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Articles are generally about 7,000 words long but may be significantly shorter or more extensive, depending on the nature of the material and topics.

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From the editors

This is the third edition of the second version of *Marxist Interventions*. It began as an archive compiling articles that dealt with capitalism and struggles in and around Australia, over a decade or so. Many of these articles would have been otherwise unavailable to more than a tiny circle of readers. That first version of *MI* was very useful, but the flow of material largely dried up about five years ago. In response, we re-launched the site as a journal. This allowed us to take initiatives in soliciting material, and to publish two annual editions with articles on a range of important topics, including Australia's peculiar reaction to the global financial crisis, historic industrial struggles, the 1999 Australian intervention in East Timor, and a debate on building socialist organisations.

Over the past year and a half we have endeavoured to sustain this flow of articles but with only modest success. The two articles we are publishing as the third edition, on the interaction between struggles against oppression and over wages and conditions, and the global financial crisis, are valuable. But our inability to secure additional material of a similar standard and usefulness indicate that the journal cannot currently be sustained as an outlet for studies whose main goal is to assist expansion of practical Marxist politics in Australia. At the same time, many writers and potential writers are attracted to another journal which we also support, *Marxist Left Review*. We believe the most constructive next step is to contribute to that publication.

We thank all the contributors to *MI* for their efforts and congratulate them on what they have achieved.

The fire last time: the rise of class struggle and progressive social movements in Aotearoa/New Zealand, 1968 to 1977

Brian S. Roper¹

Abstract

A dramatic upsurge in working class struggle, surpassing in magnitude the rise of the Red Feds from 1908 to 1913 and the 1951 Waterfront Front Lockout, took place in New Zealand from the Arbitration Court's nil general wage order in June 1968 to the union movement's defeat of the Muldoon Government's attempted wage freeze in 1976. This article describes and analyses these struggles and their impact on progressive social movements, particularly the anti-war, women's liberation and Māori protest movements.

The potent combination of protest and television coverage of it sparked what conservative commentators... call a 'contagion of protest'. For the rest of the [1960s] and on into the 1970s, there seemed to be a super-abundance of causes that would bring people out into the streets: the arrival of Lyndon Baines Johnson, the first visit to New Zealand of an American president in office (1966), visits from American Vice-President Hubert Humphrey and Secretary of State Dean Rusk; students protesting against the level of university bursaries; the Russian invasion of Czechoslovakia; the decision to install an Omega navigation beacon in the South Island; the closure of some parks in Auckland to public use; the proposal to raise Lake Manapouri to generate additional electricity; the continuation of sporting contacts with South Africa; and, through the 1970s, issues of Māori, women's and homosexual rights.²

This statement is from Michael King's widely read *Penguin History of New Zealand*. In a similar vein, James Belich observes that there were 'seven major issues of contestation and

- 1 I presented an earlier version of this paper as a keynote address to the *Protest, Dissent, and Activism Symposium*, Victoria University of Wellington, 16 October 2010. Thanks to Sandra Grey for the invitation and to all of those who provided useful comments, questions and feedback, as well as for the inspirational and insightful contributions of the other presenters at the symposium.
- 2 Michael King, *The Penguin history of New Zealand*, Penguin, Auckland 2003, p.452.

Brian Roper, 'The fire last time: the rise of class struggle and progressive social movements in Aotearoa/New Zealand, 1968-1977' *Marxist interventions*, 3, 2011, pp. 7-30

protest in the 1967-85 period': the American War in Vietnam; abortion; homosexual law reform; nuclear tests in the South Pacific and US nuclear ship visits; Māori land, culture and language; conservation of the natural environment; and sporting contacts with Apartheid South Africa.³ The problem with accounts of the 1970s by liberal historians such as Belich and King is that they either downplay (Belich) or ignore (King) one of the most important aspects of the history of the decade.⁴ They are not alone, of course. In December 2004 a major exhibition was staged at New Zealand's national museum—Te Papa—entitled *The 1970s in New Zealand: a decade of change*. Although the exhibition contained many photographs of anti-war, women's liberation and Māori protests, there were no images of the major strikes and associated workers' protests during the 1970s. At the academic conference held in conjunction with the exhibition, only two of the 39 papers argued that the decade was characterised by an upsurge of working class struggle.⁵ Perhaps the most extreme example of this neglect is *The New Oxford History of New Zealand*, published in 2009. It contains no substantive discussion of strike activity between 1968 and 1977, nor much more than passing references to the progressive social movements of this period, and does not even include the words 'class', 'strike' or 'protest' in the index!⁶

Yet the largest upsurge in working class struggle in New Zealand's history took place between 1968 and 1991. Statistics NZ has collected data on strike activity for many years which show that strike activity, measured in terms of working days 'lost', the total number of workers and proportion of the workforce involved, reached their highest levels in New Zealand history during the 1970s and 1980s (see Figures 1 and 2). During the period from 1968 to 1977 workers won substantial gains through industrial action. The 1979 general strike was the last major successful campaign of the working class offensive. The years from 1980 to 1991 were dominated by an employers offensive and historically high levels of working class resistance. Most of these conflicts ended in retreats or defeats.

As the literature on social movements and political protests in New Zealand from the late 1960s to the early 1980s seldom recognises the central role of the upsurge of working class struggle, the first aim of this article is to offer a descriptive overview of strike and protest activity during this period. The second aim is to show that the growth in working class industrial militancy and struggle, and the rise of progressive social movements, were not only interconnected, but also mutually reinforcing developments. Boraman, Dann and Poata-Smith demonstrate, for example, that many of the leading activists in the anti-war, women's liberation and Māori protest movements during this time were also involved

3 James Belich, *Paradise reforged: a history of the New Zealanders from the 1880s to the year 2000* Allen Lane and Penguin Press, Auckland 2001, p. 516.

4 Belich, *Paradise reforged* pp. 398-99; King, *The Penguin history*, pp. 447-99.

5 Kerry Taylor, 'Generation gap? Explaining the politics of protest in the 1970s'; Brian Roper, 'The fire last time: the rise of class struggle and the new social movements, 1968 to 1977'; both papers presented at the Seventies Conference, Te Papa, Wellington 2004.

6 There are a couple of sentences on the upsurge of working class struggle in Melanie Nolan, 'Constantly on the move but going nowhere? Work, community, social mobility' in Giselle Byrnes (ed), *The new Oxford history of New Zealand* Oxford, Melbourne 2009 p. 384.

and/or had a background in the union movement.⁷ Because mainstream liberal historians generally ignore the relationship between working class struggle and progressive social movements altogether, little is to be gained by a detailed review of their writing on the 1970s in New Zealand.⁸ The article concludes by drawing the strands of the argument together and providing an assessment of what can be learnt from these past upheavals.

The emergence of the new left and rise of working class struggle

The emergence of the New Left in New Zealand paralleled international developments to a remarkable degree. As in North America and Europe, it involved a dramatic upsurge in industrial militancy and class conflict; a large anti-war movement protesting against New Zealand's involvement in the American War in Vietnam; the growth of student political activism; the revival of movements against racism in New Zealand and Apartheid in South Africa, and for women's, gay and lesbian liberation, and environmental conservation. There was a sea change in popular and 'high' culture. A significant renaissance of radical intellectual traditions occurred, most significantly Marxism, feminism and anti-racism, but also anarchism and environmentalism. A new generation absorbed the belief that people could collectively change the social world for the better.⁹

- 7 Toby Boraman, 'The new left and anarchism in NZ from 1956 to the early 1980s', PhD Thesis, University of Otago 2006; *Rabble rousers and merry pranksters: a history of anarchism in Aotearoa from the mid-1950s to the early 1980s* Katipo Books and Irrecoverable Press, Christchurch and Wellington 2007; Christine Dann, *Up From under: women and liberation in New Zealand, 1970-1985*, Allen & Unwin, Wellington 1985; Evan Poata-Smith, 'He pōkēkē uenuku i tu ai: the evolution of contemporary Māori protest', in Paul Spoonley, David Pearson and Cluny Macpherson (eds), *Nga patai: racism and ethnic relations in Aotearoa/New Zealand* Dunmore Press, Palmerston North 1996, pp. 97-116; and 'The political economy of Māori protest politics, 1968-1995', PhD thesis, University of Otago 2001.
- 8 In addition to Belich, Byrnes (ed.), and King, other liberal historical accounts of the period include: Tom Brooking, *Turning points in New Zealand history*, 2nd Edition, Dunmore Press, Palmerston North, 1999, pp. 183-188; Philippa Smith, *A concise history of New Zealand*, Cambridge University Press, Cambridge, 2005, ch.9; Alan McRobie, 'The politics of volatility, 1972 to 1990' in Geoffrey Rice (ed.), *The Oxford history of New Zealand*, 2nd Edition, University of Oxford Press, Auckland, 1992, pp. 385-411.
- 9 The best accounts of these developments include those listed in note 8 above. See also: Jonathan Boston, *Incomes policies in NZ: 1968-1984* Victoria University Press, Wellington 1984; Elsie Locke, *Peace people: a history of peace activities in New Zealand* Hazard Press, Christchurch and Melbourne 1992; Bert (Herbert) Roth, 'The Historical Framework' in John Deeks, Herbert Roth, James Farmer and Graham Scott, *Industrial relations in New Zealand*, Methuen, Wellington 1978, pp. 19-58; *Remedy for present evils: a history of the Public Service Association from 1890* New Zealand Public Service Association, Wellington 1987; Bert Roth and Janny Hammond, *Toil and trouble: the struggle for a better life in New Zealand* Methuen, Wellington 1981; Ranganui Walker, *Ka whawhai tonu matou: struggle without end*, Penguin, Auckland 1990.

