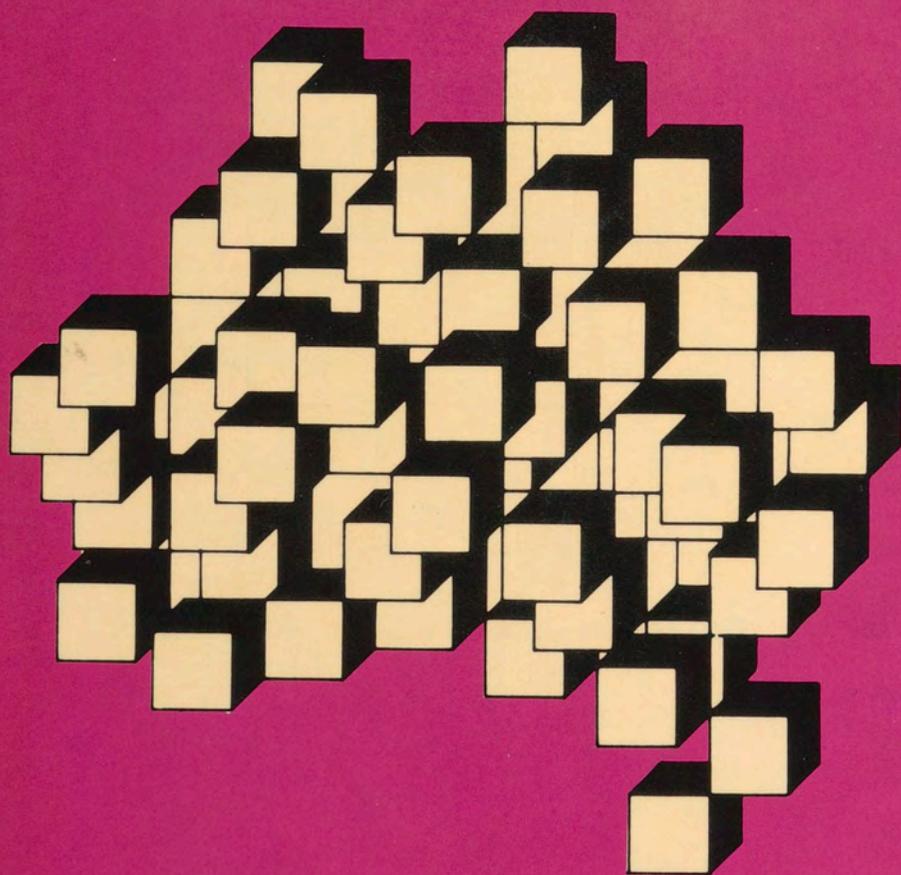


Essays in the

POLITICAL ECONOMY OF AUSTRALIAN CAPITALISM

Volume one



Edited by

E.L. Wheelwright & Ken Buckley

ESSAYS IN
THE POLITICAL ECONOMY OF AUSTRALIAN CAPITALISM

VOLUME 1

To Gee with compliments
- another small contribution
to political economy!

Ted Wheelwright

June 1975

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. . . In the social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society—the real foundation on which rise legal and political superstructures and to which correspond definite forms of social consciousness. The mode of production in material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their existence, but on the contrary their social existence determines their consciousness.

Karl Marx, Preface to *A Contribution
to the Critique of Political Economy*,
1859

INTRODUCTION

E. L. WHEELWRIGHT

The anatomy of civil society is to be sought in political economy

Karl Marx, preface to *A Contribution to the Critique of Political Economy*, 1859

THIS COLLECTION OF essays originated in the belief that a 'History of the Political Economy of Australian Capitalism from the Earliest Times to the Present Day' should be written; that this would be best attempted from a basic Marxist standpoint; and that before it could even be started, it would be necessary to provide both bricks and straw. These essays constitute an initial step along that road, and it is hoped that this volume will be the first of a series.

It is curious that this task has never been attempted before in Australia, for, as S. J. Butlin has remarked:

Australian economic history is the major part of all Australian history; from the beginning economic factors have dominated development in a way that should gladden the heart of any Marxist. What is true of any particular strand of economic growth—land settlements, labour relations and labour organisation, immigration, secondary industry—is also true of each major stage in the development of the community as a whole; each is characterised by economic changes which conditioned political, social and cultural changes.¹

This is something which strikes any newcomer to Australia who is a student of socialist approaches to history, the almost total lack of any Marxist based attempts to analyse the development of Australian capitalism, despite its obvious suitability for that task. It soon becomes apparent that little help can be expected from conventional economics, especially as taught in most Australian universities; this lacks an historical approach, is extremely weak on the history of economic thought, and is characterised by the virtual absence of any teaching of Marxian economics.² Furthermore, as has often been pointed out in Marxist literature, orthodox economics takes as 'given' all the most important and most interesting questions which are relevant to the evolution of

the socio-economic system we call capitalism. An excellent recent expression of this point is to be found in the work of Harry Magdoff:

The technical parameters which economists study are those that, at best, condition the manner in which the arrived-at social system behaves. That is why, if one wants to come to grips with the essentials of capitalism and imperialism, the investigation must be able to penetrate the screen created by the fetishism of commodities and commodity exchange. In one sense, prices and wages undoubtedly do reflect the exchange of equivalents. But these equivalents are the products of a specific historical process . . . The equivalents of our time are instruments which facilitate the efficient reproduction of the *existing* allocation of resources and of the *existing* property arrangements. In this context, prices and markets are 'impartial'; they repeatedly reproduce the *existing* class structure of a society, the *existing* income distribution within a country, and the *existing* income differentials among countries. They are the 'impartial' regulators of the attained capitalist institutions, and of the economic dependence of the periphery on the metropolis. (Emphasis added.)³

This irrelevance of bourgeois economics⁴ to the point at issue is almost matched by the inadequacies of much historical writing; the bolstering of myths and the crawling along the frontiers of knowledge with a hand lens (to use Eric Ashby's felicitous phrase) are both painfully in evidence. There has been a very considerable development of Australian historiography over the last two decades, but little of this is useful for the purpose in hand.⁵ In fact it is significant that, for the only full scale attempt at any kind of Marxist historiography, it is necessary to go back almost to pre-war days, to the work of the late Brian Fitzpatrick, a scholar who could not get a full-time permanent job in any Australian university, to the ever-lasting shame of their history departments. Geoffrey Blainey, who contributed the foreword to the 1969 edition of Fitzpatrick's *The British Empire in Australia 1834-1939*, which was first published in 1941, wrote: 'This book in the 1940s perhaps had more influence on the study of Australian history than any book in any previous decade'. Blainey also noted that the opening sentence of the first edition was deleted from succeeding ones; it read: 'Political philosophies and political trends can usually be explained by reference to economic developments which they reflect'.⁶

Scholars engaged on such a study of Australian capitalism as we have in mind will find little help from the work of most Australian economists or economic historians; indeed the same can be said of other social sciences such as sociology, anthropology and political science. This itself is curious, that Australia has produced so few Marxist based social scientists of any stature. Overseas scholars often remark on this phenomenon; for example, Samir Amin, in an article noting that much modern socialist thought is very relevant to the present condition of mankind asks: 'Why is Australia a world of absolute

silence?'⁷ The question cannot be answered by resort to the cheap sneer that Marxist based social science has nothing to contribute; the numbers of highly respected and distinguished Marxist scholars in Western Europe, Britain and the U.S.A. give the lie to that, as does the tremendous revival of interest in Marxist thought, as evidenced by the flood of contemporary literature on the subject.

Marx and Engels, themselves, naturally enough had little to say which was of direct relevance to Australia. What they did have to say has been thoughtfully gathered together in one slim volume by Henry Mayer under the title, *Marx, Engels and Australia*;⁸ most of the references are marginal to the purpose in hand; they refer to the likely effect of the Australian gold discoveries on the commercial crisis of British capitalism but there are occasional references to the social composition of Australia, which are hardly complimentary. On one occasion Engels refers to Australia as 'a State of unconcealed blackguards', a 'United States of deported murderers, burglars, ravishers and pickpockets', who will throw out the English and establish an 'aristocracy of rogues'.⁹ On another occasion Engels gives his impression of the calibre of migrants to Australia (and elsewhere) from Ireland, after a visit to that country:

How often have the Irish started in order to achieve something, and every time they have been crushed, politically and industrially. Through consistent oppression they have been artificially converted into an utterly demoralised nation, and now, as is well known, they fulfil the function of supplying England, America, Australia etc., with prostitutes, casual labourers, pimps, thieves, swindlers, beggars and other rabble.¹⁰

The best-known references to Australia by Marx himself are in his discussion of E. G. Wakefield's theory of colonisation; they occur in Chapter 33 of the first volume of *Capital*.¹¹ They are significant for the development of pastoral capitalism in Australia, and are worth quoting at length.

It is the great merit of E. G. Wakefield to have discovered, not anything new about the Colonies, *but to have discovered in the Colonies the truth as to the conditions of capitalist production in the mother-country*. As the system of protection at its origin attempted to manufacture capitalists artificially in the mother-country, so Wakefield's colonisation theory, which England tried for a time to enforce by Acts of Parliament, attempted to effect the manufacture of wage-workers in the Colonies. This he calls 'systematic colonisation'. First of all, Wakefield discovered that in the Colonies, property in money, means of subsistence, machines, and other means of production, does not as yet stamp a man as a capitalist if there be wanting the correlative—the wage-worker, the other man who is compelled to sell himself of his own free-will. *He discovered that capital is not a thing, but a social relation between persons, established by the instrumentality of things*. Mr Peel, he moans, took with him from England to Swan River, West Australia, means of subsistence and of production

to the amount of £50,000. Mr Peel had the foresight to bring with him, besides, 3,000 persons of the working-class, men, women and children. Once arrived at his destination, Mr Peel was left without a servant to make his bed or fetch him water from the river. Unhappy Mr Peel who provided for everything except the export of British modes of production to Swan River!¹² (Emphasis added.)

The essence of Wakefield's policy was for the government, which controlled the release of land in the colonies, to make its price so high that only the rich could afford it, thus effectively keeping the poor off the land except in their capacity as wage-labourers for land owners. This was most succinctly summarised in Marx's *Grundrisse*: 'Hence Wakefield's theory of colonisation, which has been followed in practice by the English government in Australia—landed property is here artificially made expensive, so as to transform the labourers into wage workers, to get capital to work as capital . . .'.¹³

In Marx's view these programmes, adopted in English colonies and especially in Australia, were a fiasco, because they diverted the stream of emigration to the United States, where there was no such artificial method of making land expensive; on the contrary legislation encouraged the small settler. However, in Australia the programme was carried to excess:

The shameless lavishing of uncultivated colonial land on aristocrats and capitalists by the Government, so loudly denounced even by Wakefield, has produced, especially in Australia, in conjunction with the stream of men that the gold-diggings attract, and with the competition that the importation of English commodities causes even to the smallest artisan, an ample 'relative surplus labouring population', so that almost every mail brings the Job's news of a 'glut of the Australian labour-market', and prostitution in some places there flourishes as wantonly as in the London Haymarket.¹⁴

There are few references by contemporary Marxist scholars to Australia, and they are as uncomplimentary as Engels was in his day. Pierre Jalée, for example, in his *The Pillage of the Third World*, includes Australia and New Zealand in his classification of the imperialist zone of capitalist countries and explains his reason for doing so, thus: '... although Australia and New Zealand are mainly producers and suppliers of primary products, they are still essentially part of imperialism and might be described as an excrescence of that system projected to the other side of the world'.¹⁵

Samir Amin, author of the monumental *Accumulation of Capital on a World Scale*, attacks the functionalism of post-war capitalist societies, and singles out Australia for special mention:

But Los Angeles also exists and—still worse—Australia. Why... is it that we love the old cities, we even love Manhattan, but no one, not even the city planners who conceived it, dares defend the perfect functionalism of the latest 'achievements' of post-war capitalism?...

Perfect functionalism is necessarily compartmentalised and linear. It is always functionalism in relation to some one thing, not in relation to the whole. Add it up; the fastest possible means of transportation . . . (to go to work), the quickest possible places of rest (to regenerate labor power), the closest possible places to shop . . . What do you have? Los Angeles or Australia! . . . So let all the technocrats in the world be automatically sent to Australia, they will like it there.¹⁶

Clearly, analysis of Australian capitalism must be developed within Australia. A very brief sketch of what such an analysis might entail was outlined in an earlier work:

Such a history might show the following: how capital came to Australia dripping with blood and dirt, in the form of, first, the expropriation of the original owners of the land, and their virtual extermination; and second, the Australian version of slavery, known as the convict system. How the national bourgeoisie came into existence, how Australian nationalism developed and how much this depended on the Australian working class. How this nationalism never broke with British imperialism, but became side-tracked into militaristic jingoism in support of it. How much of Australian economic development was due to two world wars, when the imperialist links were weakened, and why there was an opposite effect in the Great Depression. And how, after World War II, Australian capitalism slipped out of the orbit of British Imperialism into the American variety. And finally, to what extent the Australian bourgeoisie has become like its Latin American counter-parts, a junior partner of world imperialism, having foreclosed any possibility of a self-sustaining Australian capitalism, and are now only becoming aware of this when it is too late.¹⁷

Some expansion of this might help to set the present collection of essays in the perspective of what is hoped will eventually occupy several volumes; it may best be done by posing a series of questions. The *leit-motiv* is that although capitalism may be regarded as a socio-economic system which involves certain fundamentals which revolve around the central relationship of capital to wage-labour, nevertheless the system takes on different forms in different physical and cultural environments, and in different historical periods. Thus, viewed historically, capitalism in Britain has been different from capitalism in France or Germany or the Scandinavian countries, and certainly capitalism in the U.S.A. has been different from European capitalism, from which it sprang. Has capitalism in Australia been different in any respects from capitalism almost anywhere else? What are these differences, and how did they arise; are they marginal, or fundamental? Almost *a priori*, certain potential differences between such a 'transplanted' capitalist system, and the original from which it sprang, come to mind. The most obvious, is perhaps, the role of the state; such a 'colonial capitalism' is a creature of the state, and each colony is a microcosm of the state which gave it birth. Hence it should not surprise anyone to find the state playing a more fundamental role in the development of the system, whether this

be the state apparatus of each colony in the first instance, or that of a federal government at a later stage. Second, most of the 'inputs', or 'factors of production' of the system must of necessity be imported; this applies to labour, capital, and the mode of production, virtually the only exception being land. If these initial inputs are 'once for all', then an indigenous form of capitalism may have a chance to develop, but if the initial injections are boosted at regular intervals from the same source, the initial modes and forms will be reinforced. Also if there is a change in the source from which either labour or capital, or both, are imported, then if these injections are large enough, and continue for long enough, a change in the character of the system might well be expected. What should also be included as an invisible 'import' is an ideology and a system of class relationships and social attitudes which are attuned to the social relations of capitalist production; although ideologies and social attitudes which are not so attuned will inevitably creep in, if they are present in any numbers in the source. Thirdly, the transplanted system must operate in a physical environment which is very different; there is space, and in spite of the 'tyranny of (internal) distance' access to land is much easier unless artificially restricted on the Wakefield model.

None of these matters has been adequately examined from the point of view adopted here. There has been some useful work done on the role of the state in the economic development of Australia; this has been described variously as 'state socialism', 'colonial governmentalism', 'colonial socialism', and more recently, as 'neo-capitalism'; but there is not a single book on the subject.¹⁸ McFarlane has summarised the position as follows:

From the very earliest days . . . a public sector has been crucial in setting the pace, atmosphere, and social investment 'infrastructure' essential to economic development. With the coming of federation and the growth of a tariff system the government was virtually taking the risk out of capitalism—helping to underwrite risk, to build up guaranteed markets for the products of domestic private enterprise. Industrialisation was not achieved by a thrifty, development-orientated aggressive middle class. What happened rather was that the public sector or government regulation became substitutes for the normal functions of the middle class and capitalist groups, as agents of economic development. Inevitably there followed the growth of a bureaucracy to run a network of regulation agencies.¹⁹

Yet, as Encel notes, until about the 1950s, economic writing in Australia was dominated by the assumption that the role of government was merely a background factor in the development of capitalism in Australia. Even today, economic, text-books still appear with chapters quaintly entitled, 'Government Intervention'.²⁰ Encel is one of the very few who have paid attention to the sociological results of the economic role of the state, using such terms as 'the bureaucratic revolution', and

'the bureaucratic ascendancy'.²¹ Further work needs to be done on the effect of this on the class structure, and in particular, on how government bureaucracies acquire an ideology. As for the role of State Governments and their relation to class interests, this has been almost totally neglected. (One potential contributor to this volume of essays offered an item provisionally entitled 'States Rights and Class Interests', which was unfortunately withdrawn. It is hoped to include this in Volume Two.)

On the question of the impact of the import of labour and capital on the class structure, a great deal of work needs to be done. It might be expected that at a certain stage, with a favourable ratio of natural resources to people, the class structure might be more open, more fluid, than in capitalist societies elsewhere, at least when there is ease of access to those resources. It would be interesting to know whether this has been the case, and if so, at what stage of the development of Australian capitalism it began to change. There has been little attempt to relate changes in the class structure to stages in the development of capitalism; in fact the first book-length study of class structure in Australian history has yet to emerge.²² Large-scale immigration clearly has a substantial effect on the class structure; if the immigrants come from poorer countries and lack training in industrial skills, they tend to enter the work-force at the bottom of the socio-economic pyramid, undertaking the unpleasant, dirty or menial jobs. In this way immigration permits the indigenous population to move up the economic ladder, and engage in more pleasant occupations, or in jobs at the supervisory level, hence tending to have the effect of dividing the labour movement, as Lenin pointed out almost sixty years ago.²³ It is an open question whether the Australian Labor Party dug its own grave by instituting the post-war immigration programme; the question can only be resolved by further study of the dialectics of immigration. Large scale import of capital must have a profound effect on the ownership and control of wealth, and therefore on the class structure, especially on the national bourgeoisie. In a country in which, by official calculation, foreign capitalists control over one quarter of industrial production, over one half of mineral production and over forty per cent of both general insurance and finance company business, there must be a significant weakening of the strength of the indigenous capitalist class.²⁴

Another set of questions relates to the morphology of the growth of capitalism in Australia. Apart from the genesis thereof, what were the crucial stages? What period saw the foundations of early industrial capitalism being laid, based on the tariff and the arbitration system? To what extent did this involve a re-distribution of the national income in favour of manufacturers and industrial workers, and against land-owners, a sort of Australian 'Ricardo effect'?²⁵ And what alignment of class forces enabled these foundations to be laid? A second stage of industrial capitalism based on multi-national corporations obviously began after

World War II; precisely how did the 'open door' policy on foreign investment originate, and what have been the economic, social, political and cultural effects of that momentous decision? Precisely how did our trade relationship with Japan originate in the 1950s and blossom in the 1960s? To what extent is Australian capitalism now caught in the vortex between two imperialisms—the American, and the Japanese? And are there pressures operating to force Australia into a form of sub-imperialism, or junior partnership operating in the interstices between these giants?

Related to these questions are others concerning Australian nationalism. How did this emerge from the capitalism of the 1890s? And did it, as has been crudely suggested 'get lost in military jingoism in the First World War, not get much chance in the depression years, emerge again during the Second World War, and get lost again during the Cold War, when Australia exchanged one imperial master for another, under the chief architect, R. G. Menzies'?²⁶ An up-to-date analysis would also have to explain the emergence of the so-called 'new nationalism' of the Whitlam Government. The work of Rosa Luxemburg could be helpful here, for she took the view that 'such national movements could be historically progressive or reactionary, depending on existing social relations and international conditions as well as the character and interests of the class or classes supporting them.'²⁷ Her dictum could well be a text for any analysis of the national question in Australia: 'National states and nationalism are innately empty shells into which each historical epoch and the class relations in each country pour their particular material content'.²⁸

Another set of questions that also overlaps with those on the morphology of the growth of Australian capitalism, relates to the impact of imperialism on growth and on the economic and social structure. Here the work of André Gunder Frank could be taken as a starting point, to see in what respects it is valid, if at all, for Australia. One important proposition of what should properly be called the Baran-Frank thesis,²⁹ is that in colonies or neo-colonies, economic development has blossomed most precisely when the tap-root of the imperialist link was at its weakest, at such times as the First World War, the Great Depression and the Second World War. Another important element of that thesis, also worth investigating for its relevance to Australia, is the proposition that in the contemporary world, national capitalism is an impossibility; that bourgeois nationalism involves an alliance between the bourgeoisie and the working class; that this is a temporary phenomenon, for the bourgeoisie splits, and in order to save itself and the capitalist order of things, more and more become the accomplices or *compradors* of foreign capitalists; and that finally, the local and foreign capitalists join hands in their control of the state, which they then use as an instrument of repression against the working class. It has been suggested that the Australian beginnings of this scenario may perhaps be traced through

the earlier pronouncements of Sir John McEwen about 'selling part of the farm to pay off the mortgage', to former Prime Minister John Gorton's abortive and confused elements of economic nationalism, and probably including Gordon Barton's Liberal Reform Group (now the Australia Party) as a splintering-off of the patriotic or more nationalistic elements of the bourgeoisie. (A brilliant analysis of conflicts in the ruling class by R. W. Connell carries this much further; it details the mutual interests of foreign and local capital, as well as their conflicts of interests, and concludes that the multiple conflicts within the ruling class, coinciding with a revival in Labor party and trade union leadership, created the conditions for the electoral victory of the A.L.P. in 1972.³⁰)

On this issue, the questions which should be asked now, include the following: What are the strengths and weaknesses of our national bourgeoisie now, after two decades of foreign penetration of the economy? Will the split between big and small business widen, as Moore argues,³¹ with big capital attempting to go international, allying itself more with foreign capital, needing less protection, and causing the liquidation of smaller capitalists, as has happened in Brazil and Argentina? Or will smaller capital seek to mobilise the working class and the rural population against big capital, domestic and foreign, in order to maintain tariff protection on which it increasingly depends? What difference does it make that, unlike Canada and Latin America, Australia has been penetrated by capital from more than one source—Britain, the U.S.A., and now, increasingly, Japan? What difference does Blainey's 'tyranny of distance' make in the era of modern communications? Clearly it preserves us from the Canadian problems of living next door to imperialism, but it also removes the options of joining wider regional organisations which are open to European or Latin American countries. In the present era of international capitalism, a Marxist analysis of Australia's relation to it is more relevant than ever.

