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Popular and Elite Workplace Ideology and the Shift to Individualism

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Abstract

The transformation of workplace industrial relations from collective to individualistic forms of regulation has been accompanied by a discourse alleging that workers are now 'individualistic' and therefore dismissive of collectivism. We contest this to show that an identifiable shift in elite ('dominant') ideology is not matched by an equivalent change in popular ideology. The key elements of the Australian capitalist class in shaping this change – organisers (employer associations and think tanks), executives and interlocking directorates – create and propagate individualistic ideology amongst elite groups including the state. We contrast this with shifts in measured popular opinion on industrial relations and related issues. We conclude that the revolution in workplace regulation is an adaptation to the recreation of elite ideology, not of popular ideology, and remains a disputed arena at the workplace.

Introduction

The change in workplace industrial relations in a number of western countries from collective to individualistic forms of regulation has been accompanied by a managerialist discourse alleging a conversion of workers from troglodyte collectivism to new individualism. We contest this and instead posit a top-down imposition of this individualism on a less than enthusiastic working class. We show how parts of the Australian capitalist class initiated and entrenched this individualist coup with the help of both formal (top business directors and their interlocking board directorates) and informal (key employers, employer associations and think tanks) networks. Other institutions such as top state bureaucracies (Pusey 1988, 1992, 1993) and key elements within universities (Readings 1996) are also relevant but beyond the scope of this paper.

Ideology

Although there are several different meanings to ‘ideology’, the term can be defined as ‘beliefs, attitudes and opinions which form a set, whether tightly or loosely related’ (Abercrombie, Hill & Turner 1984:206). Importantly, we distinguish between what we call ‘popular ideology’ – the beliefs, attitudes and opinions of the population at large, described variously as ‘working class’, ‘middle class’ or ‘battlers’ – and ‘elite ideology’ – the self-serving beliefs, attitudes and opinions of the capitalist class. While there is Australian evidence on the elite shaping of popular ideology in works such as Connell’s (1977) classic *Ruling Class, Ruling Culture*, it remains a constant challenge for business to present ideas that further their interests, as common sense welded for the common good.

The private appropriation of public assets has been a key feature of the shifting polity, one that has been out of step with popular ideology (e.g. Roy Morgan 1997, 1999; Newspoll 2002). However, arguably the most important change for workers has been the shift from collectivist to individualistic patterns of industrial relations, as this directly affects their power and working conditions. Union membership has declined from a half to a quarter of the workforce in just twenty years, centralised wage fixation through the Australian Industrial Relations Commission has been abandoned save for annual adjustments to a ‘safety net’ of minimum wages, and (according to an admittedly broad definition offered by the ABS), the pay of some 41 per cent of employees is now determined by individual agreements (ABS Cat No 6306.0). At least these, we are told, reflect the growing individualism of Australians, and their discarding of collectivist values (e.g.; BCA 1989, Pearson 2002). Close examination, however, reveals that such shifts in popular ideology are weak and, if anything, they follow rather than lead the institutional changes that the capitalist class has brought about.

Economic rationalism and individualism

Since the 1980s Australian industrial relations has been heavily influenced by the dominant ideology of economic rationalism. Economic rationalism (referred to by some sceptics as ‘economic fundamentalism’ (Argy 1998) and more generally as ‘economic liberalism’), is the idea that only markets, not governments, laws or bureaucracies, can be efficient (cf Pusey 1992, 1993). Battin (1991) suggests that economic rationalism is a bastardisation of neo classical economic or economic liberal thought. However, the roots of economic rationalism can be traced back much further than neo classical economics or classical economics to the anti mercantilist, non-state interventionism of Dudley North in his work *Discourses on Trade* (1691), the selfish-is-good theories of Bernard Mandeville in the *Fable of the Bees* (1704) and Adam Smith’s subsequent *Inquiry into the Nature and Causes of the Wealth of Nations* (1776) (see Rubin 1928).

Stilwell (2002) suggests that economic liberalism has four interrelated assumptions which are: individualism whereby the individual is regarded as the basic unit of society to the extent that no claims can be made for an aggregation of individual interests; hedonism that centres on individual drive

to seek pleasure and avoid pain; rationality which involves weighing up cost and benefit assessments of the most advantageous outcomes and last inertia whereby people are lazy unless motivated to act by the promise of personal gain (Stilwell 2002:71).

