

# SEARCH News

December  
2020

## When workers' rights are under attack...

**A**nybody familiar with the Liberal Party's history of attacks on workers' rights would have held no illusions that they would soon revert to form after their short-lived truce during the height of the COVID-19 pandemic. The Morrison Government's new Industrial Relations Bill confirms what many suspected - that they would try to shift the cost of this pandemic onto working people.

The Bill undermines Awards, effectively scraps the 'better off overall' test for enterprise bargains and allows for employer-dictated enterprise agreements. It is an assault on the right to organise and bargain collectively.

It does nothing to stop the rampant hyper-exploitation and wage theft which exists in sectors such as retail, agriculture and hospitality. Action on those issues would actually help overall economic growth by putting money into the hands of those who spend the highest proportion of their wages, but the Morrison Government is not interested in that kind of growth.

Instead of bottom-up economic recovery, this government wants to grease the wheels of profit-making, with no regard to the social, environmental and economic cost. New subsidies for petroleum gas developments, continued subsidies for coal exports, and infrastructure projects that 'create jobs' without regard to their environmental impact, will cost far more in the long run than the borrowings needed to pay for them.

A worrying development has been the massive tax subsidies for capital investment write-offs, which now allow for even greater tax deductions from income earned in Australia by local and multinational companies. This will incentivise and bring forward the kind of capital investment that would usually take some years to arise. In doing so, they bring forward jobs in building and setting up capital equipment, but also hasten the destruction of jobs that the capital equipment replaces. The government has constructed perverse incentives to create new, capital intensive manufacturing sites while shuttering the older, unionised sites through this tax regime, all under the guise of 'incentivising investment'.

The government's austerity agenda has sparked opposition.

The union movement is active in opposing the IR Bill, and has launched a broad campaign against it. There are individual disputes, such as the United Workers Union struggle against Coles, that are giving focus to the opposition to multinationals dictating terms to workers without restraint.

The Australian Services Union is leading the charge with its We Won't Wait campaign to reduce the impact of the pandemic recession on women, as we heard at our AGM from ASU NSW and ACT Secretary Natalie Lang.

There are diverse intellectual efforts being made to analyse and propose progressive economic alternatives to the 'pandemic austerity' being imposed by the government, particularly in the form of cuts to social security payments. The LIFE campaign is a grassroots activist expression of the anti-austerity movement, yet it needs broader involvement if it is to challenge the government's wish to take social security payments 'back to normal', ie. below the poverty line.

These campaigns are encouraging and there is much to be done in supporting them. However the left and progressive movements are yet to coordinate a convincing, broad, grassroots and policy response to the looming

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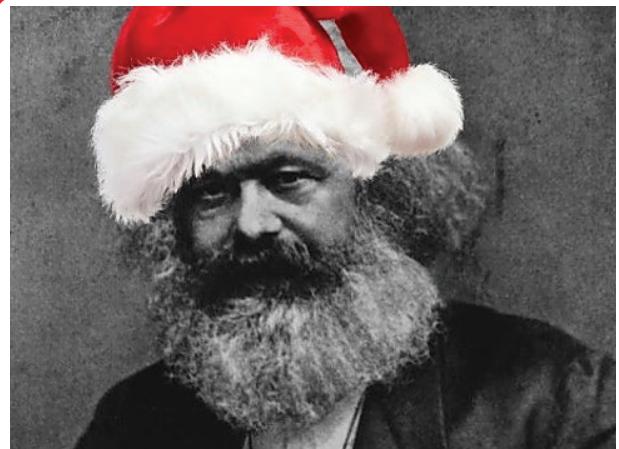
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climate catastrophe. Happily there are some signs that this may be turning around. The Hunter Jobs Alliance is a bold new community and union alliance that aims to work with governments and industry to deliver a safe, prosperous future for the Hunter - one in which workers, their families and the environment thrive.

Earlier this month, SEARCH held an online public forum with founders Steve Murphy and Felicity Wade to learn more about the Hunter Jobs Alliance, its aims and methods. One hour was nowhere near enough to cover the work that is being done, but the signs are good - a genuine community and union alliance that will end the divisive and false dichotomy of 'jobs vs environment' that has served only big business against the needs of working people. It is precisely this sort of considered and collaborative action that can build the broad support needed to defeat austerity and build the social solidarity needed in the face of catastrophic climate change. ☺



**Merry Xmas, Happy New Year  
and safe holidays to all SEARCH  
members!**

**The SEARCH office will be closed  
from Christmas Eve till 12 January.**

## Private equity: the cost of money

*Abe David*

**P**rivate equity – a mainly United States phenomena – has become the most avaricious part of global capitalism, spawned by monetary policy of central banks led by the US Federal Reserve. The Federal Reserve is a private bank owned by US banks with the sole right to issue and manage US currency – fiat money.

Fiat money differs from commodity money whose value is underpinned by a physical good such as gold or silver. Fiat money is a key component of the economic development of the United States, giving it an ability to issue a currency and enforce acceptance. The global dominance of the United States post-World War II was buttressed by the US dollar becoming the de facto currency of the world used globally for trade and investment. This gave the US enormous power in the global economy.

The turning point of this ascendancy took place under Richard Nixon, a seminal American president whose presidency had long lasting effects in a number of ways, perhaps the most important being the opening of China. Unable or unwilling to pay for the Vietnam war by raising taxes, Nixon moved the US dollar off the gold standard in the early 1970s. United States currency rather than being backed by Gold was for the first time underpinned by United States power – economic, political and most importantly – military. The US has since been able to print its currency at will making it the world's reserve currency.

In 2008/9 the United States banking system and large parts of corporate America was bailed out by the Federal Reserve printing money, thus saving the banking system, its lenders but not its victims, the borrowers. This was largely done under Democrat President Barack Obama – with bipartisan support from both parties – in defence of corporate America led by Wall Street. Post the Global Financial Crisis, this same game was followed by other countries' central banks and their political classes led by the Bank of Japan, the European Central Bank and the Bank of England. The Japanese under Shinzo Abe with his so-called 'Abenomics' has gone to the highest extreme with over 110% of the Japanese economy GDP on the central bank's balance sheet.

This huge flow of free-printed money has floated into the system causing huge appreciation of asset prices and numerous bubbles; for example in the USA – the shale oil boom, the car sales lending boom, and the student loans' boom. The current Covid-19 crisis has ushered in unprecedented quantitative easing resulting in a free flow of cash to buy all kinds of securities – government bonds, corporate bonds, electronically traded funds (ETF) pumping up global markets and massively increasing debt.

One of the benefactors of this structure has been the massive growth of private equity funds which is an amalgam of financiers, politicians, and regulatory bureaucrats who have borrowed money at low interest rates and that has unleashed a massive attack on established cor-

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porate structures – both public and private. Some like KKR date back to the 1980s and are famed corporate raiders. Others have joined at a frantic pace, all looking for higher yields. In some cases government bonds have negative yields, for example – European and Japanese 10 year Government Treasury bonds.

Pension funds with growing liabilities to ageing populations, State investment funds and wealthy individuals have all rushed to back private equity funds. These funds buy assets and then through restructuring and/or financial engineering extract the value from these assets in a short a time as possible. Like a virus that invades a healthy body they hope to destroy and grow from their aggressive monetisation.