Some of the issues raised here, as well as others, are tackled by the contributors to this volume. They were invited to contribute on the basis of their expertise in a particular area, from an eclectic Marxist standpoint. No 'line' was laid down; nothing stultifies the intellectual Left in Australia so much as the contemporary excesses of dogmatism and the resulting sectarianism. Fresh viewpoints are presented here; the editors do not agree with them all, nor would all contributors necessarily agree with this introduction. The main criterion for inclusion was that an essay was considered to be putting forward a tenable point of view on a significant issue, not whether the editors agreed with it or not, nor whether it contradicted other essays. The essays do not hang together; they are not intended to; and there are obvious gaps which it is hoped to fill in succeeding volumes. Most of the essays are original articles, commissioned for this volume, although some may have appeared in an earlier form elsewhere. Future volumes will attempt to

maintain the balance of the present one, in the sense of having about one third of the essays being of a historical nature, with the rest dealing with contemporary issues. There is a continuing need for radical work of this kind, for:

Men make their own history, but not of their own free will; not under circumstances they themselves have chosen but under the given and inherited circumstances with which they are directly confronted. The tradition of the dead generations weighs like a nightmare on the minds of the living. And, just when they appear to be engaged in the revolutionary transformation of themselves and their material surroundings, in the creation of something which does not yet exist, precisely in such epochs of revolutionary crisis they timidly conjure up the spirits of the past to help them; they borrow their names, slogans and costumes so as to stage the new world-historical scene in this venerable disguise and borrowed language.³²

NOTES

- 1 S. J. Butlin, *Foundations of the Australian Monetary System 1788-1851* (Melbourne University Press, 1953), p. 1.
- 2 There are exceptions, of course; after years of struggle within the Department of Economics at the University of Sydney, alternative courses to mainstream economics, entitled Political Economy I and II, began in 1975. These include a component on Marxian economics. The History of Economic Thought has been taught at the University of Sydney for many years, but it is now an optional course, and only a small number of students take it. No doubt *some* Marxian economics and *some* History of Economic Thought are taught in other universities also, but the point remains that the teaching of both, and a historical approach to economic phenomena, are peripheral to most of the central core of theoretical economics. Most economics students still graduate in ignorance of any history of capitalist development and any Marxist critiques thereof. See W. J. Waters and E. L. Wheelwright, 'University Economics—A Radical Critique', in E. L. Wheelwright, *Radical Political Economy, Collected Essays* (A.N.Z. Book Co., Sydney, 1974).
- 3 Harry Magdoff, 'Economic Myths and Imperialism', *Monthly Review* (New York), December 1971, p. 15. Again, there are always exceptions to this kind of stricture on economists, but in Australia they are few indeed; they have to be located amongst those who contribute to scholarly Marxist journals such as *Arena* and *Intervention*, and works such as J. Playford and D. Kirsner (ed.), *Australian Capitalism—Towards a Socialist Critique* (Pelican, Melbourne, 1972).
- 4 The phrase is Paul Sweezy's; see his article with that title in *Monthly Review* (October 1972). See also Joan Robinson, 'The Relevance of Economic Theory', in her *Collected Economic Papers, Volume IV* (Blackwell, Oxford, 1973).
- 5 See Terry Irving and Baiba Berzins, 'History and the New Left: Beyond Radicalism', in R. Gordon (ed.), *The Australian New Left* (Heinemann, Melbourne, 1970).
- 6 Brian Fitzpatrick, *The British Empire in Australia 1834-1939* (foreword by Geoffrey Blainey, Macmillan, Melbourne, 1969), p. vii.
- 7 Samir Amin, 'In Praise of Socialism', *Monthly Review* (September 1974), p. 14.
- 8 Henry Mayer, *Marx, Engels and Australia*, Sydney Studies in Politics No. 5 (F. W. Cheshire, Melbourne, 1964).
- 9 *ibid.*, p. 104.
- 10 *ibid.*, p. 118.
- 11 There are other references noted by Mayer, in his Appendix II, but they do not add much.

- 12 Karl Marx, *Capital*, Vol. I (Foreign Languages Publishing House, Moscow, 1959), p. 766. The English were fascinated with this kind of phenomenon. Keynes records that Alfred Marshall's uncle, who helped Alfred, the famous economist, attend Cambridge University, made his fortune in Australia as a pastoralist. By some quirk he employed only the 'halt, the blind and the maimed', and during the gold rush, he was one of the few who was able to retain his wage-labourers. See J. M. Keynes, *Essays in Biography* (Rupert Hart-Davis, London, 1951), pp. 129-130.
- 13 Mayer, *op. cit.*, p. 145.
- 14 Karl Marx, *loc. cit.* pp. 773-4.
- 15 Pierre Jalée, *The Pillage of the Third World* (Monthly Review Press, New York, 1968), p. 6.
- 16 Samir Amin, 'In Praise of Socialism', *Monthly Review* (September 1974), pp. 12-13.
- 17 E. L. Wheelwright, *Radical Political Economy* (A.N.Z. Book Co., Sydney, 1974), p. 257.
- 18 See the work cited in S. Encel, *Equality and Authority, a study of Class, Status and Power in Australia* (Cheshire, Melbourne, 1970) p. 62. See also John Playford's *Arena* pamphlet, *Neo-Capitalism in Australia* (Melbourne, 1969).
- 19 Bruce McFarlane, *Economic Policy in Australia* (Cheshire, Melbourne, 1968), p. 69. Cited in S. Encel, *Equality and Authority* (Cheshire, Melbourne, 1970), p. 63.
- 20 R. I. Downing (ed.), *The Australian Economy* (Weidenfeld & Nicholson, London, 1973), chapter 3, by A. H. Boxer.
- 21 S. Encel, *op. cit.*, chapter 5.
- 22 A volume by R. W. Connell and T. H. Irving, provisionally entitled *A Study of Class Structure in Australian History*, is scheduled for publication by Cheshires late in 1975.
- 23 V. I. Lenin, *Imperialism, the Highest Stage of Capitalism*, (Co-operative Publishing Society of Foreign Workers in the U.S.S.R., Moscow, 1939), pp. 101-2.
- 24 E. L. Wheelwright, 'Development and Dependence: The Australian Problem', in *Radical Political Economy* (A.N.Z. Book Co., Sydney, 1974), p. 49. Also Australian Bureau of Statistics, 'Foreign Ownership and Control of Life Insurance Business', Advance Release, 8 January 1975, Ref. No. 5, 49. For key industries and for large companies the proportions are higher than the averages cited, see Wheelwright, *loc. cit.*
- 25 David Ricardo argued that in early 19th century Britain, the Corn Laws (which were in effect, tariffs on the import of grain) should be repealed; this would subject the landlords to import competition and reduce their rents, hence reducing the share of the national income which accrued to them, and increasing the profits of manufacturers, and their share of national income. Australian tariffs on manufactured imports have almost certainly redistributed the economic rent from the ownership of natural resources towards manufacturing profits and wages.
- 26 E. L. Wheelwright, 'U.S. Global Capitalism or: the internationalisation of capital', in *Dissent* 29 (Summer 1972), Melbourne, p. 57.
- 27 Paul Frölich, *Rosa Luxemburg: Her Life and Work* (Monthly Review Press, New York, 1972), p. 29.
- 28 Rosa Luxemburg, in *The Russian Revolution* (Europäische Verlagsanstalt, Frankfurt am Main, 1963), p. 83, cited in Frölich, *op. cit.* p. 29.
- 29 E. L. Wheelwright, *Radical Political Economy* (A.N.Z. Book Co., Sydney, 1974), chapter 30.
- 30 R. W. Connell, 'Conflict in the Australian ruling class, 1970-72: three case studies and an inference', (paper delivered to ANZAAS Congress, Perth, 1973, Section 27, Sociology.)
- 31 Phillip Moore, 'Australian Capitalism To-day', in *Intervention* 1 (1972), Melbourne.
- 32 Karl Marx, 'The Eighteenth Brumaire of Louis Bonaparte,' in David Fernbach (ed.), *Surveys from Exile—Political Writings*, vol. 2 (Pelican, London, 1973), p. 146.

1

PRIMARY ACCUMULATION: THE GENESIS OF AUSTRALIAN CAPITALISM¹

KEN BUCKLEY

In times long gone by, there were two sorts of people: one, the diligent, intelligent, and above all, frugal elite; the other, lazy rascals, spending their substance, and more, in riotous living . . . Thus it came to pass that the former sort accumulated wealth, and the latter sort had at last nothing to sell except their own skins. And from this original sin dates the poverty of the great majority that, despite all its labour, has up to now nothing to sell but itself, and the wealth of the few that increases constantly although they have long ceased to work.²

THUS MARX ADOPTED the phrases of a religious fairy tale to pour scorn on the crude apologists for property of his own time. The defendants of property a century later have not changed their basic explanation of its origin. The clichés have been modified, of course: nowadays, we hear of entrepreneurial attitudes and skills, initiative, innovation and so on—nothing so coarse as conquest, robbery and force.

Capitalism presupposes the existence of a proletariat. For capitalist accumulation to work, two different kinds of people must be brought together, first in the market and then in the production process. There must be, as Marx wrote, 'on the one hand, the owners of money, means of production, means of subsistence, who are eager to increase the sum of values they possess by buying other people's labour-power; on the other hand, free labourers, the sellers of their own labour-power, and therefore the sellers of labour. Free labourers, in the double sense that neither they themselves form part and parcel of the means of production, as in the case of slaves, bondsmen, etc., nor do the means of production belong to them, as in the case of peasant-proprietors'.³

Since the historical establishment of these fundamental conditions, the capitalist system has maintained the separation of the labourers from ownership of the means of production and has reproduced that

separation on a continually extending scale. This was notably so in the nineteenth century, when there was a rapid increase in population growth in Europe and America. Yet initially the creation of a proletariat was due not so much to a natural increase in numbers as to an institutional process in which force and the use of state power played major roles. For capitalism to develop, the small peasant had to be divorced from landholding and transformed into a 'free' labourer.

To Marx, this early process was the crux of primary accumulation—an original stage of capital when a bourgeois class concentrated property into fewer hands, partly at the expense of the old landowning elite but mainly through the dispossession of the peasantry. In the process, capital and labour matured jointly, capitalists employing the newly-created free labourers. However, investment in industry on any considerable scale was not attractive until a sizable body of such labour was available for hire. In the interim, there was a long period of primary accumulation which in the classic case of England extended from the sixteenth century to the Industrial Revolution.

Much has been written on the complex subject of land enclosures in this gestatory period and about the more subtle ways by which small producers were divorced from their land—through such factors as the disintegrating effects of production for a market and the burden of usury and taxes. It is also well known that 'the rosy dawn of the era of capitalist production' was linked with the plundering of Africa, Asia and the Americas (the slave trade, sugar and tobacco plantations and similar activities). This part of the story makes it plain that 'the methods of primitive accumulation were anything but idyllic'.⁴ Nevertheless, while the nabobs of the East Indies or the sugar planters of the West Indies were undeniably rapacious and brutal, it is possible by sleight of hand to regard them as exceptions to the general run of merchants in their counting houses. Merchants had always existed, their origins lost in time. Some prospered, others declined, as they pursued their aim of buying cheaply in order to sell at a higher price. The flux of individual fortunes in Europe, coupled with inadequate records, does not provide a very firm basis for generalisations about the origin of mercantile property in the period of primary accumulation, although it is fairly evident that few rich men started without either capital or influential connections.

On the face of it, the early history of the colonisation of Australia has little relevance to the Marxist concept of primary accumulation. The first settlement, at Port Jackson in 1788, was made at a time when the Industrial Revolution was well under way in Britain. The imperial country's era of primary accumulation was largely over: a proletariat already existed in critical numbers. Indeed, in an important sense the development of capitalist industry and urbanisation in Britain was responsible for the establishment of the colony of New South Wales, for

these processes in Britain (together with a rapid increase in population) were accompanied by an increase in crime—or at least in the types of offence, such as housebreaking and burglary, which led to sentences of transportation. Earlier in the eighteenth century, the North American colonies had been the dumping ground for Britain's transported criminals, but when those colonies achieved independence in the 1770s a new disposal area had to be established. Botany Bay was chosen primarily for that purpose.

Thus New South Wales was a gaol. Because of its unique origin, it had no capitalist class, no free labourers, and no peasantry. All land was taken in the name of the crown. If there was initially no peasantry for an incipient bourgeois class to dispossess, it is equally true that there was no aboriginal population to despoil, except of its traditional hunting grounds: aborigines had no material possessions worth seizing and their culture was so different that they could not be forced or persuaded to work regularly for the white settlers.

Given the new colony's organic connection with Britain, it was inevitable that a capitalist economy would develop after the first few years of struggle for sheer survival. Free labourers came into being and so did a peasantry. Yet the early circumstances could not have seemed very propitious for a capitalist. In fact, for more than a decade nobody brought a substantial amount of capital into the colony with him. Not till the 1820s were there appreciable numbers of such immigrants. Nevertheless, quick fortunes were made in the first few decades, and New South Wales provides an ideal field for study of the ways in which it could be done. Thrift and abstinence, the economists' traditional explanation, had nothing to do with it. The essentials were social status and connections, which entailed access to modest amounts of initial capital, plus a certain degree of intelligence or low cunning. Luck played a part and ruthlessness was another useful attribute, especially in the case of ex-convicts who started with nothing but were able to make their first gains through petty trading which was beneath the dignity of their social superiors.

The picture can be described with unusual clarity in New South Wales, partly because it was such a small community and it started from scratch. The First Fleet transported about 730 convicts and 250 marines and officials and their families. Five years later, the total white population had risen to 4,000 (including those on Norfolk Island), but the figure for the mainland was still below 5,000 in 1800. Then there was a rise to some 10,500 in 1810 (plus 1,300 in Van Diemen's Land), followed by a sharper growth to 30,000 (plus 7,000 in Van Diemen's Land) in 1820. Only from 1814 did the number of convicts transported each year rise into the thousands. In this microcosmic society, the members of the ruling class knew and commented upon each other. They were small in number—for example, there were about thirty officers and officials who were landowners in

1800—and they were remarkably quarrelsome and prone to litigation. The historian benefits from surviving records.

A handful of free farmer-settlers arrived in the 1790s but they, like the ex-soldiers who remained in the colony, were of no particular significance. They had no capital, they were given small land grants and little more is known about them. The important elements in the population were the convicts—and, as time passed, the ex-convicts—and those set in authority above them: the Governor and his officials, and the officers of the New South Wales Corps which replaced the marines as a guard force in 1790. Although it is customary to refer to the officers of the 'Rum' Corps as a collective *élite*, it should be noted that the civilian officials were practically indistinguishable from them in their economic activities. In fact, some officials, especially those who ran the commissariat, were in key positions for the advancement of their own and colleagues' interests. Officers and officials together formed a tight group controlling the state machine—military, administrative and judicial—in the colony. Nominally, the Governor had absolute power (subject to instructions from distant bureaucrats in London) but in practice he was generally unable to exercise such power in ways which conflicted with the interests of the ruling group through which alone could orders be made effective.

None of the officers and officials were wealthy at the outset. They were dependent upon their salaries which in the case of the officers ranged from about £80 a year for a lieutenant to £171 for a captain and £257 for a major. Among the officials, Commissary Palmer, whose salary was second only to the Governor's, received £448 per year. These were hardly the kind of incomes from which substantial savings could be made for investment purposes. It seems doubtful whether any of these men had more than a few hundred pounds to his name when he arrived in the colony. John Macarthur is said to have arrived as a lieutenant £500 in debt and to have transformed this into a fortune of at least £20,000 in the space of eleven years. The latter sum should not be taken too literally, for it was an estimate by a hostile critic, Governor King. However, King was undoubtedly correct in adding that Macarthur's main efforts in that short period were devoted to 'making a large fortune, helping his brother-officers to make small ones'. It is a fact that by 1800 Major Foveaux owned (in addition to his land) more than one thousand sheep which, because of his transfer to Norfolk Island, he sold to Macarthur for £2,000. Clearly, neither officer had done badly out of a few years' guard duty in a penal settlement.

The reference to Macarthur having originally arrived in debt may be related to no more than the common practice whereby officers invested a little capital in the purchase of goods to be transported with them for speculative sale in the colony. Meagre salaries did not mean that officers were penniless—at the very least, they needed social

connections to obtain a commission in the first instance, even in such a low-rated military unit as the New South Wales Corps. Macarthur's whitewashing biographer, M. H. Ellis, argues that the Corps and its officers were basically no different in quality from other British regiments of the time. The argument is difficult to swallow—and if true it reflects no credit on those other regiments. Nearer the mark is Coghlan's comment that 'this corps was raised, and a few enterprising spirits, many of whom had never served before, were found willing to accept commissions, with the view not so much of military service as of obtaining grants of land and making their fortunes in the colony'.⁵ Coghlan's judgment is in accord with the note which Elizabeth Macarthur wrote to her mother before embarking from England for New South Wales, 'from which we have every reasonable expectation of reaping the most material advantages'. In this sentiment she undoubtedly took a cue from her husband, John Macarthur, whose eye for profit and personal advancement was most acute.

Macarthur's father was a draper in Plymouth and the son may have been early apprenticed to that trade—which would account for his being lampooned by enemies in the colony as 'Jack Boddice', a stay-maker's apprentice. Whatever the truth of the sneer, Macarthur's origins, like those of his social peers in the colony (and despite the airs which they assumed), were lower middle class. The one possible exception, in background though not wealth, was D'Arcy Wentworth, who was related to the aristocratic Fitzwilliams of Yorkshire. However, Wentworth was clearly the black sheep of the family and might be regarded as essentially the progenitor of the remittance man: after being tried several times at the Old Bailey on charges of highway robbery, he thought it advisable to go to Botany Bay as an assistant surgeon. Family influence may have played a part in his four acquittals at the Old Bailey. Certainly, it was preferable to go to Botany Bay as a free man—and part of the Establishment—than as a convict. Splitting skulls was more congenial work than breaking stones.⁶

It is interesting to note the prevalence of surgeons in the colonial establishment. Some, like William Balmain, had received their training in the navy; others travelled as civilian surgeons on convict transport ships and then remained in New South Wales. Surgeons in the armed forces did not rank as commissioned officers. Rather, they were warrant officers, their profession not having attained full respectability as yet. Not until 1745, when the Company of Surgeons was incorporated in London, had they separated themselves from barbers; and the surgeons received a charter and transformed themselves into the Royal College of Surgeons as late as 1800. Surgeons then were drawn from much the same lower middle class as officers of the NSW Corps. George Bass' father, for example, was a prosperous tenant-farmer in Lincolnshire.

Yet although surgeons had not attained the social status and prestige of their twentieth-century successors, they were no less concerned to

make money. In the colony of New South Wales they were so involved in economic activities that it is difficult to see how they found time for the medical duties for which they received salaries. Thus Thomas Jamison, who arrived as a surgeon's mate in the First Fleet, was heavily engaged in trade in wheat, pork and sandalwood in the 1790s and later. He amassed a capital of some £4,000 by 1800; and his son and heir, Sir John Jamison, was one of the biggest landowners in the colony in the 1820s and 1830s.

George Bass, naval surgeon, is renowned in Australian history for his maritime explorations southwards from Sydney in 1797-8. Soon after this, according to his biographer, he suffered from a 'severe and chronic affection, probably corneal ulceration', as a result of which he secured his release from the navy on medical grounds.⁷ The truth of the matter is that, as is clear from Bass' private correspondence, he was much more excited by the prospect of commercial gain than by his naval responsibilities. Bass had virtually no capital but he formed a secret partnership with Thomas Jamison, who was well supplied with funds by that time. The two agreed that Bass should go to London, outfit a ship there with goods for speculative sale, and return with them to the colony. A prerequisite, of course, was for Bass to free himself from commitments to the navy. He told Jamison in a letter dated 3 April 1799 that if his naval vessel *Reliance* did not leave the colony within the next six months, 'I shall *most certainly be sick* and make the best of my way home in a whaler that no time be lost'. A little later, on 27 May 1799, Bass wrote again to Jamison: 'I have quitted the *Reliance*, invalided. Behold me embarked in trade'.⁸

Incidentally, Bass' keenness to get out of the navy provides an ironic commentary upon Professor Manning Clark's statement that every English success in the revolutionary wars against France, such as Nelson's victory at the Nile in 1799, was greeted in New South Wales 'with relief and joy'.⁹ Bass wrote irritably on 17 February of that year, 'This blasted Pitt's war will surely be upon the close by the time of our return to Europe'. The war threatened to interrupt Bass' commercial plans: the 'narrow patriotism' to which Clark refers was very shallow in the case of those whose money-making activities were at stake.

There was a close similarity in origins between the embryo capitalists of New South Wales and the new industrial capitalist breed in Britain. Dobb points out that in the Industrial Revolution in England, although the capital to finance the new technique came mainly from mercantile sources, 'the personnel which captained the new factory industry and took the initiative in its expansion was largely of humble origin, coming from the ranks of former master craftsmen or yeoman farmers with a small capital which they increased by going into partnership with more substantial merchants'. However, it was 'rare for a man to rise unless he had some capital at the outset'.¹⁰ The officers, surgeons and other officials of NSW would never have acknowledged that their

social origins were relatively humble and they had no interest in factories and machinery—instead, they dreamed of joining their social superiors ‘at home’ by becoming lords of large estates—but in fact they possessed the basic vigour, greed and ambition of the petty bourgeoisie. Their problem was that of how to expand very small capitals into large ones in a short space of time.

Initially, their hopes rested on the prospect of being able to obtain large grants of land from the crown and developing broad acres with labourers and tenant-farmers. This remained the long-term aim but its immediate achievement was not feasible. There were several reasons for this. One was that at first the only source of labour available was convict—cheap but in limited supply and inefficient, especially in the case of convicts from London slums. Second, it took a considerable time to prepare virgin land for farming. Trees had to be felled and the land cleared by axes and hoes—there were no ploughs. Furthermore, there was not much land suitable for arable farming around Sydney before the alluvial soil of the Hawkesbury area was occupied from 1794. Third, the market for agricultural produce was very limited: the colonial population was tiny and exports were out of the question.

In any case, no land grants were made to officers until 1793. Before this, Governor Phillip allowed officers the use of small plots of ground with two convict servants each to cultivate them, but Phillip’s original instructions from London did not permit him to make land grants to anyone other than emancipated convicts—on a scale of thirty acres for an unmarried and fifty for a married man, plus ten acres for each child in a family. In 1790, Phillip was authorised to make land grants to ex-marines wishing to settle in the colony, at the rate of eighty acres for a private and 130 for an NCO. However, although Phillip wrote to London asking for permission to make grants to civil and military officers—and he implied that this would be effective only when they ceased to be officers—specific authority to make such grants was not received in the colony until after Phillip had left.

