



Centre of Full Employment and Equity

WORKSHOP

Understanding Unemployment in Australia, Japan and the USA

A Cross Country Analysis

10 and 11 December 2001

**“Share it fairly but don't take a slice of my pie”:
Political Aspects of Unemployment in Australia, Japan and the USA**

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Paper presented to the
Understanding Unemployment in Australia, Japan, and the USA: A Cross
Country Analysis Workshop
CofFEE
University of Newcastle
10 December 2001

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“Share it fairly but don't take a slice of my pie”: Political Aspects of Unemployment in Australia, Japan and the USA

Sharing it “fairly” without taking “a slice of my pie” seems very contradictory. Nonetheless, it was a contradiction that did not seem to bother or trouble the architects and planners of the post-1945 invocations to full employment. Yet how can redistributive justice be achieved if some are able to exempt themselves from contributing to the redistribution? That question is an underlying theme for this paper. A more explicit theme, and the one that forms the central thread for what follows, focuses on the shifting politics of unemployment; a form of politics that, curiously, is increasingly un-political – another contradiction. Put simply, it is as if unemployment is not a political problem. It was not always thus.

Writing in 1945, William Beveridge, one of the key policy architects of Britain’s post-war welfare state, was of the view that:

[Full employment] is a goal that can be reached only by conscious continuous organization of all our productive resources under democratic control. To win full employment and keep it, we must will the need and must understand and will the means (William Beveridge 1945, 16)

Beveridge was articulating two important, interdependent points: first, that full employment was not given in the scheme of things, economic or otherwise, and hence had to be argued for; and second, that the actualization of full employment would require specific forms of political commitment and action. On the first point, the context of devastating global wars and depressions from the 1890s to the 1940s coupled with the experience of war-time full employment, meant that demonstrating a need for full employment was not especially difficult. Most politicians and policy-makers accepted its necessity, especially given the expectations of the respective populations that mass unemployment could and should be avoided. And this made realizing the second point achievable. The political leaders of various western industrialized nations played to their respective populations by articulating a clear political will for full employment. Thus, echoing Beveridge, US President Franklin Roosevelt (1945) declared in his State of the Union Address that “after the war we must maintain full employment”. The Chifley-led Labor government in Australia released its 1945 *White Paper on Full Employment* in which it spelt out its commitment to full employment. Post-war European leaders too evinced a similar outlook.

The goal and (near-)realization of full employment was a characteristic feature of the post war years for over a quarter of a century. However, by 1975, and certainly in the last half of the 1970s, governments across the political spectrum began jettisoning policies aimed at striving for, let alone designed to sustain, full employment. By the end of the twentieth century such overt commitments to full employment as were articulated by Beveridge were little more than the footnotes of history. Policies on full employment faded away, almost to nothing. In their place emerged ritualistic incantations and mantras on a problem that was of marginal electoral importance for the increasingly interchangeable political parties of the

mainstream. The political will for both the need and realization of full employment had dissipated.

So what happened? This paper takes up this question, in a context perplexed by the contradictions noted above, by offering a political comparison of the respective cases of Australia, Japan and the United States of America. I shall begin with a quick overview of the trajectory of unemployment levels in the second half of the twentieth century. Some qualifying comments will also be made about the levels of unemployment, especially after about 1975. With that in place I shall then turn to a brief description of the respective political systems, principally to reject the idea that alleged differences in unemployment levels can be explained by an appeal to alleged differences in their respective political cultures. Though this might have a bearing in some limited degree, it is largely a dead end. Rather the argument is that the differences are a matter of timing due to a global shift in the nature of the dominant political regimes adopted by most, if not all western industrialized nations. The perspective adopted here does not treat each political economy as a discrete entity existing in autonomous isolation, but assumes that each is interconnected in various ways within the dynamic complex of international capitalism. Given that the international capitalist economy was the causal context out of which emerged the post-1945 commitment to full employment, it makes sense to situate the current analysis within that context. Before moving on to the question at hand, I want to foreshadow in broad brush this global context in terms of the shifts in political regimes.

