

# New Zealand Stalinist Ken Douglas and the historic degeneration of the trade unions

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Ken Douglas, who played a leading role in the New Zealand trade union movement from 1979–1999, first as the Federation of Labour (FOL) secretary, then from 1988 as president of the Council of Trade Unions (CTU), died in Wellington on September 14, aged 86.

Douglas will be remembered primarily for leading the union bureaucracy's collaboration with the right-wing Labour government (1984–1990) and the National Party government that followed. Throughout this period the unions systematically suppressed opposition to the historic assault on workers' jobs and living standards, triggered by the processes of globalisation and market liberalisation.

Adulatory obituaries in the corporate media described Douglas as a "lifelong Marxist" and "Red Ken," while adding, more truthfully, that he was a "pragmatist" and "no revolutionary."

In fact, Douglas never had anything to do with genuine Marxism, that is, revolutionary socialism. He joined the Stalinist Communist Party (NZCP) in 1960 and in 1966, following the Sino-Soviet split, became a founding member of the pro-Moscow Socialist Unity Party (SUP).

The SUP, like the CPNZ, followed the political line of the Stalinist regime in the Soviet Union, which usurped power from the working class during the late 1920s and 1930s and betrayed the 1917 Russian Revolution. The SUP defended all the crimes of Stalin and his political heirs, including the mass murder of members of the Left Opposition and the Fourth International, led by Leon Trotsky. Trotsky was murdered by a Stalinist assassin on August 20, 1940.

The Soviet bureaucracy, concerned solely with defending its privileged position, repudiated the Bolsheviks' perspective of world socialist revolution, replacing it with the reactionary nationalist theory of "socialism in a single country." By the 1930s, the Stalinists had transformed the Communist parties throughout the world into counter-revolutionary agencies in the working class, acting in the interests of Soviet foreign policy.

The New Zealand Stalinists exploited the widespread sympathy for the Russian Revolution, while subordinating the working class politically to the Labour Party and the capitalist state. The NZCP supported the first Labour government, from 1935 to 1949, and enforced a strike ban during the Second World War.

As New Zealand became integrated into the Cold War, the NZCP gained a reputation for militancy due to the role its members played in major struggles, especially the 151-day 1951 waterfront lockout. When Ken Douglas became an official in the Wellington Drivers Union (WDU) in the mid-1950s, the Federation of Labour (FOL) was deeply discredited among class-conscious workers because of its support for the National Party government's anti-communist campaign against the locked-out workers.

In 1956, Douglas described the FOL as a "cancerous growth in the trade union movement" that worked on behalf of the state. Just three years later, however, the WDU, with Douglas now president, affiliated to the FOL, claiming it would be a positive influence within the organisation. [1]

The SUP began with about 60 members, including several trade union officials who were elevated to provide the unions with a "radical" veneer. In 1977, Douglas became the first Stalinist to gain a seat on the FOL national executive. This came on the heels of the global revolutionary upsurge from 1968–1975, fuelled by the unravelling of the post-war economic boom, the war in Vietnam and the crisis of US imperialism.

In New Zealand, rampant inflation and government-imposed wage freezes caused real income per capita to fall by over 11 percent between 1973 and 1977. This unleashed a powerful strike wave, which accelerated during the 1972–1975 Labour government and the subsequent National Party government.

The unions, with Douglas playing an increasingly prominent role, ensured that the movement never developed into a direct threat to the profit system. Max Bradford, a representative of the Employers Federation from 1978–1984, and later a National Party MP, observed in 2006 that "a lot of particularly nasty disputes, which appeared irresolvable, generally were resolved because Ken said to the workers involved: 'Look, you guys are just not going to get your way.'" [2]

By the time Douglas became secretary of the FOL in 1979, Stalinism was approaching an historic crisis. The globalisation of production had critically destabilised the nationally-isolated economy of the USSR. As Trotsky had foreseen, the Soviet bureaucracy eventually sought to resolve its intractable economic contradictions through reintegration into the global capitalist system.

The SUP, like middle-class left parties internationally, enthusiastically promoted Soviet leader Mikhail Gorbachev's counter-revolutionary "reforms," known as *perestroika*, which prepared the ground for the restoration of capitalism and the dissolution of the USSR in 1991. The Soviet bureaucracy transformed itself into a capitalist oligarchy through the privatisation and looting of state-owned property, which plunged tens of millions into poverty.

