

LABOR IN OFFICE: PREPARATION FOR 1985

Introduction

The nature of modern social democracy—in Australia the Australian Labor Party—is one of the crucial determinants of economic and social policy in the 1970s. The ideology of this Party, the nature of the expertise on which it relies, and its relationship to the corporations determines the contours of social life. The 'model' that it has in mind, together with the political jockeying and *ad hoc* policies which tumble from the hustings are the stuff of life under Gough Whitlam.

These essays attempt to show that there is a discernible coherence to what the Labor government has done since it was elected to office in December 1972. It is shown that far from being a 'socialist tiger', the essential character of the A.L.P. is that it is a party serving the needs of a modern capitalist economy with the techniques of liberal capitalism rather than blundering heavy-handed intervention of the type associated with the Liberal-Country Party coalition over the twenty years before it fell.¹

To fully explore all aspects of the techniques of liberal capitalism embraced by the Labor government, since December, it would be necessary to produce an inter-disciplinary study. Such a project would include a survey of: the 'new nationalism'; the new public service and the network of advisors; economic policy since December; the changes of 'line' on foreign investment; the 'new' tariff strategies; the attitude to multinational corporations; resource diplomacy; rural policy; manpower policy; changing concepts of income distribution; industrial policy for women, and the new Cairns scheme for Australian neo-colonialism abroad. However, in this short book we have only concentrated on a few of the larger themes: incomes policy; the reasons for the re-organisation of social security; the Coombs

¹ As one of the present authors wrote five years ago, 'the economic policy ultimately pursued by the Liberal Party is to carry out economic reforms as a last resort to avoid public criticism rather than as a definite plan to transform the structure of the economy; change is not initiated it is reluctantly conceded'. See Bruce McFarlane, *Economic Policy in Australia* (Melbourne, 1968).

task force; resource diplomacy, and Australia's role in America's 'Pacific Rim' strategy. The vehicle chosen to illustrate these major themes is through a study of the ways in which the ideas of the Paris-based O.E.C.D. (Organization for Economic Co-Operation and Development) have been adapted by the Labor government to solve our own social and economic contradictions. Some aspects of O.E.C.D. schemes get much shorter treatment than would be justified in a larger study: rural policy, restrictive trade practices, ecology, and consumer resistance.

Another major area of study which can only be mentioned here is the differential response of various sectors of the capitalist class to the government's measures. A given policy measure may be received differently by the Chamber of Commerce and the Chamber of Manufactures; by large corporations as compared with small businesses, and by firms using capital-intensive technology rather than labor-intensive technique.

Similarly, there are different responses so far discernible within the working class, which need to be taken into account: those on fixed incomes, women and workers in unorganised industries suffer more from the 'Whitlam inflation' than those in a position to make 'sweetheart contracts' with powerful corporations; and workers in industries hit by tariff cuts may be more interested in esoteric Swedish-style retraining schemes than those in white-collar occupations.

Basically, the question of how far down the O.E.C.D. road the Labor government can travel, depends on the size and nature of these responses, as much as on what Labor politicians with a certain ideology (or egged on by advisors with such ideologies) would like to do. Also, one has to consider the matter of the objective conditions under which the government operates (more on this follows below).

A World of Multinational Corporations

We live today in a world of large-scale production. Big companies dominate the 'commanding heights' of the economy. This trend was already evident thirty years ago, but has accelerated rapidly since then. In 1936, Berle and Means in a celebrated study² of the American business world, showed that a half of all non-banking corporate wealth in the U.S.A. was controlled by no more than two hundred companies; that these giant corporations had been growing nearly three times as quickly as all other non-financial companies; and that if the rate of growth of large corporations were maintained, it would take forty years

² Adolf Berle Jr. and Gardiner C. Means, *The Modern Corporation and Private Property* (New York, 1936).

