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Unions, government and social democracy

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## **Abstract**

The history of union involvement in direct parliamentary representation in Australia begins in 1891. At this point, unions had developed on a much broader basis than the trade associations and benefit societies that first emerged in the late 1820's and early 1830's. With 25,000 members the Amalgamated Miners' Association was a militant union that claimed to have lost only one of the 29 major strikes that they were involved in prior to 1890. The Amalgamated Shearers' Union, with 22,000 members, claimed even greater success, contending that the 3,180 strikes that they led invariably ended in victory.

## Unions, Government And Social Democracy

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**The history of union involvement** in direct parliamentary representation in Australia begins in 1891. At this point, unions had developed on a much broader basis than the trade associations and benefit societies that first emerged in the late 1820's and early 1830's. With 25,000 members the Amalgamated Miners' Association was a militant union that claimed to have lost only one of the 29 major strikes that they were involved in prior to 1890. The Amalgamated Shearers' Union, with 22,000 members, claimed even greater success, contending that the 3,180 strikes that they led invariably ended in victory.

These union advances, which were significant by any world measure, came to a halt with the 1890's Depression. Unemployment was widespread and underemployment even more so. The crisis was so severe that the average weekly wage didn't recover from its 1891 fall until 20 years later. For the less skilled in the workforce, the 20 per cent wage loss that they suffered in the early 1890's wasn't recovered until 1921.

Shortly before the depression, employers had come together in protective associations that they called unions. The Victorian Employers' Union was formed in 1886 and the Employers' Union of New South Wales two years later in 1888. During the depression the employers took the unions on, and in all of the major strikes of the 1890's they were victorious. The strikes were often long, bitter and violent and the colonial governments of the day didn't hesitate in using the coercive powers of the state against the striking unionists.

It was in this environment that the unions in New South Wales formed their own political party, or the Labour Electoral Leagues as they were known at the time, with the first league (or branch) of what became the Labor Party in New South Wales being formed by the Balmain Labourers' Union in April 1891. As a result it has become a powerful part of the broader labour tradition that the first of the Great Strikes of the 1890s—the

maritime strike—led to the formation of the Australian Labor Party, with its birthplace in New South Wales.

The claim, however, doesn't quite stack-up. The South Australian and Queensland Labor Parties were established marginally earlier than the party in New South Wales, and the Labor Parties in Tasmania and Western Australia weren't established until a decade after the strike was over. As Graham Freudenberg (who amongst other things used to write some of Gough Whitlam's more colourful speeches) has pointed out, if the maritime strike of 1890 had never occurred the Labor Party would still have been formed. Indeed it's Freudenberg's contention that the maritime strike actually delayed the moves towards direct parliamentary representation, albeit only slightly.

Freudenberg is certainly correct about the global movement to form mass workers' parties in the latter part of the 19<sup>th</sup> century that Australia inevitably became a part of. Led by the German Social Democrats, workers' parties were beginning to re-shape the political landscape of a great many countries by the 1890's as the gradual extension of the franchise- which it must be said was hard fought for- led to the era of mass politics and, in particular, mass workers' parties.

In one important respect though, the formation of the Australian Labor Party differed markedly from the formation of the Social Democratic Parties of mainland Europe. The tendency in these countries was for the formation of workers' political parties to precede the formation of a mass union movement, which the parties then encouraged. In Australia, as in New Zealand and Great Britain, it was the other way around. The union movement organised the Labor Party, and what would seem to flow from this is that unions could be expected to influence party policy to a greater degree than was possible in the European Social Democratic Parties.

The effect of the formation of the ALP on Australian politics is difficult to overstate. At the national level, following Federation, the existing political divide between Free-Traders and Protectionists was replaced, for most of the 20<sup>th</sup> century, by a divide between the ALP on one side- with a general policy position designed to advance workers' interests- and an opposition on the other side (which eventually became the Liberal/National Coalition) whose policies were shaped in response to those of the ALP.

