

## **Neoliberalism, Labour Governments, and Working-Class Power-Resources: A Tale of the Tape**

*Neoliberal Labour Governments and the Union Response: The Politics of the End of Labourism*, Jason Schulman, Basingstoke: Palgrave Macmillan, 2015.

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### **Abstract**

This review article explores Jason Schulman's *Neoliberal Labour Governments and the Union Response: The Politics of the End of Labourism*, both as a theoretical contribution to work on neoliberalism and as an account of historic change in New Zealand, Britain and Australia. Regarding the former, I explore the history, concepts and strengths/limitations of the 'working-class power resource' theory that Schulman advances to account for differences in the behaviour of neoliberal labour governments in the three study states. Despite the fact that it imbues organised labour with a certain sense of agency in the rise of neoliberalism, I argue that, as a mid-range institutional theory, it has limited explanatory power when disarticulated from a rigorous hierarchy of abstraction. Certain other weaknesses of the approach, such as a formalistic and mechanistic account of working-class power, also see Schulman overstate the case for Australian exceptionalism. I suggest a way forward that combines Schulman's excellent account of the institutional articulation between trade unions and labour parties with a carefully formulated construction of neoliberalism as a concept.

**Keywords:** neoliberalism; labourism; working-class power resources; regulation theory

The 2007-08 Global Financial Crisis represented a violent close to a two-decade period of ascendant neoliberalism. Although in the aftermath of the crisis the political and economic structures of neoliberalism remain more-or-less intact, the system is enervate, increasingly fragile and, perhaps most importantly, lacking the sense of legitimacy and inevitability which had once been its armour: ‘dominant but dead’, in the words of Smith (2010: 54). For the first time in years, there is the sense that history is open, that alternatives to neoliberalism are taking shape on both the Right and the Left. Invigorating yet dangerous currents of anger, disenchantment, hope and energy swirl in our polities: invigorating, in that they can be harnessed in the creation of a progressive and inclusive vision of life after neoliberalism; dangerous, in that such forces can equally be pressed into the service of a resurgent far Right. To realise the former is the pressing task confronting progressive forces across the globe. However, if the Left is to proffer a cogent post-neoliberal future, it must first come to terms with the circumstances of neoliberalism’s birth and the painful truth that social democracy was complicit in its genesis. Only by identifying and acknowledging past mistakes can the ground be cleared for the progressive alternative to neoliberalism that we so sorely need.

Jason Schulman’s *Neoliberal Labour Governments and the Union Response: The Politics of the End of Labourism* is an important contribution to this process of introspection. His object of analysis is labourism, a distinctive sub-species of social democracy that sees ‘trade unionism extended into the arena of the government’ (p. 10). Labourism was historically premised on a vision of the one embracing labour movement assuming two forms in the struggle to improve the lot of the working class: the industrial wing centred on trade unions, and the political wing crystallised in the party. Understanding the evolution in this union-party nexus and its status in the context of neoliberalism is the main task Schulman sets himself. In particular, through a focus on the experience of union-party relations in New Zealand, Britain and Australia, he posits that the degree and rapidity with which labour parties assumed a neoliberal trajectory is largely a function of the success or failure of the trade union movement in controlling ‘their’ party.

In the space of what is a short book, Schulman raises some very important questions regarding how trade unions have lost their parties to neoliberalism and the form this loss took. His account of ‘working-class power resources’ as an explanatory model for why labour parties stray from their historic mission of civilising capitalism is similarly thought provoking, and joins a

promising line of ‘labour-centric’ research that stresses the agency of unions and the importance of union strategy (see, for example, Humphrys, 2018; Humphrys and Cahill, 2017; Lloyd and Ramsay, 2017; Heino, 2017). As will be demonstrated in the course of this article, *Neoliberal Labour Governments and the Union Response* is a timely work that, although theoretically flawed, speaks strongly to the present conjuncture.

In order to understand both the achievements and limitations of Schulman’s work, however, it is first necessary to put in hand an understanding of his approach and his findings.

### **Neoliberalism and ‘Working-Class Power Resources’**

At the very outset, Schulman foregrounds the problem facing trade unions in the Western world; the embrace of neoliberalism by notionally working-class parties. He notes that ‘Over the past 25 years, virtually all social democratic parties have presided over some degree of market deregulation, commercialization, and privatization of the public sector, and at least the piecemeal implementation of welfare-state retrenchment’ (p. 1). Identifying labourism with social democracy (a problematic contention, but one which I follow in the course of this analysis), he notes that this pattern of change has characterised labour parties as much as their European brethren. The key question which Schulman addresses himself to is ‘why’?