Shifting Political Regimes

It is important to note that the emergence of this concerted political will was not simply a matter of the political powers that be deferring to the interests or desires of ordinary working people. It also represented, indeed could only have come about as a result of, a recognition of the failure of the then prevailing liberal economic order. Few doubted that some degree of renovation was necessary. The problem was to reform the economic order to the extent that its more obvious dysfunctional features, such as mass unemployment, could be minimized or eliminated, without at the same time generating the sort of political regime that would impair the fundamentals of a capitalist economy. Thus the commitment to full employment announced in 1945, and pursued in most western nation-states, was a significant watershed in the political economy of the twentieth century; the first of two that marked off three distinct periods of political regimes.

Prior to about 1945, a predominantly liberal state superintended a liberal market economy, resulting in a dominant political regime that likewise can be generally characterized as liberal. It was underpinned by European colonial empires, especially the British empire and its financial hegemony, inter-European and trans-Atlantic rivalry, and an ideological commitment to free trade and open markets. From 1945 various attempts were made to civilize the economic order leading to the creation of what has become known as the Welfare State. The result was a partially modified economic order and the construction of a fragile welfare political regime. This was accompanied by a post-war economic boom, partly engineered by Western-defined international agreements, and underpinned by US hegemony, Cold War politics and muted inter-imperialist rivalry. Free trade and open markets remained an underlying animus.² The third period emerged with some clarity following the end of the Cold War, though its beginnings can be traced back to debates of

the mid-1970s. By 1989, various nation states had adopted a distinctly neo-liberal approach that aggressively promoted and reinvigorated a liberal economic order. Underpinned by US political and military leadership the emergent political regime in various nation-states has been (and continues to be) reconfigured to secure a range of radical revisions to international market agreements aimed at securing untrammelled property rights and freer access to markets. The current era can justifiably be characterized as ushering in neo-liberal political regimes.

Before going any further it is necessary to qualify what I mean by the term ‘political regime’. In general terms, political scientists use the concept in a number of senses. The most commonly used sense of ‘political regime’ is to refer to a particular coalition of political groups or individuals that exercises the prevailing sovereign power. In this sense a political regime means those who rule. But this is a bit too limited as it would appear that conceptually speaking, the idea of ‘political regime’ encompasses more than just a means to describe who rules. Another quite common use the idea of ‘political regime’ is as a means to classify different types of rule such as a democracy, or oligarchy, or monarchy, and so on. This second sense then aims to capture the nature of political rule. In this way the idea of ‘political regime’ goes beyond just specifying the ruling government. It also gives some idea of the organizational terrain, “the locus of decision-making” to borrow Przeworski & Limongi’s (1993, 58) phrase, in which a given government is required to operate.

Pempel (1997, 338) suggests that although the concept of ‘political regime’ covers “more than the government of the day” it does not encompass “a complete constitutional order or a political community”. Rather it

involves a sustained fusion among three things: political institutions, particular segments of the socio-economic order, and a specific mixture of public policies. ... A stable regime is characterized by a regularized pattern of political and economic interactions that are synergistic in character: all three traits of a regime feed into and reinforce one another. In this sense a regime equates with a particular social order and with what Schnattsschneider would call a prevailing “mobilization of bias” (Pempel 1997, 338).

Yet even this conceptualization omits dimensions that need to be included. Apart from diluting the class relations that might be of some significance for an understanding of how these “three things” actually interact, there is no reason to assume any definitive correlation between a given regime and any particular social order. To make that correlation some sort of normative or value dimension must be present within the concept of ‘political regime’.