for all corporate activity to be absorbed by these two hundred giants. In 1939, the T.N.E.C. (Temporary National Economic Committee—a section of the Securities and Exchange Commission) went over the same ground and revealed³ that in the two hundred companies, one half of all the dividends went to less than one per cent of the shareholders. In 1964 an American Senate Sub-Committee on monopoly found⁴ that one hundred of the largest corporations held 57 per cent of net capital assets of all manufacturing companies and that this had risen from a figure of 46 per cent in 1947. Within Australia, studies by E. L. Wheelwright and Hylda Rolfe show similar control of assets (concentration of capital) and also a considerable centralization of control, similar to that noted for the U.S.A. by the T.N.E.C. They show⁵ that in the one hundred and two largest corporations operating in Australia, 5 per cent of shareholders held 60 per cent of shares and 0.5 per cent held 37 per cent of all ordinary shares.

The trend towards concentrated economic power is even more evident in world trade. Big companies do most of the exporting. Even more important is the internationalization of production: the trend towards multinational or transnational companies controlling the location of world production, the transfer of technology and direct investment abroad.

Whitlam comes to power in a situation which is rapidly developing to that of an integrated world economy dominated by a handful of giant corporations. His economic policies not only have to reverse the missed opportunities and irrational economic management of his predecessors, but *must be adjusted to the transition period from 1972 to 1985*. For it is forecast that by 1985, sixty companies (fifty of them American) will produce a quarter of our goods.⁶ By the end of the century, three hundred firms will control three-quarters of the assets of the non-Communist world (provided such forecasts are relatively realistic).

A Labor government has either to co-operate with the trend towards this nightmare world of an international corporate economy⁷ or must build up the nation-state to confront the transnationals. Alternatively it could introduce socialist measures

³ Temporary National Economic Committee, *Investigation of Concentration of Economic Power*, Monograph No. 29, 1936.

⁴ Quoted in P. M. Sweezy and H. Magdoff, *Modern American Capitalism*, p. 11.

⁵ Hylda Rolfe, *The Controllers*.

⁶ Robert Lattes, *Mille Milliards de Dollars* quoted in G. Masterman (ed.) *Big Business in Australia* (1970), p. 75.

⁷ As advocated by Neil McInnes, 'The Challenge of the Multi-National Corporation', in G. Masterman, *op. cit.*

(nationalization of corporations without compensation, under workers' class power) to counter managerial power, and begin the long process of bringing the state under people's power.

Needless to say, the A.L.P. has eschewed the third alternative. Never a socialist party, but a liberal-capitalist one,⁸ in which its fighting platform has never been allowed to include socialism (this being left to the vagueness and vagaries of its 'objectives'), the Party manoeuvres only within the limits set by the objective existence of a modern monopolistic and capitalist economy. Much of the government's resource diplomacy, its ambiguous *pronouncements* about transnational corporations, and its utterly orthodox fiscal and monetary policies, can be understood as the result of falling between two stools. They fall between collaborating with the multinationals and building up the nation-state (with fanfares about the 'new nationalism'.) This is most evident in resources diplomacy and in the Labor government's Pacific Rim Strategy. The present book attempts to underline this point in Chapters Five and Six. It is sufficient to mention here that the approach to *manufacturing* giants is still that which was laid down in Whitlam's New York speech to the American Chamber of Commerce in May 1970: 'I think there are advantages for American investors to have Australia as a factory in the 18th century sense of Australia as an off-shore factory for South East Asia'. This idea of Australia as a *springboard* for overseas multinationals in manufacturing to get into Asia and the Pacific remains the kernel of policy. But in the field of *natural resources* the attempt is to use Australian firms as a sellers' cartel (along with the publically-financed A.I.D.C.—Australian Industries Development Corporation) to put some brakes on the rapacity of transnational corporations in this field. The main architect of this policy was the Minister for Minerals and Energy, Connor, who said⁹ that 'it is better to hold black gold in one's own ground than green paper in someone else's; it may no longer be in a nation's interest to maximise production of a national resource which may be its only counter'. However, Cairns, Crean and Whitlam also firmly endorse it.¹⁰