How do they achieve this? Private equity funds have a number of methods in their playbook:

1. Amalgamating assets to get economies of scale and synergies in industrial segments that are weakened or where there a number of plays occurring.
2. Selling of non-core assets and real estate assets and then leasing them back– e.g. factories warehouses retail stores etc.
3. Cutting costs – in every sense, with tight monetary control – e.g. cutting labour costs, research and development costs, safety, corporate sponsorship etc.
4. Moving into essential core services previously run by the State, that are in fact the necessities of life– e.g. health, power, water, transport, ports etc. These services are then provided at a higher cost, at the expense of the consumer and society in general.
5. Loading up companies with debt – while extracting equity. E.g. Share buybacks, interparty loans etc.
6. Tax avoidance schemes – locating companies in tax havens, transfer pricing.
7. Massively incentivising management to share in the profits of looted companies with individual remuneration packages–e.g. ‘If you sack your work colleague you will get a bonus.’

The endgame is to

- Find a buyer for the corporation that’s been taken over – in a short space of time usually 3-5 years. This is especially true in relation to North Asian and European companies which have a different model of capitalist development with a long timeframe and a bigger role of state and family-based businesses.
- List on stock markets to set up Equity capital, led by funds managers connected to the private Equity companies.
- Pass the parcel – sell to other private equity company to show you are the smartest guy in the room. ‘I can do it better than you can do it’.

The private equity funds are now the main players in United States and Australian Business with well-connected political groups dominating markets. They are overwhelmingly from the United States and especially New York. They scour the world for assets like a plague of locusts, devouring what they can.

As explained, this phenomena has been put on steroids since the Covid-19 crisis and the resulting stimulus from governments – both fiscal and monetary.

Most countries in Asia and Europe (Germany, Japan, France) are protecting their capital base with so-called national champions. Australia, while blocking Chinese investment, is welcoming private equity like never before and thus transforming the Australian economy. The question is – for who’s benefit?

Who are the Financial players reshaping Australia?

Private equity companies operating in Australia are mainly from the US where financialisation of the economy is at its most extreme due to US quantitative easing allied with other global central banks allowing insiders to wreak havoc in the corporate world.

US players dominate in Australia, including – KKR, Bain Capital, Blackstone, Texas Pacific, Carlyle, Oaktree Capital, Apollo Capital, Elliott Capitol, Friedman and Hellman Capital, Ares Management, Cyrus Capital. Other PE firms include Brookfield from Canada plus several investment firms from the UK and Europe. Australia also has several home grown PE firms – including Archer Capital, Champ Capital, Quadrant Capital and BGH Capital, backed by Australian pension funds.

Following on are the US funds managers and hedge funds, including BlackRock Investments, Vanguard, Fidelity Investments and Bridgestone Capitol. And the US investment banks who have operated here since Keating’s financial deregulation policies of the 80/90s – Goldman Sachs, JP Morgan, Citibank, Bank of America, Morgan Stanley and Lazard.

Europeans also have a significant presence with UBS, Credit Suisse, Deutsche Bank and Rothschild prominent in investment banking. UK banks have retreated during the global financial crisis. Hong Kong Shanghai Bank remains the major player still left in Australia.

Asian banks from Japan, China and Singapore have been steadily increasing their presence – the big four Chinese banks – and Japanese players are all operating here. They join the Australians led by Macquarie and the fast growing Magellan, IOOF, Perpetual – as Australia’s wealth management players. 

*Abe David is an author and researcher with a focus on the interaction between Australian and Asian Capitalism*

# Women of the world unite

Audrey McDonald and Brigitte Triems

**C**omrades: Lives of Australian Communists includes the stories of scores or remarkable Australians, a great many of whom were members of the Union of Australian Women (UAW), who devoted their lives to the cause of women, the rights of children, social justice and peace.

2020 marks the 70th anniversary of the founding of the UAW, a progressive working class women's organisation that took up the struggle for women's equality long before the Second Wave of feminism and before working women's issues were mainstream concerns of the trade union movement. 2020 also marks the 75th anniversary of the Women's International Democratic Federation (WIDF), the world body to which the UAW was affiliated.

WIDF was founded in Paris just six months after the end of World War II in Europe under the slogan "Never again a War". Jessie Street, the legendary Australian women's advocate, attended the WIDF founding conference. Many of the founders of WIDF were women who had fought fascism and whose family members had been subjected to torture in concentration camps. French scientist and Resistance fighter Eugenie Cotton was elected the WIDF's first President, and Auschwitz survivor Marie-Claude Vaillant-Couturier was elected its first General Secretary. Marie-Claude was a witness at the Nuremberg war crime trials.

The genesis of WIDF was International Women's Day 1943 when mainly French and British women in London resolved to create a global union of women as an anti-fascist celebration. They formed an International Preparatory Committee for the first World Congress of Women after the War which culminated in the founding of the WIDF on 1st December 1945. There were 850

participants from 41 countries who joined forces and stood up for protection of their children, for enforcement of their rights as mothers, workers and citizens, national independence, democratic freedoms and in defence of peace.

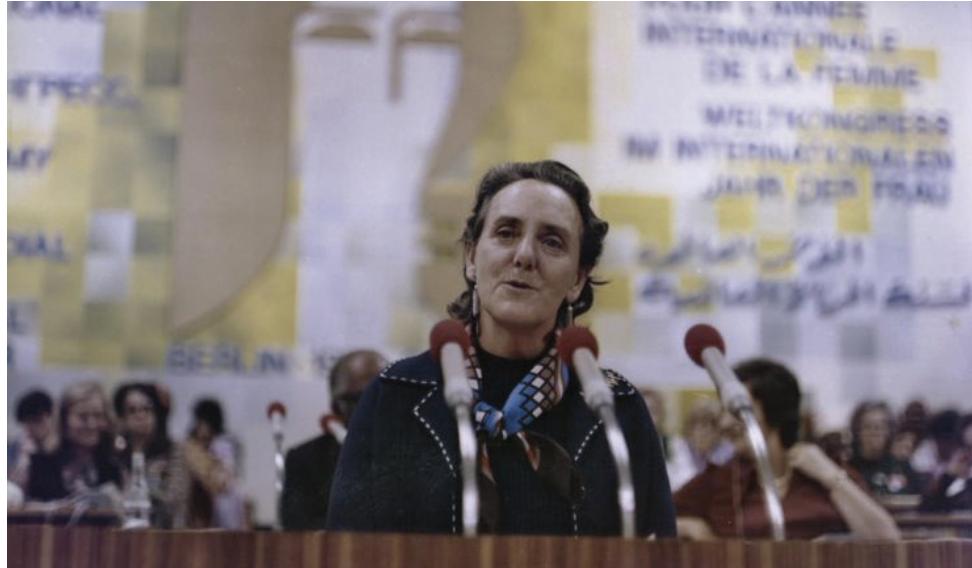
The WIDF saw they had to do everything to oppose war and that peace was a necessary prerequisite for implementation of women's and children's rights. Historian Francisca de Haan has described the WIDF as a progressive, left-feminist international umbrella organisation with a focus on peace, women's rights, anti-colonialism and anti-fascism, as being different to the established groups.

Originally headquartered in Paris, when the WIDF protested against the actions of the French colonial power and expressed solidarity with the Vietnamese people during the Indochina War, the French government ordered their expulsion from France in 1951. The WIDF then moved to Berlin until 1992. Today its headquarters are in El Salvador and its membership comprises 135 organisations from 120 countries.