For Schulman, many of the traditional answers forwarded to this question, such as economic globalisation, the shrinking proletariat, and the declining relevance of class identification and ideology, are insufficient in and of themselves to explain the abdication of labour parties to neoliberalism. How, for example, can one explain Australia and New Zealand’s very different paths on the neoliberal road in the 1980s when both were small, export-oriented economies? Conversely, why did the UK and New Zealand seemingly share a rapid neoliberal turn, despite their profoundly different economic structures and insertion into the global economy? While the globalisation issue might be a necessary condition of the neoliberal embrace, it is not a sufficient one. Some other explanatory theory is required.

Schulman finds this theory in the literature on working-class power resources (for some representative works, see Western, 1997; Huber and Stephens, 2001; Korpi and Palme, 2003). This is essentially a mid-range institutional theory which ‘claims that variations in organizational assets such as unions and left-wing political parties account for cross-country disparities in

distributional outcomes’ (p. 12). The nub of the working-class power resources perspective ‘suggests that the stronger the relationship between the working class and left-wing parties, the likelier it is that the interests of workers will be reflected in left-wing party policies’ (Han, 2015: 603). According to Schulman, this highly useful approach has tended to focus on macro-issues such as the retrenchment of the welfare state, paying little regard to ‘the decline of organized working-class power *within (historically) working-class parties* and the subsequent programmatic change that these parties have undergone’ (p. 13). To plug this lacuna, to account for how and to what degree trade unions ensure a labour party is *their* party, is the main contribution of the book.

### **Neoliberalism in New Zealand, Britain and Australia**

To flesh out the intra-working-class dimension of power resource theory, Schulman embarks upon three case studies centred on periods of labour government in Anglophone countries:

- New Zealand and Australia through the 1980s and, in the case of the latter, into the 1990s;
- Britain in the ‘New Labour’ period of the late 1990s and 2000s.

The choice of these states is easily justified – each has a long tradition of labourism being the main form of political mobilisation of organised labour. The temporal limits of the case studies, however, see a plane of cleavage introduced into the analysis; whereas the New Zealand and Australia labour governments of the 1980s were at the vanguard of the neoliberal project, the Blair New Labour government acquired a more-or-less fully formed neoliberalism from its Thatcherite predecessor. Schulman can hardly be blamed for the historic timing of labour governments, however, and he largely addresses this seeming contradiction by making it clear he is focused on the *behaviour* of labour parties in office, rather than fixating on the distinction between them as creators versus inheritors of neoliberalism per se.

Whatever the temporal asymmetry, the crux of Schulman’s case study analysis is that, despite the various institutional differences that make the union-party link unique in each country, a broad trend can be observed: whereas New Zealand and British unions were generally ineffective in exerting meaningful control over their parties, Australian unions experienced much greater

success which certainly affected, if not the outcome, than at least the tempo and form of neoliberal change.

In order to understand how Schulman arrives at this conclusion, it is necessary to plot briefly how his analysis proceeds. Each case study is interrogated according to two main criteria:

- Changes in economic, social and industrial policy; and
- The structure of union-party relationships/union strategies in relation to labour governments.

In terms of macro-economic outcomes, Schulman acknowledges that, despite some progressive changes in the Australian taxation system over the 1980s (such as the introduction of capital gains and fringe benefits tax), the differences between the three study states ‘were not especially great’ (p. 93), with all labour governments embracing policies of privatisation of government assets, financial deregulation and the broader marketisation of social life. Regarding industrial policy, Schulman paints the British New Labour government as the most actively hostile towards trade unions, clashing with public sector unions repeatedly, whereas both New Zealand and Australia left their fundamentally collectivist systems intact.<sup>i</sup>

It is in the field of social policy that Schulman observes a distinct difference between New Zealand and Britain on the one hand, and Australia on the other. Due to a combination of expansions in the ‘social’ wage (for example, through increasing some payments to low-income earners and the provision of superannuation funds), ‘the case of the Australian Labor Party governments’ social policies between 1983 and 1996 is less ambiguous and overall *less neoliberal* than those of Britain under Blair or New Zealand under Lange...’ (p. 96 – my emphasis).

To the extent that the Australian Labor Party (ALP) was more successful in articulating impulses to neoliberalism with traditional social-democratic concerns, or was at least slower traveling down the neoliberal road, Schulman credits the greater ability of Australian unions to influence outcomes within the party itself. In particular, he draws attention to several key points of difference between the Australian union movement and its New Zealand and British brethren:

- The greater concentration of the Australian union movement under the banner of the Australian Council of Trade Unions (ACTU). By contrast, the peak bodies of the New

Zealand and British union movement (the Federation of Labour and Trade Union Congress respectively) couldn't change the reality of a fragmented, decentralised movement.

- The ACTU had developed a more-or-less cogent corporatist vision, symbolised in the Accord agreement with the Labor government, whilst the other bodies had not.<sup>ii</sup>

These factors enabled the ACTU to organically insert itself into the policy wheelhouse of the ALP government, in a way that simply was not open to New Zealand or British unions. Of these, the former consistently presented themselves as loyal critics of the Lange Labour government, whilst the latter, desperate to free themselves from nearly two decades of conservative rule, allowed Blair's New Labour to maintain the essential structure of Thatcherism. In short, Schulman holds that these case studies are prime examples of the efficacy of working-class power resource theory.