It was a penal colony, not one of the traditional sort. To the British government, the obvious way of keeping costs down was for the Governor to develop public agriculture, using convict labour and regarding the end product as a ‘public stock’. In effect, the convicts would produce food for themselves and their gaolers. The provision for making land grants to ex-convicts was simply a device to cope with the immediate problem of what to do with such men. The last thing the British government wanted was for them to return home after their period of servitude. So they were offered land grants, together with a few primitive tools, seeds, and enough subsistence by way of rations to keep them going until they were able to raise a crop. In this way, as an incidental effect rather than by deliberate design, a peasantry was created.

Although the officers importuned the Governor for land grants at

the outset in 1788, they probably did not feel particularly disappointed at having to wait several years, for it was soon evident that the returns from farming were very low. The relative failure of harvests in Sydney, together with shortage of supplies coming into the colony by sea (though the continued arrival of convicts meant the necessity to feed more people) entailed near-famine conditions in the first four years. Rations were drastically reduced to a point where convicts were too weak to do much work and it was questionable whether the colony would survive. Apart from small windfall gains made by officers who brought commodities with them to the colony, it seems likely that the only people who profited in this period were the ships' contractors in Britain who transported convicts. These contractors were initially paid by the government a flat rate of about £17 per convict embarked—a system which paid a premium upon poor provisions, and indeed deaths, on the voyage.

Yet it was precisely comparable conditions of an isolated and hungry market which had been the basis for the accumulation of merchant capital in medieval times and later. It was the very lack of development of markets, the simultaneous occurrence of a glut in one and a shortage in another, which gave merchants an opportunity to buy cheap and sell dear. Theoretically, such a situation invited the participation of more and more merchants, with the effect of lowering the average rate of profit, but such ideal conditions of competition were inhibited by poor communications and by various regulations fencing in a particular market against outsiders. In these ways merchant capital was able to influence the terms of trade to exploit producers and consumers.

For a decade or so there were no professional merchants resident in Sydney. The colony was a speculators' paradise in the 1790s, and the officers were not slow to take advantage of this. Dependence upon the uncertain and irregular arrival of ships' cargoes, and the consequent high price of goods locally, meant that anyone on the spot with capital could make big profits. At first glance, a major difficulty would seem to be the question of who would buy imported commodities. It might be expected that luxuries and semi-luxuries would be imported by the officers for their own use but if that were all there would be no capital accumulation. The officers had to find a market for their commodities and apart from themselves there were only convicts and ex-convicts with very low purchasing power. This situation might be likened to that on slave plantations in the Southern States of the USA: the slaves grew their own food but their poverty limited imports into the plantation to luxury items for the owners.

However, a crucial difference in the case of New South Wales was the role of government. The British government had the responsibility, inadequately sustained though it might be, of feeding and clothing the convicts and their guards. Ration scales were laid down and it was the duty of the Governor to obtain supplies to meet them. As it was

anticipated that some time would elapse before the new colony became self-sufficient, the Governor was empowered to buy goods and to pay for them with bills of exchange drawn on the British Treasury. Given the fact that supplies sent directly on government account from England were inadequate, the colonial government provided both a market and the internationally acceptable currency which importers needed. Indeed, the economic importance of the government was much more widespread and complex than this, as will be indicated later. The first milch-cow for capitalists in Australia was the British government and—since British revenue was derived mainly from indirect taxes—the British people as a whole.

The main initial problem for officers in New South Wales was not so much the market, which was there for them to see, as their lack of capital with which to exploit it. Operating as a merchant was not a matter of investment of a few pounds only, and the officers had no business experience or credit links with established mercantile houses in Britain. Until Phillip received an official consignment of about 4,500 Spanish dollars from London in 1792, the only coins in the colony were those brought in the purses and pockets of the officers and some of the convicts.

The officers found two ways out of the dilemma. One was to pool their resources and take shares in the purchase of a cargo of incoming goods. This became a regular procedure in the 1790s, Balmain apparently being the main organiser of such pools. The shares taken by officers were not equal; the amount invested by each officer was related to rank and available capital. Nevertheless, these rings were comprehensive. Even officers who were out of Sydney—for example, Jamison on Norfolk Island—were cut in for a share.

Second, and more important, was access to public money in the form of regimental funds. Pay for both officers and men of the NSW Corps was credited to them monthly in London. In addition, there were substantial sterling funds, such as subsistence allowances, which were at the disposal of company commanders like Paterson, Johnston and Foveaux. Through the Corps paymaster, the officers were able to draw bills on these resources held by the regimental agent in London; and these bills paid for commodities purchased by the officers on their own private account. Between 1792 and 1800, the paymaster drew bills to a total of £51,000 to pay for imported goods—a considerable sum, which does not include Treasury bills made out by the colonial government.

Incidentally, soldiers of the Corps were robbed in the process. While the officers were appropriating funds which included a large element of pay due to their men, the latter received only goods such as liquor or tobacco ('truck' payment supplied by the officers) or, occasionally, over-valued copper coins. Officers such as John Macarthur, who was Corps paymaster between 1793 and 1800, may have preserved the

forms of gentlemanly behaviour between themselves but they were certainly not gentlemen in relations with their soldiers.

With initial capital derived from such sources, the officers were all set to make great profits once the first few bad years of the settlement were over. On a couple of occasions they chartered ships themselves to bring goods to the colony but usually they were content to present a monopolistic front to any ship's captain arriving in Sydney. As Governor Hunter remarked, 'every vessel, British or neutral, was expressly *prohibited* admitting any other than an officer on board, by which means, as they were all combined together, every shilling's worth of private trade was engrossed by those who were in the pay of the crown'. Perhaps fearing the development of competition from within their own ranks (as well as from rising emancipist traders like Simeon Lord), the officers and some of the other 'principal inhabitants' in 1798 formally bound each other, under penalty of £1,000, not to purchase goods from incoming ships except through two officers chosen to act as agents for all of them. As a further sanction, they agreed to 'avoid the company of any individual, and to consider him an infamous character, who shall be convicted of a breach of these articles'.¹¹

It is ironic that the officers attempted to justify their practices by asserting that without them a ship's captain would be in a position to demand monopolistic prices for his cargo. As Elizabeth Macarthur put it, the united front of the officers 'prevents monopoly, and the impositions that would be otherwise practised by the masters of ships'.¹² This was true enough in itself, but in reality the officers were two-faced: their monopoly was directed against the shipmasters from whom they bought and against the great majority of the colonists to whom they sold (directly or indirectly). It is not possible to make any realistic calculation of the rate of wholesale profit in the colony but such records as have survived indicate that it was remarkably high. For example, on one cargo imported by a partnership of Macarthur, Blaxcell and Jamison in 1808, a profit of about £11,000 was made on an investment of £10,000. The partners 'apparently found disappointing' this gain of 110 per cent!¹³

Dr Hainsworth deploys the standard apparatus of the business historian to exculpate the officers. Since they were the only colonists with any capital, 'the officers' virtual monopoly of the early import trade was the fruit of circumstance rather than contrived'; and these men, together with some ex-convicts, 'helped to create a colony out of a prison by erecting a business community and a commercial structure suitable to a colony but increasingly unsuitable to a prison . . . They laid the foundations . . .', etc.¹⁴ Actually, they were parasites. As Margaret Steven comments about the first decade in New South Wales, 'market conditions were so favourable that anyone, regardless of ability, with a command of capital was capable of producing a profit. Practically no degree of business acumen, except at the most primitive level, was

necessary to make a profit in such a monopolistic situation . . . Even in retailing they cut risks to a minimum. Goods were passed to convict "dealers" .⁵

Ex-convicts were used as dealers and agents, partly because the officers, with few exceptions, were tyros in business matters but mainly because of social inhibitions: a gentleman could engage in wholesale but not retail trade. Besides the social stigma of being a shopkeeper or huckster, such lowly dealings would have advertised too openly the contrast between the officers' economic interests and the employment appropriate to the wearer of the king's uniform. So although some officers sold imported goods such as liquor directly to their soldiers, and others used as agents the women with whom they lived, most officers sold to ex-convict middlemen—publicans, storekeepers and the like—who engaged in retail trade. This, rather than small land grants, is the explanation for the economic rise of some ex-convicts. For example, Simeon Lord, who was transported to Sydney in 1791 and was emancipated early, appears to have been set up in business as a baker and licensed victualler by Captain Rowley, who probably used him as a cloak for his own trading activities. Before long, however, Lord was able to branch out independently as a trader on a growing scale. By 1800 he had moved into importing and wholesale trade, shipowning and seal-hunting, whilst retaining a big retail network.

Only a very small proportion of convicts ever came anywhere near achieving this kind of economic independence. Nevertheless, Lord was not alone. There were others such as Kable and Underwood who became prominent, particularly in shipbuilding, the hunt for seal skins and oil, and small manufacturing and building. This remarkable phenomenon of economic opportunity for some of the lowest on the social scale arose mainly from the extraordinary circumstances of the colony: the absence of middlemen in the first instance, coupled with the officers' reluctance to venture themselves outside the cosy spheres of monopolistic wholesale trade and grazing. Needless to say, men like Lord charged their customers, the ultimate consumers, very high prices for goods by adding extortionate margins to wholesale prices.

It may be noted that the phenomenon was short-lived. Once rigidities of structure set in, there was little opportunity for the likes of Lord or Samuel Terry to blossom. In Van Diemen's Land, settled at a later date, there was no development of emancipists at all comparable to New South Wales' wealthy ex-convicts. Actually, not all of the latter arrived penniless in the colony. Robert Cooper, when he was sentenced to transportation in 1812 for receiving stolen goods, was a London publican with a trade turnover of £17,000 per year. He may be presumed to have transferred capital to Sydney where he was granted a conditional pardon in 1818 and opened a general store in George Street. He became a merchant on a large scale and one of the principal

shareholders in the Bank of New South Wales; by 1827 he was operating a distillery and a few years later he established a brewery.

Dealers who were mostly ex-convict (though some sergeants in the NSW Corps also saw lucrative openings for themselves in this sphere) sold goods to farmers, soldiers, convicts and emancipated workers. Because there was little money in the colony, these deals took the form mainly of barter, with such commodities as sugar, alcohol and flour being swapped for 'equivalent' values; the values established allowed for the dealer's profit. Wheat had a special importance in these transactions, as it was the main commodity for which the government commissariat store provided a market. The commissariat issued store-receipts in payment for its purchases. These receipts served as a form of paper money within the colony and, when consolidated into substantial sums, they could be presented to the colonial government for exchange into bills on the British Treasury. In turn, Treasury bills, which were as good as gold, could be used to pay for imports.

Thus the officers were links in a commercial chain which extended from themselves as importers, through dealers and producers, to the commissariat and Treasury bills which paid for more imports. Having utilised regimental funds as their initial source of capital, the officers grew fat on colonial government funds. For instance, in the three years 1798 to 1800, Governor Hunter issued Treasury bills to a total of about £94,000. Not all of this was made available to the officers—the government itself bought some goods from ships—but a large proportion certainly came into their hands.

The figures just given for Treasury bill issues at the end of the eighteenth century represent a considerable increase over figures for earlier years. To understand how this came about it is necessary to consider social relations in agriculture. The original intention of minimising costs to the government by developing public agriculture on the basis of convict labour was subject to an obvious difficulty: if ex-convicts were to be given land grants to keep them in the colony, then a market must be made available for their produce. The only feasible market in the circumstances was that which could be provided by the commissariat, which had the task of feeding large numbers of convicts and others. In this way there developed a conflict of policy between public and private farming: if public farming were extended, the market for the produce of settlers was narrowed. The commissariat could not waste public funds by giving an unlimited guarantee to buy all that farmers could produce.

This problem was only beginning to appear—as yet there were not many ex-convicts on the land—when the colonial government received authority to make land grants to officers in 1793. For the next two years, between the departure of Governor Phillip and the arrival of his successor Hunter, the officers held nominal as well as real power. In point of fact, they did not make large grants to themselves in this

period. Nor were they exclusive in the process—well over one hundred land grants were made to privates in the NSW Corps, though this was really in the interest of the officers. As Hunter observed, these grants to soldiers could not ‘be occupied and cultivated by the proprietor, who in this case had other duty to do; this, of course, was understood; they therefore sold them, and most of them were purchased by their own officers, some of whom have by this means considerable tracts’.¹⁶

However, much more significant was a change in policy concerning public agriculture and the use of convict labour. Public farming was substantially reduced, and convicts were switched to work on the officers’ farms as assigned servants. The officers were now allowed not merely two but ten convicts each to cultivate their land, these convicts being still maintained with rations and other necessities by the public stores. Moreover, the officers tapped an additional source of labour among those convicts who were still in direct government service, being employed on public works as well as agriculture. This point is related to the fact that convicts in government service were generally not set to work for the maximum number of hours possible; they were allowed a certain amount of time in which to work ‘on their own hands’—that is, for wages paid by private employers. On the face of it, this procedure seems surprisingly enlightened but the explanation is one of practical necessity. Until a big convict barrack was built at Hyde Park in 1819, the government could not accommodate most convicts in Sydney. They were therefore told to find private lodgings for themselves in the town and they were allowed to work ‘on their own hands’ to earn the rent for lodgings. Those who could not find work had to sell part of their rations for the purpose; but generally a compulsory work-day of ‘only’ nine or ten hours for the government (spent doing as little as possible) was an actual working day of twelve or thirteen hours, the extra time being put in to obtain items like tobacco and grog from officer-employers.

At first, this source of part-time labour was not effectively mobilised by the officers—the convicts were used inefficiently on odd jobs. However, when the officers secured land grants they realised that they could use this pool of labour to supplement the full-time work of the convicts assigned to them. Indeed, during the period of military government the official hours of work for government convicts were deliberately reduced in order to give these men more time to work for private employers. The work of government was neglected in the interests of the officers. In 1793, John Macarthur was appointed Inspector of Public Works at Parramatta, a key position which gave him control over both public agriculture and the allocation of convicts. Two or three years later, although he had received only 200 acres of land by way of grants from the crown, he had 130 acres of his land under crop, worked by thirty or forty servants. As Captain Waterhouse noted,

Macarthur had 'remarkable fine farms of his own but I cannot say so much for Government's'.¹⁷

Public farming was sharply curtailed at this time. Later, on instructions from London, it was expanded to some extent but was then virtually ended in the 1810s. This is in no sense to be regarded as a failure of what Shann termed 'the economic last ditch, communism'¹⁸: public agriculture based on convict labour was no more socialist in content than Newgate prison or the British Army. Nor should the growth of emphasis towards private farming be attributed exclusively to the officers' activities in 1793-5. They precipitated the movement but it was inevitable once the concept of a mere gaol began to give way to a capitalist economy. The real significance of these developments was two-fold. First, British government expenditure on the colony rose substantially, through the purchase of grain and meat produced on private land—and the flow of Treasury bills went mainly to the officers. Second, the officers had found a permanent source of profit, not subject to the vicissitudes of wholesale trade: surplus value from the labour of convict and ex-convict workers.

For a time, the officers were in a better position than slave-owners, for they did not even have to feed and clothe the convicts assigned to them—the colonial government accepted responsibility for that. This singularly profitable position could not be maintained indefinitely in face of the imperial government's realisation that it was being swindled all round: not only was a large part of the unfree labour force diverted from public to private farming, with the government buying the product of the latter, but the government was still committed to maintaining assigned convicts from the commissariat stores. In 1798, Governor Hunter tried to return to the original practice of allowing each officer only two assigned servants maintained by the stores (plus others who were 'off the stores', their number being restricted only by availability). His orders were ignored but Macarthur, with his usual perspicacity, saw the inevitability of a change in the system; he therefore offered to provide bread (though not clothing) at his own expense for convicts assigned to him—provided that he could obtain 100 more such servants. The offer was not accepted because the colonial government did not have so many convicts to spare for one employer.

It was not until about 1804 that the great bulk of assigned convicts were off the stores—that is, fed and clothed by their masters rather than by the government. It was still, of course, a very cheap supply of labour for those who were in a position to exploit it. In addition, the officers and their civilian allies had at their disposal several other sources of labour: the part-time labour of convicts retained in government service; ticket-of-leave men, a semi-free form of labour whose wages were depressed by the fact that they were not free to move out of their particular police district; and finally a growing pool of free

wage-labour consisting of ex-convicts who had served out their sentences or been emancipated for other reasons.

The use of unfree labour was a basis for rapid capital accumulation within the colony by the first generation of employers. Officers grumbled about the quality of convict labour—it was reckoned to be about two-thirds as efficient as free labour—but it had the great advantage of being dirt cheap in real terms. However, in the conventional assumption that New South Wales remained primarily a gaol until about 1820, the importance of free (including ex-convict) labour is generally overlooked. Yet in 1805 there were 800 free male workers, compared to 650 male assigned convicts. True, there were also 500 female convicts, mainly used as domestic servants, and 1,000 male government convicts. Part of the labour of the latter group—time spent working ‘on their own hands’—was available to private employers but most of it was utilised on government work (building an infrastructure) which was not directly profitable to employers.

Thus from the point of view of labour as well as other aspects, the economy should be regarded as essentially capitalist after the first couple of decades. In the course of time, the proportion of convicts in the labour force declined as sentences expired, children born in the colony grew up, and free immigrants arrived. It was not a smooth progression, for these factors were offset to some extent by the number of convicts newly imported—a number which increased rapidly from 1814.

Certainly, convict labour—especially for big employers—remained very important until the 1840s. However, it would be wrong to characterise the economy as pre-capitalist for that reason. The presence of convicts undoubtedly coloured the scene and entailed a tighter code of labour discipline for free workers but the latter constituted the main—and permanent—work force. Indeed, it is false to draw a very sharp dividing line between free workers and assigned convicts. They often lived under the same roof together and both categories were ‘free’ to work hard in return for food and clothing, the value of their labour above this level being appropriated by their employers. Much the same could be said of free labourers in England, the capitalist homeland. It may be further noted that in the free colony established in Western Australia in 1829, most labourers were indentured to private employers. Freedom is a relative term.

In New South Wales from the 1790s, wages for free workers were nominally high, due to labour shortage. Even assigned convicts were paid a wage by their masters, the rationale being that if government convicts were to be allowed to work for wages outside regulation hours, then the same should apply to assigned convicts for work done by them outside the same formal work-hours. However, the seemingly high level of wages by comparison with Britain is misleading. In 1800 in the colony there was an officially prescribed rate of fifteen shillings

per week for a free agricultural labourer, and actual wages were probably twice as high as this because of labour scarcity. However, wage rates were expressed in the debased colonial currency, and wages were generally paid in kind, not cash. Thus workers drew their wages in the form of 'indulgencies' such as tea, tobacco or grog supplied by their employers; or workers were paid in commodities such as wheat which they could then barter for such comforts, over and above bare rations. Their bargaining position in such transactions was poor.

As always with payment in truck, the goods supplied to workers were heavily over-priced. Furthermore, the officers as employers paid for labour in the very commodities which they themselves imported at great profit. This command over goods for wages also gave the officers an advantage in competition for labour against small peasant-employers. As Hunter observed about the use of rum as an incentive: 'Much work will be done by labourers, artificers and others for a small reward in this article . . . which money could not purchase'. It amounted to trading on the misery of workers to whom alcohol represented the one obvious way of securing temporary enjoyment or forgetfulness; a downtrodden labour force was further befuddled.

There was yet another section of the population open to exploitation: the growing number of ex-convicts who obtained land grants. They lived a poverty-stricken existence, scratching over the soil, and many were dispossessed of their small holdings within a few years. This was due partly to such factors as their ignorance and unsuitability for farming, lack of capital and subjection to flood and drought. However, there were other reasons related to the officers' control over political power in the colony. Small farmers were squeezed between low prices for their produce and high costs of production in the form of imported commodities and relatively high wages for free labour. The high costs of production were mainly attributable to the officers' wholesale monopoly, while low producer prices for grain flowed from the officers' influence over the operations of the commissariat as virtually the sole ultimate purchaser. In the case of a good harvest, the commissariat stores were opened for the purchase at a fixed price of only as much grain as the government needed and had storage facilities for, and in the ensuing competition to have grain accepted by the public stores there was never much doubt that the officers and traders would be favoured as sellers. Small farmers who failed to get into this market were forced to sell their produce at low prices to private dealers (ex-convict middlemen) or to officers.

The economic importance of the commissariat underlines the role of government and of the civilian officials who were accepted as part of the officers' ring. Actually, the officers did not produce very much grain on their own land, preferring to concentrate on meat production which was more profitable. Nevertheless, wheat came into their hands, sometimes as rent paid by small farmers, more generally because wheat was a

substitute for money. Consequently, the officers relied upon sales of grain and meat to the commissariat in exchange for more negotiable forms of money.

A peasantry was barely established in New South Wales before the emerging bourgeoisie was busy dispossessing peasants of their land and turning them into wage workers. The attitude of the officers towards small farmers is typified by the comment made by Macarthur in 1796 that it would have been better 'had these men, instead of being permitted to become settlers, been obliged to employ themselves in the service of an industrious and diligent master'. Two years later, a group of farmers reciprocated the feeling in a statement complaining about the high price of imported goods and about being forestalled at the public stores in the sale of their grain. They declared: 'The Farmer is branded as an infamous, idle drunken and abandoned character—the Trader on the other hand who has the opportunity of getting Money and is in fact only a nuisance and pest to the Colony not doing any one thing for the support or welfare of it but is the original cause of every disorder, meets with respect, enjoys all the comforts of life, and in a very few years makes his Fortune out of nothing at the expense of the distressed and industrious Farmer, and on Government on whom they so grossly impose'.¹⁹ Dr Hainsworth puts a gloss on such quotations by suggesting that the farmers' criticism was really directed against middlemen dealers who were the immediate suppliers of goods, often on the security of real estate mortgages; but the farmers' complaints referred specifically to 'gentlemen' as well as dealers.

Certainly by 1800, many ex-convict peasants had lost their land through foreclosure of mortgages. The point should not be exaggerated, for in the following two decades a number of small farmers were able to hold on to their land and to prosper in a small way. For instance, George Bert arrived in the colony as a prisoner in 1792 and was granted thirty acres of land by Governor Hunter and another sixty acres later by Macquarie. By 1819 Bert (who had been a farmer in England) owned 455 acres, most of which he had purchased; he had four assigned convicts working for him, together with two ticket-of-leave men and three free labourers. As this example indicates, use of convict labour was not confined exclusively to the officers and wealthy immigrants and there was economic differentiation within the peasantry: a bourgeoisie was developing on agricultural land. Furthermore, when Commissioner Bigge investigated the situation in 1819 and took evidence from Bert and others, he found that small farmers, mostly ex-convict, still held by far the greater part of the *cultivated* land in the colony, although many of them were only tenants.