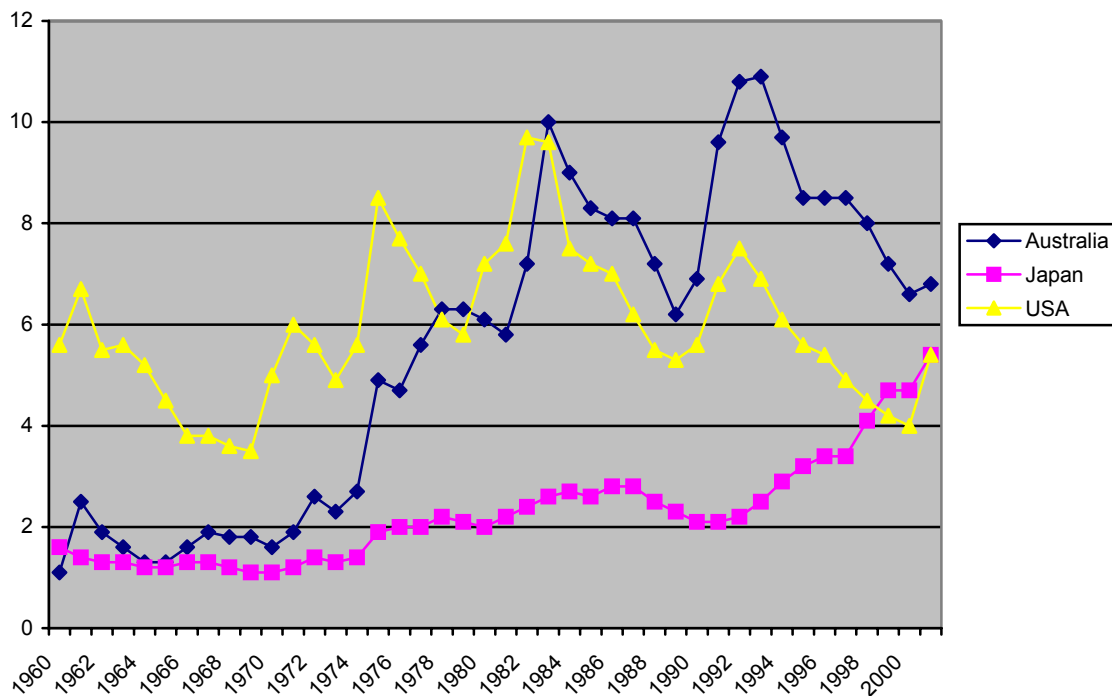
On the other hand, a conception of ‘political regime’ developed by McEachern (1990, 13-41) in the late 1980s appears to be more promising. His aim was to develop a conceptual approach that make it possible to address “what changes in the history of capitalist social relations, especially in the relations between classes” (1990, 41). Specifically he aimed at developing a way of understanding how state power, class power and class interests could be adequately theorized and their modes of articulation, and in particular specific policy

outcomes, adequately accounted for. In particular, given that the State has the organizational power and social legitimacy, in theory at least, to act in its own interests, McEachern (1990, 30) asks why the State has not made real its potential for “full autonomy and social dominance”? And even though it might be the case that a given “state action may bear the marks of the influence or initiative of one section of a class, its organisations or political party” it does not follow from this that we can read off “the consequences of the policy, understood in terms of its impact on classes and class interests” (1990, 32). There are no guarantees as to how the mix of powers, interests, ideas and political locations will play themselves out. Situating his account explicitly within the problematic of capitalist social relations, McEachern’s notion goes beyond Pempel’s because he places it within the context of an underlying social order, itself both shaped by and shaping the political regime.

Implicit in McEachern’s notion of a ‘political regime’ is a Foucauldian sense in which continuously contested guiding principles and norms are built into it. The notion of a political regime, both in principle and practice, has distinctly prescriptive dimensions. When talking about a political regime one is also talking a concomitant social order. Each conditions the other such that the shift from one political regime to another is at the same time a shift from one social order to another. Thus McEachern’s notion of a ‘political regime’ ensures that the analysis is not abstracted from the complex interplay of the social relations that give rise to the formation and shifts in political regimes.

Unemployment 1945-2001

Turning to a brief overview of the trajectory of unemployment rates in Australia, Japan and the USA, we can note a number of things.



