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# How Labour governs: lessons for today

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# How Labour governs: lessons for today

## **Abstract**

The 2007 conflict between the NSW Labor Ministry and the party's extra-parliamentary organisation is not new. Vere Gordon Childe described the first such clashes, and the reasons they are endemic, in *How Labour Governs*, his 1923 book about workers' representation.

According to Childe, there is something at the core of being 'labour', something in the fundamental process of organising to represent a wage-earners' interest, that produces a fatal flaw in the labour movement, so that it ends up not knowing how to use its power in government, and failing as an organ of workers' representation.

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## How Labour Governs: Lessons for Today

### Terry Irving

*This is an edited version of a talk given by Terry Irving to the Sydney branch of the Australian Society for the Study of Labour History, 29 July 2008 during the debate about privatising the NSW electricity supply.*

The 2007 conflict between the NSW Labor Ministry and the party's extra-parliamentary organisation is not new. Vere Gordon Childe described the first such clashes, and the reasons they are endemic, in *How Labour Governs*, his 1923 book about workers' representation.

According to Childe, there is something at the core of being 'labour', something in the fundamental process of organising to represent a wage-earners' interest, that produces a fatal flaw in the labour movement, so that it ends up not knowing how to use its power in government, and failing as an organ of workers' representation.

This failing, and the reasons for it, were apparent to Childe as he analysed the history of the world's first Labor governments, those elected in the Commonwealth of Australia during the 1900s and the state of New South Wales in 1910, and Queensland in 1915.

Childe had considerable personal experience to draw on. He campaigned with his friend Bert Evatt in 1913 for the return of the NSW Labor government under the leadership of W.A. Holman. In Sydney in 1918 he was closely involved in the inner-party struggle to carry out the peace resolutions passed by the Inter-State Conference, and in 1918-19 he was in Brisbane, lecturing, lobbying and advising Labor parliamentarians and the Central Executive on how to align their diverging functions and aims.

Childe returned to Sydney to act as the Private Secretary to the NSW Labor leader, John Storey, and after Storey became Premier in 1920, Childe was his personal policy advisor, at first in Sydney, and then in London, from where he sent back reports to the Premier and Ministers on social democratic developments in Europe and North America. He was certainly no intellectual dilettante, writing about Labor from the outside. Childe was a member of the Clerks' Union, and of his local Labor league in Darlinghurst, a delegate to the NSW ALP state conference, and a political appointee whom the conservative career bureaucrats of the Premier's Office bitterly resented.

It was in the Independent Order of Oddfellows' Temple on Elizabeth Street, Sydney in the proletarian end of town between Liverpool and Goulburn streets, that the state Labor conference assembled in the midst of the Great War. There, on the 26 April 1916, the hall so packed you could hardly breathe, the delegates voted 105 to 65 to severely censure the Holman Government for failing to carry out the party's program.

The party had been in existence for 25 years, its annual conferences affirming and confirming a core of key demands: that the undemocratic upper house, a barrier to Labor legislation, should be abolished; that the land should be nationalised and freehold tenure converted to leasehold; that a state iron and steel works should be established; that public works should be carried on by public employees, not contracted out to private companies; that the state housing scheme should be extended and a Fair Rents Court set up.

None of this had come to pass in New South Wales, despite almost six years of Labor Government. Moreover the condition of the working class was deteriorating: since the beginning of the war, prices had risen but wages had remained stationary. Disillusioned, the most militant unionists, and the Australian Workers Union, organised an Industrial Section within the party, and at the 1916 conference, for the first time, they had the numbers. They voted to censure the government.

Before the vote against his Government, Holman had threatened to resign if it were passed, so now he was honour-bound to act. With no precedents for guidance, it seemed as if his resignation might jeopardise the continuation of the Labor Government.

Holman placed his resignation in the hands of the parliamentary caucus, thus making the issue one of the parliamentary party versus the extra-parliamentary party: only the caucus had the power to elect a leader of the Labor party in parliament. Caucus however did not want to exercise this right. It sent John Storey to

argue with conference, pointing out that its vote was really a censure of the whole parliamentary Labor Party. He added that the government was prepared to make the Legislative Council more democratic: what else could they do?

This was an olive branch, but the conference refused to accept it, reaffirming its commitment to the complete abolition of the upper house. It looked like a –the caucus, Holman’s friends offered Storey the leadership if he agreed to stand aside for Holman should the conference back down. Storey accepted. In Jack Lang’s words:

Holman called the reporters into his room and introduced Storey as his successor. The evening papers had their headlines. But the reporters were still sceptical. One reporter said that Holman winked his eye as he made the introductions.<sup>1</sup>

Constitutionally, however, there had been no resignation of the government, because Holman had not informed the Governor. Holman was poised to resume his leadership of the party.