That said, the ALP was never as effective as it could have been in advancing workers' interests because too often it was divided. This was clear from the moment when the first Labor party representatives entered the New South Wales parliament in

1891. A number of those elected argued that their commitment to the party platform was nullified by pledges contrary to it that they had given to their constituents. The fundamental tension that has run through the ALP has not been so much about policy formation, but rather the failure of the parliamentary party, when in government, to enact party policy.

Vere Gordon Childe wrote about this in the early decades of the 20<sup>th</sup> century and his words are still worth quoting today. He wrote, 'When it comes to a question of forcing a Labour Government to give effect to their platform or realise the ideals that they have been sent into Parliament to accomplish, the organisation has broken down.' One example that he gave of this disconnection was the commitment given by the party to the electorate of New South Wales in 1912 to establish a state iron and steel works. After the party was duly elected on this platform the commitment was abandoned without reference to even the parliamentary caucus, and a private company was instead given what amounted to a monopoly in steel production. The company, known as BHP at the time, went on to do very nicely from the arrangement.

Childe worked for the New South Wales Labor leader and later Premier of the state, John Storey, and his observation of Labor MPs in the early decades of the 20<sup>th</sup> century was less than flattering 'The parliamentary representative of the workers,' he wrote, 'tends to set himself up as a leader and to claim the right to neglect the recommendations of conference, and even the sacred platform itself in accordance with his interpretation of the interests of the party which is frequently determined by consideration of personal safety and mere political expediency. This is plainly contrary to the Labor theory of self-government and has to be checked by the governing organs of the party. The fact is that, possessed of a substantial salary, a gold pass on the railways and other privileges, and surrounded by the middle-class atmosphere of Parliament the workers' representative is liable to get out of touch with the rank and file that put him in the legislature, and to think more of keeping his seat and scoring political points than of carrying out the ideals he was sent in to give effect to.' Childe wrote this in 1923, which no doubt explains his gender specific language, but, gold pass on the railways to one side, I would suggest that it would be easy for many unionists in New South Wales today to relate his criticism to the issue of electricity privatisation.

Ongoing tension in the ALP led to three famous splits. The first in 1916 when the Labor Prime Minister, Billy Hughes, determined that Australia's commitment to the British

Empire's war effort should extend to military conscription in the face of overwhelming opposition from within the party. The second split came in 1931 when Labor divided in its response to the Great Depression- essentially over pursuing a policy of debt moratoriums and welfare assistance as opposed to wage reductions and a lowering of workers living standards.

In both cases, those Federal Labor parliamentarians who left or were expelled from the party joined a re-aligned opposition that was then able to form government. Hughes's National Labor Party merged with the Liberal Party to form the Nationalist Party, which remained in government until 1929 with Hughes as Prime Minister until 1923. In 1931, J.A. Lyons, who had been Labor Premier of Tasmania before entering Federal parliament, defected from the ALP. Together with his supporters who favoured a more conservative response to the Depression that imposed an unfair burden on workers and the unemployed, he joined with the Nationalists to form the United Australia Party. With Lyons as its leader, the UAP defeated Labor at the 1932 election and governed until 1941. Lyons was Prime Minister until his death in 1939 when Robert Menzies succeeded him.

The net result of these two splits was that in the 40 years between Federation and the wartime government of John Curtin, Labor was in office for less than eight of them. In fact ex-members of the ALP, as leaders of other parties, held the office of Prime Minister for much longer periods than ALP members. The Cold War split in the 1950's, which led to the formation of the Democratic Labor Party, is generally credited with keeping the ALP out of office at the national level for 23 years in the post-Second World War period.

Yet for all these splits and divisions and time on the opposition benches, the 20<sup>th</sup> century has been described as 'Labor's century' and rightly so because for much of it public policy was dominated by what became Labor's ideology, Labourism. Its tenets were described by Jim Hagan in his *History of the ACTU* as 'White Australia, Tariff protection and the Labor Party,' with its vision that of 'a nation built by Labour about to enter the paradise of the working man.'