Nevertheless, the extent to which land originally held by ex-convicts and soldiers passed into the hands of the ruling *élite* is remarkable. In 1802, John Macarthur owned nearly 4,000 acres at Parramatta, only 320 of which had been acquired by way of grants from the crown;

the remainder had been bought (some of it from other officers). In 1820, W. C. Wentworth, in addition to land received by grant, owned 23,880 acres of purchased land. Such cases represented primary accumulation in the classic Marxist sense. Even more ruthless was the amassing of 22,000 acres by emancipist Samuel Terry, mainly from small settlers who were unable to pay their debts to him.

From about 1800, a new element was introduced into the colonial situation with the arrival of the first professional merchants, mainly representing British mercantile firms established in India. Foremost was Robert Campbell, who settled in Sydney and built up a permanent base, including a private wharf, for importing. Unlike the officers, Campbell was not limited in his operations by commissariat expenditure and the consequent supply of Treasury bills: as a professional, he had access to external sources of capital and credit, immediately in India and ultimately from Britain. For some years at the beginning of the nineteenth century, Campbell was the largest importer of goods into New South Wales. At last the officers had to face some competition in this sphere. George Bass, for one, suffered; his commercial ambitions foundered when his shipload of goods arrived in Sydney in 1802 at about the same time as several other cargoes, with the result that the market was temporarily glutted.

Although Campbell initially represented a challenge to the officers' import monopoly, the ring was not really broken—rather, it was widened to accommodate him and his ilk. Campbell was soon playing the same game of obtaining favours from the colonial government. He depended heavily upon government contracts to import spirits and cattle from India and he was closely associated with the commissary, John Palmer. In Bligh's governorship, Campbell was appointed Naval Officer, a post which combined the duties of harbourmaster and collector of customs and was therefore important in connection with Campbell's own commercial activities.

In the first decade of the nineteenth century, the officers continued to trade profitably on the whole. Governor King made some efforts to restrict the quantity of spirits imported into the colony but he made no attempt to control the retail price of grog, with the result that the position of those who controlled imports remained privileged. In the long run, however, the appearance of Campbell on the scene signalled the opening up of trade with the outside world. Without severely restrictive conditions of trade, the occupation of merchant could be hazardous, subject to big losses as well as profits. It was a field for skilled full-time professionals, not part-time speculators.

The first sign of danger was a glut of imported goods in the Sydney market around 1802. Then, in 1812-15, there was a serious commercial depression in the colony, associated with credit difficulties in Britain which spread to mercantile firms in India. Such connections brought even Campbell to the brink of ruin, while men like Macarthur had their

fingers badly burned. In 1816 Macarthur, on hearing that a cargo which he had despatched from London had fared badly in the Sydney market, declared: 'It is . . . the last mercantile project in which I will ever try my fortune'.²⁰

This was virtually the end of the officers' activities in wholesale trade. Their functions were taken over by representatives of merchant houses from India such as Richard Jones and William Walker. The older *élite* concentrated its attention upon land and grazing. For them, big speculative trading profits were over, but they had accumulated capital and now faced a bright prospect of further solid accumulation by exploiting labour and accelerating their grab for land—in which they were joined by new immigrants with capital.

The process of establishing large estates began long before this, of course. The officers learned very early that animal husbandry, for both meat production and the breeding of stock, was more profitable than arable farming—and grazing was an occupation more suitable to a gentleman. As soon as Governor Phillip left the colony, the officers acquired, in exchange for liquor, many of the sheep which he had distributed among the settlers, and the officers imported more sheep and cattle for themselves. They invested profits from wholesale trade in building up flocks and herds and in 1800 they owned about eighty per cent of all the sheep in the colony—and nearly all the cattle, apart from those retained in government possession. Yet at the same time the officers' landholdings amounted in aggregate to only 14,500 acres. Admittedly, that was more than one-third of the total land granted by the crown but it was not much in absolute terms.

Transfer of land from the crown to private ownership was speeded up in the following decade, notably with the grant of 5,000 acres at the Cowpastures to Macarthur. Concurrently, the first few free immigrants with capital (men who were neither officers nor officials) arrived in New South Wales and were given fairly large land grants, together with convict labour. Governor Macquarie was generous in making grants (including 1,500 acres each to Robert Campbell and John Palmer) in the 1810s. By 1821, a total of about 380,000 acres had been alienated from the crown in NSW and about sixty per cent of this was owned by only eighty individuals out of the 1,665 landholders. By far the greater part of the alienated land was in the Cumberland Plain around Sydney, but by then the Blue Mountains had been crossed and the real rush for grazing land was beginning.

The amount of land alienated from the crown in the 1820s dwarfed all previous transfers. In addition to land leased out or licensed by the crown, a total of nearly three million acres was alienated by 1829—one million acres of it in a single grant to the Australian Agricultural Company. The main incentive now was profit from wool-growing for the London market and this attracted to NSW a growing number of free immigrants with capital. At the same time the system of small

land grants to ex-convicts was effectively ended and replaced by grants which varied in size according to the amount of capital possessed by the applicant: the bourgeoisie needed a proletariat, not a peasantry. The restriction of access to land except for men of capital, was made watertight in the 1830s by the cessation of all grants. Instead, crown land was alienated only by sale, at a price which kept small men out but allowed ample profits for big graziers—not to mention the graziers who squatted and paid little or nothing for the crown land they used.

Government, as a source of landownership on a large scale, together with the continuing flow of convict labour (and government expenditure to maintain it), remained the prime road to greater private wealth. Yet although a growing number of fresh capitalist immigrants took that road, 'old colonials' were well up in the race. Some retired to England but others stayed where the money was, in land and wool. For example, in 1837 James Macarthur and his brother (sons of John) owned 50,000 acres (18,000 of which had been acquired by crown grants) and employed 186 people, including 130 convicts. Even the first generation of professional merchants, men like Jones, Walker and Riley, invested heavily in grazing from the 1820s. Robert Campbell's firm was virtually bankrupt as a result of depression in 1815, but he re-established himself as a merchant in the 1820s and received large land grants in the Limestone Plains area (later to be the site of Canberra). In the 1830s, Campbell bought another 8,000 acres of crown land in the area, giving him a total of 19,000; and he squatted on large runs such as Delegate which comprised 38,000 acres. His biographer does not explain precisely how Campbell made such dramatic gains after being 'paralysed by debts' in 1815,²¹ but it may be remarked that throughout the nineteenth century the Australian bourgeoisie displayed a remarkable facility for surviving times of depression, especially by concealing assets from creditors.

It may be noted further that Campbell was an absentee grazier. Apparently, he did not visit his domain along the Molonglo before 1830, and he continued to reside in Sydney thereafter. There were many like him and there were other squatters of a type described in a newspaper: 'He had only to go forth in the morning and get upon his horseback and superintend, and fancy that he was very busy and take credit to himself for enduring the hardships of the bush.'²² In short, such men, like the officers of the NSW Corps, rarely did a stroke of work themselves: their wealth was created by the labour of others.

Primary accumulation was the genesis of a number of family fortunes still evident in Australia today—the Wentworths, for example. As Joseph Furphy commented in 1897: 'The successful pioneer is the man who never spared others; the forgotten pioneer is the man who never spared himself, but, being a fool, built houses for wise men to live in, and omitted to gather moss.'²³

NOTES

- 1 Marx's *Capital* was written in German. In the early translation into English by S. Moore and E. Aveling (edited by F. Engels), the term 'primitive accumulation' was used. However, Eden and Cedar Paul, in translating the book for the Everyman's Library edition (1930), preferred the words 'primary accumulation'. The latter, with the connotation of earliest or original rather than crude, seems more meaningful and has been adopted for the purpose of this article. On the other hand, the quotations from *Capital* used here are taken from the Engels edition, which is the more graphic.
- 2 Karl Marx, *Capital* (Allen and Unwin, London, 1946), pp. 736-7.
- 3 *ibid.*, p. 737.
- 4 *ibid.*, pp. 737, 775.
- 5 T. A. Coghlan, *Labour and Industry in Australia* (Macmillan reissue, Melbourne, 1962), vol. 1, p. 7.
- 6 However, 'gentlemen' convicts were privileged. Men like Francis Greenway were generally given tickets-of-leave.
- 7 K. M. Bowden, *George Bass 1771-1803* (Oxford University Press, Melbourne, 1952), p. 52.
- 8 Quoted from papers in Chancery Records, Public Record Office, London.
- 9 C. M. H. Clark, *A History of Australia* (Melbourne University Press, Melbourne, 1962), vol. I, p. 154.
- 10 Maurice Dobb, *Studies in the Development of Capitalism* (International Publishers, New York, 1963), pp. 277-8.
- 11 Cited in D. R. Hainsworth, *Builders and Adventurers* (Cassell, Melbourne, 1968), pp. 7, 12-13.
- 12 Cited in S. M. Onslow (ed.), *Some Early Records of the Macarthurs of Camden* (Sydney, 1914), pp. 50-51.
- 13 D. R. Hainsworth, *The Sydney Traders* (Cassell, Melbourne, 1971), p. 92.
- 14 *ibid.*, pp. 5, 27.
- 15 M. J. E. Steven, 'Enterprise', in G. J. Abbott & N. B. Nairn (edd.), *Economic Growth of Australia 1788-1821* (Melbourne University Press, Melbourne, 1969), p. 122.
- 16 Hunter to Portland, 12 November 1796, *Historical Records of Australia*, I, vol. i, p. 670.
- 17 Waterhouse to Banks, 24 October 1795 (Banks Papers, A78⁻², Mitchell Library, Sydney).
- 18 E. O. G. Shann, *Economic History of Australia* (Cambridge University Press, Cambridge, 1930), p. 12.
- 19 Colonial Office Records, 201/123, Documents D, 61, p. 616, P.R.O., London.
- 20 Cited in D. R. Hainsworth, *The Sydney Traders*, p. 101.
- 21 Margaret Steven, *Merchant Campbell 1769-1846* (Oxford University Press, Melbourne, 1965), p. 249.
- 22 *Australian*, 28 October 1841.
- 23 Tom Collins (Joseph Furphy), *Such is Life* (Lloyd O'Neil reprint, Melbourne, 1970), p. 107.

2

EARLY AUSTRALIA: WAGE LABOUR OR SLAVE SOCIETY?

MICHAEL DUNN

THE CONVENTIONAL ACCOUNT of early settlement in Australia is in terms of the colony of New South Wales being established initially as a gaol which evolved into a capitalist society by about 1820. Clearly it would be pointless to try to determine the precise date of arrival of capitalism in Australia. The notion of arrival is descriptive, offering nothing more than the ludicrous picture of a mode of production stepping off a ship, carpet bag in hand, ready for business.

However, the assumption that the capitalist mode of production was dominant in NSW by 1820 is false. The system of assignment of convicts was a type of slavery, not a capitalist economy. 'Slave-owners' were the dominant class in this society, although there was also an expanding capitalist sector of the economy. As the capitalist mode of production developed, so there was a political struggle between capitalists and 'slave-owners'.

How shall the difference between capitalism and slavery be elaborated? And how can it be said that one was dominant over the other? At the outset these questions demand an understanding that cannot be found in a dictionary since it is not a matter of mere words. Nor will it suffice to make a few provisional points in the hope that a flight from theory to 'facts' will automatically provide the answer. On the contrary: it is the sound establishment of the general theory which makes it possible to reconstruct the particular Australian scene out of the data available.

As a concept, 'capitalism' purports to specify a working together of relationships in society. The starting point of an enquiry into these relationships must be at the level of material production, simply because the first consideration of any society is to ensure its survival through the repetition of its productive processes. Moreover, since the terms 'capitalism' and 'slavery' are applied to different societies there must be within those concepts the means by which to differentiate the two

general types of societies whilst still providing common criteria by which they can be compared. The essence of the problem is the different means by which labour in general is exploited by a dominant class. This exploitation stems from the power of a class of non-labourers to appropriate from the labourers a surplus over and above what the labourers themselves may require. The different forms which this extraction of labour takes constitute the secret of the differences between the slave and the capitalist modes of production.

In a purely slave society, both the labourers and the means of production belong to the owning class and thus the whole of the product goes at once to the master. Only then does he redistribute part of it to his slaves for their maintenance while the master holds the surplus for himself. That is, the labourer and the means of production are united in a property relationship which is in turn combined with the relationship of appropriation of the surplus product. In a purely capitalist society, the owning class possesses only the means of production whilst the labourers are 'free'. But to live, the labourers must work on the means of production owned by their masters. This separation of the two is overcome by workers advancing their capacity to labour to the capitalist who pays a wage in return. This wage is not for the products produced nor is it equivalent to their value. It is for the value of the capacity to labour (determined by the value of the products necessary to maintain the labourer). The unity of labourer and means of production under slavery establishes that the surplus must be extracted before exchange (if any) occurs. The separation of the two in capitalist society makes labour power (in the form of the labourer) a commodity, so that appropriation takes place in a market, in the act of exchange, and appears as profit.

Having sketched the difference in the form of labour-exploitation between slave and capitalist societies in the 'pure' state, there remains a question to be dealt with when the two modes of production co-exist in the same society. It is essential to reject out of hand any solutions to this problem by counting sheep, convicts and money, as this would simply equate dominance with some numerical 'more'. Dominance rather relates to the ability of one class or another to realise its own interests at the expense of others. Where a mode of production is dominant in a society, the social classes are distributed so that the dominant (owner) class in the dominant mode is the dominant class over the whole of that society. The economy itself does not produce or guarantee this situation: it is primarily a political question. State power is the prize. State power is the necessity for the dominant class of the dominant mode.¹

Therefore, the relevant questions in Australia are: by what means did capitalism become the dominant mode of production? When did the capitalist class secure control? This essay argues that the crucial issue was the abolition of the transportation of convicts to New South Wales

in 1840. The situation in the other Australian colonies is then considered.

Convictism and Capitalism in NSW

Convictism was not capitalism.² Rather, it was an interesting variant of the slave mode of production where the non-labourers own both the forces of production (land and grain) and the labour-power (convicts), in order to appropriate their part of the product. The convicts were united with forces of production—a unity which literally chained them to their labour. The interesting aspect is that the convicts' period of productive slavery ended with the expiration of their prison sentences, and thus New South Wales was bound to have an increasing number of labourers thrown out of the dominant mode of production. The high costs of returning to the United Kingdom, and the specific prohibition in many cases against their doing so, forced them to stay in the colony. The original plan for these ex-convicts, emancipists and ticket-of-leave men was that they should develop into a peasant community after some initial assistance from the State by grants of land and purchase of their products. In accordance with this, the primitive communist mode of production, concretised in the aboriginal social formations, was destroyed in the immediate vicinity and attempts were made to force the blacks into wage-labouring and/or petty producing. Generally the plans for petty production and a 'natural economy' of exchange of commodities for commodities *via* money failed. Indeed, very soon after its foundation the colony saw the first wages being paid to men who were without forces of production, the 'free' labourers; the capitalist mode of production had been created, but in a very subservient position.³

Productive processes of the colony depended on the government stores, partly to circulate the products and partly to issue Treasury notes to pay for imports from visiting merchants. What the colony could not pay for, the NSW Corps charged to the UK government through the issue of Treasury bills. The officers then used their monopoly over imported goods to reap 400 to 500 per cent profits from the petty producers and anyone else who opposed their policy.⁴ Despite Governor King's restrictions, these practices continued, and it was not until Macquarie's governorship (1810 to 1821) that the old officer-cum-exclusive clique was forced out of trade. Macquarie then helped stabilise trade and currency by establishing the Bank of NSW in 1817 with the assistance of emancipist merchants who had been left to weather the less profitable and more risky 1811 to 1813 trading period.⁵ Such stabilisation was clearly necessary for the continued production of the colony, as well as to avoid having the colonial economy sustained out of the pockets of the bourgeois government in England. This and other aspects of Macquarie's policy set him against the slave-owner 'exclusives' in the interests of the emancipist merchant bourgeoisie.

The influx of convicts in 1817 and 1818 and the crossing of the Blue Mountains posed a real problem. By his policy of restricting expansion beyond the Sydney Plain, Macquarie had kept the support of the petty producers and the merchants, but as the costs of maintaining more convicts increased and the opportunities for expansion were present, he was forced to give in to the large landowners who wished to depasture their mutton sheep and beef cattle in the new areas. Moreover, the Bigge enquiry around 1820 supported the slave-owners' claims for expansion, for the assignment of more convicts to free settlers and for the development of an export industry to lower costs for the home government. In a reversal of Macquarie's policy, under Governor Brisbane, gentlemen with large savings to invest were encouraged, by free grants of land and by the assignment of convicts, to come to the colony.

In one sense then, the capitalist mode of production in the colony had been set back, in so far as it was not to be a dumping ground for the goods of the commercial bourgeoisie. On the other hand, wage-labour was still employed in the colony and pastoral production certainly did not preclude the development of capitalism within the industry, alongside the slave mode of production. In this respect there is a need for precision when speaking of the import of 'capital' into the colony at this time. The elements of production in general were imported—convicts, gentlemen and the first sheep. But *capital* is a relationship between the elements which is absent from slavery. In the apparent uniformity of 'the pastoral industry' we have two competing modes of production. One uses convicts, the other hired-labourers; in other words, only one part of the total colonial product could be said to involve the 'import' of that social relationship known as capital. The competition between these modes was most lively for the local meat market until 1828. The importance of wool as an actual rather than hoped-for export has been exaggerated, and production was largely for internal consumption. This consumption was furthermore mainly a convict one, as the commissariat's purchases of meat rations increased greatly with the increased number of convicts.⁶ Thus the nascent capitalist mode of production was still tied to the requirements of the slave mode, and only after the collapse in meat prices in 1828 did a definite transition to wool production come about.⁷ Although the sale of wool in England represented, in view of the existence of these two modes, partly an income derived from the slave mode and partly money-capital, to the Yorkshire manufacturers wool was only a raw material: slave-wool or capitalist-wool was all the same to them.

One of the internal contradictions of the slave mode of production in Australia has already been noted—the way in which it constantly released labourers from its grip to become wage-labourers, no matter what the number of convicts transported. This in itself made the repetition of production as *slave* production on an expanded scale

impossible. The failure of petty production also set quite definite structural limits on the possibility of repetition of slave production. This was further compounded by its failure to provide sufficient labourers, even with the ex-convicts counted in as well. In 1827 there were 5,042 additional convicts requested from the government but only 2,754 were assigned; in 1830 requests were 8,452 and only 3,827 were assigned in New South Wales. Demand also exceeded supply in Van Diemen's Land in the same years.⁸ Thus in 1831 land sales at a minimum auction price of 5s per acre were introduced, the proceeds of which were to pay for the passage of 'free' (proletarian) labourers to New South Wales. This price had been reached at land sales in Governor Darling's period and so land was sold more or less at its value. But of course the quantity of good land available was falling as more wealthy immigrants came in. At the same time settlement was spreading beyond the limits proclaimed by Governor Darling in 1829. It was intended that the limits would remain in force until the surveyor could catch up with the demand for land, but once sales were substituted for land grants within the limits of location, there was a clear incentive to move outside them and pay nothing but a licence fee. Strictly speaking, these occupants (squatters) were illegal but despite the attempts of the Legislative Council to prevent it, squatting was accepted as inevitable by 1837.⁹ There is no doubt that the slave-owner members of the Legislative Council did not approve of squatting and one of their Committees on Police and Jails condemned it as disorderly.¹⁰ For one thing, those who bought land were paying to bring out the labourers to replace those whom squatters took into the bush; and for another, there was no guarantee that the squatters would contribute to the maintenance of the colony once the land inside the limits of location was bought up. Thus the slave-owners, having insufficient convicts, brought out emigrants as well but had to pay the additional cost of those emigrants who went to the squatters. The class which controlled the Legislative Council was attempting to ensure as best it could the repetition of production as a slave mode in alliance with capitalist landowners; but it is clear that convictism could not expand in New South Wales, whereas capitalism, especially under the squatters who could offset higher labour costs by cheap (almost free) land, could.

During the period 1831 to 1838 the flow of immigrants increased from 1,500 to about 3,000 per year, whilst the convict population seems to have kept pace with the rate of expansion at about 38 per cent of the population.¹¹ However a boom in land sales, especially on Melbourne town allotments, together with an increase in the minimum price of crown land to 12s in 1838, financed a large increase in the number of immigrants and a fall of 10 per cent in the convict sector of the population. At about the same time it was announced that in all likelihood the transportation of convicts would cease.¹² This last act, and the 1840 Order which in fact stopped transportation to New South Wales,

was the political intervention which established the dominance of the capitalist mode of production and rendered the slave mode incapable of reproducing itself.

New elements were brought in at the juridico-political level and the ideological level to effect this change. In 1823 a small Legislative Council and an Executive Council had been created, to allow the interests of the dominant class to find better expression in the colony; followed in 1824 by the establishment of a non-government newspaper. In 1828 the Legislative Council was enlarged to eight official members (local bureaucrats), and seven ordinary members nominated by the Governor. Under the Governor of the day, Darling, these nominated members were 'exclusives', but the arrival of Governor Bourke in 1831 marked a new policy towards the wealthy emancipists. Not only did Bourke sympathise with these men, but he proposed to introduce trial by civil jury as an alternative to the current one made up of military officers. Needless to say, a howl of protest arose from the slave-owners' interests at the thought that sons of emancipists might sit in judgment (for non-summary offences) on convicts or men just released from servitude. Bourke forced through the provision with the 'official' majority, and thus took an important step in undermining convict society. Any slave mode of production must have legal discrimination between master and slave, so that the slave *qua slave* never has any opportunity to become a master. Capitalist (bourgeois) law is predicated on equality of buyers and sellers in the market, and trial by a civilian jury of 'equals' is a necessary part of this practice of equality before the law. The capitalist mode of production is regulated by buying and selling; if this process is weighted in favour of any party in the market by the intervention of law, then the machinery for regulating the circulation of commodities is endangered and so in turn is production. The capitalist law preserves the wage-labourer as an agent in the market with nothing to sell but his labour-power, in which respect he is grossly unequal to his employer; but it is the market that bourgeois law preserves as the domain of equals, not the condition in which agents enter that market. Trial by jury produces agents as equal in the practice of the law; trial by the military produced agents to repeat the real inequality on which slavery was based. It was precisely when the colonists found out that slavery in New South Wales was to be stopped that the opposition to the full introduction of trial by jury in 1839 almost vanished.¹³

Governor Bourke also ushered through the Church Act of 1836 which ended the period of privilege for the Church of England as the recipient of State aid. Henceforth, government aid to the churches was to be distributed equally on the basis of the number of 'souls' in each congregation. The financial dominance of the Church of England under convictism, as the sole State ideological apparatus, was a mechanism whose function was to mark off the exclusive slave-owners from their

convict slaves, a large proportion of whom were Irish Roman Catholics. Whether or not the Anglicans were successful in converting convicts was not as important a function as the additional mechanism of discrimination. The next Governor, Sir George Gipps, attempted to dismantle the churches as the main ideological tools of the State by introducing a Bill for the establishment of National Schools which would teach non-denominational religion. This plan did not succeed until 1847. Nevertheless, it is possible to see a definite congruence between the ideological level and both the juridico-political and the productive levels.