Workers on the Offensive

The working class quiescence of the years from 1952 to 1967 ended abruptly with the reaction to the Arbitration Court's nil General Wage Order issued in 1968. The ensuing waves of militant strike action and protest activity culminated in the nation-wide union campaign against the National (Muldoon) Government's attempted freeze on wages in 1976-77. The following is a brief overview.¹⁰

Although the long post-war boom from 1945 to 1973 involved the largest expansion of the economy in New Zealand's history, with high growth rates and full employment, the prosperity was not equally distributed. Indeed, from 1957 until 1969 labour productivity growth consistently outstripped the rise in real wages, while the share of national income going to wage and salary earners steadily declined. In terms of Marxist economic categories, there was a large increase in the ratio of surplus value to variable capital as profits soared while real wages only increased gradually.¹¹ Under these circumstances, 'a rapid and widespread rise in nominal wages could occur, given the necessary trigger'.¹²

Soon after the mass student occupations, general strike, and protests of May 1968 in France, this trigger came in the form of the infamous nil General Wage Order (GWO) of the Arbitration Court issued on the 17 of June 1968. It was justified on the grounds that a wage increase would harm the economy which was just emerging from a recession. Having deferred its 1967 wage order application because of the recession, in 1968 the Federation of Labour (FOL) applied for a 7.6 per cent increase to compensate for consumer price increases.¹³ Given the deferral and that the rate of inflation was 4.9 per cent, the nil GWO constituted a wage cut of more than 4.9 per cent.¹⁴ It shattered the confidence of the labour movement in the Arbitration Court and outraged the rank and file, bringing to an end the prolonged passivity of most workers following the defeat of the militant wing of the union movement in the 1951 Waterfront Lockout.

Protest resolutions from all parts of the country flooded into the Federation [of Labour] office, demonstrations and stopwork meetings succeeded each other, while in Wellington 300 union delegates decided to call a one-day general strike in the city. A special conference of the

10 For more detail see the excellent histories of important New Zealand unions by Bert Roth; also Kevin Hince, *Opening hours: history of the Wellington Shop Employees Union*, Industrial Relations Centre, Wellington 1990; and Labour Publishing Co-operative Society, *Into the 1980s: the struggle for a fighting National Union of Meat Workers* Pilot Books, Auckland 1984; Tom Murray, Kerry Taylor, Joe Tepania and Nora Rameka, 'Towards a history of Māori and trade unions' in John E. Martin and Kerry Taylor (eds), *Culture and the Labour Movement*, Dunmore Press, Palmerston North 1991 pp. 50-61.

11 Geof Pearce, 'Where is New Zealand going?' PhD Thesis, University of Canterbury 1986, chapter 6.

12 Boston, *Incomes policy* p. 90.

13 Chris Trotter, *No left turn: the distortion of New Zealand's history by greed, bigotry and right-wing politics* Random House, New Zealand 2007, p. 248.

14 Paul Dalziel and Robert Lattimore, *The New Zealand macroeconomy* 4th Edition, Oxford University Press, Auckland 2001, p. 138.

Federation urged all affiliated unions to press for a 5 per cent increase “through all available channels”.¹⁵

The moderate Public Service Association leadership considered that the nil order had given rise to ‘a furore certainly unprecedented in the New Zealand industrial field in the post-war world’ and the PSA President, Ray Hannan, proclaimed that ‘the Court’s decision serves as a further instrument for the partisan and class conscious attitudes of the government’. The PSA supported widespread strike and protest action to overturn the decision and called for an immediate general election on the issue. As Boston observes, ‘the nil-wage order had four immediate effects: it shattered the labour movement’s confidence in the Court as an honest broker in the industrial relations arena; it sparked a wave of protest action; it further encouraged the move towards direct negotiations between employers and employees; and it eventually prompted a new approach to the Court by the FOL and the Employers Federation’.¹⁶

Rank and file workers and their shop-floor delegates believed that they had not received a ‘fair share’ of the economic prosperity of the 1960s. They were no longer prepared to be shackled by the centralised system of wage bargaining nor misrepresented by conservative trade union officials who appeared to be more concerned with maintaining their own privileged position in that system than with organizing and advancing the struggle for higher real wages and better conditions of employment. The rank and file and, in response to increasing pressure from below, full-time paid union officials became increasingly willing to undertake and coordinate industrial and protest action.

A joint application by the FOL and the New Zealand Employers’ Federation (NZE) for a 5 per cent GWO led the Arbitration Court, made up of a supposedly independent judge and representatives of the unions and employers to overturn the nil GWO and instead issue a 5 per cent GWO on 5 of August.¹⁷ The trade union bureaucracy, then under the conservative leadership of FOL President Tom Skinner, was being pushed in the direction of bargaining over wages outside the court by an increasingly militant rank and file. Although the system of arbitration and conciliation was not abandoned, it was effectively altered in a manner that was favourable to workers. National occupationally based collective employment contracts, then called ‘awards’, were still negotiated between unions and employers represented by the Employers’ Federation but so-called ‘second-tier’ bargaining became common in those sectors where workers were well organised and militant enough to force employers to negotiate local agreements. These would typically provide additional benefits such as site allowances, bonuses, improved conditions, and so forth.

In the autumn of 1969 the pressure that had been slowly building during the 1960s, exploded in a strike wave of unprecedented proportions. The industrial action started in the

15 Bert Roth, ‘The historical framework’ in John Deeks, Herbert Roth, James Farmer and Graham Scott, *Industrial Relations in New Zealand* Methuen, Wellington 1978, p. 47.

17 Boston, *Incomes policy* p. 91.

Auckland area but soon spread across the country, as 110,096 workers, representing 12 per cent of the total workforce, pressed their claims.¹⁸ Negotiations passed increasingly into the hands of individual employers, local union officials and shop-floor delegates... [W]age rates escalated in an unprecedented manner and the number of working days lost through industrial stoppages reached their highest level since the 1951 waterfront strike'.¹⁹

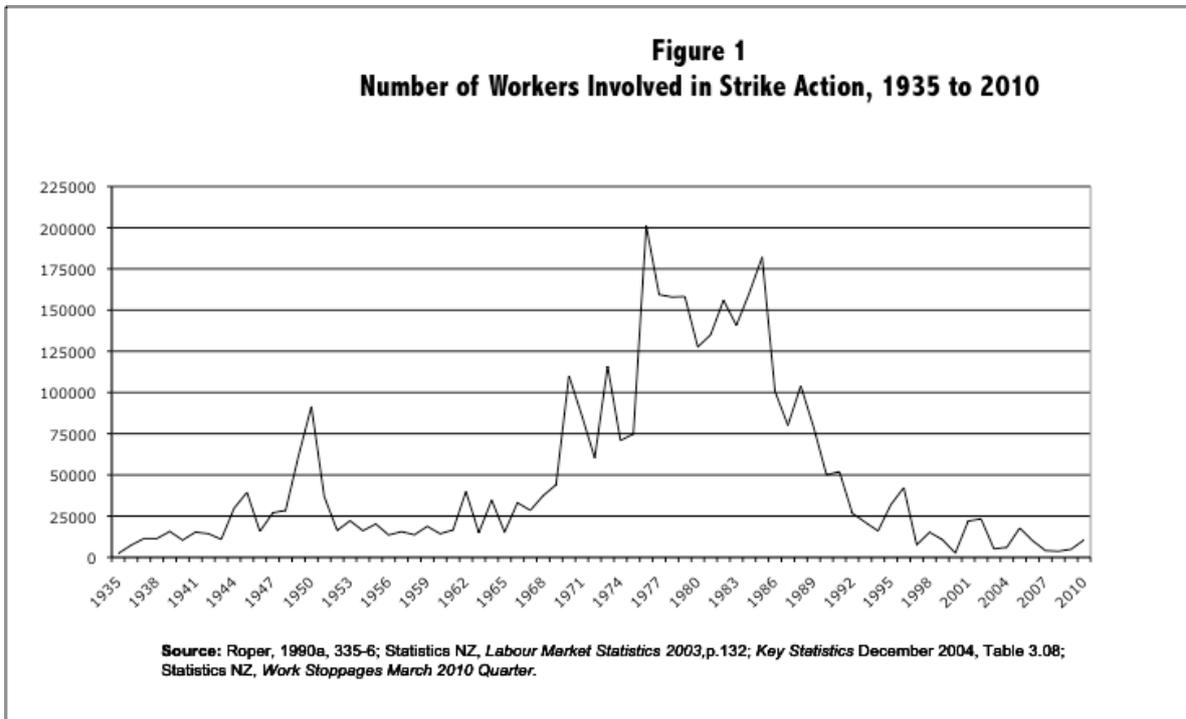
This upsurge in strike activity is depicted in Figures 1 and 2. Note, however, that the official strike statistics under-report the number of workers involved and working days lost by an average of 47 per cent and 42 per cent respectively.²⁰ This is because much of the industrial action during this period took forms such as stopwork meetings, go-slows, and overtime bans, which were not counted. Often strikes were unnecessary because the mere threat of industrial action was sufficient to secure employer acquiescence to union demands. The total numbers of workers involved in some form of industrial action in each of the years from 1968 to 1977 was probably more than 50 per cent higher than Figure 1 indicates.



