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Capital Accumulation in the "Lucky Country": Australia from the "Sheep's Back" to the "Quarry Economy." Part II: The Commonwealth Period

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ABSTRACT
The Australian economy went from being amongst the most promising areas of "new settlement," to producing one of the most "mediocre" rich-country performances, only to later enjoy a "miraculous" revival. This is the second part of a two-part article that presents an account of this Australian trajectory that is critical of mainstream traditions. Drawing on key insights of Marx's critique of political economy, this article argues that Australia's role in the production of surplus-value on global scale has specifically determined its pattern of long-term economic and political development. Since its creation by British capital, the Australian economy became not only a source of cheap raw materials but also of ground-rent for appropriation by competing social subjects. Part I examined the colonial period. This second part analyses the Commonwealth period. It is argued that the process of inwards-oriented industrialisation, in place until the mid-1980s, was the state-mediated economic form through which capital invested in manufacturing managed to appropriate the largest share of the Australian ground-rent. It also argues that during the neo-liberal era that followed that process, manufacturing capital was increasingly displaced by industrial capital invested in mining and public services.

KEY WORDS
Australia; capital accumulation; ground-rent; political economy; commonwealth period

Australia appears nowadays amongst the highest scores in rankings of gross domestic product (GDP) per capita, wages' purchasing power and other development indicators; as it did in the early 1900s (McLean 2013, 246–247). In the mid-1980s, however, this was not the case. Australia had slipped so markedly that economists were seriously questioning the foundations of its economic structure (see, for example, Gruen 1986). Some political scientists feared that Australia would soon follow the path of Argentina, a country with which it had once shared the top positions of world economic performance but had since dropped sharply (see, for example, Duncan and Fogarty 1984). At the time, the Australian economy was experiencing a crisis of its seven decades-long process of diversified inwards-oriented industrialisation; sometimes referred to as "import-substitution" or

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"defensive" industrialisation. Two decades later these dark clouds seemed to have vanished on the back of a strong economic recovery.

This recovery has come with the re-establishment of a pattern of economic development that prevailed before the relative decline had set in through the 1920s; one based on primary-commodity exports and ancillary production. For neo-classical political economists, this transformation simply involved the rationalisation of the Australian economy in line with its "comparative advantages" and was possible thanks to its solid underlying political institutions (Edwards 2006; McLean 2013). For institutional political economists, it was the product of a state-led adaptative evolution to a changing global environment (Ravenhill 2000; Lloyd 2008). For Marxists, it expressed a global-scale neo-liberal advance of capitalists' interests over the working class (Cahill 2008; Humphrys 2019). As noted in Part I of this article, these positions are too narrowly focused on the agency of social subjects and their political representatives (Grinberg 2022a). However, as Marx (1904, 11–12) observed, "it is not the consciousness of men that determines their existence, but, on the contrary, their social existence that determines their consciousness." In capitalism social existence is organised through the private realisation of individual quotas of social labour with individual members of society thus relating to one another as persons whose conscious will is alienated in the commodities they own, as personifications of materialised social relations (Marx 1976, 163–180). As an expression of that one-sidedness, these positions tend to reproduce different forms of nation-centred approaches to Australian political economy.

Thus, Grinberg (2022a) proposed that Australian capitalism should be seen as anything but a national organ of global capital accumulation and that Australian modality of capital accumulation developed from its form of subsumption in the ever-expanding production of surplus-value on a global scale. That is, from Australia's participation in the international division of labour as a producer of raw materials. In particular, Australian modality of capitalism developed from the contradiction intrinsic in the production of rent-bearing commodities and the possibility for capital to differentiate through nation-state mediation its accumulation process to recover part of the surplus-value materialised in the form of ground-rent. Part I analysed the genesis and transformations of Australian capital accumulation during the Colonial period. It was argued that British colonialism in the territories that became Australia produced a "national" economy that, despite inheriting a variety of political institutions and cultural traditions, reproduced as an appendage specialised in and restricted to the production of low-cost agrarian commodities like wool, dairy and wheat and mining commodities like gold and base metals. These primary commodities were bearers of ground-rent that could be appropriated by capital through specific state policies, especially through those related to land use. Part I also showed that, by unifying the legal conditions of Empire's landowning class, the colonial relationship somehow limited this possibility because ground-rent needed to be appropriated through taxes directly or by indirectly falling on landed property. The colonial relationship also precluded the emergence of an independent currency and the consolidation of exchange rate over-valuation as a state-mediated, "invisible" form of ground-rent appropriation by capital. Production of manufactures remained largely confined to ancillary activities.

The present article analyses the political economy and developmental trajectory of Australian capitalism during the post-colonial period, when rent-paying capital lifted that restriction through the conformation of an "independent" nation-state. The emergence and consolidation of increasingly diversified import substitution industrialisation (ISI) and the subsequent transformation of that process into neo-liberal resource-based growth will be seen as expressions of the historical development of this specifically structured form of capital accumulation. The paper is organised in three sections. The next section discusses the ISI period, and this is followed by a section that deals with the post-ISI neo-liberal era. The article closes with a brief, forward-looking conclusion.

From Constitutional Monarchy to "Banana Republic": Capital Accumulation and ISI

The strong expansion of Australian primary-commodity production for world markets that occurred during the latter part of the nineteenth century, as the Second Industrial Revolution manifested itself in growing demand for food and materials in Europe and North America, saw a strong increase of local demand for manufactures. First, there was an expansion of working-class consumption, both in absolute and per capita terms, as the labour-force grew larger and its average productive attributes expanded while mining and raw material processing as well as urban services developed. Second, there was robust growth in the demand for building materials, both for residential and infrastructural purposes, as the railways network, urban infrastructure ports expanded to bring into production increasingly farther lands and to channel growing primary commodity output overseas. Thirdly, there was new demand for equipment and replacement parts, as well as for maintenance and repair services, for the agrarian and mining industries, as increasingly unfavourable natural conditions were brought into production thanks to ongoing improvements in overland and oceanic transport methods. Part of this enlarged demand continued being satisfied with imports, mainly from Britain, but a growing portion was geared towards domestic industrial output. The long distance from the original sources of supply and, hence, the relatively high cost of transportation, gave space for the incipient production of those commodities in Australia (see, for example, Fitzpatrick 1949, 181–183; Foster 1970, 123–125; Hutchinson 2015, 291–292).

Colonial fragmentation, though weakening, still limited the development of manufacturing production. Thus, as an expression of industrial capital's surging economic power, at the turn of the century, a new stage in the Australian process of capital accumulation began to unfold. In 1901, six of the seven Australasian colonies (New Zealand did not join in) federated in the form of a Commonwealth, thereby enlarging the domestic markets of goods and unifying those of labour-power for capital invested in manufacturing production (Rickard 1976, 204–222; Schwartz 1989, 55–95). Still, though the Commonwealth would involve greater devolved powers and further expansion in the participation of domestic actors in the formulation of public policies, the constitutional framework of the new nation-state was designed with two embedded restrains for the long-term development of Australian capitalism. First, its federal character meant that constituent colonies-cum-states may have seen their power decreasing on a macro-economic level yet retained the capacity to implement independent micro-economic policies, especially in the fields of taxation, expenditure and industry promotion. This would militate against the development of nationwide economies of scale and scope in the manufacturing sector since sub-national states would compete to host industrial capitals in such key sectors as steel and automotive production (Forster 1970). Second, the monarchical character of its parliamentary system, with political, military, diplomatic, and legal authority initially vested in the British sovereign, meant that the new Federal state remained subordinated to Britain's. Though in normal circumstances this relationship would prove to be largely ceremonial, it would not be so during the Commonwealth's formative stages and in times of crisis, when it mattered, acting as a bulwark against the transformation of the Australian ground-rent into a national process of capital accumulation competing in the world markets of complex, knowledge-intensive manufactures (Schwartz 1989, 95–104; Wells 1989, 159–161; Bridge 2013).

Thus, during its first decade of existence the new federal government passed a series of statutory laws to increase domestic market protection and to unify the conditions of capital's consumption of labour-power. This two-pronged economic programme, known as New Protection, took shape in four streams of legislation: the *Immigration Restriction Act* (1901) which became known as the White Australia policy, restricting entry and permanency of non-white migrants; the nationwide *Conciliation and Arbitration Act* (1904), setting the courts-based system to regulate payment and working conditions in all sectors except rural productions and domestic services; the *Australian Industries Preservation Act* (1906), which was aimed at controlling sales by "predator" manufacturing firms, especially US based, in the Australian domestic markets but was mainly used against local coal cartels; and, the *Customs Tariff Act* (1906) and *Excise Tariff Act* (1906), increasing state powers to set tariffs on imports competing with Australian production and relating them to the payment of "fair" wages. During the Federation's second decade, these institutional settings were shaped and fine-tuned through labour court and High Court rulings and, as manufacturing production diversified further during World War I-related import restrictions, they were consolidated and strengthened by means of the 1921 Massy-Greene *Tariff Act* and complementary *Tariff Board Act*, which created the policy tool and bureaucratic agency that would administer the enhanced protective system thereafter. The Australian process of import-substitution or import-replacing industrialisation based on "labourist-protectionism" to "defend" the national territory was formally inaugurated by federal legislation "assented" by the Crown's representative, the Governor-General (Schwartz 1989, 120–138; Ravenhill 2000, 120–122; McLean 2013, 135–139).