WIDF attached great importance to the United Nations in support for the establishment of the UN Commission on the Status of Women and in 1972 proposed the International Year of Women for 1975. In 1975 the WIDF was one of the principal initiators of the UN Convention on the Elimination of all Forms of Discrimination against Women (CEDAW).

In 1975 UAW National President Freda Brown was elected WIDF President at its World Congress in Berlin. Freda was instrumental in International Women's Year and from 1972 attended preparatory meetings at the UN in New York with the assistance of the Whitlam Labor Government.

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Freda Brown (supplied)

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The highlights in the long series of activities of the WIDF included the world congresses of women in Budapest, Copenhagen, Vienna, Moscow, Helsinki, Berlin and Prague, the world congress of mothers in Lausanne and the opening of the health centre for the protection of mother and child in Hanoi.

The UAW supported the WIDF by supporting the UN and WIDF actions for the rights of women, the needs of children, and for world peace and solidarity with women of the Developing World. In particular, the UAW campaigned in support of nuclear disarmament and international solidarity with the women of Vietnam, South Africa and Latin America.

The WIDF and Freda were a source of inspiration to many women throughout the world and in Australia many of those activists became members of the UAW. Freda's story is published on the SEARCH website as part of the centenary celebrations of the CPA.

On the occasion of their respective anniversaries, we pay tribute to the pioneering women of the WIDF and UAW, and to the contribution they made in the struggle for women's equality, national liberation and peace. 

*Audrey McDonald is the Former National Secretary, UAW and Council Member of WIDF.*

*Brigitte Triems is the Former Secretary General, WIDF Chair, Democratic Women's Association of Germany*

## Why Ecological Socialism

Chris Warren

**T**wo traditional arguments for socialism are - firstly to enhance participation in democracy and increase social equity and secondly (more importantly), to ensure stable economic growth without exploitation and without structural contradictions. We now need to add a third - to deal with climate change and ecological degradation. All this is summarised in the SEARCH Foundation's objective of democratic ecological socialism.

With no capitalist exploitation, life takes on new meaning. Everyone is included and past discriminations fade away. The interests of one group need not conflict with those of another and all can grow wealthy through their own efforts without cheating others. This is our aspiration and has been stymied in the past only by Cold War politics, economic warfare, outright subversion and resulting distortion within past socialist attempts. Where capitalism fails to stem socialism, capitalist states such as the USA launch bloody invasions.

So far, capitalism has papered-over its difficulties by availing itself of so-called countervailing tendencies, exactly as Marx suggested. An increasing population artificially protects profits and introduces capital gains. Capitalists maintain profits if the share of GDP paid to labour falls. They maintain profits in monetary terms if they increase per capita debt and wages do not increase at the same rate. Firms can maintain profits if workers accept lower real wages but yet gain higher standards of living by consuming imports from overseas where wages are a fraction of what they are in Australia. You can also maintain profits if you utilise the cheapest non-wage costs in production even if this risks the environment - particularly due to fossil fuels and waste disposal. Capitalists deploy these policies to increase their competitiveness and to maximise profits.

Traditional socialism was often reduced to workers' co-

operatives and to forms of self-management, as in Yugoslavia. Workers retained ownership of their means of production and to the revenues that flow when products are sold. Compared to capitalism, this constitutes a political and economic revolution and ensures that assets are not used to produce profits for capitalists. Capitalists will no longer restrict workers' incomes to a fixed wage, leaving the rest for themselves, their bankers and shareholders. However traditional socialism was inadequate as there was little in cooperative and self-managed frameworks to stop one cooperative or workers' business competing against the rest and so, again, seeking the cheapest inputs and damaging the environment, while casting a blind eye towards future problems.

The socialist principle - from 'each' according to ability; to 'each' according to contribution - still retains a form of private ownership with respect to the rest of society and still consists of sending commodities onto markets where supply and demand do their thing. Each coop runs their own accounts and business plan. If they now convert what was once profit-maximising strategies into their own income maximising strategies they could resist adopting more expensive but enviro-friendly techniques and so the classic 'prisoner's dilemma' emerges. If one coop retains cheap production and the rest switch to expensive modes of production, then the cheaper coop reaps a huge reward by out-competing the others on price. Unfortunately, as each coop considers their options independently, they all may tend to choose cheaper (carbon) techniques hoping that others adopt more ecological (but expensive) forms of production. This is the dilemma. The end result is a climate catastrophe for all, even under socialism.

SEARCH needs to find a solution to all this and luckily that is not so difficult. The 'prisoners dilemma' is not restricted to climate issues. For example, if some firms

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compete by switching to cheap imports, by the same logic, other firms have to follow even if they preferred to do otherwise. If one firm reduces workers' wages or entitlements, other firms have to follow. This means that all those operating in commerce are at risk from both their fellows in Australia using domestic inputs and from offshore interests accessing low wage and cheaper alternatives. However, this means that wage earners and local businesses have a common interest in setting new standards of commerce. Small family businesses without the means of operating internationally are particularly at risk and often end up bankrupt and working for wages. They just need to identify their common interests. This

is critical and SEARCH needs to develop a role here.

Unless workers and struggling small businesses start developing a socialist path of their own making, frustrated workers and disgruntled middle-class elements could fall prey to any right wing demagogue that comes along. Socialism immunises against this threat and, through alternative economic and political structures, introduces the ecological, business and labour standards humanity truly needs. This, in time, benefits everyone. ☞

*Chris Warren is a long-time SEARCH Member from Canberra.*

## True Militancy

Nivek Thompson

**T**hroughout history militant peoples' action has been pivotal to winning social justice.

*Mindful Militants* is the latest episode in the Masterclass for Activists podcast series.

It features Lisa Fitzpatrick (Victorian Secretary, Australian Nursing and Midwifery Federation), former Senator Doug Cameron and labour movement elder Tom McDonald in discussion with Emeritus Professor Ed Davis about the role of militant tactics in pioneering social change.

*Mindful Militants* includes folk artists Chloe and Jason Roweth performing *Norman Brown*. Norman was the twenty-nine-year-old coal miner shot dead by the police on 16 Dec 1929 during a lockout dispute at Rothbury NSW.

This engaging and informative episode unpacks militancy, the difference between good and bad tactics, and the role that values-driven leadership and culture plays in successful peoples' action.

The discussants explore what different forms of militant action have achieved for nurses and midwives, building and manufacturing workers. They argue that militancy must be shaped by values and principles, be used for a just cause, and be smart and strategic as well as tough.