⁸ Lenin pointed this out long ago. He noted that 'the Australian Labor Party does not even claim to be a Socialist Party. As a matter of fact it is a liberal-bourgeois party and the so-called Liberals in Australia are really Conservatives'. (V. I. Lenin, *The Labor government in Australia*, June 1913). For a more recent illustration of this basic fact with contemporary illustration see H. McQueen, 'Glory Without Power', in D. Kirsner and J. D. Playford (edd.), *Australian Capitalism*, (1972).

⁹ *Australian*, 13 April 1973.

¹⁰ Robert Murray, 'The High Cost of Energy Nationalism', *A.F.R.*, 31 October 1973.

There is then, a clear difference in 'line' as between manufacturers and mineral developers; which is often blurred by A.L.P. demagogy¹¹ about the rapacity of multinationals.

As the A.L.P. government turns this way and twists that in its attempts to meet the contradiction between growing nationalism of the Australian people and the growing world-wide energy crisis on the one hand, and the *de facto* economic and political power of transnational corporations on the other, compromise, retreat and sudden changes of policy have been the order of the day. An example of this was the decision of the government to reject multinational participation in resource development laid down by Connor in August 1973 and the subsequent reversal of this policy during Whitlam's visit to Japan in October.¹²

Yet the adjustment of government policy to 'the rules of the game as dictated by the big companies', a policy advocated by realistic financial experts close to corporations and the Labor government,¹³ is already well advanced. One good example given in Chapter Six is the encouragement given to Australian firms to 'go multinational' themselves in co-operation with the overseas corporations. The Australian press reported Trade Minister Cairns on 15 June as telling businessmen that 'a more constructive attitude to our balance of payments situation would consist, for example, in encouraging Australian firms to invest overseas.¹⁴ By October, Cairns announced that government assistance would be given to firms setting up processing plants for Australian minerals in Third World Countries,¹⁵ the example quoted being Hamersley's plans to send semi-processed iron ore from the Pilbara to Indonesia for further processing.

It is important to realize what is at stake here for the Australian peoples' relations with Asia in a world of multinationals. A corporation is multinational in the sense that it operates in a number of nations with the purpose of maximizing the overall profits, not those of the individual subsidiaries or units on a nation-by-nation basis. The corporations are responsible to no-one but their own headquarters. They play a chess-game of geo-politics, with the whole capitalist and underdeveloped world as their oyster. They will constantly shift production to areas with a cheap or docile labour force, manipulating prices to shunt profits to where they want them to occur, and moving vast sums of money across the stock exchanges of the world.

¹¹ Clyde Cameron, 'Grappling with the Front Corporations', *Advertiser*, Adelaide, 28 July 1973.

¹² Gregory Clark, 'Crossed Lines in Tokyo', *Australian*, 31 October 1973.

¹³ Neil McInnes, *loc. cit.*, p. 76.

¹⁴ *Advertiser*, Adelaide, 16 June 1973.

¹⁵ Brian Toohey, 'The New Capitalists', *A.F.R.*, 11 October 1973.

Take the case of Cairns' assistance to Australian firms. In relation to the local Indonesian labour force, a Trade Department *Report of the Investment Survey Mission* (p. 45) is enthusiastic: 'Industrial relations since the banning of the Communist Party in 1966 have been generally calm. Although some 40 per cent of the labour force is nominally unionized and most unions are affiliated with national trade union federations, the union movement is generally fragmented along political and company lines. At present strikes are banned. However, its sister publication, *Indonesia, Investment Climate Study*—laments (p. 66) that a large number of servants in each household is necessary for Australian technicians in Indonesia, and that not only are efficient servants difficult to find, but that 'it is becoming quite common for servants to receive one day off a week (p. 67).