The Stalinists' final act of betrayal of the Russian Revolution was the sharpest expression of the breakdown of all nationally-regulated economies, and the associated reformist programs used by the social democratic parties and trade unions to contain and corral the working class.

As leading US Trotskyist David North explained in January 1992: "What has occurred in the former Soviet Union is a manifestation of an international phenomenon. All over the world the working class is confronted with the fact that the trade unions, parties and even states which they created in an earlier period have been transformed into the direct instruments of imperialism.

"The days are over when the labor bureaucracies 'mediated' the class struggle and played the role of buffer between the classes. Though the bureaucracies generally betrayed the historical interests of the working class, they still, in a limited sense, served its daily practical needs; and, to that extent, 'justified' their existence as leaders of working class organizations. That period is over. The bureaucracy cannot play any such

independent role in the present period.”

In New Zealand, the 1984–1990 Labour government, under Prime Minister David Lange and Finance Minister Roger Douglas responded to the tectonic shifts in the world economy by becoming the direct instrument of big business and the financial elite.

With the crucial assistance of the unions and the SUP, Labour imposed the same free-market agenda in New Zealand as was implemented by Margaret Thatcher in the UK and Ronald Reagan in the United States. Another model, cited approvingly by Roger Douglas in his 1993 book *Unfinished Business*, was Pinochet’s military dictatorship in Chile, which privatised 500 enterprises from 1974–1990 and opened the economy to foreign investment, while violently crushing the working class.

In the name of making New Zealand “internationally competitive,” Labour restructured state-owned industries, including the railways, forestry, the postal service and telecommunications, into for-profit businesses. It removed import controls and subsidies, which bankrupted many farmers and led to a wave of factory closures and mass redundancies in auto, manufacturing, meat processing, mining, transportation, forestry and other industries.

The Lange government slashed the corporate and top income tax rates, and introduced the regressive Goods and Services Tax (GST), engineering a huge transfer of wealth from workers to the super-rich. It also introduced the first student fees for tertiary education.

The union bureaucracy, including Ken Douglas and the SUP, insisted that there was no alternative to Labour and backed it in the 1987 and 1990 elections. At the May 1985 FOL conference, which was attended by Lange, FOL president Jim Knox assured the prime minister: “We want you there [in power] and we intend to keep you there.” [3]

The unions facilitated ruthless restructuring, telling workers they had to accept the new profit-driven demands. The Meat Workers’ Union, for example, helped destroy 17,000 jobs between 1986 and 1991. Its leader Roger Middlemass advocated the “orderly transition of ownership and reduction in plant capacity.” “Hard decisions have to be made with far reaching consequences... The unions are prepared to accept that responsibility,” he said in July 1989. [4]

The rail unions enforced 13,000 job cuts from 1983 to 1990, amounting to 60 percent of New Zealand Rail’s workforce, as the government prepared it for privatisation. A few union branches went on strike in protest, but they were isolated by the union leadership. In August 1989, then-Railways Minister Stan Rodger said the staff reductions were “a tribute to the attitude of the four rail unions.”

This pattern was repeated in industry after industry. Unemployment shot up from 63,417 in October 1984 to 169,026 at the end of 1990, or around 9 percent. Wages were driven down, and one survey in November 1988 found that “up to a third of the workforce were on such low wages that they would be little worse off on the dole.” [5]

The working class attempted to fight back. In 1986, the number of working days lost to strike action reached 1,329,054, a record that remains unsurpassed. This figure represented a large number of mostly small disputes, which the union leadership worked to isolate and defeat.

In 1987, the FOL and the Combined State Unions merged to form the Council of Trade Unions (CTU) and Douglas was elected unopposed as president. The CTU’s major policy initiative was to draw up a formal “compact” with the Labour government, which Douglas promoted as a mechanism for tripartite collaboration between the unions, government and business.

The compact was modelled on the Accord between the Australian union leadership and the Hawke-Keating Labor government that came to power in 1983. Under the Accord, which was drafted by leading members of the Stalinist Communist Party of Australia, the unions committed to suppressing wage demands outside of fixed increases under the arbitration system, paving the way for intensified exploitation of the working class.