Our interest is the first of these four assumptions, individualism, and its role in relation to the shift in workplace industrial relations. Brown et al (1998:i) distinguish between ‘procedural individualisation’ - the ‘removal of collective mechanisms for determining terms and conditions of employment’ and their replacement by individual employment contracts – and ‘substantive individualisation’ - the ‘differentiation of individual employees’ employment contracts’ (Brown et al 1998:i), that is, in their terms and conditions of employment. The former is our focus as ‘the recent individualisation of employment contracts... has been procedural and not substantive’ (Brown et al 1998:157).

Popular ideology

We first examine popular ideology – to what extent does it reflect a growing acceptance on the individualistic discourse? The evidence is mixed but broadly suggests that individualism is not inherently favoured over collectivism and, if anything, the shift has been away from, not towards individualism. In 1979 the Australian Political Attitudes Survey found that, given a choice, 59 per cent of Australians thought that government should reduce taxes, whereas only 36 per cent thought it should spend more on social services – a gap of 23 percentage points (Aitkin 1982:385). Over two decades later, the Australian Election Study showed the gap had fallen to just 12 points - only 42 per cent favoured cutting taxes, while 30 per cent favoured spending more on social services (AES 2001). This hardly indicated a shift away from collectivist towards individualist sentiments, particularly as taxes were higher in 2001 than in 1979. Moreover, in the 2001 study 58 per cent agreed that Australia should be ‘a unified body pursuing a common goal’, while just 19 per cent thought it should be a ‘collection of people independently pursuing their own goals’ (AES 2001). Other surveys have found majorities considering that the rich are getting richer and the poor are getting poorer, the distribution of wealth across Australian society has become less fair, and a smaller gap would be preferred (Newspoll 2000, 2003).

The evidence of any shift to individualism is no sharper if we look specifically at attitudes towards industrial relations. As discussed later, the Business Council of Australia (BCA) led the charge for the shift to individualism (BCA 1989). It claimed employee values and preferences were changing to an individualistic, enterprise focus, as Australians were: increasingly seeking a society in which individual talent is rewarded, and are less concerned with uniformity and equality; increasingly interested in the intrinsic merits of work rather than simply money; and increasingly coming to believe that their conditions of employment should be settled at enterprise level rather than by the Commission (BCA 1989:19-21, 27-28). Each of these claims has been challenged due to lack of evidence, or refuted (Frenkel & Peetz 1990:75-6).

A more direct way to examine attitudes towards collectivism is by explicitly examining opinion poll data on ideology regarding trade unions, measured

through attitudes to such questions as whether unions have too much power, have been a good thing for the country, should be subject to tighter controls, and are doing a good job. While this ideology (referred to as ‘union sympathy’) has appeared low in Australia, compared to other countries, this probably reflects the influence of anti-communism, but especially of arbitration, which rendered strikes illegitimate (Peetz 2002b). Shifts in union sympathy do not suggest a consistent shift towards individualism. Indeed, following a slow decline in union sympathy between the 1940s and the 1960s (probably attributable to anti-communism’s association with anti-unionism) and a sharp deterioration during the early 1970s (associated with a significant rise in industrial conflict), union sympathy recovered slowly during the 1980s and beyond, probably as a result of the Accord-related fall in disputation. For example, the proportion of Australians saying unions were doing a ‘fairly good’, ‘very good’ or ‘excellent’ job rose gradually from around 35 per cent in the mid 1980s to 50 per cent in the mid 1990s (Peetz 2002b). Newspoll data also show attitudes to unions becoming more favourable between 1996 and 2002 (Bearfield 2003).

