Apart from the genesis thereof, what were the crucial stages? What period saw the foundations of early industrial capitalism being laid, based on the tariff and the arbitration system? To what extent did this involve a redistribution of the national income in favour of manufacturers and industrial workers, and against landowners, a sort of Australian 'Ricardo effect'?22 And what alignments of class forces enabled these foundations to be laid? A second stage of industrial capitalism based on multi-national corporations obviously began after
INTRODUCTION

World War II; precisely how did the "open door" policy on foreign investment originate, and what have been the economic, social, political and cultural effects of that momentous decision? Precisely how did our trade relationship with Japan originate in the 1950s and blossom in the 1960s? To what extent is Australian capitalism now caught in the vortex between two imperialisms—the American, and the Japanese? And are there pressures operating to force Australia into a form of sub-imperialism, or junior partnership operating in the interstices between these giants?

Related to these questions are others concerning Australian nationalism. How did this emerge from the capitalism of the 1890s? And did it, as has been crudely suggested, 'get lost in military jingoism in the First World War, not get much chance in the depression years, emerge again during the Second World War, and get lost again during the Cold War, when Australia exchanged one imperial master for another, under the chief architect, R. G. Menzies?' An up-to-date analysis would also have to explain the emergence of the so-called 'new nationalism' of the Whitlam Government. The work of Rona Lewinburg could be helpful here, for she took the view that such national movements could be historically progressive or reactionary, depending on existing social relations and international conditions as well as the character and interests of the class or classes supporting them. Her dictum could well be a text for any analysis of the national question in Australia: 'National states and nationalism are initially empty shells into which each historical epoch and the class relations in each country pour their particular material content.'

Another set of questions that also overlaps with those on the morphology of the growth of Australian capitalism, relates to the impact of imperialism on growth and on the economic and social structure. Here the work of André Gunder Frank could be taken as a starting point, to see in what respects it is valid, if at all, for Australia. One important proposition of what should properly be called the Fanon-Frank thesis is that in colonies or neo-colonies, economic development has blossomed most precisely when the tap-root of the imperialist link was at its weakest, at such times as the First World War, the Great Depression and the Second World War. Another important element of that thesis, also worth investigating for its relevance to Australia, is the proposition that in the contemporary world, national capitalism is an impossibility; that bourgeois nationalism involves an alliance between the bourgeoisie and the working class; and that finally, the local and foreign capitalists join hands in their control of the state, which they then use as an instrument of repression against the working class. It has been suggested that the Australian beginnings of this scenario may perhaps be traced through the earlier pronouncements of Sir John McEwen about 'selling part of the farm to pay off the mortgage' to former Prime Minister John Gorton's abortive and confused elements of economic nationalism, and probably including Gordon Bajenaro's Liberal Reform Group (now the Australia Party) as a splintering-off of the patriotic and more nationalistic elements of the bourgeoisie. (A brilliant analysis of conflicts in the ruling class by R. W. Connell carries this much further; it details the mutual interests of foreign and local capital, as well as their conflicts of interests, and concludes that the multiple conflicts within the ruling class, coinciding with a revival in Labor party and trade union leadership, created the conditions for the electoral victory of the A.L.P. in 1972."

On this issue, the questions which should be asked now, include the following: What are the strengths and weaknesses of our national bourgeoisie now, after two decades of foreign penetration of the economy? Will the split between big and small business widen, as Moore argues, with big capital attempting to go international, allying itself more with foreign capital, needing less protection, and causing the liquidation of smaller capitalists, as has happened in Brazil and Argentina? Or will smaller capital seek to mobilise the working class and the rural population against big capital, domestic and foreign, in order to maintain tariff protection on which it increasingly depends? What difference does it make that, unlike Canada and Latin America, Australia has been penetrated by capital from more than one source—Britain, the U.S.A., and now, increasingly, Japan? What difference does Blainey's 'pyramiding of distance' make in the era of modern communications? Clearly it preserves us from the Citadino problems of living next door to imperialism, but it also removes the options of joining wider regional organisations which are open to European or Latin American countries. In the present era of international capitalism, a Marxist analysis of Australia's relation to it is more relevant than ever.

Some of the issues raised here, as well as others, are tackled by the contributors to this volume. They were invited to concentrate on the basis of their expertise in a particular area, from an eclectic Marxist standpoint. No "line" was laid down: nothing situates the intellectual Left in Australia so much as the contemporary excesses of dogmatism and the resulting sectarianism. Fresh viewpoints are presented here; the editors do not agree with them all, nor would all contributors necessarily agree with this introduction. The main criterion for inclusion was that an essay was considered to be putting forward a tenable point of view on a significant issue, not whether the editors agreed with it or not, nor whether it contradicted other essays. The essays do not hang together; they are not intended to; and there are obvious gaps which it is hoped will be filled in succeeding volumes. Most of the essays are original studies, commissioned for this volume, although some may have appeared in an earlier form elsewhere. Picture volumes will attempt to
maintain the balance of the present one, in the sense of having about one third of the essays being of a historical nature, with the rest dealing with contemporary issues. There is a continuing need for radical work of this kind, for:

Men make their own history, but not of their own free will; under circumstances they themselves have chosen but under the given and inherited circumstances with which they are directly confronted. The tradition of the dead generations weighs like a nightmare on the minds of the living. And, just when they appear to be engaged in the revolutionary transformation of themselves and their material surroundings, in the creation of something which does not yet exist, precisely in such epochs of revolutionary crisis they family conjure up the spirits of the past to help them; they borrow their names, slogans and costumes so as to stage the new world-historical scene in this venerable disguise and borrowed language.32

NOTES
2 There are exceptions, of course. After years of struggle within the Department of Economics at the University of Sydney, alternative courses in mainstream economics, entitled Political Economy I and II, began in 1975. These include a "Compared on Marxist economics. The History of Economic Thought has been taught at the University of Sydney for many years, but it is now an optional course, and only a small number of students take it. No doubt some Marxist economists and some History of Economics Thought are taught in other universities also, but the point remains that the teaching of both an historical approach to economic phenomena, and peripheral to the main line of the course, is of the central core of theoretical economics. Mainstream economics offers little in ignorance of the history of capitalist development and any Marxist critique thereof. See W. J. Waters and E. L. Wheelwright, "University Economics—A Radical Critique," in E. L. Wheelwright, Radical Political Economy, Collected Essays (A.N.Z. Book Co., Sydney, 1974).
3 Harry Magdoff, Economic Myths, and Imperialism, Monthly Review (New York), December 1971, p. 15. Again, there are always exceptions to this kind of corporate economy, but in Australia they are few indeed; they are becoming more important among those who control the media, and many journalists are drawn into this sector, and work with a. J. Plunkett and D. Kruse, Capitalism: An Introduction (Melbourne, 1972).
9 ibid., p. 182.
10 ibid., p. 118.
11 There are other references noted by Mayer, in his Appendix II, but they do not add much.