Unemployment Rates: 1960-2001

Prior to about 1974/75 Australia and Japan can be considered to have had effective full employment, with both countries experiencing unemployment rates of below 2% per year. By 1976 Australia's unemployment rate had more than doubled, breaking the 4% mark, from which it has continued to climb. It has not yet fallen below 6% in subsequent years, let alone 4%. For Australia full employment ended in 1975. Japan broke the 2% mark in 1976 and fluctuated between 2% and 3% between 1976 and 1993, after which it began to rise steadily to its current 2001 level of 5.4%. We can conclude that Japan's period of full employment ended around 1993.

The United States, on the other hand, has never had full employment in the post-war years – if a rate of below 2% is taken as the benchmark. The closest that it came to the Japanese and Australian figures was in 1953 when it achieved about 2.9% (See Table 1).

Year	Rate
1948	3.8%
1949	6.0%
1950	5.2%
1951	3.3%
1952	3.0%
1953	2.9%
1954	5.6%
1955	4.4%
1956	4.1%
1957	4.3%
1958	6.8%
1959	5.5%

Table 1: Rates of Unemployment in the USA 1948-1959

The average rate of unemployment for the years from 1948 to 1960 was 4.55%. Between 1960 and 2000 the best figures were in 1969 and 2000, with 3.5% and 4% respectively. While it is true that the current figures are at their lowest since 1992 and that the trajectory has been downward for the past eight years, such a downward trend is no guarantee that things will continue in that vein. A similar downward pattern occurred between 1982 and 1989. For 2001 the unemployment rate is on the rise at 5.4%.

After 1975 Australia's pattern broadly follows that of the USA. Japan's on the other hand appears to be out of phase, moving between 2% and 3% and back to 2% between 1975 and 1989. In 1989 all three countries "bottomed out" in the sense that their respective parallel downward movements stopped and their unemployment rates began to rise. For the USA and Australia this rise peaked in 1992, but for Japan the rise has continued and on current forecasts, does not look like stopping. However, the steady drop in unemployment rates appears to have stopped and both the USA and Australia are experiencing an increase on the 2000 figures. For Australia the increase is marginal from 6.6% to 6.8%, but for the USA it is up from 4% to 5.4%. All three countries are, for the moment at least, on an upward trajectory. There is little likelihood that that trajectory will change significantly in the foreseeable future, occasional dips notwithstanding. Japan has now caught up with the

USA and Australia, both of whom have had less than full employment for at least two decade or more, and looks like following a similar pattern.

A further factor to take into account here is that there is usually a discrepancy between what are accepted as official figures for unemployment and what might actually be the case. That is, the official figures do not account for those who are either under-employed for various reasons or whose situation is simply not captured by the measuring nets of officialdom. Nor does it take into account the creative use of statistical categories to re-define those who are without work as students, caregivers, homekeepers, unpaid volunteers and so on. Thus the unemployment patterns in all three countries, especially after 1975, are understated by the official figures. It is now time to sketch salient political aspects of the three countries.

Three Polities: See How They Run

Although each of the polities are structured somewhat differently they have many characteristics in common. All three are liberal democracies with constitutions that provide the framework for their political institutions. All three invest sovereign power in the will of the people – in the case of the USA this is explicitly linked to various constitutional guarantees. In the case of Australia and Japan the idea of sovereign power is less directly linked to explicit constitutional provisions. Where Japan is a unitary state, both Australia and the USA are federal entities in which the central government derives its power from a constitutional arrangement specifying the powers and spheres of operations of the constituent states and the central government respectively.

Japan and Australia have un-elected heads of state, an Emperor and Governor-General respectively. Their political powers are supposedly benign in the sense that as heads of state they are expected to remain outside the day to day partisan business of government. Just how far outside is debatable. In Australia for example the Governor-General chairs the Executive Council of the federal government and is also the Commander-in-Chief of the armed forces. Moreover, the actions of the Governor-General using constitutionally defined powers in 1975 to dismiss an elected government half-way through its term would suggest Australia's head of state is anything but apolitical. Similarly, the constitutional place of the Emperor is also seen as a figurehead. His role is supposedly purely symbolic, though it is arguable that it should be considered an anachronism due to its importance for legitimating the Japanese state (Ollman 2001, 89).

