



intervention

revolutionary Marxist journal

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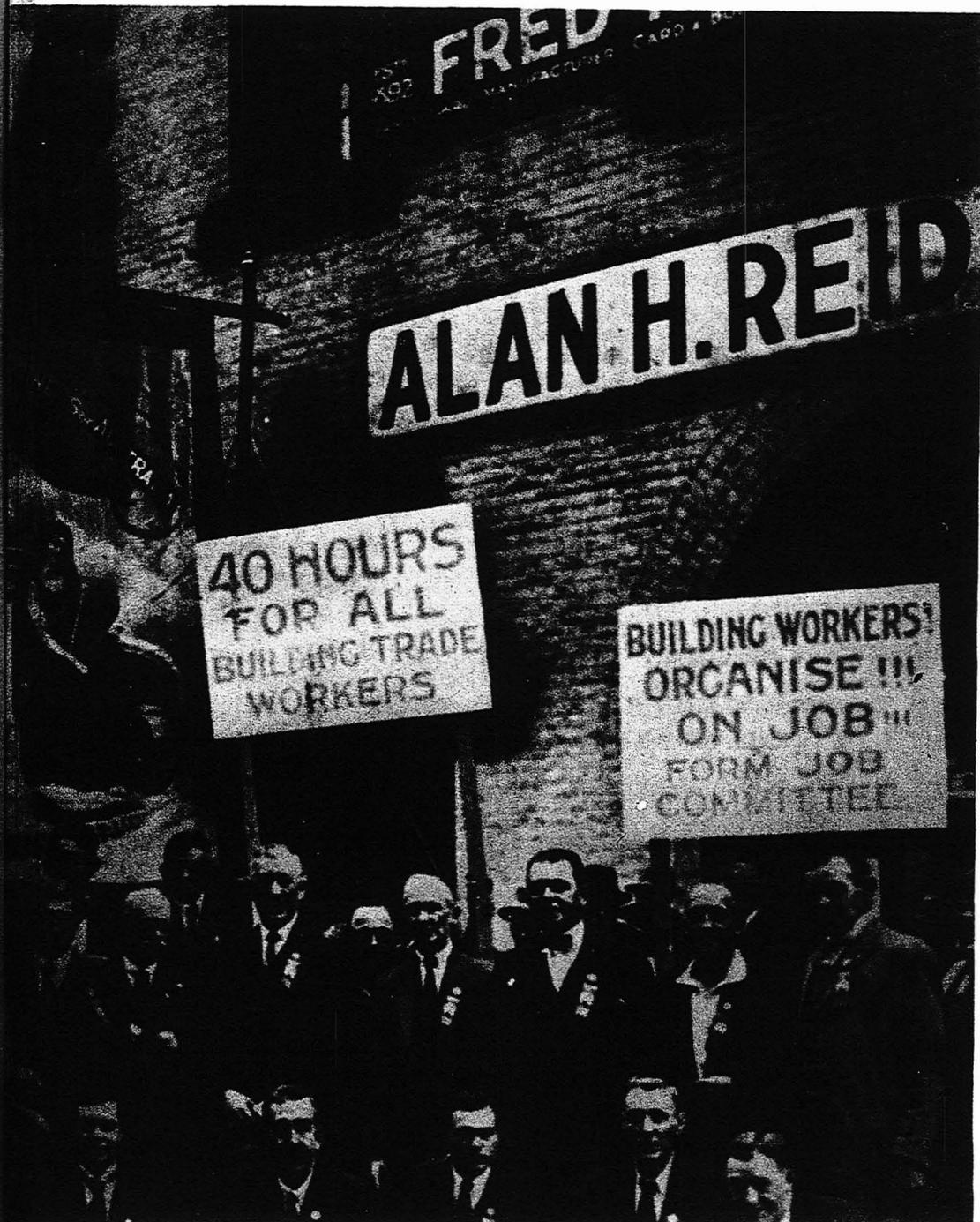
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Our work on Intervention makes sense to us only as part of the development of a political tendency within an emerging socialist movement . We would like to make contact with individuals and groups that share our political perspective .

A.S.C.&J. contingent Labor Day 1922

reprinted from 'The Bitter Fight', J. Harris



EDITORIAL GROUP: MICK COUNIHAN, ÉLIZABETH ELLIOTT, DAVID EVANS, GRANT EVANS, STUART MACINTYRE, PHILLIP MOORE, JOHN PLAYFORD, KELVIN ROWLEY, JOHN SCHMID.

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EDITORIAL

The revolutionary left has never been very strong in Australia. While particular historical circumstances have imposed practical limitations, a continual and profound source of weakness has been the absence of revolutionary theory.

Australia has been a capitalist economic formation from the outset of its colonisation, yet it generated an industrial proletariat relatively late in its development. The first avowedly Marxist party did not emerge until 1920. Its creators had read little Marx (and no Lenin until 1926!), and their communism amounted to little more than an enthusiasm for the victory of the Bolsheviks. This theoretical immaturity was revealed, and at the same time reinforced, by the subsequent subjugation of the Australian left to Stalinist theory and political practice fixed the Communist Party of Australia in a barren orthodoxy which was incompatible with any viable revolutionary theory. The disintegration of this orthodoxy in the 1950's and 1960's led to the fragmentation of the C.P.A. as its members sought in various ways either to dispel the nightmares of its past or to recapture the unequivocal certainties of those bygone days.

The 1960's also saw the rise of a New Left, characterised in its initial stages by the double rejection of both 'advanced industrial society' and official Marxism. The single most important factor in the growth of this New Left was America's and then Australia's increasing involvement in a war of aggression in Vietnam. The

inadequacy of a merely moral objection to this war and the realisation that the American and Australian policies were not isolated and aberrant, propelled many in the direction of the Marxist critique of imperialism and capitalism. Yet the discovery of Marxism was made in diverse and contradictory ways.

One serious obstacle to this discovery was the absence of any viable intellectual tradition in Australia and the absence of a Marxist intelligentsia. The handful of intellectuals who aligned themselves with Marxism had in general failed to link their political standpoint with their theoretical endeavours. The abstract nature of their efforts was never overcome. The few who appreciated the political necessity of a unified theoretical practice had found it impossible to sustain their attempt in the face of hostility from the Communist leadership and harassment by the bourgeoisie. Thus when the New Left turned to Marxism it faced the old left intellectuals across an enormous gap for the theoretical tools available to these intellectuals were found to be inadequate to present reality. But in spite of this breakthrough the New Left has not yet fulfilled its potential. Progress has been impeded by hasty and attenuated assimilation of various overseas theories, notably Trotskyism and Maoism; and there has been a similar process of uncritical absorption of theoretical influences such as the Marcusean stream in the American New Left. Consequently, the New Left in Australia has fragmented into its present condition of increasingly isolated and all too often dogmatic sects.

With this history it is not surprising that the Australian revolutionary left has still not developed a knowledge of the workings of Australian capitalism and its distinctive characteristics. Indeed, most of the Left do not appear to recognise that this is a crucial task. Perhaps characteristically, it took an overseas Marxist to force the problem to our attention. James O'Connor wrote in *Arena* 24:

There appears to be a problem of 'locating' Australia in the hierarchy of the world capitalist system. Australia certainly is not underdeveloped in the sense that India, Brazil, and Nigeria are underdeveloped. It is certainly not developed in the sense that the United States and E.E.C. are developed. In short, the categories bequeathed to us by Paul Baran in his classic study, *The Political Economy of Growth*, do not seem to be much help. There is no room in the current marxist world-view for countries such as Australia, which on the one hand have high per capita incomes and on the other do not have an integrated industrial base. I conclude that we will have to modify the categories, fortunately not without help from others.

While we have reservations about aspects of this statement, we do believe that O'Connor has pointed to an important problem — the exceptional character of Australian capitalism — and the immediate task of this journal is to explore and define these exceptional characteristics. Further, we believe that the Marxist framework is indispensable to the achievement of this task. A successful socialist strategy implies a mastery of the events of today and the anticipation of those of tomorrow. A valid interpretation of events necessitates a correct theory, for without theory revolutionary practice can be little more than

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pragmatic adjustment to events. To be dominated by events means to compromise with them — the beginning of the slippery slope to opportunism. The conscious avoidance of compromise through a blind rush into activism only begets the same result for here a lack of theory means a lack of realistic assessment of the resources at one's disposal and that of the adversary. Such consequences of the disregard for theory have dogged the history of the Left in Australia. This editorial committee stands by the proposition that an understanding of social reality, of capitalist society, is a necessary condition for a successful socialist strategy.

Such claims are not novel. They have been emphasized time and again by the great revolutionaries such as Lenin and Gramsci. But as we have indicated, the insights they provided were not taken up and practised in Australia. Hence the question must be posed: why are we able to take these insights and why do we see it important to launch the journal now? The answer to these questions involves a consideration of Marxist political and theoretical history over the past fifty years.

The isolation of the Russian Revolution and the ascendance of Stalin ultimately brought about the transformation of the theories of Lenin and Marx into ideologies, that is, into distorted visions of reality. In Italy the fascist judge's pronouncement on Gramsci — 'We must stop this brain from functioning for twenty years' — abruptly ended his theoretical and political influence. With the Comintern dominated by dogmatism, the Marxist theoretical debate was silenced in the international communist parties and only a few lonely figures like Korsch and the members of the Frankfurt school kept alive the best in socialist thought. Through their philosophical sophistication these representatives of Western Marxism formed a viable opposition to the crudities of Stalinism. But paradoxically, the death of Stalin, which thawed the Bolshevik orthodoxy, also revealed the weakness of its opposition. For at this point, Western Marxism found itself literally in mid-air. Having assumed a revolutionary proletariat as an epistemological basis, the seeming quiescence of the working class during the fifties left such a Marxism stranded in a philosophical vacuum, searching for a 'new revolutionary subject' and asserting a purely negative critique of capitalism. The embattled Marxists who had been faced by the crude Stalinist distinction, 'bourgeois science, proletarian science', had introduced and emphasized the young Marx and presented Marxism as a humanism. Such an interpretation was naturally attractive to a number of communist intellectuals who rejected Stalinism. This diluted form of Marxism, 'lived as a liberation from dogmatism', was taken up by the revisionist wings of Western European Communist parties and itself transformed into orthodoxy. A response to the populism and eclecticism inherent in this newly legitimate but equally inadequate Marxism became inevitable.

The past decade witnessed a resurgence of Marxism. Internationally it has been spanned by the revolutions in Cuba and Vietnam, the magnificent explosion of student militancy and increasing working class revolt, plus the revival of notions of workers' control, soviets and the struggle for the liberation of women. (If we wish to trace this development through bourgeois theory, it could be

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characterized as the shift from the optimism of the pluralistic and consensus theories of the 1950's, which pronounced the end of ideology and celebrated the stability of capitalism, to the cynical technocratic and elitist theories elaborated in the 1960's) This wave of revolutionary political activity spawned numerous periodicals and journals concerned with discovering Marxism and thereby re-animating the Marxist theoretical debate. Both as a consequence of this activity and critical for its development, at least in the English speaking world, has been the translation over the last decade of all the crucial Marxist theoretical texts. (To name only two: Lukacs' *History and Class Consciousness* and Gramsci's *Prison Notebooks*.) The stage is set for solid theoretical struggle and for the production of correct knowledge, as the plea of ignorance of texts can no longer be sustained. The political developments of the last decade have also established the conditions for re-opening and elaborating Leninism and for revivifying the debate around Marxism as a science, a debate which has been raised quite outside of the sterile Stalinist opposition of 'bourgeois science, proletarian science'. It is here that we would emphasize the importance of Louis Althusser.

Our statement that the stage is set for the development of a closer understanding of capitalist theory makes full recognition of the problems this raises and of the work it demands. A successful socialist theory implies some minimum criteria: the understanding of reality must be objectively true for the theory must provide scientific knowledge of society. Such knowledge is not *pure* or *contemplative* but is always guided by the criterion of political intervention. As such it is a revolutionary *praxis* that attempts to effect the theoretically derived alternatives inherent in society. Furthermore, a successful intervention entails change not only in the structures and institutions of society but also in the social relations, practices and beliefs that sustain them. In short, such intervention implies knowledge of the *totality* of the social situation.

This brief account indicates, if somewhat schematically, why Marxism can be elaborated and defended today more successfully than it could two or even one decade ago. But it still leaves the question of why we see the need to launch *Intervention* now.

The weakness of the Australian Left which we talked of earlier, its fragmentary character and the absence of a Marxist intellectual tradition, by itself calls for a serious Marxist theoretical journal. But of equal importance is the present condition of world capitalism and imperialism. The conditions which sustained the capitalist 'long boom' from 1945 onwards no longer pertain with the same force. Over the past year we have witnessed the impossible, the decline of U.S. hegemony over the imperialist world. At the same time, the dominant position of United States capital is being challenged by capital operating out of Europe and Japan. While debate continues among the left as to the extent and significance of this change, the central point is clear that we have entered a period of escalating inter-imperialist conflict. Imperialism also continues to be battered by the liberation forces in the third world. There have been a series of defeats in China, Cuba, and above all in Vietnam, and imperialism is at present in the

balance in Chile in a way that would have been impossible two decades ago. At least for the moment, as the basic conditions of the long boom decline in the advanced capitalist countries, there is rising unemployment, accompanied by unprecedentedly high inflation, instability, and increased working class struggle.

This sketch of recent developments is necessarily incomplete but nevertheless indicates the choppy waters in which Australian capitalism will travel in the coming decade. What is alarming about these events and their possible developments is not the instability of capitalism but the theoretical drowse and strategic weakness of the Australian Left, now faced with such critical developments. Capitalism has never benignly waited for the Left to catch up on events and it certainly never allows second chances in revolutionary situations. The enormous theoretical and political lag of the Australian Left is not remedied by the simple recognition and proclamation of the current instability of world capitalism. It is remedied only by the elaboration of socialist strategy, which demands a concrete knowledge of the specific nature of Australian capitalism within this global configuration — a knowledge worked out to the order of Lenin's *The Development of Capitalism in Russia*.

None of the present theoretical journals within the Australian Left seem to recognise the compelling necessity of this task in the present situation. It is for this reason that we have decided to launch *Intervention*, and the contents of this first issue should be seen in this perspective.

Our project of analysing Australian capitalist reality is initiated by two complementary articles. One by Kelvin Rowley analyzes the nineteenth century basis from which the present system has emerged and Phillip Moore focuses on Australian capitalism's current prospects. Both of these studies cut across the tradition of populist and nationalist moralism, and present a perspective on Australian capitalism different to that which has been habitual on the Left. Both point not to the sins of wicked indigenous or overseas capitalists, but to the fragile position of the Australian bourgeoisie. The political implications of this for socialist militants should not need stressing. We intend to develop and extend this analysis in future issues. Specifically, we shall shortly be publishing an article on the re-emergence of Japanese imperialism and its implications for the Australian Left.

Last year there was barely an issue of a Left-wing theoretical journal in Australia that did not carry an article on sociology. This is symptomatic of the critical situation within sociology which is forcing the discipline to redefine its relation to the Marxist tradition. But despite their places of publication, none of the Australian articles examined sociology from a Marxist standpoint. Rather, they reveal the incursion of bourgeois ideology into Marxism. By examining the present crisis in relation to the historical interaction between Marxism and sociology as a component of bourgeois ideology, Grant Evans and John Schmid redefine the problems involved and consequently reach radically different conclusions to the earlier contributions to this debate in Australia.

The contents of this issue have been written almost entirely by members of the editorial group. We have done this in order to indicate the orientation of the magazine. In future issues we hope to restrict ourselves more to the task of editing, but with this issue we have tried to give potential contributors a basis for deciding their attitude to *Intervention*.

Finally, we would like to hear from groups or individuals who share our political perspective. We also welcome letters, contributions and criticisms.

Kelvin Rowley

**PASTORAL CAPITALISM:
Australia's Pre-Industrial Development**

In the past half-decade, the stability of Australian capitalism in the Menzies era has been fraying at the edges. Paradoxically, the growth of support for the Left in recent years seems to have spread doubt and confusion rather than stimulating it ideologically. The current fragmentation and eclecticism is, of course, an index of the failure of previous variants of Marxism to come to terms with the concrete realities of Australian capitalism. Voluminous quotations from the classic texts have formed a substitute for what Lenin called the living soul of Marxism – the concrete study of a concrete situation – rather than an aid to it. As a result, the Australian Left has no systematic and historical account of the situation in which it finds itself.¹

The present essay is an attempt to contribute to an overall understanding of Australian capitalism today by attempting to define its historical specificity. It sees the present as an effective accumulation of the decisive moments of the past. In this light, it analyses Australian development in the 19th century in relation to its significance for the present day. By concerning itself with economic history, this essay goes against the dominant trend among Marxists in Australia at present, which is to react against the economic reductionist stance of traditional 'vulgar' interpretations of Marxism – the view that the various levels and instances of a social formation can be treated as merely the manifestations of one essential level, the economy – by advancing an historicist analysis of the cultural and ideological aspects of society. But, as Louis Althusser has demonstrated, such an 'inversion' 9

still cannot escape the charge of reductionism. My concern with the economic level in Australian History is not to claim that it is the single essence behind the multitudes of appearances, but rather to insist that within the complex totality of society, it constitutes the necessary starting point for an understanding of the other levels in their inter-relations. This essay is thus intended to open up the systematic analysis of Australian history from a scientific, Marxist standpoint, not to complete it.

Marxist writings on Australian history are sparse and fragmentary. Thirty years ago, Brian Fitzpatrick published his pioneering two volume economic history, *British Imperialism and Australia 1783–1833* and *The British Empire in Australia 1834–1939*, and the more popularly-orientated *Short History of the Australian Labour Movement* and *The Australian People* grew out of them. From Marxism, Fitzpatrick had learnt of the importance of economic matters and classes. But his primary inspirations were populism and Australian nationalism, not Marxism and socialism.

On this theoretical basis, Fitzpatrick produced a systematic interpretation of Australian history which has not yet been displaced, and which continues to be influential today, especially among the Left. As I wrote last year,² empirical research has been chipping away at the analysis bequeathed by the founding fathers of Australian historiography for a couple of decades by now. But the sorts of criticisms that academic historians have been making have been empiricist and therefore inherently incapable of coming to grips with the problematic (the framework of concepts, procedures and problems) laid down in the pioneering studies. Instead they have tried to bury them beneath a mountain of facts. Discrete criticisms of isolated aspects of their work remained absorbable (as is indicated by the major interpretative works of recent years by Robin

- 1) The forthcoming Penguin volume, *Australian Capitalism: Towards a Socialist Critique*, edited by John Playford and Douglas Kirsner partially remedies this situation; but to a greater degree, it simply reflects it.
- 2) Review of Humphrey McQueen's *A New Britannia* (Penguin, 1970), in *Arena* No. 24 (1971), p.41. This review was written with the primary objectives of, firstly, attempting to correct the misunderstandings and misrepresentations in the reviews then written (which were presumably also in the minds of a good number of the book's readers), and, secondly, to draw attention more strongly to the fact that this was not a muck-raking 'put-down', but an important work written on the basis of a problematic quite different to that of Fitzpatrick and McQueen's other predecessors. Now that the dust has settled and there has been time for further reflection, I would like to advance the following criticism of *A New Britannia's* theoretical framework: Gramsci's concept of hegemony – central to the book – is interpreted through the prism of Lukacs' theory of class-consciousness (and therefore lapses into idealism.) Society is seen as the creation of a particular historical subject, and its unifying principle is the class-consciousness of the dominant class. From this standpoint, McQueen adequately demonstrates that the institutions of the Australian labour movement formed in the period before 1920 incarnate a petty-bourgeois and not a proletarian class-outlook. The book thus effectively demolishes the view that the Australian Labour movement has a spontaneous socialist orientation – utopian, reformist, or any other – but does so within an inadequate overall theoretical framework which leads, in the sphere of political practice, to voluntarism and subjectivism.

