

ideal of building a socialism with Chinese characteristics, the national spirit with the patriotism as the core, the times spirit with reform and innovation as the center, and the socialist concept of honor and disgrace,” according to the *Decisions of the Central Government on Several Key Issues in Building a Harmonious Socialist Society*, As such, no matter how deep the economic reform, it may never violate these core values.

The forgoing are the limits of China’s economic reform in terms of economic system, class relations and ideology. Going beyond these limits means going beyond the cost bottom lines and against the socialist direction. But the illegal brickworks in Shanxi flagrantly broke the cost bottom lines and their existence will not be tolerated by the people and the history. We must maintain the cost bottom lines of the reform of socialism marketing economy and not give up even an inch.

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David Matters, a full time union official, assistant secretary of Australian Railways union, a well known Communist in his city of Brisbane, the chairman at the session of the Socialist Party congress where the party reclaimed the title of communist.

He has written for the party newspaper “the Guardian”, and has two publications to his Credit, both are polemical works against the Trotskyists. The first is a reply to a Pamphlet War on the Waterfront and analyses the tactics during the Waterfront dispute. The second is a Pamphlet entitled the DSP'S Attempt to put Lenin's clothes on Trotsky.

## **Labor Relations and Capitalist Relations in Australia and the International Context**

**[AU] David Matters**

Australia was founded as a penal colony by Great Britain in 1788. The British Capitalists had only recently lost access to the American colonies and the ferment in France was a year away.

The British proletariat were hunted for their labor in the industrial centers and chased from their homelands by enclosures and poverty. The working classes were persecuted under the notorious summary offences and vagrancy acts. The ruling classes of Britain took to imprisoning surplus labor from the industrial centers. These convicts were transported as unpaid labor for its new colony.

They were brutally exploited.

In his History of the Miners' Federation Edgar Ross cites an early document recording the conditions of convict miners at Newcastle 'kept underground all week and only allowed out to bathe in the Sea one day a week beaten mercilessly and fed on rations 'each miner was expected to cut and wheel in barrows to the pit bottom 2-3 tonnes of coal a day.....Working hours were virtually unlimited, and the convicts toiled literally under the lash.' pgs11-13.

Transported with the penal colonies was the British colonial system and British Law. A system of colonial Governors answerable to the British crown was established. Land was held

in the crown and title transferred through freehold. Convicts were used as slave labor.

In the effort to till the land in later periods the colonial government granted Freehold titles to those who would clear the land. A class of landholders called the Squattocracy developed based on acquiring more land by paying others claim and hold the land this enabled the squatters to expropriate large tracts of land. Wool became a major export for the colony. This trade drove the development of Railways and the opening of vast tracts of land in inland Australia. Giant paddle wheelers hauled wool from deep inland.

The extraction of commodities and raw materials for the 'motherland' formed the pattern of economic life in the new colony.

Dr Hannah Middleton explains in 'Now We Want The Land Back' how the dispossession from the land and the increased barbarity towards the indigenous population was related to the expansion of the Wool Trade. Sheep replaced the native animals and 'the Golden Fleece' set the tone that Australian development depended on the sheep. Dry land farming is extensive in nature so the clearing of huge tracks of land for wool and wheat was ensured.

The administration of these vast tracts of land required centers spread across the continent and a connection with shipping so colonial governments were established in Sydney, Hobart, Melbourne, Adelaide, Brisbane and later Perth. Sydney and Hobart were early penal colonies and Melbourne and Adelaide were settled as part of the drive to open up more land. In the 1840's transportation was abolished and free settlers began to dominate the intake. The early character of the Australian Colonies as penal settlements cast a long shadow and elements of forced labor has dominated the ruling elites thinking when dealing with labor.

Australia is a heavily urbanized society with over 85% living in the cities. The rural population is small and the majority of people actually live on the eastern seaboard of the continent. With nearly half the population living in or about the three main cities of Melbourne, Sydney and Brisbane.

The population engaged in farming is small and those engaged directly in industrial production and mining is around 15%. Australian farming is heavily concentrated with only 9000 establishments producing 80% of the agricultural wealth. The other aspect of farming is its heavy concentration in the hands of the capitalist class. The term Hunter street farmers is used to denote the control of the farms from the financial sector in the City. In the cattle industry media baron's like James Packer have extensive interests in cattle properties. He is reported in the media as seeking to raise additional equity in order to purchase 250,000 more cows.