In contrast, the head of state in the USA is the President who is elected and, even when perceived as benign, bumbling or ineffectual, is no mere figurehead. The President is the leader of the nation, and is elected separately and independently of the other members of the government. The Presidency forms a separate executive arm of government that, within constitutional limitations, is empowered to act independently of the other branches of government – the House of Representatives and the Senate. These two houses comprise the US Congress, and are generally not referred to as lower or upper houses as this would be an affront to the republican ethos of the revolutionary heritage. On the other hand, Australia's two houses of parliament are divided vertically into the House of Representatives (lower house) and the Senate (upper house). Japan also has a lower and upper house of parliament called the House of Representatives and the House of Councillors respectively, and is

known as the National Diet. The leaders of Australia and Japan are known as the Prime Minister.

Each country has an electoral system involving a more or less two party competition. And even though at any given election there may well be more than two parties vying for electoral support, the political landscape is usually dominated by two major parties. In the USA these are the Democratic and Republican Parties. Since 1945 the Democrats have held the Presidency for twenty-seven years and the Republicans for twenty-eight. The Congress has tended to be dominated by the Democrats though in the past decade or so the Republicans have been in the ascendancy. Currently the Republicans control the House of Representatives and the Democrats (by one vote) the Senate. The Democrats have historically claimed an affinity with the trades unions and the progressive side of US politics whereas the Republicans identify more closely with business and conservative social values. However, the differences between them are far less pronounced than their similarities. Both parties are vehemently pro-capitalist and pro-market. The political arguments or differences are generally over means rather than ends, especially when it involves foreign policy and perceptions of the role and place of the USA in global politics.

In Australia there is a similar domination of the electoral landscape by two major political groupings. On the one hand there is a conservative coalition between the Australian Liberal Party and the National Party, and on the other, the Australian Labor party (ALP). The Liberal Party and its coalition partner, the National Party, are identified principally with business interests. The Liberal Party is by far the larger party, both in numbers and level of parliamentary representation, and projects itself as a non-sectional party, the party of every-man and every-woman. The National Party, though far older than the Liberal Party, derives its electoral support from rural interests, and much of its financial backing from mining and agribusiness interests. The ALP is affiliated with the trades union movement, having originated as the political arm of the labour movement. In that respect the ALP could be characterized as a working class party. Since the late 1960s the class basis of ALP policies has become less prominent (Catley & McFarlane 1974). The ALP enjoyed an unprecedented period in government between 1983 and 1996, largely as a result of jettisoning much of what defined it as a labour movement party and re-inventing itself as the party of the middle ground (Johnson, 1989; Maddox 1989; Wiseman 1996). In many respects, especially since the early 1980s, there has been very little significant difference between the ALP and the Liberal Party on issues such as the economic management, industry, trade, and foreign policy.

Although the Japanese political landscape suggests a nominal two party system similar to that of the USA and Australia, it has in fact been dominated from the 1940s to 1994 by the Liberal Democratic Party (LDP). The government has been and continues to be drawn from within its ranks, with the exception of the period between 1994 and 1997 when it failed to command a clear majority. One of the features of Japanese politics has been the frequent turnover of Prime Ministers, twenty-seven between 1945 and 2000 (Mulgan 2000, 192). This is largely due to the fact that the Prime Minister is also the President of the LDP. The tenure for the latter post is usually two years and so when the party presidency changes, more often than not, so does the Prime Ministership. This also has the effect of weakening the power that Prime Ministers are able to wield over their executive, and consequently

weakens the power and influence of the executive within the parliamentary structure (Mulgan 2000, 193). Prime Ministerial power is further exacerbated by the strong factional in-fighting within the LDP because Prime Ministers are always aware that would be presidential aspirants (and hence Prime Ministerial contenders) are manoeuvring behind the scenes.

