

The transformation of the Australian Labor Party

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To what extent does the traditional characterisation of the Australian Labor Party as a reformist, trade union based party operating within the framework of capitalism still apply today? It is important not only to consider the Party's policies but also mechanisms which link the Labor Party with different classes and social groups: Labor's electoral support, membership and local branches, the backgrounds of the Party's parliamentarians and leaders, the role of trade unions and leftwing currents inside the ALP, and its sources of funding.



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During the 1980s and 1990s critics of the contemporary ALP, such as Graham Maddox and Tim Battin, argued that a fundamental break with the Party's socialist tradition had recently taken place. They focussed particularly on Labor Party policy and actions in government.¹ Drawing on Katz, Mair and Blyth's conceptions of cartel parties, convergent in their policies and reliant on state funding, a recent collection examined the evolution of political parties in Australia.² Several contributors to *Political parties in transition?* reproduced aspects of the discontinuity thesis of Maddox and Battin, arguing that Labor can now be described as a cartel party. Their case rested not only on examinations of Labor policy but also on significant shifts in Labor's electoral support, membership and sources of funds. Johns, for example, concluded that 'the Australian case is one where major parties have lost their party base', and Ward that 'the Labor and Liberal parties [are] now without firm foundations in civil society'. According to Ian Marsh, 'major party organisations have largely jettisoned interest aggregation. Established organisational linkages—the trade unions with Labor and business with the Liberals—weakened.'³

The purpose of this article is to consider these claims of transformation. In the first part we outline our understanding of the ALP as a bourgeois workers party and use this as the basis of our subsequent analysis - what has happened to those features of the Party which identify it as 'bourgeois' and those that make it distinctively 'labour'? Individual sections consider the mechanisms which link Labor with different classes and social groups—the ALP's electoral base, its membership and local branches, the backgrounds of its parliamentarians, the role of trade unions and leftwing currents in the Party, and its sources of funding. In the second part, we assess the argument that there has been a transformation in Labor's policies. We provide a case study of Labor's approach to industrial relations to argue that Labor's policies can only be understood by reference to changes in the balance of social forces that make up the Party's material constitution. We conclude with a summary of our case.

Labor's material constitution

In trying to understand the Labor Party, its material constitution—its relationships with different class forces in Australian society—is fundamental. Crucial in this respect is the Party's relationship with the working class and the trade unions. In 1913 Lenin characterised the Australian Labor Party as a 'liberal workers party', 'the unalloyed representative of the non-socialist workers trade unions' whose officials also led the Party. From this perspective, the ALP is a distinctive type of reformist party, a bourgeois workers party.⁴ A workers party, in that it was founded by the trade unions, and trade union leaders to this day play a crucial role in the Labor Party. A bourgeois party, because its project is to manage the capitalist state and economy, not overthrow or materially transform them.

Labor is a capitalist workers party, rather than a socialist workers party, because of the class interests of those who lead and control it. As Lenin put it of the British Labour Party:

[W]hether or not a party is really a political party of the workers does not depend solely upon a membership of workers but also upon the men that lead it, and the content of its actions and its political tactics. Only this latter determines whether we really have before us a political party of the proletariat.⁵

The class position of trade union leaders is determined by the function of trade unions in capitalist society. The purpose of trade unions is to improve the terms on which labour power

is exploited, not to overcome exploitation itself. They therefore began to take on the contours of the society in which they are embedded. As they outgrew their outlaw origins and were legalised, trade unions became part of the industrial relations machinery. The job of trade union officials is to act as bargaining agents within this machinery; to secure the best wages and conditions for workers. Their job is routinised, and negotiations and the trade union become ends in themselves, rather than means to an end. They attempt to gain a few benefits for workers but they also seek to moderate working class demands to what capitalists find acceptable. In addition, union officials are not workers themselves. They are not exploited by an employer—they do not face the sack when a factory or office closes down. They lead a relatively privileged lifestyle compared to the mass of their member. These facts create important conservatising pressures on union officials as they come under pressure not just from members but from employers and the state. As Don Rawson commented in 1966, '[s]ince the work by which they will be judged consists of trying to improve conditions under the existing, capitalist system it is not surprising that union officials have usually been reformist rather than revolutionary'.⁶ They use their position in the ALP to further their interests as a social group, and these interests are fundamentally pro-capitalist.

Labor politicians are similar to, but also different from, trade union officials. Similar, in that Labor politicians also benefit personally from playing the role that they do—the salaries, the perks, the pensions, the business opportunities and so forth. Similar also, in that like union officials, they try to mediate between workers and the capitalists. Different, however, because they perform this function at a further remove from direct struggles at the point of production. They do not have to report to workers at strike meetings or visit workplaces to recruit workers to unions. Labor politicians are therefore even less subject to control by rank and file workers than union leaders. Further, unlike union leaders, they are often called upon to run the capitalist state which integrates them even further into the system. Far from ALP politicians representing the interests of workers within the framework of capitalism, fighting to improve the lot of workers, as a social group they represent the interests of the capitalists within the labour movement seeking to improve the profits of the capitalist class.⁷

Labor's core base of support derives from class conscious workers. This is not because such workers are nostalgic for a mythical Golden Age of Labor or are mesmerised by charismatic ALP leaders like Kim Beazley or Kevin Rudd but because of the material reality of working class life. The day to day existence of workers is one of exploitation, which breeds a basic sense of class identification. This identification draws workers together for the purposes of mutual defence and demarcates the working class from other classes, most especially the capitalist class, in a relationship of mutual antagonism. This class identification is expressed in a host of ways but, most importantly for our purposes, in trade union membership and support for the Labor Party.

