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A Century of the Labour Movement in Australia

Abstract
The year 2001 marked the centenary of the Australian nation state. In the national elections of that year, which returned the incumbent Liberal/National coalition government to power at the federal national level, three persistent historical themes were revisited. Firstly, the bogey of immigration by Asians recurred as a potent force during the elections, in the guise of the 'boat people', illegal immigrants from Indonesia and other near neighbours. The potential for Asian immigration to Australia had been seen as a consistent threat for most of the nineteenth and twentieth centuries. This bipartisan policy was only replaced in the 1970s with a more liberal approach to immigration, again on a bipartisan basis. However, since 2001 this liberal bipartisan non-racial immigration policy has been threatened, indirectly at least, by fears of being swamped by boat people, and more recently by fears of Islamic extremists and terrorism. This has major implications for the labour movement in Australia.

Keywords
labour movement, Australia, trade unions
The year 2001 marked the centenary of the Australian nation state. In the national elections of that year, which returned the incumbent Liberal/National coalition government to power at the federal national level, three persistent historical themes were revisited. Firstly, the bogey of immigration by Asians recurred as a potent force during the elections, in the guise of the ‘boat people’, illegal immigrants from Indonesia and other near neighbours. The potential for Asian immigration to Australia had been seen as a consistent threat for most of the nineteenth and twentieth centuries. This bipartisan policy was only replaced in the 1970s with a more liberal approach to immigration, again on a bipartisan basis. However, since 2001 this liberal bipartisan non-racial immigration policy has been threatened, indirectly at least, by fears of being swamped by boat people, and more recently by fears of Islamic extremists and terrorism. This has major implications for the labour movement in Australia.

Secondly, the loss of the 2001 elections by the Australian Labor Party (ALP) confirmed its relative lack of success at the national level of Australian politics, after an unusually successful period from 1983 to 1996. The ALP has held national power only 33 years since 1901, less than a third of the time. The issue of the boat people was a key factor in the ALP’s election loss.

Thirdly, in many social policy areas the main political issues of the early twenty-first century revisit those of one hundred years ago, in the 1890s and early 1900s. This is particularly the case with policy concerning deregulation of the economy and the re-regulation of industrial relations in ways which are particularly disadvantageous for unions. There has been a loss of historical memory in these areas, even by the labour movement itself to some extent. This has proved disastrous for the union movement, because whereas a century ago unions were a growing and accepted part of civil society, today they are in numerical
decline and their role in the workplace and civil society at large is contested. How we reached this situation warrants historical analysis, beginning with the basis for labour’s relative industrial and political strength a century or more ago.

**Social and Economic Context of the Nineteenth Century**

From 1870 to 1890 the Australian colonies experienced an economic boom, characterised by rapid population growth, extensive immigration, high export income from wool and minerals, extensive capital inflow, and an economically interventionist state. By 1890 the Australian colonies had the highest levels of urbanisation, labour productivity, wages, working class home ownership and unionism in the world. They were renowned for their prosperity, egalitarianism and social mobility. Sydney and Melbourne building workers were the first in the world to gain an eight-hour day in the 1850s, followed by metal workers in the 1870s. The colonies also enjoyed democratic government, based upon a relatively extensive male suffrage. This ‘workingmen’s paradise’ provided a fertile environment for trade unions, some of which had gained the eight hour day as early as the 1850s.

Prosperity was always qualified. Many workers lived in city slums, a growing low wage sector emerged in manufacturing, concentrated amongst women and juvenile workers, and underemployment was embedded in the cyclical nature of much industrial activity and the casual basis of many jobs. Working conditions came under pressure from the mid-1880s. Employers adopted a tougher industrial relations stance in some major industries which suffered structural problems.

The Australian economy at this stage underwent significant industrialisation and labour shortages. The industrial composition of the Australian labour force reflected the structural shift towards industrialisation, with the primary sector share falling from 40 to 30 per cent, the secondary industry sector growing from a quarter to about 30 percent, and the tertiary share of the labour force growing from about 12 to 23 per cent.

Australia’s small population (3,825,000 in 1901) denied manufacturers a large domestic market and economies of scale. Australian manufacturing was characterised by low capital-labour ratios and small scale, even though the average size of industrial units doubled from 1881 to 1901, and in some industries, such as railways, brewing, and gas production, larger productive
units were more common. In Sydney in 1900, the median size of establishments was between four and nine employees, and 88 per cent of all manufacturing establishments employed less than thirty hands. Unlike mining and the pastoral industry, where Australian technology led the world, manufacturing technology in Australia was largely derived from Britain, which had already fallen behind new industrial competitors in this area by the end of the century.

Australian workers were drawn either from Britain and Ireland or were born in the colonies, where capitalist relations of production were already dominant, even in rural industry. Whilst many Irish immigrants to the colonies came from a rural background, many from Britain originated from the cities. The attraction for so many of these immigrants to the colonies lay in the possibilities for independence from wage labour, in the goldfields, or on the land which seemed so plentiful in comparison to Europe. These dreams were more often than not shattered in the harsh reality of colonial life, but the ideal of independence bred a workforce imbued with a strong sense of its own worth, and a corresponding lack of deference in relations with employers. This was complemented by the importance in colonial industry of traditional craft workers, whose expectations included advancement into the ranks of small masters, because skill counted more than capital until the end of this period. Finally, these tradesmen also self-consciously brought with them from Britain a strong tradition and practice of independent craft unionism, which flourished in Australian circumstances.