Gollan and Ian Turner). For this reason I have chosen to use Fitzpatrick's work as a counterfoil against which to develop my own views.

Capitalist Expansion and Australian Settlement.

The settlement of Australia by white men was part of the process of capitalist expansion in England. From the very beginning, British industrial growth was heavily dependent on the international market for sources of raw materials and for markets. As Britain emerged early in the 19th century as the first industrialised capitalist nation in a non-industrial world, it was able to abandon practices such as slave-trading, piracy and undisguised plunder, which were characteristic of the period of primary accumulation of capital, and devote itself to reaping the advantages of its monopolistic position within the world economy through the more peaceful framework of Free Trade. But as Engels noted in 1892: 'The Free Trade doctrine was based upon one assumption: that England was to be the one great manufacturing centre of an agricultural world. And the actual fact is that this assumption has turned out to be pure delusion . . . the people over there [in Europe and America] did not see the advantage of being turned into Irish pauper farmers merely for the greater glory of English capitalists. They set resolutely about manufacturing, not only for themselves, but for the rest of the world; and the consequence is that the manufacturing monopoly enjoyed by England for nearly a quarter of a century is irretrievably broken up. But the manufacturing monopoly of England is the pivot of the present social system in England . . .'³ As competition between rival industrial capitalisms in the world market intensified in the last three decades of the 19th century, the entire world was swiftly carved up among the handful of leading industrial and military powers in a wave of annexations and conquests. This was the age of classical imperialism and climaxed in World War I. For Britain, its intoxicating effects notwithstanding, this rush for empire was objectively a step backwards. As Hobsbawm put it recently, she exchanged the informal empire over most of the underdeveloped world for formal empire over a quarter of it. This decline could be counter-acted for some time by exploiting the formal empire more intensively, but in the long run, it was irresistible. Throughout the course of the twentieth century, British capitalism has been paying the price of its adaption in the 19th century to an enormously advantageous but inherently transient situation. Surrounded by the relics of past glory, its political representatives have spent the past decade groping their way towards the E.E.C.

The impact of 19th century capitalist expansion on the world outside Europe was by no means uniform. Settled and populous agricultural areas were turned into exporters of primary produce to feed the growing populations of the industrial powers. In these areas, foreign capitalists appropriated as large a slice as they could of the surplus-product, but at the same time disturbed the existing mode of production as little as possible. Despite their integration into the world capitalist market, therefore, these areas remained pre-capitalist in many important

- 3) Preface to the English edition of *The Condition of the Working Class in England*, Panther Books edition, London, 1969, pp.32–33.

ways, and were developed into a state of 'under-development'. In other areas the indigenous population was engaged in a good-gathering (hunting and fishing) rather than settled agriculture, and was enslaved or exterminated by the invading power. These are the lands of white settlement such as South Africa, Australasia and North America. These areas also grew in response to European demand for raw materials and primary products, but developed along different lines to those areas with an already established agricultural economy. Because they were unhampered by a pre-existing system of agriculture they quickly assimilated capitalist techniques and arrangements, supported a growing population, absorbed European immigrants, and developed staple exports that allowed them to prosper in the same world economy that doomed less fortunate primary-producing countries to backwardness, underdevelopment and mass-starvation. For this reason alone we must reject the view that Australia stands in a roughly similar position in relation to imperialism as the underdeveloped countries, and that therefore the appropriate socialist strategy is an anti-imperialist struggle for national independence.⁴

Keith Hancock once observed that the course of Australian history would be incredible if it had not fallen wholly within the epoch of the industrial revolution in England and the democratic revolution in France. There was no period in Australian history that can be designated as pre-capitalist, unless it was the very early years in which the settlement was nothing but an isolated prison farm in which convicts performed bond labour under the direction of their military overseers, money barely existed, and food was distributed by rationing. But this was no more than England's jail, inhabited by those who had not yet learnt to respect the laws of private property in capitalist society, and no more pre-capitalist than Pentridge today. As soon as a non-gaol sector of the economy developed, it did so along capitalist lines, and soon adopted already established democratic institutions. Australian capitalism thus came into being without a bourgeois-democratic revolution.

If the settlement had occurred at an earlier time, the course of Australian history may have been very different. In order to bring out some of the possibilities in this connection, it is worth considering the evolution of the southern areas of North America. Like Australia, this was an area of white settlement which developed on the basis of a staple export (in this case cotton) for use as a raw material by English manufacturers. But its basic institutional framework arose in the two centuries before Australia was settled. In this earlier period the growth of trade with western Europe led to a strengthening of servile relationships in the outlying areas of the Atlantic economy, notably in Eastern Europe and in the Americas. Slavery was widely practiced throughout the European

4) Expressed, for example, by Brian Fitzpatrick and E. L. Wheelwright in their mid-1960's tract on foreign investment: 'Unless a strong government brings down laws to prevent sellouts, it will usually be futile for Australian enterprises to be built-up - only to be sold, when successful, to the highest bidder overseas. In this respect there is little difference between the situation of Australia and that of poor, underdeveloped countries several stages behind our own in economic progress . . . some form of socialism is an essential condition of Australian national independence . . .' *The Highest Bidder*, Lansdowne, Melbourne, 1965, p.15.

mercantile empires, and the atlantic slave-trade was flourishing. Like Australia, the American south faced difficulties recruiting a work-force for its labour-intensive staple industry. But while in their time the southern American had little choice but to turn to the Atlantic slave-trade, the expansion of the Australian pastoral industry took place in an entirely different context. The population of Europe and of England was growing at an explosive rate in the 19th century, and a wave of emigration flowed out to America, Australia and elsewhere. Although bond labour, in the form of convicts, was important in Australian development for half a century, it was superseded by this inflow of free labour. Only in the case of the Queensland sugar industry in the late 19th century did anything resembling the Atlantic slave-trade arise as a source of labour in Australia. But European emigration to America flowed mainly to the north and the west, largely by-passing the slavery-ridden south. Moreover, when Britain started to export capital in large amounts, the American south was already organised along lines which minimised capital investment requirements while the Australian pastoral industry was only becoming established. Australia was able to absorb successive waves of British investment and build a dynamic rural capitalism, instead of a stagnant, increasingly atavistic society such as the American South had become by the middle of the 19th century.

The Rise of Pastoral Capitalism 1788-1850.

Brian Fitzpatrick argued that the emergence of capitalism from the prison-farm economy was bound up with the establishment of a monopoly of power and privilege by the officers of the N.S.W. Corps, which was used to enrich themselves at the expense of their fellow-colonists. The British Colonial Offices wanted the local Governor to 'maintain a prison and plant a peasantry' by settling emancipists as small subsistence farmers, but 'this could not be done because of the development of a special local interest during the period of unrestrained military rule 1793-95.'⁵ It was not until the pastoral expansion of the 1830's that 'it became clear that capital export and pauper emigration to Australia would be the most profitable form which English interest could take.'⁶ But while the English certainly wanted to maintain a prison, their second aim seems to have been not to plant a peasantry, but simply to run it as cheaply as possible and to make it self-supporting. To this end, they were quite willing to promote local mercantile and capitalist interests in order to turn the gaol into a paying proposition. As private farming developed a marketable surplus (the small farmers producing chiefly grain, the larger producing meat), public farming was progressively abandoned and convict labour was either assigned to private masters or devoted to infra-structural needs (roads, public buildings, etc). The public authorities relied on local suppliers of foodstuffs, and private farming soon got onto a commercial footing, though much

5) Brian Fitzpatrick, *British Imperialism and Australia 1783-1833*, Sydney University Press, 1971, p.17. This edition is a facsimile reprint of the 1939 original.

6) *Ibid.*, p.9.

of the labour force remained bond. As the number of ex-convicts and freemen in the colony gradually grew, so too did wage-labour. After the first few years it was not an officer's cartel but a good number of officers, emancipists and freemen who devoted themselves to mercantile and other entrepreneurial activities outside farming.

Because the colony had a high propensity to import, the entrepreneurs were early seeking to acquire foreign exchange. Much of this was obtained through the British government's expenditure in the colony, but there was nevertheless strong pressure to develop a staple export. This increased especially when government outlay was reduced after Maquarie's rule.⁷

Fitzpatrick's description of the squatter's Australia as 'a rough society of rugged wealth seekers jack-booting their determined way over an unprivileged great majority'⁸ is in many ways apt, but his analysis is less convincing. He focussed primarily on the inflow of British capital as the determining force and consequently down-played the importance of the internal organisation of the squatting industry in Australia. The latter in fact deserves close examination. Squatting was organised on the basis of abundant supplies of unutilised land. The shepherding system adopted minimised requirements for investment in farm equipment, but was relatively labour-intensive. Labour was scarce and therefore expensive. But as long as the labour force was growing through both transport and immigration, and as long as the squatters had no security of tenure investment was directed into bringing more land into use rather than switching to a more intensive system of production. The pastoral industry was consequently organised along inefficient and costly lines, and wool production by itself was unprofitable. Auxiliary markets for stock and meat were necessary and, according to G. J. Abbott, the pastoral industry 'appears to have been geared to the supplying of the local market for sheep as much as to supplying the British market with wool.'⁹ This means that the pastoral industry was a profitable business while it was still expanding at a rapid rate, because the established pastoralists were able to sell surplus stock to the newcomers. But as the limits of occupation under the prevailing mode of production were reached, and as transport costs rose with the increasing distance from ports and outlets, expansion slowed down and the market for stock contracted sharply. This would have caused a severe crisis within the colonial economy by itself, but the crash was made all the more intense because a rash of speculative investment which grew out of the boom of the late 1830's collapsed and wool prices moved unfavourably at the same time.

7 See G. J. Abbott, *The Pastoral Age: A Re-examination*, Dalgety/Macmillan, Melbourne 1971, Part I.

8) Brian Fitzpatrick, *The Australian People 1788-1945*, second edition, Melbourne University Press, 1951, p.150.

9 *Pastoral Age*, p.202.

According to Fitzpatrick, the 'paramount factor' which caused the depression of the 1840s was the external one of 'a sudden failure of capital, after 1839, to bring from England further support for the land boom.'¹⁰ But as S. J. Butlin has now shown, the cessation of British investment was a consequence rather than a cause of the depression in the colonial economy.¹¹ Fitzpatrick's misreading of the causes of this slump is important because it clearly reflects the theoretical framework he employed, and is thus of more significance than a simple mistake based on insufficient or faulty evidence. Fitzpatrick, the Australian nationalist, blames foreign investors and thereby obscures the internal contradictions and limitations of capitalist development in Australia at this time.

Because of the scarcity of labour in Australia during the period of rapid expansion to 1840, wages (in both money and real terms) and living standards in Australia were higher than in England and Europe, although the hours were still long, the work hard, and social amenities rudimentary. 'Taking a general view of the whole period', wrote T. A. Coghlan, 'it is plain that the working class were far better off in Australia than in the Mother country It was a common complaint by contemporary writers that the rations of even the convicts in Australia were far better and more plentiful than the food of the industrious poor at home. Australia offered a place where an unmarried labourer could earn in three days what would maintain him for a week at the contemporary English standard, and steady industrious men could look forward confidently to becoming land-owners in a few years.'¹² Though there was unemployment and suffering in Australia during the 1840's, at least nobody went without food; in Europe, these were the 'Hungry Forties', and famine raged.

Although it was a period of great difficulty for capitalism in Australia, the 1840's was also a time of consolidation. The expansion of the settlement in the 1820's and 1830's on the basis of a capitalistically organised pastoral industry had sealed the fate of the gaol, but it was not until serious unemployment first appeared during the 1840's that transportation was abandoned. At the same time, wages and prices fell together deflating the cost-structure of the economy and allowing significant diversification of economic activity. Local manufacturers now

10) Brian Fitzpatrick, *The British Empire in Australia 1834-1939*, Macmillan, Melbourne, 1968, p.71. This is a reprint of the second edition, published in 1949. The first edition appeared in 1941.

11) See S. J. Butlin, *Foundations of the Australian Monetary System 1788-1851*, Melbourne University Press, 1953, Ch.10. This book is considerably wider in scope than the title indicates, and has much to say on general economic development.

12) T. A. Coghlan, *Labour and Industry in Australia*, Macmillan, Melbourne, 1969, Vol. I, p.212. Coghlan's massive, four-volume study was first published in 1918, but was for many years regarded with suspicion because he did not indicate the sources of his data. But more recent statistical research has done much to vindicate Coghlan's figures and generate confidence in his pioneering work. See E. C. Fry's review article in *Historical Studies*, Vol.14, No.55 (October 1970).

found they were in a more favourable competitive position with respect to imported goods, and there was increased local output of clothing and textiles, building and construction materials, and processed foodstuffs. Agriculture, which had been relatively neglected during the pastoral boom, now expanded, most notably in the new colony of South Australia. The Australian mining industry appeared at this time, for rich copper deposits were found and developed in the same colony. Moreover, the pastoral industry itself was starting to shift onto a new footing. Most pastoralists survived the depression because their labour costs fell, and because they were able to supplement their shrunken income by boiling down surplus stock for tallow. The confirmation of the squatter's occupancy of land in 1847 now opened the way to property-improvements, fencing, and a more intensive and efficient system of production — although such a development was still inhibited by lack of finance and credit.

The 1840's was thus a period of rationalization in the structure of Australian capitalism, leading to a more diversified, efficient and stable economy. By the late 1840's, the economy was picking up again. A good number of the developments attributed to the impact of gold can be traced to this period.

Geoffrey Blainey has argued that a depression stimulates the search for mineral deposits and makes the development of such deposits more attractive than when the economy is prospering.¹³ The copper discoveries in South Australia illustrate this thesis nicely. The gold rushes occurred later when the economy was quickening, but was still quiet. *Gold* had been found in Australia well before the 1850's, but always in isolated, single nuggets. *Goldfields* had yet to be discovered. The Californian rushes in 1849 whetted Australian appetites, and two years later Edward Hargreaves — with a little gold and much publicity — succeeded in precipitating the Australian gold rushes.

Golden Interlude.

In most accounts of Australian economic history during the 1850's (including both Coghlan's and Fitzpatrick's) it is argued that although the effect of the discovery of gold disrupted non-mining activities in the short-run (from 1851 to 1853), in the longer run it gave an enormous boost to the economy as a whole by overcoming the traditional bottlenecks in Australian development — shortages of capital and labour. This argument is superficially plausible, but is less convincing when examined more closely.

The long-term contribution of the gold-rushes to population growth is not as clear as it first appears to be. The population of Australia certainly did increase rapidly during the 1850's, but the rate is not much above that experienced in the late 1840's. The Australian population grew at an average rate of 8.9% per

13) See Geoffrey Blainey, 'A Theory of Mineral Discovery: Australia in the 19th century', *Economic History Review*, 2nd series, Vol. XXIII (August 1970); and *The Rush that Never Ended: A History of Australian Mining*, second edition, Melbourne University Press, 1969.

annum from 1846 to 1850, and at a rate of 11% per annum between 1851 and 1860.¹⁴ If gold had not been discovered and growth had continued along the previously established lines in the 1850's, we would expect the population to be not much less than it actually was. If this argument is valid, those effects of gold on Australia's economic development which are a function of its contribution to population growth such as the enlargement of the domestic market and the growth of public investment in urban facilities and communications, must be largely discounted.

Gold boosted the *level* of capital formation in Australia, and in so doing boosted Australia's living standards (at least in terms of *per capita* consumption) to the highest in the world. But once again this seems less spectacular when it is related to the trends existing prior to the gold rushes. By 1850, Australian living standards were high and rising, and gold was thus doing no more than extending one of the most marked features of the preceding thirty years.

The effect of gold on the level of capital formation must be seen in relation to the associated *pattern* of capital formation, and this makes its contribution to long-term growth seem even more dubious. The 1850's can be interpreted as firstly a detour from, and then a return to, the pattern established in the 1840's and resumed in the 1860's. The economy was re-orientated in the early 1850's to gold-production at the expense of non-mining activities with better long-term growth prospects. Just at the point when the economy's capacity to adapt to rapid population growth was at a minimum, immigrants flooded in. Roads deteriorated under heavy traffic, rapid inflation set in, retailer's stock of goods were depleted, imports flooded in. Local manufacturers, caught between intense competition from imports, their own inflated cost-structure, and the physical inability to expand with the growing market, were hit heavily; a good number were wiped out entirely. Agriculture grew and prospered in those inland areas near the gold-fields where a rapidly expanding market was protected from outside competition by heavy transportation costs; but in the coastal areas near the ports (where agriculture was in fact concentrated), much of the market was captured by imported cereals, and agriculture was abandoned altogether in a number of these regions.

The effect on pastoralists according to whether gold was found on their property (in which case it was invaded by thousands of diggers) or near it (in which case many prospered by selling merchandise on the gold-fields or gold-buying). But the industry as a whole was re-orientated to meet domestic demand for meat, and sheep were slaughtered in their thousands; the 1850's were the only decade in the 19th century in which Australia's sheep population actually declined. It therefore seems a plausible argument that the gold-rushes were positively harmful to the development of Australia's long-term staple export. Some historians have argued that the acute labour shortage of the early 1850's led to the re-organisation of the pastoral industry on a more capital-intensive basis. In

14) Calculated from figures in *Official Yearbook of the Commonwealth of Australia* No.1 (1908), pp.149-50.

Edward Shann's words: 'Everywhere fencing . . . enabled the squatter to lessen his total labour costs.'¹⁵ But scarcity of labour alone had not led to such a development in the 1830's; why should it do so in the 1850's? True, pastoralists now had security of tenure and were in position to invest in farm improvements. But at this time the colonies' capital was attracted to gold-production and commercial speculation and not to the pastoral industry. Furthermore, if fencing is labour-saving in the long run, it also requires considerable labour for its construction. In fact it seems that in the 1850's and 1860's the pastoralists concentrated mainly on raising their standard of living, building station-houses and some dams and stockyards. N. G. Butlin's investigations indicate that fence-building did not get under way on a significant scale until the 1870's.¹⁶

With gold-production at the centre of the stage, capital formation took the form of an increase in monetary reserves rather than growth of real assets. This meant that the Australian economy was independent of foreign capital in the 1850's, and historians such as Fitzpatrick and Gordon Wood place strong emphasis on this point. Fitzpatrick writes: 'Australia was not at the disposition of English finance . . . it was Australian capital, created by mining, that dominated the Australian economy, and movements of the English and American Stock Exchanges were not the touchstone of colonial prosperity.'¹⁷ But the Australian economy had also been independent of British capital in the 1840's, and the actual contribution of capital — independence to long-term development seems in fact to have been limited — during the 1850's, these monetary reserves were used not for the development of the Australian economy so much as to finance the flood of imports which was such a setback to local manufacturing.

But if the contribution of gold to the development of Australian capitalism has probably been over-rated, there was one important way in which it did contribute. The injection of Australian gold considerably quickened the pulse of the European economy, and this, in turn boosted the market for Australian exports and increased the supply of capital for investment in Australia and elsewhere.

The Climax of Pastoral Capitalism 1860—1890.

Australian development was based on the utilization of abundant natural resources through the transfer of labour and capital from England and the export of primary products to England. In the last half of the 19th century, the

15) Edward Shann, *An Economic History of Australia*, Cambridge University Press, 1930, p.185. Fitzpatrick also maintains that in the 1850's there took place 'the re-organisation of the industry, made under the stress of labour shortage, by which station work could be done by fewer hands than before.' *The British Empire in Australia*, p.123.