18 Pearce, 'Where is New Zealand going?' pp. 455-476.

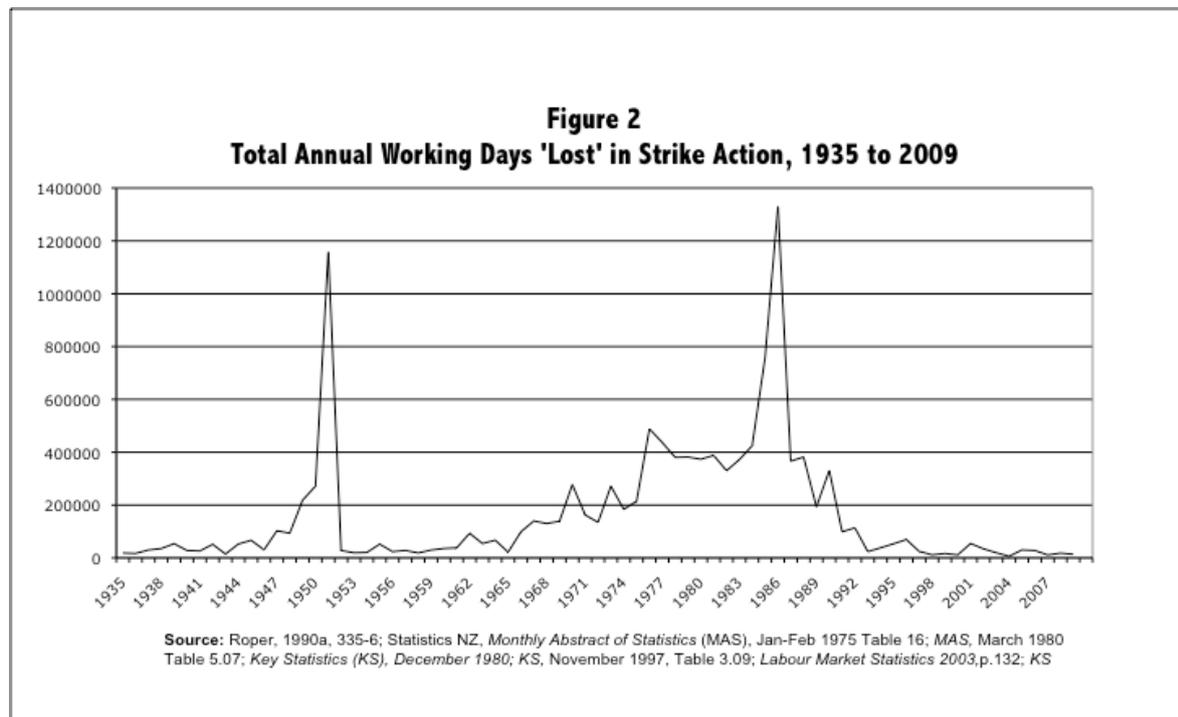
19 Boston, *Incomes Policy* p. 93.

20 Raymond Harbridge, 'The (in)accuracy of official work stoppage statistics in New Zealand' in *New Zealand journal of industrial relations*, 1987, 12, pp. 31-35.



As Figure 2 shows, from 1968 to 1977 the working days ‘lost’ due to strike action increased at a slower rate than the number of workers involved because most strikes were relatively short as employers quickly conceded workers’ demands. In contrast, there were more strike days per worker in the 1980s because strikes became longer and more bitter as employers became more intransigent. The major spike in working days lost in 1985 to 1986 was due to the successful campaign by unions for wage increases to offset real wage cuts experienced in the preceding years. Average days lost per worker involved peaked at 13.21 in the 1986 calendar year, compared to a range of 1.89 to 2.87 per worker for the years from 1968 to 1978.²¹

21 Statistics New Zealand, *Monthly Abstract of Statistics*, January-February 1975, Table 16; March 1980, Table 5.07; *Key Statistics*, December 1990, Table 3.08.



The reaction to the 1968 nil GWO and the 1969 strike wave constitute the beginning of the largest and most extensive upturn in working class struggle in New Zealand's history. The strike waves from 1968 to 1977 were driven from below. Rank and file militancy, reinforced by the experience of recent successful actions, fuelled these strikes. The strength of the union movement is indicated by the fact that real weekly earnings increased more rapidly each year, from 0.3 per cent in the year to April 1969 to 5.1 per cent during the year to April 1973.²² The arbitration authorities, the employers and the government, through statutory wage controls, failed to prevent wages rising at the fastest rate ever, over this period.²³ Workers' newly awakened awareness of their collective strength and confidence in their ability to struggle and win transformed the political environment, contributing, among other things, to the defeat of the National Government of Holyoak's successor Jack Marshall in the 1972 election, which had ruled the country since 1960. It pushed the incoming Labour Government under Norman Kirk and then Bill Rowling to implement a raft of progressive reforms from 1972 to 1975.²⁴

An important example of the scale and nature of the rank-and-file militancy was the spontaneous wildcat mass strike and associated march by 20,000 workers on 2 July 1974. A prominent union official, Bill Anderson who was the secretary of the Drivers' Union, was put in jail because the Union refused to obey a court order to end industrial action

22 Boston, *Incomes policy* pp. 91 and 96.

23 Bert Roth, 'The Historical Framework' p. 55.

24 Brian Roper, *Prosperity for All? Economic, social and political change in New Zealand since 1935* Cengage Learning, Melbourne 2005, pp. 145-149.

against an employer who was attempting to introduce a hydrofoil service on Auckland harbour. In response, ‘thousands of workers—drivers, seaman, boilermakers, labourers, carpenters and many others—spontaneously walked off their jobs. The next day ... thousands marched down Queen Street to the Supreme Court where Anderson was due to appear, but hurried negotiations averted the threatened clash. Andersen was released, the unions resumed work, and the controversial hydrofoil was taken out of service.’²⁵

The degree of confidence, class-consciousness, and militancy of a substantial and influential minority of the working class was very high.

Another important feature of the strike action in the 1970s was the extent to which it spread beyond traditional areas of militancy. While the coal mining, construction, meat and maritime industries in 1978 ‘employ[ed] only about one-tenth of the total labour force [but] traditionally accounted for the bulk of stoppages and lost working days... strikes affected an average of twelve industries annually in the decade to 1960, twenty-nine in 1965-70 and forty-four in 1971-75.’²⁶ Service sector, white-collar and public sector workers were increasingly prepared to take industrial action, often for the first time. Although the traditionally militant blue-collar unions, such as the Boilermakers’, Carpenters’, Northern Drivers’, New Zealand Meat Workers’, Seafarers and Waterfront Workers’ unions, played a central and frequently leading role, militant action was also undertaken by air traffic controllers, flight crews, cleaners, bank workers, fire fighters, nurses, psychiatric nurses, dental nurses (all taking industrial action for the first time), primary and secondary school teachers, librarians, public servants, printers, clerical workers, retail workers, meat inspectors, public broadcasting workers, social workers, probation, prison and police officers, post office workers, railway workers, public sector trades and electricity workers. Whereas ‘for many years white-collar occupations had been the weak link in the union chain ... the seventies have seen a dramatic change: white collar has become vocal and militant.’ ‘Associations’ representing public sector workers were renamed ‘unions’ and the peak body representing public sector workers, the Combined State Service Organisations (CSSO) was renamed the Combined State Unions (CSU) in 1978. ‘More significant however has been the sudden eagerness to take industrial action of a startling variety: over-time bans, go-slows, picketing, sit-ins, withdrawal of good-will, street marches, boycotts, stopwork meetings, strike threats, and actual strikes.’²⁷

Although the immediate focus of most industrial action from 1968 to 1977 was wages, in the context of rapidly rising inflation, and other employment issues such as conditions, hours, rates for over-time and equal pay for women, a growing section of the working class became increasingly radicalised and was prepared to engage in industrial action over political issues. From 1952 to 1961 the annual totals of strike days ranged between 13,579 in 1956, and 22,175 in 1953 and the bulk of these disputes focused on ‘bread and butter’

25 Bert Roth and Janny Hammond, *Toil and trouble* p. 160.

26 Ibid. p. 41.

27 Bert Roth and Janny Hammond, *Toil and trouble* p. 164; see also David Smith, *White-collar unionism in New Zealand*, Industrial Relations Research monograph, No. 1., Wellington 1987.

issues. In a dramatic contrast, there were 41 political strikes in 1972, 24 in 1973, 70 in 1974 with 58,891 strike days lost, 50 in 1975, and 56 in 1976 with 69,154 strike days.²⁸ In 1974, 24.3 per cent of all so-called 'working days lost' due to strike action were in political strikes and the corresponding figure for 1976 was 12.4 per cent.²⁹

A sample of three disputes illustrates some of the characteristics of workers' struggles during this period. Slaughtermen organised by the North Island Freezing Workers' Federation won an 18 per cent increase in their basic rate on 17 March following a bitter dispute in the first few months of 1971. Initially the employers threatened a national lockout. The meat freezing workers' unions responded with a national go-slow. On 17 February 'slaughtermen from the Gear Meat Company shed at Petone walked off the job demanding an immediate pay increase. Next day, many of them joined Ngauranga [freezing] workers who were on strike over the sacking of a chamber hand. This rather shocked the Gear manager, who later announced that his company was giving the slaughtermen the full increase that they were demanding.'³⁰ This forced the rest of the employers in the industry to admit defeat. Throughout the industry, 'workers at many sheds were beginning direct action on their own initiative, even in places like Tomoana near Hastings, which have seen hardly any militancy for many years.'³¹

A major pay dispute in the Post Office also unfolded during 1971. On behalf of the Holyoake Government, the Postmaster General, Allan McCready, who was 'a "Young Turk" in the National Party determined to show the unions who was boss', responded belligerently to the Post Office Association's pay claim. Under pressure from the rank-and-file, the union executive called a national go-slow to begin on Monday 7 September. 'Those affected were postmasters and other supervisors, toll and telephone operators, postmen, mail sorters, savings bank and counter staff, and stores and accounting workers—an estimated 20,000 people, or two-thirds of the total post office staff.'³² As it turned out, the go-slow was highly successful.³³ Eventually the Government was defeated and the postal workers won very large wage rises.³⁴

Although the Equal Pay Act was passed in 1972, 'unions had to be continually watchful that implementation into awards matched both the letter and the intent of the legislation.'³⁵ The FOL's Equal Pay Committee coordinated a campaign of industrial action encompassing by the whole trade union movement. In November of 1974, the first successful strike for equal pay took place involving meat packers at Woolworths