Meanwhile at the conference, Holman’s managers were also busy. They persuaded the Executive, whose zeal for this confrontation was already cooling, to invite Holman to tell them how far the government could go in forcing a reform of the upper house. Holman, recognising an opportunity to rescue the role of the parliamentary party, rushed along Elizabeth Street to consolidate his position. He addressed the conference: of course he would take on the upper house, by holding a referendum – at the next election. Although this would delay a solution to upper house obstructionism, the Executive interpreted it as a victory for movement control. The conference then resolved that it did not, after all, want the government to resign.

So, Storey, humiliated, had to stand aside as leader, and Holman continued as Premier, although he was by now completely disillusioned with the party. When the ALP decided a few months later to oppose conscription, Holman and his supporters in the Ministry, who supported conscription, took the opportunity to form a coalition with the conservatives in parliament, thus retaining their portfolios and perks, but losing their membership of the Labor Party. And of course at the next election, Labor was decisively defeated. As Childe summed up: ‘By this means, the determination of the 1916 Conference was frustrated and Labour lost its hold on the State Parliament’.<sup>2</sup>

But what had gone wrong? Childe’s book focused on the labour movement’s ‘novel theory of democracy’, the way the movement organised itself to enter parliament in order to alter the social structure and thus end the exploitation of the workers. Every person who joins the Labor Party, even today, gives tacit support to this democratic form of organisation, which still has symbolic strength although in its present form its capacity to deliver power to the rank and file is almost nil.

Childe in his Preface to *How Labour Governs* warns that his adoption ‘of this standpoint for expository purposes must not be taken to imply my personal acceptance of the theory in question’. He goes on to say that his book and its sequel ‘may be regarded as the most serious criticism of that whole position’.

So, what did Childe’s criticism amount to, and what was his alternative?

His book falls roughly into two halves, the first dealing with ‘politicalism’, a term that he coined to describe the organisational steps required by the decision of the labour movement to fight in the parliamentary arena, and the second with the reaction against politicalism by the union militants, the ‘industrialists’ who sought a reorganisation of the workers along industrial lines.

The object of politicalism was that the workers and not the masters would control the state machine. The first organisational step was to ensure that party policy was decided by the movement, hence the importance of the annual conference of delegates from the local labour leagues, affiliated unions and other bodies. The second step was to insist on the party voting solidly in parliament, and for this purpose the pledge and the caucus meeting were essential. The third step was to ensure that the movement had a presence in the constituencies, so that Labor could claim that it was a party of the workers’ movement, not a collection of individuals representing diverse constituencies.

Because it struck at the heart of liberal individualist democracy, ‘labour’s novel theory of democracy’ – this subordination of the party to the movement – has always outraged conservatives who invariably point out that it means that Labor parliamentarians ‘are not representatives of the people but the tools of an

irresponsible junta'.<sup>3</sup> Conservatives supporting electricity privatisation in contradiction to Labor's conference decisions have made precisely this argument in letters to the *Sydney Morning Herald* during the 2007 dispute.

However, Childe showed that the model does not work. Caucus control is illusory. Labor ministers, even though elected by the parliamentary caucus, 'undergo a mental transformation'<sup>4</sup> coming to see other caucus members not as colleagues but as irritants. The ministers manipulate caucus, or ignore it, or the Premier threatens its members with a dissolution of the chamber leading to an election in which caucus members might lose their seats.

More serious is the fact that movement control of parliamentarians is counterproductive. Childe described how the workers' representative, 'surrounded by the middle-class atmosphere of Parliament', thinks more of 'keeping his seat and scoring political points than of carrying out the ideal that he was sent in to give effect to'.<sup>5</sup> Although many crises flow from this opportunism, 'the machinery of checks and controls has succeeded in maintaining the solidarity and identity of the Party'.<sup>6</sup>

Thus the superior power of the movement is necessary. On the other hand, time and again the Conference and the executive have found that they cannot force a Labor ministry to comply with party policy, and, when they keep trying, revolts and splits occur, and ultimately electoral defeat.

One of the most far-reaching consequences of the movement's entry into parliamentary politics has been that it attracts non-labour forces into the party. Childe showed the party changing its parliamentary strategy from offering support in return for concessions to aspiring to major party status and the formation of majority governments. He was merciless in his depiction of the serious conflicts of interest created by the non-working class elements within the party – the middle-class democrats, Australian nationalists, small farmers, prospectors and shopkeepers, the Roman Catholic Church and the liquor trade.

Through its ambition to govern the state, the Labor Party watered down its Labor-socialist objective, drowned the progressive espousal of internationalism in a tide of jingoistic militarism, and alienated unionists by its vacillating policy – all because it 'tried to govern in the interests of all classes instead of standing up boldly in defence of the one class which put them in power'.<sup>7</sup> No wonder the model did not work: these non-labour recruits had diffused the movement's identity and made the parliamentary party more important than the movement that the model was meant to empower.

