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Conflict between liberal economic ideology and
citizenship at work

The desirability of a democratic notion of citizenship at work, as a guiding principle for public policy or private action, is dependent on its ability to gain legitimacy in public discourse and amongst policy makers. There are two major sources of resistance to this notion of citizenship in work. The first from the left is that within a capitalist system, driven by private profit for the few, democratic citizenship at work is endemically impossible. The second from the right, is more powerfully resourced and numerous held and is adamant that while democratic citizenship in the workplace means inroads into profit it is equally untenable. As the right are more powerful they have the means to make their anti-democratic and anti-worker rationale - economic liberalism - the dominant ideology: dominant because, as Marx reasoned, “the class which has the means of

material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it” (Marx, 1969, p. 47). The first type of resistance is ultimately the more interesting (and largely outside the scope of this paper) but the second is where we are – this is the challenge of how do we make work bearable now? And the answer is to focus on the rights that citizenship in work has and what their structural impediments are.

The argument here is the structural one, that, democratic citizenship in work is limited by the economic liberal policy of the dominant class. What is economic liberalism? Economic liberalism is typically a commitment to policies that lower inflation and maintain fiscal balance (achievable by reducing public expenditures and raising interest rates), to having *flexible* labour (achieved through the removal of labour market regulations and by cutting social welfare) and free trade markets, financial deregulation and privatisation. Where these ideas come from, what was said and why need to be established before concerns of citizenship at work can be framed in an arena of openly hostile debate.

The hostile debate has developed over the lifetime of capitalism from the sixteenth century onwards. This paper

traces an evolution of business thought evolving as a theory of legitimation articulated first as classical and economic liberalism, and then as absolute advantage, comparative advantage and competitive advantage.

Citizenship at work

Work, in a capitalist society is a social exchange whereby a worker sells his or her labour power for a wage to an employer. In turn the employer is free to sell the good or service produced by the worker. The products of a worker's labour power can be bought and sold as can their labour power. Although technologies assist labour in the completion of their tasks it is only labour power that creates value. The circuit of production in which these interactions take place is described by Marx (1974) as a sequence $M \rightarrow C [mp+lp] \rightarrow C' \rightarrow M'$. That is paid work occurs when an employer has money [M] with which he or she buys raw materials (eg cloth) or commodities [C] to which they apply the means of production (eg the factory) and labour power (eg factory workers) [mp+lp]. From this is produced a new commodity [C'] (eg the coat) which is sold for more money than its cost to make or money [M']. To make sure that profit is gained (i.e. there are a limit to the number of coats one person can wear) new markets have to be found.

Merrifield (2000, p.25) uses Marx when he suggests that technology has the potential to revolutionize the labour process and the relations between people and their environments, de-stress the working day by shortening it, create abundance for everyone, liberate people from drudgery and provide more free time for intellectual and artistic nourishment. “Why then doesn’t this happen?” (ibid p.25). The problem is not technological but because the "existing relations must be adapted to permit its realization in practice" (ibid, p.25) and under the competitive system of private profit this will not happen. Henwood (1997, p.18) dismisses mainstream discourses about work as heavy with nonsense, such as tales of productivity miracles and smart machines in George Gilder's (1989) **Microcosm** tales of fully automated lifestyles, or Jeremy Rifkin's (1995) **End of Work** or Stanley Aronowitz and William DiFazio's (1994) **Jobless Future**. These books lead to “a dramatic misspecification of the enemy: instead of capital and its lust for profit, innovation and cosmopolitanism themselves are demonized” (Henwood, 1997, p.18). The exploitative relations between workers and employers are central to any idea of workers achieving any citizenship rights in the workplace.

Citizenship at work is the right to have the same (where appropriate) economic, social, political and civil rights in

the workplace that are enjoyed in the wider society. “Citizenship is more than a passport. It defines... the kind of community we wish to become. Citizens have rights, they have responsibilities, and they need to have access to jobs, services and supports” (Maxwell, 2001, p.1). Marshall (1950, pp.8-15) traces the emergence of the wider society’s civil, political and social rights to identify what rights – as justifiable fair claims - are. First, civil rights were necessary for individual freedom encompassing the right to justice, freedom of speech thought and faith, the right to own property, the liberty of the person, and the right to conclude valid contracts. Courts of justice were given power to oversee the protection of these civil rights. Optimistically (in the words of Marleau (2003, p.6) they have become for labour the market’s counterpart as the visible hand of social justice. Arthurs (2002, p.1) is more sceptical about the efficacy of labour law which he suggests is in crisis because it has become “unstuck from its ideological beginnings”. The “ideal of industrial citizenship has all but given up the ghost” under the assault of globalisation but because of this lack of international clarity opportunities to re regulate work are offered. Javilier (1997, p.102) suggests that Labour law was created around a paradigm of an “*industrial setting* (a plant which mass produces a finite number of standard product lines), *regular employment* (long term or life employment, along

with seniority and collective bargaining schemes tied to the firm) and the *male employee* (generally white, young and healthy)” (Javilier 1997, p102).