16) See N. G. Butlin, *Investment in Australian Economic Development 1860—1900*, Cambridge University Press, 1964, pp.74ff.

17) *British Empire in Australia*, p.117.

standard of living of the working masses in England (and in Europe) rose substantially. This was associated with heavy imports of foodstuffs, raw materials and other primary products from non-industrial areas of the globe. Those countries that were able to respond to the surge in demand by substantially raising their productivity and output of primary products were thus in a position to prosper — especially as in the formation of world-market prices, the costs of production in these countries would be averaged out with those of the countries that were not able to boost their productivity in this way. The gulf grew between the areas of white settlement with an 'imported' system of capitalist farming and the areas weighed down by a pre-capitalist agrarian system.

But it would not last forever. The total output of primary produce moved steadily closer to the increased level of demand as new land was brought into use and as modern techniques of production spread. The terms of trade began a long (if erratic) movement against primary products, and the privileged position of the pioneering countries was steadily eroded. In the meantime they had accumulated considerable wealth and were in a favourable position to shift their resources into manufacturing industry as the super-profits to be made from efficient capitalist farming in these areas declined.

The pre-condition of this pastoral boom was heavy investment in expanding pastoral output; the demand for capital was very considerable. At first — during the 1860's — pastoral investment was financed mainly out of previous earnings, but as the boom progressed outside suppliers of capital came to occupy a dominant position. In the 1870's and 1880's the pastoral boom in Australia was heavily dependent on the flow of capital from Britain. This capital was forthcoming because England's capitalists were turning to the Empire for investment outlets as they felt the increasing pressure from the rising industrial nations, and as the domestic economy entered a period of stagnation after 1873.

Fitzpatrick's view of the period from 1860 to 1890 as 'the story of an economic utilization of the colonies to meet the needs of the imperial country'¹⁸ is basically valid, but he is wrong to imply that Australia was a victim of British imperialism. Although he does not base it on economic analysis, Humphrey McQueen's view that Australia was instead the *partner* of British imperialism¹⁹ is correct.

For Fitzpatrick, the supremacy of wool in the Australian economy was 'the single fact which stands out above all others' at this time.²⁰ Rising wool prices during the 1860's shifted the attention of pastoralists back to the prospects of wool exports, and by 1871, wool had resumed its place as Australia's leading export. An investment boom developed in the 1870's, beginning largely on

18) *Ibid*, p.132.

19) *A New Britannia*, p.21.

20) *British Empire in Australia*, p.133.

the basis of re-invested profits but soon becoming dependent on an inflow of funds from outside. Pastoral companies and commercial banks in Australia raised money in the London capital market to finance what turned out to be a great new wave of pastoral investment. Existing stations were re-equipped and ¾ of a million miles of fencing were laid down in the 1870's, while the pastoralists spread out from the Murray-Murrumbidgee area into drier lands (notably into more northern areas of New South Wales and inland Queensland). After a lull between 1878 and 1881, pastoral investment spurted ahead again in the 1880's. The industry was now spreading more strongly into previously unutilised land, and investment in new stations (rather than re-equipping existing ones) became more prominent. Another million miles of fencing was constructed. But, as N. G. Butlin said, Australia was not simply a sheep-run for the benefit of British imperialism, and recent research (notably that of Butlin himself) has placed stronger emphasis on the importance of non-export industries, particularly urban housing and railway construction by the colonial governments.²¹

Towns and urban industry have typically developed out of agrarian societies on the basis of an expansion of the division of labour and the differentiation of classes coupled with expanding agricultural productivity. But urban Australia has quite different origins. Here the expansion of pastoral and agricultural activities was accomplished by the occupation of lands previously unused (except by the unfortunate aborigines), and the transfer of men, resources and techniques from abroad. As commercial and administrative centres, the ports and towns of Australia were nodal points in this transference. In this sense, one could say that it was the towns that gave rise to rural Australia, rather than *vice versa*. Because of its peculiar origins, Australian capitalism thus emerged in the 19th century as a highly urbanised society but orientated to production in the rural areas by a relatively small and widely dispersed population. At the height of the pastoral expansion about 25% of the population of New South Wales lived in Sydney. Thereafter, the proportion of the population in urban areas increased steadily. By 1860 about 60% of the Australian population lived in towns, and by 1890, the proportion had risen to about two thirds. Although Adna Weber had noted as early as 1899 that 'the most remarkable concentration, or rather centralisation of production [in towns] occurs in the newest product of civilisation, Australia',²² this is a feature of Australia that historians neglected until the 1960's.²³

21) See especially Butlin's major work, *Investment in Australian Economic Development 1860-1900*; also 'The Shape of the Australian Economy 1861-1900', *Economic Record*, Vol. XXXIV (April 1958), reprinted in N. T. Drohan and J. H. Day (eds) *Readings in Australian Economics*, Cassell, Melbourne, 1965; and 'Some Structural Aspects of Australian Capital Formation 1861-1938/39', *Economic Record*, Vol. XXXV (December 1959).

22) *The Growth of Cities in the 19th Century: A Study in Statistics*, reprinted by Cornell University Press, New York, 1963, p.138.

23) See Sean Glynn, *Urbanisation in Australian History 1788-1900*, Nelson, Melbourne, 1970; and the special issue of the *Australian Economic History Review*, Vol. X No.2 (September 1970) on 'Urbanisation in Australian History'.

One of the most important consequences of a rapidly growing urban population on late 19th century Australia was a fast-growing building industry. This was accentuated because building had been neglected in the 1850's, and much of the population lived in makeshift dwellings in a nevertheless prosperous society. According to Butlin's calculations, residential construction accounted for a third of capital formation in this period and was only outpaced by pastoral investment for a short time in the 1870's. It was 'the leading field of investment throughout the second half of the 19th century.'²⁴ The usual practice in the 1860's was construction by the intending occupant, financed by a loan from a building society or bank. In the 1870's and 1880's there was a shift first to contract building and then to large-scale speculative building. Investment in building and real estate at first expanded to meet existing demand, but by the 1880's, it had become wildly speculative and bore little relation to existing or potential demand. Swindling and corruption became frequent.

The cost of transport and communications weighed heavily in the economics of Australian development. Indeed, wool and gold were probably the only commodities which could profitably be transported out of the interior of Australia. The need to develop an adequate economic infra-structure generated heavy investment in transport and communications in the late 19th century. This devolved upon the various colonial governments of the time, for the initial layouts were so prohibitive, and the opportunities of profit elsewhere in the economy so lucrative, that private enterprise soon abandoned the field.

Each colonial government set about building its own railway system into the interior, using different gauges. This did not seem irrational at the time because the Australian economy then consisted of a number of loosely connected colonial economies, with trade centred in each main port and inter-colonial trade conducted by coastal shipping. The Riverina district was the centre of the inland trade for which the commercial centres of Melbourne, Adelaide and Sydney were competing; and before long, railway construction was being undertaken by the various States in an attempt to gain control of this trade before their rivals. Starting slowly and cautiously in the 1860's, railway investment gathered pace through the 1870's and early 1880's, after which it levelled off and remained steady but high until the slump of the 1890's. Although governments obtained some funds from taxation and customs, the bulk of this vast investment programme was financed by borrowing in the London capital market. At first the main lines were undertaken cautiously, with close attention to potential usage and high returns. But borrowing was easy by the 1880's and branch lines rather than main arteries were being built, the railway systems were moving close to each other's borders and inter-state rivalry was reaching a peak. Because many uneconomic lines were built and facilities were duplicated between the States, there was a steep decline in marginal return on very heavy investment. 'All caution was thrown to the wind', wrote Coghlan (who is usually very restrained) 'and Victoria, New South Wales and Queensland, having money to spend, authorised the construction of many works, the expenditure of which

24) *Investment in Australian Economic Development*, p.211.

was indefensible from the point of view either of present requirements or of future utility.' He noted that in Victoria, some railway lines were constructed which yielded so little traffic that the government did not even bother to run trains on them. ²⁵

By 1856, local manufacturers were starting to recover from the blows dealt to them by the gold rushes. Wages and prices had fallen to levels that made it possible to compete with imports, and the population was prosperous and growing rapidly (but it was still small by international standards). Manufacturing industry in Australia developed on the basis of import substitution to meet local demand for food and drink, clothing, furniture, building materials, agricultural implements, railway equipment and machinery. Local producers were always under strong competitive pressure from imports but benefited from government and consumer preference for local goods, from the natural protection afforded by distance and (at least in Victoria, where much of the manufacturers were) from government tariffs. Because the scale of production remained small, barriers to entry were low. Ex-miners with modest fortunes to invest and thrifty workmen seeking 'independence' were able to set up their own little enterprise with cheap and primitive equipment. The repeated formation and failure of such ventures, and the movement of individuals between the ranks of the employers and the employees were constant. Manufacturing was labour-intensive and therefore strongly affected by the high wage-rates prevailing throughout Australia (although employers did seek to reduce labour-costs by hiring underpaid female labour wherever possible). Although productivity remained low, the scale of production did grow slowly through the whole period, transformations of the fortunes of individuals became less frequent, and a more or less clear class-structure was emerging by the 1880's.

The emergence of industrial capitalists in Australia apparently took place by the differentiation among the groups within the manufacturing sector itself, rather than through the domination of this sector by landed or commercial interests. Indeed, manufacturers had to rely on their own savings to a large extent, and the lack of finance hampered the growth of this sector of the economy. The very wealthy were at this time profitably engaged elsewhere in the economy. ²⁶

The labouring classes shared in Australia's general prosperity in this period.

25) *Labour and Industry in Australia*, Vol. III, pp.1419–20.

26) There is no systematic study of the rise of industrial capitalists as a class in Australia, but from what fragmentary evidence I am acquainted with, it seems that Robin Gollan's description is generally correct: "The founders of the business, often enough artisans who had set up on their own, were now [1880s] substantial men whose very way of life was far removed from their artisan beginnings. In the sixties and seventies, they had formed the 'new men', politically allied with their workers in support of policies believed to be in the interest of both. In the eighties more of them were finding their way into the upper ranks of society . . ." *Radical and Working Class Politics: A Study of Eastern Australia 1850–1910*, Melbourne University Press, 1960, p.100.

Australia's living standards in the 1860's were the highest in the world, with *per capita* income and consumption at levels 50% above those prevailing in America and 100% above those in England. They continued to rise steadily until 1890. ²⁷ The Australian working-class was formed under conditions very different to those prevailing in Europe. It was recruited from immigrants seeking to make their fortune in a new and prosperous land, rather than from impoverished peasants stripped of property by enclosures and driven into factory-towns by rural poverty. Although the rise of heavy industry in Europe had by this time given rise to a proletariat of wage-earners employed in large factories, the small scale of production and the small size of manufactories in Australia at this time meant that the working-class in Australia at this time resembled a class of artisans rather than a proletariat. ²⁸

From 1860 to 1890 Australia's economic growth was both rapid and sustained, and GNP expanded at an average rate of 4.9% *per annum*. This figure represents a rate of growth about twice that of England's over the same time, and is outstripped only by the USA and Japan (both of which were slightly over 5%). But both investment and output stagnated after 1888 and then contracted sharply in the early 1890's. The economy experienced a major depression which was accompanied by high unemployment.

Early writers such as Coghlan and Fitzpatrick argued that the slump was caused by primarily external factors — the decline in export prices and loss of confidence on the part of British investors — although, once initiated, it was intensified by internal factors such as speculation and unwise investment. The boom was seen as a general over-expansion, and the depression as a consequent deflationary readjustment of the economy as a whole. N. G. Butlin's account of the boom places far stronger emphasis on economic activities not directly associated with exports, and so his account of the depression focusses attention more closely — if not exclusively — on internal factors. By the late 1880's, the marginal return on investment was declining sharply in each of the three leading sectors of the economy — the pastoral industry, housing, and the railways — and productivity was stagnant or declining. But nevertheless heavy investment continued because of the ready availability of funds, and because investment criteria became less and less related to existing demand. This resulted in heavy over-capitalisation of these sectors and the relative neglect of others such as agriculture and manufacturing. By holding back the development of import substitutes and exports other than wool, this pattern of investment accentuated Australia's external disequilibrium. Butlin's analysis seems the more satisfactory in simple empirical terms. In particular, the fact that the Australian

27) N. G. Butlin, 'Long-run Trends in Australian *Per Capita* Consumption', in Keith Hancock (ed) *The National Income and Social Welfare*, Cheshire, Melbourne, 1965, especially pp.5–10.

28) "Capitalist production only then really begins . . . when each individual capital employs simultaneously a comparatively large number of labourers; when consequently the labour process is carried on on an extensive scale and yields, relatively, large quantities of products." Karl Marx, *Capital*, Vol. 1, Progress Publishers, Moscow, 1965, p.322.

downturn occurred before the withdrawal of British capital presents major difficulties for the Coghlan-Fitzpatrick interpretation. But Butlin's analysis is also the sort of thing that one would anticipate on the basis of Marxist economic theory, which stresses that capitalism always develops unevenly, and also that the resultant disproportionality is overcome not through the orderly transfer of men and resources from one sector of the economy to another, but through a crisis in which capital is destroyed or depreciated and labourers thrown out of work in the over-extended sectors. It is these aspects of capitalism that are missed by Fitzpatrick, in his eagerness to blame all Australian misfortunes on English bankers.²⁹

The Consequences of Pastoral Capitalism: Australia 1890–1971.

After 1890, Australian capitalism began to develop along different lines to those characteristic of the 19th century. Through the 20th century, as modern farming techniques diffused throughout the world countries such as Australia have seen their privileged position among the ranks of primary producers slowly eroded; at the same time, the terms of trade have moved against the primary-producing countries (though this movement has been highly erratic due to the numerous crises that have disrupted the capitalist world economy over the past 60 years). Australian capitalism has responded by shifting to an industrial footing. Although this move has turned out to be successful, it was for a long time plagued by acute difficulties which can be traced to the basis from which industrial development began. Australia has become a 'typical' capitalist country in most ways, but it has nevertheless retained a number of specific and distinctive features.

The story can be outlined briefly. Coghlan wrote in 1900 that 'the progress of manufacturing industry in Australia has been slow and fitful, even in the most advanced colonies'. He added the observation that 'the greater portion' of these industries were 'domestic industries — that is to say, industries arising from the circumstances of the population or connected with the treatment of perishable products' as distinct from 'industries the production of which came into competition with imported goods'.³⁰ The economy expanded broadly along existing lines until 1914. But the isolation of the Australian economy during World War I and the industrial demand of the military stimulated the growth of heavy industry. In the immediate post-war period there appeared new and sophisticated industries producing consumer durables (automobiles and electrical appliances). Heavy tariff barriers were erected to protect these industries from overseas competition, but this had the effect of inflating the domestic cost-structure as much as it discouraged import-competition. By the middle of the 1920's, the Australian economy was starting to stagnate; by 1927 it was sliding downhill to the catastrophe of the great depression in 1929–30. By this time

29) E. A. Boehm's forthcoming *Prosperity and Depression in Australia 1887–1897*, Oxford University Press, London 1971, may modify this picture.

30) T. A. Coghlan, *A Statistical Account of the Seven Colonies of Australasia 1899–1900*, Government Printer, Sydney 1900, pp.597–98.

industrial capitalism had laid its foundations in Australia, but had failed to establish itself securely. Slow recovery began in 1932–33 and the industrial sector, especially heavy industry, was leading the way. Tariff barriers rose steeply. American firms were attracted by the Australian market but were prevented by the tariff from competing effectively by means of imported goods. They began investing in the establishment of subsidiaries and in taking over local firms. But growth still remained slow in the late 1930's, and it was not until World War II and the post-war period that Australian capitalism shifted firmly to an industrial footing. War-time conditions once again gave an enormous boost to local capitalists. During the 1950's growth was sustained on the basis of the market for automobiles and electrical goods, protected by even higher tariff barriers and underpinned by heavy inflows of immigrant labour and foreign capital. During the 1960's, these sectors began to slow down significantly, but a mineral boom kept the economy expanding at or close to full capacity until 1970.³¹

Australia was a capitalist country but one which remained non-industrial in its internal structure throughout the 19th century. It was one of the latest countries to industrialise under capitalist auspices and therefore had to do so in the teeth of competition from established producers: at first chiefly Britain, but increasingly the USA and, in the last decade, Japan. The pre-industrial prosperity of the late 19th century meant that the industrialisation process in Australia commenced on the basis of high wage-levels and short hours, and that industrial capitalists have been plagued ever since by high labour-costs. This remains the case, although after 1890 they succeeded in holding the rise of wages down to a slow rate until the period of full employment following World War II. In the USA high labour-costs were compensated by the large size of the internal market, which allowed economies of scale and a high degree of mechanisation. But Australia was only a recently occupied country and the population was still small. This meant that despite the high living standards, the domestic market was too small for Australian capitalism to closely follow the American lines of development. High levels of market concentration, which in Australia were established in the days before World War I, yielded relatively little in the way of economies of scale. Whereas Britain's industry was frequently as technologically backward as Australia's, her capitalists were still in a more competitive position because they had a wider market and paid much lower wages for longer hours of work.

The combination of high labour costs and technological backwardness meant that Australian capitalists were not able to turn to an export market for expansion. They therefore based themselves on the domestic market, insulating it from import-competition by means of an ever-higher tariff. But this meant the feather-bedding of inefficient local producers, misallocation of resources, high costs and low productivity. It thus further weakened Australian industry's

31) I have tried to analyse post-war developments in more detail in my contribution to John Playford and Douglas Kirsner (eds) *Australian Capitalism: Towards a Socialist Critique* (Penguin 1972, forthcoming).

chances of success in the world economy. It is revealing in this connection that BHP, Australia's only 'multi-national' corporation (which makes it in *Fortune* magazine's listing of the world's top companies) is a 20th century analogue of 19th century development, being based on the monopolistic exploitation of rich natural resources. As the domestic basis of expansion for Australian industrial capital has weakened during the 1960's, and increasing emphasis has been placed on 'Export Action' and mini-imperialism, the Australian national bourgeoisie has been finding itself in an increasingly difficult situation. Its problems can be expected to continue to mount in the 1970's as inter-imperialist competition intensifies. Australia's export income has continued to depend on primary exports. Although the decline in earnings from farm produce has been counter-balanced by the rise of mineral exports in the 1960's, Australia's external reserves have increasingly become a function of the level of foreign investment in Australia.

In the last half of the 19th century Australian capitalism relied heavily on the state to provide the economic infrastructure (above all, communications) within which private capital could operate profitably. In the 20th century this reliance on the state for support and protection has been extended with the growth of the tariff. Although the state indisputably serves the interests of the dominant class, the size of the public sector is nevertheless an index of the weakness of private capital in the Australian economy.

It would be misleading to speak of the 19th century as formative period of Australian capitalism if this was understood to mean that all change was concentrated within that period and nothing has happened since. But this formative experience has in many ways determined the shape of Australian capitalism today. Some of the crucial problems it will face in the coming years are the legacy of its development in the 19th century, and cannot be adequately analysed without reference to this heritage. It is precisely the *absence* of this historical dimension that is such a striking feature of current discussion of these problems, in both bourgeois and socialist circles. Nothing could be more misleading than the practice of attributing current problems to 'twenty years of Liberal mis-rule'. The stupidity and incompetence of the ruling circles in Australia is not the cause, but a symptom of a deeper-lying malaise, reflecting the historically-determined weakness of the Australian bourgeoisie. It will take much more than a change of government to overcome this.