Trade Unions, 1870–1890

By the 1870s the union movement was well-established, particularly in the colonies of New South Wales (NSW) and Victoria. Most unions were based upon traditional crafts in building and metal trades, in the printing industry, and amongst cooper, bakers, cabinetmakers, coachmakers, shipwrights, bootmakers, and saddle and harness makers. These tradesmen represented a ‘labour aristocracy’, in terms of their high wages, their high degree of job control, and their prospects for social advancement. Their unions were usually small and localised, with a significant degree of participatory democracy, although some formed loose colony-wide associations, and two were actually branches of British unions: the Amalgamated Society of Engineers (ASE) and the Amalgamated Society of Carpenters and Joiners. Most unions were concentrated in capital cities, which were the locus of most secondary industry, although they were also beginning
to appear in the larger provincial towns, such as Newcastle.

Craft union strategies reflected, and were designed to protect, their members’ relatively privileged position. They strongly supported apprenticeship systems, which restricted labour supply, making skilled labour scarce and its unions strategically well-placed to maintain good wages and conditions through unilateral regulation. Modern collective bargaining was limited in extent as a result. Most craft unions also developed benefit policies which attracted and disciplined members, since disobedience of union rules could render them ineligible for benefits. The high fees required to maintain benefit funds reinforced the exclusiveness of craft unionism. Some craft unions even functioned as ‘uplift’ organisations, providing their members with libraries, trade journals and debates for their ‘improvement’.

However, colonial craft unions were not always as industrially docile as many commentators have suggested. Strike propensity may not be as good an indication of militancy as often assumed, because of the different opportunities faced in this regard by workers in different industrial environments. Craft unionists frequently gained their demands without resort to strike because of their strategic bargaining power. This was the essence of classical unilateral regulation as defined by the Webbs. Facing many small to medium-sized employers usually, they were also able to pick them off one at a time, using the ‘strike in detail’.

Unionism also gained some substantial inroads amongst semi-skilled and unskilled labour in the 1870s. New South Wales coalminers, wharf labourers, and seamen organised unions early in this decade. The Amalgamated Miners’ Association (AMA) was formed in 1874 on the Victorian goldfields.

At the same time, a closer community of interests began to emerge amongst unions. The most substantial indication was the formation of the Sydney Trades and Labour Council (TLC) in 1871. Its authority developed slowly, especially since it was dominated by craft unions, but its title and objects recognised common interests between tradesmen and labourers, wharf and building labourers affiliated from the outset, and the TLC deliberately encouraged unskilled organisation. Slowly it began to develop a role as a general representative of Sydney workers, and even those in the rest of the colony. It adjudicated demarcation disputes between affiliates, and when invited by affiliates, began to intervene in some industrial disputes with employers, especially when they involved co-ordination of a number of unions or of widespread support for extensive strike action. Its most spectacular success in this regard was the 1874 iron trades
dispute for the eight hour day. Over the next decade or so, similar labour councils emerged in other capital cities and in regional centres such as Broken Hill in the Australian outback.

Unionism expanded dramatically in the 1880s amongst previously unorganised semi-skilled and unskilled workers. New mass unions covered the shearers and rural workers, metal miners and southern and western coalminers in New South Wales, railway workers and navvies. Maritime workers organised more extensively (geographically) and intensively, including even marine engineers and ships’ officers. In the cities gas, brewery, road transport, and clothing and textile workers, including women, also unionised.

Two of the greatest organisational achievements were the spread of the AMA from its Victorian base into NSW metal mining, and the formation of the Amalgamated Shearers’ Union (ASU) in 1886. The ASU was based predominantly in New South Wales, but had branches in Victoria and South Australia. The Queensland Shearers’ Union originally organised separately. From 1890 the ASU organised shed hands in the General Labourers’ Union, with which it amalgamated in 1894 to form the Australian Workers’ Union (AWU). Following parallel developments, the Queensland Workers’ Union amalgamated with the AWU in 1904. This became a general union, organising throughout rural industry and amongst unskilled factory workers, to become the largest Australian union.

However, these unions were atypical at the time. The seamen organised the only other intercolonial union. With the exception of a general female union, all other unions organised on a craft or occupational basis, as indeed did the AWU at first. The AMA and ASU/AWU were also exceptionally large, even allowing for exaggeration when the ASU claimed 20,000 members in 1890. By 1889 the AMA had 7,000 members at Broken Hill alone, and as many more in Victoria. By 1911, even before it expanded outside the pastoral industry, the AWU claimed 47,000 members.

Most unions remained small in the 1880s, with a membership in the hundreds rather than thousands. Some were even smaller. This was especially the case amongst urban manufacturing and building unions, even the largest of which, the ASE, printers, butchers, and bootmakers, had less than two thousand members in 1890. The larger unions were those of navvies, road transport workers, shop assistants, coalminers, railway workers, and maritime and wharf labourers.