The second type of rights identified by Marshall (ibid) is political right giving franchise. Having a vote, in admittedly limited forms of representative democracy has been important for the development of worker’s rights and conditions. Social rights are the third type of rights identified by Marshall (ibid) these are associated with membership of local communities and functional associations were essential to work. For example, historically, association with the Speenhamland Poor relief system (around Workhouses) offered, in effect, a guaranteed minimum wage and family allowances; combined with the fight to work or maintenance. Marshall argues that worker’s demand for rights and the “status of citizenship” has lessened the amount of inequality they have suffered in the unequal framework of capitalism (ibid p.259).

However, the individualistic economic rights enshrined in the market place and the supporting ideology of economic liberalism perennially challenge rights of citizenship at work.

2 A History of Ideologies that Sustain Capital

The source of individualism or classical economic liberalism is the theories of Adam Smith, David Ricardo, Baptiste Say, Dudley North and Thomas Malthus. They were capital's enthusiasts but not blinded by their own capitalistic hyperbole, unlike their twenty first century counterparts who blame the working classes for a wide variety of things but centrally the slow down of global economic growth (Brenner, 1998).

A chasm exists between the Economic Liberal positions on work, globalisation, the ruling class and the state (e.g. North, 1691, Smith 1776, Ricardo, 1817, Porter, 1990, Ohmae, 1991, 1996) and social democrats or Marxists who hold opposing views (e.g. Hirst and Thompson, 1996, Scott, 1985) or Marxists (e.g. Marx, 1848, 1868, van der Pijil, 1984, Fennema and van der Pijil, 1987, Bryan, 1995a, 1995b, 1996a, 1996b, Harman, 1996, etc.) They fit together in the following way-

Liberals

Social Democrats

Marxists

Classical Economists

Dudley North (1691)

- Free Trade
- Limits to state interference.

Adam Smith (1776)

- Absolute advantage
- Division of labour

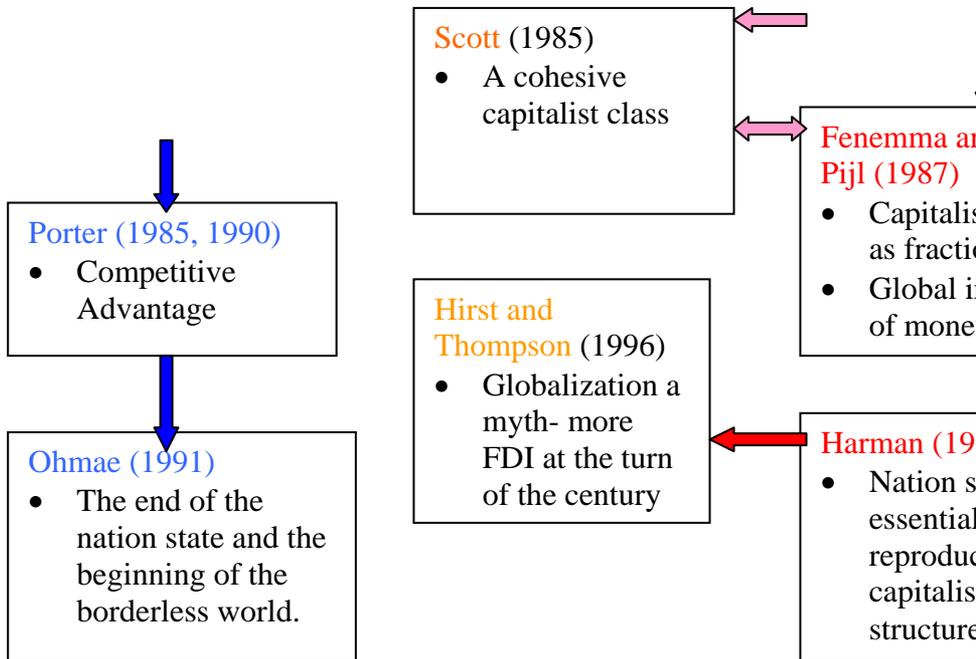
David Ricardo (1817)

- Comparative advantage
- Labour theory of



Marx (1868)

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The argument is that classical economy ideas did not create capitalism but they have been both durable and effective in helping to legitimate it.