Phillip Moore

AUSTRALIAN CAPITALISM TODAY: Structure and Prospects

What is the specificity of Australian capitalism? What relations tie it to the world imperialist network? And how are the fortunes of Australian capitalism likely to fare in this era of clearly intensifying inter-imperialist conflict? Surprisingly, these questions have rarely been asked and never answered. In fact a vast confusion surrounds the issues of the nature of Australian development and its present position in the world capitalist economy. For instance, Ernest Mandel refers to Australia several times, placing it in both the categories of imperialist countries and oppressed countries at different points in his argument.⁽¹⁾ Pierre Jalee vaguely refers to a 'part of imperialism [that] might be described as an excrescence of that system projected to the other side of the world'.⁽²⁾ Bourgeois writers on the topic usually conclude that Australia shows the dichotomy of 'advanced' and 'underdeveloped' economies to be non-operational. Growth and development is seen as a product of an unsystematised complex of particular causes or placed in a model abstracted from economic and political realities. Between the first and second of these approaches there is only limited feedbacks. What we have, it is generally argued, are disparate developments which can be placed in a continuum, with Australia presumably somewhere in the middle of the range. Despite the basic sterility of this scheme, which ignores the existence of a complex, highly integrated and specifically structured world economy, it does highlight paradoxical features of Australian capitalism: a high

per capita income, an extensive manufacturing and tertiary sector, and a high degree of monopoly; co-existing with a dependence on capital inflow and primary exports for international viability. Obviously Australia cannot be pigeon-holed into the categories (and strategies) of 'Third World' versus 'imperialist metropolises', although it must be related to them.

It might be noted in passing that this combined development of domestic manufacturing and primary export-dependence is not entirely unique. Similar structures are evident in all the areas of white settlement in the British Empire (Canada, South Africa, Australia and New Zealand).

The Structure of Australian Capitalism

In comparison with other economies, Australia since World War II has experienced relative prosperity combined with low growth rates. Over the period 1961–68, according to a survey by the World Bank, Australia ranked as the sixth richest country in the world, with an average per capita GNP of \$US 2,070. But over this period Australia's annual average growth rate was only 2.4%. Of the 23 countries with a per capita GNP over \$US 1,000 in 1968, Australia's annual average rate of growth ranked 21st, with only New Zealand and Britain below her. (3) The process which has made this possible is not obvious from a cursory look at the sectoral aggregates of production and employment, for these figures fail to uncover the transfer of resources from one sector to another. They look at a result rather than a process.

To analyse the dynamic of a capitalist economy we must concentrate on the process of competition between capitals as the final determinant of the allocation of resources and the respective strengths of their different owners. This is no less true in the period of monopoly capitalism than it was for its 'competitive' predecessor of the nineteenth century. Important though they are, monopolistic positions in the fields of acquiring raw materials and marketing the finished product can only be maintained if the firm or syndicate has the basic competitive production to defeat potential rivals. Competition, to be sure, is not an automatic market mechanism. In a monopoly capitalist system it is fought by groups of capitalists not merely in their individual markets (through product differentiation and the sales effort, rather than a competitive pricing policy) but in other areas as well (complementary industries, bureaucracies, political parties, government policies at home and abroad). Yet the barriers of entry and economies of scale in monopolised industries do not eliminate

1 Ernest Mandel, *Europe Versus America? Contradictions of Imperialism* (trans. Martin Rossdale), New Left Books, London, 1970; also 'The Laws of Uneven Development', *New Left Review*, No. 59 (January–February, 1970).

2 Pierre Jalee, *The Pillage of the Third World*, (trans. Many Klopper), Monthly Review Press, New York, 1968, p.6.

3 *Australian Financial Review*, November 11, 1970.

competition in the basic factors of production, and it is difficult to imagine an inefficient monopolist surviving for any great length of time, even when in the short-term his position is defended by barriers to entry that seem unbreachable. Strictly speaking, of course, 'monopoly' is an incorrect term, and what we have is a system of oligopolistic competition in the main markets and industries, with gigantic firms fiercely competing to absorb their surpluses in the newest and most profitable areas. For even the largest firm that fails to compete effectively on these terms, stagnation means eventual death, as more efficient, more vigorous firms either crush the old barriers to entry or infiltrate preserves to their own advantage. In the last analysis, therefore, it is competition in wages, technology and capital accumulation that determines the power of rival capitalists.

In any assessment of the Australian economy it is thus vital to distinguish those sectors which are competing effectively with overseas capitals. In this respect the statistics on Australia's exports are helpful.

Table 1: Australia Export Earnings by Industry (Annual percentage averages)

	1950-54	1954-58	1958-62	1962-66	1966-70
Wool	56	49	41	36	25
Meat	6	7	10	9	9
Wheat	11	8	11	13	10
Other Agriculture	14	18	17	18	15
Minerals	6	8	7	9	19
Total minerals and agriculture	93	90	86	85	78
Iron and steel	1	2	3	2	5
Petroleum	—	1	2	1	1
Others (mainly manufacturing)	6	7	9	12	18
	100	100	100	100	100

SOURCE: Adapted from Table 2 in Introduction to G. D. McColl (ed) *Overseas Trade and Investment: Selected Readings*, Penguin, 1972, p.6.

From Table 1 it can be seen that the great bulk of Australia's exports are derived from mineral and agricultural products, and that the position of manufacturing is extremely weak. But this alone does not tell us the full story, for a reallocation of resources has taken place within the Australian economy. A large proportion of the \$256 million Commonwealth Financial Assistance to agriculture and the \$135 million to manufacturing in 1969–70 was aimed at encouraging exports. (4)

4 *Annual Tariff Report 1970–71*, p.11.

In 1964, levels of protection for butter, cheese, sugar eggs, cotton, tobacco and peanuts were calculated within the range of 35% to 85%.⁽⁵⁾ This means that the Australian consumer and taxpayer has been paying for the export drive in these products, and that the competitive elements in the Australian economy are even smaller and fewer than one would deduce from Table 1. In fact only minerals, wool, meat and to a lesser extent wheat, have been selling on world markets with virtually no protection. Australia, then, is operated basically as a supplier of resources the centres of advanced capitalism, and has striking lack of firms large enough or competitive enough to operate internationally in the fields of finished consumer goods or capital equipment.

This poses the question of how strong the indigenous industrial bourgeoisie is. Historically, manufacturing was a late starter in this country, and its development has been faltering. It had to contend with a shortage of capital, a small and fragmented market, vast distances, a restricted labour supply (and hence comparatively high wage costs). It was only during war booms that industry managed to get a foothold. This weakness is still evident today. BHP is Australia's sole representative in the world's 200 largest corporations, and it is far ahead of its nearest local rivals, all of which are foreign-controlled in any case.

Australian capitalists could only hope to overcome these competitive disadvantages — high labour costs, high transport costs, and scarcity of capital — through better technology. But Australia has no indigenous Research and Development industry, and in 1968, only 14% of new products were of local origin.⁽⁶⁾ New methods of production have come mainly via foreign investment, and by necessity of this can be no more efficient than those available to overseas capital. It would be quite irrational for a multi-national corporation to increase the productive capacity of its overseas plants to the extent that they compete with those of the mother country.⁽⁷⁾ In fact, despite the pressure of high labour costs on Australian capitalists, the growth of productivity in Australian manufacturing has been considerably slower than that of other countries with similar or even with lower wage levels. This is clearly shown in Table 2.

Table 2: Increases in Labour Productivity in Manufacturing (Average percentage increase)

	1961-70	1967-68	1968-69	1969-70
Australia	3.6	4.2	2.9	1.5
United Kingdom	3.9	6.0	3.4	2.6
Canada	3.6	5.5	4.0	1.8
France	6.2	8.3	9.2	6.9
Germany	5.1	8.5	7.5	0.2
Holland	5.6	5.2	—	4.9
Japan	11.7	19.0	15.6	14.9
USA	2.8	2.6	2.3	1.8

SOURCE: Adapted from Tariff Board, *Annual Report for Year 1969-70 and Year 1970-71*.

The monopolistic structure of the Australian manufacturing sector, (derived from historically specific features of Australian development such as the small size of the market and the lateness of industrial development as well as the more general process of concentration of capital) has also accentuated the slow growth rates of the economy. A firm in a competitive market characteristically seeks to maximise profits by selling the largest volume of goods at the lowest price possible, using the newest and cheapest methods of production available. A firm in an oligopolistic industry can (and usually does) follow a different line of action: production is restricted and prices maintained at the existing level (or even raised to cover increased average costs); at the same time, the firm is more concerned with getting maximum returns out of its previous investments in machinery and equipment than with adopting the latest methods of production. In Australia, the most common reaction to competition has been not to increase efficiency, but to plead for even higher tariff protection.

It is with tariff protection that we find the major explanation for the survival of the Australian industrial bourgeoisie.⁽⁸⁾ In 1970 the Tariff Board calculated the annual cost of protection available to be \$2,710 million of the \$5,900 million value added by the manufacturing sector; an effective protection rate of 46%.⁽⁹⁾

A columnist in the *Financial Review* recently estimated that protection and subsidies in the Australian car industry adds up to a cost to the consumer of close to \$1,000 per car.⁽¹⁰⁾ Although these figures may be exaggerated, they still indicate the existence of a pervasive wall of protection. Not all the firms behind this wall are Australian-controlled, but on the whole, foreign firms receive less protection, and in any case could operate more efficiently by exporting to Australia if the tariff were removed; protection is not vital to their survival.

5 S. F. Harris, 'Some Measures of Levels of Protection: Australia's Rural Industries', *Australian Journal of Agricultural Economics*, Vol. 14 (December, 1964).

6 E. L. Wheelwright, 'Development and Dependence: The Australian Problem', *Australian Quarterly*, Vol. 43 (September, 1971), p.35.

7 This raises the controversial question of to what degree multi-national corporations are still associated with specific nation-states. But even assuming a high degree of corporate international mobility, there does not appear to be much incentive for firms to migrate *en masse* to Australia and share the conditions which have enfeebled local companies.

8 The best general discussion of the tariff is W. M. Corden's chapter 'The Tariff' in Alex Hunter (ed) *The Economics of Australian Industry*, Melbourne University Press, 1963, and his article 'Protection and Foreign Investment', *Economic Record* Vol. 43 (June 1967), reprinted in G. D. McColl (ed), *Overseas Trade and Investment: Selected Readings*, Penguin Books, Ringwood, 1972.

9 *Annual Tariff Report 1969-70*.

10 The 'Modest Member of Parliament', *Australian Financial Review*, March 10, 1972.

Yet even with this tariff protection it is obvious that the Australian bourgeoisie could not prosper in isolation from the internationally viable agricultural and mineral industries. These industries have contributed about 80% of total earnings through exports, and it is only through such earnings that the manufacturing sector has been able to avail itself of imported capital equipment and producer equipment. On this basis alone the primary sector has been an essential condition for the development of manufacturing industry.

But the relation does not end here. The manufacturing sector as a whole has been able to achieve an income transfer from the primary sector through the terms of trade. The primary sector, selling on the world market at world prices, has been compelled to purchase from the protected domestic market at higher than world prices. By the inflation of domestic prices, manufacturing has siphoned off income won by the primary sector in the export markets. A report prepared for the Australian Wool Board recently estimated that in 1967-68, the tariff system cost the Wool Industry \$150 million and \$200 million.⁽¹¹⁾

It may be asked how a weak industrial bourgeoisie has been able to reap this advantage. The answer lies mainly in the political field. Those engaged in agriculture comprise a small proportion of the total population and initially, when farm incomes were rising, there was little resistance to this transfer. Moreover, the Country Party leader, John McEwen held a genuine belief in seeking Australian economic autarchy, and sought to foster local industry. Although his conviction on this matter was no doubt strengthened by the need to offer protection to his dairying constituency, he sought wider political support by offering protection for all.

Yet the industrial bourgeoisie could not capture this level of domination without accommodation with labour. At least until recently, tariff protection and wage rates have been highly inter-related. The connection between the two was 'industry's capacity to pay'. Increased protection was granted in order to allow the firm to make a 'reasonable' profit and this corresponded to its 'capacity' to pay higher wages. What this entailed in practice was that employers did not aggressively resist wage-claims, but simply passed on increased costs through higher prices under the protection of tariffs. The balance of forces between labour and capital in the manufacturing sector was generally unchanged, but agriculture suffered. The whole process was unstable, because it was determined by the conflict of labour and capital, and this class-struggle cannot be simply turned off as the primary export sector ceases to prosper. The recognition by big business and some sectors of skilled labour that in the long run this process is retarding their particular interests is leading to new conflicts and new alliances.⁽¹²⁾ These will be discussed more fully in the next section.

11 *Australian Financial Review*, March 20, 1972; for an early and still valuable article on this transfer of resources, see Bruce M. Cheek, 'Profit Margins and Wage Shares in Australian Manufacturing 1945-55', *Economic Record*, Vol. XXXII (August 1957).

12 On this see H. David Evans, 'Income Distribution, Welfare and the Australian Tariffs', *Australian Economic Papers*, Vol. 10 (December 1970).

The position of the working class in this scheme was defended by means of a restrictive immigration scheme. Justified by the racist rhetoric of the imperialist era, the White Australia policy was erected, and this prevented the entry of cheap Asian labour to the Australian labour market. In its place the labour supply was expanded by the immigration of relatively expensive European labour, fed into the labour market at its lowest point. The effect was two-fold: firstly, the process provided upward mobility for the traditional Australian workforce; secondly, the workforce placed in the worst industrial situations was both isolated and internally fragmented by cultural and ethnic divisions. As a result, working class solidarity was restricted and the development of proletarian class-consciousness obstructed. With a sustained downturn in the economy, the response of the working class may well be unpredictable. Under the domination of bourgeois hegemony, it may turn on the immigrants in its own ranks, because they occupy scarce employment opportunities. Associated with class-conscious leadership, its response would be directed against the bourgeoisie, and aimed at the destruction of the capitalist structure. But during the post-war years, operating as it has been in a buoyant economic climate, the passivity of labour has been more or less assured. Rarely has the working class been incited to actively support particular issues; rather, it has by and large been left to follow the path of least resistance while not interfering with the process of capital accumulation. In this situation, class conflict, culture and organisation was diffuse. In particular, it facilitated the continuance of petty-bourgeois outlooks within the working class.

For its part, the bourgeoisie was incapable of ruling by virtue of its own strength; as we have seen, such strength was lacking. Instead, it had to govern by accommodating itself to other competing groups, and this restricted its ability to establish the optimum conditions for its own advance. Although strength in the political field compensated for weakness in the productive field, the bourgeoisie has not been able to completely overcome this weakness. For example, although agriculture has generally been harnessed by the industrial bourgeoisie, the rural constituency has displayed considerable political power in particular instances, such as defeating the up-valuation of the Australian dollar last December. Sections of the bourgeoisie have reacted to these restrictions by encouraging foreign imperialist interests as an ally similarly concerned with promoting the optimum conditions for industrial expansion.

This leads us to a consideration of the role of foreign capital in the Australian economy. Largely because of the same factors cited above in explaining the weakness of local capitalism, profit rates on foreign investment in Australia have generally been quite modest compared to earnings in other regions.⁽¹³⁾ This is shown in Table 3. The large capital inflow has been attracted by the political stability of Australia, by the lack of class conflict and by the generally

13 A valuable study of this question is B. L. Johns, 'Private Overseas Investment in Australia: Profit and Motivation', *Economic Record*, Vol. 43 (June 1967), reprinted in McColl, op cit.

widespread sympathy for imperialism in Australia. The country has seemed a safe investment, and this has compensated for the higher profits to be found in the Third World countries.

Table 3: Direct Private Overseas Investment in Companies in Australia (Percentage contribution to annual inflow)

	Primary (mainly mining)	Manufacturing	Others (mainly commerce and banking)
1963-64	8.6	52.1	39.3
1964-65	15.7	47.6	36.7
1965-66	26.7	38.0	35.3
1966-67	34.4	44.5	21.1
1967-68	29.9	44.3	25.8
1968-69	42.3	29.2	28.5
1969-70	33.8	25.3	38.9
1970-71	34.7	26.3	39.0

SOURCE: Commonwealth Bureau of Census and Statistics, *Overseas Investment*, various issues, 1967-1971.

By its very nature, this investment is unstable. With small profits, foreign investors have little motivation to 'see through the worst' if class struggle intensified in this country. Speculative stocks would take flight, and the more immobile manufacturing investments would attract no new capital, while those established would try to squeeze profits out all the faster. The problem of debt-servicing in this situation would be unbearable for Australian capital, and the pause in new capital formation would lead to more unemployment and hence more "trouble" with labour. Even now, in response to a stagnating economy, the modest profit rates in manufacturing have been holding less and less attraction for foreign capital. As can be seen in Table 4, overseas imperialists have been avoiding the manufacturing sector in recent years and concentrating instead on mining and speculative commerce and banking. Still, the immense investments that have already been made in manufacturing would not be written off willingly. Their existence indicates that any revolution in Australia would face the possibility of armed imperialist intervention.

Table 4: Profit Rates on US Direct Investment in 1967

Africa	19.7%
Asia	14.0
Latin America	12.3
Canada, West Europe and Australia	10.1
Australia (1966)	7.1

SOURCE: The figure for Australia is from Johns, p.172 in McColl, op cit.; the rest from Mandel, 'Laws of Uneven Development'.

In the past it would have been a grave mistake to see any contradiction between the Australian bourgeoisie as a whole and their overseas counterparts. The relation between them has, on the whole, been symbiotic. Certainly some industries have been taken over; but often willingly, at high prices. Overall, foreign investors have provided most of the leading sectors of the economy since World War II. Without access to large finance supplies and new technologies, the Australian bourgeoisie would have been in a position to undertake the expansion they have carried out in this period. With the foreign provision of lead sectors, the Australian bourgeoisie has been able to service both their (now enlarged) traditional markets and the new complimentary industries that sprang into being. Further, the foreign inflow provided international currency from which the domestic industries could import capital equipment and producer goods. Perhaps most importantly, this process has strengthened manufacturing industry's position *vis-a-vis* both agriculture and labour.

In the past few years, rifts have appeared within this alliance. With sharpening international competition it has become apparent to the large corporations that they could only expand rapidly if local costs were kept to a minimum. Of course, all sections of the bourgeoisie were interested in keeping wage-costs down, but the large corporations also sought a selective rationalisation of the tariff system in order to cut the costs of some producer goods and to make employment less secure, so gaining a more 'disciplined' work-force. The government has procrastinated on this issue, but its outcome is certain to be of the greatest significance to the future of Australian development.

Australian Capitalism in the Era of Inter-Imperialist Rivalry

The recent monetary crisis has brought home to nearly everyone on the Left the truth of Mandel's statement in 1965 that the age of absolute American supremacy is over. (14) In its place has emerged a new system of competing forces, albeit with the US still holding a relative advantage. But the period of stability in the imperialist metropolises is clearly giving way to a period characterised by unstable rivalry, in which the main competitors struggle for supplies, markets, and financial strength. Capitalism's problems are made all the more acute by the emergence of what some see as the new long down-swing in the Kondratieff cycle, with the exhaustion of the economic impetus provided by reconstruction after World War II and the innovations of the same period. In this climate, the policies of the imperialist powers seem certain to tend towards protection of captive markets and simultaneous intensification of expansionist initiatives abroad. There is always the possibility of a collapse of the international monetary system, and hence of international trade, and of a third global war for the division of the world among the leading imperialist powers. While such possibilities cannot be dismissed, their probability is

14 Even Paul Sweezy and Harry Magdoff, the editors of *Monthly Review*, who were leading advocates of the view that American supremacy was unshakeable, have now revised their views; see 'The End of US Hegemony', *Monthly Review*, October 1971. 35

reduced to the extent that the capitalist world can recognise a shared interest in survival. If they did eventuate, the future of Australian capitalism would be extremely bleak. In this section we shall not consider such an eventuality, but shall only consider Australia's prospects in a period of inter-imperialist rivalry manifested through sharpening competition for control of markets and raw materials, and increasing exploitation through foreign investment.