With this outline in hand, we can now move to a consideration of the strengths and limitations of the project itself.

### **Neoliberalism and the Utility of Power-Resource Theory**

As mentioned previously, Schulman explicitly identifies working-class power resource theory as the guiding thread running throughout the entire account. He states the case plainly in the conclusion:

The more a labour party has lost its base in the working class – the less directly a political expression it is of organized labour – the easier it is for the party leadership to quickly and radically impose neoliberal policies. That is, the policy shift is a result of the *diminishing power resources* that unions have within their historic parties (p. 111).

Given this centrality, it is necessary to more deeply interrogate the explanatory potential and limitations of this approach, in particular focusing on what it illuminates and what it occludes.

It is necessary at the outset to note what working-class power resource theory *actually is* – it is fundamentally a mid-range institutional theory. In Schulman's hands, it focuses on the ability of the working class to establish control over a distinct institutional body, the labour party, and to use that body to realise the essence of the labourist movement – the extension of the trade union

principle into the political sphere. As Schulman notes, power resource theory's traditional focus, however, has been in explaining variation in the welfare state and in welfare state retrenchment.

It is useful in this context to revisit briefly the foundations of the approach. Rothstein, Samanni and Teorell (2012: 3) note that:

The PRT grew from an effort by a group of scholars who, during the late 1970s, tried to find a 'middle way' between the then popular Marxist–Leninist view that the welfare state should be understood as merely a functional requisite for the reproduction of capitalist exploitation, and the alternative view that welfare states follow from a similar functionalist logic of modernization and industrialization.

In this context, power resource theorists stressed two key issues:

1. The fact that variation existed in key indicators of the welfare state. These differences could not be dismissed out of hand, but had to be explored and explained; and
2. The significance of the political mobilisation of social classes in constituting these variations (Rothstein, Samanni and Teorell, 2012: 3).

In light of these goals, Schulman's use of power resource theory has to be analysed according to two over-arching considerations, formulated at different analytical levels: how well does his account address the issues foregrounded by power resource theorists?; and to what extent does Schulman's work share in the broader strengths and weaknesses of the approach?

On the first score, it is clear throughout the analysis that Schulman has grasped and conceptualised the fact that there is no one generic neoliberalism that has subjected New Zealand, Britain and Australia to a common temporality and processes. Rather, neoliberalism was constructed, and is maintained, by unique combinations of social forces and institutional structures, and one of the key determinants was indeed the degree to which trade unions were able to keep labour parties as *their* parties. Schulman is at his best in describing in razor sharp detail the fundamentally different experience of Australian unions in this regard compared to their New Zealand and British brethren. As recounted above, the former, due to a greater level of organisational centralisation and coherence, succeeded, both in terms of policy and personnel, in securing a much closer relationship with the ALP, and were thus in a position to inflect a different tenor and temporality to the process of travelling the neoliberal road. With equal clarity

Schulman notes how the inability of New Zealand and British trade unions to maintain such a tight embrace with their respective parties saw them recast as obstacles to be overcome by a party leadership that was increasingly both organisationally and socially distinct.

However, by impliedly positing formal control over labour parties as *the* prime working-class resource, Schulman misses out on other factors which might qualify the strength of a claim which, although made in the specific context of social policy, nevertheless appears at times as a broader point:

Australian Labor's social policy *essentially reflected a social democratic ethos which had to make concessions to powerful neoliberal interests*, while the British Labour government's social policies reflected a neoliberalism which had to make concessions to the social democratic heritage and expectations of the electorate (p. 97 – my emphasis).

In this he shares a broader criticism of power resource theory (particularly where it is associated with the literature on corporatism, as it often is): that it conceives of power mechanistically, focusing on the ability of top union officials 'who barter their control over a disciplined labour movement for power via a social democratic party' (Howe, 1992: 14). The union-party link is regarded as the privileged site of working-class struggle, with union leaderships and party members the prime agents. Forms of struggle and organisation outside of this party model are typically conceived as a demonstration of weakness, rather than strength (Howe, 1992: 14). If we expand the analysis beyond formal political control, it can be demonstrated, on the basis of the criteria Schulman himself sets (economic, social and industrial policy), Australia was rather more neoliberal and less social democratic than he supposes.

In order to pose these questions, however, it is necessary first to forward my own conception of what neoliberalism actually is. To say that neoliberalism means different things to different people verges on a cliché. Indeed, some scholars such as Dunn question the utility of the term at all (2017). I concur that, like most terms employed in both strict scholarly analysis and in political polemical discourse, neoliberalism can sometimes appear hazy and is, to use the expression of the great jurist Hart, surrounded by a 'penumbra of uncertainty' (Hart, 1979: 12). However, to jettison the term neoliberalism is to throw the baby out with the bathwater. Like any concept, we must distinguish between the intrinsic merits of a concept and the imperfections



of its use.<sup>iii</sup> Moreover, the fact that the term neoliberalism serves as a useful focal point of Left anger at the current state of capitalism should make us doubly careful about rejecting it.