Another dimension affecting the Japanese political structure is the nature and role of the bureaucracy. Unlike its counterparts in the USA and Australia, the Japanese bureaucracy has a more openly political role in the process of government. In most other cabinet systems of government there is a clear recognition that the Minister of a government department is accountable to the parliament for that department's policies and actions. Within the Japanese political system, despite the constitutional commitment to the principle of cabinet responsibility, senior bureaucrats see themselves as independent of direct political authority. As a result, Cabinet decision-making based on or accountable to parliamentary processes becomes more convoluted, even intractable – especially when a senior bureaucrat disagrees publicly with the government or ministerial policy – and it often ceases to be the centre of decision-making (Stockwin 1998). By contrast, in Australia the Prime Minister exercises a good deal of authority and, though supposedly accountable to the parliament, is usually able to impose their own direction on the parliament, so long as their party has the numerical majority in the lower house. Similar comments can be applied to the US Presidency even when it faces a hostile a hostile Congress. Despite the wheeling and dealing and constant negotiations and compromises, the US Presidency retains a significant residue of political authority, partly derived from its constitutional position and partly from the personal aptitudes and circumstances of the incumbent, that usually enables it to achieve most of its political objectives. However, it also needs to be noted here that debates about who rules – the executive, the politicians, the parliament or Congress, and so on – are equally salient within Australian and US contexts. Despite what is supposed to happen in principle, the role of the bureaucracy is not assumed to be simply an instrument of the elected government. That this is so can be seen from the various attempts to reform the bureaucracy in Australia and to make it much more accountable to the instructions of the elected politicians as distinct from the appointed officials.

Another aspect of the Japanese political system that allegedly makes it distinct from both the US and the Australian political systems is the very close fit between the corporate sector, the bureaucracy and the government. In particular, the roles of the Ministry of Finance (MoF – responsible for all fiscal policies including budgets, public investment, taxation and so on) and the Ministry of International Trade and Industry (MITI – responsible for the planning and regulation of Japanese industry and development) are especially important. There is a good deal of crossover of bureaucrats from the public to the private sector and vice versa. Similarly, retired politicians often find a second career opens up in the private corporate sector once their parliamentary career folds. And despite its strong commitment to capitalism the Japanese political system has not relied on the market to be the sole arbiter of investment and development decisions. Guided development has been preferred to the potentially anarchic operation of the so-called free market, much to the chagrin of some economists (Porter & Takeuchi 1999). Even if these situations appear to contradict free market ideology they are not too different from the US situation. Corporate power has long enjoyed both privileged access to and close cooperation from

government officials and politicians. For example, one could point to the significant presence of those with strong ties to the energy industries within the current Bush executive.

Much more could be written about the similarities and differences of the political systems of Japan, the US and Australia. Despite popular commentaries to the contrary, they differ by degree rather than in kind. For they are all political systems built within the dynamic social relations of capitalist political-economies. This means that none of them can be considered as able to develop in splendid isolation. Rather, the politics of each is determined as much by the international context as it is by domestic considerations. In particular, the problem of unemployment and the politics that emerges to address it is to be found in the political regimes generated by the vicissitudes of the international dynamics and interconnectedness of capitalist markets. Here I now want to shift the focus to examine one particular dimension that bears on the politics of unemployment in all three countries.

Imperial Shadows

One of the common dimensions for Australia and Japan is their post-colonial status. While Australia is obviously a former colony, it might seem a stretch of the imagination to treat Japan in a similar manner. However, there are a couple of points to consider here. The first is the entrance of Japan into the spreading web of international capitalism in the mid-nineteenth century. This was not a voluntary act, but the only response open to it following the threat of US military action if it did not comply with US “requests” to make itself available as a market for US goods. Faced with such a threat Japan “opened its doors” and embarked on a rapid process of industrialization, which for all intents and purposes means creating a capitalist economy. However, unlike most other countries Japan did not become dependent on others for its development, but managed to maintain control of its economy. This remained the case until the end of the second world war, when its attempt to emulate European and American imperialism failed.