As we have seen agriculture is one of the most crucial areas for Australian capitalism. In all the advanced capitalist markets — the USA, the EEC, and Japan — there are strong protectionist measures for agriculture. With Britain joining the EEC, Australia will find these measures all the more restrictive. In other fields as well, it is probable the such trends will intensify, and Australian agriculture will be starved of markets. To compound the difficulties, agricultural products are in the future almost certain to meet with stronger competition from synthetics, especially for wool, but also for meat. Because of the poverty of the market, Third World countries are unlikely to provide an alternative outlet, especially as the advent of the 'green revolution' is making many traditional importers of cereals self-sufficient. All these forces can be placed against the general tendency for the demand for agricultural products to increase proportionately as income rises. With the Australian farmer having to purchase consumer and capital goods at rising prices his net income will deteriorate, and hence his motivation for producing. This is the familiar 'cost-price squeeze', in which domestic costs of production rise steadily while world market prices stagnate or decline.⁽¹⁵⁾ The present rural crisis is an amalgam of all these tendencies, and its effect has been significant. In 1967 it was estimated that of a total farm population about 150,000, about 80,000 farmers earned less than \$2,000 annually.⁽¹⁶⁾ According to the Bureau of Agricultural Economics, between 1968–69 and 1970–71, farm incomes fell by approximately 25%.⁽¹⁷⁾ Attempts to concentrate the agricultural sector are unlikely to boost the value of agricultural production as an aggregate, as the problem is mainly one of insufficient demand. Between 1949 and 1969, physical output grew by 91%, but the value of production rose by only 20% and farm income declined by 16%.⁽¹⁸⁾ This position could only be rectified by lowering the prices farmers pay for consumer goods and farming equipment: in other words, at the expense of the manufacturing sector.

15 An influential study of this dilemma is F. H. Gruen, 'Australian Agriculture and the Cost-Price Squeeze', *Australian Journal of Agricultural Economics*, Vol. 6 (September 1962), reprinted in H. W. Arndt and W. M. Corden (eds), *The Australian Economy: A Volume of Readings*, Cheshire, Melbourne, 1963; see also various articles in C. D. Throsby (ed) *Agricultural Policy: Selected Readings*, Penguin Books, Ringwood 1972.

16 D. H. McKay, 'Agriculture in the Economy', Ch.6 in D. B. Williams (ed) *Agriculture in the Australian Economy*, Sydney University Press, 1967.

17 *The Farm Situation in Australia*, Bureau of Agricultural Economics Background Paper, 1971.

18 T. E. Glan, 'The Cost-Price Squeeze on Australian Income', in C. D. Throsby, op cit. 36

If the manufacturing sector is to survive it cannot rely on agriculture either as an earner of foreign exchange, or as a market. What is the potential for expansion in the Australian domestic market and overseas? On the domestic front, there are no obvious quarters from which an upsurge of growth can be expected. There has been no innovation for years which has provided a stimulus comparable to that given by the automobile and the electronic inventions during and shortly after World War II. The civilian spin-off from more recent technical progress in the area of military technology has been very restricted because of the high capital costs involved. In fact, as we have already noted, under the handicaps of high wage costs and restricted markets, Australian growth in the post-war period has been relatively sluggish. Since the boom of war and war reconversion, the impetus for upsurges in the economy have come mainly from outside the industrial sphere: from wool in the 1950s and from minerals in the 1960s. If we thus exclude the possibility of a new epoch-making innovation, there seems to be no reason why Australian capitalism will not drift downwards into deepening stagnation in the 1970s. Even given a new epoch-making innovation, the nature of technical change in the Australian economy is such that it would tend to benefit foreign rather than Australian capital.

If the tariff wall remains, competition from foreign capital will mainly take the form of direct investment in Australian industry. In 1967, the Commonwealth Statistician had conservatively estimated that 22.2% of the value of production in Australia was foreign-owned and 26.3% foreign-controlled.⁽¹⁹⁾ These figures may be up another 10% since then. Foreign capital held dominant positions in all the high-growth areas, except for iron and steel, electricity (which is publicly owned) and paper. Continuation of these trends would reduce the position of the Australian bourgeoisie to one of abject dependence.

To escape from its restricted markets and high wage-costs, it has been claimed that Australia may well become a successful imperialist power in its own right. Mr. Victor McDonald Gibson, President of the Australian Institute of Management, has spoken of 'a Pax Australiana of South East Asia, a benevolent giant, bathed in luxury and handing out largesse to our less fortunate neighbours.'⁽²⁰⁾ But its performance to date does not make this seem likely. The claim that manufacturing exports have been expanding at an annual rate of 16.8% over the last decade is misleadingly optimistic. Firstly, much of this exporting is done by foreign branch plants operating in Australia; and there is a limit to the extent that these companies will compete against other subsidiaries or against their parent corporation. Further, Australia's customers will be pressing for similar plants to be established in their own economies, thus undercutting the market for Australian-produced goods. For example, General Motors has recently constructed a plant in South Africa which threatens to seriously restrict a major

19 See Commonwealth Bureau of Census and Statistics, *Overseas Participation in Australian Manufacturing Industry 1962–3 and 1966–7*, Part II — Overseas Control.

20 *Australian*, March 13, 1971.

overseas outlet for the Australian motor vehicle industry. Secondly, when we look at the pattern of Australia's manufacturing exports, it does not indicate a break with dependence, but a reflection of it. From Table 5, it can be seen that most of Australia's manufacturing exports, it does not indicate a break with dependence, but a reflection of it. From Table 5, it can be seen that most of Australia's manufactured exports go to the outlying and underdeveloped sectors of the world capitalist economy. These are the poorest markets in the system, and it is the metropolises of imperialism which provide the richest (this is why international trade in the post-war period has been primarily between the leading powers, and not between them and the Third World countries). These poorer regions provide 68.9% of Australia's export trade in manufactures, and absorb almost all of her finished goods, being primarily consumer goods or capital equipment. Australia's remaining trade which goes to the imperialist metropolises, is predominantly comprised of semi-processed raw materials destined for further fabrication overseas. In other words, the export market for the manufacturing sector proper is Third World countries largely passed over by the leading imperialist powers because of their poverty. ⁽²¹⁾ This situation appears to be only transitory: with Japanese imperialism stifled in its encroachments of the US and EEC markets, it will turn all the more aggressively on just those areas where Australia is carving its little niche. If America and Western Europe found difficulty in competing with Japan in the past, how will Australia stand up to an even more desperate Japan in the future?

Table 5: Contribution to Australian Manufacturing Exports by Industry and Main Markets 1970-71

Industry	Share of Exports	Main Markets
Iron and Steel	10.3%	New Zealand, SE Asia, New Guinea, Japan
Petroleum	4.7	New Zealand, Japan
Vehicles and Parts	15.3	South Africa, New Zealand, SE Asia
Machinery and Electrical Equipment	19.4	New Guinea, SE Asia, New Zealand
Chemicals	18.9	USA, Japan, New Zealand
Miscellaneous	31.4	—
	100.0	

SOURCE: *Commonwealth Year Book 1971*; S. Kumar, 'Australia's Exports: Direction, Growth and Composition', *Australian Economic Review*, 4th Quarter 1971.

Mineral exports have been the largest stimulus to the economy of late, growing at an annual rate of 29% over the past decade, and reaching 23.2% of total exports in 1970-71. However their significance for the economy is not as great as these figures suggest. Being mainly produced by foreign operators, their profits will

21 For a useful description (without analysis) see Kumar, op cit. (Table 5 above).

eventually be repatriated overseas, and they have few linkages to the rest of the Australian economy. Apart from the process of extraction, few factors of production are utilized within Australia, and the proportion of processing which is carried out in Australia is in decline. As is the case for all producer goods, mineral demand is particularly vulnerable to cyclical fluctuations — a tendency which is exaggerated by the largest proportion of these materials going to one country, Japan. The recent recession in Japan bought this home; when Japanese industrialists felt the pinch, long-term contracts were simply ignored. And in October 1971, the Japanese Ministry of International Trade and Industry released a report entitled *Outlook on Resources Problems* outlining Japan's new 'resources diplomacy' and containing ominous signs for the future. The report points to the vulnerability of Japanese industry based largely on overseas sources of raw materials, and, in order to counter-act this called on Japanese companies, firstly, to invest heavily overseas in gaining ownership and control of supply sources and, secondly, increase their bargaining power by reducing as far as is possible dependence on any single source of strategic materials. ⁽²²⁾ But despite these moves, and despite the tailing off of mineral exports of late, minerals seem certain to provide a continuing impetus to the economy — although certainly not the panacea expected of it in 1968.

During the mineral boom, Australian investment overseas rose sharply and aroused high hopes among local capitalists. But with the bust after the boom, these expectations collapsed almost as quickly as they had arisen, and the capital outflow slumped at the same time. Australian entrepreneurs have grown too accustomed to finding easy profits on the home market to venture into the foreign field where the imperialist heavies are throwing their weight around. As can be seen from Table 6, only in New Guinea is Australian investment significant, and this is likely to remain the case unless there is a radical restructuring of the economy.

Table 6: Outflow of Australian Private Investment

	Direct	Portfolio (\$ million)	Total	% of Total to New Guinea
1965-66	42	— 5	38	—
1966-67	33	— 7	26	—
1967-68	50	— 6	44	61.3
1968-69	74	— 10	64	63.5
1969-70	147	2	149	57.7
1970-71	59	— 5	55	54.1

SOURCE: Commonwealth Bureau of Census and Statistics, *Overseas Investment*, various issues, 1967-1971.

22 This report clearly frightened Lang Hancock, the West Australian mining tycoon. In a TV interview, he commented: "Japan is playing grand-scale power politics with Australia to get greater control of Australian raw materials... Japan wants increasing equity in Australian mining operations, a captive source of supply... The Japanese have made it well known that they don't intend to be straight out

Strategies for Australian Capitalism

If the present structure of capitalism in Australia endures, it can be expected that:

- 1 Foreign exchange earnings from agriculture will stagnate or even decline, and the demand for local goods from the agricultural sector will tail off.
- 2 This fall will only partially be compensated by increased mineral exports, and even less by increased manufacturing exports. Australia will find it increasingly difficult to obtain the foreign exchange required for domestic expansion.
- 3 With the impetus for domestic demand slackening and no apparent outlets overseas, the economy will be more vulnerable to bouts of unemployment and serious recession.
- 4 Foreign capital inflow will be a major, if not *the* major, source of foreign exchange. Thus overseas capitalists will be encouraged to expand further at the expense of the smaller Australian capitalists.
- 5 On the political front, these forces will probably be translated into a more restless working class and local bourgeoisie.

Big business, mainly foreign-controlled groups, but also a few Australian owned firms, have already seen that the present structure of the economy is a serious brake on their own expansion. They will therefore seek to alter it radically, firstly, by seeking to lower costs, and secondly, by seeking avenues of overseas expansion. Lowering, or at least retarding, the growth of costs, will be the focus of their aims. In real terms this implies attempts to restrain wages and the price of producer goods. On the matter of wage restrictions, all sectors of the bourgeoisie are likely to agree as to the aim. But the means of achieving this end are likely to differ. The small bourgeoisie will seek to freeze the present structure – probably by an incomes policy. Big business can afford to be more realistic. Wages are not essentially determined by administrative measures, but by the conditions of supply and demand in the labour market, and by the cost of labour reproduction. Through both determinants, the existence of a high-cost small bourgeoisie ensures high labour-costs for big business. Firstly, this small bourgeoisie employs large quantities of labour, and secondly, they produce expensive consumer items and thus maintain a high cost of labour reproduction. By eliminating this bourgeoisie and going international, big business in Australia would achieve lower labour costs without drastically lowering working class living standards, and provoking concomitant political troubles. Moreover, it would strengthen the reserve army of labour and so gain more discipline on wage demands without the 'stop-go' growth process arrived at through fiscal

any more. They want to own some of the minerals, and they'll use anything to get it – industrial militancy, the depression, anything The Japanese are attempting to strengthen their bargaining position." (*Australian*, October 6, 1971).

23 See J. O. N. Perkins, *Macro-economic Policy in Australia*, Melbourne University Press 1971, for a summary description.

deflation. This would then be the situation to introduce what could be a viable incomes policy. Such a strategy is all the more attractive to big business as it eliminates the tariffs which allows local capitalists to survive and inflate the production costs of big business. Thus the liquidation of the small bourgeoisie is the necessary condition for the significant expansion of big capital. The firms involved wield considerable political muscle directly, but support could also be expected from the technocratic labourites and the larger agricultural and mineral producers. The support of the technocratic labourites stems mainly from their recognition that the internationalisation of the economy will raise the demand for, and the wages of, the highly skilled sectors of the workforce. A tariff cut holds similar cost-saving benefits for the larger agricultural and mineral producers as it does for the larger manufacturers.

What are the chances of such a strategy succeeding? The answer lies largely in the particular conjuncture in which it is initiated. What the big firms need is a boom prolonged enough to cushion vast economic and political friction. An absence of large-scale political conflict is essential for the success of the strategy, because the establishment of foreign plants in Australia as a base for expansion into Asia is an integral component of the programme. As the foreign corporations have a choice of plant location, they are unlikely to invest in Australia if it carries the slightest risk of capital loss. Such a level of political and economic stability is, as we have seen, unlikely in the Australia of the 1970s. The great opportunity for it was during the mineral boom of the late 1960s, but the big bourgeoisie on this occasion showed a notable timidity, and preferred to procrastinate. Given unfavourable economic circumstances of stagnation, and crises, with widespread popular discontent, the balance of forces would be shifted in favour of the smaller bourgeoisie.

By seeking to mobilise the working class and the rural population against big capital, domestic and foreign, the smaller capitalists may be able to maintain the protection upon which they depend. If this succeeds, it will limit the arena for foreign penetration, and, by playing off rival imperialists one against the other, will press for more local equity and royalties. But they will neither eliminate foreign investment nor grant higher wages. The small bourgeoisie requires foreign capital to provide both the leading sectors of the economy and foreign exchange; it will only seek to restrict the scope of foreign penetration, not to eliminate it. As for wages, although seeking an alliance with labour to bolster its position against big capital, the small bourgeoisie will be even less willing to grant higher wages than big business. The ideological rationale for these moves would probably be proto-fascist in character. By appealing to Australian nationalism and latent rascism, it would seek to mobilise popular suspicion against imperialist penetration of the Australian economy and divert working class dissatisfaction towards foreigners and migrants. It would seek to compensate for low wages, insecure employment and deteriorating living standards by denouncing 'crass materialism' in the name of a 'new spirituality' and offering a mythology of heroism – some local equivalent of 'blood and soil'. And above all it would direct its hostility towards all 'ratbags' and 'pinks' who threatened to upset the applecart. Such a course would aggravate rather than

resolve the problems facing Australian capitalism, demanding more and more extreme 'solutions' as the situation deteriorated.

Both groups would seek to restrict wage-increases if not to manacle the working class movement. Coming after the easy years of the post war boom, this would be a great shock to the Australian working class. This raises another possibility, that the working class be stung into independent action, and both groups of the bourgeoisie expropriated in the course of class-struggle and socialist revolution. But this outcome is likely only if the Left is effectively prepared to meet the situation — and it is not so prepared at present.

It would be foolish to try to predict the outcome of all at this stage, however. That can only be decided by the course of the struggle itself. Yet what seems certain is that Australian capitalism is moving into a period characterised by economic instability beyond anything it has experienced since the War, and by associated upheavals in the political arena (involving both inter- and intra-party conflicts). It seems clear that the basic weaknesses of the Australian bourgeoisie will be a fundamental determinant of the course of events in this country over the next few years.

Grant Evans and John Schmid

SOCIOLOGY AND MARXISM

Since its original formulation Marxism has existed as a challenge to bourgeois ideology. Each time capitalism has found itself in crisis Marxism has returned with a new strength. Other nineteenth century theorists such as Comte, and Spencer have been quietly laid to rest. Marxism remains the only theory initiated in that century which continues to haunt the bourgeoisie and its ideologues, who never tire in their attempts to inter Marx in his grave. At present sociology is undergoing a critical revaluation and the discipline itself is being called into question. This critical situation corresponds to a more general crisis in capitalism which has seen Marxism increase its strength in the political movement and the effect of this in intellectual circles is that Marxism has once again become a force to be reckoned with. However the rediscovery of Marx within this sociological debate has been paralleled by the reopening of the roots of another stream of thought — what we will call the subjectivist social sciences.⁽¹⁾ This paper can only hope to introduce discussion and provide a brief overview of some of the roots of the current debate as well as the relation of sociology to Marxism.

Twentieth century sociology, or more specifically its 'classical' moment, took shape in a critical encounter with the Marxist political movement. But 'the debate with Marx's ghost' was conducted not so much with the actual theories of Karl Marx but more with the Marxism of the Second International. The claims by the patriarchs of modern sociology (namely Weber, Pareto and Durkheim)⁽²⁾ to have

~~deals~~ with Marx adequately and shown him in need of severe qualification suffered a double distortion from the start. Not only had they not bothered to look at Marx seriously but they had chosen only to consider the revisionist Marxism of the Second International and achieved their dismissal of Marxism this way. Such a spurious dismissal was never allowed to rest easily in Europe with its more consciously socialist working class and strong Marxist intellectual tradition. However such claims were easily transposed into a liberal-democratic America which lacked such a tradition and which was then primed for her ascendance to the position of leading world power. Here these notions gained a strong foothold and consequently Marx was condemned to the outer reaches of American sociology.

Talcott Parsons, who helped nurture such notions along with a small Paretian influenced group at Harvard in the early thirties, published his *Structure of Social-Action* in 1937. This book, which could be seen as the foundation of structural-functionalism, established the trajectory of American and Western sociology for the next twenty five years.

Conceived in the turmoil of the 1930's this book displayed an obsessive concern with social integration, the minimization of social conflict, and stability. When America emerged at the end of the Second World War as the undisputed leader of the imperialist world she had a ready prepared ideological arsenal in the form of structural-functionalism. Parson's concerns were accepted as corresponding to reality. The next twenty years of dampened class conflict in the advanced capitalist world, the rising standard of living, and the technological and the educational explosion was the structural-functionalists dream come true. The success of sociology as an ideology was ensured and it spread rapidly as a discipline, while America became a Mecca for sociologists.

Yet the overriding theory of Parsons only took up a selected and specific aspect of European social thought, that which has been called the 'classical school'. But on inspection it becomes clear that this school is largely a construction of an American orthodoxy which has blinded sociologists to the existence of other historical and philosophical streams of thought which existed at the time of

1. The most important of these were a group of German thinkers toward the end of the nineteenth century, who were largely concerned with promoting hermeneutical and phenomenological methodology. For the purposes of this introductory article we are grouping together such diverse thinkers as Dilthey, Weber and Husserl under this heading because of their common opposition to positivism and their common belief that explanation in the social sciences must begin with and include the subjective.
2. Each of these thinkers confronted Marxism differently. Pareto was the only one who attempted a direct refutation of Marx in his book *Social Systems*. Durkheim's study of Marx was subsumed in his analysis of the socialism of Saint Simon. In his book *Socialism* he reduces Marxism to a moral critique. Contrary to popular opinion Weber never consciously or explicitly confronted Marx's own writings. This is fully documented in an article by Von Guenther Roth 'Das Historische Verhatnis Der Webershen Soziologie Zum Marxismus'. *Kolner Zeitschrift Fur Soziologie & Sozial-Psychologie*, No.20, September 3, 1968.