The impulse for classical economic hence economic liberalism came as a reaction to what was seen as the meddling interference by the aristocrat-led English state in the economic affairs of the bourgeoisie (from the

mid 1690s onwards). Classical economics can only be understood in relation to what it emerged against. Mercantilists are at the beginning of this Economic Liberal theoretical-food chain (see Rubin, 1929).

Mercantilism - the Origins

Mercantilism, is the term coined by its critic Adam Smith in 1776 from the Latin words *mercari* meaning to “run a trade” from *merx* meaning “commodity” (Wikipedia 2004, p1). Mercantilism developed with the growth in the fifteenth centuries of three-masted, heavily armed sailing ships, capable of carrying substantial crews and cargoes over transoceanic distances. These new European ships propelled forward both international commerce and naval warfare spreading out across the globe in search of profits and plunder. Mercantilism or the mercantile system built on the belief that a nation’s prosperity relies on its supply of gold and silver. This theory of bullionism is that precious metals equal wealth. The government’s role is to actively discourage imports and encourage exports through the stringent use of tariffs. Mercantilism as a theory grew from the need to justify the plunder, often through pirating, of other countries, not only for their gold and silver but also acquiring slaves for labour. A key feature of this merchant stage of capitalism is that it provided not only the markets but also the wealth that fed

the industrial revolution that began in the mid-1700s (Magdoff 2003, p.1).

Mercantilists (e.g. Thomas Mun 1571-1641, who wrote *England's Treasure by Forraign Trade*, 1630) were often themselves active in trade and acted on boards. Mercantilist writers wrote to legitimate their own and their sovereign's wealth, and to identify their class' and the state's interests as one. Full-fledged mercantilism used protectionism (through excise and customs duties) to inhibit foreign trade and encourage domestic growth. Mercantilist plundering, however, became increasingly recognised as an inefficient way of supplying the needs of the emerging capitalist class. Capitalism was born in a [small] world economy where old and new colonies were increasingly recognised as enabling the *mother country* to more easily extract raw materials and expand markets. Wool manufactories replaced cottage industries in England and the European demand for wool increased the growth of foreign trade to satisfy that need. New markets grew with English and foreign demand. Wool production signalled the beginning of capitalism, the beginning of a money economy and the very beginnings of capital's global integration.

Free Trade and the Small State - Dudley North

Anti-mercantilist writing began with Dudley North (1691) in his book *Discourses Upon Trade*. Against the central tenets of Mercantilism North argues for free trade and non-government intervention “since it is impossible to force men to deal in any prescrib’d manner” (North, 1691 in Rubin, 1929). North formulates the first ideas of free trade and the small state - ideas are that often incorrectly credited to Adam Smith. What North and Smith shared in equal parts was a crusading zeal against mercantilism, that is, for production not plunder or even just one-way trade; and for the unfettered market and the development of emerging industrial capitalism. Magdoff (2003, p.1) argues that although industrial capitalism developed at different times in different countries and its features are not identical it does share underlying laws of motion that demand a degree of balance between investment, consumption, and finance. When these features are out of balance then an economic crisis will arise. Ways of overcoming this imbalance is sought through the search for new markets, and for new investment opportunities ways of explaining it depend on whether the teller is trying to justify capital and explain away its irregularities. Such a writer was Smith (1776). Absolute Advantage - Adam Smith

Adam Smith (1723-1790) is the twenty-first centuries *patron saint* of economic liberal supporters (e.g. Porter,

1990, Ohmae, 1990, 1996, etc.) and their websites (<http://oll.libertyfund.org/Intros/Smith.php> etc). Like them he believed in capitalism's liberating possibilities, but unlike them he was clear about some of capitalism's major limitations (e.g. monopolies and its moral lassitude). In *An Inquiry into the Nature of the Wealth of Nations* (1776), Smith's five-book work, he makes at least two original contributions to a theory of how the wealth of nations is developed on the basis of free trade. These are the theory of *absolute advantage* meaning the ability to produce a good or service more cheaply than it is produced elsewhere by using fewer labour hours, specialist skills and more advanced tools. This theory developed from his theory of the *division of labour*, that is, assigning specific, partial tasks, to producers to complete one task. So that rather than each individual producer producing an entire good or service workers they specialise in doing a part of the operation. These were the beginnings of assembly line production. This method of speeding production and enhancing profit became a strategic method for capitalist production. Smith's famous pin factory example (in his first book of the five books) sells the advantages of this method: workers on assembly lines develop greater dexterity, there is no time lost by switching operations and they are able to develop advanced tools. This division of labour was not only recommended to take place at the factory

level but also between enterprises within the same branches of production. For example, different factories specializing in different parts of wool production; some were merchants obtaining the wool, others dyed the wool and others were carriers etc.