Yet, regardless of the intentions of policy makers and their supporting political and economic organisations, Australian industrialisation emerged with a specific characteristic that would limit its development *vis-a-vis* world-market trends. The small size of the domestic market, relative to those where the most technologically advanced capitals competed, meant that firms with insufficient degrees of concentration and employing outdated equipment, or sub-optional scales of production, tended to prevail (Foster 1970; Schedvin 1987, 23–24; Hutchinson 2015, 299–301). The productivity of local industrial labour would, then, be hurt and tend to lag that regulating world market prices. Thus, as the industrial sector diversified away from minerals processing and into durable-goods production behind tariff barriers, labour productivity in Australian manufacturing and utilities went from 125% of British levels at the beginning of the twentieth century to 70% from the Great Depression onwards (Figure 1, see also Broadberry and Irwin 2007, 25). Meanwhile, as shown in Figure 2, wages' purchasing power were roughly equal in both countries and so was the quality of the labour force (McLean 2013, 199–204).[1]

Under these conditions, industrial capitals in the manufacturing sector could only valorise and accumulate normally through the consolidation of specific state policies: protecting local production from external competition (which increased domestic prices of manufactures *vis-à-vis* international prices); keeping the exchange rate over-valued (which reduced the local prices of exported/exportable primary commodities and of imported means of production while increasing the size of profit remittances and outward investments);[2] and subsidising production costs through direct bounties and infrastructure partly funded with import duties paid for with an overvalued currency, with taxes on landed property, and with revenue from land sales and rentals (which increased the profits of recipients and users). In all cases, the extraordinary social wealth appropriated by industrial capital invested in manufacturing to compensate for the relatively low

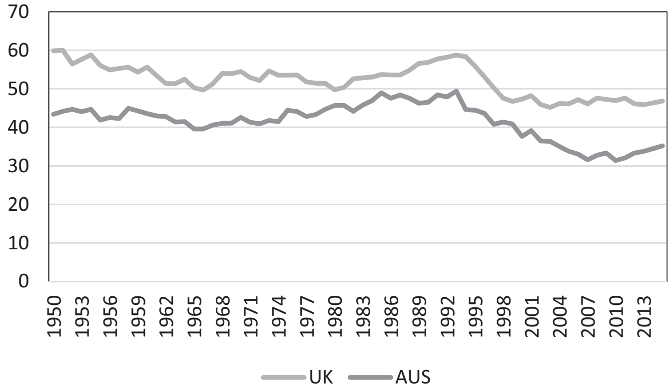

Figure 1. Labour productivity in manufacturing in Australia and the UK relative to US levels (%).
Sources: Benchmark estimation of 1987 values by Ark (1992) and Pilat, Rao, and Shepherd (1993) are indexed with the relative evolution of output per worker. Other data from Department of Economic History Database (EHD); Federal Reserve Economic Database (FRED); World Development Indicators; Mitchell (2013); and Bank of England (BoE).

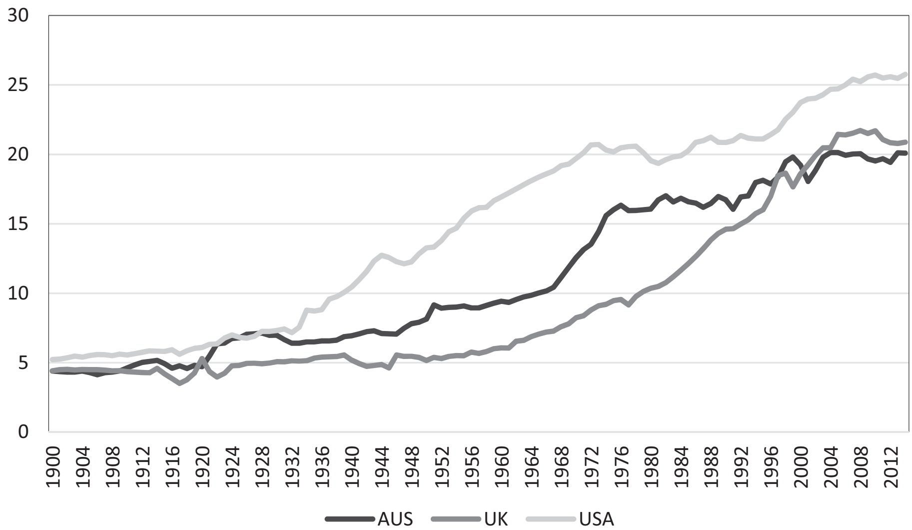

Figure 2. Purchasing power of industrial wages in Australia, UK and USA (in $US and benchmarked to 2005).
Sources: Benchmark estimation of 2005 values by World Bank (World Bank) is indexed with the evolution of real purchasing power in local currency. Other data from EHD; FRED; BoE.

productivity of its labour force was made of surplus-value taking, in the unity of the world market, the form of ground-rent for landowning agrarian capitalists and the sub-national states owning mining and agrarian lands (Grinberg 2021). Figure 3 shows the evolution of exchange rate over-/under-valuation and Figure 4 illustrates the evolution of the ground-rent appropriated by capital and of net loanable-capital inflows over total surplus-value.

As it occurs everywhere, the specific state-mediated structuring of the national process of capital accumulation came about in Australia by means of distinctive political processes; these realised the two-pronged economic policy strategy outlined above. In general terms, it took shape in a parliamentary system organised largely along the lines of parties representing the economic interests of the urban bourgeoisie and salaried and independent professionals, landowning capitalists, and the "blue-collar" working class (Rickard

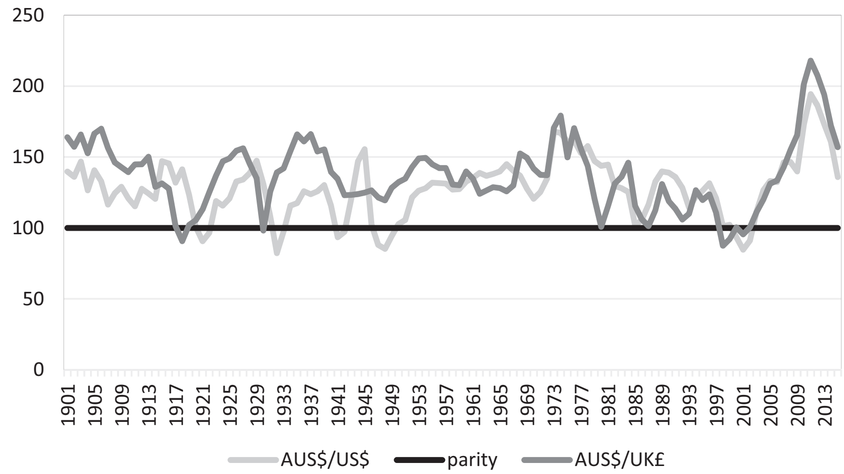

Figure 3. Exchange-rate over-/under-valuation (1998–2004 = 100).
Note: Parity exchange rates are estimated using the relative purchasing-power method, corrected by the evolution of labour productivity relative to US levels to account for the impact of labour-productivity growth on local prices (Iñigo-Carrera 2017, 310–314).
Source: Grinberg (2021, 3–7).

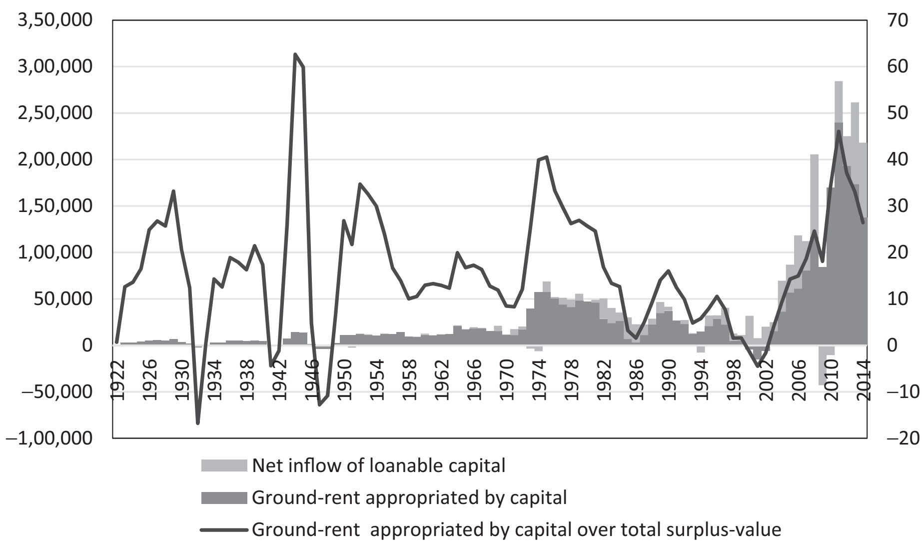

Figure 4. Ground-rent appropriated by capital in A$ millions 2014 (left axis) and percentage of total surplus-value (right axis).
Note: The measurement does not include ground-rent appropriated by capital through highpriced means of production not compensated by state subsidies (that is, largely agricultural machinery). Source: Grinberg (2021).