I maintain that, with due caution in formulation, neoliberalism can and should remain a useful concept in the scholarly toolkit. ‘Due caution’ in this context means explicitly locating neoliberalism historically and understanding it as *both* a structure and a process. Using the concepts and methodology of the Parisian Regulation Approach (PRA), I have elsewhere noted that capitalism can go through more-or-less coherent, stable periods, where the crisis tendencies of capitalism are contained, deferred and/or ameliorated (Heino, 2015; Heino, 2017). These periods represent capitalist epochs, or models of development, combining:

- An industrial paradigm, governing the social and technical division of labour (Aglietta, 1979);
- An accumulation regime, a stable combination of capital’s economic forms that synchronises production and consumption (Jessop, 2013; Heino, 2017);
- A mode of regulation, ‘a concrete hierarchy of capital’s juridic forms, the extra-economic struts that allow capital to move through its circuit’ (Heino, 2017: 16).

It is precisely at the level of a mode of regulation that I, following Lipietz, situate the concept of neoliberalism (Lipietz, 2013). Modes of regulation, centred on the state and law as root juridic forms, represent an arrangement of several key extra-economic struts, including wage relations, state forms, enterprise relations and linkages (such as competition) and money (Jessop, 2013). This characterisation serves to tighten the ambit of the neoliberal concept. It is not a synonym for globalisation or a catch-all term for any state project that disadvantages the working class; rather, it refers to a distinct process of evolution of structural forms which leads to a more-or-less durable and distinctive mode of regulation.

What this neoliberal mode of regulation actually does, and why it evolves the way it does, is a question that can only be answered historically. The idea of the post-World War II ‘Long Boom,’ ‘Golden Age,’ ‘*Les Trente Glorieuses*’ and/or ‘Fordism’ is more-or-less ubiquitous in economic history/political economy. In line with PRA concepts, I have argued that the best way to conceive of this epoch is one characterised by the paramountcy of the Fordist model of development (Heino, 2017). Like any model of development, Fordism brought about a period of

coherence and stability through explicit efforts to regulate and regularize capitalism's crisis tendencies, in particular the dangers represented by working-class underconsumption and the explicitly anti-capitalist attitudes of influential sections of the proletariat. Fordism's mode of regulation crystallised provisional and temporary solutions to these otherwise intractable problems. The state's assumption of an explicitly welfarist form, dominated by Keynesian thinking; the generation of a highly specific wage-labour nexus that integrated trade unionism into the fabric of Fordism through trading productivity-linked wage increases to subordination in the labour process; oligopolistic linkages between firms; and the status of currency as an adjunct to a system of financial regulation centred on the nation state – these were constituent elements of a mode of regulation that simultaneously answered the crisis of the Great Depression and ensured the coherence of Fordism. In short, one cannot understand Fordism's mode of regulation without also understanding the crisis tendencies it was responding to and the means by which it addressed them.

What is true of the Fordist period is just as true today. The crisis of Fordism in the 1970s has, through a process of punctuated evolution, been at least partially solved through the ascension of a new model of development, variously called 'post-Fordism' or 'liberal-productivism' (Vidal, 2011; Vidal, 2013; Lipietz, 2013; Heino, 2017). Importantly, this model of development, secured by a neoliberal mode of regulation, rose to a position of paramountcy precisely because it answered, in a provisional and contingent way, the crisis tendencies that had torn Fordism apart. Growing disaggregation of the manufacturing process (and its concomitant internationalisation), the slowdown of productivity in lead sectors and the increasingly dysfunctional institutionalisation of trade union power had combined to shear Fordism of its coherence and usher in the economic stagnation and crisis of the mid-1970s (De Vroey, 1984; Elam, 1994; Heino, 2017). The key characteristics taken as defining neoliberalism, including 'financialisation, trade liberalisation, deindustrialisation, deregulation, privatisation and the privileging of market principles over activities of the state' (Watson, 2016: 133): these can only be fully understood and articulated if we acknowledge them as part of a suite of structures and policies designed to answer the crisis tendencies of Fordism.<sup>iv</sup> The destruction of the Fordist wage-labour nexus (namely, the inversion of wages from a source of domestic demand to a cost of international production); the dissolution of the Keynesian state-form and its replacement by the competition state extending the commodity principle; the destruction of trade barriers and

facilitation of hypermobile credit money – these structural features of neoliberalism perform exactly this function of Fordist crisis resolution (Heino, 2017).