If exploitation creates and reinforces a sense of class identification, it has a less obvious impact on working class consciousness.⁸ At times, exploitation drives workers to fight. At other times, exploitation and continued subordination to the boss inculcates feelings of powerlessness, submission, adaptation to capitalist norms and a belief in the apparent 'imperatives' of the system. Exploitation breeds a desire for justice, powerlessness breeds the belief that workers cannot win justice by their own actions but must rely on an arm of the state, in other words a strategy of parliamentary reform. Working class support for Labor, regardless of its record in office, is therefore reproduced by this mixed consciousness. Labor in turn moulds this consciousness to promote nationalism.

Working class support for Labor is quite resilient. In times of economic expansion or as a result of major pressure from below, Labor (like the conservatives) in office can deliver genuine reforms—socialised health insurance, old age pensions, free education, shorter

working hours and so forth. These reforms benefit the working class but also serve a long-term purpose for the capitalist class by regenerating a healthy, well educated and committed workforce. Nonetheless, the very fact that economic crises periodically puncture capitalist prosperity does not in itself fatally undermine Labor's support. Indeed, the distress accompanying the crisis, associated with high unemployment and impoverishment, and the weakness of the strike weapon in circumstances of a plentiful supply of replacement workers, may actually promote illusions that Labor is the saviour of the working class. We only have to see the tremendous illusions in Labor in the 1890s and early 1900s and again in 1929 to be convinced of this point. As British socialist Tony Cliff remarked: 'Even when the economic roots of reformism wither away, reformism will not die by itself. Many an idea lingers on long after the disappearance of the material conditions which brought it forth'.⁹

Having outlined the basic components of Labor's material constitution, we now examine the various ways in which it has changed in recent decades while, nevertheless, remaining essentially a bourgeois workers party. The following sections consider in turn, the class basis of the ALP's electoral support, its membership, its leadership, its relationship with the trade unions, its finances, and the role of the Party's Left.

Electoral support

A variety of indicators confirm that Labor's support base still rests predominantly in the working class, most particularly trade unionists. Although the proportion of the workforce which is unionised fell dramatically during this period from over half to 22 per cent, the proportion of trade unionists voting Labor has been relatively steady at an average of 63 per cent in the eleven federal elections between 1966 and 2004.¹⁰ Labor support is particularly high amongst the more oppressed sections of the working class, those from non-English speaking backgrounds. In the 1996 and 2001 federal elections, when a small majority of 'white' workers from English speaking backgrounds voted for the Coalition, a large majority of workers from non-English speaking backgrounds voted for Labor.¹¹ At the 2004 federal election, nearly 59 per cent of Labor's vote came from voters who can be identified by their occupations as working class.¹²

Despite these facts, however, there is clearly also evidence that Labor's bedrock electoral support amongst the working class is in decline. In the 30 federal elections held between 1910 and 1987 Labor only once polled less than 40 per cent of the primary votes (1977, when it fell to 39.7 per cent). In the following six elections it polled less than 40 per cent on four occasions (1990, 1996, 2001 and 2004). Another indication of decay in the core vote is Labor's declining support amongst blue-collar workers. In 1987, 59 per cent of manual workers supported Labor. Although the ALP's use of class rhetoric in opposing John Hewson's Fightback package saw the Party win 61 per cent of the manual worker vote in 1993, this had fallen to a record low of 42 per cent at the 2004 election. If the working class is defined to include non-supervisory employees, the working class vote for Labor fell from 49 per cent in 1987 to 39 per cent in 2004. In the latter election, 41 per cent of non-supervisory employees voted for the Coalition. Labor can no longer rely on a case-hardened primary vote of 45 per cent plus in the way that it once could. Working class support for Labor is now more contingent and volatile. As former minister in the Hawke Government and ALP President, Barry Jones, reported in 2004 'Currently, there is a significant disenfranchisement of our traditional vote, people who feel lonely and alienated from the Party they have always voted for. If we do not bring them home, the Party's heart and mind will die.'¹³

Membership

Voting is one thing. What of the party membership? Labor's membership has been declining over a long period. In 1954, just before the DLP split, Labor had 75,000 individual members.¹⁴ By 2006, membership had fallen to 40,000 despite the doubling of the population.¹⁵ Recent efforts to stem the decline have not had any notable success. In 2000, the NSW branch, which claimed 21,500 members, launched a membership drive with a target of 50,000 by 2005. Instead, NSW Assistant Secretary Luke Foley wrote, the membership fell to 16,300.¹⁶

The composition of the Party's membership has also been undergoing long-term change. The most dramatic shift has been the decline in blue-collar membership who made up 46 per cent of the NSW ALP's membership in 1961. By 1981 the figure had fallen to 21 per cent. For a period in the 1960s through to the 1980s, the decline in blue-collar workers was offset by an influx of higher level white-collar professionals, managers and administrators, whose share of membership of the NSW branch doubled in the two decades to 1981, from 14 to 30 per cent. The pattern in the Victorian Party was similar. Although these shifts were associated with parallel changes in the overall workforce, the changes in Labor membership were disproportionate. Despite a dramatic rise in the ratio of clerks, salespersons and personal service workers to the overall population, they were essentially static as a proportion of Party members in the NSW branch. The result was that by the late 1980s, 'a professional [was] more than three times as likely as a manual worker, and five times more likely than a salesperson, personal service employee or clerk, to participate in the ALP's most basic structures'.¹⁷