Concerning labour conditions, the major document of Cairns' department tells us that wage rates for a forty-hour working week in Indonesia are 90 cents to \$A1.35 per day for unskilled workers. The salary of skilled engineers and specialist is \$A6.00 to \$A10.00 a day. All wages include fringe benefits such as provision of medical care, rice, transportation. Presumably this helps the objective of 'creating a favourable psychological climate for Australian investors in such countries'.

Indonesia Investment Climate Study next presents an essay (pp. 49-50) on problems of workers' compensation which can be paid as a lump-sum, apparently geared to two or three years' estimated wages.

For the benefit of Australian business contemplating the Indonesian market, or diving off the Australian springboard into Asia at Whitlam's invitation, or setting up an Indonesian subsidiary as part of their own corporate pacific rim strategy, the table opposite is offered as re-assurance.

All of this is exploitation or geo-political manipulation by multinationals. Labor's complicity in it stems directly from the 'springboard into Asia' approach laid down by Whitlam in 1970. It reflects Labor's fear of Asia¹⁶ and its accomplice role of 'junior player' to American Imperialism. And that fear itself reflects the dilemma of a party which knows its social reforms depend on the continued buoyancy of Australian and international capitalism—its terror of a strike of capital.

The problem of building up the nation-state is that with multinationals, such nation-states can exercise only a limited sovereignty on local branches of such companies. Yet the multinationals significantly affect the economic goals of Australia, in

¹⁶ Still the most original and penetrating account of Labor's plans for Asia is H. McQueen's 'Living Off Asia', *Arena*, No. 26, 1971.

INDONESIA: DAILY WAGE RATE

90c-\$1.35

Compensation Payable for Permanent/Partial Disablement

Loss of	Percentage of Daily Remuneration
Right arm from the shoulder	40
Left arm from the shoulder	35
Right arm from or above the elbow	35
Left arm from or above the elbow	30
Right arm from or above the wrist	30
Left arm from or above the wrist	28
Both legs	70
One leg	35
Both feet	50
One foot	25
Both eyes	70
One eye	30
Auditory capacity of both ears	40
Auditory capacity of one ear	10
Thumb of right hand	15
Thumb of left hand	12
Forefinger of right hand	9
Forefinger of left hand	7
Any other finger of right hand	4
Any other finger of left hand	3
One big toe	3
Any other toe	2

that they account for a large quota of effective demand, influencing both the level of internal demand for investment goods, for the labour force and for imports. The state under Labor, is forced, willy-nilly to reflect not only the interests of national capital but of a new international capitalist class.

The Australian Economy has Changed

In the period of the 1960s Australia was still riding largely 'on the sheep's back'. This meant that exports of wool and agricultural commodities constituted more than half of exports in a country which traded one quarter of its total output. However, even when the *Vernon Report* appeared in 1965, mineral exports were changing the face of Australia's trade patterns. Instead of the *Vernon Committee's* estimate that mineral exports would rise to £165 million by 1974, the Treasury and other bodies were forecasting a much higher figure, as well as good prospects for oil import replacement through the discovery and development

of oil and¹⁷ natural gas resources. The optimists were vindicated; in 1973 Connor, as Federal Minister, was able to announce North-West Shelf discoveries that should allow natural gas export.¹⁸

Also changing in the late 1960s were some views about new institutions for economic management. A Resources Development Bank had been set up by John McEwen as Trade Minister. Education had come steadily under Federal government influence. In fact, many of the centralized powers sought by Whitlam¹⁹ as long ago as 1959 were emerging for use in the 1970s by the *ad hoc* embrace of them on the part of the Liberal-Country Party government, especially during the Gorton era.

There were other innovations in the late 1960s which prepared the stage for Whitlam in 1972: growing sophistication of Australia's manufacturing base; some guidelines (under McMahon) on foreign investment which fore-shadowed some controls, and active participation in the money market by the Reserve Bank.