The consequence of its imperial ambitions was devastation and subsequent occupation by US forces. In short Japan became an imperial satellite within a post-war order then being reshaped largely by the USA. For the first few years of military occupation the idea of allowing Japan to rebuild to any great extent was not high on the agenda. However, the successful Chinese revolution and later the outbreak of the Korean war forced a rapid rethink of US policy. Japan’s strategic location coupled with the idea that its economic, political and social reconstruction could be used as a demonstration of the superiority of the capitalist path of development meant that it could play a key role in the Cold War in the Asia-Pacific region. What is important to note here is that the Japanese were not left with a free hand to reinvent itself as it was in the nineteenth century. What emerged from the ashes was under the firm tutelage of the US military occupation forces. A new political regime was in the making, one that better reflected US interests and strategies at the time, and one that was more open to the emerging dynamics of post-war international capitalism. Even today US armed forces “still occupy over 150 bases on the archipelago and which, colonial style, retains the legal right to quell internal disorder” (Ollman 2001, 84-5).

Australia, on the other hand, had always been linked into the imperial orbit. Up until the second world war its political economy had been shaped by the decisions and needs of

British investors. After the war the USA was able to gain greater access to Australian markets and greater influence over Australian economic developments (McFarlane 1984). The centre of gravity for the development of the Australian economy was beginning to shift. The political regime that began to emerge in 1945 also reflected that shift.

The significant feature of the political regimes was the explicit commitment to full employment. This was the price that post-war governments had to pay in order to generate and maintain the support of their respective populations. That is, a strident commitment to full employment helped to legitimate the post-war political regimes. The central feature to this commitment was the claim asserted by various governments to oversee and, where necessary, intervene in investment decisions to maintain employment levels. Or as H.C. Coombs put it in the Australian context, the government would maintain its war-time power “to limit the rights of property” in the interests of achieving full employment (cited in Rowse 2001, 5). In Australia, as in Japan and the USA, the regulation of private investment was understood as a limitation on the rights of property. This was a core feature of the political regimes that came to be constructed under the rubric of the welfare state.

These new political regimes were, however, fragile constructions. They were predicated on economic growth, both within the national borders and between national economies. With the rebuilding required following the second world war, as well as the expansion and maintenance of the imperial war machine needed to wage the Cold War, there was no serious problem in sustaining growth. However, once the post-war surge began to slow down inter-capitalist economic rivalry, or competition, placed pressure on sources of growth and expansion.

A further dimension that is necessary to consider here concerns the international links, particularly those fostered by global capital. The point to note here is that global capital is not just a commodity or investment term but is also a transformative social force that affects the configurations of class relations within a host country, especially where that country has a post-colonial history. Writing in the early 1970s about the various responses to the deteriorating economic conditions in the industrialized west, Nicos Poulantzas suggested that these responses signaled a restructuring of relations of dominance and dependence “within the imperial chain”. In his view:

The United States hegemony is not analogous to that of one metropole over the others in the previous phases, and it does not differ from this in a merely ‘quantitative’ way. Rather, it has been achieved by establishing relations of production characteristic of American monopoly capitalism and its domination *inside the other metropolises* ...it similarly implies the extended reproduction within them of the ideological and political conditions for this development of American imperialism (Poulantzas, 1975, 47, cited in Panitch 2000, 9-10)

The important aspect of Poulantzas’s approach is his emphasis on the impact on intra-class dynamics as much as the inter-class realignments. While there are some problems with

Poulantzas's position, as Panitch (2000) points out, his point about the intra-class rivalries still stands.

The tensions between local and international capital, not to mention the tensions between different fractions of local capital, were a significant feature in the political machinations in Australia in the late 1960s and early 1970s (Connell 1978), and largely underlay the reinvention of the ALP under Gough Whitlam's leadership (Catley & McFarlane 1974). The beginnings of a shift in the realignments of the prevailing political regime were directly linked to the transformative effects of global capital, especially finance capital. The floating of the dollar and the deregulation of the finance sector in 1983 effected the transformation of both the intra- and inter-class alignments. The new political regime that had emerged in Australia by 1983 had subordinated the interests of labour as a class in favour of the rights of property. Or to put it another way, the rights of property were being restored with a vengeance (Wiseman 1996).