Capitalist monopoly in Agriculture is exercised through the product distribution. So that the farmers find themselves under contract to major supermarket chains like Woolworths to supply all their produce. This provides a certainty of market to the farmer but it gives the supermarket chain control over what is grown and what is sold. It has been reported that the Farmer is obliged to destroy produce that is not up to standards set by the market, the standards set aren't around the edibility of the Product but more around storage and market

presentation. The price of produce is forced up by the supermarket chains that enjoy monopoly pricing.

In the Sugar industry the refineries control the sugar producers as they have quotas for crushing and this limits the defiance of the producers. Grain production is similarly regulated with the now privately operated Australian Wheat Board and the concept of the single desk. Some products like wool and milk marketing has been deregulated. In the 1980s significant pressure on the price of wool and wheat led to the forcing of many smaller and medium sized farmers out of the industry.

In the case of the Milk industry which was regulated and controlled by state governments, pressure from the milk distribution companies broke down the protection of state based milk producers by removing government restrictions on milk distribution. An open market was bought in and many producers were exited from the industry. The margins paid to producers were reduced and the milk distribution companies and the supermarkets increased their monopoly profits at the expense of the producers.

As said before Australia started life as an outpost of British Imperialism and moved to self government in the Colonies of New South Wales, Queensland, Victoria, South Australia and Western Australia. They saw nothing wrong with involvement in the Wars of ‘mother England’ and sent some colonial armies to the Boer war in South Africa and earlier in the Crimea. In 1901 the British parliament granted the separation to allow Australia to come together as an independently governed federation of States and territories under the protection of the British Crown. The British Privy Council still was the highest legal body until separated by reform of that council in the 1970’s.

Australia has exerted itself first as a little outpost of Britain in the Pacific and Asian region and loyalty and markets were tied to Britain until severed when Britain joined the common market in 1965. The feeling was not of leaving Britain but of Britain abandoning Australia. The privileged position of Australian producers in the British market was removed.

Like a child the Australian rulers have aped the colonial behavior of the “Mother Country” with those less able to defend themselves. Papua was seized from the Germans at the outbreak of WW I by the new Australian Army and the British gave New Guinea to the Australians as a present to add to their colonial possessions. The other event which the Australians claimed as their national moment was the mass slaughter on the beaches of Gallipoli. This was where the colonial army was under the control of the British command was used to invade turkey as part of the allies. These events shadow the history of this nation. The continued bullying and occupation of our neighbors and the exploitation of their resources continues. Australia has a long involvement in colonial activity in Fiji and New Guinea. Intervention in Malaya in the dirty war there in the 1960’s, the arming and training of the Indonesian Military (TNI) particularly after the coup against Sukarno.

The mining Industry has formed a major part of Australian capitalism and the name Broken Hill Proprietary (BHP) formed a base of Australian Capital and many of these

interventions have been to the benefit of the mining industry. In Fiji it is the Interests' of Burns' Phillips and big Sugar producers that were served. The current occupation of the Small Nation of East Timor is motivated by accesses to Oil in the Timor Gap. Australia is linked to the Anglo-American imperial Chain of which the U.S. since the second world war the is the dominant partner. As such Australia sends troops to events that the larger imperial partner dictates. This was such that during the Second World War the early engagement by the Conservative government had Australian troops serving as part of the British contingents struggling over colonies in the Middle East.

During the Second World War the switch of allegiance began to shift to the U.S.A. particularly after the Battle of the Coral Sea. What this shift reflected was rise of the U.S.A. as the major political power and the beginning of integration with the U.S. Military Machine. General Macarthur based his pacific headquarters in Australia.

Australian Industry was developed under the policy of protectionism and the isolation bought on by war. Car manufacturing and other metal industries, clothing manufacture and food processing and banking were heavily regulated and in some instances strongly protected by tariffs. The car manufacturers were in the main branches of either British or U.S. manufacturers e.g. Ford and General Motors, The British company Leyland. They were operated under protectionist tariffs. In the 1970's the governments beginning with the Whitlam Government removed the protective tariffs. This has led to closures in these industries and opened the market to the Japanese who were a major purchaser of the raw materials at this time.