Acknowledging the fact that neoliberalism is a response to the crisis tendencies of Fordism (and is thus an explicitly historical product) leads to two logically derivative points:

- Neoliberalism must be understood not merely as a complete, self-sufficient structure, but as a process, the unity of which can best be expressed as *a process aimed at answering the crisis tendencies of Fordism in particular ways*. Depending upon a host of factors, this process of ‘neoliberalisation’ can be fast or slow, incremental or violent, but provided it is tending towards the structures and rhythms of neoliberalism identified above, it is quite artificial to distinguish between ‘degrees’ of neoliberalism.
- Acknowledging that the crisis tendencies that the neoliberal mode of regulation answers are broader than the state strictly construed, a focus on the formal political sphere (such as that proffered by working-class power resource theory) is likely to omit important parts of the neoliberalising process and social actors outside of the union-party link narrowly construed.

On both counts there are difficulties with Schulman’s analysis. Regarding the first, whilst Schulman is undoubtedly correct in stating that union influence over the ALP, particularly in the form of the Accord, affected the form and speed with which neoliberalism was rolled out, he doesn’t systematically address himself to the fact that this led to no durable impact on the long-term result i.e. the ascendancy of the neoliberal mode of regulation. That is of course a perfectly reasonable conclusion, but one which is not explicitly made in the book. Moreover, a causal mechanism accounting for this lack of long-term difference between the case study states is not at any time advanced, a lacuna I argue below relates to the use of working-class resource power theory in isolation from more grand theoretical concerns.

More broadly, the idea of neoliberalism as a process has usefully been discussed by Humphrys and Cahill in a recent significant piece (2017). Understanding neoliberalism as such, they undercut the somewhat rosy picture Schulman paints,<sup>v</sup> describing how, throughout the 1980s under the Hawke Labor government:

...free tertiary education was abolished and taxation, which was to be progressively reformed to ensure that corporations paid a 'fair share', moved in the opposite direction. Other neoliberal measures implemented by Labor and often supported by the union leadership included restrictive monetary policy, extensive industry deregulation, privatisation of public assets, corporatisation of government departments, dismantling of tariff protections and promotion of 'free trade', tendering for previously publicly provided services, and the increased targeting of welfare assistance (Humphrys and Cahill, 2017: 675).<sup>vi</sup>

The basic thrust of these changes is the same as those effected in New Zealand and Britain, a point that Schulman accepts in places. The working-class power resource approach, whilst capturing the fact that the process of neoliberalisation in Australia was forced to adopt a different tempo precisely because of the reality and necessity of union input, is not extended to that period which might have operationalised the model on a broader scale, that is, the early to mid-1990s when union ability to effect outcomes in the ALP waned severely. At several points Schulman notes how the ALP's 'movement to neoliberalism gathered speed' (p. 88) under the Keating government at this time without even cursorily indicating why. This silence is perhaps instructive as to the limitations of power resource theory – the ALP appeared to more fully embrace the neoliberal road despite the fact that the formal organisational ties between the party and the union movement remained intact (particularly in the form of the Accord, which was still intact). In the same vein, it would have been fascinating to see Schulman grapple with the fact that British Labor Party veered to the left in the early 1980s after the ascension of Michael Foot to the party leadership. The Party's 1983 Election Manifesto was strongly left-wing in tone, committing the party to democratic socialism, economic planning and nuclear disarmament (Labour Party Manifesto, 1983).<sup>vii</sup> This occurred at a time when unions generally were starting to wear the hostility of the Thatcher government would have been salutary but challenging for the power resource theory perspective. The suspicion must be that these episodes are omitted precisely because they are hard to explain in terms of the working-class power resource theory. Had such analyses been forwarded, however, they would have immensely strengthened the central thesis.

Even with such a buttressing, however, it remains the case that, as a mid-level institutional theory that focuses on the ability of unions to exercise control in the formal political sphere, power resource theory suffers shortcomings. At the broadest level, like all institutional theories, it rises well above pure empiricism, but does not necessarily connect with broader ‘grand’ theoretical traditions that offer cohesive and systemic explanations of social phenomena (Vidal, Adler and Delbridge, 2015). Accounts which combine theoretical rigour with empirical sensitivity typically construct a rigorous ‘hierarchy of abstraction’, whereby the explanatory potential of grand theory is articulated with concepts more targeted at explaining specific phenomenon. Echoing Marx, such a hierarchy allows us to move from the study of the concrete, the world as it presents itself to us, up to abstract concepts which can then be reapplied to that reality to appreciate the ‘concrete in thought’ (Marx, 1973).

When not explicitly located as part of such a hierarchy, mid-level institutional approaches such as working-class power resource theory typically struggle to account for why the studied change was necessary in the first place. The conception of neoliberalism forwarded previously demands an awareness of the fact that it was evolving in response to the degradation of the Fordist model of development, which was coming apart under the weight of several of capitalism’s most deeply-set crisis tendencies. It is those tendencies that generate the impulses to which proximate institutional developments, such as the changing balance of union-party relations within the labour movement, are responses.