28 Bert Roth, 'The historical framework' p. 43

29 Ibid.

30 Labour Publishing Co-operative Society, *Into the 1980s*, p.16.

31 Ibid.

32 Bert Roth, *Along the line*, p. 219.

33 Bert Roth, *Along the line*, p. 223.

34 Ibid.

35 Kevin Hince with Kerry Taylor, Jacqui Peace and Michael Biggs, *Opening Hours*, p.74.

supermarkets in Wellington, with support in the form of a black ban on restocking deliveries by drivers, railway workers and seafarers. The Shop Employees Union led the struggle for equal pay in the retail sector.³⁶ Apart from equal pay, hours of work were a major issue for retail workers. 25,000 employees took unprecedented and historic strike action in opposition to the Shop Trading Hours Bill during 1977; 5,500 attended stopwork meetings. ‘This was the first mass strike action by shop assistants in New Zealand.’³⁷

In the late 1960s and early 1970s, when the balance of power favoured the trade union movement, the NZEF responded by reemphasising their support for formally centralised wage bargaining and compulsory unionism. Thus in 1974 the NZEF claimed that the centralised system of arbitration and conciliation ‘has served New Zealand industry well’ since ‘the present system helps to maintain order and authority within labour groups’ which is preferable to ‘an unorganised situation with few checks on the ambitions of the militant and politically motivated’.³⁸ Voluntary unionism was opposed because it would enhance the influence of militants within the labour movement. Although the militant unions would have no trouble establishing closed shops, the ‘moderate’ unions would experience declining membership and influence within the labour movement.³⁹

In the late 1960s and the early 1970s the problem for employers was decentralisation rather than centralisation. In other words, rank and file workers were successfully achieving major concessions from individual employers at the level of the workplace or firm through industrial action or the threat of it. Employer solidarity was at an all time low. Working class confidence, unity and strength generated a lack of confidence, disunity and a self-perception of weakness amongst employers. So the NZEF pushed for increased government intervention to restrain militancy and to sought enhance the influence of the ‘moderate’ trade union bureaucracy within the labour movement.

The union movement’s defeat of Muldoon’s wage freeze from 1976 to 1977

The National Party led by Robert Muldoon—a charismatic conservative populist politician—was swept to power at the 1975 election. In the lead up to the election, the Party had ‘engaged in a relentless campaign of what was widely described as “union bashing”’.⁴⁰ In July 1974 Muldoon claimed that the next National Government would ‘protect New Zealand against “the gangster union boss who does not believe in our system and wants to see it destroyed”’. Muldoon and his colleagues accused unions of ballot rigging, illegal use of funds, intimidation of members, setting up “kangaroo courts”, illegal

36 Ibid.

37 Ibid.

38 *The Employer*, November 1974, pp. 4-5. The employers supported the formally centralised system of wage bargaining throughout the Long Boom: ‘National government attempts in 1951 and 1961 to abolish the compulsory unionism requirement of the Industrial Conciliation and Arbitration Act were strongly opposed by both worker and employer organisations’ *The Employer*, November 1974, p. 4.

39 *The Employer*, November 1974, pp. 4-5.

40 Bert Roth, ‘The historical framework’ p. 52.

levies, forgery and theft.’⁴¹ The National Party’s platform pledged to reduce the power of the union movement. This was to be achieved through the introduction of secret ballots on the question of voluntary unionism, stiffer penalties for illegal strikes, provision for the Industrial Commission to order a resumption of work in the public interest, the outlawing of political strikes, and granting jurisdiction over industrial relations matters to civil courts.⁴²

In conjunction with these attacks on union power, Muldoon wanted to reduce the level of inflation by cutting real wages. The Government introduced a statutory incomes policy in the form of a twelve month wage freeze from May 1976, which was intended to control nominal wage growth and reduce the rate of inflation. But

the union movement responded bitterly to the wage freeze. Stop work meetings were held up and down the country and a special conference of the FOL, the first such emergency conference for five years, was held in Wellington 25 May. At this conference, delegates passed resolutions calling for an immediate end to the wage freeze, a return to free wage bargaining, three-monthly GWO’s, an increase in the forthcoming 7 per cent (\$7) wage order, and immediate adjustments to pension payments. Moreover, the conference recommended that affiliated unions organise one-day stoppages in the main centres, and authorised Trades Councils to mount campaigns of direct action.⁴³

As this suggests, the struggle against the wage freeze, which was highly politicised due to the incoming Government’s hostile attitude towards the union movement, involved a wave of strikes and protests that swept the country from 1976 to 1977. In 1976, the total number of workers, 201,085, and the proportion of the workforce, 19.3 percent, involved in strike action peaked at the highest level in New Zealand’s history.⁴⁴ The trade union movement placed the Government under tremendous pressure. Once it became clear that the union movement was united and determined to oppose the wage freeze, the Government decided to beat a tactical retreat in June 1976.

It was forced to make a number of important concessions to the trade union movement, notably an ‘exceptional circumstances’ clause in the regulations governing the wage freeze. In effect, this clause allowed the Industrial Commission to grant wage increases where joint submissions were made by both workers’ and employers’ representatives. At first, the Employers’ Federation refused to budge. The union movement responded with a

41 Ibid. pp. 52-53.

42 The Labour (Kirk/Rowling) Government’s Industrial Relations Act of 1973 created two arbitration bodies to replace the Arbitration Court—The Industrial Commission and the Industrial Court, see Boston, *Incomes Policy* pp. 108-9.

43 Boston, *Incomes Policy* pp. 170-171.

44 Pearce, ‘Where is New Zealand going?’ pp. 444-476.

vigorous campaign of industrial action and by the end of 1977 the employers had capitulated.

The struggles in 1976 and 1977 constituted the highpoint of the working class offensive and lifted the share of wages in national income. Whereas in the three years to October 1977 real average ordinary time weekly earnings fell by 5.9 per cent and real post-tax disposable income had fallen by 8.5 per cent, in the following three years real wages rose. Real average ordinary time weekly earnings, for example, rose by 5.2 per cent in the year to April 1979.⁴⁵ These increases were achieved through relatively free collective wage bargaining, since the Government had been forced to remove its statutory wage controls in August 1977. From 1978 to 1980 strike activity remained at historically high levels, with the FOL calling a successful one-day nation-wide general strike on 20 September 1979 over the Government's threat to overturn a pay settlement between drivers and their employers.⁴⁶ The general strike expressed rank-and-file outrage and was the first in New Zealand's history that was officially called by the leadership of the FOL. Although successful in defending the original settlement, the strike marked the end of the working class offensive.

The Nature and Political Implications of the Upturn in Working Class Struggle

The strikes wave from 1968 to 1977 in New Zealand occurred in conjunction with, and was influenced by, a similar international upturn in working class struggle. Most obviously, media reports and the visits of international speakers raised workers' and employers' awareness of international developments such as May 1968, the Long Hot Autumn in Italy, the union-led defeat of the Conservative Government in Britain in 1974, and industrial unrest in Australia. With several hundred members, the publications and union activists of the socialist left played an important role in drawing out the lessons from workers' struggles in other countries for New Zealand workers.⁴⁷ Union publications also

45 Ibid. p. 199.

46 At this time the wage bargaining system was, in practice, highly centralised and the settlement reached in a few leading sectors, particularly between the drivers' and electrical workers' unions and their employers, would flow on through the system of national awards to all other workers through the maintenance of relativities. The Government intervention may appear to have been directed towards one group of workers, but was actually an attempt to keep the wage rises of all workers lower than the rate of inflation.

47 The estimate of several hundred members is based on numerous conversations with socialists in New Zealand during the past 30 years and is consistent Boraman's estimate of 300-400 in 1975 and 500 in 1980. Boraman, *The new left and anarchism*, p. 380, fn 119. In the 1970s, the most important socialist organisations were the Stalinist Socialist Unity Party (SUP), the Maoist Communist Party of New Zealand (CPNZ), and the orthodox Trotskyist Socialist Action League. Of these, the SUP had the greatest influence amongst trade union officials (Ken Douglas and Bill Anderson were then members). In addition to the publications of these groups (respectively *New Zealand Tribune*, *Peoples' Voice*, and *Socialist Action*), significant independent left publications included *Red Papers*, *New Zealand Monthly Review*, and *The Republican*.

provided coverage of international events. Slogans, chants, pamphlets, and placards also reflected international influences.⁴⁸

The strikes during the 1970s were different from the generally defensive strikes of the 1980s and 1990s. As workers gained wage increases and better conditions of employment through strike action, the confidence and militancy of rank and file union members grew. The strike waves of the 1970s were driven from below. Many were wildcat strikes initiated by the rank and file without official sanction by trade union officials. The militancy and strength of the union movement was highlighted by the spontaneous and victorious mass wildcat strike in July 1974 to oppose the imprisonment of Anderson.⁴⁹ This kind of industrial and political action, usually on a more modest scale, was common and involved both blue- and white-collar workers. Workers who had previously been industrially quiescent participated in a wide variety of industrial and political actions and in some instances these workers played a leading role. Many were in white-collar jobs, often in the public sector, as exemplified by the strike and sit in of psychiatric nurses at Oakley hospital in June 1971 and the fact that, by 1972, many PSA members 'were taking action without waiting for PSA approval'.⁵⁰ Significantly, these strike waves marked a watershed in industrial relations, showing clearly that the post-war Keynesian consensus had failed to unite divergent class interests.

By the end of the 1970s, the historically unprecedented levels of class conflict had undermined the myth, which prevailed almost unchallenged in academic circles throughout the 1950s and 1960s, that New Zealand was a classless society. Working class consciousness rose. Although most white-collar workers continued to think of themselves as 'middle class', the combination of rising inequality and high levels of class conflict, their actions indicated that many saw value in industrial action and solidarity.

The rise of the progressive social movements

The widespread and militant struggles of workers had a major impact on the progressive social movements during the 1970s. Among other things, the confidence of workers that they could take various forms of collective action and achieve their goals contributed positively to a similar mood amongst students and other participants in the anti-war, women's and Māori protest movements of the 1970s. The positive and mutually reinforcing nature of the relationship between the upturn in working class struggle and the rise of progressive social movements is not commonly recognised. It is frequently assumed that these movements were predominately 'middle class' because many of those who participated were students and white-collar workers. Hayes (2002) and Steven (1978) provide the best empirical estimates of the size of the working class during the 1970s. The study by Hayes identifies a clear trend towards increasingly proletarianisation of the

48 See the interesting collection of photographs in Tim Shadbolt, *Bullshit and jellybeans* Alister Taylor, Wellington 1971.