Weber.⁽³⁾ Such a stream could be located in the related thinkers Schleimacher, Dilthey and Scheler.⁽⁴⁾ These thinkers embraced the whole spectrum of the social sciences, and were very concerned with combining the subjective level of experience with the objective social reality. As such they laid the foundation for later schools of phenomenology and psychology, and for what has been re-discovered today as the hermeneutical approach in the social sciences. The original impact of this school was destroyed because of its close association with German imperialism during the 1914-18 War. Also later many of its minor figures were associated with the rise of National Socialism and helped to formulate theories of racial superiority and Germanic uniqueness.

However under the impact of Nazism the whole of German sociology crumbled or was actively destroyed. At this time some of the members of the phenomenological school migrated to America. Once in America one of its leading members, Shutz, carried the burden of phenomenological sociology for many years and his work could be related to the 'Chicago School' which was concerned with symbolic interactionism.⁽⁵⁾ It was out of this soil that the modern 'dialectical' sociologists have grown. The links of these 'dialectical' sociologists back to Dilthey and Scheler are indirect, but they do provide a historical pathway for the rediscovery of these thinkers.

Dialectical sociology has become increasingly influential in sociological thought over the past decade and probably its two most well known proponents are Peter Berger and Thomas Luckman. Both of these sociologists have existed on the periphery of American orthodoxy and this rather ambiguous position has helped their influence among radical sociologists. This ambiguity is also reflected by the fact that many students not familiar with Marx believe that Berger and Luckman present a faithful elaboration and extension of Marxist concepts. That this is not the case can be quite easily demonstrated. Berger and Luckman advance an essentialist anthropological conception of human activity. They see the fundamental problem of this activity as the continual objectification or reification of subjectivity by which mans' social constructions are alienated from him. This problem persists in all epochs and in contrast to Hegelian notions Berger and Luckman provide only for periodic and conjunctural dissolutions of alienation. This is a result of their religiously inspired vision of human history as a demonic struggle of life and death, which is translated into the sociological concepts of certainty and uncertainty. Such a set of *apriori* and uncritical categories are in fact profoundly apolitical and conservative. For example they

3. A recent orthodox and sophisticated interpretation would be Robert A. Nisbet's *The Sociological Tradition*, Heinemann, London, 1967.
4. For a brief exposition of these relations see R. A. Makkreal, 'Wilhelm Dilthey and the Neo-Kantians', *Journal of the History of Philosophy*, Vol. 7, No.4, October 1969. His article is also a helpful clarification of the nature of the hermeneutical sciences.
5. It is worth noting that Shutz provided an important alternate interpretation of the work of Max Weber placing him in a historical configuration which related him more directly to the German tradition.

wrote:

The primacy of the social objectifications of everyday life can retain its subjective plausibility only if it is constantly protected against terror. On the level of meaning, the institutional order represents a shield against terror. To be anomic, therefore, means to be deprived and to be exposed, alone, to the onslaught of nightmare.⁽⁶⁾

Their claim here is that man needs beliefs which transcend his commonsense level to protect him from existential terror. Their theory thus provides a rationale for social cohesion on the basis of unreasoned blind faith and an apology for elitist formulations, whether by priests of futureologists.⁽⁷⁾ From irrationalism of this sort, it is but a small distance to totalitarianism.

This is consistent with Berger and Luckman's philosophical roots. The absence of real men acting in specific and historically determined relationships in their work is reminiscent of Dilthey. In their hands the notion of alienation is totally emasculated, for it is seen merely as a condition in which man "forgets" he has created the world. In this way the whole of social reality is reduced to an emanation of subjectivity and oppressive social relations are nothing but a state of mind. The marxist notion of alienation, however, entails not the objectification of a human essence in practice but the twin moments of domination and mystification which arise within a specific mode of production — capitalism. The thing-like character of labour and its products which under capitalism are transformed into the domination of the labourer arises as a real relation of commodity production. As Marx writes: "... the labour of the individual asserts itself as a part of the labour of society, only by means of the relations which the act of exchange establishes directly between the products, and indirectly, through them, between the producers. To the latter, therefore, the relations connecting the labour of one individual with that of the next appear, not as direct social relations between individuals at work, but as *what they really are*, material relations between persons and social relations between things".⁽⁸⁾ And as Norman Geras has explained: "This means, not that a relation between persons takes on the illusory appearance of a relation between things, but that where commodity production prevails, relations between persons really do take the form of relations between things".⁽⁹⁾ The social totality in which man practices is a complex one. Its various aspects are structured in a relation of dominance and subordination which is continually overdetermined and is not reducible to a totalizing subject of which these aspects are an alienated essence.

6. Peter L. Berger and Thomas Luckman, *The Social Construction of Reality*, Allen Lane, 1967, p.119.

7. One logical outcome of this thinking can be seen in Berger's recent *A Rumour of Angels*, Allen Lane, London, 1969, where he becomes an apologist for religion.

8. Karl Marx, *Capital* Vol. 1, Charles H. Kerr, Chicago, 1906, p.84.

9. Norman Geras, 'Essence and Appearance: Aspects of Fetishism in Marx's Capital', *New Left Review* No. 65, 1971, p.76.

The Sociological Crisis and Its Response to Marxism.

The 'sixties' was welcomed by sociologists as the decade which would see the fulfillment of liberal society's (the word capitalism had been phased out of the sociologists vocabulary) promises, and indeed it was pronounced that we were witnessing the eclipse of ideology (by which Marxism, and not sociology was meant). Such predictions suffered a solid reversal during this decade as tensions re-emerged to shake the structure of capitalism and imperialism. The rumblings of the liberation struggles in the third world were echoed in the advanced capitalist countries where open class struggle revived.

Under the pressure of these events orthodox sociology, or more specifically structural-functionalism, has been disintegrating. This is largely a result of its inability to account for such antagonisms or even provide a conceptual framework within which they could be thought. Consequently orthodox sociology has experienced a crisis whose magnitude can be gauged by the fact that the nature of the discipline itself has been called into question. This is witnessed by the simultaneous arrival on the scene of two substantial volumes — Alvin Gouldner's *The Coming Crisis of Western Sociology* and Robert W. Friedrichs' *A Sociology of Sociology* — both attempting to account for this critical situation. But the crucial aspect of both these texts is that they are attempts to rescue sociology, and the project thus defined circumscribes their success.

Both Friedrichs and Gouldner's attempt to reconstruct sociology and define a new epistemological base for it ignore the specific structural determinations of the discipline and so remain trapped within the framework of bourgeois sociology. They fail to realise that sociology has developed as a very specific and highly conservative aspect of bourgeois social thought. But for them to even think the problem in such terms would ultimately demand the rejection of sociology along with the recognition of the need to overthrow capitalism — notions entirely foreign to sociological theory. Thus they remain ideological — which does not mean they are conscious apologists. As Martin Shaw has put it recently: "Ideologies are world-views which, despite their partial and possibly critical insights, prevent us from understanding the society in which we live and the possibility of changing it. They are world-views which correspond to the standpoints of classes and social groups whose interest in the existing social system and incapacity to change it makes it impossible for them to see it as a whole. A large number of different ideologies have been developed by thinkers tied to bourgeois society, and this is constant development and change. But they are all part of *bourgeois ideology*, not because they express the immediate interests of the ruling class or are developed by it, but because they are limited, in development, including even their criticism of bourgeois society in reality; because their development, including even their criticism of bourgeois society and is unable to go beyond it. As such, as bourgeois ideology, they face certain theoretical dilemmas, the solution to which lies in going beyond the standpoint of bourgeois society; just as in practice

there are certain problems which cannot be solved within its framework".⁽¹⁰⁾ It is from within the configuration of bourgeois ideology that these two sociologists view Marx. Their vantage point is situated 'outside' of Marxism and their analysis is therefore subject to crucial oversights. They quite simply are unable to comprehend the assumptions of Marxism which challenge theirs. Yet both correctly perceive that structural-functionalism has historically blocked the study of Marxism in America, and further, that Marxism could not now become established in the US because of the political climate. However there is a marked contrast between the two analyses of the formation of this situation.

Gouldner's analysis is the more sophisticated of the two and possibly more orthodox. For him Marxism was a deviant aspect of utilitarianism. "From an historical perspective, one function of popular Marxism was to *complete* the utilitarian revolution by overcoming the obstacle that bourgeois property presented to the further extension of standards of utility".⁽¹¹⁾ Of course nowhere has this completion been brought about by socialist revolution in the West, and thus it becomes clear that Marxism for Gouldner was merely a critical ideology which helped bring about an extension of services in the Welfare State. But his treatment of Marxism is uneasy, and Marxism remains the shadow counterpoint to many of his theoretical statements in the book. He is aware that Marxism had an important formative effect on the classical sociologists of this century and realises that it remains an important structural component of present day sociology. Nevertheless the classical works of this 'counter-stream' are distorted and collapsed into a form of utilitarianism to make them manageable. Similarly the dynamic debate within contemporary Marxism is dismissed by equating it with the problems of Soviet Marxism. In no less than a paragraph Gouldner runs through all the various streams of Marxism since Gramsci and pronounces that Marxism as a coherent body of thought must collapse under the strain of such diverse debate.

Thus Gouldner discovers that there is a crisis both within structural-functionalism and Marxism and in the present period that these two products of the original 'binary fission' of Saint Simon's thought are now converging.⁽¹²⁾ The Parsonian 'drift toward Marxism' is demonstrated by a simple process of abstraction. For example, the notion of conflict which is found in some of the later structural functionalists like Smelser is furnished with a parallel notion drawn eclectically from Marx. Thus Parsons joins hands with Marx in the world of reified concepts. Need it be added that Marx deals not with reified abstractions like conflict, but with concrete categories such as exploitation and oppression.

10. Martin Shaw, 'The Coming Crisis of Radical Sociology', *New Left Review* No. 70, 1971, p.102.

11. Alvin W. Gouldner, *The Coming Crisis of Western Sociology*, Heinemann, London, 1970, p.108.

12. At this point Gouldner's interpretation seems to be largely derived from Durkheim. In this respect it is interesting to note that Gouldner introduces the Collier edition of Durkheim's *Socialism*, Collier Books, N.Y. 1968.

Friedrichs' argument is similar, though more superficial and less historical. He too sees fit to link Marx with Bentham and claims that later "Talcott Parsons picks up the same thread" of utilitarianism.⁽¹³⁾ The bulk of Marx and Engels' works, he claims, suffers from all the limitations of nineteenth century positivism. "All they saw themselves involved in was the extrapolation of the world of nature to include social and historical man as well."⁽¹⁴⁾ Again the ultimate refutation of classical and orthodox Marxism is based on Soviet texts dealing with Dialectical Materialism. Such systematization is thus seen to correspond with the endeavours of structural-functionalism.

Neither Gouldner nor Friedrichs attempt to think through Marxism and its rebuttal is a pre-given. It is assumed to be a system but nowhere do they clearly demonstrate it. But even their use of the concept system is a reification — what does the abstract counterposition system/conflict mean? It means nothing until brought down to a concrete and specific analysis of society, of its classes and their conflicts.

Both recognise the *ideological* function of Marxism in the Soviet Union, but surprisingly they both then accept this ideology at its face value. Gouldner is perceptive enough to realize that "underlying the crisis of Marxism was the blunting of its own "critical" impulse after it became the official theory and ideology of the Soviet State and of the mass communist parties of Western Europe".⁽¹⁵⁾ Neither draw the conclusion that the Soviet Union is not the embodiment of Marxism and that a more viable form of Marxism may exist elsewhere. Indeed they cannot draw this conclusion. Both reject the mature Marx because of what they claim to be its scientific nature, and thus claim that these works which form the body of Marxism have a propensity to ossification because of their unreflective character. This reveals their deeper objection which is that the mature Marx precludes their alternative for sociology.

In the present conjuncture radical sociologists, indeed sociologists generally, have been forced into a re-examination of Marx. However given their ideological shackles they have only been able to accept a very small portion of Marx — both quantitatively and conceptually. This has been the young Marx and his notion of alienation; the latter writings of Marx are rejected as being scientific, i.e. uncritically transferring the methods of the natural sciences into the social sciences. Even certain theorists who lay claim to the legacy of Marxism advance such criticisms. This rejection of the later Marx by radical bourgeois sociology is not accidental — on the contrary it is demanded by their 'theoretical' (ideological) framework. The mature Marx who founded the science of history

13. Robert W. Friedrichs, *A Sociology of Sociology*, Free Press, New York, 1970, p.263.

14. *Ibid.*, p.269–270.

15. Gouldner, *op cit*, p.451.

ical materialism and provided a general theory of modes of production, and in particular the theory of the capitalist mode of production allows for no wavering and concretely places on the agenda the task of overthrowing the capitalist state. The young Marx's notion of alienation based on an essentialist anthropology, is still an ideological concept and as such labile which enables it to accommodate a number of interpretations, most of which are characterized by a petit-bourgeois humanism.

This is the pattern that we find in both Gouldner and Friedrichs. As a solution to sociology's problems they offer little more than an abstract humanism. Gouldner says: "... while I believe that a Reflexive Sociology must have an empirical dimension, I do not conceive of this as providing a factual basis that determines the character of its guiding theory. . . A Reflexive Sociology would be a moral sociology".⁽¹⁶⁾ Friedrichs claims that in order to gain social scientific knowledge it is "necessary to introduce an additional paradigmatic level, one that would focus on the sociologists self-image".⁽¹⁷⁾ Sociology has returned to the problem of including the subjective as a component part of knowledge of objective reality. And therefore Friedrichs claims that "the dialectical paradigm may be expected to gain ground in the decade of the 'seventies'".⁽¹⁸⁾

The attempt by these sociologists to come to grips with the present problems of the discipline remain superficial eclectic attempts to synthesize various streams of thought. Through a historical analysis of various streams of thought they attempt to develop a paradigm which is sufficiently broad to embrace all phenomena. But despite their claims to be an essentially theoretical exercise they remain on a simple discursive and empirical level. While they certainly recognise the importance of certain problems, their lack of theoretical rigour blocks them from thinking through the various epistemological and theoretical problems they raise. Hence they flatten out the differences between the various traditions they draw on, thus enabling a paradigm made up of an eclectic synthesis of alternate explanations of reality.

Gouldner and Friedrichs's theoretical weakness and their all too transparent uneasiness when dealing with Marx is unlikely to make them totally acceptable to radical sociologists. Bourgeois sociology, at least its radical variant, therefore still requires a critical champion.

Although not yet fully recognised and assimilated, such a champion exists in the figure of Jurgen Habermas. Habermas possesses a Marxist pedigree by virtue of his contact with the Frankfurt school, and thus is likely to be received by radical sociologists as a faithful interpreter of Marx; moreover this fact could serve to blunt and confuse criticism from Marxist sources. Habermas is a far

16. Ibid., p.491.

17. Friedrichs, op cit., pp.326-7.

18. Ibid., p.326.

more sophisticated theorist than someone like Gouldner, so that although he is propounding similar formulations and conclusions, he is likely to be far more convincing. Thus as the most articulate apologist for capitalism at present when theoretical lines are becoming blurred in sociology he demands more extensive treatment. But before we proceed it is interesting to note that his posture is similar to the early Parsons. Like Parsons who saw himself synthesizing all that was great in European social thought, Habermas is now performing a grand synthesis of the young Hegel, the young Marx, and of Parsons.⁽¹⁹⁾

Habermas: A New Grand Synthesis?

Habermas has a rigorous and broad philosophical training. In contrast to Friedrichs and Gouldner, his historical sensibility with regard to the many diverse strands of European social thought has ably equipped him to develop a critique of sociology and social science which is far more acutely aware of the philosophical issues at stake. One important aspect of the Habermas' work is that he has brought to the fore many implicit and hidden theoretical assumptions in the writings of key thinkers which have passed either unnoticed or misunderstood into the accepted canons of positivist social science.⁽²⁰⁾

Habermas criticises positivism for blunting epistemological self-awareness by confusing it with methodological speculation on linguistic analysis or the development of operational criteria. While positivism claims only to be a scientific metatheory which denies the validity of epistemology, it in fact smuggles in epistemological concerns under the guise of methodology. In short positivism confuses epistemological problems for methodological ones. But unlike Gouldner and Friedrichs who call the whole notion of value-free (positivist) sociology into question at a pragmatic level, Habermas tends to accept methodological positivism as an adequate scientific method for the social sciences. This is reflected in his acceptance of the Parsonian classification of the social sciences as the systematic sciences of social action whose task is to supply nomological facts about man and society. The realm of the subjective lies outside these sciences. Yet, he argues, that because the social sciences can provide only value-free (non-subjective) data about society they can never raise the ultimate and most important questions about the nature and purpose of society and humanity. But in order that this nomological data is not used for the purposes of domination and repression it must rely on the critical or hermeneutical sciences which deal with the problem of the sub-

19. For the best critique of Habermas in English see Goran Therborn, 'Habermas: A New Eclectic', *New Left Review*, No.67, 1971.

20. The following critique is largely based on three articles not yet available in English. Two are included in the volume *Theorie und Praxis*, Luchterhand, 1969. They are: 'Zwischen Philosophie und Wissenschaft: Marxismus als Kritik'; and 'Zur Philosophischen Diskussion um Marx und der Marxismus'. Also chapter one of *Erkenntnis Und Intresse*, Surkamp Verlag, 1970. The main work by Habermas that is available in English is *Toward a Rational Society; Student Protest Science and Politics*, Beacon, New York, 1970. In this book the last three chapters are based on the interpretation of Marxism advanced by him in the articles above.

jective reality of man. It is in this concept of critical science that Habermas embeds his notion of critical self reflection. Habermas traces the origins of critical science to German idealist philosophy (Kant, Hegel, Fichte), the cultural sciences (Dilthey, Scheler, Schleiermacher) and later variants, which include phenomenology (Husserl) and the Frankfurt tradition of critical theory. This notion of critical science incorporates a methodological posture, critical self-reflection, and a subjective or normative posture that sees in the subjectivity of mankind a process toward universal emancipation.

For Habermas, Marx's central proposition is that of the dialectic of social labour forming the basis for the self-constitution of the human species and for man's differentiation from the animal kingdom and nature. This dialectic is the mediation of man as subject with nature as object through labour. This process creates the basis of the social life world of man. It creates the different modes of production, the institutions, and language (the dimension of culture) and hence human subjectivity. He claims that Marx sees the history of mankind as an extension and continuation of the history of nature. This history can only exist because the direct link between mankind and nature has been broken. Nature for man exists only mediately, refashioned by the forces of production to which each generation contributes and into which each generation is born. Nature no longer exists directly, physically or conceptually, but always as the mediated product of social labour.

Habermas claims that in *The German Ideology* Marx does not provide an adequate materialist basis for these ideas. The premise that the history of man is the history of nature is grounded in neither an evolutionary biology nor is it empirically based, as Marx asserts. This premise may be interpreted objectively — nature evolves into humanity (Marx, Engels, Lenin), or idealistically — nature becomes humanized (Hegel, Feuerbach, Fichte). Habermas argues that one may choose either way but both remain *a priori* transcendental premises. From this point Habermas shows that Marx has made two errors. By failing to recognise the *a priori* nature of his premise, Marx cannot see that he is still imprisoned in the idealistic epistemology of German transcendental philosophy. Secondly, he failed to realize that two distinct interpretations were possible and that the subjective interpretation cannot be dissolved by the concept of social labour. Thus Habermas' overriding objection to Marx is that he is unable to account for himself, that is he cannot account for the existence of subjective self-awareness, the transcendental ego of German philosophy or the realm of intersubjective communication. In short, Marx leaves out culture, the realm in which subjects constitute their reality.