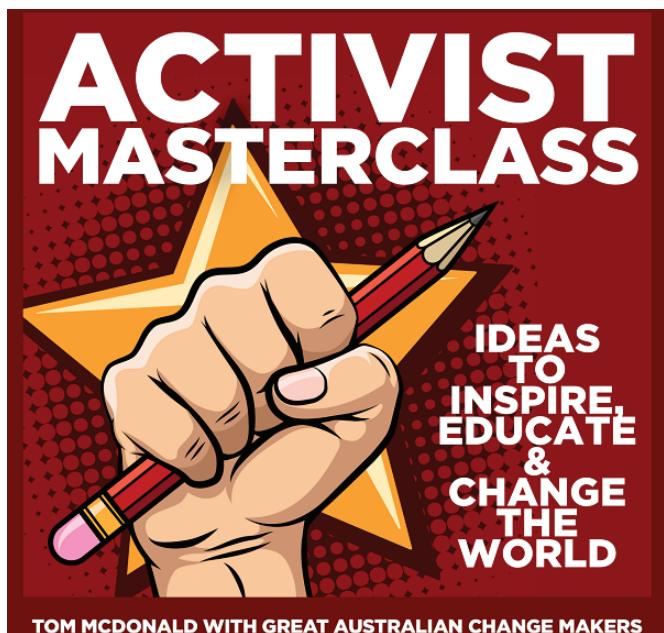
Over the years some have regarded any form of direct action against employers as legitimate in the fight for justice. In *Mindful Militants*, Doug Cameron says true militants should have no truck with arrogance or violence.

Says Tom McDonald: "True militancy is about democratically determined, decisive and conscious action that empowers workers and builds the unity of the workers .... industrial action is not militant action if it involves undisciplined and unacceptable behaviour and if it puts short-term considerations ahead of the long-term interests of the working class or brings the union movement into disrepute because that is doomed to lead the workers to defeat. So, a good militant tactic is one that advances you towards your objective and a bad tactic is one that you cannot defend in the eyes of the community"

*Mindful Militants* builds on its predecessor *Strategy for Success* featuring current and former ACTU secretaries Sally McManus and Bill Kelty by explaining the place of militant tactics in winning strategic objectives.

The "Masterclass for Activists" series is available on all good podcast platforms. ☞

*Nivek Thompson is the Producer of Masterclass for Activists*



# Queensland Election - Good state result for progressives, but national implications less clear

Paul Norton

The Queensland State election on 31 October 2020 was a positive one for the progressive side of politics at State level.

Labor increased its vote from 35.4% in 2017 to 39.6%, increasing its representation from 48 to 52 of the 93 Legislative Assembly seats. The Greens increased their representation from 1 to 2 seats, and came close to winning two others. While the Greens primary vote was down from 10% to 9.5%, this can be accounted for by a gain of 1.2% by progressive single issue micro-parties.

The combined vote for the right-of-centre parties (LNP, One Nation, United Australia Party, Katter Australia Party) was 46.2%, down from 49.8% in 2017. The LNP lost 5 of its 39 seats. The big primary vote loser was One Nation – down to 7.1% from 13.7% in 2017.

Labor's State-wide campaign themes centred on its management of the COVID-19 emergency and its economic recovery plan. Candidates in individual electorates also stressed achievements in terms of service delivery, funding for schools and health services, and local environmental initiatives. The downside of the customisation of the Labor message to Queensland's diverse regions was that Labor candidates in central and northern Queensland were spruiking the Palaszczuk government's approval of multiple coal mines in those regions. This invited ironic social media responses from Greens supporters presenting those candidates' memes alongside south-east Queensland Labor candidates' memes highlighting their climate policy credentials.

Queensland's regional diversity is perhaps a bigger problem for the LNP. One theme of post-election commentary is that the merger of the Liberal and National Parties into the LNP has been a failure, as the merged party is both too conservative to compete with Labor in the metropolitan south-east, and too liberal to compete with the authentic rural conservatism of Katter's Australian Party in the north and west. Nonetheless, the LNP campaign resorted to frankly reactionary appeals on some issues, notably its proposals for a "crackdown" on "youth crime" in Townsville. Voters in seats in the Townsville area recognised this as a dog whistle on issues arising from Aboriginal youth disadvantage in the region which require more constructive solutions. Labor consolidated its hold on all three Townsville-based seats.

Labor also improved its vote in areas of the Gold Coast and Sunshine Coast that have historically been bastions of LNP support. In the line of towns from Palmwoods to Pomona in the Sunshine Coast Hinterland, the combined Labor and Greens primary vote exceeded the combined right-wing parties' vote. This contributed to Labor winning the seat of Nicklin for the first time. On the Gold

## THIS ELECTION IS A CHOICE

Between strong leadership on health and a recovery plan for jobs,



Queensland Labor election advertising, 2020



or reckless decisions on borders against health advice and a plan for job cuts.

Coast, Labor's Meaghan Scanlon turned her toehold on Gaven into a fairly safe grip, whereas the LNP's once comfortable holds on Bonney, Burleigh, Coomera and Currumbin have now become very precarious.

Gaven is a seat of outer metropolitan character, and Labor achieved above-average swings in several such seats in Brisbane and the Gold Coast. These results are a striking contrast with Labor's two party-preferred performance in such areas in the 2019 Federal election. Recently Federal Labor MP Chris Bowen has stated that Labor needs to win in the suburbs if it is to win the next Federal election. While part of this task will involve closing the gap between Labor's Federal and State vote in outer metropolitan Queensland seats, it should not be assumed that this can only be achieved through a conservative or traditional platform presented by candidates of a "Blue Labor" brand. Meaghan Scanlon, for example, is a young feminist from Labor's Left and a supporter of the Labor Environmental Action Network. University of Queensland economist John Quiggin has criticised Bowen's position, arguing that "Labor would do best to present a coherent centre-left platform, and seek to appeal to all its current and potential supporters, rather than focus on some and deliberately alienate others".

The Greens' gain of South Brisbane from Labor was the culmination of decades of activism and base-building in this part of the city. The downside from a Left perspective is that this gain came at the expense of Jackie Trad, one of the most progressive members of the Labor caucus. To date, nobody has come up with a way to avoid such head-to-head contests between Greens and progressive Labor candidates in inner-urban areas. However it is both possible and necessary for both parties to find ways to avoid some of the unpleasant sectarianism that manifested itself in the contest for South Brisbane. ☺

*Paul Norton lives in Queensland and is a former SEARCH Returning Officer.*

# China's longer view

Roger Keyes

I am writing this piece in an attitude of deep disappointment at the way our quasi-democracy is more and more mired in its hypocrisy, and it is occasioned by the latest round of diplomatic failure on the part of the Australian government. I do not pretend that what is reported to be China's behaviour especially in this century is exemplary. However, we and "like-minded democracies" are not qualified to point moral fingers.

The Australia-China relationship is a couple of centuries old, and our failure to realise, or, perhaps, remember this fact seems to me to be a major cause of the problem. This historical context, the shortness of our memory in contrast with the length of the Chinese memory, is the root of the problem. Ever since the Second World War there has been a massive build-up of Western (mostly US) military bases encircling (the word has been "containing") China. We have lately felt it necessary to claim that we do not have an "enemy" in mind; it is about "self defence", and we do "war games" with no adversary in mind!

Does anyone in the defence establishment or the diplomatic service (what remains of it) really think that Beijing believes this claim? Or that the Chinese should not feel "contained"? Do these people really think that Beijing is not justified in pushing back? The idea that China will not want to secure a safe navigation passage through the South China Sea, and fortify it, in the face of the multitude of US and allied military bases scattered around in the north west Pacific is quite ludicrous, but typical of the myopic vision of the Western Powers. Australia, in particular hosting US Marine personnel, the Pine Gap spy facility, and demonstrating for decades a sycophantic willingness to follow the dictates of the US military establishment, could certainly reasonably expect to arouse Beijing's anger.