Smith argued that these two levels of the division of labour (that is, within a company and between companies) were the same because they produced an *Absolute Advantage* (Czinkota, M & I. Ronkainen, M. Moffet, E. Moynihan 1996, p. 29) by raising the productivity of labour. This was Smith's mistake (Rubin, 1929, p.180) because the social relations behind these divisions were very different. Within the company the labour was organized and regulated by the capitalist but in the division of labour between the factories, the social relations were disorganized, spontaneous and regulated through the market. Smith was also wrong to extrapolate from the division of labour within the factory to social organization in the wider society. Wrong, because it was premised on the economic forces (i.e. self-interested man) being the eternal drive of all economies everywhere, whereas what Smith was observing was the greedy socialized behaviour of early industrial *commodity producing* man. Rubin, (1929) argues that not only was Smith's assumption a-historical but the division of labour is not exclusive to commercial behaviour, for it is

cooperative behaviour that takes place in any number of relations.

These two *division of labour* ideas (in the company and between companies, as above) were related to the wealth of nations in the following way. The nation would make products that it excels in producing cheaply. In England, with its advanced technologies (e.g. the spinning Jenny) this was wool.) Commodities are made more cheaply with the benefits of the division of labour. From this an *Absolute Advantage* is achieved leading to the development of the wealth of the nation but implemented through the labour of citizens (rather than the plunder or trade as was supposed to be the basis of the mercantilist economy.)

Class had been previously identified by the physiocrat Quesnay in his work *Analyse du Tableau Economique*, 1766. Quesnay identified three classes – landowners, producers and people in commerce. But following Quesnay, Smith was the first to identified the wage labourers as a category.

Table 1: Class first defined

classes	Quesnay	Smith
1	Landowners	Landowners

2	The productive class (farmers)	Wage labourers
3	The Sterile Class (commerce-related)	Entrepreneurial capitalists

The sterile classes became the entrepreneurial capitalists and the third class is landowners. For Smith there were two ways that wealth could be made 1) through a rise in individual worker productivity and 2) when the number of productive workers increased as a ratio to population. This was the beginning of the *Labour Theory of Value*.

Smith was the economist of early industrial capitalism whereas his acolyte David Ricardo (1772-1823) was the economist of the industrial revolution and the machine. Ricardo's commitment to Smith is clear in his widely read and praised work, *On the Principles of Political Economy and Taxation* (1817). In this work Ricardo seeks to show capitalism as the best means to liberate people from the economic oligarchy of the privileged land-owning class (a belief shared by Smith). In his opinion, the surest way to achieve the greatest amount of individual human happiness is to liberate the productive forces from the landowners (the aristocracy and the monarch).

Comparative Advantage - David Ricardo

Ricardo's key contribution to debate on work and globalisation is the idea of *comparative advantage* that is, that the gains from specialist work flow into specialised trade allowing an economy to achieve superiority in a product (Samuelson, 1969). This builds on Smith's idea of *absolute advantage* though Ricardo's arguing for a country's specialisation in key products that they can produce most advantageously. If a country is relatively better at producing wool (although it is presently exporting both wool and wine) then even if they are not the best producer of that commodity then they will gain from specialising in just that product, for they can then have a profitable exchange with their neighbours, who in return have different, but complementary specialties. For example, England can exchange its cheaply produced wool with France's cheaply produced wheat. Even though one may have an absolute advantage in neither they can exploit their relative advantage. Ricardo believed that every country has a relative or *comparative advantage* in something. Specialization allows each country to make (and subsequently consume) goods beyond the limit of their own production.