More important perhaps, was Australia's changed external economic relations. The present Social-Democratic regime has come to office at a time when the balance of world economic power has decisively altered by comparison with 1945. From 1949 to 1971 the Liberal Party allowed the moderate boom that Australia experienced to proceed with controlled inflation, even at a certain cost—eroded social security, a lower economic growth rate than was feasible and so on. Just before they left office, however, the 'Bretton Woods' framework was shattered internationally. On 15 August 1972, the U.S.A. abrogated fixed currency parities and the gold-collar relationship. Claims on the dollar had grown internationally to four times the total stock of gold in the United States; as a result of the rise of Japan, Germany and the Common Market, the nexus had to be broken. In the U.S.A. discriminatory charges were levied on imports and trade war loomed as a real possibility. What this meant was that the boom in the rest of the capitalist countries could not continue at the same rate: by permitting a large rise in unemployment, it was hoped that economic growth and inflation could be stabilized. An 'incomes' policy, aimed at controlling wages and maintaining profit margins, moved higher onto the agenda of the objective requirements for successful adjustment to the new world realities. Economic policy under the A.L.P. then, has to be very different²⁰

17 Current Affairs Bulletin, *The Vernon Report*, 6 December 1965, p. 28.

18 Connor's Statement on Mineral Resources, *Australian*, 13 April 1974.

19 See, Parliament of the Commonwealth of Australia, *Report of the Joint Parliamentary Committee on Constitutional Review* (Canberra, 1959).

20 See *Australia in the Seventies—A Survey By The Australian Times* (Penguin, 1973).

from that applied by the Liberals during the period of relative international stability and prosperity in the 1950s and 1960s. The new A.L.P. government's main assets were a trading surplus and a rapid accumulation of foreign exchange (largely capital inflow attracted by an over-valued currency and an unreal exchange rate). These factors cushioned the harshness that would otherwise have been needed in the sphere of anti-inflationary measures and trade liberalization (eg: a pool of unemployment to preserve 'stability' along lines that had become orthodox in the Australian Treasury).

The A.L.P. Has Changed Its Style and Aspirations: New Goals for 1985

Some of the best—and most neglected—work on the nature of modern Australian Labor Politics has been conducted by younger scholars in Adelaide and Canberra.²¹ Beginning after Whitlam's 'close call' at the Federal elections in 1969, and starting from the realization that the A.L.P. federal platform had been more than 80 per cent rewritten in the years 1963-1969 so that most people were unprepared for the likely activities of a new Labor government, this material was prepared and published in a number of radical journals.

Although this work remained at a fairly descriptive level, and was concerned with stressing the changed social composition of the Labor conferences, executive and parliamentary caucuses, it was a valuable starting point to a deeper analysis of the social role of the social democrats. The emphasis tended to be on the rapid growth of technocratic laborism after 1961.

Technocratic 'laborism' means, in the first place, the removal of old-style laborists—the 'paleolaborites' by a coterie of labor politicians and administrators with high professional skills (Whitlam, Dunstan). This is an ascendant group representing

21 For the initial discussion about analysing 'technocratic laborism' in Australia see H. McQueen 'Technocratic Laborism' in the Melbourne journal *Arena*, No. 25 (1971). The subsequent literature on this includes J. Playford 'The Aristocracy of Labour', *Arena*, No. 29 (1972); K. Rowley, 'Capital For Labour?', *Arena*, No. 25 (1971); J. Lonie, 'The Dunstan Government', *Arena*, No. 25 (1971); R. Catley, 'Playford to Dunstan', *Arena*, No. 28 (1972); H. McQueen, 'Labour Versus the Unions', *Arena*, No. 20 (1969); H. McQueen, 'Living Off Asia', *Arena*, No. 26 (1971); John Lonie and D. McEachern, 'A Classless Party for a Classless State', *Arena*, No. 29 (1972) and H. McQueen, 'The End of Equality?', *Arena*, No. 30 (1972). The essential manifesto of the technocratic labourists themselves is J. McLaren (ed.), *Towards a New Australia* (Cheshire, Melbourne, 1972). See also J. D. Playford and D. Kirsner (edd.), *Australian Capitalism*, Chs. 4, 8 and 11, and Bob Catley and Bruce McFarlane 'Labor's Plan: Neo-Capitalism Comes to Australia', *Intervention*, No. 3, August, 1973.

