

# The Historical and International Foundations of the Socialist Equality Party (Australia)—Part 8

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*The World Socialist Web Site has published The Historical and International Foundations of the Socialist Equality Party (Australia). The document was adopted unanimously at the party's founding congress in Sydney on January 21–25. (See: "Socialist Equality Party (Australia) holds founding Congress"). (Click here for Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11)*

## A global counter-offensive against the working class

207. Despite the militancy and international scope of the revolutionary upsurge between 1968 and 1975, the working class was unable to break out of the straitjacket of its old organisations and advance a socialist solution to the crisis. The social democratic and Stalinist parties, assisted by the Pabloite tendencies, disoriented and suppressed the mass struggles that threatened bourgeois rule. The critical issue remained the crisis of revolutionary leadership. The lack of an independent political perspective allowed the bourgeoisie to seize the initiative and reorganise the global order. Whitlam's craven capitulation in the Canberra coup was just one of a series of betrayals. In Chile, President Allende, together with the Communist Party and the centrist MIR (Movement of the Revolutionary Left), into which the Chilean Trotskyist movement had been liquidated by Pabloism, did everything possible to prevent the working class taking power. It was this that opened the way for General Pinochet's coup of September 11, 1973 and its terrible consequences. As *The Historical & International Foundations of the Socialist Equality Party* (US), explained: "Such exhibitions of political cowardice by the labor bureaucracies served only to encourage the international bourgeoisie to believe that it could attack the working class with impunity. In Argentina, the military overthrew the Peronist regime—which had been backed by the Pabloites—and initiated a reign of terror against the left. In Sri Lanka and Israel, right-wing governments came to power, espousing the anti-Keynesian monetarism promoted by Milton Friedman, whose economic theories had already been set to work by the Chilean dictatorship." [81]

208. By the end of the 1970s the bourgeoisie, having stabilised its rule, proceeded to launch a global counter-offensive against the working class, marked politically by the coming to power of the Reagan and Thatcher governments. Throughout the 1980s, these governments carried out a vast restructuring of the British and US economies and an unending assault on the social position of the working class, destroying tens of millions of jobs. By 1982, industrial production in the US was down by 12 percent

from its peak in 1979. Unemployment, now at a post-war high, was concentrated in the industries that contained the most powerful and militant sections of American workers. In the auto industry, the unemployment rate reached 23 percent, in steel and other metals 29 percent, in construction 22 percent and in appliances and fabricated metal products 19 percent. In Britain some 25 percent of manufacturing industry was destroyed in the period of 1980–84.

209. In Australia, the Fraser government had come to power in the December 1975 elections with a large parliamentary majority, a position it retained after the 1977 elections. The bourgeoisie was demanding similar "free market" measures as in the US and the UK, but the Liberals were unable to carry them out. Fraser and his ministers lived in fear of another eruption of the working class, and relied directly on the ACTU leadership and its president Hawke—who came to be widely known as the "industrial fireman"—to defuse industrial conflicts. As Fraser's treasurer John Howard was later to remark, the very "fabric" of society had been severely stretched by the events of 1975.

210. The betrayal of the movement against the Canberra coup and subsequent electoral victory of the Liberals resulted in a rightward shift among layers of youth and the middle class that had been radicalised in the previous period. Laying the blame for the defeat not on the Labor and trade union leaderships but on the working class itself, they left politics and began to pursue their own careers. The pressures on the SLL generated by this shift were compounded by the on-going degeneration of the WRP, which continued to block any discussion of the 1975 events.

211. In Britain, by 1976, the WRP was seeking to overcome the problems it was encountering in the development of the working class by turning to other social layers for support, including sections of the middle class and "left" tendencies within the Labour and trade union bureaucracies in the UK, and among bourgeois nationalist regimes in the Middle East. The struggle for the program of Permanent Revolution, based on the development of an independent perspective for the working class, was replaced by an increasing drift towards the Pabloite positions that the British Trotskyists had opposed in the 1950s and 60s. By 1977 the Healy-Banda-Slaughter leadership was consciously pushing the SLL in the same direction. In 1977 it attempted to effect a fusion between the SLL and a group that had deserted the party while still proclaiming support for the ICFI. Despite the efforts of the WRP, the attempted fusion failed. The two tendencies had fundamentally opposed class orientations that could not be reconciled. The ex-SLL group was characterised by nationalism, opportunism and support for the Labor and trade union bureaucracy. The SLL had been founded on internationalism and the necessity for the political independence of the working class in opposition

to Laborism, Stalinism and revisionism and, whatever the difficulties, the fight for this program remained at the very centre of the party's life and work.