Union penetration also varied between industries. Coalminers achieved virtually 100 percent density, and locomotive engine-drivers and maritime unions 75 percent or more. Many craft
unions’ density was as high, although technological change and productive re-organisation were increasing the number of non-union semi-skilled workers in their workplaces. Some unskilled unions such as the Gas Stokers’ also achieved high coverage. However, union density was particularly low in clothing and textiles, in food production, and amongst women generally. Piecework, high seasonality of employment and outwork hindered unionism in these cases. Even the ASU/AWU’s membership was somewhat volatile because of the short five month shearing season, the itinerant nature of the workforce, and the high proportion of small landholders and their sons amongst shearers.

Notwithstanding these qualifications, the unionised proportion of the workforce in New South Wales and Victoria, which had the bulk of union membership for Australia, was extraordinarily high by international standards. Although no reliable statistics exist for the period prior to 1901, it has been estimated that by 1890 total union membership in each of these two colonies reached about 65,000. This represented 21.5 and 20.3 percent, respectively, of the workforce. Such an impressive organisational achievement involved fundamental changes in the nature of industrial relations.

Specific threats to established wages and conditions, real or perceived, provided the momentum for the organisation of many new unions in the 1880s. However, in order to build continuous associations, the new unions relied upon the ‘habit of association’ in working class communities, with shared occupational experiences and cultural values. Coalminers and maritime workers produced strong early examples upon which their unions were built. During the boom of the 1870s and 1880s, the direction of economic development, the expansion in the size of industrial units, the decline in opportunities for independence from wage labour in petty commodity production, and productive re-organisation spread the basis for a ‘habit of association’ across a broader range of workers, with larger concentrations of labour in manufacturing, at Broken Hill mines, in the railways, and even amongst shearers.

Union numerical expansion was only one expression of a broader mobilisation of the working class in the 1880s. Labour councils were organised in most capital cities and some provincial cities from the early 1880s, and the prestige and authority of the older Sydney TLC increased notably, as it self-consciously assumed the leadership of the working class rather than a narrow group of unions. It grew from representing less than half of all New South Wales unions in 1885, with 9,583 members, to representing 40,000, or two-thirds of all New South Wales
unionists in 1891. Seven Intercolonial Trades Union Congresses were organised between 1879-91. They developed a political reform platform, and in 1891 adopted a scheme for unified industrial and political organisation in the Australasian Labour Federation (ALF). Although this scheme did not reach fruition, it nevertheless reflected a less tangible ferment.

Radical and socialist ideas flourished. The Australian Socialist League was formed in Sydney in 1887, and soon spread to Melbourne. In cities socialist organisations also appeared. Whilst their membership was tiny, their newspapers reached much larger audiences, and some union officials became socialists. A mood of militant self-confidence and willingness to undertake joint action increasingly characterised the unions, the language of class intensified, and industrial relations were increasingly depicted in terms of ‘capital versus labour’.

**Employers, 1870–1890**

Employer organisation also expanded in the 1880s. In the 1870s the characteristic form of employer organisation was in local masters’ associations in the trades, parallelling the craft unions, such as the Master Builders, Master Plumbers, and Master Printers. They were not exclusively, or in most cases even predominantly, industrial relations organisations. In many respects, they and the craft unions shared common interests, in maintaining high standards for the trade, and in opposing ‘cheap’ employers outside the masters’ associations, who pioneered productive re-organisation and whose less skilled employees were non-unionists. There were examples where these associations bargained with unions, notably over the dispute which led to the granting of the eight hour day by the Iron Masters’ Association in Sydney in 1874, and on occasions with the Master Builders’ Associations of the different colonies. However, these were exceptional cases, especially because the predominant craft union method of unilateral regulation at this time left limited scope for collective bargaining.

The nearest to an industry organisation of employers in the 1870s was the Northern Coal Sales Association, the ‘Vend’, which was composed of the largest coalowners in the Newcastle region of New South Wales. Its essential function was as a cartel, fixing the price of coal and dividing the market amongst the producers. However, in doing so, it gained the co-operation of the union in a unique collective bargaining framework. The rationale for a cartel was excess capacity. This also affected the union. By restricting production, the Vend sought to maximise the price.
for coal. Wages were paid by the piece, the ‘hewing rate’ per ton of coal won, and in the early 1870s the union agreed to tie the hewing rate to the price for coal, on a sliding scale. In this way, it attempted to share the benefits of higher prices. Consequently, it also was tied to the cartel policy, especially since restrictions on production for individual firms had the added effect of sharing work, when the available workforce was excess to requirements in all except the busiest periods of production.

The Steamship Owners’ Association of Australasia (SOA) was formed in 1878 by eighteen Australian companies involved in the coastal shipping trade, which was a major means of transport and communications at that time. There was a close association, and even overlapping membership, between the SOA and the Vend, since coal provided both fuel and a major cargo for shipping, and some coalowners invested in shipping interests. The SOA was not principally an industrial relations body originally, but was particularly absorbed with attempting to restrain competition by price-cutting, as shipowners invested in larger ships with greater capacity. Nevertheless, from 1884, when the SOA achieved substantial unity amongst its own constituents, it conducted annual collective bargaining on a national industry basis simultaneously with all of the maritime unions. This was the first instance of national, multi-union industry bargaining in Australia.