the new petit-bourgeois mentality of what Galbraith called the 'technostructure'. Their aim is to get the benefit of the technological and managerial revolution for society and a larger share of the fruits for the skilled working class and middle classes. Also involved is an essential shift in attitudes to equality and income distribution²² on the one hand, and to the economic power structure of capitalist society on the other.²³

In a sense this is not a new phenomenon. Earlier in the century, left-socialists like A. Pannekoek had argued that the entry of the new intellectual middle classes into labor parties was reflected in reformist practice and reformist theory.²⁴ This new 'middle class' was composed of intellectuals, officials and self-employed people who did not own substantial controlling capital or productive power. They were, therefore, a 'progressive' stratum, often radical, and not the backward-looking stratum typical of much of the petit-bourgeoisie. For many, the form their education had taken made them aware of the irrationality of the capitalist social system. They sought, as with the Fabian socialists in England, a moderate, 'civilized' series of reforms. Reason ruled because an intellectual elite knew 'what's what'. However, ideologies such as class struggle, and the proletariat as the battering ram to break down capitalist walls were avoided or sharply criticized. To deepen this analysis of the A.L.P., one has to mention two other groups which Pannekoek saw as shaping labor policy: the petit-bourgeoisie represented by small capitalists and the labor aristocracy. Their reaction to A.L.P. policy is noted in Chapter Eight of the present work. They are not a 'new' factor—in fact, their penetration of the A.L.P. emerged right from the Party's origins.²⁵ However, they cannot be left out of an overall analysis of current policies. To take one example. A white Australian labor force, obtaining the best jobs while leaving the dirty jobs to lower-paid migrant workers, has much to gain from the new opportunities provided by the import of technology via the multinational corporations. (To the extent that multinationals are able to pay higher wages as a result of their exploitation of Indonesian workers.) The *objective conditions* exist for the collaboration of some Australian trade unions with such multinational companies. As our own corporations

22 See H. McQueen, 'The End of Equality?', *Arena*, No. 30 (1972) and C. Hurford's chapter in J. McLaren (ed.), *Towards a New Australia*.

23 See Kelvin Rowley, 'The Political Economy of Australia Since the War' in J. Playford and D. Kirsner (edd.), *Australian Capitalism*, pp. 302-310.

24 Marian Sawyer 'Marxism As the Philosophy of Practice', Working Paper (Australian National University, 1970), pp. 11-13.

25 H. McQueen, *A New Britannia*.

begin to 'go transnational' and export more capital under Cairns' prodding, this process is likely to accelerate and is worthy of the closest scrutiny.

The small capitalists and conservative petit-bourgeois of the cities swung politically in the December election in the urban areas to give Whitlam office. His policy speech was directed at them. As shown in Chapter Seven, the first Crean-Whitlam budget was a monument to their invisible power and to the way that they (and some tightly-organised rural interests) have penetrated the ranks of the A.L.P. It is not exaggerating to say that Whitlam is affected by their shifting political moods, while his ideological colleagues, especially Dunstan, are influenced by the theoretical expression of their interest in social democracy as the best form of handling the post-affluent society²⁶—the works of Servan-Schreiber, Olaf Palme and others. No account of Labor in office would be complete which did not take into account this continuing influence and the reaction of this social sector to Whitlam's tariff acts, monetary policies and tax-subsidy enactments.²⁷

In Chapters Three and Four we sketch what some of the implications might mean for Labor policy. The question asked is whether Whitlam will pitch his social policies to the middle? Will he ignore the claims of the top 5 per cent of income earners and the bottom 20 per cent in order to consolidate the support of the 'middle ground' in Australian politics?