212. By 1981–82, unemployment in Australia was rapidly rising, amid extensive factory closures. But the Fraser government was unprepared for the militant response. Whereas Reagan launched a war against the American working class by sacking air traffic controllers in August 1981, the Fraser government had backed down a month earlier in the face of a wage struggle by transport workers, to the scathing criticism of the bourgeoisie. By the middle of 1982, nearly 1,500 workers were being thrown out of work every day. Thousands of steel and mining jobs were being destroyed and in September a mass meeting of steelworkers in Wollongong called for an incoming Labor government to nationalise BHP. At the beginning of October, miners on the NSW south coast occupied the Kemira mine to fight its closure, sparking a series of strikes and walkouts that culminated in the storming of parliament house by miners, steelworkers and others from the industrial area of Wollongong on October 26. A general strike erupted in Queensland, and in NSW, tens of thousands of workers poured into the Sydney CBD at the conclusion of a Right to Work march from Wollongong.

### **The Accord and the Hawke-Keating Labor government**

213. This powerful movement of the working class, along with the visible disintegration of the Fraser government, provided the impetus for behind-the-scenes preparations by the Labor and trade union leaderships for a so-called prices and incomes Accord. The Accord was an agreement between the trade union and Labor leadership for fixed wage increases, determined by the arbitration system. It committed the trade union leadership to suppress all additional wage demands outside this framework. This scheme for wage-cutting was accompanied by the claim—most assiduously promoted by the CPA Stalinists—that living standards would be maintained through increases in the “social wage”—additional social welfare and other benefits that a Labor government would provide.

214. The Accord was to form the programmatic centrepiece of the Hawke Labor government, which came to power in March 1983. The key lesson drawn by the Labor and trade union leaders from the 1975 Canberra coup was the need to have in place a mechanism for the suppression of the working class when Labor next came to power. As ACTU secretary Bill Kelty remarked, it had become clear “to unions and to some in the Labor Party that we really had squandered an opportunity with the Whitlam Labor government. Despite the fact that there were international pressures, we had really let it get away from us. The result was that in economic management the Labor government did not have a good record and the unions appeared uncooperative. A number of unions were determined not to squander an opportunity again.”[82] The Labor Party could not make these preparations alone—it needed the help of the various Stalinist parties, both in devising the Accord and then implementing it. The final document was actually drafted by leading members of the Communist Party of Australia and carried into the union movement by CPA officials, together with the Maoist and pro-Moscow parties, whose leading members held key positions in some of the largest and most militant unions.

215. The Accord was not only a means for suppressing the kind of wages struggles that had developed under Whitlam. It was aimed at breaking up every form of independent working class organisation in order to create the framework for intensified exploitation and the driving down of social conditions. On February 3, 1983, the very day Prime Minister Fraser called an early election, Hawke, who had entered parliament in 1980, was installed as Labor leader after Bill Hayden was removed through an executive coup. Hawke was elevated to the post because his close connections to big business on the one hand, and his relationship with the trade union bureaucracy on the other, meant he was uniquely placed to implement the Accord. Nine days later, the unions adopted the Accord at a special conference.

216. The ALP won a landslide election on March 5, 1983. Five weeks later, before parliament had been convened, Hawke's first act as prime minister was to preside over a four-day summit comprising employer, union and government representatives in the House of Representatives chamber. Opening the conference ACTU secretary Kelty declared: “Let me say openly to those employers who sometimes misunderstand the perceptions of the trade union movement that we accept that enterprises need to make profit, and, in the current environment, may require profit increases to establish increased employment.” Hawke later commented that the summit “took the employers somewhat by surprise for they were not quite used to the idea of trade union leaders agreeing to wage restraint, let alone urging it.” The unions' pledge was delivered. In the first four years of the Accord average real earnings fell by 4.2 percent. Over the entire period of the Hawke-Keating government the annual real percentage increase per employee was slightly less than zero, compared to more than 4 percent under the Whitlam government and slightly less than 2 percent under the Fraser government.

217. The rush to finalise the Accord was driven by international developments. In December 1983 the Labor government decided to float the Australian dollar. Under the Bretton Woods system, the value of the Australian currency had been fixed against the US dollar and the British pound, and thereby to all major currencies. After the system collapsed in 1971, the value of the Australian dollar was periodically adjusted by the Reserve Bank, through its interventions into global currency markets. But by the early 1980s, this was rendered impossible by a vast increase in the flows of international finance. No single bank or regulatory authority could counter such movements. The Australian dollar's float had far-reaching consequences. It removed one of the central foundations of the system of national economic regulation that had underpinned the economic program of every government since federation. The huge daily global flows of finance and capital now imposed their own demands on governments in every country, each of which was driven to ensure its own national economy remained “internationally competitive.” In response to the transformation in the world economy, the Labor government and the unions worked to further develop the Accord. Simply suppressing wages was no longer sufficient. Working conditions and relationships developed under the system of national regulation had to be broken up and productivity continually increased to meet the new demands of international capital. The unions took on the task with gusto. No longer was their role to seek limited concessions that would advance the social position of their members. It was now to impose productivity increases dictated by the pressure of global competition. Outlining the new perspective in the document *Australia Reconstructed*, adopted at the 1987 ACTU Congress, Kelty wrote: “Structural change and the promotion of a productive culture are necessary to enhance our international competitiveness. We are about nothing less than the reconstruction of Australia. These are historic times. Our future is increasingly tied to the rest of the world. Many other countries faced with similar challenges are