1976; Schwartz 1989, 105–109; Lloyd 2003, 409–413). Through changing alliances, splits, amalgamations and power-shifts, a three-party parliamentary system formed, consolidated, reproduced and, eventually, dismantled the process of ISI through which industrial capital appropriated ground-rent by means of small-scale manufacturing production. In concrete terms, the changing inter-class antagonistic alliances manifested themselves in the so-called policy of "protection all-round": the state-regulated closure of domestic markets for industrial goods though tariffs (to the extent permitted by the amount of ground-rent available to support local manufacturing production); of working class reproduction through the labour courts and the welfare system (to the extent required by the process of capital accumulation consuming its labour-power); and of support for rural industry development (to the extent that it was needed to compensate for exchange-rate overvaluation and tariff protection reducing output prices and increasing input prices, respectively).

As any other national, direct form of realisation of the indirectly organised worldwide process of social reproduction through capital accumulation, the Australian state's policies came about through a politically- and institutionally-mediated push-and-pull process that responded to sectoral interest lobbying and that expressed itself in the conditions of valorisation of individual capitals and of labour's reproduction. Thus, during the Commonwealth's first decade, a parliamentary alliance led by the Liberal Protectionist Party (LPP), representing the industrial bourgeoisie who sought free inter-state trade and extra-Commonwealth protection, and supported by the Australian Labor Party (ALP), representing politically the economic interests of the national working class, set the foundational stones of the ISI process while the Free Trade Party (FTP), representing the economic interests of export-oriented landowning pastoral capitalists and import-trade commercial/banking capital, opposed to tariff protection. The FTP, nevertheless, helped pass the labour laws protecting all but rural workers during its short-lived mid-decade tenure, when it settled an LPP-ALP dispute over the scope of legislation covering public sector (including railways) employees. Once the two-pronged policy strategy shaping industrialisation through ground-rent appropriation was laid under LPP leadership, an ALP majority government oversaw, during the first half of 1910s, the consolidation of the system of industrial relations and strengthened state's complementary policies supporting labour's reproduction, as a 1907 High Court ruling had declared unconstitutional the link between tariff protection and wage setting. To fund those expenses, it implemented a new federal-level land tax that completed those already levied by sub-national states. The LPP then merged with the Anti-Socialist Party (ASP, FTP's successor), forming the Commonwealth Liberal Party, in opposition to those state actions, thus setting a quantitative limit to them, especially to the ALP's extensive, yet never-implemented, proposals on state-ownership of manufacturing, mining and banking (Rickard 1976, 223–253; Schwartz 1989, 105–162; Hirst 2013).

Once the legal rules and public policies regulating labour's reproduction in the physical and mental conditions necessary for the process of capital accumulation through primary production and incipient ISI were developed, the ALP split over World War I conscription, and the massive subsidy to Britain that war participation would constitute, and a party's spin-off led by the incumbent Prime Minister William "Billy" Hughes merged with the Commonwealth Liberal Party to form the Nationalist Party (NP), which governed during the subsequent period (1917–1923) (Garton and Stanley 2013). The broad-based NP government, administering the political representation of the Australian process of capital accumulation in its national unity, centralised foreign trade management during the war to capitalise on British wool and wheat stockpiling, and maximise the amount of ground-rent flowing into the Australian economy, while strengthening exchange rate over-valuation and landed-property taxation, initially to fund war expenses and later to transfer surplus-value to manufacturing capital. It also took advantage of war and post-war political and economic conditions to soften the ALP's previous advances on labour legislation. To make effective the movement of ground-rent to industrial capital, it consolidated the tariff to protect productions that had expanded during the international military conflict (Tsokhas 1989). During the rest of the 1920s, as the global demand for Australian exports slowed, and debt-related payments mounted on trade difficulties, the NP veered to the right and formed a coalition government with the newly-formed

Country Party (CP), the successor of the FTP/ASP but now led by small-size landowning agrarian capitalists rather than of export-oriented graziers and associated Anglo-Australian commercial capital (Bongiorno 2013). The NP-CP coalition government thus reduced the flow of contracting ground-rent to industrial capital and generated a source of extraordinary surplus-value to complement it, reducing tariff protection (by sitting free-traders on the Tariff Board) and squeezing wages (by repressing trade union activism), respectively, while increasing state support for agrarian capital (Lloyd and MacLaren 2015), partly to compensate for exchange-rate over-valuation, through the creation of federal (national) and state (sub-national) agencies involved in credit provision, international marketing, technical advice and scientific research, as well as commodity-specific mild protection and subsidies.[3]

Despite the conservative-nationalistic turn, the late 1920s exports price drop and related recession-turn-depression brought the ALP back into a crisis management majority government. This government oversaw an exchange-rate devaluation, tariff protection increases, budget deficit reductions, public debt rescheduling and labour compensation cuts, but fell apart as soon as export income recovered and the economy turned the corner in late 1931 (Tsokhas 1992, 66–74). Those policies, nevertheless, further reduced the flow of contracting ground-rent to industrial (manufacturing) and commercial (banking) capital while increasing capital's appropriation of a portion of the value of labour-power. As the national economy bottomed out, partly on the wage squeeze and partly on export price improvements, the United Australia Party (UAP), a merging of the NP with fresh ALP splinters, gained full control of the federal state and re-introduced active support of local manufacturing, sidelining the CP's policy agenda (Cochrane 1980b; Tsokhas 1992, 75–76). It was only in 1934, when primary commodity prices had fully recovered and exchange-rate over-valuation had been strengthened to transfer a growing ground-rent to manufacturing capital, that the CP was back into coalition government to help sell these policies to its rural constituency (Tsokhas 1992, 76–77). Yet, as during WWI and the Great Depression, World War II brought the ALP back into majority government to pursue working and capitalist class control to freeze wages and to undertake the partial centralisation of industrial capital since crisis conditions required efficient production for international markets (Butlin and Schevdin 1977; Watts 1980, 179–196; Darian-Smith 2013, 93–111).

In general terms, the first decades of the Australian ISI process were marked by the alternation of periods of sluggish global growth with periods of crises in the world market. Nevertheless, despite negative international dynamics, world market crises boosted, in different ways, Australian industrial production. While World War I-related trade disruptions stimulated self-reliance in basic inputs (such as base metals, wrought iron and long steel), the Great Depression forced import-replacement of consumer goods and World War II involved US technological transfers to develop local production of weapons, equipment and materiel for the allied troops in the Pacific. At the end of this period, the Australian economy had a highly diversified manufacturing base which included most light-industry and intermediate-goods sectors, several durable-consumers productions and a capacity to make complex means of production. Most of these industries were owned by national capitals, with a smaller part being investments by international companies that had largely entered Australia before the Great Depression. A few state-owned firms in the military supplies sectors during World War II were the exceptions (see, for example, Clark 1975, 63–68; Cochrane 1980a, 8–13; Tsokhas 1996: 209–218; McLean 2013, 177–183). As in the primary commodity export business, British companies took a leading position amongst foreign capitals invested in the industrial sector (Fitzpatrick

1949, 286–310; Catley and MacFarlane 1980, 276). Preferential tariff rates granted to imports of British-made machinery and inputs, enshrined in law in 1907, 1932 and 1957, allowed British capitals to particularly benefit from Australia's rent-sustained industrialisation process (Corden 1963, 174–184). Their leadership among foreign investors, however, would soon be taken by stronger US competitors.