This sort of transformation has to be seen in the context of a US post-war strategy in which it opened its markets to the consumer goods of Europe and Japan in return for increased investment rights. At the same time it was able to keep its own economy expanding through its war machine and military industrial production. But this did not necessarily mean that full employment was to be an ongoing outcome. As I have already noted, the USA did not really achieve full employment to the same degree that occurred in Australia or Japan. Nevertheless it paid lip-service to the idea until the hiccups in its own economy marginalized it. Furthermore, those who did not share Roosevelt's pursuit of a new political regime spent a good deal of time and effort arguing for the idea of a natural level of unemployment, that is an optimum level that supposedly occurs without human intervention. From 1978, the US Full Employment and Balanced Growth Act established that 4% was the full employment rate (Baker 2000, 1). At the same time, international instruments such as the International Monetary Fund (IMF), the General Agreement on Tariffs and Trade (GATT), and in more recent years, the World Trade Organization (WTO), the aborted Multilateral Agreement on Investments (MAI) and so on have been championed by the US. These, along with free trade agreements like the North American Free Trade Agreement (NAFTA) have seen the US aggressively aiming at reasserting the market as the appropriate allocative mechanism and thereby diminishing the role of the state. The rights of property are being reasserted at the expense of labour. And just as significantly, it is diminishing the place of politics within the new political regime.

In the case of Japan, the situation is starting to approach the sort of neo-liberal critical mass that affected Australia in the late 1970s and early 1980s. Although there has been a propensity for several decades for Japanese manufacturing industries to relocate to cheap labour countries elsewhere in Asia (Burkett & Hart-Landsberg 1996), as well as a gradual liberalizing of banking and finance markets, the nature of the political regime in Japan has only just begun to shift. As the waves of economic fluctuations characteristic of much of the 1990s persist, the pressure on the intra-class alignments is increasing (Pempel 1997, 343). In particular, the pressure to increase the role of the market, as opposed to the government or bureaucracy, will continue to grow (Yamamura 1997). This will thereby further depoliticize the emerging neo-liberal political regime, valorizing market processes

at the expense of political decision-making thereby further entrenching the rights of property over those of human labour.

Conclusion

The Polish economist Michael Kalecki (1943) made the point that full employment would entail such a significant adjustment in the institutions and practices of capitalism that it would be unlikely that capitalists would be able to tolerate full employment for very long. It would appear that the events of the last half of the twentieth century have proved him correct. While sustained economic growth, an expanding pie, was the norm, the question of maintaining full employment (ie the long boom etc) posed few serious problems. This expansion made it possible for it to be “shared fairly”, though what “sharing it fairly” actually meant in practice was another matter. In effect, it meant that wealth, property, could be shared so long as pre-existing property was not part of that sharing. When the boom ended, when the expansion of the pie reached its limits, then it became a case of “don’t take a slice of my pie”. That is, the various “my pies” that, when aggregated, underpinned the expanding pie that was supposedly being shared via full employment (amongst other things) were not actually prepared to contribute to the sharing. Despite the rhetoric, the political regime of the welfare state entailed no fundamental changes to the various institutions that underpinned the rights of property (Rowse 2000, 2).

For Australia, the USA and Japan (and other nations too) the sort of overt commitments to full employment that were heard in 1945 have long been abandoned. The political will that seemed so earnest in 1945 has disappeared to be replaced by the impersonal economic will of the market. That this will is as much political as it is economic, and that it requires specific political decisions and institutional arrangements to ensure that it prevails, seems to have been forgotten in the promotion of the current neo-liberal political regime. So long as property has priority over the people who create it, it would appear that current policies on full employment are little more than the wallpaper for the hollowed out architecture of the emerging new-world order of the twenty-first century.

¹ Pink Floyd, “Money”, *Dark Side of the Moon*, (LP Harvest 11163)

² This is not to argue that free trade was actively pursued at all times. Rather it was a significant ideological pillar of capitalist economic thought to be promoted at every opportunity. During the long boom free trade principles and policies sat side by side with selective policies of protection. Similarly, in times of depression, such as the 1930s, free trade policies quickly collapsed under protectionist imperatives.

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