‘internationalising’ apace. Understanding and responding to the international pressures is a national requirement—a requirement to which the unions must contribute.”[83] In other words, trade unions would become the central mechanism for boosting profits.

218. Time and again throughout the 1980s workers entered into struggles to defend their wages and conditions, only to be isolated and betrayed by their union leaderships. Each defeat—from the dismantling of the builders labourers’ union in 1984–85 and the sacking of the SEQEB workers, to the Robe River mining dispute in 1986—marked the starting point for a new offensive, culminating in the use of the armed forces to break the pilots’ strike in 1989, with the enthusiastic support of the ACTU and the entire trade union bureaucracy. At the same time a deliberate policy was instituted of breaking up workplaces and shutting down factories that employed large numbers of workers with a history of militant struggle. In those that remained open, shop committees and other forms of organisation were either destroyed or turned into pliant instruments of management. Any semblance of democracy inside the unions was abolished and militant workers victimised. The Labor government’s privatisation program resulted in the handover of public assets to corporate owners, much to the benefit of the banks and financial firms that organised the deals. Social infrastructure was increasingly privatised and the practice of user pays extended. In short, the program initiated in the US by Reagan and in Britain under Thatcher was carried out in Australia by the Hawke-Keating Labor government, with the full collaboration of the trade unions.

219. The “economic restructuring” orchestrated by the Labor government led to widening social inequality. In the decade 1986–96, the average real income of the bottom 40 percent of households fell by around \$98 per week. In the 30 years following World War II, real wages increased, on average, by 2–3 percent per year. After 1975 this growth stopped, so that by 1995, real wages were between 30 and 50 percent lower than they would have been had they continued at the previous rate. There was a massive redistribution of income away from wages towards profits. In 1975, at the peak of the post-war boom, the share of wages in national income was 62.4 percent. By 1992 it had dropped to 56 percent and by 2008 to 53 percent.

### Political crisis in the ICFI

220. Throughout the 1970s and 1980s, the SLL fought to deepen its orientation to the working class, intervening in many of the most militant struggles against the Fraser and Hawke governments and winning members and support among important layers of workers and youth. The party’s twice-weekly newspaper *Workers News* was widely circulated in all the major cities and played a significant role in the strikes and struggles of steelworkers and miners, Queensland electricity workers, builders labourers, dockworkers, metal workers, railway workers, postal workers and teachers. However the coming to power of the Hawke Labor government posed new challenges to the SLL in the development of its political line and tactics, which it was not equipped to meet. While the SLL, as distinct from every other political tendency, fought to expose the Accord, the role of the Hawke government, and the Labor “lefts” and their Stalinist accomplices, its interventions increasingly tended to focus on encouraging militant union struggles, rather than deepening the party’s political analysis. This tendency expressed a certain adaptation to the pressures and national traditions of the labour movement itself. More than

ever, what was needed was guidance and discussion, grounded on the strategic experiences of the Marxist movement, in the complex and difficult struggle against social democracy. But instead, the lack of collaboration on the part of the WRP leadership that had characterised the early period of the SLL’s development, now became a conscious campaign of disorientation and disruption. From October 1982 onwards, faced with principled criticisms of its theoretical and political orientation by Workers League national secretary David North, the leadership of the WRP suppressed the criticisms and worked consciously to isolate and ultimately destroy the ICFI and its sections.

221. In the mid-1970s, a growing divergence had begun to emerge between the political orientation of the Workers League and that of the Workers Revolutionary Party. In 1975, the Workers League responded to the desertion of its former national secretary, Tim Wohlforth, by deepening the struggle against Pabloism and placing the assimilation of the historical experiences of the Trotskyist movement at the centre of the party’s work. In a related development, the Workers League began to play an increasingly central role in the international campaign launched by the ICFI into the circumstances surrounding the assassination of Leon Trotsky. The investigation into *Security and the Fourth International* and the line-up of every middle-class radical and revisionist tendency against it, further underscored the significance of the struggle against Pabloism. The investigation was followed closely in the SLL, with ongoing reports published in *Workers News*. Public meetings were held on a regular basis to explain the findings, along with internal party education clarifying the significance of the investigation on the basis of the struggle waged by the ICFI against Pabloism. In 1977, Workers League national secretary David North conducted an Australian tour to explain the historical significance of the investigation. The meetings demonstrated the class gulf between Trotskyism and the entire petty-bourgeois radical milieu, when all the various revisionist organisations picketed the meetings to try and prevent workers and youth from attending, and explicitly defended the GPU agent Sylvia Franklin.