The end of World War II meant the normalisation of world market conditions and the beginning of a new cycle of accelerating global growth. Despite the strong performance of industrial exports during the military conflict, in Australia, as in most countries producing raw materials for world markets, the process of inwards-oriented industrialisation developed further and consolidated by means of more active state regulations, crucially as the Korean War boom resulted in increased demand for wool and inflowing ground-rent. Several policy changes took place to mediate this reversal. First, during the 1950s, protective tariffs were replaced by quantitative restrictions of imports responding to requests filed by private companies and supported by an extended network of lobby organisations (Tsokhas 1984, 1–31; Bell 1993, 25–34; Ravenhill 2000, 122–125). Second, as foreign investments in debt securities and external trade withdrew, and mining investment slowed, capital inflows into the small-scale manufacturing became promoted (Parry 1974; Merrett 2015, 325–27). US capitals led the process through their investments in the most dynamics and profitable branches of manufacturing, with British and Western European capitals following suit (Wheelwright 1975; Tsokhas and Simms 1978; Bell 1993, 34–37). Once this foreign-invested capital was established, the early 1960s saw the return to tariff protection instead of direct prohibitions on imports. Though most industrial, and some agrarian, productions were shielded by import taxes, rent-bearing primary (like foodstuffs) and semi-processed commodities (such as flat steel and wool yarn) had protection levels that were lower than the prevailing degree of state-regulated exchange-rate over-valuation, thus acting as a form of ground-rent appropriation by the state when they were paid (through the import duties paid with an over-valued currency) and, most frequently, by capitals consuming those commodities through lower-than-international prices (Corden 1963, 207–213; Bell 1993, 37–43). Third, there was active promotion of European immigration and increases in state expenditures on labour's reproduction to feed manufacturing capital with the skilled labour force required for its expansion and development (Catley and McFarlane 1980, 278–283). Fourth, as labour's bargaining power strengthened and Fordist techniques consolidated capital's need for a relatively undifferentiated collective worker, there was step-up in state's direct regulation of labour reproduction. The courts-based system was replaced by one more closely controlled by parliament, while "social wages," especially in housing subsidies, were increased (Frazer 2002, 28–36; Castles 1997, 33–35). Fifth, there was a consolidation of the federal government's control over state administrations in the determination of tax and customs policy. Nevertheless, sub-national states continued implementing industry promotion policies to attract investments in key sectors of social production, thus fragmenting the markets for these industrial capitals (Lloyd 2003, 415–417).

In short, contrary to the contemporary experiences of the industrially-advanced economies of Western Europe, which were in a restructuring process, often through regional integration and state ownership, to achieve the scale and technological standards set by world-leading US capital, the development of the Australian manufacturing industry took place, ALP-efforts notwithstanding, in a context of limited state planning and co-ordination, state divestment beyond public utilities and development banking, strong market protection for small-scale production and generous support for foreign capital dumping surplus equipment, often technically backward, and workers. Exports of industrial goods were limited not only by the low levels of labour productivity but also by policies mediating the appropriation of ground-rent by capital invested in manufacturing production as exchange-rate over-valuation reduced profits and import taxes increased local costs. Moreover, to reassure themselves, parent companies of foreign-invested branch capitals tended to altogether ban competing sales in world markets. Only semi-processed, rent-bearing commodities managed to get beyond "naturally" protected regional markets (McLean 2013, 198). This new stage of the ISI process was kick-started by the late-1940s ALP government, with the upper limits to state "socialist" actions set by conservative opposition and High Court and Privy Council rulings on, for example, state ownership of industry and banking, and subsequently managed and deepened by the coalition between the parties representing the two main partners in the business of ground-rent appropriation, industrial-sector capital and landowning agrarian capitalists, the Liberal Party (LP, UAP's successor) and the CP, which governed the Australian Commonwealth between 1949 and 1972 (see, for example, Beresford and Kerr 1980; Bell 1993, 15–45; Ravenhill 2000, 125–127).

Thus, based on the production for the protected domestic market, during the 20-odd years following World War II's end, Australian manufacturing industry saw strong growth and further diversification. In this way, foreign-origin capitals directly and indirectly consuming the bulk of Australian primary commodity exports managed to recover a large portion of the surplus-value flowing to the Australian economy in form of ground-rent, as well as appropriate that materialised in domestically consumed commodities, while recycling technically obsolete means of production. They did so in partnership with the national manufacturing and commercial capitals, also consuming rent-bearing commodities directly or through their workforce, landowning agrarian capitalists, and, incipiently, industrial capitals invested in mining (Wheelwright 1975; Tsokhas 1984; Ravenhill 2000, 128–129; Broomhill 2008, 18–20).

As in any other business partnership, the stronger partner tended to take the larger share. As in any other materialised (market-based) social relationship mediated by direct relationships amongst individuals, the relative strength of the commercial "partners" came about through the agency of the actors personifying them. As in any other form of realisation of global capital accumulation mediated by the nation-state, those somehow unbalanced relationships were expressed in the relative power of the states representing politically the different national fractions of the total social capital (see Tsokhas 1984). Hence, the state-mediated relationship between Australian and foreign capitals, both based in Australia and abroad, was not simply one-sided "dependence," as argued by dependency authors like Wheelwright (1975) and Tsokhas and Simms (1978), but a two-sided partnership whose concrete outcomes were determined by multiple factors ranging from the size and valorising capacity of individual capitals to world-market supply conditions and demand dynamics to the technical characteristics of production processes, especially of rent-bearing commodities, as argued by their critics including Tsokhas (1984, 1986), who had moved on from dependency positions. Yet, these determining factors did not include the nationalistic conscience and behaviour of state bureaucrats and business managers as the former suggested. These, as personifications of materialised social relations, were none other than the subjective mediations of the objective conditions of global capital accumulation in Australia.

Despite substantial industrial deepening, by the mid-1960s the first signs of the process' weak foundations were manifest. Industrial growth slowed at the same time as the production of minerals, especially iron ore and coal for the rapidly growing Japanese market, was expanding strongly (Tsokhas 1981; Schedvin 1987, 24; McLean 2013, 193–196).

Thereafter, Japan, and later the wider Asian region, became Australia's main destination for primary commodity exports, replacing the USA and Western Europe, especially when Britain joined the European Common Market. Asia would become an ever-expanding source of demand for Australia's seemingly inexhaustible mineral wealth, making investments in the sector feasible and generating absolute monopoly ground-rent for the landowning state. Australia's proximity would also generate a new source of differential ground-rent due to lower costs of transportation *vis-à-vis* competing suppliers (Tsokhas 2017; Grinberg 2021, 18–21). Triggered by pressures from the political representatives of markets-seeking Japanese manufacturing capital, which was not a core of the Australian ISI process, and supported by an incipient lobbying by local primary-sector capitalists with which the former engaged commercially, the Australian state thus began to relax the tariffs protecting the domestic market for local manufacturing capital (Tsokhas 1981; Bell 1993, 46–75; Bramble and Kuhn 2010, 313–314).

The 20 years between the late 1960s and the late 1980s were thus marked by a slow-paced crisis of Australian ISI and the partial withdrawal of state policies that had been mediating its reproduction as a form of ground-rent appropriation/recovery by industrial capital invested in manufacturing and its junior partners, commercial capital invested in trade and banking. The transformation, however, was not a linear progression. The laws of capitalist reproduction always realise themselves through the permanent self-correcting deviation of privately undertaken actions from their underlying social norms. Hence, as its consolidation in the early decades of the 20th century, the dismantling of the ISI process came about through a push-and-pull institutional movement mediated by profitability and employment crises that triggered reactive actions by capital's and labour's corporatist and political representatives and state responses that increasingly failed to regenerate the bases of capital's valorisation in the manufacturing sector.

Thus, the 1967–1974 period was characterised by a bureaucracy-led move towards trade liberalisation in the wake of growing Japanese competition in world markets and a booming mining industry. In 1974, at the peak of that trade-liberalisation experience, the Tariff Board became the Industries Assistance Commission allegedly to provide independent technical guidance to government departments managing the support provided to capital in the industrial sector to soften the restructuring process. Conversely, after strong lobbying from private-sector organisations and trade unions, the 1975–1983 period saw the partial reversal of those policies and growing sectoral differentiation in the degree of market protection and state support afforded to capital in favour of the automotive and textile, clothing and footwear (TCF) industries and to the detriment of most other manufacturing sectors. Meanwhile, real-wage growth came to a halt by means of federal-state directives that influenced decisions made by the Arbitration Commission while the "social wage" was cut drastically. Trade union responses were tamed through new legislation limiting strikes. Like the previous period of steady ISI-based economic growth, the slowly evolving crisis of "labourist-protectionism" was represented politically by, increasingly conservative, LP-CP coalition governments. The exception to this trend was the 1972–1974 period, when inflowing ground-rent grew strongly, fed by increasing primary commodity prices in world markets. Its appropriation/recovery by industrial capital then came about through extensive public investments on infrastructural projects and state-directed wage and welfare increases, as well as stronger exchange-rate over-valuation. This policy mix was implemented by an ALP government which was thrown out of power, by means of a constitutionally-dubious parliamentary manoeuvre, the so-called Kerr coup, when those conditions reversed, even if an austerity budget was already being announced by the incumbent administration. By the mid-1980s, after various ill-fated, state-managed, attempts to restructure and revamp the industrial sector, and a global credit crisis that had severely affected primary-commodity prices and export income, the Australian economy was in such a critical condition that the ALP Treasurer Paul Keating declared that, without deep reforms to improve manufacturing international competitiveness, the country was to become a "banana republic" (see, for example, Catley and McFarlane 1980, 290–298; Bell 1993, 76–127; Humphrys 2019, 81–93, 185–186).