This oversight is the result of Marx overemphasizing one aspect of man's relation to nature — the objective instrumental side. Man as subject remakes the objective world through labour. However when man remakes nature instrumentally he remakes his subjective self and hence remakes the subjective world of the other. For Habermas this is the dialectic of interaction, the dimension of symbolic action, the world of language and culture in which men mediate their

subjective self-awareness directly, and indirectly through others. Marx conflated the two dialectics into the concept of social labour believing that this would create a materialist epistemology that would account for and explain the cultural super-structure. The result of this, Habermas says, is a misconceived and fundamentally erroneous materialist theory of ideology. Given this epistemological failure, Marx's claim to be scientific reveals a latent positivism in his theory. But, essentially Marx's theory, especially his critique of political economy, can only be understood as a continuation of the work of German transcendental philosophy. *Capital* is Marx's equivalent of a transcendental logic.

Thus having 'destroyed' Marx's claim to have provided a materialist general critique of ideology the rest of the substantive analysis of Marx falls easy prey to Habermas's hermeneutical exercise. What Marx failed to perceive was that his critique of political economy was not an exercise in economics but a materialist critique of nineteenth century *laissez faire* ideology. Marx dissolved this ideology by pointing out that exploitation was a structural component of what were claimed as free market relations between capital and labour. In a muddled way Habermas appears to imply that, on the one hand, Marx mistook the ideology of capitalism for its sociological reality, and on the other, the Marx's general concept of mode of production and of base determining superstructure was valid for that specific period of English capitalism. But either way Habermas concludes that this situation was atypical anyway and therefore the concepts advanced by Marx are no longer viable in an analysis of contemporary capitalism. Today politics, domination, determines economics. Political elites use ideology to justify an outmoded form of political domination, one which denies the liberating potential of an economic system no longer based on scarcity. Repression and domination maintain themselves through the manipulation of language and culture, a notion that is strikingly similar to that advanced by Marcuse in *One Dimensional Man*.

However unlike Marcuse, Habermas rejects the materialist foundations of one-dimensional society. In a very long and tortuous footnote stretching over two pages Habermas carefully attempts to demolish the notion that institutional relations and hence property relations are anchored in the mode of production. He relegates these relations to the realm of symbolic interaction. Hence it follows that an economic revolution to overthrow private property relations is no longer needed. All that is needed for man to free himself from a repressive cultural apparatus is a praxis of critical awareness. Only by clearing the paths of distorted communication will mankind constitute itself as an emancipated species.⁽²¹⁾

Habermas also tackles the substantive economic theory of Marx. Succinctly he recapitulates the basic theoretical assumptions of Marx and claims that the theory contains its own logical dissolution. Not only has the key variable of the

21. Much of this argument can also be found in chapter 6 of *Toward a Rational Society*.

falling rate of profit been refuted empirically but Habermas claims that Marx himself was aware of this as simply a logical tendency among others. That this awareness was underemphasized in *Capital* was due to Marx's commitment to the immanent self-destruction of capitalism. Habermas counterposes the *Grundrisse* to *Capital* and points to those passages where Marx shows how the socialist mode of production emerges out of the laws of motion of the capitalist system. In the *Grundrisse* Marx says that due to the increasing relationship of constant to variable capital the profit rate evens out to zero in all branches of production, hence the labour theory of value ceases to be operational. No longer a source of value, labour stands outside the production apparatus, which is nothing other than materialized labour — the toil and effort of past generations. The costs of production and the sources of value are no longer the quantum of labour but total productive apparatus which includes the modes or organization, managerial techniques and above all science and technology. This mode of production would entail not only a different form of distribution based on the fulfillment of all mans needs but also a reduction of necessary labour to a minimum thus freeing mankind from coercion and domination.

Modern capitalist economies have reached this level of development according to Habermas, and science and technology have replaced labour as the source of value, yet the transition to socialism has not occurred. What is still required is a cultural revolution to strip away the repressive political apparatus. Habermas concedes that there are still entrenched elites who benefit from this domination but the classic confrontation of two great classes is no longer the case because for the proletariat in the Marxist sense can no longer exist. The result is that Habermas' strategy reduces itself to a liberal plea for reform, and his praxis to cultural critique — which no doubt goes a long way to explaining his popularity among the academic left.

What Habermas, Gouldner and Friedrichs offer us is a new variation on the old theme of ideological distortions of Marxism. Habermas argues that Marx was right for the nineteenth century but even then he was right for the wrong reasons. Marx mistakenly believed that he was developing a general analytic theory of capitalism as a distinctive mode of production when in fact he was only producing a hermeneutical critique of *laissez faire* liberalism. Also, underneath Habermas' sophisticated and erudite analysis it becomes increasingly obvious that his understanding of Marxism is a vulgar determinist one. His notion of the two dimensions of social praxis, work and interaction, is a restatement of the old dichotomy between material and ideal factors. It is not surprising then that Habermas' claims for critical or hermeneutical sciences is simply a re-affirmation of the superiority of the cultural humanistic sciences (*Kultur* and *Gesiteswissenschaften*) over the empirical sciences. Habermas is fundamentally an idealist who posits the ontological priority of ideas and culture over that of the material manifestations of social life such as the labour process.

Gouldner's and Friedrichs understanding of Marxism is too limited for them to

present a systematic interpretation. Yet their refutation of Marxism is as interesting. They subsume Marxism back into the English utilitarian tradition with the younger Marx echoing Hegel, while the Marxism of *Capital* is raised to the status of a positivist science. The irony of this interpretation is that bourgeois theorists had withheld the status of science from Marxism, but now when it is granted one finds that positivist science is held to be an ideological effect and scientifically inadequate. Again Marxism finds itself reduced to an ideology, albeit this time a useful one that can give one vision of reality alongside of many others. Here subjectivism joins with relativism to create an essentially anti-scientific tenor.

These interpretations of Marx are not conscious ideological distortions in the direct sense, but are the consequence of the inherent limitations of bourgeois social thought in general, which (like the capitalist system that gave birth to it), goes through periods of recurrent crisis.

Marxism and Sociology

The attack on value-free sociology has resulted in the rediscovery of alternate social theories that attempt to account for the subjective factor. Thus issues and problems that were left unsolved by the earlier subjectivist schools and thereby allowed the success of the positivist social sciences have been re-opened. As Habermas, Gouldner, and Friedrichs have shown the victory of positivism was largely a pyrrhic one, as has been demonstrated by its recent inability to cope with changes and conflict generated within capitalism. Yet the best that they can offer is a relativist pragmatism which eclectically selects methods and concepts from various schools of thought in order to construct a model of reality relevant to our norms and purposes. Such a position must deny the possibility of a general scientific theory of society and thus its alternative can only allow some variant of a romantic irrationalism.

The inability of these theorists to establish the foundations of a science of society is directly linked to their acceptance of the assumptions of bourgeois society, which in turn is a corollary of their position in the structure of capitalist society. The problem which they cannot acknowledge is the separation of mental from physical labour. Thus their epistemological starting point is fundamentally idealistic, that is one which sees the sources of reality springing from the creative process of man, whether in ideas, culture, or subjectively anchored in the self. The consequences of this idealist epistemology for sociology are twofold. One, it forecloses the solution to the problem of ideology which as Marx originally pointed out can only be solved materialistically. Two, it prevents the development of a scientific methodology, which like the natural sciences, must be materialist. (22)

Yet the position taken by these theorists is perfectly consistent with the social-

22. Positivism's claim that a science of society is possible is not the reason for its failure. It failed for the reasons Lenin attempted to delineate, that is, that under positivism's methodological frame lies a fundamentally idealist epistemology.

ogical tradition which has continually argued for its independence as a form of social thought within the social sciences. For instance it has argued its independence from economics while taking bourgeois economic assumptions as given. For Gouldner sociology's conditions of existence are:

1. Where industrialization has, at least, reached the 'take-off point' and become self-sustaining.
2. Where, in consequence, social theorists and others can more readily define and conceptualize their society's problems as non-economic or purely 'social', which is to say, as distinct from economic problems. (23)

The congruence of such assumptions with Habermas is obvious, however Habermas argues them far more subtly. In fact he conceals these assumptions by making a gesture toward an analysis of the economic structure. As has been shown this is done by his rejection of the labour theory of value in favour of science (knowledge) as the productive force, but this merely propels analysis back into the realm of ideas. Similarly his acceptance that state intervention has solved capitalism's economic problems parallels Gouldner's acceptance of the notion of the welfare state. But as Shaw has pointed out this is a profoundly ideological explanation for "it begs the question of whether society's problems really are non-economic". He goes on "... when the social character of capitalist production, veiled by bourgeois economics, has become apparent in the revolt of the chief force of production, the working class, sociology arises as a theory of how to respond to this revolt *without* abolishing the capitalist mode of production. Sociology recognizes the social character of production — but by denying that it is to do with production, which is a matter for 'economics'." (24)

It is precisely Habermas' more sophisticated argument and emphasis on the moment of 'interaction' in the social totality, separated from economics and situated in the realm of ideas that is likely to make him attractive to bourgeois sociology.

Such premises, entwined in their fundamental acceptance of capitalist society as a lasting historical presence, prevents the understanding of Marx's scientific revolution which reconceptualized society and established an analysis of the mode of production as the scientific basis and parameter in which all other manifestation of society, including the subjective dimension and culture, must be thought.

The spectre of Marxism remains. The ideological position of the sociologist demands it be dismissed for Marxism would drag him down out of the world of ideas and force his attention on the social totality, the mode of production and relations of production and as such would destroy sociology's conditions of existence. Sociology for Marxism remains only a moment of its total analysis.

23. Gouldner, op. cit., p.467. Habermas in a more abstract way argues a similar position. See *Toward a Rational Society*, pp. 94–97.

24. Martin Shaw, op. cit., p.105.

REVIEWS:

Louis Althusser, *Lenin and Philosophy and Other Essays* (trans. Ben Brewster), New Left Books, London, 1971. S9.50.

John Schmidt.

This collection of essays is a continuation of an investigation begun by Althusser fifteen years ago with the intention of rescuing Marx from current bourgeois interpretations of Marxism, and of clarifying the theoretical basis of Marxist science and philosophy. As a substantive theoretical contribution *Lenin and Philosophy* adds little to his earlier writings but it does allow a stocktaking and assessment of this project. Althusser certainly clarifies and clears the ground for a science of Marxism, dissolving many of the issues and problems as non-questions by fighting his way through voluminous interpretations based on false premises. Yet Althusser's strength and weakness stem from the same source, the attempt to impose rigour and conceptual precision on Marx's theoretical writings. Those who refuse to even think through the Marxist categories will not be convinced; those who reject Marx will not see Althusser succeed where Marx failed. Still, if Althusser is remembered for no more than having pointed out the imperative of reading *Capital* (including the *Theories of Surplus Value*), then he will have rendered Marxism and the socialist movement in incalculable service. He has certainly rescued Marxism from its bourgeois adulterators but he has failed to adequately demonstrate the scientificity of Marxism; nor has he made a convincing case for an autonomous Marxist philosophy.

In *Reading Capital* Althusser advanced sufficiently to provide the frame of reference (problematic) in which the scientificity of Marxism can be thought through. This investigation is nevertheless incomplete because its specific method of interpretation and analysis is based on the official Soviet Marxism according to which there is both a science (historical materialism) and a philosophy (dialectical materialism) in Marxism. The two questions of the existence of the science and philosophy of Marxism already exist in this problematic as ideological assertions unsubstantiated in fact. We can thank Althusser for the insight 'that problems which do not exist may give rise to massive theoretical efforts and the more or less rigorous productions of solutions as fantastic as their object'.¹ The problem of Marxist philosophy is such a non-question because it is the consequence of earlier attempts and misreadings of Marx's method and science. Thus the partial success in delineating the scientific basis of Marxism and the failure to establish an autonomous Marxist philosophy are co-joined; while the former is a legitimate question, the latter is not.

1. Louis Althusser and Etienne Balibar, *Reading Capital* (trans. Ben Brewster), New Left Books, London, 1970, p.115.

Althusser's interpretation is governed by a mode of textual exegesis that sees its task in exorcizing those Marxist texts that give rise to aberrant variants of Marxism. From this perspective his periodization of texts has an important function. It allows the de-emphasizing of those texts on which humanist, Hegelian, historicist readings are based — irrespective of the merits of such textual exegesis in any particular instance. Here I can only point to some of the consequences that this has for the thesis advanced in *Lenin and Philosophy*.

The general method is to seek out discontinuities and disjunctures that demarcate Marx from speculative German philosophy and classical economics. This is a healthy corrective to those who see only certain continuities and turn Marx into a Hegelian, a follower of Ricardo or a humanist steeped in Feuerbach. However the weighing of continuities and discontinuities always presupposes some evaluative criteria, either from within Marxism (which presupposes what has yet to be proved) or from without (from within another problematic with its entailed interpretative assumptions). Here Althusser's style reflects this ambiguity, his very rigour and terminological precision hides the uncertainty of the venture in a new terrain of interpretation. Where metaphors and colourful illusions abound science has yet to follow.

Althusser stresses that bourgeois interpretations of Marxism are never purely innocent academic interpretations, they are always political. Yet he has overlooked one salient point. The humanist existential interpretations of Marxism were an ideological reaction to the specific Marxist orthodoxy practised (or, more accurately, debased) under Stalin. Stalin's suppression of scientific Marxist research ensured that such Marxist texts as the *German Ideology*, the 1844 *Manuscripts* and the *Grundrisse* would first come under the pre-judged scrutiny of those who attempt to appropriate Marx as their own. Their conscious and consistent selection, which was political as well as scholarly, de-emphasized those very texts on which Soviet orthodoxy had been erected, above all *Capital* and the writings of Lenin. Althusser has repaid them in kind with a rigorous textual exegesis that reasserts those texts which are the foundations of the orthodox Communist interpretation of Marxism with its categories of historical materialism and dialectical materialism. It is important and symptomatic in this regard that in *Lenin and Philosophy* Althusser relies heavily on that most orthodox of all orthodox texts of dialectical materialism, *Materialism and Empirio-Criticism*.

Another difficulty is the book's presupposition of familiarity with concepts, definitions and these advanced in earlier writings. It is necessary to pose the questions of the place and purpose of *Lenin and Philosophy*. For Marx and *Reading Capital* indicated some questions to be settled which were posed thus in the 1967 Introduction to *For Marx*: 'I left vague the difference distinguishing philosophy from science . . . I did not show what it is, as distinct from science, that constitutes *philosophy proper*; the organic relations between every philosophy as a *theoretical* discipline and even within its *theoretical* forms of existence and politics. I did not point out the nature of this relation, which in

Marxist philosophy has nothing to do with pragmatic relations. So I did not show clearly enough what is in this respect distinguishes Marxist philosophy from earlier philosophies.'² This passage, which was written after *Reading Capital*, suggests that the answers are not to be found in either of the earlier books. This interpretation is reinforced by Althusser's own stricture in an introductory note to *Reading Capital* that the 'definition of philosophy as a theory of theoretical practice' advanced in *Reading Capital* gives rise to possible 'speculative or positivist echoes'. With the exception of the relationship of philosophy to politics, *Reading Capital* does provide the answer, albeit it in a scattered and unsystematic fashion, in a conception of philosophy as a meta-theory that attempts to elucidate the epistemological and methodological foundations of *Capital*. *Lenin and Philosophy* rejects this positivist position by shifting the discussion of Marxist philosophy into the problematic of dialectical materialism, based on Lenin's *Materialism and Empirio-Criticism*. This return to orthodoxy (with refinements) is also a consequence of the particular conception of science and philosophy that underpins Althusser's thinking.

Althusser believes that three major scientific revolutions have occurred, opening up the 'continents' of mathematics, physics and history. Each has induced a revolution in philosophy. This may be suggestive and illuminating as a working hypothesis but it is inadequate for the task of clarifying the status of Marxist philosophy. The concept of contents confuses scientific knowledge as a theoretical system of interrelated axioms and propositions in its own right (the object of meta-theories of scientific method) with the ontological levels of reality to which particular sciences are adequate (physics, biology, chemistry, geology, etc.). Mathematics is not a region of scientific knowledge but a system of knowledge that provides analytical and conceptual tools for any particular science at its appropriate level (statistics for thermodynamics, population genetics, etc.).

The inadequacy of this frame of reference is mirrored in the way Althusser tackles the question of philosophy. Althusser advances three interrelated propositions. (1) A scientific revolution always induces a philosophical revolution whose task it is to make explicit the break between the new science and the pre-scientific matrix, or, in Althusser's terms, to theorise the epistemological rupture separating the scientific problematic from the old ideological problematic out of which it emerged. (2) Philosophy always comes after science, it comes late. (3) The way to understand the correct function and history of this process is through Marxist philosophy.

This understanding of philosophy is contradictory and ambiguous because Althusser has rejected the only way out, the consideration of philosophy as a meta-theory of science. This contradiction runs through *Lenin and Philosophy*. Althusser argues that the specific feature of Marxist philosophy is the realisation that philosophy as such has no content because it has no history. Its content

and history are outside it, in science: hence the premise that without science there can be no philosophy. (Buddhism and Confucianism are no more than ideologies.) Philosophy as a technical and theoretical discipline in its own right is denied. Its content is no more than the eternal recurrence of the struggle between materialism and idealism, where the form may change (e.g. Berkeley, Hume, Mach) but not the content. Philosophy is the class struggle at the theoretical level and the revolution in Marxist philosophy (in philosophy as such) is consciousness of this struggle and partisanship. Being materialist, Marxist philosophy sides with the sciences (which are always implicitly materialist) and thus gives true knowledge (grounded in the priority of matter over spirit) as distinct from false ideas and false idealistic interpretations of science which always serve the ruling classes. This is conventional dialectical materialism grounded in an orthodox Communist reading of Lenin.

Althusser's dogmatism here results from making a theoretical virtue out of tactical necessity. Lenin reduced all philosophy to two trends in order to demolish Mach and his Russian followers (such as Bogdanov and Lunacharsky) but this confuses two distinct conceptions and functions of philosophy. The first comes from the simple materialist premise that philosophy as a sociological reality cannot be above classes or politics irrespective of its specific content. The second conception derives from the more analytical realisation that philosophy is also a technical discipline in its actual posing of questions, and therefore that its articulation of concepts in manufacturing theoretical systems must generate and sustain specific conceptions of reality that serve particular classes and hence political practices. Lenin blurs these distinctions and gives an inadequate and schematic representation of philosophy. This results in a reductionist view of philosophy that fails to separate real theoretical concepts and truth functions of philosophy from its two distinct ideological functions. Nothing is sadder than Lenin's total obliviousness to the very real issues that Mach raises in regard to problems of the objectivity and truth function of science. It is inadequate for Lenin to simply assert that science gives objective true knowledge, guaranteeing it by reference to metaphysical philosophical theory such as dialectical materialism. Objective true knowledge (scientific knowledge) entails the conception of philosophy as a meta-theory of science.

Althusser's dogmatism can be found elsewhere. He argues that Lenin's operation within an empiricist problematic (criticising it from within) is a *tour de force*. Althusser fails to realise that Lenin does this because he is genuinely in the grip of an empiricist epistemology (reflection theory) that connects the concept with the object through sensation. This failure is even less excusable because in *Reading Capital* Althusser slates Engels for just this empiricist slip. Lenin's position is no more than a compounding of Engels' error, and Althusser's apologetics is explicable only by the pull of orthodox dialectical materialism.