A majority of CTU affiliates endorsed the compact in April 1990, notwithstanding opposition from many rank-and-file union members, who denounced its blatant class collaboration. A petition demanding that the unions abandon the compact gathered 6,000 signatures by May 1989. Significantly, in March members of the National Distribution Union voted overwhelmingly against the compact, despite the efforts of the union’s leader Bill Andersen, a leading SUP member, to convince them to endorse it. [6]

Its main result was a one-year “agreement for growth” between the CTU and the government, which capped pay rises at 2 percent, with any additional increases paid for by “productivity” gains. This was signed off when annual inflation was 6.1 percent, thus committing the unions to substantial real wage cuts.

By this time, the Labour government was in a severe crisis, with collapsing support as a result of its right-wing policies. Labour’s membership fell from about 50,000 to 20,000 from 1984–1990, as workers left in droves. Lange was replaced as prime minister by Geoffrey Palmer in August 1989, who was then replaced by Mike Moore in September 1990, in a desperate attempt to prevent a complete electoral wipe out.

In 1989, the Labour Party split, heralding the beginning of the end of the two-party political system. Prominent MP Jim Anderton founded the breakaway NewLabour Party to create a new political trap for workers disgusted by Labour’s right-wing policies. NewLabour was joined by various Greens, Māori nationalists, ex-Maoists, ex-Pabloites and assorted petty-bourgeois “lefts” who, amid the crisis of Stalinist regimes in Europe and Asia, were renouncing any association with socialism.

As the 1990 election approached, the SUP also splintered. Andersen, pointing to the “hunger for another electoral alternative,” urged support for NewLabour in the election. After Douglas rejected any talk of opposing Labour, Andersen quit the SUP in June 1990, along with several others in the Auckland branch, founding the short-lived Socialist Party of Aotearoa.

NewLabour, which later changed its name to the Alliance, became a crucial prop for the Labour Party, entering a coalition government with Labour in 1999. The Alliance collapsed ignominiously in 2002, after its MPs supported New Zealand’s participation in the criminal US imperialist invasion of Afghanistan.

After Labour was thrown out of office in October 1990, the new National Party government, led by Prime Minister Jim Bolger, deepened the Lange government’s onslaught. The 1991 Employment Contracts Act (ECA) was introduced to force down wages and atomise the working class by undermining any right to organise. It included a new regime of individualised employment contracts, casualisation, voluntary unionism and the banning of most forms of industrial action, in particular any strikes not connected with contract negotiations.

Meanwhile, savage cutbacks to welfare in the 1991 budget led to large-scale public demonstrations against the government’s economic and social policies.

A groundswell of opposition developed among workers, with hundreds of thousands joining strikes and protests against the ECA. At a Public Service Association (PSA) conference, a resolution calling for a general strike was carried by 45,000 card votes to just over 15,000 against.

The CTU worked to sabotage this movement. Douglas admitted in February that the CTU was “not seeking to defeat the Bill,” declaring “it’s simplistic analysis to say we can frighten a government.” The CTU executive voted against industrial action over the ECA, a decision subsequently endorsed by affiliated unions at a national conference in April.

The 1999–2008 Labour government replaced the ECA with the 2000 Employment Relations Act, drafted in collaboration with the CTU and with Douglas serving as an advisor. The new legislation retained the anti-

strike provisions of the ECA, while enshrining the role of the unions as the enforcers of workplace “productivity” and “efficiency.”

Economist Brian Perry found that from 1990 to 1992 the percentage of households earning less than 60 percent of the median income almost doubled from 11 to 21 percent. According to researcher Max Rashbrooke, the richest 1 percent’s share of pre-tax income doubled from 6 percent in 1985 to nearly 12 percent by the end of the 1990s.

Douglas played a similar role on the international stage as president of the Asia-Pacific Regional Organisation of the CIA-sponsored International Confederation of Free Trade Unions (ICFTU). In 1997, he headed an ICFTU delegation to China aimed at cementing closer relations with the Beijing bureaucracy and the state-controlled unions. The delegation whitewashed the atrocious conditions of workers, saying that they were “particularly impressed with the protections for workers and trade union rights in the Special Economic Zones.”