Pastoralists’ Associations also emerged in the 1880s, initially in response to the formation of the ASU and QSU. Consequently, their primary function was industrial relations from the outset. By about mid-1890 there were colony-wide associations in all of the sheep grazing colonies of New South Wales, Queensland, Victoria and South Australia. At this point, the shearers’ union leaders sought industry-wide agreements in each colonies. They were attracted to this strategy in New South Wales and Victoria especially, because of the difficulty in disciplining the ASU’s volatile itinerant membership, and because of the large numbers of small to medium-sized sheepowners, with whom they faced an endless round of industrial skirmishes in order to establish union wage rates and conditions. The ASU, therefore, supported closer employer organisation. However, the difficulties which the ASU faced in organising their members were shared by the Pastoralists’ Associations initially. During negotiations with the New South Wales and Victorian associations in June to July 1890, the ASU was painfully aware that that they did not represent a majority of sheepowners, or even a majority of sheep, in those colonies. In the ensuing months, as the membership of these organisations increased, as the Queensland regional associations federated into
a colonial organisation, and as the colonial associations formed an intercolonial federal council, their motivation was opposition to the unions themselves, rather than establishment of a stable collective bargaining framework.

This was one reflection of employers’ growing economic difficulties in key sectors of industry from the mid-1880s. For example, in the wool industry prices fell as it expanded into more marginal land requiring greater capitalisation. Shipping suffered from over-competition, and coalmining from excess capacity. These industries not only produced large unions, but also the strongest and most organised employer resistance to union conditions and demands.

Peak councils of employers also emerged in the 1880s. Beginning in Sydney in 1826, colonial Chambers of Commerce had a long history by then. However, whilst they were occasionally involved in organising employers to resist unions, their principal function was as trade organisations. Similarly, the colonial Chambers of Manufactures (formed in Melbourne in 1865, in Adelaide in 1869 and in New South Wales in 1885) were primarily trade organisations, which lobbied strongly for protective tariffs. Closer organisation amongst employers for the principal purpose of industrial relations occurred with the formation of colony-based employers’ federations or unions, in 1885 in Victoria, 1887 in South Australia, and 1888 in New South Wales. The latter and the TLC in New South Wales sought a framework agreement for joint conciliation of disputes in 1889, but neither could gain the support of their constituents. Events were already passing this possibility by.

By the end of the 1880s a number of key leaders in the new organisations of employers also spoke in terms of class warfare. As with the pastoralists’ associations, the main momentum for the organisation of employers’ federations came from a feeling that unions must be resisted, rather than bargained with. These were extremely unstable circumstances for the further development of collective bargaining frameworks.

In 1890 the growing class consciousness and closer organisation of both unions and employers reached flashpoint in the great maritime strike, the largest ever experienced in the colonies. The complicated details leading to this conflict do not concern us directly here. However, the broad trends are revealing for the alignment of forces at the time. In August seamen and wharf labourers struck in support of marine officers locked-out for affiliating with the Melbourne Trades Hall Council. The conflict quickly spread to miners, road transport workers and shearers throughout the eastern and southern colonies. Shearers were
dragged into the dispute because of their agreement for mutual support of the wharf labourers who would not handle non-union shorn wool. In some cases, notably the metal mines at Broken Hill, the employers rushed to lock-out workers first.

The original issues were quickly subsumed in the employers’ war cry of ‘freedom of contract’, by which they meant the right to hire non-union labour, and in the unions’ reply of ‘defence of unionism’. The strikers were led by an intercolonial union conference, and by Labour Defence Committees in Sydney and Melbourne, and the Employers’ Federations co-ordinated anti-union activity. In October 1890 the strikers were forced to return to work on employers’ terms because relatively high unemployment assisted the employers in organising strikebreakers, and because of the intervention of the state on their side. The form of this intervention was not new, but its scale was. Troops and artillery were despatched to the coalfields and 3,000 special constables were enrolled from amongst white collar workers, small traders and professionals for crowd control. Hundreds of strikers were charged under Masters and Servants Acts, or for assault and affray during picketing and demonstrations. Most importantly for the long term, the peak councils of unions and employers had become command centres for industrial warfare. The response of Australian employers to unionism mirrored it, in that they chose a strategy of collective opposition.

**The Role of the State**

Australia was characterised by an economically interventionist state in this period. Government capital outlays in Australia, mainly in the provision of transport and communications, amounted to between one third and one half of total capital outlays to 1900. This proportion was only exceeded by Japan amongst capitalist countries.

The six Australian colonies separately enjoyed democratic self-government under the distant British constitutional monarchy, each with their own state apparatus. The Australian colonies established significant enterprises in the railways, over which they maintained ownership and control. Infrastructure development remained the major focus of colonial government in a vast, recently settled continent, and in most other areas the state was wedded to laissez-faire ideology in the nineteenth century.

Nevertheless, the colonial governments did intervene in one further area of significance. By 1888 New South Wales had established a state technical education system, and other
colonies followed soon afterwards. It is significant that the TLC played a major role in lobbying for the creation of this system. By achieving this centralised system of labour market training, the unions maintained apprenticeship and an external labour market in which skills were portable between employers. Employers acquiesced because skilled labour was scarce and the state effectively subsidised their training costs.