We must now turn again to the workings of the productive level—the fundamental level in any social formation. First, it is important to see that the cessation of transportation immediately reinforced the squatting system. Land sales fell in New South Wales from 1837 onwards, if the sales in the Port Phillip District are subtracted; and since colonists could no longer obtain convict labour on land that they purchased there was little point in buying rather than squatting. Yet what was a sound policy from the point of view of a single agent in the productive system was not in the interests of the class as a whole. The NSW Legislative Council complained about the cessation of transportation, in 1839, and constantly bemoaned the high labour costs and lack of immigrants to replace the convicts. In the 1840s, attempts to introduce coolie labour failed, as did an attempted restoration of transportation. The urban petty bourgeoisie and proletariat in Sydney blockaded the Sydney docks and refused to allow convicts from the ship *Hashemy* to land, and in Melbourne prominent grazier capitalists opposed the arrival of another ship of prison-slaves in the *Randolph*. The capitalist mode of production was established as dominant in 1840. The immediate question that this raises is: in whose interests was transportation stopped, or what were the obstacles in the way of production in general that necessitated the removal of the slave mode of production in New South Wales whilst it was continued in Van Diemen's Land?

In New South Wales the intention of the Colonial Office had been to charge to the colony the costs of police and gaols, as soon as the Colonial Office thought that the New South Wales revenue could bear them.¹⁴ In 1835 Governor Bourke included £25,000 in the estimates for these costs, and against the wishes of the non-official members of the Legislative Council, the proposal for this charge was passed.¹⁵ Protests were made at the time that this expenditure would diminish the fund from the sale of land that should have been used for immigration; that is, the owners of convict labour were no longer to be supported by the English bourgeoisie for the production of subsidised wool which the English manufacturers bought. Since no other means of payment for gaols and police existed, the land fund was used; so, in addition to raising the costs of production to the colony, the maintenance of the slave mode of production was hindering the expansion of the capitalist mode. James Macarthur now vacillated between support

for both modes and support for the abolition of convictism altogether, but by 1840 he maintained that the colony could obtain proletarians far cheaper than the costs of keeping up the slave mode.

Convicts of course were not ordinary slaves, but people who had broken the bourgeois law, and therefore had to be kept under far stricter surveillance than negro or coolie slaves. This required far more extensive and expensive state apparatus than either classic slavery or classic capitalism, and thus became a very material reason why leading landowners, as well as the squatters who depended on a constant and growing supply of immigrants, began to question the virtues of transportation. Once these material effects were felt, there existed throughout the Empire a battery of respectable men, like William Molesworth who chaired the House of Commons' 1837 Committee on Transportation, or J. D. Lang, the Presbyterian Minister at large, ready to show the vicious effects of convictism on colonial society. After all, the English bourgeoisie, equally with the graziers of New South Wales, had no wish to pay for the upkeep of the system. Whether or not New South Wales (or Van Diemen's Land for that matter) was a cesspool of the scum of England, whether or not transportation was a terror to those who contemplated breaking the law, was of secondary significance. What became significant was a whole arsenal of ideological material spilling over from the anti-slavery movement and the RSPCA, ready for use against convictism once the benefits of the system to production in the UK or New South Wales were no longer apparent in balance sheets. Moreover, the disposal of the land fund and the general problem of raising revenue in the colony showed to the dominant class there that they needed State power, before a system totally to their liking could be established. Again it was James Macarthur, this time with William Wentworth, who drew this political lesson. Indeed from this point on, the agitation for control of colonial lands was combined with agitation for political control of the colony. Meanwhile the English bourgeoisie maintained its hold over land and sections of the revenue of New South Wales to ensure that it would not have to support the local wool industry. From the English bourgeois standpoint, the sole purpose of the colony was cheap wool.

The attitude of the landowners to the convict mode of production remained one of doubt: the Australian Agricultural Company had based much of its enterprise on convicts and its fortunes sank after the cessation of transportation; whereas Mr Bowman, Justice of the Peace, declared that 'free men do more work and do it better'.¹⁶ Into the 1840s the dominant class was never unequivocal in its views on transportation, but the pressure of the immigrant proletarians in their struggle to maintain their economic position, combined with the divisions in the dominant class, prevented a renewal of convictism. So the ship *Hashemy*, filled with convicts, was turned away by protesters at the docks, and the Legislative Council was forced to reject the Report

of one of its Committees suggesting that the colony needed convicts. Furthermore, for the squatters who were not recognised as legal occupants with security of tenure over the land, the really pressing problem was ownership of the land. Governor Gipps proposed his controversial regulations in 1844 which made men like Wentworth and Boyd fear that their very existence as owners of the forces of production was threatened. The experience of the proletariat at the same time led Wentworth to conclude that political power had to be taken by his class, and kept in the colony if productive property was to be preserved as its exclusive domain. The Legislative Council, largely made up of landowners, was further concerned to ensure that the squatters were forced to purchase the land on which they now had fourteen-year pre-emptive leases and for which they could avoid competition at auction because of the price of £1 per acre minimum. Thus a class of landowners would be created in New South Wales whose complete stranglehold over the colony could not be challenged by any intervention through the bourgeois state apparatus; that is, as freeholders under the law, property would be far safer from the democratic forces as long as they operated through legal means. Indeed, so successful were the landowners of New South Wales in disorganising the democratic forces that in 1861 they sponsored the Selection Acts, the purpose of which was to establish equality in the market for land. This had the effect of preventing small settlers from being economically successful, and simultaneously of forcing the squatters to purchase their holdings.¹⁷

Other Australian Colonies

Meanwhile Van Diemen's Land continued with the convict system as Lieutenant-Governor Sir George Arthur had persuaded the local slave-owners to give reluctant support to the convict establishment out of their own pockets. The impact of these high expenses was intensified by the policy under which nearly all the profitable land in the colony had been sold or granted away by the time of cessation of transportation in New South Wales. Therefore, as the number of convicts increased steadily once the New South Wales outlet was closed, the system broke down. In a capitalist economy, if the labourers exceed the number of jobs that can be profitably filled, the market takes charge through unemployment. The unemployed are either forced into areas where they can be profitably employed, or they starve. In the slave mode of production, particularly in its convict variant, the labourers were not permitted to move about as the market dictated. They had to be supported by a sector of the Van Diemen's Land's economy, whose limits had been already reached. Not only that, but immigration of 'free' labourers fell markedly in the 1840s, although the current wage levels would have pleased any capitalist by comparison with the levels of the 1820s and '30s. But the slave-owners could not become capitalists whilst they had to pay for convictism.

The Colonial Secretary, Lord Stanley, had intervened for the English bourgeoisie, and refused to allow Governor Sir Eardley Wilmot to borrow from the commissariat, and so the Governor as the representative of the slave-owners of the colony had to turn to the banks. As an agent whose role it was to support convictism, he had to accept a loan at 7 per cent interest from the Commercial Bank.¹⁸ Next he was forced to raise all manner of taxes, until a crisis arose over the refusal of the Legislative Council to raise a dog-licensing tax. The slave-owners raised the cry of 'No taxation without representation', and demanded State power and an end to transportation. While their discontent and agitation grew, local capitalists ruined the whaling and sealing industry, fishing out most of the Van Diemen's Land waters by 1838. The English commercial bourgeoisie shipped out large consignments of merchandise as a result of the boom in production in the UK in the 1830s; and the period 1836 to 1841 was especially marked by speculative consignment, thus realising English surplus-value through a non-capitalist market. At the same time in New South Wales the dominant capitalists, organised through the banks, took advantage of Van Diemen's Land currency problems and lower productivity (that is, a lower rate of surplus-value) to exchange Treasury bills for currency in Sydney's favour by 3 per cent.¹⁹ In short, New South Wales and English capital was able to profit out of the increasingly disorganised state of the slave mode of production in Van Diemen's Land, thus placing further pressures on an economy that was not paying its way. It is no wonder that the dominant class there ended up clamouring for capitalism.

Yet New South Wales and England were not the sole beneficiaries of the situation in Van Diemen's Land. Once again it was the banks—those organisers of capitalist production—who used incomes from slavery to finance the expeditions of Batman and Fawcner to Port Phillip. The Hentys were already at Portland where they had invested their money after being disappointed in Western Australia and Van Diemen's Land. Indeed, for a while the success of the Port Phillip District raised the price of land and sheep for stock in Van Diemen's Land, as this almost entirely capitalist venture was being established. Investments from Van Diemen's Land in the capitalist modes of production of Port Phillip and South Australia had a considerable effect in lessening the crisis in the slave mode until the 1842 depression hit all the colonies.²⁰ In the capitalist-dominated colonies certain financial expedients such as Wentworth's Lien on Wool Bill, which enabled capitalists to raise loans on security of unshorn wool, helped the bourgeoisie through the crisis. But the contraction of investments in new production, and the failure of the whaling industry, hit Van Diemen's Land all the harder, given its other problems.

Port Phillip was also an area for substantial investment and speculation by English capitalists. With the introduction of land sales, there devel-

oped a primary cause of the separation movement, in the resentment by local capitalists over the disposal of funds from land sales to projects north of the Murray and the consequent lack of immigrants sent to Port Phillip.²¹ Naturally, this economic situation meant the production of a relatively autonomous set of ideological elements, such as the fear of the taint of convictism (also determined by the fear of having to pay for its apparatus as in Van Diemen's Land), and a similar call for State power through the mechanism of parliamentary control over taxation.

South Australia was also settled as a capitalist colony from the outset. The role of E. G. Wakefield in the foundation of the colony as a practical colonist was nil, but the influence of his writings on the promoters of the colonisation of South Australia was more considerable. He observed that a shortage of labour led to high wages, which the labourer might use to purchase land once he had saved enough, and so Wakefield concluded that the task of the government was to keep land at a 'sufficiently' high price to prevent this, until there were 'sufficient' labourers to replace those who had become small peasant farmers. Although he later declared that South Australia's land price of £1 per acre was too low, we may certainly observe the fundamental laws of the capitalist mode of production in operation through the maintenance of this high 'official' price to exclude the common labourer from the forces of production, whilst capitalists like G. F. Angas received their land at 12s per acre and were given first choice of the best lots.²² Angas also reinforced the effect of the high price of land, as did other capitalists, by engaging immigrant labourers to work for him for long periods to repay their passage and keep. Other wealthy men paid agents to purchase large amounts at as little above £1 as possible to avoid competition at auction. To be sure, small holdings were created, but it was the capitalists who reaped their harvests and their profits with the aid of Ridley's stripper, an agricultural machine that was only of use on large estates.²³ The discovery of minerals and their excavation was likewise the domain of local capital, not the individual miner. If the labourers had in fact been able to acquire possession of the forces of production on an expanding scale, then of course the capitalist mode of production would have been in a state of acute crisis. The high price of land and the strict control over the dispersal of settlement was a source of constant annoyance to the local capitalists, but at the same time these measures certainly prevented a breakdown in the capitalist mode of production like that which occurred in Western Australia.

The settlement of that colony had been inspired by the glowing reports of the Swan River district received in London, and like South Australia the scheme for colonisation was promoted by capitalists rather than

indirectly through the government. Thomas Peel put up most of the money and received grants of land from the English government on condition that the scheme should involve no expense to the bourgeoisie as a whole. The expedition included persons of the labouring class and farm equipment as well as the usual State functionaries in the person of Governor Stirling and his retinue. All the elements of production came out on the ships, but the social relations did not; they had to be reproduced in the colony itself. In fact, the labourers were able to demand extremely high wages and were able to move around the colony on an itinerant basis selling their labour-power to the highest bidder. The aspiring capitalists, if they were able to get to their land at all, were then scattered about the countryside with no means of controlling the labourers.²⁴ Faced with these conditions the capitalist mode of production stagnated, and the more ambitious capitalists with some remaining savings moved on to Van Diemen's Land or New South Wales. It was finally by the introduction of convict labour in 1850, with its power to control labour through the lash as well as the market, that the productive forces were developed sufficiently to reintroduce the capitalist mode of production in 1868.

Capitalism Secure

The dominance of the capitalist mode of production was further reinforced by the discovery of gold in 1851. Lord Packington expressed the fear that once convicts were transported to a place where gold was to be found, transportation would certainly not be a thing for the working and lower classes of Britain to fear.²⁵ The victory of the non-landowners in the 1847 Order-in-Council which lessened land sales, and thus immigration, was at once offset by the flood of petit-bourgeois immigrants hoping to acquire the wealth (which they equated with capital) that had eluded them in England. (The £15 passage was far too high for most proletarians.) Here in the mud and toil, they learned the difference between gold and capital, as the product of their labour was rushed straight back to the UK to revive flagging production. Since they could not become employers on their usually small winnings they became proletarians in the service of the pastoralists, or in the new urban industries built up by the capitalists who, wise and wealthy enough not to go digging, instead had established mining and trading companies. Rural capitalism accommodated itself to high labour costs by fencing and dams, thus lessening the number of shepherds required. Convicts in this setting were out of the question; the restraints needed on all the lower classes if they were to be set to work to produce gold, would not have been tolerated.

From the point of view of the capitalists the costs to them of maintaining a rigid system of repression against slaves who would have to be released, unlike those in other countries who were bound for life, were far too high. Rather, if emigrants paid to come themselves, and

they could hardly be prevented at all events, they would soon be distributed to other positions in the productive structure once the gold pickings were over. The struggle by the diggers against high licence fees is part of their struggle against the process of forcing them off the fields into the factories or sheepwalks. By 1852 no dominant class in any colony wanted to return to convictism, except for those poor settlers in Western Australia who were the victims of Peel's failure to anticipate *Capital*.

Our general analysis of the dominance of the capitalist mode of production has shown that the transition from one mode to another, *via* the political intervention of the English bourgeoisie, destroyed the convict-hirers as a class. Yet because of the close interlocking of the two modes some agents in the slave mode became agents in the capitalist mode. The political situation in Australia was one where the local dominant class was not merely in alliance with the English bourgeoisie, but crucially dependent upon it. The peculiar conditions of the slave mode of production, in so far as it depended for its material reproduction on the influx of convicts from the UK, made any war of independence to preserve it impossible, and ruled out for New South Wales and Van Diemen's Land the type of conjuncture that created the American Civil War. Moreover, the development of the productive forces, especially with the establishment of the banks and urban capital, strengthened the local bourgeoisie to the point where the end of convictism promised them greater autonomy from England.

NOTES

- 1 N. Poulantzas, *Political Power and Social Classes* (Steed and Ward and New Left Books, tr. T. O'Hagan, London, 1973), provides a systematic working through of Marxist political theory; L. Althusser *et al.*, *Reading Capital* (New Left Books, tr. B. Brewster, London, 1968), outlines the general style of the theoretical work—which is indispensable to any materialist analysis of history.
- 2 Convictism as slavery refers here only to convicts in private service. Those in government service acted as a supplement both to slavery and to capitalism and were not part of a mode of production in themselves. Rather, their function existed only in relation to the dominant mode.
- 3 T. A. Coghlan, *Labour and Industry in Australia* (Macmillan, Melbourne, 1969), vol. I, pp. 132-6.
- 4 *ibid.*, p. 132.
- 5 G. J. Abbott & N. B. Nairn, *Economic Growth of Australia, 1788-1821* (M.U.P. Melbourne, 1969), p. 185.
- 6 E. Beaver, 'The Origin of the Wool Industry in N.S.W.', *Business Archives*, August 1965, pp. 91-106; and 'Further Comments on the Origin of the Wool Industry in New South Wales', *Australian Economic History Review*, September 1968, pp. 123-8.
- 7 This collapse was brought on by the withdrawal of the subsidy by the government commissariat for local meat. However, this constituted a transformation of the economic, not the political, level and so does not mark the domination of the capitalist mode of production.
- 8 A. G. L. Shaw, *Convicts and the Colonies* (Faber, London, 1966), p. 255.
- 9 G. J. Abbott, *The Pastoral Age* (Macmillan, Melbourne, 1971), p. 137.
- 10 *ibid.*, pp. 135-6.
- 11 C. M. H. Clark, *Select Documents in Australian History* (Angus & Robertson, Sydney, 1950), vol. I, pp. 214, 406.

- 12 *Historical Records of Australia* xix, p. 461.
- 13 A. C. V. Melbourne, *Early Constitutional Development in Australia* (University of Queensland Press, Brisbane, 1963), p. 198.
- 14 *ibid.*, p. 181.
- 15 *ibid.*, p. 182.
- 16 A. A. C. Despatches, P. P. King, 5 November 1841 (A.N.U. Archives); V. & P., NSW Legislative Council, Committee on Immigration Report, 1838, p. 2.
- 17 D. Baker, 'Origins of Robertson's Land Acts', *Historical Studies, Selected Articles, First Series* (M.U.P., Melbourne, 1964), pp. 103-126.
- 18 R. M. Hartwell, *The Economic Development of Van Diemen's Land, 1820-1850* (M.U.P., Melbourne, 1954), pp. 243, 245.
- 19 *ibid.*, pp. 166, 208.
- 20 *ibid.*, p. 212.
- 21 A. C. V. Melbourne, *op. cit.*, p. 334.
- 22 J. Griffin (ed.), *Essays in the Economic History of Australia* (Jacaranda, Brisbane, 1967), p. 81.
- 23 *ibid.*, p. 99.
- 24 C. M. H. Clark, *op. cit.*, p. 84.
- 25 *ibid.*, p. 163.

AUSTRALIA: VICTIM OR PARTNER OF BRITISH IMPERIALISM?

DAVID CLARK

DESPITE THE FILLIP the Vietnam War gave to the Australian Left, there has been little subsequent interest in the re-interpretation of our past as a guide to the present and the future. Humphrey McQueen's *A New Britannia* has had a considerable impact, but as an alleged piece of Marxist historiography it rather surprisingly pays little attention to the economic foundations of Australian development. In previous decades there was a similar dearth of historians with an interest in utilising a Marxist perspective; only the path-finder Brian Fitzpatrick stands out with his important contributions.¹ To the more doctrinaire Marxist, Fitzpatrick was merely a neo-Marxist or neo-Populist historian. Nevertheless he commenced an analysis of our past that was in the tradition of Marxist historical scholarship and which cries out for further development; an analysis that needs to be modified so as to incorporate more recent work in Australian economic history.

With the publication in 1964 of N. G. Butlin's *Investment in Australian Economic Development 1861-1900*, came a significant challenge to Fitzpatrick's interpretation and reputation. Further contributions by Butlin and other quantitatively orientated economic historians have added to this critique.² Whereas Fitzpatrick stressed the impact of our links with Britain and her needs, this more recent work directs attention to developments at key periods of our history within Australia itself. The result has been a general denigration of Fitzpatrick's approach and thus a more limited perspective on the part of many historians. How great a challenge this more recent scholarship with its introspective bias poses, deserves close consideration. What follows is a critical assessment of the various attitudes expressed by Australian economic historians towards the costs and benefits of our economic links with Britain. As a preliminary, the relevance to Australian experience of the various Marxian theories of imperialism—from Lenin through to the Baran-Frank thesis

—will be commented on. Light can then be cast on key questions such as Australia's superior position vis-à-vis contemporary Third World economies, and why we were able to escape some of the kinds of dependence these economies now face. Without an understanding of these issues, a clear perspective on Australia's political and social development is impossible, as is a clear analysis of the problems of present-day Australian capitalism and the possibilities available to Australians interested in serious economic and social change.

Marxian Theories of Imperialism

In asserting the value of Marxian theories of imperialism to the consideration of Australian development experience, some introductory comments on such theories and their interpretation are necessary. Discussions of 'the' Marxian theory of imperialism are usually confined to demolishing V. I. Lenin's polemical pamphlet *Imperialism*, which he wrote in Geneva in exile. This treatise relied heavily on J. A. Hobson's more detailed study. Both writers stressed the importance of capital exports, the search for potential markets for manufactured goods, and the need for sources of supply of key industrial inputs to the advanced capitalist powers. The fundamental difference between Lenin and Hobson is that the latter believed that the inherent underconsumptionist trends within these powers could be ameliorated simply through a more equitable distribution of income and wealth within their own borders. Lenin did not see such a relatively simple solution.³

Lenin's pamphlet is theoretically inferior to the treatises of other Marxists of his era such as Rosa Luxemburg and N. Bukharin because of his failure to utilise Marx's most important theoretical tool—the reproduction models. Yet 'the' Marxist theory of imperialism is usually equated with Lenin's pamphlet. With the recent translation of key works by Bukharin and Luxemburg on this topic it is no longer possible for anti-Marxist commentators to equate a Marxian perspective with models of a crude Leninist variety which rest simply on the key role of capital exports.

In their haste to discredit the Hobson-Lenin thesis conservative historians have tried to place the sins of his disciples on Marx himself, or to interpret the thesis in a mechanical and myopic manner which obscures Hobson's and Lenin's awareness of the generality of their thesis. Those historians who argue that imperialistic activities in fact began before the era of monopoly capitalism (before the 1870s) seem to feel that they have refuted a Marxian approach to these questions; in fact they only demolish a straw-man of their own fabrication.⁴ Marx, and other writers, certainly stressed the advantages of economic empires to capitalist economies possessed with their ever expanding demand for markets for their industrial output, for raw material inputs and for investment outlets offering higher returns than those available at home; but Marx did not construct a simplistic model. It is ironical and unfair

that such a serious student of history is so often portrayed as someone naïve or ignorant of the complexities of the past.

The Hobson-Lenin thesis with its emphasis on the period 1870-1914 has tended to obscure British interest in the advantages of a formal and informal empire earlier in the nineteenth century. Lenin especially was very interested in the activities of the continental powers, and in linking imperial interests with the rise of 'monopoly capitalism'. Yet in classical political economy there is a long tradition of debate about the advantages and disadvantages of imperial links, a literature which foreshadowed Marx's strictures concerning the need of capitalist economies to expand their external economic influence. Not surprisingly the 're-discovery' of these debates has settled once and for all the myths about Britain being anti-imperialist from Adam Smith's day through to the last quarter of the nineteenth century; a myth that had conveniently hidden the economic advantages that accrued to Britain from her formal and informal empire and which has been used to counter the emphasis of Marxists on the advantages of empire.