Many of the upper white collar working class or new middle class members who joined the ALP during the 1960s and 1970s were won over less on the basis of identification with the working class than the Party's support for a series of progressive causes: opposition to war in Vietnam, anti-racism, feminism, environmental protection etc. However, the Hawke and Keating Governments' record in these areas in the 1980s and 1990s demoralised many of this cohort, leading to a significant loss of members.¹⁸

In contrast, there have been two groups whose weight in the Party has grown. The first is the layer of Party and union functionaries, their personal supporters and aspirants to such posts.¹⁹ The second layer is retirees. Between the early 1960s and the 1980s, the proportion of retirees in the Party rose significantly and in 2006, the average age of members in the NSW branch was 60, according to NSW secretary, Mark Arbib.²⁰ Although political parties always suffer from turnover, the rate of turnover in the ALP is now quite acute: one half of all new members fail to renew their membership after their first year,²¹ which suggests extensive branch stacking.²²

The decline in the ALP's membership has affected its organisation on the ground. Where once Labor had a base of supporters in the bigger workplaces who could be relied upon to champion Labor's cause, this layer has now vanished. Former NSW minister Rodney Cavalier estimated in 2005 that the NSW branch had only 1,000 active members outside the apparatus and '[t]he Labor Party has ceased to exist below. The nurturing of new members, once so vital in our growth, even more vital in passing on traditions of honour and service, is less likely than at any time in our history'.²³ In 2005, Mark Latham estimated that the active membership was 7,500 nationally.²⁴ John Button, previously a minister in the Hawke Government, reported in 2002 that whereas branch meetings in the big cities once attracted 40 or 50 members, they now drew fewer than a dozen, mainly politicians and employees (or aspiring employees) of the Party machine.²⁵ Right-wing faction chief Senator Robert Ray confirmed this picture in 2006. 'Once thriving branches in provincial towns all across

Australia', he said 'are now reduced to a mere handful of members. Branch meetings are desultory, the Party is accused of being too hierarchical...'²⁶ Many ALP branches are barely functioning or are torn apart by branch stacking.²⁷

Due to changing patterns of work and residence, many branches have been affected by the break-up of inner-city working class communities. Furthermore, with the arrival of television, market research and telephone polling, Labor leaders, so long as they have the funds, no longer need an active membership to get the word out—television commercials and polling take the place of town hall meetings and door to door canvassing by Party members.²⁸ The ALP has, in the view of Mark Latham, become 'a virtual party controlled by a handful of machine men'.²⁹

Leadership

The decline in Labor's working class membership is magnified amongst the Party's parliamentarians. Until the election of Gough Whitlam in 1967, all national Labor Party leaders, apart from H. V. Evatt, had experience as workers at some stage before entering Parliament. Even Evatt came from a working class family. Andrew Fisher had been a coal miner and a union official; John Curtin a factory employee then union secretary; Ben Chifley was an engine driver, then union organiser; Arthur Calwell was a public service clerk.

Many Labor politicians also had a background in some form of working class activism. Curtin was gaoled briefly for opposing conscription in 1917, Chifley lost his job for his involvement in the 1917 NSW general strike, while Calwell was first involved in politics as an opponent of conscription during World War I and a supporter of the Irish rebellion. These leaders very much identified with being part of 'the workers movement'.

The election of Whitlam marked the advent of a new generation of Labor leaders. Whitlam's father was the Commonwealth Crown Solicitor and he himself had been a barrister prior to his parliamentary career. Of subsequent Labor leaders only Bill Hayden, who was a police officer before becoming an MP, had any sustained experience in anything approximating a working class job.

The changes in the leadership were mirrored in the parliamentary caucus. In 1901, 63 per cent of Labor's federal members of the House of Representatives and Senate had blue-collar backgrounds. Forty years later the figure had fallen to 39 per cent. By 1981, the figure was down to 12 per cent.³⁰ For a period, Labor's parliamentarians came increasingly from white collar and professional backgrounds, in line with trends in the membership as a whole. Parliamentarians from white collar and professional backgrounds rose from 29 per cent of the total in 1941 to 69 per cent in 1981.³¹ Table 1, which reports only on the job held immediately prior to entering Parliament, indicates slightly different proportions but the same trend, with declining blue collar and lower white-collar representation in the 1970s and early 1980s and rising proportions from higher white collar and professional occupations. The table also highlights the dominant trend of the past two decades: the rapid increase in the proportion of politicians whose immediate prior occupation was in the Party or union apparatus. This category includes the categories of State politician, 'adviser, consultant, lobbyist', 'party and union administrator', 'party and union official', and 'researchers, research assistants, electoral and project officers'.

Table 1: Previous occupations of ALP federal MPs immediately before entering parliament, 1971-2005

	1971		1983		1993		2002		2005	
	N	%	N	%	N	%	N	%	N	%
Blue collar	5	6	2	2	0	0	0	0	0	0
Lower white collar	5	6	0	0	0	0	0	0	0	0
Higher white collar or professional	34	40	58	55	48	44	19	20	17	19
Party and union apparatus	21	24	22	21	47	43	65	70	59	67
Business	9	11	13	10	14	13	9	10	12	14
Other	12	14	10	12	1	1	0	0	0	0
TOTAL	86	100	105	100	110	100	93	100	88	100

Percentages may not sum to 100, due to rounding.

Source for raw data: *Commonwealth parliamentary handbooks*, various years.