49 Roth, 'The historical framework' p. 52.

50 Roth, *Remedy for present evils* p. 219.

population until 1971, when the working class, including most white-collar workers, including teachers, nurses and public servants and the unemployed, constituted 76.6 per cent of the economically active population plus the unemployed.⁵¹ Steven also uses census data and estimates that in 1976, 10.4 per cent of the economically active population were members of the bourgeoisie, 11.6 per cent in the middle class, 6.6 per cent in the petty-bourgeoisie, and 71.5 per cent were working class.⁵² These figures are important. As the working class constitutes a majority of the population, and women, Māori and Pacific peoples are disproportionately concentrated in the working class, it is clear that the majority of the participants in the protest movements of the 1970s were working class.⁵³

Although most students came from professional, farming or business family backgrounds, the minority of students who come from white- and blue-collar working class families had increased significantly by the mid-1970s. Whereas universities had been very small elite institutions before WWII, they grew substantially during the post-war long boom, and by the 1970s they were much larger and brought together thousands of students. Students do not constitute a class as such because they are located at a transitional point in their biographies between their class origins (determined by the class location of their parents) and their class destinations in the workforce that are determined to some extent by their choice of subject and academic performance.⁵⁴ So a high level of student participation does not necessarily imply that a progressive social movement is predominantly middle class. Finally, whereas students in New Zealand generally adopted reactionary political stances prior to WWII—helping to suppress the Depression Riots in 1932 for example, the opposite has been the case from the late 1960s onwards, when many students were supportive of major working class struggles such as the campaigns against the Employment Contracts Act in 1991 and to defend the Seafarers Union against a major employer and government attack in 1994.⁵⁵

For these reasons, the anti-war, Māori and women's liberation protest movements of the 1970s were not movements *outside* the working class, even if this was how some participants viewed them. The successful workers' struggles of the 1970s helped to

51 Penny Hayes, 'The origins and dynamics of New Zealand's changing class structure' MA Thesis, University of Otago 2002, Vol. 1, p. 186.

52 Rob Steven, 'Towards a class analysis of New Zealand', *Australian and New Zealand journal of sociology*, 14(2), 1978, pp. 113-29.

53 Roper, *Prosperity for all?* pp. 33-54.

54 Harman, *The fire last time* pp. 39-43.

55 On students political stances prior to WWII see: Bill Sutch, *The quest for security in New Zealand, 1840 to 1966*, p. 138; Chris Trotter, *No left turn*, p.133. For illuminating accounts of student involvement in the protests of the late 1960s and early 1970s see: Tim Shadbolt, *Bullshit and jellybeans* and Toby Boraman, 'The new left and anarchism in NZ', and Ken Findlay, 'The worker-student alliance' in *Into the 1980s: the struggle for a fighting national union of meatworkers*, Labour Publishing, Auckland, 1984, pp 20-22. In a photograph of a Dunedin student protest against rising student fees in 1994, one placard states 'Students and seafarers fight fees and the ECA!' while another states 'Fucked over by the system and angry!'

generate a fundamental shift in the political and intellectual environment, and prompted a growing number of people to develop a sense that progressive political change was both necessary and possible.

The anti-war movement

In May 1965, the Holyoake Government committed New Zealand troops to the war in Vietnam, in order to support its US and Australian allies. Although, unlike troops of allied countries, members of the New Zealand armed forces were not compelled to fight, 3890 volunteered for combat between 1964 and 1972, and 37 were killed. During the late 1960s and early 1970s a mass movement emerged opposing the war.⁵⁶

At first large-scale demonstrations were focused upon the opposing the visits to New Zealand of US and Vietnamese VIPs who sought more New Zealand government support for the war. In 1970, especially after the US invaded Cambodia, the movement experienced major growth. Nation-wide “mobilisations” were a crucial factor in popularising the movement. They began in 1970 and continued until 1972. The largest mobilisations were in 1971. The national mobilisation of 30 April 1971 brought out 35,000 people onto the streets. Consequently, by 1970 the anti-war movement had become a genuine mass movement. It had grown from a tiny movement of a few hundred in the mid-1960s to a vibrant movement of tens of thousands by the early 1970s.⁵⁷

The anti-war movement brought together a broad range of groups and individuals encompassing radicalised youth—mainly high school students, university students; and young workers—partially and loosely organised by the Progressive Youth Movement (PYM); young Māori organised by Ngā Tamatoa, pacifist church groups, which tended to be on the right of the movement; anarchists; feminists who had formed Women Against the War; socialist groups, of which the most influential was the orthodox Trotskyist Socialist Action League; members of the Labour Party, including some MPs; and trade unions.⁵⁸

Because the role of workers and unions is often overlooked it is worth emphasising here. The police made seven early morning raids on the homes of prominent anti-war activists in August of 1969. Activists responded by distributing leaflets and making public speeches on the University of Auckland campus, speaking to Seafarers at a union meeting, and leafleting factories. As Tim Shabolt, then a leading activist, observed: ‘Sunday, September 14, 1969 was incredible—2,000 people came out in support of civil rights. Two thousand people marching in 1969 was as spiritually uplifting as 15,000 marching today [1971]. We just couldn’t believe that so many people would march over an issue. In total triumph we

56 Toby Boraman, ‘The new left and anarchism’ pp. 238-239.

57 Toby Boraman, ‘The new left and anarchism’ pp. 238-239.

58 Roberto Rabel, *New Zealand and the Vietnam War: politics and diplomacy* Auckland University Press, Auckland 2005, p. 309.

marched on the police station; merchant seamen, workers, students, motorbike boys, hippies.⁵⁹ At the first FOL annual conference to be held following the departure of New Zealand troops to Vietnam, the delegates 'resolved unanimously to oppose New Zealand's military involvement' and the PSA executive 'also decided to add its voice to the protest'.⁶⁰ Although the anti-war stance of the PSA leadership was initially to the left of the bulk of the membership, this started to change as the anti-war movement 'began to turn from intellectual teach-ins and seminars to large-scale street demonstrations which culminated in the mass mobilisations of 1971 and 1972'.⁶¹

Much the same could be said of New Zealand's other major unions which provided critical coverage of the war in their publications, organised large contingents of their own members who often marched under their union banners in mobilisations, and gave financial and material support for the organisation of the national anti-war mobilisations such as printing posters and leaflets. Unions ran off 16,000 leaflets for the 30 April 1971 national mobilisation. The Seafarers Union was at the forefront of union opposition to the war, being 'prominent in all marches.'⁶² During the 30 April mobilisation of 29,000 to 35,000 people, the Seafarers held up ships in nine ports so that the maximum number of its members could participate in the protest marches.⁶³ It would be an exaggeration to suggest that the unions provided the 'backbone' of the anti-war movement, but they were a crucial force within it.

Up from Under: The Women's Liberation Movement

During the 'baby boom' of the 1950s and early 1960s, women's participation in paid employment was historically low and the level of overall inequality between women and men was historically high. The average New Zealand woman was giving birth to her first child when she was younger than 22. Women performed the bulk of domestic labour and childcare. The incomes of women were much lower than those of men, which meant that most women with children were economically dependent on their male partners who earned a 'family wage'.⁶⁴ This situation started to change during the 1960s as women were drawn into paid employment in increasing numbers because of the high demand for labour, especially in areas such as teaching, nursing and clerical work where there were serious labour shortages. But inequality remained high and pervasive. Women were effectively banned from public bars and almost entirely absent from local and central government and the upper echelons of the managerial hierarchies of private firms and state sector organisations.

59 Tim Shadbolt, *Bullshit and Jellybeans*, p. 110.

60 Bert Roth, *Remedy for present evils* pp. 180-181.

61 Ibid. pp. 198.

62 Locke, *Peace people* p. 237.

63 Ibid.

64 See Roper, *Prosperity for All?* pp. 68-85.

Although socialists and feminists had continued to struggle against women's oppression throughout the period from the women's suffrage movement of the late nineteenth century to the late 1960s, most notably forcing the government to grant equal pay to women in the public service in 1960. But the level of struggle was low during the 1950 and 1960s.⁶⁵ This changed dramatically from the late 1960s owing to the growing militancy of workers in the main occupations in which women were heavily concentrated. Women in nursing, teaching, retail, clerical, cleaning, and the public service increasingly participated in all levels of the union movement.

A long running campaign by the Council for Equal Pay and Opportunity eventually led the FOL leadership to urge 'a united effort by the entire trade union movement' to force the Government to introduce equal pay legislation.⁶⁶ The support of the wider union movement for the rising militancy of women workers and the rapid growth and high profile of the women's liberation movement, led to the passage of the Equal Pay Act in 1972.⁶⁷ In 1975, socialist feminists formed a Working Women's Council with a focus on changing Labour Party and FOL policy. It organised a Working Women's Convention in 1977 and initiated the campaign for the adoption of a Working Women's Charter, 'a thirteen-point "bill of rights" for working women' which was finally adopted by the Labour Party and the FOL in 1980.⁶⁸

In 1970 the women's liberation movement (WLM) emerged and soon gave rise to 'a level of organisation and militancy among women which had not been seen since the suffrage movement of the nineteenth century'.⁶⁹ According to Levesque, the four basic aims of the WLM in New Zealand in the early 1970s were: '1) equal pay and equal opportunity; 2) free, adequate child-care centres; 3) women's control over their own bodies, that is, repeal of abortion laws, free contraceptives, and free, voluntary sterilisation; 4) the end of "sexploitation" which commercially exploits women and socialises children along sex lines'.⁷⁰ This mirrored similar demands being made by the British women's movement.⁷¹

The women's movement was composed of a large number of often-disparate groups organised at grass roots level. The main divide in the early 1970s was between 'women's rights organisations', such as the National Council of Women and the National Organisation for Women, that were liberal feminist and committed to working through official political channels, and women's liberation groups that brought together radical,

65 Margaret Corner, *No easy victory: towards equal pay for women in the government service, 1890 to 1960*, NZPSA, Wellington, 1988.