Schulman generally does not link the evolving union-party bond to the specific crisis tendencies which spawned neoliberalism, and is thus unable to rigorously account for why working-class power resources changed in the first place. In the case of New Zealand and Britain, there is some mention of the changing demographic of party membership (particularly insofar as this was increasingly of a professional, middle-class character) and changes to the voting rights of trade unions within labour parties, but these are proximate mechanisms which were themselves responses to the crisis and ensuing coherence of neoliberalism. Had such a link between grand and mid-level theory been made, not only would it have improved the explanatory potential of power resource theory itself, it would have also allowed Schulman to suggest possible future developments and evolution in labourism itself.

In a more specific sense, Howe's (1992) warning regarding power resource theory, that forms of struggle/organisation outside the realm of the party are often elided, is pertinent here. For example, despite the fact that the Accord as corporatism represents an unprecedented institutional insertion of Australian unionism into the political sphere, deep changes in rank-and-file organisation at the shop-floor level were taking place at the same time. The 'no extra claims' provisions of the Accord were often enforced with an iron discipline by union leaders themselves, choking shop-floor organisation and demobilising grassroots networks of militants (Bramble, 2008). Whilst in a political sense, therefore, the 'power resources' of Australian unions appeared to be waxing, the Accord was severely depleting other resources, such as the capacity for direct industrial action which had powered upsurges in union militancy in the early 1970s and early 1980s. Such a development made Australian unions particularly vulnerable to the more openly neoliberal programmes of conservative governments,<sup>viii</sup> which can be usefully contrasted with the greater resilience of British trade unions where the shop steward movement, although hit hard in the latter half of the 1980s (Forth, 2008), proved a point of ongoing resistance to the neoliberal project at the plant level (Spencer, 1985; Danford, 1997).

This neglect of power resources outside the political sphere also bleeds into another aspect of the book which is otherwise its greatest asset – the restoration of some sense of union agency in the movement toward neoliberalism.

### **The Role of Unions in the Rise of Neoliberalism**

I earlier mentioned how one of the great strengths of *Neoliberal Labour Governments and the Union Response* is that it joins a promising line of 'labour-centric' research that stresses the agency of unions and the importance of union strategy. Of particular note in this regard is the aforementioned article of Humphrys and Cahill, which stresses that unions are not only or necessarily the passive objects of the neoliberal movement – rather, in some countries, such as Australia, they can indeed be regarded as active subjects in that process (Humphrys and Cahill, 2017).

Schulman stops short of such an assertion. His sense of agency is the agency unions had to control their parties. Such a perspective, firmly rooted in the working-class power resource perspective, carries latent within it the assumption that unions themselves can't be agents of neoliberalism. Rather, it is the party which is identified as the prime mover, and union agency is

executed, with varying degrees of success or failure, to retard that movement. This is essentially a negative sense of agency – the agency to facilitate or prevent an outcome determined by others.

There is no doubting the fact that this negative agency was indeed the powerful factor Schulman identifies. As he so lucidly illustrates, more than a decade of Tory rule had convinced British unions of the need to get their party elected at any cost, whilst their New Zealand brethren saw their gravity within the party supplanted by a socially-differentiated strata closely linked to the Treasury. Such case studies are demonstrative examples of unions surrendering some of the control and influence they might otherwise have exercised.

In this respect, Schulman's book represents a highly useful complement to the work of prominent neoliberal theorists, such as Harvey (2005; 2007) and Duménil and Lévy (2011), who conceive neoliberalism principally as a purposive ruling-class programme to restore class power and funnel surplus value to the top of the income chain. Such a view is not incorrect, in that it captures the *raison d'être* of capital's project, but is incomplete, primarily because it tends to render labour as a passive object being acted upon, rather than as a social subject in its own right. Duménil and Lévy's (2011: 18-19, 85-87) conception of neoliberalism as a function of a social compact between, and hybridisation of, the capitalist and upper managerial classes leaves the working-class (or 'popular masses' in their tripolar model) on the sidelines, whilst Harvey, to the extent that he acknowledges working-class contribution to the neoliberal project, constructs it as 'self-inflicted wounds' (2005: 198) and consistent voting against one's material interests (essentially a form of false consciousness) (2007: 40). By drawing attention to the impact union strategy and tactics can play upon the assumption of the neoliberal road, a more nuanced and complicated picture comes into focus. Schulman illustrates the importance of looking within labour parties in explaining the neoliberal turn, rather than conceiving it purely as an environmental pressure leading social democracy by the nose. His account is thus an invaluable, 'labour-centric' companion to the more 'capital-centric' perspectives of Harvey and Duménil and Lévy.