It may be objected that Table 1 exaggerates the growth of the category of ‘party and union apparatus’ at the expense of blue collar and lower white collar jobs because it does not capture the prior work experience of union officials who may have held such posts before their election or appointment to a union post. In 1990, for example, when a record of *all prior occupations* was published in the Commonwealth Parliamentary Handbook, 11 Labor parliamentarians were reported to have held a blue-collar job at some point in the past. Nonetheless, this figure was still swamped by the 104 who reported a higher white-collar or professional occupation and the 68 who reported a job in the party and union apparatus.³² Furthermore, it is increasingly rare for senior union officials to have worked in blue collar or lower white collar jobs prior to their election.³³

While there have always been Labor politicians who have carved out a comfortable niche for themselves in the Establishment, until the 1960s Labor leaders were regarded in the upper echelons of Australian society as slightly ‘suspect’ – their historical connections with the predominantly Catholic, blue-collar and Irish working class clearly socially demarcated them from the heavily WASP Australian ruling class. Apparently radical forays like Chifley’s attempt to nationalise the banks in 1947 only confirmed the suspicion, if not bitter enmity, felt by the denizens of the Melbourne Club towards Labor’s representatives.

The election of Gough Whitlam and the influx of a new cohort of Labor parliamentarians with university degrees in the late 1960s and early 1970s opened doors for Labor leaders to ‘respectable’ Australian society. By the same token, university backgrounds distanced them from most of the working class. The tendency for Labor politicians to absorb and reflect the prejudices of society’s wealthy was evident from Labor’s earliest days and is not just the product of individual vanity or ambition. It has reflected the nature of the ALP itself, as W. R. Winspeare pointed out in 1914.³⁴ However, the middle-classing of Labor’s senior ranks has served to remove them even further from their voting base.

The current life experience of Labor MPs is hardly likely to give them insights into workers’ lives. Even the most junior federal MP was paid was \$118,950 (\$2287 per week), in 2006-2007, equivalent to more than double average weekly earnings for full-time adult employees (AWE) of \$1102.³⁵ Leader of the Opposition, Kevin Rudd, boasted of his battler origins, but his weekly salary in 2007 was \$4231 nearly four times AWE. If Labor wins the 2007 federal election Rudd’s weekly salary as Prime Minister will be \$5947, or five times AWE.³⁶ All of these incomes are well within the top decile of the income distribution for full-time non-

managerial adult workers which cuts in at \$1597.³⁷ In addition to salary, federal MPs enjoy very generous superannuation arrangements and a range of allowances to cover travel, mail and telephone usage.

The high salaries of Labor politicians reinforce their social integration in Establishment circles. They are commonly guests at society weddings, private sporting events, charity lunches, and birthday or retirement celebrations for high profile business people.

In some cases personal relations between Labor politicians and the private sector capitalist class are very intimate. Former minister in the Hawke and Keating governments, Ros Kelly (herself a Director at Thiess Group after retiring from politics) is married to Westpac CEO David Morgan. Kevin Rudd's wife, Therese Rein, is the millionaire CEO of a large job placement agency which has benefited from John Howard's privatisation of employment services. The select guest list of forty for Queensland Premier Peter Beattie's 50th birthday party in 2002 included the former Commonwealth Bank Boss, the CEO of Virgin Blue, two construction and development tycoons, a multi-millionaire business fixer, the managing director of Rupert Murdoch's newspaper empire in Queensland, the head of Tourism Queensland, and the state's Chief Justice.³⁸ The only workers present were serving the drinks and playing the jazz.

Many Labor politicians also have direct and personal business interests. Again, the life story of Melbourne 'Labor identity' John Wren (fictionalised in Frank Hardy's *Power without Glory*), tells us that Labor politicians with business connections are nothing new.³⁹ However, the business involvement of recent generations of Labor politicians is unprecedented in its scope. In the later years of his term in office, Prime Minister Keating's financial interest in a piggery was much in the news. Some Labor politicians are even tempted by more covert forms of enrichment. In the 1980s and early 1990s, fall-out from the 'WA Inc' corruption scandal led to the prosecution of a series of senior West Australian MPs, including the Premier and Deputy Premier, and some to serve time in gaol.

On retirement, senior Labor politicians commonly join boards in both the public and private sectors or become advocates for development companies seeking to win favours. The appointment in 2005 of recently retired NSW Premier Bob Carr as a consultant for Macquarie Bank, which had profited from his Government's award of multi-billion dollar contracts for private toll roads, was a prominent case of this cross-over. Other former Premiers, Wayne Goss (Queensland) and Neville Wran (NSW), and former Prime Ministers Hawke and Keating became business consultants or company directors on retiring from politics. They were joined in business ranks by a host of their former ministers.⁴⁰

Relationship with the trade unions

The relationships between union leaders and social democratic and labour parties, one of their most important and distinctive features, have been in decline in many countries.⁴¹ In Australia, there is periodically talk by senior ALP figures about 'party reform' aimed at reducing union influence. In 2002 Labor leader Simon Crean established a Party review chaired by Neville Wran and Bob Hawke. Despite rhetoric about democratising the ALP, Crean's purpose was to dilute union influence, increase the powers of the National Executive dominated by the Party machine and the parliamentary leadership, and make Labor more media-friendly. In the end, the ALP did not adopt measures that significantly reduced the formal influence of the union bureaucracy. The 60:40 ratio of union delegates to delegates representing direct members of the Party at most State conferences was changed to 50:50. The participation of union officials in National Conference has always been as representatives of State Branches, because unions are affiliated at the State rather than the federal level. The size of the National Conference was expanded, but it is still dominated by

the front table and senior union leaders, and the unions continue to provide a stream of parliamentary candidates for the Party. The 2007 federal election will see Doug Cameron and Greg Combet, currently Secretaries of the Manufacturing Workers Union and ACTU, enter the Australian Senate and House of Representatives as Labor Party members. Historically, most of the unions affiliated to the ALP have been blue-collar but the rise in the number of white-collar union affiliates illustrates that the union-Party linkage has responded to the changing profile of unionism. In 2007, the Community and Public Sector Union decided in principle to affiliate to the Labor Party.⁴²

Overall, there has therefore been little change in the structural relationship between the Party and the unions in Australia. This is not, however, the same as the power relationship. This greater complexity is illustrated by recent debates in the ALP about industrial relations (discussed below).