Bryan (1995b) indicates three major problems can be associated with the *comparative advantage* strategy. The first is that it naively assumes a level playing field

amongst the players whereas corporate players in real life have very different strengths and weaknesses. The second is that it has never delivered the desired results for the countries with some of the best natural resources globally, such as Australia and the US, both of which have Current Account balance deficits in US dollars (respectively United States \$US–540.9bn and Australia \$US–30bn (Australian Financial Review, 2004, June 4th, p.57). The third problem with the strategy relates to the expectation that the deregulated exchange rates (the floating exchange) can be used to rectify the Current Account balance. This has not happened in Australia. Neither deregulation or regulation has been able to positively affect the Current Account deficit. Comparative advantage has not worked overall for capital and therefore capital has had to look for alternative strategies. Economic liberals have looked into their historical glory box and adapted their economics to another strategy, and that is *competitive advantage*.

v) Competitive Advantage – Michael Porter

Little (1998) defines *competitive advantage* as securing a differentiation of your organization and its products “in some way in order to gain preference by all or part of the

market. This may result in a higher market share and or margins than competitors. In general, *competitive advantage* will be obtained through offering higher customer value” (Littler, 1998). The literature tends to break into the advocacy of two sources of *competitive advantage* - assets (accumulated endowments of the company) and capabilities (deeply embedded into organizational routines) (see Diereckx and Cool, 1989). Zysman and Tyson (1983) coined the name *competitive advantage* in the context of American industry policy but today it is usually associated with the work of Michael Porter (1985, 1986 and 1990).

In Porter’s heavily overworked piece the *Competitive Advantage of Nations* (1990) he closely follows Schumpeter (1934) who also suggested that innovation drives and sustains competition. In Porter’s diamond typology of natural advantage he argues four major components make up a company’s natural advantage. These exploitable factors are *Factor conditions*. These are the ability of the nation to continually upgrade, create, and deploy its factors of production (particularly labour) successfully. This is most important than any reliance on a natural endowment; *Demand conditions* relate to the amount of competition and health the company first displays in the domestic

market. Firms that survive the home market are likely to have developed a honed competitive edge. It is the character of the market (demanding customers) not its size that is most important in promoting the competitiveness of the firm;

Related and supporting industries relationships must be close, cooperative and with constant information interaction with suppliers. This is essential for an end product that is attractive and appropriate to the needs of the customer;

Firm strategy structure and rivalry are the conditions in the firm in its home nation necessary to make or break the international competitiveness of the company.

Critically assessing this model, Bryan (1995b) suggests that *Competitive Advantage* has two outstanding characteristics. First, it aims at internationally standardizing low cost labour and second, it stresses the importance of selective state intervention (in the form of subsidies) to individual corporations (not sectors or nations) which then allows these businesses to compete globally.

The justification for the strategy of *competitive advantage* is its potential to 'fix' the high Current Account deficit of western nations. In the Australian context, industry would become more *internationally competitive* by

minimizing and standardizing costs, even though Bryan's (1995b) study of the balance of payments shows that the net income outflow, not the balance of trade, are the predominant source of the Current Account deficit. Competitive advantage signals that the gains must be at the level of production, for companies become most competitive when they have the best productivity, the most flexible labour force, the greatest product innovation, the best technology and the best services. But increased productivity is not sufficient in itself. Rather, the productivity increase must be greater than another countries. The nation state has a role in reducing the deficit by nurturing a total cultural and social climate of productivity, technological development and service - the ideal country for the diamond model is Japan.

In sum the primary difference between the theories is that, *absolute advantage* is based on building wealth for a nation state on the efficacy of labour, not trade as with the Mercantilists. Labour becomes specialist in the production of one product through the division of labour. Companies likewise become organized around the division of labour producing better products cooperatively than they could as individual enterprises. *Comparative advantage*, is the further exploitation of labour and its mechanisation, but it entails product differentiation between countries. Companies work out

what productive advantage they have and then they organize their trade around this advantage. *competitive advantage* means the lowest possible standardization of the factors of production (particularly labour) so that companies can establish a competitive advantage in a global market place. Innovation is central to the process of getting a *competitive advantage*.

3. The counter-position from the Left

Tabb (2003 p.21) argues that this economic liberal¹ rhetoric is part of an “Accumulate! Accumulate! Accumulate!” strategy that specifies a growth model coming complete with its own extra-economic preconditions. It is a return to the liberalism of the free market before the great depression of the 1930s and John Maynard Keynes’ ideas of welfare state practiced from the 1940s. These Keynesian ideas were accepted by a weakened capitalist class to save the system from its then obvious self-destructive tendencies and also fuelled by their fears of the spreading communist revolution. Keynesianism, and the domestic agendas that accompanied this reflect the strength of the working class after the defeat of fascism. However, as Li (2004, p. 22) points out upward of fifteen years of economic liberalism

¹ Tabb (2003) calls economic liberalism neo liberalism.

as a globalisation strategy has universalised economic stagnation but failed miserably “to provide an institutional framework for sustained global capital accumulation” and its fifteen-year plus regime has left the west capitalist countries “exposed to increasingly frequent and violent financial crises”.