Successive governments shifted towards a policy of opening the Australian Economy to the World economy. What this in effect meant was increasing the influence of the U.S. economy on the Australian Economy.

This followed the involvement in Vietnam under American leadership and the opening of Pine Gap as the major satellite navigation system for directing American wars.

The Currency was changed from the Australian pound to the Australian dollar in 1966 and then later the fixed currency was deregulated and floated on the international currency markets. This led from a position in the 70S where the Australian dollar was worth two U.S. dollars to the point at the turn of the century where it would only buy 55 U.S. cents. This floating cheapened Australian assets and in effect forced wage cuts on the working people through inflation. This made it cheaper for U.S. Multi-Nationals to increase their involvement in the Economy. The arrival of fast food Giants like McDonalds, KFC and Pizza Hut was facilitated in the 1970's by the deregulation of the dollar. Other U.S. and multinational corporations joined in the later feast opened by the Deregulations of the Hawke, Keating and Howard Governments.

The introduction of credit cards and electronic funds transfer has handed a monopoly position to American institutions MasterCard and Visa card.

The lowering of real wages has increased the reliance on debt and handed more profits to

the big banks. The changes introduced by successive governments under the label of reform have been to benefit of the multinational corporations and not the Australian nation and people.

Amongst these reforms, the publicly owned telecommunications system, which was nationally and cheaply available to all no matter their location, was dismantled and privatized in a manner to allow the access to the network at the cheapest method for the large corporations and investment bankers. The floating on the stock exchange of the company in staged sales allowed the control to slip to the big capitalists by controlling small amounts of stock. The other method was to make the network available to companies at a cheaper rate and thus to milk the equity out of the public asset whilst major changes were occurring with the introduction of the internet and mobile phones.

The corruption that exists under capitalism is evident in the issues of privatization in which some aspects of the economy are better held in public hands and serves the interests of the capitalist as a stable collective in their economy. The problem is that the relentless drive of capital to find maximum profits or as they call it returns drives the capitalists into frenzies of cannibalization of their own system. Phone networks, postal services, public transport, city services and roads and railways are privatized to yield returns to investment capital, mutual capital and banking regulations are dismantled and the pumping of the economy through land and property speculation career towards crisis. All of these reforms contribute to production costs and reduce access to these services, the development of capitalist private monopoly in these areas and subsequently monopoly pricing can hinder the productive sectors of the economy and make them unproductive, this has forced crisis measures to try to restore stability. This has been referred to as best value policy and involves some form of re-regulation of privatized entities by government authorities.

In Australia the expenditure on war preparation and the Iraq and afghan conflicts inflates the currency. The rising cost of living involves more and more labor time to satisfy the wants and needs of the average family. Debt is a growing phenomena with credit card debt rising. The cost of housing is driven up on the basis of real estate speculation and has led to increases in homelessness particularly amongst the emerging strata of the working poor. Many youth do not leave home and are not rich enough to fund their living arrangements. Employment for them is in low paying ‘Macjobs’ so called because of the poor quality of the jobs.

Higher education is turned to a commodity and exported through the sale of places to overseas students. Locals are charged fees to enter courses and are left repaying debts in their working life. This transference of training costs to workers is another means of adding to the capitalists’ share of surplus value. The burden of training costs has reduced participation in training and led to skills shortages in areas of medicine, engineering and other professions. The commoditization of education has led to a lowering of security of tenure for academics. Education is no different than other industries where the capitalists seek to offload as much of the non-productive time onto the worker. The casual employment contract is gaining favour

as the best means of extracting maximum labor power at little labor cost.

The control and application of labor power becomes a function of the capitalists. The capitalists to invoke this control have urged the deregulation of labor and a free labor market. This involves moves away from collective and award regulation towards enterprise and individual agreements. They call for the contract of labor to become more flexible. What this means is to reduce the paid labor and increase unpaid labor.

The introduction of casual and contract employment in effect is a means to reduce of the price of labor below its cost for reproduction. Drives against absenteeism and the elimination of workers compensation replacing it with insurance and sometimes self insurance schemes run by the companies the employment of crooked company doctors to deny workers insurance and the dismissal of workers who are injured are part of the reduction of paid labor. All add to company profits.

The other cry of Business in Australia was to reduce government monopoly. It was used to corporatise and commercialize the government businesses.