Finally, the colonial Australian state never assumed an actively repressive role in dealing with unions. The colonial state did not encourage unionism at this stage, but nor did it seriously hinder it. Some unions had registered as friendly societies because it was the only means of gaining legal status prior to the 1880s in most colonies. South Australia passed the first Trade Union Act in 1876, followed by New South Wales in 1881 and Victoria in 1886. However, legal uncertainty until then was not a major impediment to union organisation, except perhaps that officials who absconded with union funds or members in arrears for fees could not be sued. Even under the Trade Union Acts strict regulation of picketing remained, with penalties for ‘intimidation’, ‘molestation’, or ‘watching and besetting’.

Masters and Servants legislation regulated labour relations more generally, and more harshly than its British equivalent because of labour shortages in the colonies. It provided for up to three months’ gaol and confiscation of wages for misconduct, including disobedience or breach of contract, after summary trial before local justices of the peace, who were frequently employers. Breach of contract commonly arose out of desertion of a job before discharge by the employer, and all servants were compelled to receive a certificate of discharge before leaving an employer’s service. Servants could also sue an employer for non-payment of wages and compensation for ill-usage under the Act, but these were civil proceedings as opposed to criminal proceedings against servants, and do not appear to have been very often successful. The Masters and Servants Acts were commonly resorted to by employers in situations where there was a labour shortage, especially in rural industry. Their provisions were also frequently implemented against striking workers, on the grounds of disobedience. The militant coalminers were regularly subjected to prosecution in this way. However, this usage was not consistent enough to prevent strikes. By the 1880s in most colonies the Acts were enforced by magistrates, rather than justices of the peace, although they were still often employers, especially in rural areas. Otherwise, the state did not usually intervene in industrial relations, with the exception of the militant coalminers, against whom they regularly sent troops during strikes.
The Depression of the 1890s and the Breakdown of Industrial Relations

From 1891 the colonies’ financial and economic structures reeled from the combined impact of falling wool and metal prices and cessation of foreign capital inflow as a result of Britain’s economic problems. State developmental works virtually ceased. A highly speculative land boom from the late 1880s burst when prices fell, causing the temporary failure of most financial institutions during 1892-4, and the loss of savings by many small depositors. Unemployment reached about 30 per cent. Thousands tramped the countryside, and many workers’ homes were repossessed. Despite rearguard union actions, wages and conditions for those who remained employed declined significantly.

A series of major strikes occurred during the great depression of the 1890s, repeating the main themes of the maritime strike. Employers were emboldened by their 1890 success and the economic climate to impose wage reductions or ‘freedom of contract’ or both upon shearers in 1891, Broken Hill miners in 1892, seamen in 1893, shearers again in 1894, and coalminers in 1894-96. Most of these conflicts involved state intervention, in the form of troops, and convictions of strikers for desertion of duty, assault, riot or picketing. In the 1891 and 1892 strikes the union leaders were gaol ed for conspiracy. Many smaller disputes occurred amongst urban unions.

The unions disintegrated. Most of the new urban unskilled unions completely collapsed, as did the AMA at Broken Hill, and the wharf labourers. Those which survived, such as the AWU, most craft unions, the Victorian AMA, and railway unions, were severely weakened, as were the labour councils.

The Rise of the Labor Party

The labour councils’ response to the industrial carnage of the 1890s was to form the Labor Party. The first major successes were achieved in New South Wales and Queensland, where the new party gained a substantial parliamentary presence as early as 1891 and 1893 respectively. As envisaged by their founders these parties were to be working class in composition and objectives. Their original platforms were similar to those of the European social democratic parties of the late nineteenth century, concentrating upon political reforms necessary for working class political intervention and industrial legislation, such as factory regulation and the eight hour day. In these ways, the Labor Party offered the potential to neutralise the state apparatus.
which had intervened so decisively against unions in the 1890s strikes, and to gain broad union objectives for improving working conditions, when the limits of industrial action in this direction had been so clearly shown at that time. Initially there was also a significant socialist influence in these platforms, with its high point evident in the plank for ‘nationalisation of the land and the whole means of production, distribution and exchange’, in 1891 in Queensland and 1897 in New South Wales. In both cases, however, the prominence of these planks was shortlived, and the parties came under the control of moderate leaderships committed to republican nationalism, the extension of the state as an employer, some welfare measures (notably the old age pension), and gradual industrial reform. By the end of the 1890s, Laborism, whereby capitalism would be civilised by a strong trade union movement in association with the Labor Party, had become the mainstream ideology of the labour movement.

The ideology of Laborism bred a policy with three main pillars:

1. Protectionism, involving high tariffs to protect domestic manufacturing industry against cheaper overseas competition, thus supporting employment and the ability of employers to pay fair wages;

2. Compulsory state arbitration through industrial courts, recognising unions, reducing damaging strikes, ensuring fair wages a minimum standards of work; and

3. White Australia restrictive immigration, ostensibly to protect labour from cheap competition, but with clear racist underpinnings. This policy broadened Labor’s appeal to a wide electorate.