Currently we confront trade tariffs imposed by China. Again, our amnesia blinds us to reality. What reaction could we expect to the banning of Huawei from doing business in this country? We say that we are protecting our "national interest", but it seems to me that it is highly insulting to assume that Huawei must be a security risk to our national communications. The

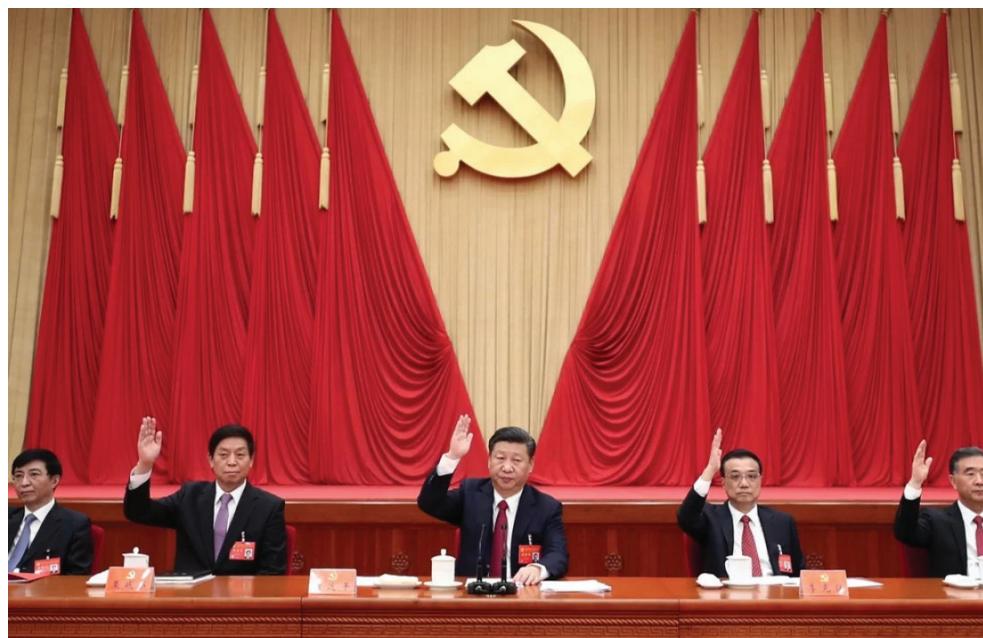
truth that we need to acknowledge is that the Chinese are seriously tired of the insults of Western imperialism. However offensive their reactions might be (if the reports we hear are truthful ... and that's not guaranteed), it seems to me that our wisest course of action would be to learn the truth of the long historical view. Just as our short historical view of Australia hides deep cultural currents which could inform much more progressive policies in relations with the First Nations, so in our international relations, myopia, amnesia, hypocrisy and sometimes hysteria make progress so very difficult.

Who decided what rules constitute the "Rules-based Order"? How does the USA escape criticism for its refusal to be party to the International Criminal Court? What justifies Israel's total disregard of UN Declarations, especially on Palestine? How is the Blockade on Cuba justified?

We well remember the huge crowds who gathered to tell John Howard not to go to war with the USA in Iraq. Was that the behaviour of a "like-minded western democracy"?

Surely those working in foreign relations in Beijing are justified in posing these questions and seeing the hypocrisy displayed. Our politicians might say that they are not relevant to the current situation, but if they (or we) are to make progress, we must also look at the situation through the eyes of the Chinese. It is quite impossible that we can avoid the long view of history. ☩

*Roger Keyes is a SEARCH Member from Adelaide.*



(Photo: South China Morning Post)

# The saga of Mountain Maid: yet again, management stuffs up

Max Ogden & Tony Webb

**M**ountain Maid was a fruit, vegetable, and juice canning and bottling plant, based in beautiful Batlow, in the Snowy Mountain's foothills, renowned for its cooperative fruit growing, particularly apples and pears. As with many similar processing plants established in fruit growing regions the Batlow cannery was an essential part of the local economy providing local jobs alongside work in the orchards and the cooperatively run packing plant where it provided a secondary market for hail-damaged and other fruit not suitable for the 'fresh' market.

Despite this, it had been struggling for some time even though Mountain Maid was a well-known brand name, and its products were well regarded. An earlier rescue effort in the mid 1970s had resulted in the Batlow cannery being subsumed by the Letona Cooperative Cannery in the Murrumbidgee district. In 1993 it again came under threat of closure when the Letona Coop went into receivership.

Following discussions with the Food Preservers Union, as it was then known, we visited Batlow to have discussions with employees and their union representatives, and with the local fruit growers who supplied the cannery. There was considerable concern around town over the future of the plant and a general concern within both workforce and community over how the plant had been managed for years. It took some three weeks of patient listening to the litany of concerns to build community support for an open meeting to explore if and how the situation might be addressed.

In the event, the meeting held in the local RSL was packed. Workforce and management, growers, and local community leaders turned out in force. The Banks and Receivers sent representatives, accompanied by armed security guards.

We arranged for Tom Schneider, a US workplace consultant, an ally of US President Bill Clinton, who had opened an office in Melbourne, to visit the plant, to provide some advice as to how we should proceed. Tom has since become well-known in the US for his close working with the unions and management at Kaiser Permanente, which over twenty years has turned them into the US's largest and most efficient and successful health organisation. We also arranged for ACTU Secretary Bill Kelty to attend and announce that there was potential support for a buy-out rescue operation financed by CBUS, one of the leading industry superannuation funds.

The show of support, potential for finance, and voices

speaking to a new era of co-operation, and constructive engagement between the union, employees, management and growers convinced the Receivers that a rescue package for Mountain Maid, but not the rest of Letona, was a viable option.

The strategic plan was for CBUS to purchase Mountain Maid and implement changes based on the ideas from workforce and growers to get it back operating efficiently and innovatively. We had in mind that, once successful, it might be purchased back as a community co-op, owned and managed by employees and the growers.

At this point the best-laid plans started to come apart – to go pear-shaped. CBUS had a relationship with the Marriner Group, who were large players in construction, and theatre management. Marriner recommended a retired sales manager as the CEO for the plant. Unfortunately his vision was limited to image-rebranding of Mountain Maid products rather than managing the whole operation with a focus on building cooperation between all stakeholders. It soon became obvious that he was not up to the job, and certainly had no idea or commitment to co-operate with the union and employees.

This was painfully apparent at the end of a Search Conference that we organised for stakeholders to follow up on the initial ideas for rescuing the plant from its history of problems. The conference was run with support from the Australian Centre for Best Practice, and produced outline plans for some radical changes to supply, processing and marketing of apple products. Traditionally the quantity and quality of fruit supply for processing was highly variable year on year, largely as a result of between 5% and 15% of fruit being small, under/over ripe, hail damaged or otherwise rejected as unsuitable for the fresh fruit market by the Batlow Fruit Coop packing house, whose product was marketed under the popular Batlow Apple brand. Already our shop steward who worked in the laboratory, was hard at work developing new products, including an especially good cloudy apple juice. In their spare time, stewards were taking these new products to local country shows to test them with the public, and getting a good response.

Some years, including those leading up to the Letona/Mountain Maid collapse, had seen shortage of supply, with Mountain Maid competing with processors in the Riverina and South Australia for fruit – with the result that some fruit from Batlow went to those regions and fruit from those regions was trucked into Batlow - something that benefited the local transport industry but not the Cannery. At the same time growers were planning to

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push over fruit trees in some of the orchards because of age or lack of demand for older varieties.