During this phase of capitalism there was degeneration amongst a layer of Union leaders in some of the more militant industrial sectors. This led to the adoption of class collaborationist ideas, coinciding with this push was the rise of the corporatist ideology reflecting a deepening push of corporate capital into Australian political life. In 1984 a social partnership with an incoming Labor government gave rise to the accord and the concept of the Social Wage. The acceptance of this reformist concept of the accord and social wage resulted in a whole layer of formerly revolutionary and militant leaders degenerating into apologists for capitalism.

The blunting of the class struggle and the attacking by unions of those workers in struggle who defied the accord split and confused, weakened the class. During this period the communist movement continued to divide. Trotskyism and left opportunism in other forms raised its head again weakening the movement further. Unions like the Builder's Laborers Federation were divided and smashed. The Airline pilots who found that they were in reality well paid wage slaves were broken with the organized union movement condemning them as rogue unions. The Unions themselves were made over into corporate identities. Amalgamations occurred to create super unions, the government assisted these amalgamations with government funded ballots.

The amalgamations often bought politically disparate unions together and for some time dislocated the functioning of some organizations.

Concepts of class collaboration became embedded in the workplaces and still remain in the forms of management forums to talk to the workers, corporate newsletters, consultative committees and team concepts.

This approach leads to the workers co-operating in the introduction of the corporatist culture and the maximization of profits at the expense of wages growth. The concept of the trickle down effect was widely touted along with speeches against the concept of us and them.

This period was capped by the introduction of more individualized employment arrangements such as part-time and casual. The introduction of non union agreements and enterprise bargaining were designed to defeat the industry approach which had served the Australian Trade Union movement so well. After a period of inactivity the union movement had begun to loose members and the restructuring of the economy was away from unionized workplaces and industries. The service sector and contract work took off and parasitic labor hire was introduced with little or no resistance.

With agreements needed in thousands of enterprises unions did not have the resources to keep up with members and agreements. Militant unions responded with pattern bargaining and began to re-establish some industry conditions but inevitably some sectors fell behind and they formed pockets of low wages that were used to attack the higher paid groupings.

In the mining and other industries 12 hour days re-emerged and the fly in fly out systems broke down mining communities. The mining unions and construction unions are competing hard to maintain unionization and standards but they are challenged in some sections by the notorious Australian Workers Union who form an almost mafia type arrangement with the capitalists of keeping out militant unions and controlling political fiefdoms in the Australian Labor Party.

Even the militant unions are now trapped in the main by the corporatist system and were in the main confined to the wages system.

The election of the Conservative Howard government gave rise to consolidation of the corporatist position in the legislation and in 1996 the proscription of limits on casual and part time work, the first attempts to outlaw pattern bargaining(where unions attempt to secure industry wide agreements).and the enshrinement of individual contracts above all forms of collective agreements.

The unions hid behind senate amendments to the laws and state legislation.

In 2004 the Howard government gained control of both houses of parliament and set about removing the state government restrictions on the federal laws. The imposition of prohibited items and the removal of the unions out of the employment relation, the destruction of most legal methods of struggle through arbitration and the strengthening of measures against those unions that have been able to maintain militant struggle.

This has given rise to a campaign to remove the government and to fight to remove the laws. At this stage the union campaign has been effective and has engaged more workers in political struggle than has been the case for years. The movement has become known as the rights at work (YRAW). Some degree of activity has been restored in the union movement.

The limitation will be that the only possible outcome at this stage is the election of a Labor Government which will pose a test to see if the movement can be developed further. The Labor Party has committed to business to keep sections of the legislation. They are still committed to the new corporatism and are in line with new labor in Britain. A contradiction must inevitably arise.

At conclusion the Australian working class movement has risen on occasion towards tremendous struggles. It though has yet to rid itself of the opportunist trends. The bourgeoisie is in a precarious position in Australia.

The demand for labor has skyrocketed as a result of trading relations with China. The Capitalists are pulling out all stops to divide and weaken the working class movement. Propaganda amongst the working class against China and the former Socialism is an important tool for dividing the working class internationally and preventing workers from uniting. The capitalists must do this to hold their power in an increasingly unstable system.

Workers of all lands Unite is still the most profound call and if answered will see us through this dangerous period in world history.

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