The ALP formed early short-lived minority governments in the State of Queensland in 1898, and nationally in 1904 and 1908. By 1910 it formed full majority governments at the national level and in the States of NSW and South Australia.

The National Settlement of the 1900s

The early 1900s provided the circumstances for the application of Laborism, with recovery from the depression, the federation of the colonies into the Commonwealth of Australia, and the growing electoral success of the Labor Party. After the bitter class conflict of the 1890s, a high degree of national political consensus emerged over the three pillars of Labor policy.
The federation of the colonies in 1901, still denied Australia a unitary national political structure. The six colonies became States in the Commonwealth of Australia, ceding defined powers to it, as prescribed in a constitution, whose final arbiter became the High Court. The implications of this federal state structure had far-reaching implications for the nature of industrial relations which emerged.

The single most important impact of this structure was the creation of a dual federal/State system of arbitration. Section 51 (XXXV) of the constitution granted the Commonwealth government its industrial powers, specifically to legislate with respect to ‘conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State’. This does not allow the federal government to legislate generally over employment conditions, but only to establish tribunals. These may only have jurisdiction where an industrial dispute exists, and it is interstate in nature. In all other areas, the States retained industrial powers, and indeed, in most cases established their own conciliation and arbitration tribunals. These constitutional complexities soon created a thriving new industry in labour law.

The first State to effectively introduce compulsory arbitration was New South Wales in 1901. Western Australia legislated similarly in 1900 and 1902, followed by South Australia and Queensland in 1912. Victoria and Tasmania maintained wages board systems instead. However, in 1904 the Commonwealth also legislated the Conciliation and Arbitration Act. Since Western Australia had a tiny population and unionised workforce at this stage, the major players in the new system to 1914 were New South Wales and the Commonwealth.

Essentially, the Acts established systems of tribunals (boards, courts, or a combination of the two). They also provided for the registration and regulation of associations of employees and employers (although unlike employees, employers need not register to be a party to proceedings). Collective bargaining outside the systems, or in addition to its awards which set minimum standards, remained possible. However, the systems were compulsory in that they could be invoked without the consent of both, or even either, parties; tribunal awards were binding on both parties; and the use of direct industrial action was prohibited during the implementation of tribunal procedures. Enforcement of awards and prohibition of industrial action were soon supported by penal clauses, which provided for fines or de-registration of the parties.

The new systems rapidly extended their impact upon
industrial relations in Australia. By 1914 over 1,000 tribunal awards, wages board determinations and legally registered industrial agreements existed throughout the country, covering about 80 percent of all unionists, or over a third of all Australian employees. Given the lukewarm support for arbitration from unions as a whole in the 1890s, this indicated, to some extent at least, what Turner has described as ‘the domestication of the trade unions to the arbitration process’. There were three important reasons for this.

First, the political and industrial circumstances of the time tended to lock the unions into support for compulsory state arbitration. In the 1890s the Labor Party had committed itself to the principle of arbitration in the absence of a mass union movement. When the unions re-emerged in the 1900s, they too were committed to the new system to the extent that they accepted the party as their political representative. Most did. Arbitration was part of a complex political formula of trade-offs between Labor and non-Labor, under the umbrella of new protection. Opposition to arbitration might have jeopardised these arrangements. The employers’ organised opposition to arbitration pushed unions still further towards support for it. In a sense, the struggle over wages and conditions was conducted by proxy, through the political and legal struggle over the nature of arbitration machinery which ensued in the early 1900s.

Secondly, arbitration systems produced changes in the structure and nature of unionism itself. The unions which had been decimated in the 1890s depression were typically the small, localised bodies that practised a high degree of participatory democracy. Apart from the strategically-placed crafts, those that best survived the depression included some of the large new unions in transport, rural industry and mining. With the exception of the coalminers, they tended to be more bureaucratic and centralised. The AWU offered the best model of this organisational trend. Arbitration relieved such unions from the responsibilities of participatory styles of organisation, because courtroom methods of operation encouraged amongst officials specialised skills, which did not necessarily depend upon close interaction with rank-and-file members. Arbitration facilitated larger unions spread over a number of localities, which added a dimension of bureaucratisation to union structure. This trend affected even the traditionally participatory crafts. Furthermore, the Commonwealth arbitration system encouraged the federation of State-based organisations, as most unions had been, whilst maintaining strong State branches with access to the State tribunals. Paradoxically, however, arbitration also nurtured
small, unskilled unions whose independent industrial viability would otherwise have been difficult to maintain.

Under these circumstances, the Commonwealth and State arbitration systems fostered three main client groups amongst the unions. The first was the AWU, which was the largest Australian union, and by far the most politically influential. Amendments by a federal ALP government to the Commonwealth Act in 1910, allowing unions to organise in more than one industry, enabled the AWU ‘to swallow up smaller unions which thought they could get by on militancy alone’. The second group consisted of those weaker organisations representing unskilled labourers, which were able to secure recognition and delay absorption by other unions. The New South Wales Act specifically encouraged these unions by taking occupation or ‘calling’ as the basis for union recognition, and by accepting a low minimum membership (as low as 20 in the 1908 amendments) for the purpose of registration. The third group, craft unions, could thus benefit from widespread unionisation of the workforce in an entire industry, whilst maintaining their own separate organisations. Out of these three groups came the large general unions, the semi-skilled and unskilled occupational bodies, and the separate craft organisations which characterised Australian union structure for most of the remainder of the century.