In sum, the development of Australian ISI was not simply the result of state policies implemented to address chronic balance-of-payment restrictions, as argued by structuralist political economists like Bell (1993, 19). Regardless of policy makers' intentions, the process replaced consumer goods imports with those of equipment and parts to manufacture them locally while increasing the domestic consumption of exportable primary commodities and expanding the outflow of profits. As demand for those goods rose rapidly, now including that from imported workers producing them, and labour productivity in the manufacturing industry lagged world market norms, the so-called "external restriction" to growth rapidly worsened with the development of inwards-oriented, import-substituting industrialisation (Cain 1970). Nor did it simply result from state policies implemented to provide employment for migrant workers, necessary to populate and protect the extended national territory, as argued by institutionalist political economists like Ravenhill (2000, 119–120). The demand for labour-power depends on capital's capacity to produce and appropriate surplus-value through its consumption (that is, exploitation) in the production process. Indeed, the notorious White Australia Policy ended with the crisis of ISI and lower-skill Asian immigration was (re)allowed thereafter. Nor did it simply result from regulatory capture by sectional, redistributive interests – an alliance of manufacturers and unionised workers – as argued by public choice neo-liberal critics of "labourist-protectionism" (see, for example, Gruen 1986; Olson 1984). Regardless of intentions, antagonistic inter-class alliances are not independent forces that shape capital accumulation but direct social relations that arise as an expression of such indirectly regulated process to maximise, through specifically limited co-operative actions, the outcome of their market transactions (Grinberg 2022a). Nor did Australia's limited industrialisation result simply from its self-reproducing dependence on foreign capital, markets and technology, as dependency theorists claimed (see, for example, Wheelwright 1975; Cochrane 1980a). As noted in Grinberg (2022), dependence is a two-sided relationship between different parts of a single, worldwide process of social reproduction regulated through capital's valorisation.

Rather, during the post-World War II era and in some countries since the 1920s and 1930s, the development of "state-led" ISI became the paradigmatic politico-economic form through which industrial capital invested in manufacturing production became the leading partner in the business of ground-rent appropriation in national economies organised to produce low-cost primary commodities for world markets.[4] The Australian economy was no exception to that global economic trend; however prosperous, thanks to its particular historical circumstances (such as colonial origin and geo-political position) and favourable natural conditions (including plentiful resource endowments and protection afforded by distance from supplier markets), the process might have been there relative to other national experiences (Grinberg 2022b). Yet, though this process allowed "international" capitals then paying the bulk of the ground-rent to recover a large portion of that surplus-value, it resulted in an inefficient, technologically laggard and rent hungry industrial sector and a specifically limited process of economic development. Producing for domestic markets at a small scale with outdated technologies, manufacturing capital required growing amounts of ground-rent to valorise, expand and deepen. Its accumulation process thus became dependent on the flow of that extraordinary surplus-value. Moreover, by lowering (increasing) domestic primary commodity output (input) prices, state-mediated forms of ground-rent appropriation by others than landowners (for example, the combination of exchange-rate over-valuation and differential import taxes) also tend to restrict, to the extent that they are not been fully compensated for by other policies, capital investments in primary-commodity production and, hence, limit the evolution of output and ground-rent. Jointly, these two growth dynamics set a limit to the industrialisation process and manifested themselves in the so-called external restriction and in a stop-go accumulation dynamic.

From Resource-Based Growth to "Part of Asia": Capital Accumulation and De-industrialisation

With the international debt crisis of the early 1980s unfolding, and a large drop of raw materials prices taking place, the Australian economy entered a period of hardship, as did most of the global economy, particularly its national sections specialised in the production of primary commodities. As the Australian ground-rent contracted, while its requirement by industrial capital invested in manufacturing production expanded further, as low-cost East Asian consumer goods and industrial inputs flooded the world market, the ISI process finally lost its reason for existence. Now, business sector lobbying against tariff protection out-spoke and over-powered those supporting its continuation. Only working class economic and political organisations remained, momentarily, unambiguously supportive of industrialisation based on "labourist-protectionism," pushing for state-managed restructuring of manufacturing. This support for protected industry, however, would wane by decade's end, in the wake of a fresh global recession. As this occurred, the Australian state, the political representative of capital accumulation in its national unity, would accelerate the market liberalisation programme timidly initiated in the late 1960s and incoherently and incompletely implemented thereafter. As before, the trend towards a new "growth model" based on so-called economic rationalism was realised through trial-and-error policy and institutional changes that responded to sectional interests marked by the accumulation rhythm and its manifestation in wages and profits levels (Bryan 1995; Quiggin 1998; Humphrys 2019).

As in all previous economic crises, early 1980s developments brought the ALP back into majority government. This time, however, world market conditions were different. Unlike during the two world wars, external demand for raw materials and manufactures was falling sharply. Unlike during the Great Depression, wage squeezes and exchange rate devaluation would not suffice to re-establish profitability. This time the space for further industrial growth based on domestic markets was practically non-existent. Crisis management thus took the form of a social contract that aimed at structurally transforming "labourist-protectionism" allegedly to save parts of the industrial sector. For that, the newly inaugurated ALP government signed, with the trade unions that formed the party or critically supported it, the "Statement of accord by the Australian Labor Party and the Australian Council of Trade Unions regarding economic policy," usually referred to as the Prices and Incomes Accord. The Accord, which was meant to guide state policy during the ALP's tenure, had been agreed in the run up to the 1983 federal elections to show that the ALP would, unlike the preceding conservative coalition government, be able to address industrial unrest and micro-manage the reform process. It was a corporatist-style, consent-building institutional arrangement in the longstanding Australian tradition. On capital's behalf the state negotiated with trade unions economic policies that would affect wages and employment levels while business sector organisations would support its implementation whenever their interests were at stake. Effectively, though not amongst its original signatories, business organisations took part in the early 1983 National Economic Summit convened by the incoming ALP government. The Summit endorsed the Accord's most market-friendly reforms while tempering and side-lining its ambitious programme for planned industrial transformation. Although it was aimed at controlling the inflationary process while helping industrial restructuring, the Accord's implementation focused mainly on wage control. Although it originally attempted to keep constant wages' purchasing power, it resulted in real terms pay cuts. Although it initially included not only a wage-setting policy but also compensatory increases in social wages and safety nets funded with a progressive tax reform, it forfeited most of its "egalitarian" goals. Although it included industry promotion measures to support technical change while avoiding job losses in key manufacturing sectors, it failed to achieve technological catch-up. The objective conditions of capital's valorisation in the specifically structured Australian economy throughout the implementation of the Accord asserted themselves through the agency and will of political actors and state bureaucrats to produce an outcome entirely different from that originally envisaged by its makers and ideologues. The Accord, agreed in the wake of heavy job-losses left by the 1981–1982 worldwide recession would be renewed eight times, extending until the end of the ALP government in 1996. The Australian economy would come out of this period completely reshaped, with its industrial sector reduced to a minimum expression while its primary industries would flourish (Bell 1993, 129–133; Cahill 2008, 326–329; Humphrys 2019, 97–124).

In all of this, from 1983, the labour market was re-regulated, centralising wage adjustments under federal government control. Though it was intended to protect living standards, the new state-managed procedure set rules for wage growth that underestimated the rate of consumer price inflation, especially for skilled manual workers. In exchange for their acquiescence to purchasing power cuts, trade unions "gained" improvements in the "social wage," including expanded health coverage, age pensions and family benefits, increases in take-home payments via income tax cuts, and expanded safety nets such as higher unemployment subsidies, some of which had been established by the 1972–1974 ALP administration and subsequently cut by conservative governments. These changes moderated the short-term impact of real wage cuts on labour's reproduction, especially for the low-paid sectors of the working class, while creating the conditions to politically manage the longer-term transformation of the economy (Bramble and Kuhn 2010, 321–322; Humphrys 2019, 97–124).