In substance, then, the shift to individualism, in as much as it is meant to encapsulate changes in popular ideology, is a mirage. Yet unquestionably ‘individualism’ dominates the institutional arrangements that now shape wages and conditions. This reflects an ideological offensive that has been aimed not so much at changing popular opinion as it has at changing elite opinion – amongst policy makers, commentators, editors, theorists, and most importantly amongst the policy making cadre in the capitalist class – the boards and senior executives of large companies. The change in capitalist ideology did not take place overnight; it required effective transmission belts of ideas. In the rest of this paper we focus on those transmission belts: think tanks, employer association lobby groups, consultants, interlocking directors and movement and communication amongst senior executives themselves. The central movers and shakers in this story are the company that invented de-unionisation and the procedural individualisation of employment: CRA (now Rio Tinto), the BCA, and John Ralph, who straddled these two worlds. The emergence of new, procedurally individualist employment relations model was seen initially in the operations of companies in the CRA/Rio Tinto group (Hearn Mackinnon 1996; Timo 1997), but it is also now evident in varying ways in the behaviour of other employers, such as BHP Iron Ore, Telstra, the Commonwealth Bank and Optus (Peetz 2002a).

Elite ideology and corporate ties

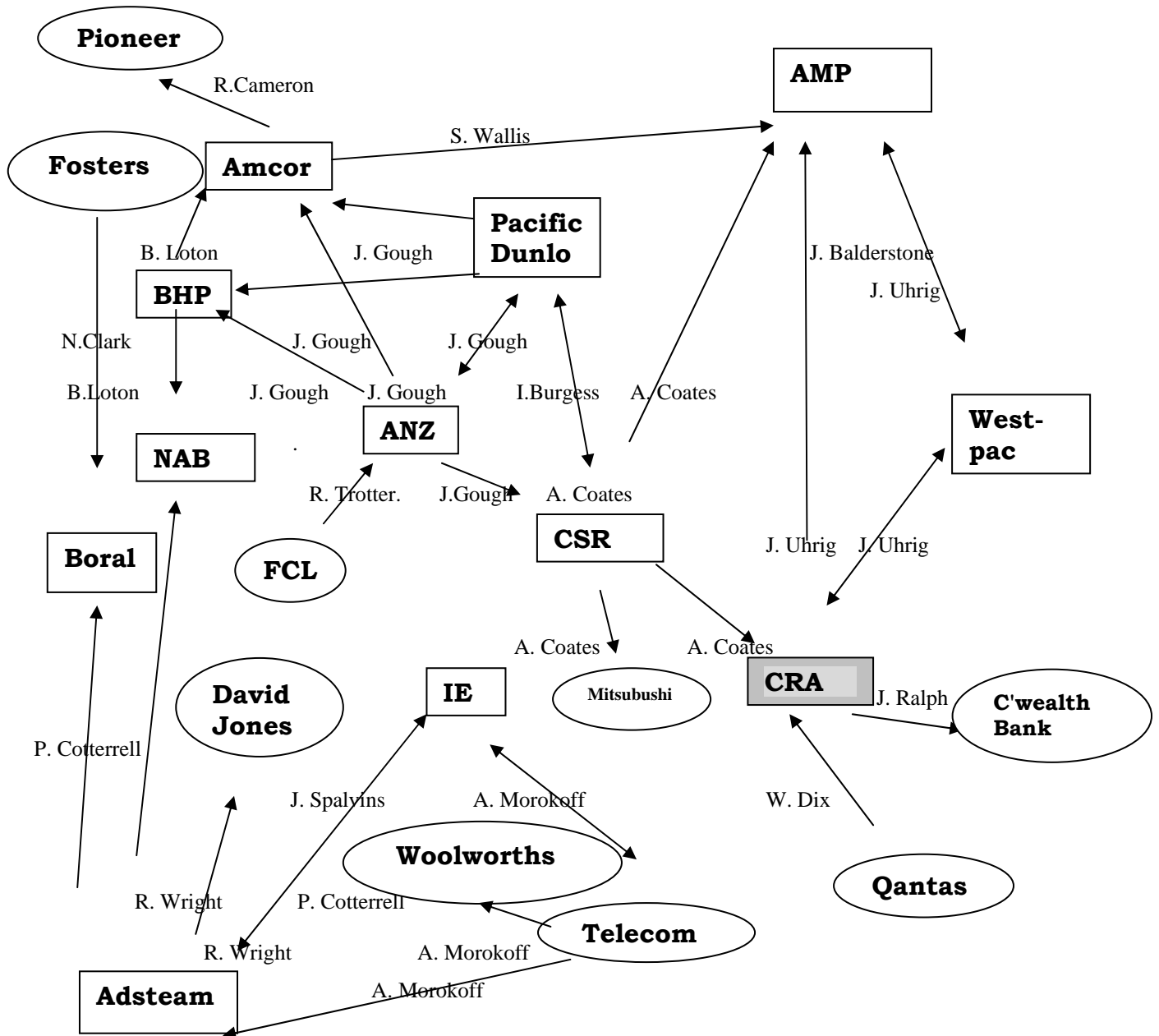
In the late 1970s and early 1980s Australian employers showed little interest in ‘doing away with unions’ (Niland & Turner 1982; also Spillane 1980). By the mid 1990s the picture had dramatically changed, with employer strategies decidedly more aggressively anti-union (e.g. Waring 1999). While changing market circumstances were obviously important, so too was the way in which transmission of information about employment relations strategies and ideologies took place.