Interest in the possible economic benefit of empire did not disappear with the decline of Mercantilism in Britain. A close examination of British political economy from David Ricardo to J. S. Mill shows serious and widespread concern about British long-term economic problems such as unemployment, inadequate investment opportunities, and limited export markets for an ever expanding industrial output. This concern was fanned by the economic distress that followed the Napoleonic Wars and was felt throughout the 1820s. The Reverend Thomas Malthus had awakened interest in the dangers of population growth, but he was sceptical about the effectiveness of exporting this pressure, as he believed any temporary hiatus would soon be eliminated by further population growth. Ricardo's *Principles of Political Economy and Taxation* was aimed at repeal of the Corn Laws to allow the free importation of grain into Britain so as to alleviate the pressure on domestic food supplies. This influential treatise also raised the possibility of declining investment opportunities in Britain and general stagnation. But it was implied that the removal of the Corn Laws was the crucial policy adjustment required.

Such concern also produced E. G. Wakefield's theory of systematic colonisation, which Marx was to consider of special interest. Wakefield from the safety and obscurity of a prison cell where he was incarcerated for abducting an heiress, constructed a scheme which linked these teething pains of British industrialisation with the particular characteristics of the temperate zones of British political influence. By exporting surplus labour and capital, unemployment would fall and the tendency of the rate of profit to fall would be circumvented. What Wakefield added to the similar schemes of J. Wilmot-Horton and other contemporaries was a most attractive method by which this transfer could be assisted and financed. Sales of land in the colonies could be used to pay for assisted

emigration from Britain, and if these were made at a 'sufficient price' then a balance could be maintained between land and labour in the colonies, resulting in a period of apprenticeship which immigrants had to serve as labourers before they too could become landowners. In promulgating these proposals Wakefield made emigration more respectable and the end result of the adoption of his scheme would, he believed, be a microcosmic version of British society transposed to the colonies. It did not matter that Wakefield was imprecise as to how the 'sufficient price' would be set; historically what mattered was the fact that Wakefield widely impressed the society of his day with the viability of his theory.⁵

Here was a means by which the complementarity of British and colonial economic interests could be protected and expanded at a negligible cost to the British Treasury. More specifically, as Marx pointed out, this scenario encouraged the creation of capitalist production relations in the virgin territory and ensured the emergence of a colonial proletariat which would produce the necessary capital accumulation for further autonomous growth. Wakefield's theory implied a partnership of interest between a colony and its metropolis; one which would guarantee that the colony fell into the secure economic ambit of Britain and would be of future advantage to her. As will be noted below, this general form of imperialism was to prove especially important in the Australian experience.

The continuing value of the Hobson-Lenin thesis is that it draws attention to developments within the advanced capitalist powers which necessitated imperial economic and political expansion. Until quite recently little attention had been given to tracing in detail the effects of such expansion on the economies subjected to it. The publication of Paul Baran's *The Political Economy of Growth* in 1957 generated interest in the subject economies amongst Marxist scholars and André Gunder Frank's seminal *Capitalism and Under-development in Latin America* has stimulated considerable interest and research. The Baran-Frank thesis disputes the notion of the underdeveloped country being in a state of static equilibrium which prevents development; it argues that underdevelopment is a result of imperial dominance and that truly independent development is only possible once colonial or neo-colonial dependence is broken. Frank has tested this thesis with considerable success against the experience of Chile and Brazil. But how does it fit the Australian development experience?

E. L. Wheelwright has appealed for the testing of the thesis against Australian experience; yet it would be most surprising if a perfect fit could be obtained given important differences between Australia and Latin America.⁶ The most important of these is the fact that our aboriginal population was easily crushed, resulting in the absence of any prolonged confrontation and symbiosis between a pre-colonial society and the new arrivals. In many respects Australia developed as a mere

appendage to the British economy. However the Baran-Frank thesis together with earlier Marxist orientated scholarship in this area does help point to key relationships and in particular to the need to examine the effects of the kinds of dependent development we have experienced.

'Dependent development' describes a situation where the development of one economy is influenced if not conditioned by the development and expansion of another. In the Australian case we see a situation where at times growth is impressive but at other times is clearly limited by our links with Britain; thus although we develop, the development process is only comprehensible in terms of our dependence in respect to Britain and to the timing and needs of her development process.

To facilitate analysis some periodisation of our past is essential. This is relatively easy for the general historian, who can utilise the Gold Rushes of the 1850s or Federation. For the economic historian, however, simple turning points are harder to discern. Our economic history divides roughly into four main stages: 1788-1850, 1850-1890, 1890-1930, and a final stage (excluded from the scope of this chapter) involving the impact of World War II and the post-war boom.

1788-1850

This first period saw what was originally a small penal settlement quickly transformed into a colony closely allied to British needs and British supply of labour and capital. The manner in which this occurred and the forces behind it laid the foundations for subsequent capitalist development. By the end of this period the geographical boundaries of later pastoral expansion had been delineated, the result of perhaps the most extensive and rapid occupation of virgin territory in modern history. In this period the economic worth of Eastern Australia to Britain was clearly shown, together with forewarnings of some negative features of our growing dependence.

The reasons behind the decision made in the 1780s to send convicts to Botany Bay have been the subject of considerable debate. Prior to a challenge to the traditional view by K. M. Dallas, which has been expanded by G. Blainey, there was little hint of possible economic gain to Britain in the traditional accounts.⁷ The suggestion that it was in Britain's interest to formally establish a settlement in Eastern Australia because of the strategic advantage to be gained in Pacific trade and commerce, has been developed by Blainey into an argument that Botany Bay was chosen because it might become the possible future supplier of flax and timber for the British fleet. Traditional accounts reject such arguments as largely conjecture and insist that the historian must accept the bona fides of the documents; thus suggesting that because little was said at the time in official documents about such possible economic benefits, we must accept the traditional emphasis on the need to establish an isolated gaol, and not indulge in idle speculation.⁸ Throughout this interesting debate it is difficult not to feel that the traditionalists are insulting the men

behind the decision to use Botany Bay for the gaol. With the rising French interest in the Pacific, with the growing importance of British trade with the East and the need to safeguard it, and with the last unsettled continent up for annexation, is it so unlikely that these factors played a key role in the decision to send convicts to Botany Bay and not to an alternative destination? The crude economic determinist can sometimes try too hard to eliminate the influence of non-economic forces; but in this case there has been an almost pathological desire to quickly counter any suggestion of possible long-run economic advantage to Britain.

The ease and rapidity with which the penal settlement was successfully transformed, with the emergence of capitalist economic relations, tends to support the informed conjecture of Dallas and Blainey. The gaol helped establish a settlement but it also provided the very seeds of its eventual downfall. Australia's first capitalists quickly emerged from amongst the officers sent to manage the gaol, and the expiration of convict sentences helped build a free work force. The new settlement could not remain exclusively a gaol in such a situation.

The manner in which capital was accumulated by the first colonial capitalists is the subject of another chapter of this book and need not be discussed here.⁹ However, it may be noted that the rise of a class of petty capitalists was also fostered by the opportunities available to commence the export of locally obtained commodities. Trade with Melanesia in sandalwood, the gathering of *bêche-de-mer* and pearl shell in Northern Australia, and sealing and whaling around our southern shores all provided opportunities to obtain vital foreign exchange.¹⁰ These early staples have been often overlooked in the rush to glamourise John Macarthur's experiments with wool, but their importance can be seen in the fact that it was not until 1834 that the value of exports from the fisheries was exceeded by the value of wool exports. Before the wool boom of the 1830s Australia was well on the road to a capitalist future. Under Governor Macquarie currency reform and the encouragement of local capitalists to set up the Bank of NSW, which opened its doors in 1817, clearly indicated the inevitability of a capitalist Australia. It is one thing to bemoan such developments as Fitzpatrick does; it is another to imply that Australia faced any real alternative. The NSW colony was established as a gaol offshoot of Britain; it is no surprise that it quickly began to develop similar institutional arrangements. Right from the earliest days capitalist forms of development were inevitable. The real significance of these trends lies in the rapidity with which capitalist activities transformed and subsequently replaced the gaol economy. The appendage nature of this subsequent development was a logical product of even the first three decades of European settlement. Thus efforts to describe our early years as 'communism' or 'a slave society' are nonsensical.

The emergence of capitalist productive relations did not mean a sudden end to the dominance of the public sector. As late as 1836 the value of commissariat store receipts issued was still greater than the value of NSW wool exports. The level of convict inflow and hence the level of commissariat expenditure remained important determinants of NSW growth right through to the 1840s. In the 1830s, NSW experienced a pastoral boom; a rapid and massive alienation of much of the land of Eastern Australia assisted by British capital, immigrants and convicts on assignment to rural producers. To finance this boom British banking companies established themselves in NSW and commenced their future domination of Australian banking.¹¹

With the introduction of land sales, a product of both Wakefieldian influence and the need for government revenue, assisted immigration could be financed without any real cost to Britain. The post-Napoleonic war period had helped soften British attitudes in favour of assisted emigration, especially if the growing number of locally-supported paupers could be deposited on the colonies. Wakefieldian political economy with its stress on complementarity of interest between mother country and colony was well suited to both British needs and the economic potential of the Australian colonies, although only in a general sense. Concentration of settlement, with agriculture as the primary land use, conflicted with the extensive use possible with pastoral activity. The relatively slow development of agriculture in Eastern Australia before 1850 was basically a product of the greater attractiveness of pastoral investment which in turn was related to the limited market for agricultural products in the colonies. The foundation of a settlement at Adelaide by a group of Wakefieldians in 1834, in a region highly suited for wheat and well located to overcome transport costs, ensured greater interest in agriculture in South Australia than in the Eastern colonies and in the 1840s limited exports of South Australian grain commenced.

In Eastern Australia wool reigned supreme. Land just for the taking, a government incapable of stopping the squatting movement, a regular supply of assigned convict labour at low cost to the pastoralist, and most importantly an assured market for our wool in Britain, guaranteed wool's greater comparative advantage over other activities. By the 1830s, our ability to supply large quantities of wool of a type demanded by the British textile industry had been proven. Moreover the traditional external sources of raw wool for British industry, Spain and Germany, were easily replaced by the Australian colonies. German dominance fell not only as a result of rising competition from Australia but because of the pressures of German industrialisation which forced a switch in land use from wool growing to a greater emphasis on meat production.

Wool prices rose rapidly in the first half of the 1830s, peaked, and then began to offer a warning to Australian optimism in the form of price stabilisation. Yet the boom continued. As long as geographical expansion of the industry continued, so did a heavy demand for live-

stock, keeping the price of livestock high. The value and volume of wool exports continued to rise but the pastoral prosperity of the late 1830s rested on shaky foundations. This was clearly shown when the boom collapsed in the early 1840s. The high level of optimism could not have continued and the dominance of wool in the NSW economy ensured that the collapse was extensive, affecting the urban economy, with its dependence on links with the boom, as well as the rural sector.

In the various contemporary and modern debates about the causes of the 1840s crash, can be seen that fundamental question which has permeated all our economic history: how important were developments outside Australia, outside our control, when compared with internal developments? Fitzpatrick stressed a short-run explanation based on a cut in British capital inflow. S. J. Butlin has rightly suggested the need for a broader perspective, one which places major emphasis on the nature of the 1830s boom and the false optimism of the late 1830s.¹² Yet the primary cause of the collapse must rest with external forces. Without British demand for our wool, without British labour and capital, there would not have been a pastoral boom. The real significance of the 1840s collapse lies in the demonstration it provided of the dangers of dependent development, of the simple fact that Australian capitalism was coming of age. It provided a forewarning of similar shocks to come; of the inability of Australia to avoid such shocks, given our close links with Britain.

The glitter of the Australian colonies had been tarnished in the eyes of the British investor and the potential immigrant. With the concomitant collapse in land sales went a drastic fall in assisted immigration, and the abolition of transportation to NSW in 1840 further reduced the growth of the work force and domestic demand. By the late 1840s, an upturn had commenced but no return to the optimism of the late 1830s eventuated. Almost fortuitously a more glamorous export was to replace wool: a commodity which restored British interest and confidence in Australia and which provided a new boost to Australian development.

1850s to 1890s

The short-run economic effects of the gold rushes of the 1850s have been well documented by historians. A mass exodus from Sydney and Melbourne to the fields produced labour shortages and wage rises in these centres. However the massive inflow of immigrants constituted the most important population movement in the 1850s, adding over half a million persons to the Australian population. This rapid influx of largely adult males helped produce a three-fold increase in total Australian population, and a seven-fold increase in Victorian population, over the decade. The long-run effects of this increase deserve more attention than has usually been afforded them. Such a rapid increase in adult males produced a kinked age distribution of the Australian population which was to reverberate into subsequent decades, with appropriate lags. For example the high demand for housing and public utilities in

the 1870s and 1880s was partly a product of the offspring born to the 1850s immigrants.

In the short run such a jolt to our aggregate population created severe pressure on housing, food supplies, social utilities and the demand for manufactured goods. As gold exports rose our propensity to import increased, with the result that potential backward linkages from the rushes were reduced in their impact by the easy import of capital goods and manufactured goods generally. The local market for manufactured goods had expanded greatly but the British manufacturer had the comparative advantage over the local producer in most cases, and had much to gain from the rushes. In 1853 Australia purchased 15 per cent of the total value of goods Britain exported, thereby providing a timely boost to an economy that was experiencing serious recession. The impact of the rushes on colonial manufacturing was limited by import competition.

Just as pre-1850 manufacturing development had been restricted by the small size of local demand, so too had agricultural development. Fortunately the local agriculturalist did not face massive import competition and was able to prosper from the demand stimulus of the rushes. Transport problems and high transport costs encouraged closer settlement adjacent to the Victorian fields, and local farmers as well as producers in the other colonies set out to meet the miners' needs. Grain and meat production increased their attractiveness relative to wool production, making the structure of the rural sector more diversified. Banking activity expanded, new banks opened for business, and the consequential rise in liquidity from the increasing production of gold influenced interest rates and the capital market generally. The colonies, temporarily at least, lost their dependence on foreign capital inflow; domestic capital formation fuelled by the rushes spilled over into a wide range of activities, in both the urban and rural economies. As the technology of gold mining became more capital intensive (the result of company attempts to exploit the richer, deeper deposits) and as disillusioned diggers drifted away from the fields the cry arose for a smashing of the squatters' monopoly of the land. In the Selection Acts of the 1860s these demands were given legislative recognition. Sales of the public domain, particularly in NSW, were to provide an important source of revenue which was to be used to help finance investment in social overhead capital. But the aim of unlocking the land was easily circumvented by the squatters. Loose administration of the Acts, 'peacocking'—where the squatter took up selections along the rivers and in key sections of his run thereby making selection unattractive—and the economic reality of the greater advantages in extensive, capital-intensive land use for pastoral activity meant that Australia did not become a land of yeoman farmers. Existing economic interests and economic rationality ensured such a result.

Other examples of the impact of the rushes include the fact that the value of gold exports exceeded the value of wool exports for most of the

1860s as well as the 1850s and the attention that gold brought to the Australian colonies from British interests. The stage was set by the early 1860s for a prolonged inflow of British capital and labour, encouraged not only by continuing pastoral expansion but also by the urban demands in the cities for the State to provide key social utilities and to bridge our vast distances with railway tracks.

The 'Long Boom' that followed reinforced the already well developed economic links with Britain. In the period 1861-91, Britain took over three quarters of our exports and provided the same proportion of the total value of our imports. A great deal of our total output passed through international trade, the result of our high propensity to import and indicative of a tight dependence on the condition of overseas markets. Capital inflow helped stabilise the general course of capital formation, and approximately two thirds of all new capital formation was the product of this inflow. Population increase was closely related to immigration and the level of assistance provided to immigrants fluctuated according to colonial economic conditions, the level of land sales being an important determinant. Once railway construction began to accelerate so too did the importation of navvies. The problem which has occupied some British historians, as to what happened to the British navy is perhaps partially answerable in these terms. The immigrants once again were overwhelmingly British in their origin, with an increasing proportion of them from urban centres; North American agricultural opportunities appeared more favourable to the potential British rural emigrant. Even with a declining death rate and a high net reproduction ratio in Australia, immigrants accounted for between a quarter and a third of successive intercensal increases in our population between 1861 and 1891.

British capital inflow grew rapidly from the early 1870s, reaching its zenith between 1886 and 1889. The Australian colonies constituted the most important single borrower of British capital over the period 1874-1883, absorbing between a third and a half of total net British lending overseas in these years. Our share of total British emigration during the 'Long Boom' was nowhere near as great, partly because the long passage to Australia was unable to compete with the much shorter and cheaper hop across to North America. It is also important to note that these inflows of capital and labour were not evenly dispersed between the colonial economies; instead, NSW and Victoria received a very disproportionate share of the total whilst Western Australia and Tasmania received very little, a result of their inability to compete for these key inputs.

If Australian development in this period is correlated with British fluctuations, then some interesting points arise. Unlike American building investment and Canadian borrowing, Australian borrowing did not behave inversely with the level of domestic capital formation in Britain. Similarly the relationship shown by Brinley Thomas between American

immigration from Britain and the level of American building activity was not exhibited in the Australian experience. Domestic capital formation and the level of immigration into Australia followed a parallel course.¹³

These examples of dependence upon British supplies of labour and capital reinforce Fitzpatrick's emphasis on the importance of imperial economic links. But N. G. Butlin has seriously challenged his claim that throughout the nineteenth century Australia was a sheep run for British imperialism. According to Butlin:

Any attempt to classify Australian economic growth as either autonomous or induced is quite untenable. The belief, which is also common, that this expansion concentrated on rural settlement or the pastoral industry is as difficult to accept as is the sunburnt bushman as the typical Australian (and for precisely the same reasons). Satellitic the economy has usually been regarded, on external tests; but the path of the satellite was so independent as to make one doubt the value of these external tests.¹⁴

To assess this claim necessitates some detailed comments on N. G. Butlin's re-interpretation of the 'Long Boom', and particularly on the quantitative estimates he has constructed to substantiate his arguments. Utilising in his own words 'heroic reconstructions', he has assembled a most valuable and extensive range of estimates of the course of key economic aggregates, the most important of which are gross domestic product at factor cost and his estimates of gross capital formation. Any serious use of these estimates must be prefaced with a thorough understanding of the problems he faced in their construction; they are not 'pure' historical facts. Nevertheless two rough rules of thumb can be applied. As aggregates they are most useful for the tracing of long-run trends rather than short-run fluctuations. Additionally, as the economy they relate to becomes more complex over time, so too do the limitations of the estimates. His estimates of Gross Domestic Product (GDP) and Gross Domestic Capital Formation (GDCF) become particularly questionable from the 1890s onwards. Moreover the absence of detailed price series makes his attempt to deflate GDP to account for price changes an unsatisfactory exercise, whilst his estimates as national aggregates tend to obscure the different growth experiences of the various colonial economies.¹⁵

By showing the sectoral shares in GDP and the shares of particular industries and sectors in total domestic capital formation, he argues (in *Investment in Australian Economic Development 1861-1900*) that the contribution of wool to the growth process has been exaggerated and that investment in the urban sector in manufacturing, residential construction and in the provision of social utilities, deserves special attention. Whereas Fitzpatrick says little about development in the cities, Butlin argues that they possessed the key growth industries. Australia at this time was one of the most heavily urbanised countries in the world—by

1891 over two-thirds of our population were urban dwellers in a country still to experience industrialisation. Unquestionably more attention needs to be given to urban activities than Fitzpatrick provided.

The question of the precise role of pastoral activity in our development during the Long Boom is directly related to the broader issue involving the types and level of dependence our expansion exhibited vis-à-vis Britain. If wool was not as important as contemporary commentators and generations of historians have believed, if Butlin's downgrading of its role is correct, then the dependent nature of our development depicted by Fitzpatrick is also subject to modification. In fact, British capital helped build railways, helped boost the housing boom, and helped finance pastoral capital formation. British immigration also helped bolster our limited labour supply; the inflow of the 1850s, despite its magnitude, was insufficient to ensure adequate labour supplies for the rest of the boom. Given our dependence on labour inflows, pastoral activity assumed a special role, in that its techniques of production were not highly labour intensive. British capital also facilitated the introduction of labour-saving, more capital-intensive, techniques which helped compensate for labour shortages. This availability of capital and its effects on rural and urban productivity, together with the inadequate supply of labour, ensured a rapid growth of output per head of the work-force between 1861 and the mid 1870s, with a slower rate of growth for the rest of the boom. This also produced a high level of GDP per capita, making the Australian worker one of the best off in the world at this time.

Here then is a strong suggestion of a partnership, of Australia sharing in the advantages of an international division of labour, of British labour and capital enabling us to exploit our comparative advantage in the production of a key raw material, wool. Moreover the returns of such a relationship were not confined to British investors or manufacturers, but were passed on in part at least to the Australian worker. The rapid growth of trade unionism during the Long Boom can only be explained through an understanding of the nature of the partnership between British supply of key inputs, British demand for our wool, and our ability to produce a much demanded product more efficiently than any other possible competitor.

With this kind of perspective the Fitzpatrick-Butlin debate becomes rather ragged. Butlin is certainly correct to point to developments in the cities. Fitzpatrick was certainly correct in stressing the role of wool as the foundation of our development in this period. The high levels of urbanisation, the demands for railway construction, and the growth of manufacturing and agriculture did not occur in total isolation from what was happening in the pastoral sector. The rate of growth of manufacturing during the Long Boom was undeniably higher than the rate of growth of the pastoral sector, but the former sector started from a much lower base at the beginning.

Pastoral investment for much of the period was not the only key form of capital formation. The bulk of the population was not directly involved in pastoral pursuits. Butlin has provided an important service in making such things crystal clear. Yet wool still assumes a crucial role. Without its contribution to our export cheque and hence to our propensity to import, and without the pull it provided to British capital and labour, urban growth could not have proceeded at the pace that it did. This is not to deny the decline in importance of the contribution of international trade to GDP over the boom, but at the same time the rise in wool's contribution to total export income to a level well above its contribution at the start of the boom should not be ignored. Australian prosperity rested very heavily on the continuing success of wool. Our imperial partnership remains the crux of any explanation of the Long Boom.

To be completely fair to Butlin's extensive contribution to our knowledge of this period, the relative emphasis he places on external versus internal developments deserves close consideration. Despite his apparent desire to overthrow the traditional emphasis on our external dependence, he does not deny the facilitative role that the ready availability of British capital and labour played. What he claims is that the use made of these inflows was largely a product of decisions made within Australia; that all the important decisions were not made by British financiers. In drawing this distinction Butlin is adding to the argument for seeing Australian development as a partnership, rather than a simple victim of British imperialism.