66 Roth, *Remedy for present evils* p177.

67 Bert Roth, *Trade unions in New Zealand: past and present* Reed Education, Wellington 1973 p. 131; Christine Dann, *Up from under: the women and liberation in New Zealand, 1970-1985* Allen & Unwin/Port Nicholson Press, Wellington 1985 p. 66.

68 Dann, *Up from under* pp. 73-74.

69 Ibid. p. 4.

70 Ibid. p. 10.

71 Tony Cliff, *Class struggle and women's liberation, 1640 to today* Bookmarks, London 1984, p. 171.

lesbian, socialist and anti-racist feminists who were committed to self-organising and radical forms of political protest.⁷² *Broadsheet*, a national feminist magazine was established in 1972, and carried articles from feminists writing from these radical perspectives. In the July 1978 issue, which discussed the previous six years of the WLM, the continuing importance of the key aims of the WLM (equal pay, equal education and opportunity, financial and legal independence, 24-hour nurseries, free contraception and abortion on demand) was emphasised, and an article entitled ‘Voices from the early days’ was punctuated with slogans such as: ‘Free our sisters, free ourselves!’ Sisterhood is powerful! No revolution without the liberation of women—no liberation of women without revolution!⁷³ Some indication of popular support for the movement is provided by the size of WLM conferences held during the 1970s. Over 400 attended a National Women’s Liberation Conference held in April 1972; 1500 attended the first United Women’s Convention in 1973; 2000 attended the second UWC in 1975 and a similar number attended the third and fourth UWC’s held in 1977 and 1979.⁷⁴

The WLM in New Zealand, like the women’s movements in Australia, Britain and Europe, was influenced by and concerned with the labour movement and class politics. *Broadsheet* covered disputes involving night work for women, access to non-traditional jobs, hours of work, redundancy, sexual harassment, low pay and other issues affecting women in the workforce. Many women’s liberation activists in New Zealand during the 1970s saw working-class struggle—through the trade unions—as a major feature of the fight for women’s liberation and were active in both the union and women’s movements.⁷⁵ For example, Therese O’Connell who worked as an organiser for the Clerical Workers Union in the 1970s observes that ‘During that time there had been a good deal of change, with more women becoming involved in the unions and building up the women’s movement within the trade union movement.’⁷⁶ Furthermore, the WLM emerged out of, and became an integral part of, the wider left.

Resurgence of Māori Struggle

There was a resurgence of Māori struggle against racism and for *tino rangatiratanga* (sovereignty) and *mana whenua* (authority over land) in the context of the political turbulence of the late 1960s and early 1970s. Young Māori activists formed Nga Tamatoa in the early 1970s to establish a political organisation to defend and promote Māori interests. To some extent, the organisation was modelled on the Black Power movement in

72 Dann, *Up from under* pp. 4-10.

73 *Broadsheet: New Zealand’s feminist magazine* 61, July 1978, pp. 24-31.

74 Christine Dann, *Up from under* pp. 9-23.

75 Ibid. pp. 65-79. In addition to Dann’s superb account, see the highly illuminating reflections on their experiences in the trade union and women’s liberation movements by Viv Porzolt, Therese O’Connell, Reihana McDonald, Viv Walker and Christine Bird in Maud Cahill and Christine Dann (eds), *Changing our lives: women working in the women’s liberation movement* Bridget Williams Books, Wellington 1991.

76 Therese O’Connell, ‘Singing to survive’ in Cahill and Dann (eds), *Changing our lives* p. 74.

the US, and this was reflected in the rhetoric of brown power, Māori liberation, separate government and a separate foreign policy.⁷⁷ As Walker points out, ‘the political consciousness forged by newsletters, Tamatoa and endless dialogue on marae around the country over grievances against the Crown, coalesced into a powerful Māori land rights movement, which in 1975 marched the length of the North Island to parliament.’⁷⁸ Setting off from Te Hapua in the Far North on 14 September 1975, the main slogan of the march was ‘Not one more acre of land’ to be alienated from Māori. When it eventually arrived in Wellington, with a petition signed by over 60,000 people, around 5,000 protesters assembled in front of parliament to present the petition to Prime Minister Rowling. The land march radicalised Maori throughout the country and brought together a broad coalition of activists and organisations. The march organisers were aware of the importance of working class involvement:

We see no difference between the aspirations of Māori people and the desire of workers in their struggles. We seek the support of workers and [union] organisations, as the only viable bodies which have sympathy and understanding of the Māori people and their desires. The people who are oppressing the workers are the same who are exploiting Māori today.⁷⁹

The active involvement of socialist and trade union activists in supporting the occupation, from 1977 to 1978, of Bastion Point, land claimed by Ngāti Whātua tribal activists is well documented. Among other things, union activists provided various forms of logistical support; the Auckland Trades Council placed a green ban on the site; and the acting Trades Council President, Dave Clark, ‘told the media from Bastion Point that the unions were “fairly and squarely behind”’ the occupation.⁸⁰

The upsurge in Māori activism, like the emergence of women’s liberation movement, was closely related to the rise in working class struggle. Many Māori workers gained a political education in union campaigns. Further, the role

of the trade union movement in providing an organisational base for Māori protest groups is clearly demonstrated in the emergence of the underground newspaper, *Te Hōkioi*, out of which emerged the Māori Organisation on Human Rights (MOOHR). Both groups were based in Wellington and both had strong union links. Tama Poata, the secretary of MOOHR, was also an active member of the

77 Walker, *Ka whawhai tonu matou* p. 210; Poata-Smith, ‘He pōkēkē uenuku i tu ai’; ‘The political economy of Māori protest politics’ pp. 178-182

78 Poata-Smith, ‘The political economy of Māori protest politics’ pp. 191-197.

79 Ibid. p. 193.

80 Ibid. p. 200.

Wellington Drivers Union, and for a short time, the Communist Party of New Zealand.⁸¹

The urbanisation and proletarianisation of Māori during the post-war boom concentrated them in the urban blue-collar working class. A number of key Māori activists during these years were prominent within the union movement and some political currents within the anti-racist movement, such as the Polynesian Panthers, were explicitly anti-capitalist and revolutionary in outlook. In a pamphlet entitled—*What we want*—the Panthers stated ‘The revolution we openly rap about is one of total change. The revolution is one to liberate us from racism, oppression and capitalism. We see that many of our problems of oppression and racism are tools of this society’s outlook based on capitalism; hence for total change one must change society altogether.’⁸²

Conclusion

The upsurge in working class struggle, student political activism, and the rise of progressive social movements generated a significant leftward shift in New Zealand politics. There was a historic change in the balance of power between capital and labour. The struggles of the workers’ movement and the various social movements from the late 1960s to the late 1970s rocked the conservative establishment, composed of company directors, National Cabinet Ministers, and bureaucrats, which had ruled the country without challenge from 1951 to 1967. After 1968 employers and successive governments were forced onto the back foot; they struggled to contain the growing pressure from below and to reconstruct and reassert the hegemony of the right. For example, the Director of the New Zealand Chambers of Commerce in his address to the its 1975 annual conference stated, ‘Private enterprise, as we know it, is in jeopardy under present conditions’.⁸³ Employers were forced to make major concessions on pay and conditions. The high level of struggle was a key factor in the 1972 election and ensuing progressive reforms of the Labour (Kirk/Rowling) Government, and it placed very real constraints on the National (Muldoon) Government from 1975 to 1984. The union movement’s defeat of the National Government in 1976/77 highlights the power that the union movement can exert when rank and file workers are confident and militant. Furthermore, the union movement’s victories during the 1970s were crucial in preventing the implementation of the neoliberal policy regime before the mid 1980s.

As this suggests, wide layers of people absorbed the belief that the world could be changed for the better. Even conservative politicians were forced to pay lip service to some of the demands of the progressive social movements. It would be an exaggeration to suggest that the left was dominant, but it was confident, militant, active, organised and powerful, and it enjoyed a substantial degree of popular support. Another major upsurge in working class struggle, on the scale that we saw during the 1970s, could rapidly transform New

81 Ibid. p. 173.

82 Cited by Poata-Smith, ‘The political economy of Māori protest politics’ p. 183.

83 *New Zealand commerce*, August 1975, p. 9; also see p. 15.

Zealand's political environment and force whatever government was in power to abandon neoliberalism in order to defend capitalism by making short-term concessions.

The history of the late 1960s and 1970s also indicates the importance of struggles and campaigns *outside* the realm of parliamentary politics. The progressive political change was occurred because large numbers of predominately working class people pushed for change *from below*. The period demonstrated the capacity of workers, organised in unions, to take on employers and the government and to win. As the union movement's victory in 1976-77 shows, the defeat in 1991, when the Employment Contracts Act was introduced, was not inevitable. A sustained general strike could, at the very least, have forced the government to either amend or withdraw the legislation.⁸⁴ Learning the lessons of the 1970s when workers won major victories, and the 1990s when they suffered major defeats, can help us prepare to fight and win in the future.

Finally the struggles of the 1970s, demonstrated that there is no fundamental division amongst issues of exploitation and oppression. The prospects for achieving radical, socialist, anti-racist and feminist aspirations were, and continue to be, historically interwoven with each other and the prospects of the left as a whole.

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84 See Brian Roper, 'The New Zealand Council of Trade Unions and the struggle against the Employment Contracts Act: lessons for activists today', *Red and green*, 6, 2007, pp. 10-32.