The application of economic liberal policies has meant working people have become pauperised thereby adversely affecting effective global demand which is the sum of global private consumption, global private investment, and global government expenditures. Li argues that all three components of global effective demand are subject to strong downward pressures and have tended to either contract or stagnate and therefore “it follows that the purchasing power of the great majority of the world population has fallen or grown more slowly than world output” (Li 2004, p.22).

Minsky (1986) agrees that economic liberal regimes achieved the power to relegate their opponent Keynesian regimes into the political dustbin. Following the popularity of a type of economic liberalism called Public Choice theory (chief theorists Buchanan and Tullock 1962) and its idea that most people are motivated by their own self interest in the marketplace—whether they are employers, employees, or consumers- the whole idea of “big government” was in disrepute. Big governments operating effectively as macroeconomic stabilizers were

discarded in the hot pursuit of financial liberalization that significantly undermined and destabilised states. The economic liberal period, from the late 1970s saw repeated crisis of capital in Indonesia, Mexico and Argentina and also a huge back lash of active political resistance growing in the form of anti capitalist protests at Seattle, Davos, Melbourne and Quebec City.

The big problem remains (and this takes us back to the problem of the viability of democratic citizenship in work) how will the working class achieve citizenship at work without achieving first a social democratic political victory. When this victory comes around, as cyclically it must, then the working classes will demand back what they had under the fattened periods of Keynesian regimes but they will want more economic, civil and social rights. Under the global conditions of economic stagnation Li argues (2004) these new social reforms will not be able to be financed and this will create further unhappiness and discontent with capitalism. If reforms to counter the incursion of economic liberal policies are an unlikely but possible scenario) to be financed by additional taxes on capitalist profits then this will bring about a backlash from capital and greater demands again on labour to finance it. Therefore Li argues without growth rates, no social democratic capitalism is possible (Li 2004, p2.). Similarly, Harman (1996) argues that both the Keynesians and the Liberals in their theories of work fail

because it is not possible to bring about real change for ‘the people’ when working within the existing capitalist structure. Capitalism is premised on exploitation at all levels - at the individual level, at the local level, at the national and the inter-national levels. Harman suggests that Keynesians, and liberals working on the borderless world thesis are wrong because most MNCs (and there are few TNCs) maintain a large footprint in the nation state. Harman goes on to state that only finance capital is globally mobile because industrial capital, in contrast, needs stationary, expensive plant and readily available, healthy, educated labour. Industrial capital is stuck with the nation state because of its key role in controlling and reproducing labour. Global governance (as suggested by Hirst and Thompson, 1996) controlling capital's worst excesses under a capitalist regime, is a pipe dream, for the power of the international capitalist system is too great and thwarting to any individual government's attempt to bring about world governance.

Other draconian aspects of economic liberalism identified by Tabb (2003 p. 3) are the gift it gives global institutions such as the World Trade Organization (WTO) which acts to force open developing countries to ‘free trade’ for “transnationals while allowing the rich countries to create barriers excluding agricultural and labour-intensive manufactured goods where the poorer countries have the

comparative advantage; and the International Monetary Fund's (IMF) insistence on financial liberalization which has resulted in financial crises in most countries of the third world” (Tabb 2003 p.3). These global political-economic institutions force the privatisation of previously state held enterprises such as electricity, postal services, and water. Domestic governments are no longer free to choose their economic policies. “The IMF and WTO force governments to follow their policies” (Tabb 2003, p.4). And sadly these governments cannot properly tax transnational capital to help them cover the social and health costs involved with keeping workers in their organisations.

4. Australia’s Economic Rationalism and New Zealand’s Rogernomics

What has this meant for Australia and New Zealand?
In Australia economic liberalism is called economic rationalism and in New Zealand it is called Rogernomics (after the Minister of Finance who introduced it – Roger Douglas). Brian Head was the first to describe Economic Rationalism and he does it as the following "In particular, it assumes that market forces typically unleash growth, innovation and efficiency, whereas governmental regulation and expenditures typically impede growth,

stifle productivity and entrepreneurship, and generate inefficiencies in both the private and public sectors...In the bellicose form pronounced by new right ideologues economic rationalism is a kind of cargo cult” (Head, 1988). From this perspective there is an increasingly limited role for unions or the state unless it is to build business infrastructure and protect private property. The ideas are propagated through think tanks and business lobby groups.