The most direct formal exchanges of information between members of the capitalist class occur through directors sitting on multiple boards, executives sitting on boards of other companies, and executives moving between companies and taking their ideas and strategies with them. Many of the Australian companies known for adopting anti-union individualistic approaches have links to each other and to CRA/Rio Tinto through management personnel and directorships. Employer associations and management consultants reproduce the ideas and tools of procedural individualism. For example, Telstra, CRA, Optus, BHP Billiton and the Commonwealth Bank are presently linked to each other through interlocking directorates. Widely known management consultant firm World Competitive Practices includes former senior members of the BCA Employee Relations Study Commission on enterprise bargaining, that provided much of the impetus to non-union work arrangements, and former senior executives in CRA and Rio Tinto (Peetz 2002a; WCP 2001). Each of the above-mentioned companies has sought to introduce individual contracts to some or all of its employees.

While these patterns are evident now, to understand the earlier spread of the procedurally individualistic ideal we should go back to the early 1990s, when CRA was embarking on the early, more successful phase of its strategy and the Liberal Party was embracing, at state and national levels, the most radical version of individualism. Figure 1 shows 1992 Australian ‘interlock’ data – that is, it shows interlocking positions on boards of major corporations between either chairpersons or executives¹.

¹ This information has appeared in Murray (2001)

Figure 1: Interlocking Directors, top thirty Australian Companies by assets , 1992



Source: Annual Reports 1992 <http://www.connect4.com.au>; Murray (2001).

Key


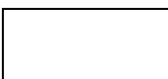


-  = the end of the shared director line within the top thirty companies
-  = the company is interlocked with others.
-  = the direction of the director's power base
-  = the director has a power base in two companies.

Figure 1 illustrates CRA's significance in 1992. It had links through several directors, including Ralph, to other major companies. By 1998 Ralph had left CRA but his position had become pivotal. The distribution of 1998 interlocks (see Murray 2001) indicated John Ralph was at the political centre of top business, while journalists recognised he 'worked as a link man between the Federal government and the Alliance of business groups, the Business Coalition for Tax Reforms' (Gluyas, 1999:32).

Key directors, such as Ralph, integrate the class and reassure them as to the value of the innovations they propose. As Higley et al's (1979) work suggests, the interlocks run parallel to positions of power in the lobby groups; specifically the BCA, of which Ralph was President from 1992 to 1994.

Lobby Groups – the Business Council of Australia (BCA)

As mentioned, the BCA was pivotal in the shift away from centralised wage fixation to enterprise-based employment relations and individual contracting. The BCA had been established in the corporatist climate of 1983 as a merger between the old pro-tariff Australian Industries Development Association and the pro-free market Business Roundtable (Hywood 1997). It represented, and continues to represent, big business – originally the 80 largest companies in Australia. There were always enough "New Right" BCA members to ensure that it did not become a captive member of the Accord' (Hywood 1997:14). As former federal Treasurer John Dawkins claimed, 'Such was the intimacy of the relationship (between the ALP government and the BCA) that it [was] useful on occasions to have the BCA appear to be a critic of the government's performance' (Williams and Ellis, 1994:1). By 1997 the BCA was amongst the wealthiest lobby groups or think tanks with its operating budget of \$4.9 million. It had a staff of 14 people and 95 corporate members, who are CEOs or managing directors.