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Financial fault lines

Martijn Konings (ed.) *The great credit crash*, Verso, London, 2010

Ben Hiller

There are almost as many theories of the nature and causes of the global financial crisis as there are toxic assets burning holes in the balance sheets of large financial institutions. The problem with many of the theories is that they haven't really explained a lot. As the late Peter Gowan noted, 'Much of the mainstream debate on the causes of the crisis takes the form of an "accidents" theory' (p. 62).¹ The refrain of capitalism's defenders has been that a generally good vehicle was crashed by the 'contingent actions' of reckless drivers. Whether it is the passing of the Garn-St Germain Depository Institutions Act in the early 1980s, the repeal of Glass-Steagall in 1999 or cavalier policies of the US Federal Reserve in the wake of the dot.com collapse, the prognosis is the same: the powers-that-be failed to adequately straightjacket the greed of financial traders. No doubt there is truth in this charge, but there is an ocean of systemic failure beneath the surface of human error.

The Great Credit Crash, edited by Martijn Konings, brings together contributions that attempt to penetrate beneath this surface. Divided into three sections, eighteen essays cover the nature, geography and politics of the crisis. Much of the focus is on the structural and long-term problems that have afflicted the United States economy and the rest of the world. Many of the contributors identify contradictions in the 'neoliberal growth model' as being at the heart of the crisis. Originating in the stagflation of the 1970s and industrial decline of the 1980s, neoliberalism sought the construction of 'new institutional mechanisms of control' (Konings, p. 6) to shore up private capital in the face of a spate of economic crises in the heart of the world system. The tremendous growth of interest-bearing financial capital—as the financial sector overtook manufacturing to become the largest sector of the US economy—was the centrepiece, many argue, of an unstable and unsustainable regime of accumulation.

1 All in-text references are to Martijn Konings (ed.), *The great credit crash*, Verso, London, 2010.

Put simply, the growth model was characterised by credit-based consumer spending supplemented by asset-price inflation (Gowan, p. 67). It was accompanied on the one hand by lower rates of non-financial business investment (Livingstone, p. 45); and, on the other, a 'huge system of financial arbitrage' (Schwartz, p. 180). Due to the dominance of the dollar as the international reserve currency, the US effectively borrowed billions of dollars at low rates and invested internationally at a higher rate of return. This regime allowed the US to post above-average growth rates, thereby reversing the relative decline of American capitalism in the 1970s and 1980s compared to its principle economic rivals, Germany and Japan (Schwartz, pp. 176-177).

Problems in this regime emerged very early. First there were 'demand side' issues. The credit-driven consumer expansion of the economy was a response to a protracted decline in working class living standards as the US establishment attempted to boost profits by going on the offensive against labour from the early 1980s. The effective freezing of the minimum wage; the loss of well-paid manufacturing jobs and their replacement with low pay service and sales jobs; anti-union legislation; the cutting of welfare; and labour-market deregulation combined to undermine real wages, decade after decade. Johnna Montgomerie refers to a 'politics of abandonment', whereby the corporate sector discarded any sense of responsibility it had toward its employees (p. 107). The working class's increasing reliance on debt was an attempt to bridge a widening gap between income and expenditure.

An explosion in credit-card and mortgage debt ensued. Between 2001 and 2007, outstanding home mortgage debt increased over 100 per cent, from US\$4.9 trillion to US\$9.9 trillion.² Consumer debt more than doubled from 1994 to 2008 (Robinson p. 298). Payday loans (which 'advance workers a portion of the money they will be due from their next pay check') increased from virtually zero in 1990 to a US\$40 billion, generating fees of US\$4.4 billion by 2005 (Dymski, p. 79). This debt was supplemented by the temporary wealth effect associated with asset-price bubbles, particularly in residential housing. The borrowing was unsustainable. Without a significant rise in income levels, the burden proved insurmountable. A crisis of effective demand was seemingly inevitable: 'Eventually the two blades of the scissors of falling wages and the rising cost of mortgage debt had to meet, cutting the fuel line to the housing-boom machine.' (Schwartz, p. 190)

There were also 'supply side' problems. With the transformation of the banking sector through the rise of shadow banking (institutions that provide loans but don't take deposits and are not subject to the same regulation as banks) the largest financial institutions were able to 'generate financial risks without absorbing them' (Dymski, p. 72). During the boom, financial institutions had developed ingenious ways of spreading the risk associated with loans made to 'unreliable' borrowers. These institutions knew there would be losses, but they decided to sell them on as part of new financial instruments. Investment banks, with the assistance of credit ratings agencies, sold pieces of paper, ironically termed

2 Kevin Phillips, *Bad money*, Viking, New York, 2008, figure 2.6, p. 51.

‘securities’, dressed up as secure assets to other financial institutions and investors. The promise of an income generated by mortgage repayments of US borrowers underpinned these securities. So they were only ‘secure’ to the extent that people could actually repay their loans.

The theory was that losses would represent only a small portion of total loans so, if the risky bits were chopped up and sold with other loans that were going to be reliably paid back, there wouldn’t be any problems. The banking sector was transformed from a ‘lend-and-hold’ model to an ‘originate-distribute-and-underwrite’ one (Dymski, p. 95). There were frenzied efforts to lend as much money as possible, in order to cash in on the bubble. In particular, predatory loans aimed at the most vulnerable were aggressively sold to the naïve and desperate. Such ‘customers’ were often unaware of the level of interest rates, the prospect of rate hikes after an initial teaser period, and the penalties for late or prepayment (Dymski, p. 81). For mortgage lenders it didn’t matter if the people they lent to didn’t understand the terms or consequences of a loan, mortgage payments simply became someone else’s problem.

Much of the oil for these slick operations came from the rest of the globe: ‘The structural power of the US is buttressed by its ability to capture massive amounts of global capital flows... [T]his privileged position has allowed the US, over the last ten years, to spend 5 to 7 per cent more than it produces and import twice as much as it exports’ (Soederberg, p. 236-37). As the profit rate of *Fortune* 500 companies dropped decade after decade from the 1960s (Veltmeyer, p. 266), the capital flowed from the rest of the world into interest-bearing bonds and securities. This sustained the flow of imports from China and expanded the supply of credit to US citizens.

The US growth machine increasingly depended on the health of financial markets. US government debt to foreign banks reached US\$4 trillion by mid-2009 (Hudson and Summers, p. 247). The dollar may be the US currency, but as former Treasury Secretary John Connally once quipped to Asian and European policy makers, ‘it’s your problem’. The collapse of the neoliberal boom, however, was a US problem too. Herman Schwartz estimates that ‘one-third of US growth in the 1990s and virtually all growth in the mid-2000s can be attributed to the translation of increased household wealth into extra demand’ (p. 194). There is now a cloud over the medium term prospects for an economic revival in the United States.

Global dimensions

The crisis became everyone’s problem; all countries were caught up in the mess, to varying degrees. The defaults began to rise as house prices fell (by the end of 2008 they had dropped nearly 28 per cent).³ The portion of bad loans—‘toxic assets’ as they became known—also rose. A massive problem developed. The securities, like the houses that

3 Carmen Reinhart and Kenneth Rogoff, ‘The aftermath of financial crises’, draft paper prepared for presentation at the American Economic Association, 19 December 2008, p. 3.

borrowers had purchased, were worth less than their advertised value. Complicating things was the fact that these assets had been sold on numerous times—and not simply in the US. European banks bought up billions in high-risk assets, suffering the same consequences as their US competitors (Nesvetailova and Palan, p. 200). Instead of a few bad loans being spread around so that no one buying securities would take a significant loss, the opposite began to occur. Everyone was taking a loss as more and more assets became toxic. What began in the US infected the entire North Atlantic financial sector. Yet the bad loans were only the tip of the iceberg. To make matters worse an entire system of betting on which loans were bad had developed among financial institutions (these bets were seen as a form of insurance and called Credit Default Swaps). Losses were compounded as a series of major institutions bet the wrong way without having the money set aside in case they got it wrong.

Eastern Europe, one of the most deregulated regions of the world, was decimated by the crisis. Michael Hudson and Jeffrey Summers provide a case study of Latvia. A lab of neoliberal development for the last twenty years, the country was touted as a model that ‘Old Europe’—with its antiquated social welfare states, high taxes and excessive regulation—should emulate. Anti-union provisions, a flat tax, mass privatisation and the like were supposed to have made Latvia and other East European economies more dynamic. In reality the country was a mere satellite for the developed economies, a haven for money laundering and tax evasion, dependent on foreign credit (p. 249). Prior to the crisis as much as 90 per cent of GDP growth was attributable to a real estate bubble and the financial services sector (p. 255). The crisis exposed this structural weakness. When foreign funds dried up unemployment more than doubled. The fastest growing developing economy in Europe contracted by almost 18 per cent and required an IMF and EU bailout.

The Global South, provider of more than half a trillion dollars to the developed economies over the eight years to 2005 (Soederberg, p. 237), was also hit hard. Exports dropped as recession spread across the Atlantic economies. Secondly, remittances (money sent by family members working in other countries) dropped because of higher developed world unemployment. There was, thirdly, a flight of capital as first world companies withdrew funds to patch up their balance sheets back in the relative safety of the industrialised economies.⁴

Latin America saw a 40 per cent reduction in its financial wealth in 2008, but Veltmeyer’s prediction that ‘Latin America is experiencing the beginning of what is likely to be a profound and prolonged recession’ (p. 268) has not been borne out. The rise in unemployment was less severe than in Europe and economic growth was around 6 per cent in 2010.⁵ In part this has been the result of the sustained primary commodities boom,

4 Food and Agriculture Organization of the United Nations, ‘More people than ever are victims of hunger’, press release, 19 June 2009, www.fao.org/fileadmin/user_upload/newsroom/docs/Press%20release%20june-en.pdf, accessed on 26 April 2011.