Finances

The union-Party linkage has historically been financial as well as structural. Traditionally, the unions provided 80 per cent of Labor funds.⁴³ In the 2000s, the Party continued to receive an average of about \$5 million annually from the unions and substantially more in election years. Nonetheless, Party reliance on union funding has been in steep decline in recent years, with unions contributing only 15 per cent of Party funds in 2005.⁴⁴ According to another estimate for the period 2001-02, based on Party returns to the Australian Electoral Commission, unions contributed only nine per cent of its total funds.⁴⁵ In 2005, a further five per cent came from donations by individual members.⁴⁶ The result is that, although it is still a workers Party, Labor is now increasingly dependent on funds from the state and big business, with the balance mainly coming from the ALP's investments.⁴⁷

State funding for political parties takes several forms. First, there are direct grants to cover election costs on the basis of the number of votes that a party receives, a practice started by the Wran Government in NSW in 1981.⁴⁸ In NSW parties also receive the equivalent of domestic postage for a letter (currently 50 cents) *every year*, for each vote cast in the previous election. At the 2004 federal election, the ALP received \$1.94 per vote, generating \$16.7 million in total.⁴⁹ Other subsidies include public funding of party-aligned research centres (initiated by the Keating Government), international activities (one million dollars annually), tax deductions for donations to the Party, and free election broadcasts on ABC and SBS television and radio.⁵⁰

The Labor Party also receives state funding indirectly through the salaries, staff and allowances of parliamentarians.⁵¹ The ALP requires its political representatives to contribute a portion of their salaries to the Party. Parliamentarians also receive a host of financial benefits, including, at the federal level: uncapped travel, telephone and photocopy paper allowances plus annual subsidies of \$125,000 for printing, \$44,000 for postal, and \$27,000 for electorate costs. Further assistance comes in the form of salaries and travel expenses for at least three staffers per backbencher. Frontbenchers have more staff. In 2002 Labor had 1,200 such staff at its disposal.⁵² Young has made a conservative estimate that each federal MP receives on average \$776,000 per year in benefits (in addition to their salaries) which are available for party-political purposes.⁵³

The total outlays of state funding for parties are enormous. Tham and Grove observed that 'In the 1999-2000 financial year... the cost of [federal parliamentarians'] entitlements amounted to \$345 million [for all parties], nearly one hundred million dollars more than the total budget for the parties for the three financial years 1999-2002'⁵⁴ Parallel arrangements exist for State and Territory parliamentarians. When Labor is in office, as it has been in every State and

Territory since 2001, there is even greater scope to subsidise Party activities from ministerial offices and agencies, and public advertising campaigns.⁵⁵

Business contributed at least 23 per cent of the ALP's funds in 2001-2002. The Party is now only marginally less dependent on business than the Liberal Party which received at least 26 per cent of its income from business in the same year.⁵⁶ Donations from business are particularly evident in the sphere of State Labor governments. Corporations, particularly in the hospitality, property development, and media sectors—all dependent on government favours—are major contributors to Party funds.⁵⁷ In 2003 alone, Coles Myer donated \$106,500 to the ALP, while AMP and Westpac both paid \$84,500.⁵⁸ Just prior to the 2004 State election, the Queensland branch collected \$14 million from business, nearly three times the \$5.1 million raised before the 2000 election.⁵⁹ Access fees are levies on business for the privilege of privately lobbying Labor politicians. As payments for services these are not disclosed to the electoral authorities.⁶⁰ Development company Leightons paid \$5000 for a private dinner with Peter Beattie in late 2003, but Labor leaders in the bigger States can earn more for their parties. In the same year, Bob Carr demanded \$100,000 for the same privilege.⁶¹ The NSW branch has established a 'Business Dialogue', described by the State General Secretary as an initiative 'to facilitate a consultative process between the business community and the oldest political party in Australia'. For \$50,000, a business 'event partner' could have an intimate boardroom lunch with a NSW minister of its choice, ten invitations to the Premier's 'pre-event drinks' and a Christmas party.⁶² Private lobbying by major corporations is now scheduled into Labor conferences. The 280 business observers at the 2007 federal Party Conference paid \$7,500 to attend, a total of over \$1.3 million.⁶³

With money comes influence. Business is now integrated into the highest levels of the Party's operations. It has long been the case that senior Labor politicians consult business figures over their economic and industrial plans, in some cases through informal 'kitchen cabinets'. In South Australia in 2005, however, this process was taken to its logical conclusion, when multi-millionaire mining chief Robert Champion de Crespigny became an informal Cabinet member in Labor Premier Mike Rann's government.⁶⁴ Likewise, Kevin Rudd appointed Rod Eddington, to head his new business advisory council in February 2007, despite his reputation as a fierce adversary of trade unions in the airline industry and membership of the boards of the anti-union News Corporation and Rio Tinto.⁶⁵