222. In October-November 1982 North submitted a detailed critique of Healy’s *Studies in Dialectical Materialism*, demonstrating that the WRP leader’s philosophical positions constituted a reversion to the kind of subjective idealism that Marx had overcome in his critique of the Left Hegelians. In a series of political criticisms North also pointed to an “unmistakeable opportunist drift” in the work of the WRP leadership noting that “for all intents and purposes” Trotsky’s theory of permanent revolution had been treated as “inapplicable” to an analysis of the situation in the Middle East. Any possibility of discussion was stopped in its tracks after WRP general secretary Michael Banda and ICFI secretary Slaughter joined with Healy in threatening to immediately sever relations with the Workers League if North persisted with his criticisms. Revealing the class issues at stake, in December 1983, Slaughter wrote to the Workers League criticising its “very heavy emphasis” on the political independence of the working class. In his reply to Slaughter, North pointed out that “all the organisational, political and theoretical tasks of a Marxist party ... are directed precisely toward the achievement of this political independence.” In a letter to Banda in January 1984, North expressed concern that “the International Committee is now in danger of losing the gains of many years of principled struggle” and that the Workers League was “deeply troubled by the growing signs of a drift towards positions quite similar—both in conclusions and methodology—to those which we have historically associated with Pabloism.” North further elaborated his criticisms at a meeting of the International Committee in February 1984, to which neither SLL nor Sri Lankan IC delegates had been invited. The WRP again refused to discuss the differences and repeated its threats of a split. Following the meeting Slaughter and Healy

exchanged letters congratulating each other on what a good job they had done in defeating their “enemy” in the Workers League “with no holds barred.” Hostile to the program of Trotskyism, on which they themselves had once fought, the leaders of the WRP were now fighting to liquidate the ICFI.[84]

223. Just three months after the IC meeting, in May 1984, the WRP sent a letter to the SLL demanding that the party launch a campaign for the bringing down of the Hawke government. The letter insisted that the government was not merely “capitalist” but “counter-revolutionary”. The purpose of the communication was not to bring clarity to the complex tasks confronting the SLL but to provoke a crisis in the leadership and the party as a whole. The outcome was succinctly reviewed in the IC’s 1986 *Resolution on the perspectives and tasks of the Socialist Labour League*: “The full impact of the WRP’s degeneration was felt upon the Australian section once the crisis of the Fraser government posed the return of a Labor government. From 1983 on the SLL groped for a correct political line—a task made impossible by the disorienting directives handed down from London. The letter written in May 1984 by Geoff Pilling, instructing the SLL to campaign for the bringing down of the Labor government, was a criminal blow aimed at destroying the Australian section. ... The next stage in the attempted demolition came in September 1984 when the WRP denounced the SLL for not accepting that Hawke’s government was the last before the socialist revolution. In the ensuing confusion, the SLL defined the Hawke government as a Bonapartist government, a definition applauded by Healy at the 10<sup>th</sup> Congress [of the ICFI in January 1985]. When this line came under criticism at the congress, Healy created a diversion and cut off discussion on the perspectives of the Australian section. In all its interventions, the WRP worked consciously to make it impossible for the Socialist Labour League to mount a consistent and politically coherent struggle within the workers’ movement against Social Democracy and on this basis win the vanguard of the working class to Trotskyism.”

224. By the beginning of 1985, the SLL was in deep political crisis. Its leadership had been destabilised and undermined by the accelerating series of WRP interventions aimed at blocking discussion and clarification. Unresolved political differences and tensions had deepened, reflecting the existence of opposed class positions and signifying that the SLL was no longer a homogenous party. The crisis could not be resolved within the national sphere. It required nothing less than the reestablishment of the programmatic foundations of Trotskyism at the centre of the work of the ICFI.

*To be continued*

#### **Footnotes:**

81. *The Historical & International Foundations of the Socialist Equality Party*, op. cit., p. 109.[back]

82. Edna Carew, *Keating: a biography*, Allen & Unwin, Sydney, 1988, p. 72.[back]

83. *Industrial relations and the trade unions under Labor: from Whitlam to Rudd*, op. cit., p. 12.[back]

84. *Fourth International*, vol. 13, no. 2, 1986.[back]





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