In his latest contributions to this debate Butlin shows that he has carefully considered the criticisms made of his *Investment in Australian Economic Development*, and in fact he stresses the need to set Australian development in an international setting by considering 'international factor reward differentials'.¹⁶ Clearly responding to the impact of the work of A. R. Hall in particular,¹⁷ he seems prepared to restore some of the emphasis Fitzpatrick placed on British influences. British capital and labour had to be available and their availability has to be related to the nature of British economic development. The concern of the Classical economists, and later the Marxists, with developments within the imperial power still remains the necessary starting-point for any explanation of the economics of Empire. Notwithstanding this, it is not simply a matter of relationships between Australia and Britain. Given that surplus capital and labour were available in large quantities, why were we able to compete with other possible recipients for a significant part of the outflow, especially of capital? Thus it was not just a matter of production possibilities within Australia, but of our comparative advantage in particular types of economic activity over other bidders for the key British outputs. The timing of our boom must also be related to the changing interests of the London capital market in particular regions of the world at particular times. Australian economic development can only be discussed in a

context of developments within the international economy, with the relationships between Britain and her formal and informal empire as a focal point. The real danger with Butlin's *Investment* volume is that one can lose sight of this need. For this reason Fitzpatrick's less quantitative work still deserves close scrutiny.

On a more technical level certain criticisms of the way in which Butlin constructs his estimates of private capital formation and of GDP raise doubts. E. A. Beever has shown that Butlin at times underestimates the value of the wool clip¹⁸ and when this is combined with additional problems associated with Butlin's manufacturing estimates, a challenge can be made to his assessment of the relative importance of rural *versus* urban economic activity. In addition his implicit theoretical model, of a Harrod-Domar inspiration, is subject to various criticisms that can be raised against such models, with their emphasis on the key significance of capital-output ratios. This is not the place to elucidate this point; yet it must be included as a further warning of the need to be critically aware of the complexity of his analysis.

In providing a re-interpretation of the Long Boom, Butlin also re-examined the causes of the disastrous crash in the 1890s that marked its end. As with the 1840s depression, the 1890s collapse was largely seen by contemporaries as the product of external events, as a product of our economic dependence. Butlin has challenged this view by pointing to the particular pattern of development within Australia during the Long Boom, which he claims was largely determined by decisions made within Australia. Fitzpatrick and other historians placed major emphasis on external causes, such as the Baring Crisis of 1890 which affected the willingness of British investors to invest overseas and hence the inflow of capital into Australia, and the fall in wool prices in the early 1890s. Once again the role of external influences looms large. Butlin takes a longer-run view. Pointing to what he believes is a key turning point in the boom in the mid 1870s, he argues that after this point all forms of investment became less profit-orientated and more speculative. Investment criteria in railway construction were little concerned with short-run returns or their absence; pastoral investment became more centered on stocking up new stations in more marginal areas, encouraged by an unusually long spell of optimism-inducing weather; and residential building became more and more a speculative venture, especially in Melbourne.

Whether the mid 1870s marked such a distinct change is open to debate, particularly in the manufacturing sector, but the 1880s undoubtedly saw more emphasis on speculative ventures. Butlin equates these developments with a 'long-run structural disequilibrium'.¹⁹ In sum, a collapse and drastic readjustment was inevitable; external shocks set off the process, that is, determined the timing of the re-adjustment, but they were hardly the root cause of it. This seems to be a fair summary of his argument. The external-internal categorisation of causes, however,

tends to break down to some extent on closer examination. For example, the drastic fall in wool prices, which was then compounded by a prolonged drought, did not come without some forewarnings. Wool price series had provided ominous warnings from the 1870s, and the fact that Australian output so heavily dominated the world wool market by the 1880s could have had an effect on the long-run trends in world wool prices. Australian development in the Long Boom hardly constituted a disequilibrative process as Butlin suggests. After all, growth in capitalist societies can only be of the unbalanced kind; more correctly, in Australia it exhibited a process of dynamic equilibrium which could not be indefinitely prolonged given the restraints imposed by our external economic relationships. Once again these relationships assume a fundamental significance. The pattern of development within Australia had been strongly influenced by the nature of our imperial links, and the 1890s collapse was an unavoidable product of these links.²⁰

Partnerships can be threatened, with the weaker and more vulnerable partner suffering most. With the 1890s collapse, Australia had once again been reminded of the negative aspects of our links with Britain. Despite the diversification of the economy, concentrated in the urban sector, the prosperity of the rural sector and the rationality and interest of the British investor were still crucial props to our prosperity and growth. It is little wonder that the depressed 1890s saw a flowering of nationalistic, anti-imperial sentiment and republicanism. The Australian worker received a reminder of the dependent nature of our development and of the tenuous foundations on which his high standard of living had rested. But he placed his faith in social democracy, in the Australian Labor Party, which was to show no real interest in breaking these imperial economic bonds and in fact in many ways helped strengthen them as the party's political influence grew. The real lessons of the 1890s collapse were left unappreciated. State capitalism would come to our rescue: a hope that was to prove totally misplaced.

1890s-1930s

This next major period saw Australia become enmeshed in a more sophisticated imperial economic net and once again suffer as a consequence in the disastrous international collapse of the 1930s. Some diversification in the economy occurred with the growth of manufacturing during World War I and in the first half of the twenties, but whilst this helped soften the blow of the Great Depression it did not prevent heavy loss.²¹ Of special note is the most unimpressive growth performance of the Australian economy in the first four decades of this century. According to N. G. Butlin's estimates of GDP per capita, between 1910-1911 and 1938-39, our average rate of growth was very much below that achieved in the Long Boom or in the post World War II period. The reasons for this poor performance with its consequential effects on

the welfare of the great majority of Australians must be sought in a context of our imperial links. As Britain experienced growing economic problems we did not remain uninfluenced. Our continuing heavy dependence on Britain made us especially vulnerable to the eventual economic holocaust.

Recovery from the 1890s collapse was unspectacular though there was some diversification in the pattern of our export trade. Dairy and meat exports expanded, utilising techniques of refrigerated shipping that were developed by T. S. Mort as early as the 1870s, and once again gold came to the rescue of our balance of payments problems (this time from Western Australia). Despite these stimuli, permanent and sustained recovery rested upon improvements in pastoral productivity and upon a substantial expansion of wheat production into areas formerly dominated by woolgrowing.

With the formation of the ALP in 1891 and its growing political influence, a consensus emerged across a broad spectrum of Australian society in favour of more direct State regulation of economic activity. State owned enterprises were established, usually the product of a desire to reduce State government costs, rather than of a view that such activities constituted a first step towards a socialist Australia. The effect in many cases was to assist private enterprise by providing cheaper inputs, for example, building materials; no real threat was posed to the private sector. Amongst a wide range of other institutional developments, which included the establishment of the Commonwealth Bank in 1911, perhaps the one with greatest long-run impact on future growth was the creation of a nexus between the demands for a basic wage and increased protection for infant manufacturing industries. As a result of the Harvester judgment of 1907, protection against the omnipresent competition from British manufactured imports was accepted as economically and socially desirable as long as some of the benefits of this protection were passed on to employees in the protected industry. A formal legal nexus was not maintained for long but the principle behind it was, assuring the manufacturer of the continuing support of organised labour for his demands for protection whether he faced serious import competition or not. The interests of Australian workers in having their jobs protected coincided with the development of the now familiar argument for protection based on the need to foster infant industry. The manufacturer not only benefited from the customs union that Federation had created between the states, which had widened the market for his products, but he could now agitate for measures to protect and foster his activities which would help in the growth of import replacement. In the long run this was to prove antithetical to British economic interests, to the maintenance of the international division of labour resting on the doctrine of free trade from which Britain had gained so much economic advantage in the nineteenth century. To indicate why this proved to be the case and to show the long run causes of the 1930s collapse it is

necessary to examine general developments in the international economy in this era.

Generally speaking, the period from the 1870s through to World War I saw a growing international division of labour, with the more advanced and industrialised economies expanding the export of manufactures to the less industrialised economies. These imports were balanced by the export of food and raw materials to the more industrialised powers, and often also by heavy capital transfers from the developed to the less developed economies. In such a situation, any serious change in the terms of trade or level of capital transfer could seriously affect the recipient countries. For example any serious deterioration in a recipient economy's terms of trade would tend to affect its propensity to import, given the dependence on export income to facilitate import trade. Such a move would also reverberate on the economy of the more industrialised nation by reducing the outflow of manufactures. Fortunately for international economic and political stability the terms of trade did not fluctuate greatly between the 1870s and 1914, and a crude form of equilibrium was maintained.

World War I seriously upset this equilibrium in the following ways. With the disruption of European agriculture, a stimulus was provided to the newer areas of settlement to further expand their rural production. When European agriculture began to recover after the war, the stage was set for a possible over-supply of food and other key raw materials. The newer areas responded to such a threat, which began to show itself in increasing price instability as the 1920s proceeded, only by further exacerbating the world over-supply problem in the long run. On the demand side, growth in demand in the more industrialised countries was restricted by the general economic problems these economies faced in the 1920s. Countries like Australia were heavily dependent on a continuing growth in demand from these countries for their primary exports. Such a situation helped to gear Australian prosperity to that of Britain in particular, but any serious cut in demand for world output of primary staples would also affect Australia.

The industrialised nations were also highly vulnerable as World War I had encouraged another destabilising problem. Countries such as Australia, cut off from traditional suppliers of manufactured goods by the exigencies of war, were forced to become more self-reliant and to expand import-replacing industries. Once this boost had begun, the end of hostilities did not produce a reduction in the process. Quite naturally, there was no desire in the less developed countries to destroy these new and expanding industries. Instead, the tendency was to ensure their continual survival and growth by raising tariff barriers against import competition. In brief, the grand design of Empire economic harmony, between Australia and the 'Mother Country', was threatened by such developments. The international economy was facing increasingly disequilibrative forces, which had been generated by these dialectical

relationships between the more advanced and less advanced powers. Such a situation would eventually require serious adjustments, and the need for such became obvious in the international monetary problems of the 1920s.

This outline of the growing disequilibrium in the international economy is unavoidably terse, and rests on extensive generalisation. There are many other aspects calling for elaboration, perhaps the most important being the place of the United States in this scheme. Developments within the US economy were able to influence other Western countries because of the former's increasingly important position in the international economy as a whole. The US was a key purchaser of raw materials and was itself contributing to the growing world over-supply of foodstuffs. Any serious fluctuations in her economy would therefore have serious repercussions on other economies. The most obvious spark to light the economic fireworks of the 1930s came from the Wall Street crash of October 1929, but this was simply an overt indication of basic structural problems in the US economy.

It was then the turn of the rest of the capitalist world to suffer. The fact that the US had become a massive lender to Europe in the 1920s provided one automatic transference mechanism; as capital exports fell so did the props of European stability. The London capital market, subservient to Wall Street, fell into chaos. Imports of food and raw materials into the US were cut by 40 per cent; thus the time bomb of world over-supply was set off. Australia was virtually unprotected from these economic shock waves which were to threaten the very continuance of the Western economies.

Such an international scenario provides an explanation as to why Australia received two severe external shocks in 1929: the cessation of capital inflow as the London capital market collapsed; and the drastic fall in the prices received for our exports. Why these particular shocks occurred when they did, and why they were of a particular magnitude, is only answerable through reference to the broad international developments outlined above.

The reason why Australia was so heavily affected by these external developments is ultimately related to our lack of economic independence at this time. Because our growth had been so connected to, and dependent on, British demands, we were automatically vulnerable to external shocks. C. B. Schedvin in his *Australia and the Great Depression* sets out to upgrade the importance of internal developments, and discusses in considerable detail the major features of Australian development in the 1920s.²² The danger involved in stressing internal developments rests on the possibility that external influences on the actual pattern of internal development may be obscured. To illustrate this contention some comments will be made on Australian-British economic relations in the 1920s.

The periods of Australian history when economic growth has been

most marked have been periods of heavy capital inflow and high rates of immigration. The 1920s were no exception to this maxim. With our ability to produce export staples efficiently, we were able to escape the trap so many Third World countries find themselves in today. Moreover, the exploitation of our comparative advantage was greatly assisted by massive injections of British capital and labour. In the 1920s the imperial link with Britain was conveniently summarised in the expression 'Men—Money—Markets'.²³ The intention was that Australia would provide an outlet for surplus British labour and thus help to reduce the high unemployment levels in the 'Mother Country'. This labour, it was hoped, would be gainfully employed in the production of foodstuffs and raw materials for Britain and would in turn help expand the demand for British manufactured goods. Britain would provide a market for Australian exports, whilst Australia would in turn provide a market for British exports. The third section of the trilogy, capital, would be provided by Britain to assist rural development in Australia. Thus such a strategy constituted an attempt to maintain the international division of labour upon which British late nineteenth century growth had so conveniently rested. To oppose such a strategy was anti-Empire, and branded one a disloyal subject of the King, if not a subversive.

This Empire strategy was considered politically as well as economically advantageous to Britain. In 1919 a senior official in the Colonial Office urged a massive programme of emigration to the Empire because 'you would not have the Bolshevism and the very real trouble you will have if you are prepared to cope with the period of congestion which must come'.²⁴

The problem with such a strategy in the 1920s was that the general equilibrium in world trade was already collapsing. Australia had gained greatly from this type of relationship in the previous century, but with growing world over-supply of rural products, the demand side of the equation was virtually ignored. Moreover, such a strategy encouraged heavy investment in economically doubtful rural schemes, in increasingly marginal areas. Whilst rural export prices remained fairly stable this strategy could be maintained; if export prices dropped seriously or suddenly, or if capital inflow was suspended, then it would be in ruins. This problem of potential long-run instability was compounded by the tariff structure in Australia, which expanded in breadth and height as the 1920s progressed. The main arguments for protection were an 'infant industry' type approach, combined with an emphasis on the 'employment creating' effects of the tariff. The labour movement supported protection as long as wages and employment were shielded from overseas pressures. The nexus created in 1907 between wage fixation—the basic wage—and the level of protection continued to operate. Protection was approved by the labour movement in the 1920s as long as the wage-earner gained his share of the advantages it produced in the form of higher wages and guaranteed employment.

What this helped to produce was a high cost structure in Australian industry relative to that prevailing in Britain in the 1920s, and hence even more protection, it was argued, was necessary.

With high levels of protection, Australian manufacturing was not encouraged to improve its efficiency, extensive restrictive practices were given a fillip, and foreign investment was stimulated, as foreign firms found it more convenient to hurdle the rising barriers and establish plants in Australia.²⁵ In brief, the rural and industrial sectors both faced problems that would demand eventual resolution. Some adjustments were made in the industrial sector before compulsory adjustments were forced on the economy by the Great Depression. Manufacturing investment reached a peak as early as 1923-4, and a general levelling off in this sector occurred from the mid 1920s onwards. Whilst capital inflow continued to enable heavy public investment, these forewarnings were easily ignored. Whilst Empire strategy was still supported and being put into effect in Australia, a breathing-space was possible. Yet the extent of the crash to come was very much a product of the tightness of these Empire bonds.

By the late 1920s it was clear that the 'Men—Money—Markets' strategy would have to be suspended, but even then the British were still keen to foist their surplus unemployed on to Australia. Late in 1930 Australia was faced with an offer of hundreds of thousands of coal miners with the suggestion that they be turned into wheat-farmers!²⁶ This was at a time when Australia was furiously trying to grow more wheat, in a futile effort to counter-balance falling grain prices. This eleventh-hour offer personified the limited impact the Empire Settlement schemes had on Australian development in the long run. Our population was expanded, necessitating capital widening which was heavily financed through overseas borrowing, but unemployed coal miners did not make good potential wheat-farmers. In fact those British workers actually unemployed as a result of the problems of the old British export industries proved reluctant to emigrate to places like Australia; the solidarity of the mining community even in times of hardship proved a powerful force against emigration. Australian schemes to assist agricultural development proved equally doubtful in their long-run effects. The relatively few farmers who, despite little capital or expertise, made a success in areas of largely marginal quality, found themselves trapped once the price of their output collapsed with the depression. 'Men—Money—Markets' had not solved Britain's unemployment problems and most importantly the key variable—markets—did not eventuate in any permanent sense. Empire loyalty had led us to become enmeshed in an Empire strategy which did not produce a permanent market for our exports. Nevertheless many Australians refused to accept such a conclusion. As late as 1936 Earle Page, leader of the Country Party, made loud overtures to the British for their continuance of the strategy of the 1920s. The British reacted with surprise and then disinterest.²⁷

The impact of the Great Depression on Australia was most marked. We were hit with a severe disequilibrium in our balance of payments as export prices collapsed and capital inflow ceased. Our indebtedness to British investors had risen steadily throughout the 1920s and the problems of repayment were exacerbated by the unfortunate fact that many long-term loans matured in the late 1920s at a time when we were least able to meet our commitments. The British wasted no time in making sure that Australia would not renege. A Bank of England deputation instructed the Federal government to cut wage levels so as to ensure the continuance of repayments. The logic was that our standard of living was too high and thus the wage-earner alone should bear the brunt of the collapse. Labor politicians could not accept such a prognosis. J. T. Lang in NSW caused a furore with his request that the British give us the same terms on our debts as the Americans had given them in respect to their World War I debts. After being abused by the Empire loyalists, with R. G. Menzies prominent in the anti-Lang campaign, Lang was dismissed from office. A compromise policy was required and it came in the form of the Premiers' Plan which accepted wage reductions but also included reductions in interest rates. Politically it could then be argued that the *rentier* class as well as the working class was carrying part of the recovery burden.

The obvious advantages of a deliberate devaluation of the Australian pound were not acted upon and it was left to the Bank of NSW to force a devaluation against the wishes of the Commonwealth Bank and Empire loyalists who opposed such a move because it would be economically disadvantageous to British interests. Generally speaking Australian academic economists were found wanting in their reactions to the crisis; their emphasis on deflationary policies placed them behind their conservative counterparts in Britain and the US. Amongst academic economists only R. F. Irvine, an ex-professor of economics at Sydney University, publicly denounced wage reductions and his views greatly influenced the Lang Plan and Theodore Plan, both of which called for inflationary action and no wage cuts.²⁸

The full effects of the crash on the great majority of Australians need not be detailed here. The fact that Australia achieved the nebulous honour of reaching the highest level of unemployment—28 per cent in 1932—is a testament to the vulnerability and dependence of the Australian economy at this time. Without the artificial protection afforded by World War I and the community consensus in favour of ever increasing levels of protection in the 1920s, we would have been even more vulnerable to the collapse of international capitalism that eventuated. Those features of Australian development up to the 1930s which had helped us resist the collapse, albeit only in a limited way, were not products of Empire strategy but were in fact developments diametrically opposed to the wishes of Britain to retain an international division of labour to her advantage. They did not result from Empire planning, although

some British capital assisted manufacturing development. Of considerable significance is the fact that the technology that came with this capital, or was imported by other means, was falling behind that utilised in the USA and Germany. On the limited work done in this area it appears that this disadvantage of our links with Britain grew in importance as the 1930s proceeded.²⁹ At a stage in our development when we should have introduced the most advanced technologies we were relying heavily on a source that was lagging behind in the technology race. This is another clear disadvantage of our political and economic links with Britain at this time. The almost total disinterest by policy makers in directly assisting manufacturing development in the twenties was very much a product of the hegemony of feeling towards Empire co-operation, as was the strictly limited interest shown in the growing overseas ownership of this nascent but key sector.

Recovery from the crisis was slow, and by the middle of the 1930s, only 1929 levels of unemployment and investment had been achieved. There was no return to the optimism that had dominated the first half of the twenties. Agricultural recovery first had to pull the farmer out of the deep liquidity trap that he had been placed in. The decade saw a continuing emphasis on 'Populate or Perish' philosophies, the fall in the birth rate being of special concern to the more xenophobic members of the community. Our greatly decreased ability to import, the devaluation of our currency, and depressed wages and hence costs of production, assisted manufacturing growth as did increases in the level of protection. Nevertheless Australian manufacturers still faced heavy import competition, which was not alleviated by the 1934 Ottawa agreements. Certainly the entry of overseas firms in the 1920s and 1930s reduced some of the drain on our balance of payments from the import of manufactured goods. However, the need to import capital goods to service industrial expansion, as well as manufactured inputs for the manufacturing sector, counter-balanced this advantage to a considerable extent. Despite a lack of drama in manufacturing development in the 1930s this sector was quietly expanding. An example of this can be seen in the fact that by 1935 the Australian demand for iron and steel had at last reached a level that made local production economically attractive and feasible. Small market size, import competition and dispersed markets for iron and steel had all facilitated BHP's assumption of a monopoly position in this central industry. A great deal of work remains to be done on industrial development in the 1930s; at this stage we can offer little more than conjecture. On the eve of the outbreak of World War II Australia was still primarily an exporter of primary products and a recipient of manufactured items. Our industrial base had been widened with the assistance of war and depression, but our economy was still closely tied to British interests. Once again it was the extraneous intervention of war that was to speed-up and assist our slow crawl towards becoming a small industrialised state.

Conclusions

From this survey of Australian economic development up to World War II certain conclusions can be deduced. 'Primary capitalist accumulation', to use Marx's well known concept, had not been the product of a massive squeeze on consumption. In the long run, Australia was able to industrialise without having to rely heavily on domestic savings produced from restrictions on domestic consumption, nor had we collected large quantities of surplus from colonies. Undoubtedly we gained indirectly from British expropriation of colonial surpluses from areas such as the Indian sub-continent. Some of the surplus extracted must have indirectly influenced our ability to borrow on the British capital market and the cost of that borrowing—though this kind of link remains un-researched. At the same time import competition, limited local demand, and the existence of geographically differentiated colonial markets within Australia provided disincentives against the growth of Australian industry. Moreover as has been suggested in the discussion of twentieth century developments, the early stages of our transition towards a small industrial economy produced serious effects on our growth performance. The failure of GDP per capita to rise significantly in the first four decades of this century was the result of the respective levels of productivity prevailing in the rural and industrial sectors. With diminishing returns from rural sector investment by the twenties, combined with relatively low levels of productivity in the infant industrial sector, the transition towards a more industrialised economy was not a simple process of the transfer of factors from an area of low productivity to one of high productivity, as had been evident in European industrialisation experience. The era of pastoral capitalism in Australia had in fact produced labour-saving techniques of production which in turn helped facilitate high per capita levels of income and consumption. It was only when external factor supplies turned against our interests that the Australian worker suffered from the development process.