The Informal ties that bind - Think Tanks?

Through the late 1980s and 1990s the procedurally individualist agenda was also championed by a number of 'think tanks', including the Institute of Public Affairs (IPA), the Centre for Independent Studies (CIS) and the HR Nicholls Society (Coghill 1987). Think tanks are agencies that bodies that produce information and research relevant to particular issues or interests. Think tank members are frequently ideologues of the right who are dependent on private (usually) corporate financiers who expect a single (economic liberal) paradigm sympathetic to the politics of the sponsors.

As Cahill (2002) and Da Silva (2002) in different ways articulate "it's hard to overestimate the influence that conservative think tanks have had on the political agenda in Australia" (Da Silva 2002:23). In the last twenty years Australian think tanks have proliferated with their numbers estimated at 83 (Herd, 1999) to 90 (Marsh, 1994). Marsh estimates that Australian think tanks have a collective budget of \$130 million; they employ 1,600 people, publish 900 reports and discussion papers and hold almost 600 conferences

and symposia each year (Marsh, 1994). Corporate contribution and personal wealth are the biggest source of funding to the budgets of pro-market research think tanks. In a challenge to unions, previously referred to as the fifth estate think tanks now call themselves the ‘fifth estate’ (Da Silva 2002),

Funding for think tanks comes from a variety of sources (Da Silva, 1996; NIRA, 1996) such as donations endowments, corporations, individuals, publications and conferences. The government is a source of funds for economic liberal think tanks. For example the Menzies Foundation in 1997 received a \$100,000 Liberal government grant. This meant that the Liberal Party can “undertake this ‘intellectual’ branch of their work without eating into their funds that they can use for other work” (Grattan, 1997). According to Grattan, this was money reallocated by the government from the Evatt Foundation (a left leaning think tank). Although the bulk of funding for think tanks comes discreetly from corporations, some like Greg Lindsay (CIS) are willing to admit they received their big financial break from Hugh Morgan, the conservative CEO of Western Mining, and his corporate allies who generated \$200,000 for the CIS (Da Silva, 1996).

Probably the best known of the narrowly focused think tanks is the H R Nicholls society, established in the mid 1980s on an avowedly anti-union ideology. Its explicit aim is to ‘support the reform of Australian industrial relations with the aim of promoting... the right of individuals to freely contract for the supply and engagement of their labour’ (H R Nicholls 2003) and its extensive publication agenda reflects this. The H R Nicholls Society’s purpose is so avowedly policy-focused and ideologically driven that it sits somewhat awkwardly between lobby groups and think tanks, having many characteristics of both.

Think tank board members come from positions of power on corporate boards and state boards. For example Hugh Morgan (WMC CEO): has been a member of the IPA board since 1981; has been on the board of the Liberal Party’s private company Vapold Pty for ten years; is a one third shareholder of the Cormack Trust Foundation, which donated \$800,000 to the Liberal Party; and is a founding member of the H R Nicholls Society. Other examples of class ties are those shown in the Tasman Institute’s backing by businessmen such as Richard Pratt, Rupert Murdoch, Will Bailey, Hugh Morgan and Ballieu Myer (BRW 2002; Da Silva 2002). Through these ties, the consistency between the agenda of the think tanks and their class sponsors is ensured.

Conclusion

The discourse of individual contracting argues that the major changes in Australian industrial relations in recent years reflect the growing individualism of Australian workers. However, we learn little about the reasons for the decollectivisation of employment relations by looking at the changing ideologies of workers – other than that the answer lies not there. To understand the reasons for transformation of the regulation of work we instead must focus on developments in elite ideology and behaviour. An anti-collectivist strategy that started in the metalliferous mining sector spread to many large

corporations. A key to understanding the transmission of these ideas is the linkages that members of the capitalist class have through interlocking directorates, executive mobility, lobby groups and think tanks, and the role that the latter bodies play in shaping the ideologies accepted by commentators, editorialists, and governments. The revolution in workplace regulation is an adaptation to the recreation of elite ideology, not of popular ideology, and remains a disputed arena at the workplace.

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