In the essay 'Lenin before Hegel' Althusser examines the relationship of Marx to Hegel and develops themes first elucidated in *Reading Capital*. But the examination still continues the ambiguities of Althusser's method of interpretation. He argues

that previous discussions of the relationship have been formulated within a historicist problematic; that is, the relationship has been conceptualised from essentially Hegelian premises and leaves Marxism open to historicist and idealist interpretation. Marx's re-reading of Hegel in the 1850's and Lenin's reading were retrospective, based on the standpoint of mature Marxism. While this is an important insight, Althusser has nowhere considered the role of the *Grundrisse* and its relation to both Marx's *Capital* and Hegel's *Science of Logic*. Rosdolsky has demonstrated that the relationship of the *Grundrisse* to *Capital* is one of work in progress (experimentation and analysis) to presentation of the results.³ Althusser has certainly failed to grasp the role of Hegel's *Logic of Science* to Marx's work, and here falls behind Lenin's understanding. A detailed textual and analytical comparison between the *Grundrisse* and the *Science of Logic* has yet to be made: still we have it on Marx's authority that the logic played a critical role in the development of his new science.⁴ Althusser, however, will take nothing from Hegel but the concept of history as a process, purged of its concept of the historical subject. His highly selective reading of Lenin's *conspicuous* even misses the crucial point where Lenin gives up his empiricist epistemology.

It should now be clear that to break through the previous hegemony of Marx-Hegel interpretation, does not necessarily provide an alternative solution from outside this framework. If, as I have argued, the *Grundrisse* and the *Logic* are of critical importance in any demonstration of the scientificity of Marxism, then this is an *impasse* for the Althusserian interpretation. Though his conception of the scientificity of Marxism is incomplete, an awareness of this weakness is prevented by his notion of Marxism as a science which does not admit the *Grundrisse* and Hegel's *Logic*. Such problems of interpretation rise directly out of the periodization and subsequent selection of texts and are locked to his Communist orthodoxy.

The best paper in *Lenin and Philosophy* is one which avoids these pitfalls of Marx-interpretation. In 'Ideology and Ideological State Apparatuses' Althusser sketches a theoretical framework to deal with questions of the state and of ideology which he has developed from the central concepts of mature Marxist theory-mode of production, forces of production, and relations of production.

Problems of base and superstructure, material and ideal factors, are resolved by conceptualising that the reproduction of the relations of production entails the reproduction of ideology as the matrix which legitimises a given class and occupational structure. The conception and definition of ideology advanced here is an important contribution. Ideology is conceived as the imaginary conception men have of their real relations, thus structured in the last instance by the relations of production. Because men act on the basis of these imaginary

3. See Roman Rosdolsky, *Zur Entstehungsgeschichte des Marxschen 'Kapital'*, 2 vols., Europäische Verlagstalt, Frankfurt, 1968.

4. See especially the letters Marx wrote to Engels in 1858, *Selected Correspondence* second edition, Progress Publishers, Moscow, 1965. pp.100-109.

conceptions, ideology takes on material substantiality in the form of specific practices and institutions.

This analysis of ideology stands much closer to the positivist thesis of *German Ideology* than Althusser would admit. Any scientific analysis of society must start with ideologies as its raw data but must also go beyond them and systematize them into logical concepts in order to give scientific knowledge of society, of the production relations that shape the ideologically perceived relations. What is Marxist philosophy if it is not a meta-theory that allows one to distinguish between scientific truths about society and ideological chaff?

Henri Lefebvre: *Everyday Life in the Modern World* (translation Sacha Rabinovitch), Allen Lane, London, 1971. (\$8.75).

Grant Evans

The publication of Henri Lefebvre's Book *Everyday Life in the Modern World* is important for a number of reasons. In their English edition of his book on the 1968 French events (*The Explosion*), Monthly Review Press introduce Lefebvre as 'one of the world's foremost Marxist sociologists'. The book now under review gives us a glimpse of his major undertaking since the second World War – the *Critique de la Vie Quotidienne*, commenced in 1946 and by now a three volume work. The book is also a significant contribution to the debate initiated within the left by Marcuse's *One Dimensional Man* on the nature of modern capitalism, culture and Marxism. Further, Lefebvre's book is of specific interest to the Australian left because of his concern with 'Permanent Cultural Revolution', a notion which has been gaining increasing emphasis (though less rigorous formulation) in the journal *Arena*.

For Marxists traditionally concerned with epochs, historical crises, and revolutions, a study of the everyday must certainly appear out of the ordinary. But Lefebvre would appear to want to argue for the unity of the particular and the universal, for a universal everyday, a Bloomsday Appropriately he begins *Everyday Life in the Modern World* with a brief discussion of James Joyce's *Ulysses*.

Retrospectively the eruption of everyday life into literature was momentous for it was via the medium of literature and the written word that readers were suddenly made aware of the everyday. In depicting that day in Dublin, June 16th 1900, Joyce 'reproduced the flowing image of a cosmic day, leading the reader into the turmoil of a linguistic carnival, a festival of language, a delirium of words As the mystic or the metaphysician – and because he is a poet – Joyce challenges the incidental; with everyday life as the mediator he passes from the relative to the absolute.' However, Lefebvre continues, in roughly half a century one's conception and perception of the everyday has changed drastically. It is this change and its consequences for revolutionary praxis that he attempts to delineate in the book.

'Formerly the influx of the stars produced styles and works of art, but our stars shine on everyday life, our sun is black and it spreads terror'. For Lefebvre everyday life is defined by its loss of meaning. In such a world experience is fragmented and allows an awareness of nothing more than daily life thus establishing it as the locus of feedback in society. This accounts for Lefebvre's concern for what he calls the Festival. The Festival supposedly existed in pre-industrial civilization and faded out of existence during the nineteenth century. The Festival was both a reflection and creator of style which gave significance to gestures and words whereby they were immediately coherent in the totality of their relations. For Lefebvre modern man is the man of transition, standing between the death of Style and its rebirth. Thus he sees the specific object of the revolution as the annihilation of everyday life and the resurrection of the Festival.

The existence of Style gave activity a referential and therefore a meaning. For example, on the literary level Style was co-extensive with the ideological unity of the bourgeoisie which gave rise to a single mode of writing. Thus the classical and romantic forms could not be divided because consciousness was not. However approximately post-1850 the writer ceased to be a witness to the universal and henceforth writing became problematical. The emergence of a new world – historical force divided the unity of consciousness. Lefebvre claims that the modern world is characterized by a process of semiotization, the transformation of objects into signs, which has led to the 'collapse of referentials.' In this new universal Semiotic, in which 'form and content, if they still exist, are on the same level', language and images became the referential wherein all aspects of action and meaning became intertranslatable subsystems. Everyday life now bears the imprint of technicality so that all sectors of the former become intertranslatable and saturated with meanings derived from relation to other sectors, and the new referential is the everyday. Having arrived at this point, it then remains for a revolutionary praxis to intervene at the level of everyday life in order to reconstitute meaning.

This theoretical orientation, that is, seeking out the areas of contradiction within capitalist society in order to intervene and transform it, is something which separates Lefebvre's endeavours from those of Marcuse. Although the 'society of the spectacle' with its interpenetration of signifiers and signifieds appears at first to be the same landscape described by Marcuse, Lefebvre's presentation makes it decisively different. He makes this difference explicit: 'Can terrorist pressures and repression reinforce individual self-repression to the point of closing the issues? Against Marcuse we continue to assert that they cannot.' In radical contrast to *One Dimensional Man*, the United States is presented as a society that cannot successfully integrate any one of its groups. It is both imposing and impotent.

Lefebvre argues that our society to-day no longer constitutes a system (i.e. closed and self-sufficient) but is fragmented into a lot of sub-systems – despite, he adds, 'state power and armed force, the intensification of compulsion and

terrorism". Fashion is such a sub-system. But these sub-systems develop contradictorily. Fashion as a system demands transitoriness, "the deterioration of objects . . . is part of a class strategy directed towards rationalized (though irrational as procedure) exploitation of everyday life. The cult of the transitory reflects the essence of modernity, but reflects it as a class strategy and is in total contradiction to the cult of, and demand for, stability and permanence." There is a non-closing of the circuit in a single system — only sub-systems separated by gaps and lacunae while the whole is still held together by the key-stone of speech and the foundation of everyday life.

Yet although there are important differences between Lefebvre and Marcuse, these should not be allowed to obscure the basic problematic which unifies them. The strong anti-positivist position of Marcuse and the rest of the Frankfurt school finds an ally in Lefebvre who rebels against systematization (he continually swipes at structuralism throughout the book) and asserts the virtues of negativity, the rights of the future, the frailty of both social and intellectual constructions. Philosophy exists as self-knowledge of reality and as negation whose function is to draw together the fragmentary experiences of man into a new totalizing praxis for the abolition of capitalism. But philosophy no longer stands in an expressive relation to a particular class. The proletariat failed its "mission" years before and the historical dialectic is no longer linked by a "subject" but demands an action, and as an understanding of everyday life dissolves it. This historicism which links Lefebvre to Marcuse is the source of weakness in the book.

Characteristic of such interpretations, the Marxist critique of political economy disappears. The term monopoly capitalism is replaced by "Bureaucratic Society of Controlled Consumption" because, it is argued, the former shows a partiality for economism whereas the latter allows a more thorough analysis "whereby this society's rational character is defined as well as the limits set to this rationality (bureaucratic), the object of its organization consumption instead of production". In this way philosophic categories replace social ones. Contradictions that arise within monopoly capitalism are lost as the concept with which we are given to think the process and limit of capitalist production is "bureaucracy". Economics is subsumed under a philosophical critique: "nowadays everyday life has taken the place of economics."

The consequences of this are most evident in his disappointing final chapter "Towards a Permanent Cultural Revolution". Lefebvre emphasizes that we are indebted to the Chinese for the revival of a concept — cultural revolution — which is present in Marx, Lenin, and Trotsky, and he wishes to assist in this revival. He calls for a "festive Marxism", meaning a Marxism which provides a life-style at once coherent meaningful and dynamic. But he cannot ground this call to action in social analysis, and merely continues to assert that an opening for revolutionary transformation exists, instead of demonstrating it.

Everyday Life in the Modern World is an important book despite these weaknesses. It raises many questions which have not yet emerged in the debate on

culture within the Australian left, and is not shy of drawing on linguistics and semiology in attempting to answer them. But it is worth noting that Lefebvre is well to the left of the Australian debate. For him, traditional bourgeois culture is not still a vital force, latently revolutionary, but fragmented, incoherent and collapsing — in contrast to the view expressed, for example, by Gerald Gill in *Arena* No. 26.

Shulamith Firestone, *The Dialectic of Sex*, Jonathan Cape, London, 1971. \$8.10.

Martha Scott.

"Marx was onto something more profound than he knew when he observed that the family contained within itself in miniature all the antagonisms that later develop on a wide scale within the society and the State. For unless revolution disturbs the basic social organisation, the biological family — the vinculum through which the psychology of power can always be smuggled — the tapeworm of exploitation will never be annihilated."

Shulamith Firestone is onto something more profound than her sketchy reductionist arguments and unfortunate methodology at first indicate. *The Dialectic of Sex* is one of a few recent Women's Liberation examinations of the sexual revolution and its relation to radical politics. She's onto it — but the book fails utterly in its attempt to establish a dialectic of sex which can be incorporated in broader revolutionary theory because it reduces all politics and repression to a single dimension, that of sexuality. This reductionism is all the more extraordinary given her initial condemnation of the alleged economic reductionism of Marx and Engels.

Her thesis begins with the assertion that the politics of Women's Liberation is concerned above all with sex as class. This central proposition, however, is left as an assumption, elaborated only in criticising the general failure of Marxists to recognise the oppression of women. So her 'definition' is vague from the start — indeed her use of the term 'class' is only meaningful if she uses it in the most general sense of a group distinguished by having some physical feature in common. This is far removed from the Marxist concept of class, based on the analysis of modes of production.

She presumably intended to extend the concept of political class struggle so that the fundamental revolution would be defined as sexual and aimed at the elimination of sexual discrimination in all its forms. Alas, she does not examine the economic situation at all, so that her 'sex class' is never viewed in terms of its relation to the means of production — a serious omission for a writer who begins by stating her intention to view women's present situation in its material and historical context. This failure is all the more puzzling, given her acknowledgment of Juliet Mitchell's short essay "Women: The Longest Revolution" (*New Left Review* No.40, November-December 1966) — a study which demonstrated

the necessity of defining women's productive and reproductive roles in Marxist terms.

Firestone has reacted against the ideological use of biology as an agent of oppression, against the view that motherhood and housework are the 'natural' and incontestable vocation of women. This is most certainly legitimate in itself, but unfortunately her response does not go beyond an ideological rejection of this ideology. Arguing that women's oppression is biological in origin, she seeks the solution in the obliteration of all biological distinctions, between male and female, between young and old. Her view of the liberated (communist) society is thus one of an homogenous, simple whole, when any social formation (whatever its modes of production and reproduction) is intrinsically complex and internally differentiated. By positing the (utopian) abolition of all structures, she fails to address herself to the real task of working out what alternate modes of production and reproduction are possible. This leads Firestone into political and strategic impotence. If Women's Liberation is to be a successful movement, its strategy must involve a great deal more than the bald assertion that "Pregnancy is barbaric". But Firestone's condemnation of childbearing, like her attack on the institution of Childhood, never progresses beyond her intensely personal response and so her theory is reduced to an incoherent, historical denunciation of specific aspects of women's oppression.

This can be seen even in her section on Freud and Freudianism in the twentieth century, which represents her most consistent effort to examine the cultural forces oppressing women. She sees Freud as the arch-enemy of feminism in the late nineteenth century, and psychological practice as a reactionary force which binds women to an oppressive social role by constructing a monolithic theory of absolutes based on the assumption of 'natural' human functions. There can be no denying that in many ways Freud was a reactionary ideologue and a rabid sexist, and that these aspects of his work have been incorporated into and maintained by the post-Freudian psychologists. But to focus exclusively on this point is to ignore Freud's scientific achievements. Firestone treats the impact of Freudianism as an anti-feminist ideology as a sufficient explanation of the collapse of the first wave of feminism — an explanation which considered ideological forces in isolation from their social and political context.

Firestone's emphasis on the necessity of breaking through the repressive mystifications of Love, Children and the Family is justified and offers some brilliant insights into the present situation. But the observations are random and often too generalised. Racism is much more than sexism within the 'family of man'; the Russian Revolution 'failed' for reasons more complex than its inability to cope with patriarchal attitudes, and Women's Liberation will have more complicated tasks than the abolition of biological reproduction.

Shulamith Firestone's aim was praiseworthy, but she has not achieved what she set out to do. She has given us a collection of insights and extrapolations, held together by moral outrage. This is a long way from constituting a dialectic of sex.

Comment.

Whilst endorsing Martha Scott's methodological criticisms of the *Dialectic of Sex* I feel that she fails to underline its *political* importance as a contribution to the still young Women's Liberation Movement. Firestone's importance is that she has drawn together a number of assumptions implicit in feminist writings and placed them in a more total and coherent context. Thus she has driven home the necessity for revolution for the Women's movement as well as broadening the whole concept of revolution. The breadth of her project and the immediate attractiveness of her arguments have had a political impact, at least in Melbourne, where her book has been widely read.

As part of the evolving women's movement literature, Firestone's book is the most succinct statement of feminist ideology. Whilst suffering from the limitations of a purely feminist perspective, it is a powerful expression of the liberating potential of revolutionary feminism. Marxists must reckon with her charge of lack of concern with sexual oppression, children and the family, and cease subsuming the problem of women under those of the family, and those of the family under the mode of production.

I would disagree with Martha on one point. Firestone does *not* 'ignore Freud's scientific achievements'. Firestone attempts to make historically specific Freud's developmental psychology by placing it within the context of the patriarchal family. Her whole thesis is based on Freudian analysis; childhood perception of power relationships and incest taboos becoming the basis for adult acceptance of oppression and contradiction. By reinterpreting Freud, I believe, Firestone has made him more comprehensible, more useful and more revolutionary in that his insights cannot be co-opted as ahistorical absolutes by clinicians, but point clearly to the need to destroy bourgeois economic and familial relationships. Finally, I believe Firestone's project is valid; but the task of relating sexual oppression to class oppression still remains for a more competent and thorough Marxist.

Elizabeth Elliott

E. A. Boehm, *Twentieth Century Economic Development in Australia*, Longman, Melbourne, 1971. \$5.80 hardback; \$3.50 paperback.

Kelvin Rowley.

This book is a handy compilation of statistics and information on the Australian economy, especially over the period since World War II. Boehm has taken information made available by the Commonwealth Statistician, in the Vernon Report, and in the writings of academic economists, and presented them in a

form which the non-economist will find digestible. There are all too few attempts to do this, for Australian academics tend to regard 'popularization' as a task for lesser mortals. To his credit, Boehm evidently does not accept such a view. But, as a consequence, anyone with little or no knowledge of the field who would like a basic introductory text on the Australian economy will find little in the way of an alternative to Boehm's book. However this in itself hardly constitutes a recommendation.

Boehm describes his approach in *Twentieth Century Economic Development* as analytical rather than chronological. The stage is set in a chapter on economic growth which sketches the broad contours of Australian development over the past century. The rest of the book is then devoted to specific aspects of the economy, and successive chapters deal with population, the export industries, capital accumulation, the development of manufacturing, institutional developments (Commonwealth-State financial relationships, the capital market, arbitration,) living standards, and government policy.

Despite his claim to be analytical, Boehm's book is in fact largely descriptive in content, and the fact that it is organised on a non-chronological basis does not alter this. It means simply that the description is fragmented. At no point do we get a clear picture of the Australian economy as a whole, and the way in which it is moving (the chapter on growth comes closest to doing this.) We are told, for example, of Australia's high living standards, of foreign investment, of the development of manufacturing industry, and that Australia's export earnings come from primary products and raw materials. But the way in which these various aspects inter-relate never becomes clear.

When I say the book is descriptive, this is not strictly correct. There can be no 'pure' description, innocent of theoretical or ideological concepts which organise and select the data. But these concepts need not be explicitly stated, recognised or examined by the author himself. This is the case with Boehm's book. The underlying concepts are those of orthodox academic economics, and the book is very much an exercise in applied economics. But what is orthodox academic economics, if it is not a distinctive ideological perception of capitalist reality — an ideology in which exploitation, conflicts and contradictions are dissolved away, leaving only a residue of ever-increasing material abundance and progress? Within the confines of the academic world, this ideology is understandable, but it gives academic writings their characteristic unreality. In this regard, Boehm's book is quite typical.

He does not discuss the social-institutional framework of capitalism — but simply presupposes that 'our' economy is based on 'free enterprise' and wage-labour without examining the specific consequences which flow from this fact. As is usual in bourgeois economics, a complex economic system is discussed as if it were a Rousseauesque village-democracy in which 'we' all get together and decide how 'we' will allocate 'our' resources. That this myth bears no relation to the realities of power in capitalist society needs no elaboration.

Twentieth Century Economic Development in Australia concentrates mainly on the post-war period. Although there is a good deal of data and some discussion relating to earlier periods, the primary function of this is to provide a background against which the success-story of the post-war boom can stand out in sharp relief. This approach imparts a strongly apologetic thrust to the book. The only time Boehm comes close to criticising the course of capitalist development in Australia is in a brief glance at the costs of economic growth (inspired by the conservative English economist E. J. Mishan). Nor — incredibly — does government economic policy come in for any criticism. To borrow some jargon from the sociologists, Boehm is achievement — rather than problem-orientated. Although he actually says little about the future, his complacent view of the past leads logically to a naively optimistic perspective for the future. The sort of problems facing Australian capitalism in the coming years (discussed elsewhere in this journal) are barely visible from the perspective of this book.

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