The Labor Left

The view that the Labor Party as a whole was committed to bringing in socialism had a very brief life. Even in the late 1890s discontent was widespread within the Party over the betrayal of the socialist ideal by the early leaders.⁶⁶ The abandonment of the Broken Hill miners by NSW Labor leader W. A. Holman in 1909 and the subsequent rattling of Billy Hughes during the conscription crisis led many Labor supporters to conclude that the Party's leaders were 'soft' or traitors.⁶⁷

This did not mean that illusions in Labor disappeared. They took a new form—if the parliamentary leaders were going soft, it was up to the Labor Left and the militant union leaders to put a fire under them. Labor could be won for socialism, or at least could be used to usher in substantial social and economic reforms, if the Left took up cudgels to fight the Right. This belief had a strong following in the ranks of the ALP and the union movement for a large part of the 20th century. Initially, all members of affiliated unions could vote in Labor preselections. The fight for Labor's soul therefore featured in every major union election, and this continued through to the fight against the Groupers in the 1940s and 1950s.⁶⁸

On several important occasions, the Labor Left was able to build a substantial base and, as a result, important sections of the Right departed from the ALP. During the conscription crisis

of 1916, the Left defeated the Party's own Prime Minister and NSW Labor Premier. When Hughes, Holman and their supporters split to join the conservatives, the Party shifted to the left and its reputation as a defender of workers' rights was enhanced. In the early 1930s, the Labor Left built a substantial base in the branches through the Socialisation Units which wielded a great deal of influence at the NSW State Conference. The defection of the Party's right wing in 1931 again helped to rehabilitate the radical image of the Party. And, finally, the Left (in alliance with more conservative elements of the Party) drove out much of the hard right during the great Split of 1955. Following the DLP Split, the Left dominated the Victorian ALP which, from 1967, fought newly-elected leader Gough Whitlam tooth and nail over Vietnam, trade union rights and a host of other issues. 'Unity tickets' of Communists and leftwing members of the ALP stood together in union elections against the Labor right. Conflicts within the ALP therefore mattered to tens of thousands of workers. The successes of the Labor Left were thought to bring the victory of a really fighting Labor government a little closer. As late as the early 1970s, therefore, the Left was still a thorn in the side of Labor's leaders and a force that drew around it thousands of idealistic supporters.

The Labor Left underwent a transformation in the 1980s when it was compromised by its active participation in right-wing Labor governments, most notably the Hawke and Keating federal Governments, in which its ministers were responsible for supporting and executing a variety of conservative policies.⁶⁹

The Party's Left is now used by the Right when it wants to administer unpalatable medicine. The Left's Julia Gillard spoke for the leadership's line on mandatory detention of refugees at the 2004 conference. It was Deputy Leader Jenny Macklin who told university students in 2005 that Labor now backed Voluntary Student Unionism. Penny Wong announced in 2007 that under a Rudd Labor Government there would be no public employment services provider and that Labor would pursue an agenda identical in its essentials to the Coalition's 'mutual obligation'.⁷⁰ They did this not because they were simply prisoners of the Party's dominant Right faction. When in a majority themselves, as they were in the Victorian Kirner Government in the early 1990s, leaders of the Labor Left imposed swingeing cuts, the precursor of Kennett's horror budgets.⁷¹

The old battles between Left and Right have given way to 'consensus' in the Party on all the important questions, a consensus that has been forged by the Left capitulating to the Right. There are still occasional political disputes between the Right and Left within the Party. For example over refugees at the 2004 conference and over uranium mining at the 2007 conference. Such debates are, however, ritualistic and carefully managed—opponents are given a platform, but the machine rolls over them remorselessly and the Left commits itself to loyally supporting the Right's policy. The declarations of environment spokesperson Peter Garrett, though not formally a member of the left faction, following the 2007 conference vote over uranium mining was typical.

The Labor Left now performs several important functions. From the perspective of the factions' own leaders, the Left factions are primarily machines for allocating jobs at the Party's disposal.⁷² However, the Left also plays a useful role for the conservative leaders of the Labor Party. First, the Left serves as a pole of attraction to the Party for idealistic, usually younger supporters in a way that the Right, with its support for the status quo, cannot. Idealistic members are generally more active than those who join simply to find jobs or as branch-stacks. The Right also benefits because the recruitment of such new members by the ALP makes the task of building a new, more radical, organisation to the Party's left more difficult. Finally, the Left can also, as we have seen, make the task of selling unpopular policies easier. The fact that the Right is, when occasion demands, able to securely defeat the

Left on the conference floor also sends a clear message to business and more conservative voters that the Party's leadership has firm control over the 'hotheads'.

Policies

Thus far we have discussed the Party's material constitution. We now turn to the second element of the alleged transformation of the ALP: the Party's policies and practice. Does Labor's embrace of neoliberalism represent a qualitative break from its (allegedly) leftwing or reformist past? Despite the arguments of Maddox and Battin, and Marsh the continuities in Labor's policies are more obvious than the breaks. Labor governments have always attempted to safeguard the interests of Australian capitalism in peace as in war.