However, this conceptual innovation is only half-done, precisely because the positive union agency described by Humphrys and Cahill features very little in the account. There is no real sense in which union officials *might themselves* be an active part of the neoliberal agenda, as could most graphically have been demonstrated by reference to the 1989 Pilots Dispute in

Australia, where a cabal formed of the Labor Prime Minister Bob Hawke, airline owners and (most importantly for our purposes) the ACTU Secretary Bill Kelty conspired to crush the Australian Federation of Air Pilots (Taylor, 1992). Something similar could be said about the scheme to deregister the militant Builder's Labourers Federation, led by the Hawke government and its extraordinary *Building Industry Act 1985* (Cth) (Hawke, 1985), but aided and abetted by the peak body and other unions. The breaking of the most activist segments of organised labour was a hallmark in the take-off phase of neoliberalism,<sup>ix</sup> and active union involvement in that process in Australia cannot be regarded as anything other than that of an active neoliberal subject (or at least a subject which assumes a neoliberal role in that specific conjuncture).

Only by appreciating both the negative and positive senses of union agency can the Left begin to carry out the task I identified at the beginning of this essay; identifying and acknowledging past mistakes so that the ground can be cleared for a progressive alternative to neoliberalism. If unions, particularly their leaderships, can be neoliberal subjects themselves,<sup>x</sup> then it stands to reason that greater union control over labour parties might not necessarily produce that neoliberal alternative, contra the implicit suggestion of working-class power resource theory. Such a development will be a necessary, but not sufficient, condition of the emergence of such an alternative. Just as important a consideration is the *nature* of that greater union control, and the political purposes for which it is being pressed.

Also necessary for Left revival is a transcending of the aforementioned exclusive focus on the union-party link that is at the heart of power resource theory. In this article I have largely confined myself to an interior critique of Schulman's analysis, accepting the theoretical premises that he adopts and demonstrating the shortcomings of analysis that result. However, there are myriad forms of working class action that exist outside of the union-party relationship, including wildcat strikes, unemployed workers movements, and community struggles (all of which have a rich heritage in Britain, Australia and New Zealand). Indeed, as Schulman notes at points in the book, some of the more important struggles over his study periods, such as those around the environment and nuclear weapons,<sup>xi</sup> are not clearly linked to class, or are at least linked in complex (and sometimes contradictory) ways. As important as Schulman's effort in understanding the union-party link on its own terms is, equally important is charting how this



link articulates with other forms of working class and social struggle, a task that requires as a necessary precondition an engagement with the grand theoretical concerns outlined above.

## **Conclusions**

It may seem to the reader that I have been overly critical of *Neoliberal Labour Governments and the Union Response*. Some of the shortcomings I have identified reflect tasks that Schulman didn't set for himself. In its core function of providing an historical account of how and to what degree New Zealand, British and Australian trade unions ensured their respective labour parties truly were *theirs*, the book is incisive and engaging. It clearly demonstrates how, in each study state, different union strategies, forms of organisation and links with labour parties prevailed, which affected the tempo and pace of change in the case of New Zealand and Australia, and explained the fact that British New Labour did not resile from the neoliberal policies of the Thatcher era.

The chief virtue of Schulman's 'labour-centric' work is that it draws our attention to the significance of the union-party link at a time when social democratic parties generally, and labour parties specifically, appear to be moving to the left after decades of comfortably inhabiting the centre of the political spectrum. In Australia, the ALP recently forwarded an election platform that was more left-wing than any other over the past three decades, with genuine progressive reforms over franking credits, negative-gearing of investment properties and climate change.<sup>xiii</sup> In New Zealand, the Labour Party went from the doldrums to forming a government, partially by promising genuine left-wing policies such as three years free university tuition, opposition to the Trans Pacific Partnership and genuine environmental action (Shuttleworth, 2017). By far the most radical shift has occurred in Britain where, under the leadership of Jeremy Corbyn, the Labour Party has adopted a suite of radical policies, such as targeted programmes of nationalisation, higher tax rates, the scrapping of tuition fees and the ending of 'zero-hours' contracts (Elledge, 2017).

Such rhetoric, of course, does not mean that these Labour parties will, or even can, deliver a genuine post-neoliberal alternative. The theoretical construction of neoliberalism forwarded above, as a mode of regulation answering Fordist crisis tendencies, militates against such an optimistic view. Schulman's vivid description of the betrayals perpetrated by the New Zealand and British labour parties dovetails with a broader scholarship drawing attention to the structural

limitations of such parties in delivering meaningful social democratic policies when they run up against the accumulation imperatives of capital (see, for example, Bramble and Kuhn, 2010). Nevertheless, the rhetorical shift is important, not least because it creates expectations that can animate working class action and provides a standard by which labour governments can be judged in office.