The Socialist Unity Party was completely discredited by its role in the 1980s and 1990s. In 1989, the party stopped publishing its fortnightly paper, the *Tribune*, due to lack of demand. According to Douglas’ biographer David Grant, “Just 26 members attended the SUP’s ninth national conference in Wellington in October 1991. The following year the number had halved.” [7]

The party ceased to function, although it still existed technically until the late 1990s. Fittingly, the SUP’s “last act was to disburse funds to the New Zealand Labour Party from the \$40,000 that remained in its bank account.” In 2002, Douglas joined the Labour Party and was elected to the Wellington region’s District Health Board. [8]

Douglas was richly rewarded for his services to the business elite. In 1999, the National Party government made him a member of the Order of New Zealand, the state’s highest honour. He was appointed to state sector and corporate boards, overseeing restructuring and job loss programs. From 2002, he served on the boards of Air New Zealand, NZ Post, Positively Wellington, NZ Trade and Enterprise, the NZ Rugby Union and private health provider Healthcare NZ.

Douglas’ death last month was greeted with an outpouring of praise from leading Labour Party politicians, including former Prime Minister Helen Clark, current Deputy Prime Minister Grant Robertson, and Health Minister Andrew Little. Workplace Relations Minister Priyanca Radhakrishnan issued a statement declaring: “Many advancements in worker rights can be traced back to Ken’s leadership,” without giving any examples of these supposed advancements.

Speaking to Radio NZ, current CTU leader Richard Wagstaff praised Douglas for encouraging the unions to “be strategic and to think outside the box.”

A few pseudo-left commentators criticised Douglas. Former union organiser John Minto lambasted him on the *Daily Blog* for not having “a single fighting bone in his body when it was needed most.” Mike Treen, director of the Unite union, blamed Douglas’ “lack of leadership” for the precipitous decline in union membership from 45 percent of the workforce to under 10 percent in the private sector.

These self-serving statements cover up the fact that the historic betrayals of the 1980s and 1990s were not the work of one man, but of the whole union bureaucracy and the Labour Party, which Minto and Treen support.

During the 1980s, the unions transformed into corporatist syndicates, adjuncts of big business and the state, controlled by a wealthy upper-middle-class layer whose interests are bound up with defending the profit system. The paeans to Douglas reflect the fact that the ruling class is more reliant than ever on the CTU and its affiliates to suppress opposition in the working class to the deep assault on their living conditions that is currently underway.

The world capitalist system has entered a period of revolutionary upheaval, triggered by the worsening COVID-19 pandemic and fuelled by war. Rampant inflation is driving masses of working people into explosive

class struggles, including in Britain, France, the United States and most notably Sri Lanka.

New Zealand is not isolated from these developments. The Ardern government is presiding over soaring living costs, record levels of social inequality and homelessness, and has imposed the criminal policy of mass COVID infection. It backs the US-NATO imperialist war against Russia over Ukraine and far-advanced plans for war with China.

As workers seek to fight back against this agenda, they will come into conflict, not only with the government and big business, but with the union bureaucracy and its pseudo-left allies, who back Labour and the capitalist system to the hilt.

To break out of the straitjacket of the unions, workers will require new organisations that they themselves control. The Socialist Equality Group in New Zealand supports the call by the International Committee of the Fourth International (ICFI) for the building of an International Workers’ Alliance of Rank-and-File Committees. Such committees, organised in factories, hospitals, schools and other workplaces, will empower workers to forge links across different industries and national borders, in opposition to the nationalism promoted by the unions to divide the working class. This is the only way to fight the power of the multinational corporations and banks.

Second, and most importantly, workers need their own party, based on the socialist and internationalist program defended by the ICFI, the world Trotskyist movement, against Stalinism and every reformist and pseudo-left tendency.

There can be no compromise with capitalism, which has led to 22 million avoidable deaths from the pandemic, is plunging billions of people into poverty, and threatens to destroy human civilisation in a nuclear third world war. The only solution is to put an end to the source of war and social inequality: the capitalist system and its division of the world into competing nation states. The wealth produced by the working class must be taken out of the hands of the super-rich, placed under the control of a workers’ government and used to meet human needs.

We call on those in New Zealand who agree with this perspective to join the Socialist Equality Group.

References:

- [1] Campbell, Rob. *The Only Weapon: The History of the Wellington Drivers Union*, 1975, pages 68–69.
- [2] *Ken Douglas: Traitor or Visionary?* Television documentary, 2006.
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- [6] Grant, pages 281–2.
- [7] *ibid*, page 202.
- [8] *ibid*, page 205.



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