5 Gabriela Aguilar, ‘Through dynamic growth Latin America and the Caribbean absorbed the crisis’ social impact’, press release No:2011/122/LAC, World Bank, 2011.

driven by Asian demand. In particular, the continued dynamism of the Chinese economy has helped stabilise sections of the world economy. This is not simply a post-crisis phenomenon. As Walden Bello explains, by the late 1990s China was bucking the trend of sub-par investment performance globally. Its relationship with the US—producer of consumer goods and extender of credit with which to purchase those goods (and, as noted above, to engage in financial speculation)—was one of the key foundations of the economic order over the last decade (Bello p. 282). The Chinese ruling class depended on subordinating the consumption of the working class and the giant peasant population to facilitate mass investment in industry. Over the last decade consumption as a share of GDP dropped from 46 to 35 per cent, while the share of investment increased 8 per cent.⁶

The low cost of labour translated into low-priced Chinese products. Chinese industrial output thereby helped ease inflationary pressures in its major export markets. Lower inflation in turn contributed to the strength of the financial sectors of the importing economies by helping to hold up the value of money (Schwartz, p. 183). Yet China also contributed to what Bello sees as a ‘crisis of global overproduction’, which has existed for the best part of four decades in the world’s manufacturing heartlands. Moreover, he argues that overproduction is inherent to the system: capitalism has a tendency to develop the forces of production faster than it develops the consumptive capacity of the population. This is the basis of system-wide crisis. However, the crisis of overproduction itself can be seen as a symptom of the decline in profitability that Veltmeyer noted in his essay. The falling rate of profit, a result of greater and greater investment in plant and machinery compared to value-creating human labour, leads to a decrease in productive investment. This is the basis of slower economic growth and higher unemployment. The consequence is a build-up of unsold commodities and the movement of capital into areas like financial speculation in search of higher returns.

Debt-reliant consumer spending has partially masked the underlying problem. With the expectation that US consumers will spend less as they pay down their debts, a key question is whether China will be able to restructure its own economy to increase the consumption of the population, which would help soak up the glut of manufactured commodities. Bello argues that to do so ‘would require a fundamental policy shift, and the government would have to go against the interests, both local and foreign, that have congealed around the strategy of foreign-capital-dependent, export-oriented industrialisation.’ Such an outcome is ‘highly fanciful’ (pp. 287-88). With the IMF concluding that ‘emerging economies are more “coupled” than ever with advanced economies’ and that their domestic markets will not grow in the coming period, Bello seems to be right.⁷

6 Eswar Prasad, ‘Rebalancing growth in Asia’, *Finance and development*, 46 (4), December 2009, www.imf.org/external/pubs/ft/fandd/2009/12/prasad.htm, accessed on 26 April 2011, pp. 18-19.

7 David Uren, ‘Busting the myth of “decoupling”’, *Australian*, October 11, 2010.

Politics and resistance

The human consequences of the financial crisis and its aftermath have been terrible. Mortgages on over six million houses have already been foreclosed in the US,⁸ while almost 40 per cent of homes today are sold because owners can't pay their mortgage or have negative equity.⁹ The number of unemployed people in the most developed countries is 15 million higher than in 2007.¹⁰ The poor—disproportionately young adults, Blacks, Latinos, and the elderly—are suffering the most (Dymski p. 80, Montgomerie, p. 104).

The response of the capitalist class to the crisis has been decisive. First they engaged in a mass bail-out of financial institutions, handing over trillions to wealthy bankers while leaving the most vulnerable to fend for themselves. In an attempt to divert attention from this gross injustice, they engaged in what Susanne Soederberg calls 'the politics of smoke and mirrors' via spectacles such as the G20 London Summit. This gathering of the leaders of the countries with the largest economies pledged to 'do whatever is necessary' to, among other things, 'strengthen financial regulation to rebuild trust' and 'overcome this crisis and prevent future ones.'¹¹ In fact, Soederberg argues, world leaders left the previous regulatory architecture in place. The Summit's purpose was, like the bank bailouts, to shore up the very system that failed in the first place.

With financial sector debt taken over by states, through the bailouts, governments have turned at differing speeds and to differing degrees to austerity, pushing the burden of repayment on to the working class and the poor. It is a double hit: workers have to both pay off the debt on their own houses and the debt racked up by the institutions that advanced and profited from the mortgages in the first place.

Steve Fraser asks the question: 'Where are all the rolling insurgencies, the break-away political parties, the wave of strikes and boycotts, the infectious communal upheavals, the chronic sense of enough is enough?' (p. 317) It is no surprise that large-scale resistance was not immediate. On one hand, as Fraser himself notes, the material and ideological assault of the last several decades has left the working class demoralised and disorganised, transformed 'into a disaggregated pool of contingent labour, contract labour, temporary labour, and part-time labour' (p. 319). The political left is fractured, racism and nationalism have flourished; consumer culture has led to the dead-end of channelling 'desire into forms of expressive self-liberation', by which Fraser seems to mean a retreat into lifestyle politics and a search for individual fulfilment counterposed to collective action (p. 323). The acute form of the current crisis created something of a paralysis—and

8 *New York times*, 'The Foreclosure Crisis', editorial, October 14, 2010.

9 Suzanne Kapmer, 'US housing barometer points to danger', *Financial times*, March 24, 2011.

10 International Labor Organization, *Global employment trends 2011: the challenge of a jobs recovery*, Geneva, International Labor Office, table P2, p. 74.

11 'Global plan for recovery and reform', Communiqué from the London G20 Summit, 2 April 2009, www.g20.org/Documents/final-communication.pdf, accessed on 26 April 2011.

in country after country there were ideological campaigns stressing that ‘we are all in this together’ and ‘shared sacrifice’. As Samuel Brittan, writing in the *Financial times*, noted

The trick of the ... establishment is to turn discussion from ‘whether to’ into ‘how to’ questions. The media debate is on which government services to cut or on the balance between spending cuts and tax increases. Once the discussion has been channelled into these trenches the establishment has won.¹²

In Britain, 64 per cent could agree that “the scale of the cuts is essential for the government to balance its books”, according to a BBC Newsnight poll conducted in July 2010.¹³ Yet the situation is contradictory. A clear majority in the same poll could also agree that ‘the government is trying to cut too severely’. In several European countries the same pattern emerged, while sizeable minorities or majorities accepted the need for austerity, large numbers approved of strike action and street demonstrations against the cuts. The situation is far from static. As Italian revolutionary Antonio Gramsci wrote: ‘Mass ideological factors always lag behind mass economic phenomena... therefore, at certain moments, the automatic thrust due to the economic factor is slowed down, obstructed or even momentarily broken by traditional ideological elements.’¹⁴

Those traditional ideological elements are not simply the ruling class press, politicians and economists. The most important reason for passivity has been the weakness of *organised* labour. Aronowitz argues that the problem in the US goes beyond the union leadership’s politics of class collaboration. Their complete reliance on the Democratic Party and the Congress to throw them a bone, something he describes as ‘the politics of distraction’, means that unions lack autonomy from capital and the state. This is the result of decades of deal-making with employers and government, the purging of communists and socialists during the cold war, and the continued suppression of rank and file militancy to this day. The union leadership’s belief that systemic opposition to capitalism ‘is tantamount to political and economic suicide’, left the US working class ‘invisible in the public sphere and to itself as a class’ (p. 337-38). While this is an overstatement—the 1997 UPS strike, for example, was both a victorious rebellion and a national news story—there is no doubt that at the time the book was sent to the publishers, US labour was still very much on the defensive.

Yet the very elements noted as factors contributing to the early passivity also generate instability. The declining rate of unionisation doesn’t axiomatically mean lower levels of struggle (France, with one of the lowest unionisation rates in Europe is testament to this). While the loss of experienced shop stewards and the aging of the membership are

12 Samuel Brittain, ‘Are these hardships necessary?’ *Financial times*, June 18, 2010.

13 Nigel Stanley, ‘An important poll on the cuts’, 27 July 2010, www.touchstoneblog.org.uk/2010/07/an-important-poll-on-the-cuts/, accessed 12 October 2010.

14 Antonio Gramsci, ‘The modern prince’ in Antonio Gramsci *Selections from the prison notebooks*, International Publishers, New York, 1971, p. 168.

problems, there is also potentially less bureaucratic hindrance from officials and organised reformists who carry on about the fines, laws and restrictions associated with taking industrial action and the need to 'box clever' etc. Those who are more politically backward, disorganised and less disciplined can move into action more freely, having fewer concerns about the ramifications of their actions. These factors, together with high levels of youth and long term unemployment, mean that the situation is more unpredictable and possibly more explosive.

Konings emphasises, in the opening essay of the book, that 'Power always has constraining effects, but it can never fully eradicate the subjective powers and agency of the oppressed... [T]he real moment of political possibility lies... in the lived experience of the contradictory effects of power.' (p. 29) Militant resistance to austerity has spread in several European countries while significant struggles have erupted in the US. North Africa and the Middle East have seen the daily indignities associated with rising food prices, high unemployment and dictatorial regimes channelled into a revolutionary wave that has lifted the confidence of the mass of the population, inspiring people the world over.

Governments' policies will increasingly push workers and the poor to fight for their rights—and their survival. Further, if victories begin to mount, the confidence to demand more will be the greatest spur to further action—as the dynamic of the Arab revolutions demonstrates.

But the success or otherwise of resistance to neo-liberalism—and ultimately the victory of the revolutionary movements such as those in Tunisia and Egypt—will depend on whether mass parties with a socialist vision are built. Panich and Gindin conclude in the final lines of the volume, 'However deep the Crisis and however widespread the outrage, this will require hard and committed work by a great many activists... It ain't over till it's made over.'

The great credit crash offers a wealth of information and perspectives, but it has weaknesses. The issue of whether the contradictions of a particular model of accumulation—neoliberal capitalism—are the core of the problem, or whether there is a deeper crisis in the system, which led to the turn to neoliberalism, is one of the most intriguing debates at the moment. Do we need a non-neoliberal capitalism, or do we need to get rid of capitalism altogether? This question is barely alluded to in this volume. Many of the contributors endorse some form of underconsumptionist theory of crisis, but there is no essay critiquing these perspectives. Although contributors stress the global (or at least North Atlantic) nature of the crisis, the political contributions are primarily North American and, especially in the wake of the struggles against attacks on workers in Wisconsin during February and March 2011, their tone seems too pessimistic. Konings has nevertheless put together a volume worth reading.

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