The tentative plans emerging from the Search Conference included growing supply with new plantings that would be subject to a very different harvesting regime. Instead of a series of picks selecting quality fruit for the fresh market throughout the season there would be an early 'fresh pick' for this market with the remaining fruit then being left to ripen (increasing the Brix/sugar content) with a 'strip pick' of this fruit now more suitable for processing. This later strip pick could be done in part mechanically rather than by hand with bulk metal container handling instead of the labour-intensive wooden orchard fruit bins. It would be fed into the processing plant with new bulk handling equipment to reduce time and wastage at this stage of the processing. It would have guaranteed supply of about 40% of the orchard fruit for processing rather than the traditionally highly variable 5-15%. These and other ideas were documented in the report on the Search Conference. But much was undone in the closing moments of the conference when the new manager announced that he would be holding a meeting to review the plans with plant managers in the room when workers, growers, union reps and others had left. As we walked out several commented "So this is the new cooperation is it!"

The community meeting, the Super-Fund buy-out, the Search Conference, and the many conversations brought forward many ideas, a lot of enthusiasm, some great ideas for changing systems, new methods of work, new products, etc. - all to go down the gurgler with the management sending the message that they were not going to take much notice of ideas of other stakeholders. Our

lack of confidence in the new manager was conveyed to Marriner, who resented our criticisms, which he rejected – management rules even when the evidence shows it doesn't know best. The union offered to take on the job of collaborative management, with an elected team comprising management, employees, and union stewards, for six months to get the process moving, but this was rejected by Marriner and CBUS.

Letona closed in 1994. Mountain Maid struggled on for a few more years. CBUS sold it off for \$1, and it is now being demolished. Cross words were exchanged with Marriner when our paths crossed on a flight from Sydney one day, when we made clear that his manager was responsible for the demise of Mountain Maid.

And the lessons? This should never have happened. There was such commitment from the employees, their union, growers, and local community, that there is no doubt that Mountain Maid would definitely have remerged as a successful, locally and democratically owned producer of good quality, healthy food. But very poor management, lacking in any vision and commitment, wanting to maintain an old fashioned, hierarchical management structure, ensured its loss.

This story of poor Australian management can be repeated many times in explaining an important reason for the demise of Australian manufacturing. The experience also highlights how a co-op must not only be owned democratically, but must be managed democratically, with the workers and their union/s having a major influence in both its long-term business strategies, and in the day-to-day operations to achieve those objectives. ☺

# Democrats need to galvanise the Working Class to ensure future victories

Dr Tristan Ewins

**A**s a Biden-Harris victory becomes apparent in the United States Presidential race it's well to consider the various stratum of voters and how they have determined the result. The future is still in question. Although Trump has lost, voters came out for both tickets in record numbers. The Democrats need to sustain their current base, and indeed improve upon it in the future.

There's the question of how the Democrats might in the future do even better and win control of Congress as a whole, including the Senate. At the moment policy gridlock is a real prospect.

Despite Trump's loss people are now speaking of the white working class as if it is a 'natural' Republican constituency.

In a way the Left in the US let this happen. Not only did the white working class turn away from the Democrats; the US Left turned away from the white working class as well. Today class is seen as secondary to racial, sexual and gender identity.

In reality all of these things matter and the Left needs to build a united front. But be careful telling a white working class man on minimum wage how privileged they are. 'Intersectionality' needs to be more complex and nuanced. We need to do more than just stacking a number of identity categories on top of each other. Rather we need to look at specific individual circumstance. The working poor – whether black, latino, white - are not 'privileged' in the big picture. We also need to look at the social and economic 'structure' (i.e. patterned social relations), and the strategic position of the working class in this.

Another problem is the myth of the US 'middle class' standing in the way of solidarity between workers more broadly. The US class structure locks the working poor in place to support the consumption of middle-income Americans; but leaves 'middle-income' Americans insecure enough to be vulnerable industrially. (The old reserve army of labour again; with lack of labour market regulation and industrial rights; and a lack of a 'social safety net' as well). We need solidarity across the whole working class, against the top 10% - the rich and elements of the self-interested labour aristocracy. 'Middle income' is not the same as 'middle class'.

Again we need to emphasise solidarity across the whole working class. But I think the privilege of working poor white people can be exaggerated. Race, gender



and sexuality are seen as more important in determining privilege than class. Again, in reality, it all matters. That said, black people have problems with the police which white people don't have. Men don't have to worry about reproductive rights. There's still homophobia out there. But it's not helped when some people talk of 'poor white trash' and so on. The Right understands the meaning of 'divide and conquer', and the Left should not fall for it.

I'm not saying ignore sexuality, race and gender. I'm saying what we are doing to a large extent is ignoring class. I'm saying we're hurting ourselves electorally and culturally by not attempting to mobilise the working class as a whole. I'm saying you should not just write someone off because they're a white male. And our language should reflect this. They could be working poor, unemployed, disabled and so on. Or they could just be working class, which is the layer with a broad enough and strategically placed base to potentially transition from capitalism.

I'm saying we should also look at peoples' individual circumstances when working out privilege. The New Social Movements arising from the '60s onwards are a crucial constituency, and reinvigorated the Left in many ways. But the fact is workers are still alienated, immiserated and exploited under capitalism. And the fact is the American Left needs a strategy to win back white workers - not because they're more important in and of themselves, but because the working class is stronger when united; and there's an important (and sizeable) constituency which can be the difference between victory and defeat.

For instance, there is the US Senate where a Republican majority could potentially stymie meaningful change. A stronger electoral showing could overcome this. Race,

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sexuality and gender are important; but we can't allow them to become all-encompassing fault lines. Again, it's about divide and conquer. Don't let it happen. So don't 'write people off' because of identity categories. Take each person as an individual. The point is many workers are voting Republican and they shouldn't be. What's gone wrong here and how can we fix it?

Some people are trying to pin the blame on 'academic elites', with 'Critical Theory' and 'Cultural Marxism' depicted as alienating the working class. But critical theory is diverse. Habermas is less about 'identity' than Marcuse. While Habermas looks at 'Legitimation Crisis' stemming from attacks on the welfare state, Marcuse looks to New Social Movements to 'fill the vacuum'.

The problem is that the working class as seen by Marcuse in the 1960s is not the same as today's working class. Today's working class has not been 'bought off' by prosperity, but is highly exploited and alienated. In particular, there is job insecurity, a weakened labour movement, and a falling wage share of the economy. But a 'popular front' of working class and New Social Movements is the only way to win today. So the Right pays great attention to dividing us against one another with narratives on 'political correctness' and the like. The Left needs a narrative which engages with more socially conservative workers while not compromising on principle.

In Australia we don't campaign effectively on class either. We need to make peoples' economic self-interest transparent. If we could do that, we wouldn't have to worry so much about "aspirationalists".

Looking at how many votes Sanders got, the liberals

still do need the socialists in the Democratic Party, and vice-versa. Biden's victory is largely because the Left base turned out. This needs to be impressed upon Biden so that Biden makes it a top priority to deliver on policy. An active industry policy creating new manufacturing jobs – especially in 'rust belt' states – could be offered in return for health reform (a public option) and an indexed \$15 minimum wage. If the Republicans refuse to come to the table here they turn their backs on the working class constituency the Democrats must try and win back. So perhaps they will be open to a compromise favouring the Democrat policy agenda. And then the Democrats can take credit for the policy as well.