In the second half of his book, Childe turns to the industrial wing of the labour movement. His object is to examine the effect of labour's entering parliament on unionism's fundamental need for co-ordination and solidarity, and on the organisational steps taken by the unions to regain control of the movement by reorganising on an industrial basis.

Here the story is just as sombre as in the first half of the book. Attempts to coordinate through union federations failed, not least because they were often seen as having the hidden aim of increasing the power of the politicians. Forced to take direct action against the employers by the indifference and treachery of the parliamentarians, the unions turned to amalgamation, but what emerged was a giant, undemocratic body (the Australian Workers Union was Childe's target) that fell into the hands of bosses and boodlers.

The most clear-cut strategy to confront politicalism was revolutionary industrial unionism. Quite apart from the determined hostility this had to face from employers and the state, revolutionary industrial unionism was unable to win rank-and-file support because it stupidly alienated existing, genuine industrial unions (such as those in mining and railways), it encouraged mass strikes that could not be won (this was Childe's conclusion concerning the 1917 strike) just as it encouraged grandiose schemes for the One Big Union, schemes that neglected the stubborn predilection for self-government among the most class-conscious workers. By 1921 the revolt against politicalism had failed.

Childe never wrote the sequel to his book, so he never gave an extended account of his alternative. But it is possible to work out what he intended by picking up on clues in *How Labour Governs*, relating them to the ideas he expounded in articles published at the time in the labour press in Sydney, Brisbane and London, and by understanding his intellectual inheritance. I believe Childe's intellectual and political position in 1923, set out briefly in the following propositions, is still relevant for progressive people today.

When Childe indicated in the Preface his 'serious criticism' of labour's 'theory', he did not mean that the labour movement should be less concerned with changing the social structure, but that it should be more

concerned with democracy, with self-government.

Childe was equally dismissive of social-democratic collectivism (he called it Fabianism) and of communism (he called it Bolshevism). Their common defect was that they envisaged socialism as a system imposed from above. However, Childe was encouraged by 'the newer unionism' (as it was called at the time). This was a unionism that was not focused on legislative reforms but instead tried to get workers to take responsibility at work. He was an advocate of industrial democracy.

It is too often forgotten that Childe was a pragmatist. Insisting that a 'working example of an industry – even if it be only the Bombo quarries – successfully run by its employees under the direction of the State – will go much further with the Australian temperament than endless fulminations against Capitalism in the abstract',<sup>8</sup> he argued that the state enterprises were ready-made sites for introducing workers' control.

So, seeking to bridge the widening gulf between the politicians and industrialists in the movement, he advised the industrialists to continue their support for 'the splendidly democratic machinery of the Labor party', and advised the politicians to accept a revision of the Party's platform to include industrial democracy. His intervention contributed to the adoption of the Socialist Objective in 1921.

Childe was thus not hostile to the Labor Party, but only to its state-centred, top-down, 'politicalism'; in other words to what would later be called labourism. In fact he expressly urged support for a 'real Labor government' as a transitional strategy. A real Labor government would protect the gains made by workers' unions, enlarge the sphere of state enterprises, and promote workers' control within them.

Childe's political philosophy owed as much to the early writings of the English libertarian socialist, G.D.H. Cole as it did to Marx. It is Cole's influence that explains Childe's pluralism, his lack of romanticism about the working class, his definition of democracy as a system of self-governing bodies, and the role he ascribed to intellectuals and educators in the progress towards socialism.

Labour's fatal flaw, we may infer from Childe's life and writings, was not the political wing's entry into the State per se, but the wider movement's failure to understand that representative government is the very opposite of self-government, that elections are undemocratic because by their means we give power to people who are not like us, and that a centralised state, extending its sphere into economic and social life, produced servile and passive citizens.

Childe's alternative was to allow production to be organised and controlled by the producers, providing a powerful experience that would encourage the desire for self-government. Electoral representation would be the residual form of governance, needed only to protect the interests of citizens as consumers and for coordinating the functions of civil society.

Ordinarily, it is hard to imagine our labour movement – or what remains of it – engrossed in an argument about democracy. The botched attempt to privatise electricity, however, raises questions about rank-and-file control, the defence of public interests, and above all the protection of workers' rights. Childe's analysis of movement democracy, its flaws, and self-government as an alternative to politicalism or labourism, will help us focus our minds on democracy again.

*Terry Irving is a former editor of Labour History and Honorary Professorial Fellow at the University of Wollongong.*

## Endnotes

1 Jack Lang, *I Remember*, Invincible Press, 1956, p. 61.

2 V. Gordon Childe, *How Labour Governs: A Study of Workers' Representation in Australia* (2nd ed.), Melbourne University Press, Parkville, 1964 [1923], p. 42.

3 *Ibid.*, p. 41.

4 *Ibid.*, p. 17.

5 *Ibid.*, p. 23.

6 *Ibid.*, p. 53.

7 *Ibid.*, p. 85.

8 *Labor News*, 22 February 1919.