The third reason commonly offered for union support of arbitration in the early 1900s is the assistance such a system apparently offered in the recovery of unionisation from the 1890s depression. Registration under the Acts gave unions corporate identity, qualified preference for union members in employment (‘other things being equal’), a monopoly of organisation in designated industries, and obliged employer recognition which had been denied in the 1890s. These institutional benefits offered unions an alternative to industrial action. More generally, the institutional assistance given unions by arbitration partially compensated for the unevenness of economic recovery in the early 1900s. Employers retained the advantage in important sections of the labour market because of an excess of unskilled labour and the impact of technological change upon some trades; unemployment reached 10 percent in 1901-4, and hovered around 6 percent until 1910. Notwithstanding these limitations to economic recovery, Australian union membership grew from 97,000, representing 6 percent of the workforce in 1901, to 523,000, representing 45 percent of the workforce in 1914.

Nevertheless, the support which arbitration offered for the recovery of unionism in general has been exaggerated. Union growth in States with wages board systems, which did
not support unions, was as vigorous as in New South Wales. Economic recovery was sufficient to allow substantial recovery. Perhaps the belief that arbitration provided a shelter encouraged the formation of many unions. However, the advantages of arbitration in practice were limited. It is by no means clear that the granting of a qualified union preference in employment was generally important in utilising trade union growth, especially in the Commonwealth sphere. Some detailed studies indicate that the manner in which arbitration operated could actually hinder the development of unionism amongst the unskilled. In New South Wales many of the problems which unions encountered with the arbitration system resulted from legal obstacles imposed by the Supreme Court. It ruled the declaration of a common rule throughout an industry invalid. The declaration of an actual dispute was deemed necessary in order for the Arbitration Court to exercise jurisdiction, and a union could not act as an agent for employees until a dispute existed, thereby denying employees the protection of their union during initial negotiations for an award. Unions also discovered that arbitration was a costly process in terms of legal expenses.

These developments were largely the result of a concerted employers’ campaign to restrict the operation of the arbitration system. Spurred on by what they saw as a mounting threat in that system and the Labor Party, employers developed more broadly representative organisations, especially around the State-based Employers’ Federations. They organised for industrial and political purposes, raising political funds, lobbying government, running candidates in elections and supporting non-Labor parties, with which they had close links. Most importantly, they directed much of their energy towards frequently successful legal challenges to the jurisdiction and early decisions of the arbitration courts. Their actions clogged up and slowed down the New South Wales court’s activities, so that legal costs escalated. Even if successful in gaining a favourable award, unions faced the prospect of it being overruled by a higher court. By 1907 the unions considered the New South Wales Act useless as a result.

As the situation in New South Wales deteriorated for unions, the Commonwealth Court appeared to offer them better prospects. This was largely due to the famous Harvester judgment delivered by Justice Higgins in 1907. He instituted the concept of an irreducible ‘living’ or ‘basic’ wage, theoretically regardless of market forces, as the reference point for federal wage determination. The level at which he set this represented an increase of 27 percent for unskilled award rates. More importantly, the decision had a major impact on the long term structure of Australian wages,
particularly as the States also adopted their own basic wages, beginning with New South Wales in 1914. Henceforth, until 1967, most award wages consisted of two components: the basic wage, and margins for skill or other considerations. Furthermore, the needs of a family unit, consisting of a male wage-earner, plus wife and children, was adopted as the basis for calculating the cost of living to be covered by the basic wage. Given the community assumption that women’s wages were supplementary to a male breadwinner’s, this decision structured a low wage regimen for women. From 1912 the female basic wage was set at 54 percent of the male.

The Harvester judgment impacted slowly upon wage structures initially, however. Few unions took much account of it at first, and those that did were most likely to be disappointed that the decision ran counter to their policy of claiming a fair share of profits. Even in conjunction with its later State equivalents, the basic wage did not cover a majority of the workforce until the 1920s.

Nevertheless, from this time Higgins gave a number of judgments favourable to unions, among them, the introduction of the 48-hour week in federal awards. These decisions offered a powerful incentive for the federation of State unions to gain access to the Commonwealth Court. By 1914, two-thirds of union members belonged to 79 interstate unions.

But now, employers managed to clog up the Commonwealth Court with a series of appeals to the High Court, which effectively reduced the powers and jurisdiction of the federal tribunal. In 1906 State government employees were removed from federal jurisdiction. The establishment of common rules, covering all employers regardless of whether they were party to a dispute, was also disallowed. Consequently, when it came to power in 1910, the Labor Party sought constitutional amendments by referenda, but without success.

Frustration with the obstacles to arbitration and an upswing in the economy produced an upsurge of industrial action by unions from 1908. By then, the coalminers had already withdrawn their registration under the system in disgust. In 1909 they launched a major industrial campaign for improved conditions. In the same year Broken Hill miners were locked out when they resisted a 12.5 percent wage reduction, and a major tram strike occurred in Sydney. In 1912 a general strike also occurred in Brisbane over tramway employees’ assertion of their right to union membership.