While the labour market was re-regulated, the foreign exchange market was deregulated. Triggered by a mounting run on the Australian dollar, in late 1983, as global credit markets tightened, Australian foreign currency and capital markets were freed from state direct regulation. The Australian dollar was left to float freely. A strong devaluation of the national currency followed, reducing the amount of the contracting ground-rent appropriated through this policy by capital invested in the national economy. Thereafter, the Reserve Bank of Australia (RBA) ceased to formally intervene in the determination of the exchange rate of the national currency. It has only done so at specific times to avoid sharp fluctuations (McFarlane 1993). Nevertheless, the monetary policy pursued by the supposedly independent RBA has continued indirectly to influence the determination of exchange rates, through its regulation of domestic interest rates and, hence, the profitability of the so-called carry trade. Under the argument of being a policy aimed at controlling the inflation rate, normally rising together with international primary commodity prices, the RBA set above-market interest rates that tend to attract large amounts of capital into

Australian dollar assets, largely state debt, thus increasing the relative "price" of the national currency above its relative capacity to represent value in world markets, essentially over-valuing it (Figure 3; see also Bell and Quiggin 2008; Grinberg 2021). In other words, state borrowing has attracted the loanable capital necessary to sustain exchange rate over-valuation while creating the conditions for to the appropriation of ground-rent through interest rate differentials. In this way, this policy has also partly funded the large and growing post-1980 profit remittances and interest payments. For beyond the "consenting adults" euphemism, and the mining expansion that foreign loans and investments funded, lays the fact that Australia's post-float current account deficit has not only been mediated by state policy indirectly affecting exchange rates, but it has mostly resulted from interest payments and profit remittances rather than from capital-goods imports.

During the first phase of so-called economic rationalism (1983–1987), import tariffs cuts were limited, and roughly proportional to the devaluation of the Australian dollar, while direct industry-specific assistance for the restructuring "sunset" industries (such as steel, cars, and TCF) was extended together with non-selective "neutral" productivity-enhancing measures including research and development tax credits and workforce training for "sunrise" sectors and generous export promotion subsidies for all capitals in manufacturing. These programmes were administered by the purposefully created Department of Industry, Technology & Commerce (DITAC) and increasingly supported by leading trade unions. Together with on-going wage cuts, they improved the international competitiveness of local manufacturing, giving the impression that the "market-friendly" reforms incipiently introduced by the ALP government were depurating the economy from those sectors that could no longer meet East Asian cost benchmarks in standardised consumer goods productions to concentrate on skill- and knowledge-intensive high-value industrial and service activities instead, as it was occurring in the USA, Canada and Western Europe (Schedvin 1987, 28–30; Bell 1993, 127–146; Ravenhill 2000, 134–137). The reality of the Australian economy, however, would turn out rather differently. Contrary to other industrially advanced economies from which policy makers and public ideologues drew inspiration such as the "small open economies" of North-western Europe, the Australian process of capital accumulation would become increasingly limited to the production of raw or semi-processed materials, as it had been during the pre-ISI period. The production of high-technology and innovation-intensive industrial goods, especially of those in which the development of society's productive forces is materialised (that is, "capital goods"), would not develop to any significant extent in Australia, as it has occurred in other similar-size "advanced" capitalist economies (Ravenhill 2000, 137–140; Taylor, et al. 2012).

Regardless of the ambitions expressed in the Accord, and the real intentions of its signatories, during the late 1980s and early 1990s the pace of economic reform was accelerated as an expression of global-scale developments. In fact, it is only in this period that state policy began to take the steps to form a coherent neo-liberal programme. First, the 1985–1986 balance-of-payment crisis that resulted from the collapse of international primary commodity prices, pushed the economy further into heavy borrowing to compensate for the reduction of the ground-rent available for appropriation (see Figure 4), feeding the impression that Australia's domestic market-oriented industrial sector had become an unnecessary burden to "national prosperity." Treasurer Keating then issued his pessimistic warning. Second, the tightening of international credit supply that followed late-1987 stock market crashes manifested itself in a contraction of the flows of loanable capital. Though Australian ground-rent expanded in 1989–1990, when export prices experienced a mild recovery, this was short-lived and by late 1990 both sources of extraordinary surplus-value were in absolute contraction, further eroding the material bases of the ISI process. The result was that Australia endured a recession that, according to the ALP Treasurer, it "had to have." Third, industrially advanced economies in Europe and North America offered to open their markets to Australian primary commodities in exchange for further access to Australia's domestic market of manufactures and services, adding to the long-standing Japanese lobby. It was no longer convenient for rent-paying industrial capital to appropriate ground-rent in the Australian economy through small-scale manufacturing.

The process of trade opening thus advanced by an order of magnitude with respect to mid-1980s trends. The 1986–1993 Uruguay Round of the General Agreement on Tariffs and Trade promoting foreign trade and capital account liberalisation expressed institutionally the new conditions of global capital accumulation (Bell 1993, 146–156; Leigh 2002, 496–507). Moreover, in line with prevailing world market conditions and the resolutions of international institutions of governance, the Australian reform programme would now include the privatisation of state-owned assets, not least the Australian Industry Development Corporation and the Commonwealth Bank as well as several engineering-intensive companies (Aulich and O'Flynn 2007). These had been directly supporting the process of industrial deepening carried out by private capitals. In Australia, as in most other national economies producing primary commodities and industrialising through rent-fed import substitution programmes, the system protecting local manufacturing would be eliminated while regulations on foreign investment, especially in the mining and banking sectors, would be loosened further and the privatisation of state-owned companies and service provision accelerated. Conversely, state support for industrial restructuring would be reduced significantly (Lloyd 2003, 418–420; McLean 2013, 219–221).

In parallel to policies de-regulating the trade and capital account, the labour market was re-regulated, with the long-standing system of industrial relations phased out. Effectively, one of the Accord's results was the replacement of the centralised arbitration system with decentralised enterprise bargaining and the concomitant de-linking of pay awards of different labour skills. Unintended as the former might have initially been, the latter was originally sought for by the strongest trade unions representing semi-skilled manual workers backing the agreement to compensate their members for real wage losses. After years of centralised wage-setting, unions had lost the organisational capacity to oppose the new system which increased differentiation within the Australian fraction of the global workforce. In addition to those policies tending to fragment the labour market and de-homogenise labour's reproduction, cuts were also made to the "social wage" such as the re-introduction of university fees in 1989, while indirect taxes were increased and direct taxes were regressively reformed, with compensation targeted to those in "poverty traps" (see Quiggin 1998, 84–85; Heino 2015; Humphrys 2019, 119–124). To a large extent these transformations expressed global-scale developments in labour's reproduction related to the consolidation of technologies that, drawing on electronics-based automation, were simultaneously skill-replacing and knowledge-augmenting; in other words, were skill-differentiating (Iñigo-Carrera 2014, 564–565; Grinberg 2016).[5] These trends, however, were exacerbated in Australia where the contraction of skill-intensive metal-working and capital-goods manufacturing was more extensive than in the industrially advanced countries of Western Europe and North America.

The transformations in the structure of the Australian economy were not only realised through changes in the public policies mediating the accumulation process but also through the reshaping of state institutions bringing them about. In 1987, the Industries

Assistance Commission, which in 1974 had succeeded the Tariff Board in its role of supporting manufacturing through increasingly targeted subsidies, was transferred from the aegis of the mildly interventionist DITAC to the openly neo-liberal Treasury. Two years later it dropped its middle name while state's direct "assistance" to manufacturing capital was being reduced drastically at the same time as import tariffs were cut swiftly (Bell 1993, 133–156). In 1993, DITAC itself was, after several restructuring attempts, dissolved. A new "model" of economic development thus consolidated. It was mainly based on the export of primary commodities, mostly mining and energy (Bayari 2016). To a much lesser extent, inbound tourism, and education services (largely language and business courses) to Asian consumers, increasingly from China, also contributed (Norton and Cherastidtham 2015). Clearly, the cost of supporting ISI had risen dramatically as global-scale, skill-replacing, electronics-based, automation resulted in strong increases in labour productivity while reducing the productive attributes and wages of manual workers. Moreover, as Asian national spaces of capital accumulation became the payers of the largest part of the surplus-value that made the Australian ground-rent, ISI forms of recovery by capital became no longer suitable. The capitals operating in Australia's manufacturing sectors originated largely in North America and Europe and were mainly producing industrial consumer goods such as TCF, steel and motor vehicles, competing with growing Asian productions.

The transformation of the Australian economic structure did not, however, radically change capital's accumulation dynamic. Rather, it involved a transformation in the forms of ground-rent appropriation by capital and a change in those social subjects/economic actors leading the process. Australia-based capital has continued valorising itself through the production of primary commodities under relatively favourable natural conditions, including now proximity to the main consumer markets, and through the state-mediated appropriation of the ground-rent. Industrial capital invested in mining production, including offshore hydrocarbons, and that invested in privatised public utilities – both largely foreign-owned – would increasingly take the lion's share, sidelining that invested in manufacturing and related services.[6] Enjoying "natural" market, and regulatory, protection, commercial capitals invested in trade and banking would also increase their take (Quiggin 1998, 82–84). Contrary to the contemporary experience in the industrially advanced countries of Europe and North America, manufacturing production other than that processing raw materials for export markets and producing food for domestic consumer declined sharply; unlike in those countries, most means of production used in the rapidly growing Australian mining industry have been imported (Commonwealth of Australia 2014, 24–28).