In the midst of these developments, framed by the ‘dominant but dead’ (Smith, 2010: 54) hulk of neoliberalism, Lenin’s call for the necessity of correct answers to theoretical problems comes to mind (Lenin, 1963). *Neoliberal Labour Governments and the Union Response* is, for the reasons I have identified, not without its share of theoretical issues. Critique on this front is not intended to devalue the approach but to help it achieve its purpose of understanding the union-party link and, in so doing, illuminating ways to break the neoliberal mould within which labour parties have operated for the past three decades.

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## Notes

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<sup>i</sup> In this respect, Schulman doesn't adequately tease out the aforementioned distinction between labour 'creators' of neoliberalism (New Zealand and Australia) versus labour 'inheritors' of neoliberalism (Britain).

<sup>ii</sup> In Britain, initial attempts at a corporatist compact between the TUC and Labour Party in the 1970s came undone after a wave of union militancy in the late-1970s and were not revived in the New Labour era. In New Zealand, a cogent corporatist vision only came to cohere in the late 1980s as part of the formation of the New Zealand Council of Trade Unions (the successor peak body to the Federation of Labour). By this stage, much of the damage of neoliberal reform had been done and, in any event, the new peak body did not enjoy the policy access and control over affiliates enjoyed by their Australian counterpart.

<sup>iii</sup> A useful parallel I have explored previously is the very similar debate as to the status and utility of the terms 'Fordism' and 'post-Fordism'. There too I found that the terms remain useful, despite the fact that they are often ill-served by popular usage. Given that I proceed to locate neoliberalism by reference to Fordism, this parallel assumes more than a casual importance.

<sup>iv</sup> Indeed, this was partly how the neoliberal revolution marketed itself, albeit in a fetishized and highly simplistic way (Cahill and Konings, 2017).

<sup>v</sup> It is interesting to note in passing that, despite the large institutional differences between the New Zealand and Australian experience of neoliberalism in the 1980s, labour's share of national income declined more precipitously in the latter (Conway, Meehan and Parham, 2015). Such a development reiterates the need for a sense of working-class 'resources' broader than formal political party control.

<sup>vi</sup> Space precludes me from dissecting this highly important article at length, but the authors perhaps take the idea of neoliberalism as process too far from neoliberalism as structure. For example, they argue that the Accord, as a species of corporatism, 'was nonetheless part of the form that neoliberalism took in Australia and central to the roll-out of neoliberal policies' (Humphrys and Cahill, 2017: 676). It is certainly true that the Accord broke the cycle of industrial militancy and wage-and-conditions flow on central to the antipodean Fordist model of development, and it is also true that towards the end of the 1980s and into the 1990s it was used as a tool to stimulate workplace and award restructuring. However, the fact remains that the

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Accord intensified and accentuated the role of institutions, such as the federal arbitration commission and trade unions, which are regarded as pathologies within neoliberalism itself. Moreover, as I have indicated previously, the Accord process itself is better conceived as part of a period of institutional experimentation where different models of crisis resolution, *not all of them neoliberal in essence*, existed alongside each other. The Accord combined numerous, deeply contradictory planes within it, and certainly many on the established left saw in it not a neoliberal vision, but a road to greater union control and an elevation of the class struggle to the political sphere. There is no doubting that the Accord was a condition precedent to the full-rollout of neoliberal policies, and increasingly took on a neoliberal bent towards the end of the 1980s. However, it is demonstrative that the Accord disappeared at exactly the time the neoliberal mode of regulation came into full bloom. For more, see Ogden (1984) and Heino (2017).

<sup>vii</sup> The British Labour Party had espoused and acted upon a socialisation objective to a much greater degree than their antipodean cousins.

<sup>viii</sup> A threat realised by the election of the Liberal/National Party coalition in 1996.

<sup>ix</sup> Replicated in the UK with the Thatcher government's 1984-85 confrontation with the National Union of Miners and the Reagan administration's showdown with the Professional Air Traffic Controllers Organization.

<sup>x</sup> Indeed, Humphrys (2018) traces in detail how union leaderships themselves came to accept and work within the fundamental ideological frame of neoliberalism. Empowering union leaderships thusly minded would be unlikely to have progressive impact anticipated by working-class power resource theory.

<sup>xi</sup> As Schulman notes, environmental activism and opposition to nuclear power helped the New Zealand Labour Party retain support from people who were otherwise negatively affected by its neoliberalising tendencies. He might also have noted contemporaneous movements in Australia, including the ultimately successful effort of the Hawke government to prevent the construction of the Gordon-below-Franklin Dam in Tasmania and its "three mine" policy to limit uranium mining to already operational sites. This demonstrates the fact that labour parties also can rely upon resources outside of the union-party link, a fact Schulman indicates but does not subsequently explore.

<sup>xii</sup> At the time of writing, the ALP had, contrary to most predictions, lost the 2019 election.

Commentators are already suggesting that the lesson Labor figures will take from this episode is that ambitious reforms are not vote winners, and in future the party will present a much smaller policy target (Crowe, 2019). This suggests that even the rhetorical shift to the left that is discussed might be at risk.