Australian Think Tanks²

Australian think tanks, using economic liberal theory, have been around since the Institute of Political Affairs (IPA) was established in 1943. Other think tanks were earlier (e.g. the Australian Institute of International Affairs established in 1924) but these are less clearly economically liberal.

Think tanks have proliferated in Australia within the last twenty years. In the 1990s think tanks have become an *industry* with estimated think tank numbers for Australia of between 83 (ie Herd, 1999) and 90 (i.e. Marsh 1994). Herd’s sample of 83 think tanks show only five that he credits with being commonly known as ‘wet’ tanks (that is, politically left). Marsh estimates that Australian think tanks have a collective budget of \$130 million; they employ 1,600 people, publish 900 reports and discussion

² This part of the discussion has been given as a paper at the AIRAANZ conference, Noosa, February 2004.

papers and hold almost 600 conferences and symposia each year' Corporate contribution and personal wealth are the biggest source of funding to the budgets of think tanks. The amount and sources of funding as well as the staff of the think tanks is noted in Table 2. These think tanks share an economic liberal ideology but to different degrees and with different angles. A key think tank, the HR Nicholls society, was once described as the New Right's 'supper club'. This society's focus is the reduction of the role of the trade unions, the reform of the current wage fixing system and the 'necessity for labour relations to be conducted in such a way as to promote economic development in Australia' (HR Nicholls Society Aims 1998). The HR Nicholls Society revealed their strongly held commitments in their website comments on the Building Industry Reform Bill "The Royal Commission into the Building and Construction Industry has drawn attention to trade union involvement in '...significant corrupt and quasi-corrupt conduct and widespread coercive and collusive practices' in the industry... (the) scandalous behaviour characteristic of the industry is a consequence, direct or indirect, of *de jure* and *de facto* privileges granted to trade unions over many decades, by governments, arbitral tribunals and courts, either under policies devised deliberately for political reasons, or through passive

acceptance of what would be normally seen as illegal behaviour” (Evans 2003).

Table 2: Australian Think Tank (Examples)

Name	Research Focus	Budget & Funding Sources	Key staff & members	Con
The HR Nicholls Society	“The Society's ambition is to bring about urgently needed reform, in our industrial relations attitudes and institutions”	unknown	Ray Evans Des Moore	ope 40 i me Fou Sto Des thin Ent Fou
Institute of Public Affairs (IPA)	Free Market economics, small state and identified with the ‘New Right’.	Budget \$1.3 million; Sources: subs, donations, conferences, publications.	M. Nahan (CEO); 17 staff; 4,500 members	Op Pub 12, com 2,0
Committee for Economic Development of Australia	Economic and Social Development	Budget \$4 million Sources: subs, publications &	Dr. J. Nieuwenhuysen (CEO); 18 staff;	Op Cor net bus

(CEDA)		members.	978 members.	Has bot
Centre for Independent Studies (CIS)	Advocates of the small state; New Right commitments.	Budget \$1.1 million; Sources: subs, publications & members.	G.Lyndsay (CEO); 11 staff; 1,800 members.	Op Sup inv fam
Tasman Institute	A free market institute arguing for a minimalist govt. role in the economy.	Budget \$1 million; 21 corporate sponsors.	Dr. M. Porter (CEO); Still head of the Tasman Asia Pacific 1998 Ron Brunton & M. Warby transferred to the IPA.	Op Ga Ke blu pri 199 Tas Co con Tas
Business Council of Australia (BCA)	Free Market orientation	\$4.9 million; Sources: members	K Schubert (CEO); 101 members; 14 staff.	Est PM Att me of 1

Source: Da Silva, 1996, Nira, 1996 & Gluyas, 1999.

The industrial relations reforms of the 1980s and 1990s were in no small part influenced by an emerging coterie

of 'think tanks' in Australia and New Zealand. The shift to enterprise bargaining in 1991 followed the release of research commissioned by the Business Council of Australia (BCA 1989) purporting to show the benefits of a shift to enterprise-based bargaining units. A few years earlier, the HR Nicholls society had been established with the avowed aim of dismantling the arbitration-based industrial relations system and had shaped some of the IR policy debate that followed. More recently the Howard Government has used people associated with right wing think tanks to generate or propagate ideas – for example in 1998 Des Moore was commissioned to write a paper on labour market reform and Judith Sloan was consulted on the drafting of the Workplace Relations Act (though she was unhappy that the results did not go far enough!).