Once the crisis-driven restructuring of the 1980s and early 1990s was left behind, the Australian economy entered a new phase of strong growth. It is well known that its main driving force has been the mining sector, especially iron ore and mineral coal production, which was favoured by the rapid industrialisation of East Asia, and especially China. This has resulted in a strong increase in the demand of rent-bearing commodities produced in Australia and in the inflow of ground-rent, especially that arising from proximity to markets.[7] This process of economic growth peaked throughout the second half of the 2000s, when global demand for raw materials grew strongly and primary commodity prices shot up to levels not seen since the mid-1970s.[8] In contrast to previous commodity booms, such as those of 1950–1953 and 1972–1974, this new rent-fed growth cycle has not taken shape in state policies extensively promoting local manufacturing for domestic markets. Rather, apart from those requiring proximity/immediacy and those with national security importance, the only industrial sectors that have expanded are those that process raw materials for export markets such as metallurgic and dairy industries (Broomhill 2008,

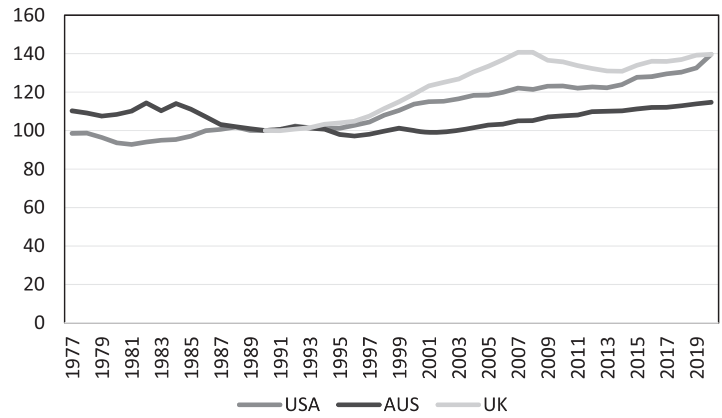

Figure 5. Average hourly real wages (1997 = 100).
Sources: Australian Bureau of Statistics, cat. 6345.0; Bureau of Economic Analysis; Organisation for Economic Co-operation and Development; FRED; BoE.

22–26; Lloyd 2008, 35–38). For, the over-valuation of the Australian dollar, mediating capital's appropriation of ground-rent, does not affect them completely. The few sectors that continued to receive decreasing protection and state subsidies were in TCF and, the soon to be closed, motor vehicle production lines. Different has been the experience of the services industry, mostly to meet domestic demand; this sector has gone through a phase of strong, uninterrupted expansion (Milne 2013).

The transformation of the sectoral composition of the Australian economy manifested itself in changes in the composition of the national workforce. Employment in the manufacturing industry dropped by 20% between the mid-1980s and the mid-2010s, after falling 17.5% during the 1974–1984 period. Except for the food, beverages and tobacco sub-sector, which produced a combination of perishable goods for domestic consumers and exportable items for Asia markets, employment decline occurred in all branches of manufacturing, especially in the two that had characterised the ISI process, TCF and motor vehicles (Hutchinson 2015: 304–307). Employment growth in the skill-intensive mining industry and related services, though strong in relative terms, has not been significant in absolute terms, given the high capital-intensity of open-pit operations. Most new jobs growth has taken place in services, health and personal care, the professions, construction, tourism and education (Commonwealth of Australia 2014, 96–110). All these sectors, except tourism and education, are largely non-tradable and have expanded strongly as a by-product of primary exports growth. Differences notwithstanding, most of these sectors are not skill- or knowledge-intensive. Consequently, labour market casualisation – increasing part-time, non-permanent and no-benefits work – went from 13% of the total workforce in the early 1980s to 25% in 2016, with most of the growth occurring during ALP's 1983–1996 tenure (Gilfillan 2018). This worsening has been much stronger, both intensively and extensively, than in other OECD countries (Tweedie 2013; Goot 2013, 195–198). Facilitated by ongoing changes in labour market institutional settings, transformations in the composition of the national workforce manifested themselves in changes in its consumption patterns. Thus, average economy-wide hourly wage rates fell by 15% in real terms between 1982 and 1996, while they fully regained pre-crisis levels in the industrially-advanced countries of North American and Europe, and recovered only slowly thereafter, while they grew strongly in the former (see Figure 5; also Cahill 2008, 329–332; Humphrys 2019, 124–129).

As it had occurred with the enactment and consolidation of labour-related laws in the 1910s, and the deepening of the ISI process and welfarism in the 1940s, the dismantling of "labourist-protectionism" was carried out by an ALP government (1983–1996). Contrary to the neo-liberal experiences in the USA and UK, where there was open, class-based confrontation, but similar to other countries where industrialisation had been oriented towards domestic markets and supported by some kind of a nationalistic inter-class alliance, as in New Zealand and Argentina, only a government commanding broad-based support could bring about the transformations in the forms of capital accumulation in a direction that went against the common interest of its multiple supporters (Quiggin 1998; Iñigo-Carrera 2006). For, only this type of political organisation could control the reaction of its affected constituents without engaging in antagonistic solutions by offering short-term material and ideological compensation. It could make this commitment credible, unlike parties directly and solely representing the interests of the bourgeoisie or landowners. Nevertheless, whenever it found it convenient, the ALP government backed the extensive use by businesses of new legal options passed by the previous conservative Fraser administration (1975–1983), as well as of archaic common law traditions, such as civil lawsuits against strike actions by unions or indirect disciplining of non-compliant low-level labour organisations (Bramble and Kuhn 2010, 322–323; Humphrys 2019, 153–206). The 1983–1991 period when the Accord was implemented to lower labour costs while "protecting jobs" was led by Bob Hawke, an ex-wage arbitrator and later president of unions' peak organisation, the Australian Council of Trade Unions. This time Hawke led an ALP government that negotiated wage reductions on capital's representation. As Hawke's successor, Keating, an ALP careerist, promoted decisive market liberalisation and enterprise unionism in the subsequent 1991–1996 period (Edwards 2006, 44–48; Walter 2013, 164–168).

Once in place, the administration and deepening of the neo-liberal economic programme would be carried out by the coalition between the LP and the National Party, as had been the case during the ISI phase.[9] Again, this was a political cycle running counter to that of the countries of Western Europe and North America. As it occurred during the post-World War II ISI process (1972–1974), at the federal level, coalition governments would be only replaced by a majority ALP administration during the upwards phase of the primary commodities "super-cycle" (2007–2010) and a minority one during its declining phase (2010–2013), when ground-rent expanded strongly and non-mining industrial capital attempted to increase the share it appropriated through state expenditures in infrastructure, skill-formation and industry support subsidises funded with short-lived taxes on extraordinary mining profits, in addition to a strengthening exchange rate over-valuation (Bramble and Kuhn 2010, 324–331; Walter 2013, 168–171; Goot 2013, 187–192).

Hence, the transformation of the economy into a resource-based one or a "quarry economy" was not simply a process of the rational abandonment of ISI to specialise in its "comparative advantages" in land-intensive goods, thereby unlocking its growth potential, as argued by neo-classical economists (see, for example, Edwards 2006; McLean 2013). From the perspective of the world market, the Australian economy had never abandoned its original form of participation in the international division of labour and the production of surplus-value on a global scale as a producer of primary commodities thanks to the favourable natural conditions prevailing in its territory. Local manufacturing production developed if it reduced the overall costs of exported primary commodities or allowed rent-paying industrial capital to appropriate/recover part of the ground-rent materialised in their prices through the combination of market protection and exchange rate over-valuation. Moreover, the long-term structural limits to industrial development and economic growth existing during the ISI-era have remained in the neo-liberal period. For manufacturing and service capitals, including that producing commodities in which technological development is materialised, have continued producing almost exclusively for domestic markets (save for innovation-light tourism and education) since state-mediated forms of ground-rent appropriation (that is, exchange rate over-valuation) reduce the price received by exporting capitals, thus hurting the profitability of those selling commodities which are not bearers of extraordinary surplus-value.[10]

This restriction, however, did not, as claimed by critics of neo-liberal dogma like Goodman and Worth (2008), result from the neo-liberal policies implemented since the early 1980s which enhanced the impact of market failures related to the so-called natural resource curse or, in Australia, the Gregory effect (Gregory 1976). In the absence of state direct or indirect regulation of foreign currency markets, improvements in the terms-of-trade of exported primary commodities would simply increase the economy's import capacity without resulting in exchange rate appreciation. Equally, unregulated loanable-capital flows would have not resulted in exchange rate over-valuation had they not been attracted by policies maintaining high interest rates. Rather, restrictions to technological development and, therefore, to long-term economic development and growth have resulted from the ability of rent-paying national spaces of capital accumulation to recover part of the surplus-value that takes form in the Australian ground-rent through those state policies. This, however, has precluded the transformation, by means of state-mediated conversion of ground-rent into fully-concentrated industrial capital, of the Australian economy into a competitor in world markets.