In each of these confrontations the unions were defeated, ultimately by the intervention of the state. This was most blatant
in the case of the New South Wales coalminers in 1909, when, after enacting special legislation providing for severe penalties for persons inciting or encouraging strikes, five of the miners’ leaders were gaoled, and trial by jury was suspended. The State government also imprisoned the Broken Hill miners’ leaders, after despatching armed police and strikebreakers. As Turner emphasised, the process of domestication of the unions required that the state discipline those which acted outside the arbitration system.

However, the circumstances of the early 1900s also indicate that the process of domestication remained incomplete. By the end of the first decade of the twentieth century, socialists and syndicalists in the Industrial Workers of the World found fertile ground amongst miners, transport workers and other unionists disillusioned with the performance of the arbitration system and the Labor Party which had so strongly advocated it. For a time, they challenged moderate Laborism for the leadership of the labour movement. In this sense, arbitration remained the major political reference point that it had been since the late 1890s.

Achievements and Failures of the Laborist Hegemony

In its main respects, the Laborist hegemony of the early 1900s persisted throughout most of the twentieth century, notwithstanding the relative lack of Labor’s political success at a national level. Its achievements were reasonably substantial. Australia became known as a relatively egalitarian society, with the difference in income between the top and bottom 10 per cent of the population considerably narrower than in many other countries. By the late 1970s, after key equal pay cases in the industrial tribunals, the differential between male and female wages was one of the two or three lowest in the world, with female average weekly ordinary time earnings at 85 per cent of males’. The concept of workers’ needs had played a major role in determination of wages in a fairly centralised wage structure through the industrial tribunals. In many areas, such as annual leave, long service leave, working hours etc. Australia was a world leader in developing ‘worker friendly’ working conditions. Union membership also prospered, reaching 50 per cent of the total workforce in 1925, and peaking at 60 per cent in 1954.

However, there were significant limitations in the achievements of the Laborist hegemony. Most importantly, there were major exclusions from the beneficiaries of its operation. These included
Aborigines, whose labour market and living conditions were as bad as the most impoverished nations in the world. Asians remained excluded from Australia for most of the twentieth century. Southern European immigrants after World War Two were imported as the industrial cannon fodder of an expanding industrial base, in the sense that for the first generation at least, they did not fully share in favourable working conditions, often as a result of poor representation by unions. Finally, notwithstanding major gains for women towards the end of the twentieth century, their wages were institutionalised at far lower levels than males for much of the century, because of a high degree of occupational segregation and a wage system originally determined for families on the basis of a male breadwinner concept. Until the 1970s it was assumed that women were not family breadwinners because they had fathers or husbands who were; their wages could only be supplementary therefore, and were not justified in being equal to males’.

Unions were also weakened by the state arbitration system, even as it sustained them in some ways. Relying on enforced recognition by employers and achieving gains through a state tribunal system, many unions did not develop organising skills in the workplace. Any decline in the role of the tribunal system would seriously expose these weaknesses. Furthermore, the arbitration tribunal system protected the concept of managerial prerogative, and discouraged union strategic interventions in management policy. Union activities, therefore, were largely confined to ‘bread and butter’ issues of wages and hours, and a reactive approach to dealing with management.

Finally, throughout the twentieth century the Australian economy consistently depended upon overseas capital inflow for expansion. Whilst this was not really the fault of the Laborist compromise, Labor policy never seriously addressed the issue until the end of the century. This tendency seriously exposed the Australian economy to the dictates of international finance markets, which became evident in the 1930s depression and the 1980s.

**Dismantling the Laborist Hegemony**

In the last quarter of the twentieth century the Laborist hegemony was gradually dismantled, ironically, by the ALP itself. The process began in 1972 with the election of the Whitlam ALP government—the first in 23 years. This government abolished the White Australia policy, and from that time Asian immigration became quite substantial, especially by the Vietnamese.
The next stage had to await the election of another ALP government led by Hawke and Keating, in 1983. From the mid 1980s tariffs were reduced substantially and the financial sector was deregulated. From that time the economy has undergone a considerable reduction in regulation in a number of spheres, as well as privatisation of a number of state monopolies. What was initiated by Labor has taken further by the Liberal/National government which has been in power since 1996.

A similar trend has occurred with the system of compulsory state arbitration. After the Hawke/Keating government introduced some loosening of regulation under the tribunal system, their conservative successors have deregulated the labour market more extensively, reduced centralisation of wage determination and replaced it with enterprise bargaining. This has significantly disadvantaged the role of unions in the system and led to greater disparities between the rich and the poor.

Whither Labour?

The labour movement is now in a serious state of decline. Union membership has fallen over the past 15 years to 22 per cent of the workforce, as a result of economic restructuring, the growth of casualisation in the labour market and a shift in the balance of power towards employers as a result of recent legislation. The ALP has lost many of its traditional blue collar working class voters, who are disillusioned with the desertion of the laborist compromise and are often socially conservative, White collar supporters of the ALP are far more volatile in electoral terms and there has been a growing instability of support for all major political parties. At the same time the labour movement has suffered a decline of socialist or progressive vision and is poorly equipped to counter the conservative agenda for dismantling the current remaining economic and labour market regulations.

Select Bibliography