One of the important results of the system of Compulsory Arbitration that was embodied in Labourism was that for most of the 20<sup>th</sup> century Australia was one of the most highly unionised countries in the world. For some of that time at least, Australia was the most highly unionised country in the world. Such was the influence of the Australian union movement that Robert Menzies, during the course of his long Prime

Ministership, made the point that it was impossible to govern the country without the goodwill of the unions. The price of that goodwill was Conservative support, beyond Labourism, for the post-war welfare state just as it was in New Zealand and Great Britain where the unions had also organised the party of Social Democracy.

Curiously enough, the Labourism that initially gave unions their numerical strength, which, in turn, sustained the ALP organisation, was unravelled by the Labor Party itself. Its most shameful tenet, the White Australia Policy, was removed from the ALP platform in 1965. Tariff protection began to be scaled back firstly by the Whitlam government, and the process was carried on during the course of the Hawke/Keating governments between 1983 and 1996. It was also in this period that Compulsory Arbitration began to give way to enterprise bargaining.

During the course of the Hawke/Keating years an even more curious event took place in the Party that the unions had established. If the ALP, from its inception at the national level, was able to determine the shape of its opponent's policy, and in doing so institutionalise Labourism, it continued this process from the early 1990's in a way that few could have predicted. When it embraced the market economy, its nominally more conservative opposition was left with little alternative than to adopt the same economic doctrine and attempt thereafter to make a virtue of its conversion. Since that time, what now defines the relationship between the ALP and the Liberal/National Coalition is a shared belief in the efficacy of market forces.

As Labourism unravelled, unionisation rates collapsed. According to the various Australian Yearbooks published by the Australian Bureau of Statistics, in 1983 when the Hawke government took office, 55 per cent of employees were union members. In 1989, about halfway through the ALP's tenure of office, the figure had dropped slightly to 54 per cent. The following year it had fallen to 41 per cent and it continued to fall. When Howard defeated Keating in 1996, it stood at just 31.1 per cent.

During this period there was a large degree of consensus between the union movement and the parliamentary wing of the ALP government in Canberra. Some conservatives still assert, pejoratively, that the then Secretary of the ACTU, Bill Kelty, effectively had a seat in cabinet. During the last election campaign there was an attempt to discredit Greg Combet for allegedly boasting of union influence in government at the time.

There was a clear recognition in the broader Labour movement that the ALP's policies (the only escape from a Banana Republic according to Keating) would have an adverse impact on employment and union membership. There was also a recognition by the union movement that it was in serious trouble. Structural change in the economy provided only a growing number of non-unionists to be organised in the services sector. In manufacturing, the resources for organising non-unionists were being depleted with the loss of membership that accompanied the restructuring process. What occurred at BHP's Steelworks in Wollongong was indicative of the problems that many unions faced. With government assistance and union agreement, the moribund plant was restructured and new technology introduced which resulted in increased output at lower costs. This made the steelworks competitive again but the job losses in a highly unionised plant amounted to about 16,000.

Anti-union activity in a number of areas also became prominent around this difficult time for unions. Successful common law actions for damages were taken against striking unions in the confectionary industry and the meat industry. In the mining industry in Western Australia the process that would effectively de-unionise the area, was under way.

By the early 1990's the unions were faced with a range of problems, the like of which they had never before encountered: structural changes in the economy, falling membership, attacks by at least some employers, a move to enterprise bargaining and a restructuring of awards to provide for skilled-based classification structures and new training arrangements. Their collective response, union rationalisation, added to these problems as unions squabbled among themselves about their relevant status in industries and occupations as well as in the emerging rationalised organisations.

Union rationalisation could certainly be seen as a logical response to the problem of membership decline- larger unions with greater resources to direct towards retention and recruitment strategies was difficult (although not impossible) to argue against. Another aspect of the union movement's response was much more difficult to understand. The Business Council of Australia and other employer groups had been arguing for some time that there were too many unions in the workplace and that their numbers should be reduced. The BCA were brutally honest about their position- reducing the number of unions at the workplace down to one would be a convenient stepping stone to eliminating them altogether.