Nor were Australian neo-liberal reforms simply a "political project" and product of class-struggle dynamics to restore capital's profitability on labour's back after the 1970s crisis, as argued by Marxist critics like Cahill (2008), Bramble (2015) and Humphrys (2019). The problem with this account is that, as argued in Grinberg (2022a), policy shifts mediating structural breaks are always the result of profitability swings and take the form of confronting "political projects" pursued by antagonistic social classes. The real issue is to account for the specificity of the transformations in capital's global-scale valorisation process that manifest in a change in that direction and magnitude. On a general level or global scale, the specificity of neo-liberalism, *via-a-vis* the so-called welfare state period, lays in that it has mediated the internal differentiation of the collective worker of large-scale industry, through less extensive and/or less universal state-managed reproduction of the working-class than that prevailing before (Iñigo-Carrera 2014). And, this has resulted not from changes in class forces or ideologies, which have expressed and realised the process, but from changes in the material conditions of the production of relative surplus-value associated with the development of electronics-based automation and its concomitant differentiated and differentiating impact on the productive attributes of workers performing complex knowledge-intensive tasks and those undertaking simpler manual activities. Related to these technological transformations has been the increasing relocation to East Asia of production processes requiring proportionally large amounts of relatively simple and disciplined labour, and the further opening of international trade as well as Australia's strong mining expansion (Grinberg 2014).

In Australian capital accumulation, this general trend has been mediated by three inter-connected particularities that arise from its specific economic structure *vis-à-vis* other high-income economies. First, the comparatively large productivity/cost gap in scale-intensive standardised industrial production relative to world-market norms now increasingly set by East Asian capitals, which has meant particularly uncompetitive labour- and capital-intensive manufacturing industries in Australia. Second, the relatively weak development of knowledge-intensive sectors of manufacturing production in Australia, which has meant a particularly lagging engineering- and science-based industries. Third, Australia's extended mineral resource wealth and its proximity to the major sources of demand for energy and base-metal commodities has meant a greater incentive to increase trade inter-dependence with East Asian economies and has resulted in a massive inflow of extraordinary social wealth in the form of ground-rent to politically fine-tune the restructuring process. Hence, the distinctive component of Australian neo-liberalism was the displacement of manufacturing capital from the centre of the business of ground-rent appropriation through, first, the elimination of the legal system shielding the manufacturing industry from international competition and, subsequently, the transformation of the institutions directly regulating the reproduction of its labour-force. In contrast to the European experience, this process did not result from the commoditisation of public utilities and the privatisation of public services and heavy industry which had been previously centralised under state ownership. For that reason, neo-liberal reforms in Australia were initiated by the political organisation constituting the main source of support of the institutions being reformed (that is, expressing politically the processes being transformed), whereas in Western Europe, and especially in the UK, they were carried out by "anti-labour" governments which undid the nationalisation project, as well as the progressive taxes and incomes policy, that had been previously instituted through working-class political agency.

Concluding Remarks: Whither Australia?

Drawing on key insights from Marx's critique of political economy, this two-part article presented an outline of a novel account of the history of Australian capitalism. It was argued that Australia's incorporation into the global circuits of accumulation by expanding British industrial capital determined its long-term pattern of economic and political development. Put to produce low-cost primary commodities, the process of capital accumulation in Australia became structured in a way that would allow industrial capital paying the bulk of the inflowing ground-rent to recover most of that surplus-value while sterilising it from engendering a new competitor in world markets, as it occurred with resource-rich USA and, subsequently, its Canadian appendix.

After briefly discussing the structuring of the Australian economy that resulted from the global dynamic of capital accumulation, Part I of the article analysed the Colonial period. This second part focused on the Commonwealth period. The analysis of these stages emphasised their distinctive characteristics and developmental potentialities as well as their unity as different moments in the reproduction of the specifically structured Australian process of capital accumulation. One aspect of this process became apparent throughout the historical analysis: its inability to participate in the production of relative surplus-value on a global scale through vanguard scientific and technical development, in the manner of the industrialised countries of Europe and North America. This aspect of the Australian economy reveals that, on a structural level, its long-term potentialities have been, despite the notable differences in political institutions, economic development and living standards, closer to the "developing" economies with which it was once compared by critical political economists than to the "developed" countries with which it is nowadays almost unanimously compared.

Though not detailed in this article, speculation about the prospects of the Australian economy is appropriate, noting four points. First, the incipient development of the so-called fourth industrial revolution points at the possible reshoring of manufacturing to Western Europe and the USA/Canada, at the expense of East Asia, with the consequent contraction of the ground-rent flowing into the Australian economy. Second, the development of new replacement materials for steel and of new sources of energy replacing coal and hydrocarbons point at the possible contraction of the global demand for Australia's main export commodities and, hence, of the ground-rent flowing into the economy, though Australia's potential for some of these new resources such as rare earth and even solar energy might act as compensation. Third, the development of synthetic forms of food reinforces the previous trend. Fourth, the likely realisation of the global process of over-production in a general crisis of the scale of the Great Depression points at a sharp contraction of primary commodity prices (except gold and silver) and of the ground-rent available for appropriation in the Australian economy. If these global trends eventuate, the Australian process of capital accumulation will either transform through working-class agency into one with the potentialities for vanguard scientific and technological development or the probability of finally following the path of "banana republics" will increase. Effectively, despite the recent record-braking growth streak, the prospects for Australia's long-term development are as contradictory and challenging as ever. After more than three decades of neo-liberal restructuring and consolidation of the "quarry economy," Keating's warning seems more pertinent than it was when formulated.

Notes

1. A constant relative productivity, it should be noted, implies a growing absolute productivity gap when the initial levels differ, as in the case under discussion. *Ceteris paribus*, this implies a growing cost gap.
2. Federation provided an independent currency and monetary policy.
3. Throughout the first decades of the Commonwealth, primary commodity export taxes were increasingly earmarked to different expenditures in the industries affected by the specific levies. These included marketing, research and price stabilisation programmes. Given the extensive presence of small capitals in agrarian production, the state or quasi-state institutions tend to centralise those activities; Australia was no exception to that world-capitalist trend (Iñigo-Carrera 2017, 339–341). Yet, contrary to what occurred in the industrially advanced countries of Europe and North America, resources for such purposes came, to a great extent, from the sectors themselves, adding to their normal fiscal contributions (that is, falling on profits and labour). Moreover, since they have been proportional to output, and this has depended on natural conditions of production, levies continued falling on ground-rent.
4. During 1922–1984, around 18% of the surplus-value appropriated by capital, especially in the manufacturing sector, was made of ground-rent; without including that appropriated by agrarian and mining capitals in their condition of owners and renters of land, respectively, and that appropriated by manufacturing capital through high-priced agrarian/mining means of production (Grinberg 2021).
5. See Tsokhas (1986) for a detailed analysis of the early manifestations of these trends in the workforce of the Australian mining and metal-processing industries.
6. See Grinberg (2021) on the evolution of the ground-rent appropriated by different sections of Australian social capital. During 1985–2014, 13% of the surplus-value appropriated by capital was made of ground-rent; 17.5% if the portions appropriated by agrarian and mining capitals in their conditions of owners and renters of land is included.
7. Hence, the Australian state's recent "aggressiveness" towards China is not part of an "imperialist" strategy, as Bramble (2015, 90–92) imagines, but part of a more modest state-led move to indirectly influence/defend the price of Australian primary-commodity sales in its largest market, which perfectly fits US capital's requirements in the Asia Pacific. Unsurprisingly, the Australian state has blindly followed the USA's geo-political strategy in the region. In this way, it resembles Hughes' nationalistic stands during World War I.
8. During the 2007–2011 commodities boom, as a result of rising prices and freight costs, the rent materialised in iron ore and mineral coal exports, mostly to East Asia, amounted to around 22.5% of all surplus-value appropriated in the Australian economy (Grinberg 2021, 18–21).

9. The National Party succeed the National Country Party (NCP) in 1982, when mining rent overshadowed agrarian rent. The NCP had succeeded the CP in 1975 when mining began to compete the agrarian sector as the main source of ground-rent available for appropriation.
10. See the McKinsey report warning on Australia's innovation, technological and productivity lags outside the mining sector (Taylor et al. 2012). See also Figure 1 on the evolution of labour productivity in the manufacturing sector.

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