Labor governments have consistently adhered to the canons of 'sound' economic management. Most of the time, there has been agreement between Labor and the main conservative party about the basic policies necessary to achieve prosperity in Australia, although both sides had an interest in rhetorically magnifying their disagreements about details. The ALP and the conservative parties upheld the protectionist consensus which emerged after the federation of the Australian colonies, that economic development and especially the growth of manufacturing industry required the construction of tariff walls. In doing so, both Labor and the conservatives put aside previous internal divisions over protectionism.⁷³

During the depression of the 1930s, the Party split and the federal and NSW governments fell. However, all of the Labor administrations, including Jack Lang's—the most radical—agreed to policies of fiscal retrenchment. Lang was prepared to cut the NSW government's salary bill by 20 per cent and accepted the importance of balanced budgets.⁷⁴ In the 1930s and 1940s, following the publication of Keynes's *General theory of employment, interest and money*, in 1936, Keynesianism became the orthodoxy of the economics profession, and Labor quickly embraced it.⁷⁵ In the 1970s, Labor pioneered the practical shift away from the long-standing policy of import-substitution industrialisation and began the transition to neo-liberalism when the Whitlam Government cut tariffs by 25 per cent across the board in 1973 and in 1975 brought down Australia's first monetarist-inspired budget.⁷⁶

The Lab-Lib consensus is as evident in foreign as it is in economic policy. While the bulk of the Party opposed conscription in 1916, resulting in the expulsion of Billy Hughes, the Party was not opposed to Australia's participation in the First World War and it remained a supporter of the alliance with Great Britain. Labor endorsed the country's entry into the Second World War, on Britain's side, and the Curtin Government subsequently introduced conscription for overseas service. Curtin's 'call to America' did represent a shift in Australia's alliance strategy, from close relations with one world class imperial power to another, but it was a shift deepened by conservative governments. From that point to the present, the Labor Party has been loyal to the US Alliance which remains a bi-partisan matter of faith. The Coalition and the ALP differed over the Vietnam War and the invasion and occupation of Iraq. But Labor leaders opposed Australian participation in these conflicts (unlike the war against Iraq in 1991 and the invasion and occupation of Afghanistan in 2003) because, under massive pressure from below, they correctly regarded them as ill-considered, likely to weaken US power and therefore not in Australia's 'national interest'.⁷⁷

This very brief review indicates that the policies of the Hawke and Keating governments do not represent a clean break from those of their predecessors. Nor has there been a consistent tendency towards ever more right-wing policies over the course of the past century. Nonetheless, it is the case that the economic platform advanced by the current Labor

Opposition does represent the most anti-working class program ever advanced by the Labor Party at a federal election. Why is this the case?

The best way to understand Labor's changing policies is to situate them in the context of the Party's material constitution. Although the Labor Party often presents itself as a party of the 'national interest' and not a 'sectional party' beholden to the working class, it nevertheless remains a party based predominantly on the working class vote, led by trade union officials and their parliamentary allies, seeking to govern in the interests of capitalism. The key factors that bear on Labor's policies, therefore, are the pressures that are brought to bear on the Party by the capitalist class, the working class and union officials.

As we have seen, union officials remain structurally embedded within the Labor Party. The union base provides the Labor Party not only with a steady source of funds and personnel but also something to offer the capitalist class—Labor is in a much better position than the Coalition to deliver a co-operative union movement. Nonetheless, the relationship between union officials and parliamentarians has changed significantly over the past three decades, to the detriment of the former. Both the continuities and changes in this relationship are apparent in the different approaches of the Whitlam, Hawke and Rudd leaderships to the issue of industrial relations.

In the early 1970s, the union movement, the left and the working class more generally was on the offensive. The strike rate was at a post-war high and union membership was growing rapidly. The capitalist class, having lost its ability to use arbitration as a bludgeon to end strikes as a result of the O'Shea dispute of 1969, was on the defensive. In these circumstances, union leaders were in a strong position to place demands on the Labor Party and, in the circumstances of the post-war boom, the Whitlam Government was in a position to pay. Before taking office, Labor promised significant reforms not just for the working class but the union bureaucracy as well.

In April 1973, Industrial Relations Minister Clyde Cameron tabled a Conciliation and Arbitration Bill in Parliament. The Bill proposed to abolish the penal powers *in toto*, give unions and their officials immunity from common law penalties during industrial disputes, extend protection of shop stewards and union members from victimisation for participating in union activities, and remove some restrictions on union amalgamations.⁷⁸ The general thrust of the Bill was to remove restrictions on the operation of unions and to facilitate a decentralisation of power within the unions.

Although many of Cameron's proposals were gutted by the conservative-dominated Senate, the amending Act still protected union representatives and members against victimisation, created a limited right of entry for union officials to workplaces, limited the awarding of costs in proceedings under the Arbitration Act, and set up the Trade Union Training Authority (with a grant of \$3 million).⁷⁹

If the Whitlam government faced significant constraints in the legislative field it was more effective as an employer. The Federal government became a pacesetter, granting four weeks of annual leave, paid maternity leave, and one week of paternity leave. Working hours for postmen were reduced from 40 to 36.75. Further, the Government backed union claims at national wage case hearings and on occasion lent verbal support to unions during strikes. But the end of the long boom soon restricted the scope for government generosity, while unemployment undermined workers' bargaining power. In 1975, the Labor Government introduced 'wage indexation' which actually cut real wages and was continued by the conservative Fraser Government.

By the early 1980s, the labour movement offensive and the post-war economic boom were well and truly over. The working class and union officials were now in a weaker position to place demands on the ALP. Nonetheless, they retained significant capacity to obstruct. The capitalist class looked to Labor to carry through a substantial neo-liberal restructuring of the economy in the interests of capital and to use its links with the unions to do so with minimal union resistance. This strategy took the form of the ALP-ACTU Prices and Incomes Accord which earned Labor an unprecedented level of business support in the 1983 election.