The provisional answer given in this book is an affirmative one. Whitlam on a number of occasions, and especially on the hustings during the December 1972, has redefined 'equality' in the Australian context. He says that in 'egalitarian Australia',²⁸ inequality is not a function of ownership structure. Rather it is a function of where you live, and of differential access to public goods such as education. Consequently the government officials have studied regional differences in access to sewerage, the arts, education and so on, and the differing burdens of land and housing costs. Whitlam has set up a number of new technocratic commissions (Schools Commission, Interstate Commission,

²⁶ See John Lonie, 'The Dunstan Government', *Arena*, No. 25 (1971).

²⁷ The first open sign of this concern with the interests of small businessmen was a statement on 30 July by Dr. Cairns opening the 1973 International Engineering Exhibition, promising a small enterprise administration scheme, and a statement (*Australian*, 3 November 1973) by the new Minister for Secondary Industry (Mr. Enderby) on the need for increased government support for small businesses.

²⁸ Whitlam here shares the myth about the egalitarianism of Australian society which saturates popular books such as Home's *The Lucky Country*. For a criticism see Bruce McFarlane 'The Rich and the Poor', in Henry Mayer's *Second Australian Politics Reader* (Cheshire, Melbourne, 1968).

a revamped Commonwealth Grants Commission) *whose job will be to bring about by fiscal measure and re-imburement, more equality by reducing disparities between regions.* Hayden and Hurford go further. They wish to take health insurance and retirement funds out of consolidated revenue fund (where it has been built up by progressive taxation) and *finance* these funds from non-progressive levies (though some subsidies and extra benefits for the poor are envisaged). This is bringing the new technocratic laborists of federal politics into conflict with the 'paleolaborites' who are still attached to the economic style practised by the Attlee-Stafford Cripps Labour government in England: highly progressive taxes, supertax on property, rent subsidies and price-controls. More significant, however, is the grave doubt about whether the causes and mechanisms of inequality are fully understood in the pragmatism of technocratic laborism—that the benefits to the poor are hard to comprehend and complicated and time-consuming to claim; that many poor families are *taxed into poverty*.²⁹ These are part of the *modus operandi* of welfare systems under capitalism. For as Titmuss points out in his *Commitment to Welfare* (1968): 'the emphasis today on the benefits of welfare tends to obscure the fundamental fact that for many consumers the services are not essentially benefits or increments to welfare at all, they represent partial compensation for *disservices*, for social costs and insecurities which are the product of a rapidly changing industrial Society'.

Apart from its 'retreat from equality', the A.L.P. has a new concept of 'incomes policy' which aims to preserve the share of profit in national income, while undertaking certain re-distribution of income *within* the share of 'labour' generally. To achieve this, it needs a planning model adapted to liberal-capitalist economic techniques (monetary controls, changes in taxation patterns, tariff cuts and withdrawal of subsidies). In previous comments on planning, A.L.P. documents spelt out the essentially bureaucratic and technocratic centralised planning system that the Party conceived as 'natural'. One of the present authors has already criticised these at some length in the book *Economic Policy in Australia* (Melbourne, 1968). Here we would point to a shift of emphasis by Dr. Cairns who has developed new views on participatory planning in his book *The Quiet Revolution*. More recently he said:³⁰

Government policy is to bring together the collective experience, knowledge and ideas of public servants, industry managers,

29 H. McQueen, 'The End of Equality?', *Arena*, No. 30, (1972).

30 Cairn's speech on industrial planning to the textile industry. *A.F.R.*, 1 February 1973.

unionists, academics, ecologists and the ordinary citizens who are the consumers of industry's products. The government intends to develop industry planning across the whole range of industry, with all sections of the community participating in the planning.

The implications of this new approach—and the Labor government's growing enthusiasm for it are the hub of the essays which follow.