Antonio Gramsci talked of a 'counter-hegemonic historic bloc', an alliance of forces – including the organised and conscious working class and 'organic intellectuals' embedded in that class – as the key to socialist transition. To this today we must add the New Social Movements. A counter-hegemonic bloc must include the broad working class. And if meaningful progress is to be attained the Left cannot allow large swathes of that class to remain feeling alienated from and overlooked by the Left.

In short, this means appealing to the working class as a whole, and emphasising class at least as much as race, gender and sexuality. It means not allowing a critique of race and gender to prevent us from identifying class-based disadvantage. It means not "writing off" white male workers because of race and gender, but rather applying a nuanced intersectionality which appreciates peoples' unique circumstances - and building solidarity based on this inclusive approach. ☺

## The gift of wisdom for the New Year

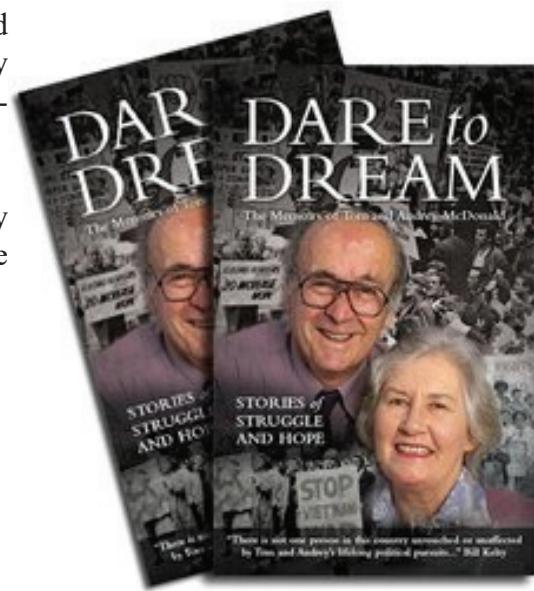
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# RCEP trade deal could impede post-COVID local industry recovery and ignores labour rights and the environment

Dr Patricia Ranald

The giant Regional Comprehensive Economic Partnership between Australia, China, Japan, South Korea New Zealand and the 10 ASEAN countries\* was signed online on 15 November and the text finally released. India left the negotiations in November 2019, but the deal still covers one third of the world's population and economic output.

Australia and other governments refused to release the text until after it was signed, which continues the secretive and undemocratic trade agreement process in Australia.

India left the deal because of concerns about the RCEP's potentially negative impact on its local industry development. Since Australia already has free trade agreements with all of the other RCEP member countries, India's absence means there are no additional export opportunities for Australia.

The government has failed to commission any independent study of the economic costs and benefits of the RCEP in Australia, so we don't know the actual impacts. The government claims Australia will benefit from the symbolic value of the RCEP commitment to open economies and from common regional trade rules and customs procedures.

We do know that the RCEP text was completed before the COVID-19 pandemic, and has not been revised since. The government took actions during the pandemic to increase our local manufacturing capacity to produce medical equipment, vaccines and other essential products. These in fact contradict the rules embodied in the RCEP which say governments should not give preference or assistance to local industries. The Prime Minister has since announced longer term local industry support and the Trade Minister has said that the challenge for future trade policy is "to get the balance right for Australia by having domestic capacity in key certain areas."

But despite this rhetoric the RCEP text shows that it will integrate Australia further into regional production chains and discourage government assistance for local industries at a time when more active industry policies are needed to rebuild the economy in the wake of the pandemic.

Many other RCEP rules go far beyond traditional trade issues. They open up essential services like health, education, water, energy, telecommunications, finan-

cial services and digital trade to foreign investors and restrict the ability of future governments to regulate them in the public interest. RCEP rules will restrict the flexibility governments need to deal with future crises like pandemics and climate change.

The RCEP has no commitments to labour rights and environmental standards. The deal includes countries like China and Myanmar where there is mounting evidence of labour rights and human rights abuses. But there are no provisions to deal with issues like forced labour or child labour, and no mention of climate change.

There are also some positive omissions, which are wins for community campaigning. The release of the text confirms that, despite their inclusion in early leaked drafts of the text, there are no special rights for global corporations to sue governments, known as Investor-State Dispute Settlement (ISDS), although this may be revisited two years after ratification. Nor are there increases in patent monopolies for medicines above the WTO standard of 20 years. These proposals were modelled on the original Trans Pacific Partnership (TPP) between 12 Pacific Rim countries but community campaigning meant they were opposed by India and most ASEAN countries.

Community organisations and unions from the region have spoken out against the RCEP. The next step in Australia is a review by a parliamentary committee with a government majority which cannot change the text, before parliament votes only on the implementing legislation, not the whole agreement. This review will be announced in February 2020. AFTINET and other community organisations will make submissions and lobby MPS and Senators to look past the spin and consider the real costs of the RCEP to workers and communities. See [aftinet.org.au](http://aftinet.org.au) to see how you can support this campaign.

\*ASEAN members are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. 

*Dr Patricia Ranald is the convener of the Australian Fair Trade and Investment Network (AFTINET)*

# Review: Picketty has a program to transcend hypercapitalism

Paul Norton

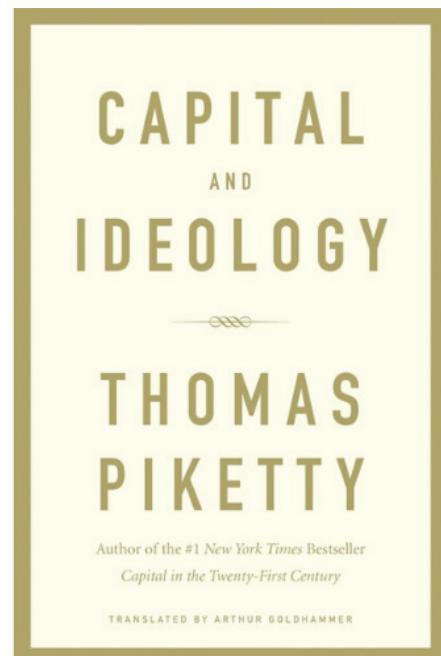
*Capital and Ideology*, By Thomas Piketty; Arthur Goldhammer, translator; Harvard: Cambridge, 2020.

**S**EARCH has its origin within a current of Marxism that sought to be non-doctrinaire and open to the best insights of left and progressive thought outside of a Marxist paradigm. Thomas Piketty, a non-Marxist socialist, is currently the world's most influential left-wing economist on the strength of his *Capital in the 21st Century*, and his work should therefore be of great interest to SEARCH members.

The subject of *Capital and Ideology* is “the history and evolution of inequality regimes”. Piketty defines an inequality regime as “a set of discourses and institutional arrangements intended to justify and structure the economic, social and political inequalities of a given society”. Their history and evolution is described through historical stages including pre-modern “ternary societies” in which noble and religious elites compete to rule subject classes, the emergence of “ownership societies” in Europe in the modern era, and the slave and colonial societies created by the imperial projects of the major ownership societies.