New Zealand Think Tanks

Although there is some think tank overlap (for example, the CIS claims to service both Australia and New Zealand (CIS Home page, 1999)), there are substantial differences in the style of think tanks in the two countries. New Zealand's think tanks have been unobtrusive exponents of economic liberalism with the notable exception of the New Zealand Business Roundtable (NZBRT) who are more vociferous in this regard than anything operating in Australia including the Business Council of Australia (BCA) its Australian equivalent.

Table 3: New Zealand Think Tanks (Examples)

Name	Research Focus	Budget & Funding Sources	Staff & members	Point
Institute of Policy Studies	New Zealand & the world; Economic & Social Policy; Public Sector Reform; Business Study & taxation.	Sources: University grants, project grants & fellowships (from government & private sector).	Prof. G. Hawke (CEO); Chief Researcher- Sir Frank Holmes; 3 admin. Staff.	Established G. Hawke 'Imp Advis Does contr
New Zealand Institute of International Affairs	Economic & political affairs; Security and Defence; Foreign relations; Regional studies.	Budget: \$NZ110,000; Sources: Corporate members, govt., institutional members & individual members.	G. Davidson (President) ; B. Brown (CEO); 2 Admin staff; Researchers S. Hoadley & M. Templeton.	Established Does contr
New Zealand Business Roundtable	Free market and privatization,	Budget: \$NZ2 million; Member fee \$40, 000.	D. Myer (Chair); Roger Kerr executive director; 43 members	Established 19 ma have NZR

			(1992)	
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Sources: Clifton, 1992, NIRA, 1996.

Rogernomics has had a very powerful effect in New Zealand - as this NZBRT member said in an interview, in 1992

I would say that over ninety per cent of any decent policies that have come out of the government in the last seven years have had a hell of a lot to do with the intellectual contribution of the Roundtable. It is the least self-interested body that I am involved with. It has been captured by the intellectual processes of Roger Kerr and he has done a wonderful job of keeping self-interest out of the project and controlling conflicts of self interested institutions (Gibbs, 1992).

Australia and New Zealand provide much evidence of the strength of economic liberalism as a means of increasing the profit share and perpetuating and reinforcing the legitimacy of pro-capitalist policies amongst decision makers within the state. However the old Keynesian identified problems of low demand – the running down of purchasing power in New Zealand only temporarily sustained by low prices caused by the dumping of foreign produce on the market, remain. This crisis cyclically motivates workers to demand more from their unions,

their members of parliament and their legislators but there remains little control over the social responsibility of corporations.

However, liberal ideology is not without its weaknesses. Inequality is increasing in virtually all capitalist societies and in some cases real wages have stagnated while corporate excess has reached unparalleled levels. There remains evidence of popular support for anti-market policies and concern about widening inequality. Liberal ideology may be an internally coherent ideology but it lacks resonance at a popular level. The notion of citizenship at work, if developed into a coherent framework, may form the basis for an alternative policy vision that can challenge the legitimacy of liberal ideology and form a focus for a popular challenge to liberal ascendancy.

Conclusion

The work of the early classical economists (eg North, 1691, Smith, 1776, and Ricardo, 1817) although considerably more humane (with the exception of Malthus) in their general approach to the working class than current economic liberals, are consistent in their overarching focus on the need to increase productivity by getting labour to work harder and more effectively for less. As the ideological strategy has changed from

absolute advantage (post 1770s), to comparative advantage (post 1820s) to competitive advantage (post 1980s), the words change (slightly) to reflect the different cyclic needs of capital and the power of the dominant section of capital at any one time but their aim as strategy: to get more from workers for less, continues unchanged Economic liberal ideology, exhorting more productivity from labour varies, over time and between generations, because the employing class itself is heterogeneous and has competing interests. The strength of any one fraction of capital at any one time will reflect what is happening in the wider capitalist environment. Economic liberalism may now be associated with universal economic stagnation and failure (Li 2004, Tabb 2003, Minsky 1986, etc) but this is unlikely to make employers more amenable to rejecting economic liberal policy and enact labour reforms. The dominant consensus is that any reforms that divide the pie of plenty so that workers can acquire a bigger slice requires first a bigger pie based on global economic prosperity and this is unlikely to happen whilst there is global economic stagnation (Brenner 1998). Therefore it must be our agenda to take every opportunity to push ideas about the desirability of a democratic notion of citizenship at work, as a guiding principle for public policy or private action, so that it increasingly gains legitimacy in public discourse and amongst policy makers.

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