The strategy was nevertheless embraced by the unions and the government cooperated by amending the Industrial Relations Act to provide for single union agreements at Greenfield sites and the deregistration of unions under a certain size in order to speed up the amalgamation process. The employers welcomed single union agreements but they presented the unions with the difficult problem of organising employers before being able to organise the workforce. Some unions stood accused of trading-off wages and working conditions in order to gain single union status and access to potential members.

The legislation allowing for union deregistration brought a mixed response from employers, some of whom weren't too keen on the prospect of a smaller number of larger and more powerful unions. One of the employer organisations complained to the ILO in Geneva that the legislation breached Freedom of Association principles. Although they were successful, the ruling came too late to have much practical effect on the amalgamation process.

When the Howard government took office for what turned out to be eleven very long years, the union movement wasn't in terribly good shape but it did recognise the nature of the problems that it faced. By now the main focus was on its Organising Works program that followed from an examination of union recruitment practices in the USA.

The Howard government undoubtedly had an anti-union strategy that manifested itself most plainly with the attack on the MUA at Patricks. Employers were now confident enough to take unions on in the traditionally militant coal and construction industries and the government eventually lent support with legislation that established the Building and Construction Commission, some provisions of which continue to represent fundamental breaches of human rights. The government also rewrote the Industrial Relations Act and in the process eroded minimum standards so as to allow for the ruthless exploitation of lower paid workers particularly.

The unions, thanks to the Your Rights at Work campaign and their very effective media advertising around the issue, were able to claim a significant victory when the Howard government was forced to change its IR policy in the lead-up to the election.

While this proved to be a portent for the government's eventual defeat, much remains to be done. In 2005, the figures on union density showed that it stood at 22.4 per cent overall, with 16.8 per cent in the private sector. The 2007 figures reported earlier this week show a continued decline to 19 per cent overall with just 13.7 per cent in the private sector.

It is always difficult to predict the future but I'm confident enough that we will not see a return to a policy of any government that positively encourages unionism and provides a tribunal with the capacity to grant preference in employment and retention of employment to union members. A spokeswoman for the Deputy Prime Minister, Julia Gillard, is reported as saying this week that 'While it is not for government to denigrate unions and the role they play, it is also not for government to artificially prop up union membership.' Assuming that it is accurate, this statement rather misses the point. What unions want, and what their members are entitled to as a human right, is nothing more or less than a fair go.

We probably stand a reasonably good chance of having IR legislation centrally determined in the near future as state governments consider ceding their powers in this area to the Commonwealth. This makes it all the more urgent that the national legislation proposed for later in the year is indeed 'fair and balanced' as we've been promised. A comprehensive list of amendments has no doubt been tabled by the ACTU but with respect I'm not sure that discussions at the peak level are going to be as productive for the unions as they should be.

There is a right to belong to a union and if this is to have any meaning it must be accompanied by unfettered rights to representation and the right to strike. Bargaining at the enterprise level has to allow for agreements covering whatever subject matter is agreed on. It is not for governments to dictate the subject matter of agreements and if national unions and companies with national operations want to negotiate an agreement to cover more than one site they should be free to do so. If the right to strike is subject to prohibition on public interest grounds or national economic considerations then there must be an alternative method of having a claim fairly dealt with. The legislation that provides for minimum standards should be not only comprehensive but also subject to impartial review. A fair go for unions will have community support; the challenge is to get Labor government support.

The history of union officials and union activists leading the ALP in government is a long one that stretches from Billy Hughes to John Curtin, Ben Chifley and the ex-President of the ACTU, Bob Hawke. In today's caucus there are probably more active union members than in any other Labor government caucus since 1901. To name only the most prominent, there are three past Presidents of the ACTU, Simon Crean, Martin Ferguson and Jenny George; the previous Secretary of the ACTU, Greg Combet; and the immediate past National

Secretaries of two of Australia's largest and most influential unions, Bill Shorten from the AWU and Doug Cameron from the Metalworkers Union. It remains to be seen how they and the rest of the government perform, but the one lesson from history that we might care to take is that the evidence seems to suggest that organising beats waiting and hoping every time.