The Accord committed unions to industrial peace in return for price controls and the maintenance of real wages 'over time'. The Government also pledged to expand public health system and superannuation. In practice, control over prices was tokenistic, real wages fell, and the profits share of national income increased. Further, the industrial relations system was reformed to undermine industry-wide awards and to promote 'enterprise bargaining' which traded off conditions for wages. Union coverage fell.

Despite its negative consequences for union members and workers in general, the Accord had advantages for union officials, especially those at the top of the movement. They participated in national economic policy making, had high-level access to ministers and were appointed to a range of positions on the boards of statutory, advisory and other government agencies. Even though union coverage was falling, trade unions received financial assistance from the Department of Employment and Industrial Relations to promote industry restructuring and controversial changes to work practices.⁸⁰

The nature of the relationship between Kevin Rudd's ALP and the unions differs from that in place under Hawke and Keating. After years of declining union membership and the erosion of union organisation in workplaces, union officials have lost confidence in their ability to rebuild trade unions by leading struggles against a sustained employer offensive. They now look to the election of a Labor government to save them from annihilation. The capitalist class, for its part, has been making strong representations to Labor not to return to any semblance of the traditional award system. Labor has drafted the most right-wing industrial relations policy in its history, 'Forward with Fairness', which has been called, with justice, WorkChoices Lite.

Labor's industrial relations policy retains secret ballots over strikes, bans on strikes while employment agreements or contracts are in effect, and the prohibition on employers paying workers when they are taking industrial action, even if workers have stopped work on an issue of safety or over the victimisation of a union delegate. Coordinated action across multiple enterprises over common conditions (industry-wide campaigns, 'pattern bargaining') would be unlawful under a Labor government just as it is under the Coalition. The policy would only restore the rights of workers unfairly dismissed by small businesses of different sizes if they had been employed for more than six or twelve months.⁸¹

Despite the fact that 'Forward with Fairness' is, in some important respects, harsher than the Howard Government's 1996 Workplace Relations Act and, arguably, contravenes, International Labor Organization conventions on the right to strike, the ACTU has promoted it as 'a balanced system for the future that delivers a strong economy and fair workplaces'.⁸² At the 2007 ALP Conference not a single union official voted against it.⁸³ It should be noted that Labor's rightward lurch in industrial relations does not represent, as it is sometimes argued, a desire to appeal to the 'middle ground' in the electorate. Repeated surveys have demonstrated strong hostility to WorkChoices in the electorate. Indeed, the Party's popularity *fell* in the poll immediately following the release of 'Forward with Fairness'.⁸⁴ The rightward shift reflects the desire by Labor to reduce the hostility of business in the context of a prostrate union officialdom eager to accept any small amelioration to the current industrial

relations regime, and the absence of any alternative force that could mobilise working class opposition to WorkChoices. Paradoxically, continued business opposition, despite the conservatism of the ALP's industrial relations policy helped rebuild Rudd's popularity, even after the massive give-aways in the 2007 Commonwealth budget.⁸⁵

Transformation: how complete?

Let us now draw the threads of the argument together. Some important elements of what made the ALP a distinctively workers party during the first half of the 20th century are certainly undergoing change, as the 'cartel party' proponents of the discontinuity thesis emphasised. Labor is now far more reliant on the state and big business for funds. Many local branches are moribund. The membership is smaller and less proletarian in character. The leadership is much more likely to come from the middle class and the Party and union machines; and is far more deeply embedded in capitalist circles than hitherto. By the same token, it has shallower social roots in the working class. Labor's core working class vote has been in slow decline since the 1970s and the Party's Left has virtually disappeared as a distinctive political voice. The union bureaucracy has less influence in the Party than in earlier decades.

Nonetheless, the material constitution of the ALP is, more or less, still intact. The structural role of the union bureaucracy in the ALP is still evident. If branch membership is in decline, union apparatuses continue to provide staff on the ground for election campaigns and proselytise for the Labor cause. Union funding is relatively less significant but is still an important component of Party income. Labor's voting base is still disproportionately working class and the Party is still seen by most class conscious workers as 'their' party. Labor still attracts support on the basis of class identification, unlike the other significant reform party, the Greens. Given the decline in strike activity and union coverage over the past two decades, Australian workers look anxiously to Labor to save them from WorkChoices and the ravages of a fifth Coalition term in office, as opposed to using their own industrial power to throw back the attacks. Reformist consciousness within the Australian working class is therefore still widespread. The ALP is still best understood as a bourgeois workers party, although the capitalist class today has more influence over the Party than at any time in its past.

Likewise, there have been no fundamental shifts in the thrust of the Party's policies. Maddox and Battin, and Marsh argued that Labor's embrace of economic rationalism/neo-liberalism represented a major departure from the Party's traditional ideology. There was 'convergence in policy agendas' between the ALP and the Liberal Party, according to Marsh.⁸⁶ However, while the ALP's embrace of neo-liberal ideology was new, adoption by the Party of the dominant approach to economic management was not. Labor and the main conservative party in earlier periods agreed about protectionist and Keynesian economic policies, as Marsh conceded.⁸⁷ Furthermore, the emergence of the neo-liberal consensus was already becoming apparent during the mid 1970s.⁸⁸ This underlying continuity in policy is a result of Labor's long-standing commitment to managing Australian capitalism.⁸⁹

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- 87 Marsh 'Australia's political cartel?' pp. 3, 7.
- 88 Marsh variously dates the shift 'from the late 1970s' or 'after 1983', 'Australia's political cartel?' p. 3; Marsh 'Policy convergence' pp. 124, 125.
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