In doing so Piketty is strongly empirical, seeking to describe and provide evidence of the key structures of inequality in those societies rather than simply asserting their existence, and constantly emphasises the role of justificatory ideologies as a bulwark of those regimes. This is evidenced in Piketty’s definition of ownership society (which we would usually call capitalism) as “A social order based on a quasi-religious defense of property rights as the sine qua non of social and political stability. Ownership societies flourished in Europe and the United States in the nineteenth and early twentieth centuries.”

Piketty then proceeds to discuss the crisis of “ownership societies” in the twentieth century, and the two main projects to reform and transcend ownership society, namely social democracy and communism. Social democracy significantly, but incompletely, reduced inequality and the sacrosanct status of property in western capitalist societies. This is seen by Piketty as reflecting the importance of ideology and of political mobilisation: “what made economic development and human progress possible was the struggle for equality and education and not the sanctification of property, stability or inequality”.



This progress has been significantly reversed by the emergence of “hypercapitalism” in the West and globally since the 1980s, which has proceeded in part because of weaknesses in social democratic projects and the inability of the democratic left to respond to the challenges of globalisation. Piketty also criticises communist societies, arguing that the communist economic model failed for intrinsic reasons, then goes on to critique the different kinds of inequality regimes that have developed in the post-communist states of Europe on one hand, and in China on the other.

A key political development that Piketty sees emerging in hypercapitalism is the replacement of the former left-right conflict centring on economic and social inequality with a conflict between a “merchant Right” (basically parties such as the US Republicans and Australia’s Liberals supported by wealthy individuals and corporations) and a “Brahmin Left” (basically parties like the US Democrats and the ALP controlled and largely supported by tertiary educated elites). Related to this, the non-tertiary educated working class has increasingly turned to “social nativism” (think Trump, Brexit, One Nation and anti-immigrant parties in Europe).

Much commentary sees the emergence of the Brahmin Left, and the working class turn to social nativism, in terms of left parties becoming too “politically correct” and focused on issues of gender, race and ecology, but Piketty refutes this, arguing instead that these are the result of centre-left parties ceasing in recent times to be concerned with improving the position of the materially disadvantaged through redistributive policies, and

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more concerned with the interests of the winners of the education competition – who, in capitalist societies are largely those already advantaged in terms of personal and family material privilege.

Piketty then outlines a program for succeeding hyper-capitalism, combating social nativism and radically reducing inequality.

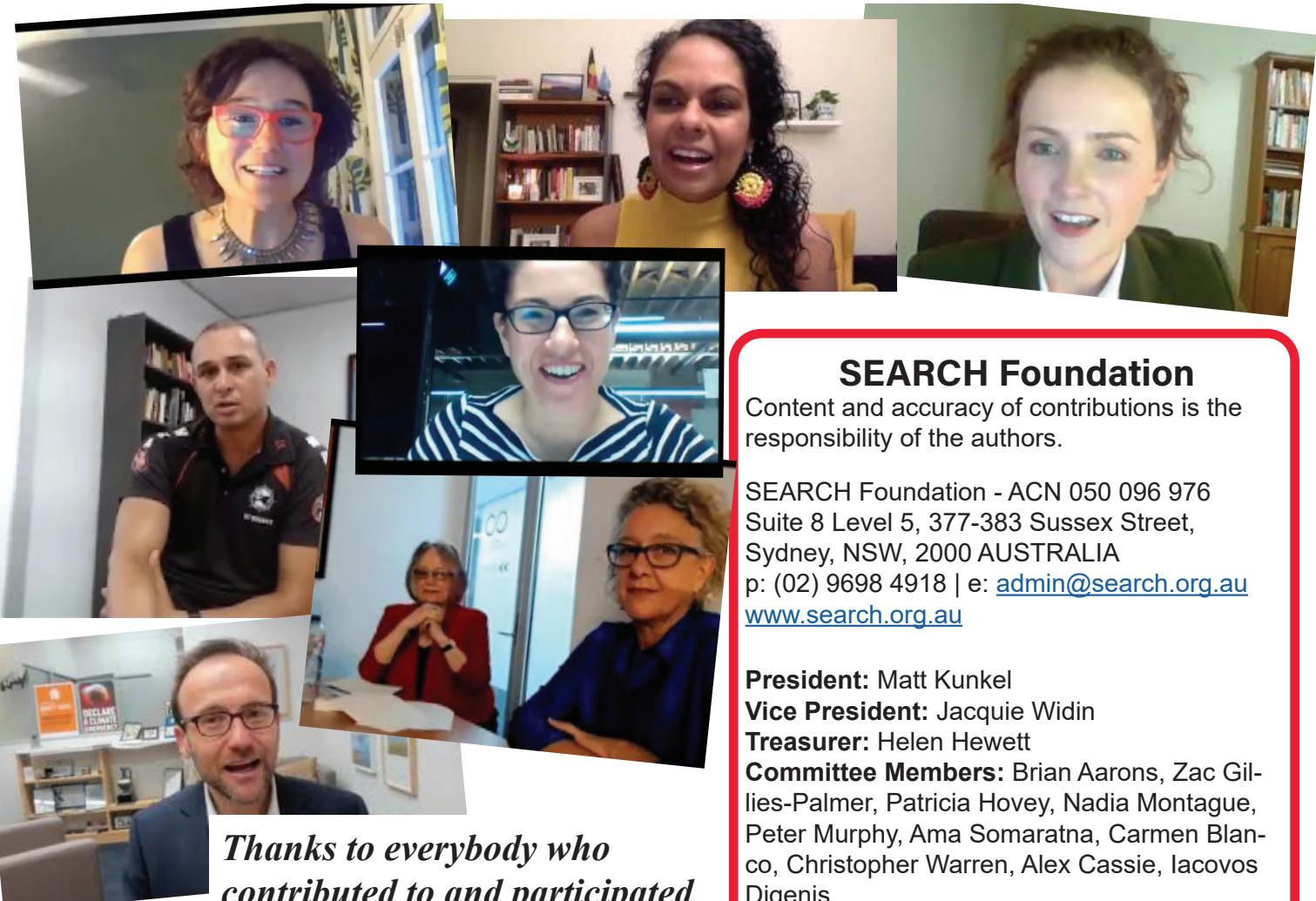
The two key elements are “social federalism” and “participatory socialism”. The former entails cooperation between nation-states on a regional and ultimately global scale in support of shared social and economic goals, including to ensure international information-sharing to counter financial speculation and tax avoidance, and generally re-embed global markets.

The latter includes progressive taxation of property, inheritances and income, worker co-determination in enterprises, diffusing capital ownership to provide a universal capital endowment to all citizens, promoting social ownership, making private ownership temporary, a universal basic income and just wages, progressive taxation of carbon emissions, and radical measures to promote equal access to education.

*Capital and Ideology* runs to 1,100 pages, making it difficult to review in just 800 words. While perhaps not as ground-breaking as *Capital in the 21st Century*, it contains much food for thought for members of an organisation committed to democratic ecological socialism. If only it could be bought for a cheaper price than the \$84 I paid for my copy! ☺

## SEARCH Foundation's 2020 events by the numbers

23 events      2000+ attendees      2700+ views on YouTube  
250,000+ likes, shares and views on Facebook



**Thanks to everybody who contributed to and participated in SEARCH's events in 2020. We wish you all the best for the holiday season, and we'll see you again in 2021!**

### SEARCH Foundation

Content and accuracy of contributions is the responsibility of the authors.

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