Given such relationships, it is little wonder that most Australians have not seen themselves as simple victims of our links with Britain. The process of exploitation has been subtle and difficult to discern except in times of depression. Our original inhabitants disappeared quickly from the scene with the cruel assistance of the settlers, and the crucial role that immigration from Britain has played meant a diminution in possible opposition to imperial economic and political links. In the Long Boom the advantages of our partnership with Britain were clear. Yet from the 1890s the partnership showed signs of stress; the Great Depression of the 1930s set the seal on the widespread belief that the partnership offered nothing but advantage to Australia. It took the forced lessons of war and depression to provide a challenge to the continuance of this falsely optimistic perspective.

Australian experience does not fit a vulgar model of imperialism

where foreign investment did nothing but untrammelled harm. Nor does it fit the model of André Gunder Frank developed from Latin American experience. But this should not blind the commentator to the disadvantages our close ties with Britain produced. Brian Fitzpatrick remains basically uncorrected in his starting points. He drew attention to the need to see our development as very much an appendage of British development, and three decades of post-Fitzpatrick scholarship have not seriously challenged this need. Where necessary, certain degrees of emphasis should be changed as a result of our greater knowledge of the past. Here the radical scholar should not by-pass the monumental impact of N. G. Butlin's work—but neither should the conservative scholar dismiss Fitzpatrick simply because of his radical allegiances or because his emphasis on the disadvantages of our links with Britain suggests that not all the fruits of our development accrued to Australians.

We were both victims and partners of British imperialism and its neo-mercantilist schemes of the twentieth century. Instead of the benefits of these policies going only to a class of comprador capitalists, they were shared more equally amongst the members of Australian society. In the absence of a heavy inflow of British capital and labour, Australian development, apart from the periods assisted by gold production, tended to stagnate. It was no coincidence that the only reasonably prolonged period of expansion in the first four decades of this century, that of the twenties, also corresponded with heavy capital and labour inflow. But as with the Long Boom before it, this expansion was short-lived and we once again had to pay the consequences of our dependence. The British investor certainly lost capital on occasions, especially in mineral booms, but the massive investments in public sector activity by British investors were never seriously challenged; strong feelings of political loyalty and common heritage meant that Australia constituted a safe haven for British overseas investment. At no stage were serious moves made to expel or even buy out British economic interests and our banking system has always been heavily dominated by British interests. We know little about the net benefit of British activity in Australia to the British economy and it would be impossible to quantify it in any real sense.

Without doubt much of the present ambivalence about overseas domination and ownership of key sectors of our economy is a product of the subtle manner in which British interests have exploited our development. Until a clearer historical perspective on the British role has been widely accepted, we cannot expect too serious an interest in the negative features of US and Japanese influence, from broad sections of Australian society.

NOTES

- 1 Fitzpatrick's most important work is his *British Empire in Australia 1834-1939* (Macmillan reprint, Melbourne, 1969).

- 2 Apart from his *Investment in Australian Economic Development 1861-1900*, other contributions of N. G. Butlin include: *Australian Domestic Product, Investment and Foreign Borrowing 1861-1938/9* (Cambridge, 1962); 'Colonial Socialism in Australia' in H. G. Aitken (ed.), *The State and Economic Growth* (N.Y., 1962); and 'Growth in a Trading World: The Australian Economy Heavily Disguised', *Business Archives and History* 4, 2.
- 3 The best survey of the various theories of imperialism is T. Kemp, *Theories of Imperialism* (London, 1967).
- 4 Major contributions to the re-examination of British colonial policy are included in A. G. L. Shaw (ed.), *Great Britain and the Colonies 1815-1865* (London, 1970).
- 5 Perhaps the best discussion of Wakefield's impact on Australia is P. Burroughs, *Britain and Australia 1831-1855: A Study in Imperial Relations and Crown Land Administration* (Oxford, 1968).
- 6 E. L. Wheelwright, *Radical Political Economy: Collected Essays* (Sydney, 1974), p. 257.
- 7 G. Blainey, *The Tyranny of Distance* (Melbourne, 1966).
- 8 G. C. Bolton, 'The Hollow Conqueror: Flax and the Foundation of Australia', *Australian Economic History Review* 8, 1.
- 9 See the chapter by K. Buckley in this volume.
- 10 J. W. McCarty, 'The Staple Approach in Australian History', *Business Archives and History* 4, 1.
- 11 S. J. Butlin, *Foundations of the Australian Monetary System* (Melbourne, 1953) remains an invaluable reference on monetary questions.
- 12 *ibid.*
- 13 N. G. Butlin, *Investment in Australian Economic Development, passim, op. cit.*
- 14 N. G. Butlin, 'Colonial Socialism in Australia', *loc. cit.*, p. 27.
- 15 Useful critiques of Butlin's statistics include: E. A. Boehm, 'Measuring Australian Economic Growth 1861-1938/9', *Economic Record* 41(94) and H. F. Lydall, 'N. G. Butlin's Anatomy of Australian Economic Growth', *Business Archives and History* 3, 2.
- 16 N. G. Butlin, 'Growth in a Trading World', *loc. cit.*
- 17 A. R. Hall, *The London Capital Market and Australia 1870-1914* (Canberra, 1963).
- 18 E. A. Beever, 'The Australian Wool Clip 1861-1900', *Economic Record*, vol. 39(88).
- 19 See the last chapter of *Investment in Australian Economic Development*.
- 20 E. A. Boehm, *Prosperity and Depression in Australia 1887-1897* (Melbourne, 1971) is a useful study of the 1890s.
- 21 C. Forster (ed.), *Australian Economic Development in the Twentieth Century* (London, 1970). See the chapters by W. A. Sinclair and N. G. Butlin in particular.
- 22 C. B. Schedvin, *Australia and the Great Depression* (Sydney, 1970).
- 23 W. K. Hancock, *Survey of British Commonwealth Affairs 1918-1939 vol. II, Problems of Economic Policy Part I* (Oxford, 1942); I. M. Drummond (ed.), *British Economic Policy and the Empire 1919-1939* (London, 1972).
- 24 Cited in I. M. Drummond, *op. cit.*, p. 163.
- 25 C. Forster, *Industrial Development in Australia 1920-1930* (Melbourne, 1964).
- 26 I. M. Drummond, *op. cit.*, p. 85.
- 27 *ibid.*, p. 86.
- 28 These claims are discussed in B. J. McFarlane, 'Professor Irvine's Economics' in *Australian Labour History* (Canberra, 1966).
- 29 A great deal of work remains to be done on the 1930s. C. B. Schedvin's discussion of the recovery process is useful but needs more elaboration.

4

AUSTRALIAN IMMIGRANTS, 1788-1940: DESIRED AND UNWANTED

MARIE de LEPERVANCHE

THE FIRST IMMIGRANTS to Australia arrived over 32,000 years ago.¹ They were hunters and gatherers who spread over the continent and incorporated the landscape into their social and religious life.

A much later wave of settlers consisted of British undesirables and their gaolers who brought with them an alternative orientation to land and labour. The society they came from periodically produced financial crises, depressions, and a residue of unfortunate souls, the criminals and unemployed. And the settlement in New South Wales, first founded as a 'thief colony', also became in time the destination for many who could not find work at home.

One palliative for unemployment was Edward Gibbon Wakefield's systematic scheme for colonization, first published in 1829. This entailed using funds from land sales in the Australian colonies to finance the passages of British emigrants, who in turn would provide labour for the colonial landowners. The colonies had land, but their great want was labour. In Britain there was capital but also the unemployed.

Wakefield's scheme rested on the expediency of maintaining the British connection between land, labour and capital. Thus he advocated treating colonial land as if it had risen 'out of the sea close to Britain':² a purchaser need not live on his land, he could rent it out. Indeed, he argued, 'all these ends of colonization, the extension of markets, relief in several ways from excessive numbers, and new investments for capital, may now be brought under one head, namely, a progressive enlargement, partly domestic, and partly colonial, of the field for employing capital and labour'.³

Wakefield's ideas met with a cool reception from Marx who argued that this colonization plan was merely an attempt to manufacture wage-workers in the colonies, because 'property in money, means of subsistence, machines, and other means of production, does not as yet stamp

a man as a capitalist if there be wanting the correlative—the wage-worker, the other man who is compelled to sell himself of his own free-will'.⁴

Marx's criticism was written some decades after Wakefield's colonization scheme had been implemented. The first Australian scheme of mass immigration began in New South Wales in 1832 with government assistance towards the payment of passages for working-class immigrants. For the next hundred years, immigration, particularly assisted immigration, was a central issue in the struggle between capitalist and worker in the new land.

It is the general argument of this paper that conflicts arising from opposing class interests in the colonies produced, in turn, divisions within each class. More particularly, the question of immigration remained a contentious issue between employers and employees until World War II, and as a consequence of employers advocating a plentiful supply of cheap labour, a bitter division developed within the Australian working class between colonial worker and immigrant competitor.

The Early Period: Convicts, Assisted Immigrants and Coolies

Before the Wakefield immigrants began to arrive in the 1830s, convicts and emancipists supplied the labour for colonial employers. By 1820, only 1,941 free immigrants had come. Some ineffective members of the English upper and middle classes had been sent thither by their friends 'as the easiest and surest way of being rid of them', and those few enterprising souls further down the status system—carpenters, blacksmiths and small shopkeepers—'might have formed the basis of an industrious middle class had not the rigid caste system in Sydney forced them into the society of emancipists and convicts'.⁵

The lower half of this rigid system did not house a homogeneous body of workers. From earliest days there was competition between the 'good, hard-working convict' and the free labourer. Another aspect of status difference was infrequent intermarriage between convict and free immigrant: 'The line between the two . . . was drawn as distinctly as between the white population and the black'.⁶

The other half of the rigid system consisted mostly of landowners. Officially, power was vested in government officials and the military, but as the landowners' holdings increased, so did their political power. The pastoral expansion was well under way by the 1820s and was accompanied by an increasing labour shortage in rural areas: by 1830 the Eastern Australian colonies 'comprised a small but growing class of property owners employing mainly convict labour, and competing feverishly among themselves for the few free labourers who had immigrated'.⁷

Early colonial society thus demonstrated marked distinctions insofar as power, prestige and ownership or likely ownership of property was

concerned. The earliest immigrants to the continent, the Aborigines, were dispossessed of their land and were powerless, and amongst white settlers the convicts were deprived of their liberty—if only temporarily. As far as landowners and others were concerned, this division at first paralleled to a great extent that between free and bond, and most of the latter ‘made no social advance whatever . . . [being] brutalized by their convict associations and by the inhuman punishments of the system until they were beyond redemption’.⁸ Yet some emancipists did become landowners, although their status always remained lower than that of those who arrived free. Usually they intermarried with each other, occasionally they married immigrants ‘but it was a very exceptional occurrence for an emancipist to marry a member of one of the families long established in the colony’.⁹

But the battles between landowning ‘exclusives’ and emancipists, begun in Macquarie’s day, did not preclude their joining forces as employers against the employees, and in supporting each other to further joint interests through the colonial courts and press. Their privileges were guarded in Masters’ and Servants’ Acts; indeed ‘the great employers in the colony, the absorbers of abundant and cheap labour, were the real rulers of the country. From their ranks were chosen the members of the Legislative Council; they had the ear of the Governor, and the Governor in turn had the ear of the Secretary of State’.¹⁰ Their economic base was wool. By 1830, Australia had pushed Spain from second place as a supplier of wool to Britain;¹¹ and by 1840 it was clear that Australia would soon oust the German States from first place, which it did by 1845.¹²

With the transfer of British people and capital across the sea, particularly after assisted immigration began, metropolitan patterns of social relations were also transplanted. The marked division between employer and employee highlighted in the colony distinction between town and country: the workers, if they could choose, preferred the towns, and very early on helped establish the predominantly urban nature of Australian society and its working class. But concentrations in the towns, where public works and building were the most important industries, made workers vulnerable to slumps and unemployment. The urban preference also intensified the rural labour shortages already exacerbated by the expanding pastoral industry.

Until transportation ended in 1840, shepherding was done by convicts. This was a hard and lonely job, and one with very low status. Neither emancipist nor free man was ever keen to work in this way, so despite landowners’ hopes of a regular labour supply under assisted immigration, the rural labour shortage persisted. In later years the dispossessed Aborigines were often recruited as cheap labour for the pastoralists. But in the 1830s, the landowners in desperation turned to another source of cheap labour to tend their flocks. They began importing coolies.

The switch to indentured coolies introduced a new note to colonial labour relations and a new phase in the battle between employers and workers—a phase in which workers were opposed to coolie as well as convict competitors in the course of the landowners' search for cheap labour.

In the 1830s the pastoralists imported their coolies from India, China and the South Sea Islands, and tried to persuade the government to fund this traffic. But despite a favourable response from a Select Committee of the NSW Legislative Council in 1837, which recommended that Indians be imported for shepherding as well as for the production of sugar, cotton, coffee and tobacco in the north, no government action followed, nor again when the Committee's recommendations were reconsidered in 1840.¹³

After transportation ended, pastoralist agitation for cheap Asian labour began in 1841, but a Select Committee of that year disapproved the idea, thus reversing the official opinion of the 1837 Committee. In 1842, W. C. Wentworth formed a Coolie Association to tap the labour reserves of Asia, and in 1843 there were further suggestions from landed proprietors for introducing Indian coolies at Government expense, but the Legislative Council abandoned the scheme. Private employers were still permitted to import Asians at their own expense, and some did, but the Indian Emigration Act of 1839 restricted the recruiting of coolies to other British possessions unless strictly controlled, and this virtually put an end to the Indian coolie traffic to Australia.¹⁴

British authorities at this time did not warm to the coolie idea, although Wakefield, in 1829, had recommended both India and China as sources of indentured labour.¹⁵ But in the 1830s opposition came in various guises: humanitarian voices were raised against such schemes, but the opposition of the Secretary of State for the Colonies rested on the need to remove to the colony, by assisted emigration, distressed members of the British working class. Authorities argued that traffic in coolies would then only prejudice plans for this free emigration because the free and the indentured did not mix well. The British also hoped that by removing unemployed workers from Britain, some of the causes of Chartist agitation would disappear. The colonial workers objected to coolies because they did not want competition from any cheap labour.

The growing labour shortages and higher wages of the 1830s gave the colonial workers some feeling of strength for collective action, which they took in 1833, for instance, in issuing a schedule of wages. Coghlan says the workers 'explained that their motive was to prevent false hopes being raised in the minds of intending immigrants, but doubtless they were actuated also by a desire to prevent the lowering of wages—an event which the limited scale of industry made most probable, if a large number of workmen were at any time introduced'.¹⁶

The workers were constantly watchful of competition from convicts,

coolies or assisted British immigrants, and the battles over convict transportation in the 1830s and its revival in the 1840s delineated with particular sharpness colonial class interests, with employers favouring transportation and the workers vigorously opposed. But this class conflict also generated status divisions among workers themselves, so that those who campaigned for better wages and conditions were permanently ranged against those who sold their labour cheaply. The 'good, hard-working convict' was only the first to fill this low status vis-à-vis the competing free labourer. There were other occupants for this niche, including coolies and assisted British immigrants, before and after the convicts disappeared from the colonial scene. In the 1830s, for example, assisted British immigrants arrived and the colonial workers began objecting to 'the periodical arrival of batches of trade competitors, and their objections were both to immigrants coming on the Government ships and to those claiming bounty'.¹⁷

For several decades thereafter, assisted immigrants were the bearers of low status amongst the working class as they brought with them, particularly in times of unemployment, the threat of competition and lowered wages. And it was in such class and status conflict that the peculiar brand of Australian xenophobia was nurtured.

Ironically, assisted immigration and transportation both swelled the ranks of the working class and gave it leaders. In the late 1830s, unemployment in England produced mass demonstrations and Chartist agitation, and one response to this was the steady transfer of working class leaders 'to gaols and convict transports; Australia harvested in the late 'thirties a richer crop of "political" exiles than had appeared during the whole of the forty-odd years since the "Scottish martyrs" were transported in 1794'.¹⁸ Thus there was the paradox of the workers' movement recruiting members from the ranks of those they opposed.

It was the need to relieve unemployment at home that persuaded the British to end transportation in 1840: they considered the mitigation of working class distress a more pressing problem than emptying the prisons.¹⁹

But the arrival of many distressed persons in the colony, who were then unwilling to leave the towns for jobs in country areas, provoked colonial employers to complain that England was merely dumping its dispirited poor. To some extent these accusations reflected landowners' views, as they were not getting the agricultural labour they called for, but between 1832 and 1836 the association between immigration and the workhouse was fostered by female immigration, which included many destitute. Throughout the 1830s the Commissioners of Emigration were inundated with requests for assistance from London poorhouses and workhouses.²⁰

Given the source of immigrants, complaints about their unsuitability for pioneering agricultural work are not surprising. In the nineteenth century Britain was industrializing: what surplus population there was

existed in cities. Most agricultural labourers and farmers who wished to emigrate went to Canada or the United States of America, and the lack of suitable applicants for Australia meant that regulations were relaxed and many paupers sent.

Depression in the 1840s interrupted immigration aid for a number of years, but pastoralists still clamoured for labour, even though there was unemployment in Sydney, Port Phillip and Adelaide. Ruling class views were echoed in a Legislative Council Committee Report of 1845 to the effect that vast quantities of labourers and servants could be absorbed in the colony, but workers protested that this was nothing less than a scheme for flooding the colony with cheap labour in order to lower wages.²¹

The Government hesitated, mainly through lack of funds, and land-owners turned again to procuring Asian labour. During this decade, Lord Stanley encouraged the importation of Chinese coolies to north Queensland, but none was Government assisted. Pastoralists made their own arrangements and coolies began to arrive in 1848. In following years some thousands were landed at Sydney, Port Phillip and Moreton Bay, but not all proved successful shepherds.²²

Worker agitation against the coolie traffic persisted, but it was not until after the Chinese flooded the goldfields that official moves were taken to end their importation by private employers. In 1854, a Select Committee appointed to consider Asiatic Labour heard submissions, and eventually recommended that as a number of experiments had proved disappointing, and with an increase in immigration from the United Kingdom, 'all ideas of a renewal of Asiatic immigration, at private expense, will be abandoned'.²³

Another division in the colonial work force at this time was between English and Irish. This also concerned wages and conditions of work. After the 1846 potato famine in Ireland, the numbers of the Australian bound traffic swelled, and the proportion of Irish was soon high enough to cause hostile comment in the colonial press. This antagonism originated in Britain where the wretched conditions of the British labourers were 'as nothing compared with that of the Irish peasant . . . who invaded England in thousands every year at harvest time, and forced down the wages and standard of living of the English agricultural labourers'.²⁴ Once in the colonies, grievances easily revived if given a chance, and they persisted in Australia in class and status differences, although the Irish never formed communities of the kind they did in America.

To the south, in Van Dieman's Land, free immigration was not a big enterprise. There was more than enough convict labour in the 1840s, for instance, for free labourers to protest at employers' taking advantage of the cheaper workers.²⁵ In Western Australia on the other hand, early hopes of avoiding convicts were not fulfilled. Labour became so short that colonists petitioned for convicts and some were sent from

1850, an arrangement that suited the British authorities who were having trouble with crowded gaols.

In South Australia the situation resembled more the Eastern colonies, although the Province had been settled without convicts and had witnessed a substantial German immigration, sponsored initially by a private capitalist, G. F. Angas in 1838. The Wakefield scheme was given full rein, but lack of Government funds marred the expectations of free arrivals in the 1840s, when they landed to find unemployment in the towns. But the land-grabbing of the East was not repeated, and the smaller farmer thrived in a sense he never did in New South Wales or Victoria.²⁶

In the 1840s, the squatters of the more populous Eastern colony were preoccupied with land as well as labour, and demonstrated their strength in battles with Governor Gipps. The landowners resented provisions introduced by the Imperial Land Act of 1842, including an increase in the minimum price per acre for Crown land. Select Committees appointed in 1843 and 1847 by the Legislative Council to investigate the land question favoured the squatters, and the eventual effect of the legislation was to give impetus to expansion as men moved beyond the limits of location.²⁷

Additional proposals for leasing colonial waste lands, introduced in 1845, again angered the pastoralists who petitioned the Colonial Secretary; they also gained support for their cause in England. When Earl Grey became Chief Secretary for the Colonies in the course of these wrangles, he gave a sympathetic ear to the squatters' cause and argued for concessions. A new Act of 1846 was then passed and the Orders in Council required to bring it into operation 'conceded practically every point for which the squatters had been contending'.²⁸

In favouring the squatters, Earl Grey was not neglecting interests closer to home. As Coghlan comments, 'It had been suggested that the granting of large concessions to the squatters would enable them to receive convicts as servants, thus relieving the Home Government of the great difficulty it was experiencing in disposing of its prison population'.²⁹

In short, the question of reviving transportation was in the air, and feelers were going out to test opinion. Employers welcomed the idea but the workers did not, and once again the battle lines were drawn between classes over convict labour.

At several public meetings, the mechanics of Melbourne protested against the exile scheme. In Sydney, the chief opposition came from representative men of the immigrant class who argued that 'in general, adoption of the new scheme would utterly destroy the value of free labour and annihilate wages'.³⁰ But the workers did not yet have the franchise and their views both in England and the colony carried little weight. The first lot of exiles were landed at Port Phillip in

November 1844. Over the next few years until 1848, 1,568 were introduced. The early arrivals went to rural areas; pastoralists took to hiring them direct from the ships, which infuriated the Melbourne workers. But the exiles were not altogether constant employees; many returned to the towns, so their status was quickly altered to ensure that their tickets-of-leave gave them freedom only on condition they stayed in assigned districts.

Because the first exiles got jobs quickly, Gladstone regarded the scheme as a success and issued proposals for sending more. When Gladstone's text was made public in the colony, renewed worker agitation broke out, especially from free immigrants who formed themselves into a large and compact body of opposition to transportation. Some members of the 1847 Legislative Council began to have second thoughts about the exile plan, and criticized the whole system of transportation and assignment. But labour was short again the following year and Gladstone's plan was reconsidered. Even the press favoured the prospect, the *Australian* of 7 April 1848, commenting:

In place, therefore, of the dribbling system of shipping small drafts at broken intervals, we say to England, Ship all your Crime and Poverty, which, whilst they reduce the remuneration of labour and lower the standard of comfort and subsistence at home, will produce a directly opposite effect if deported to a labour market where the demand may truly be described as unlimited . . . Let our boundless labour fields be made available in the fullest extent for those millions of our starving and criminal brethren for whom England has hitherto provided no other place of refuge than—The Union or the New Bastille, the Spital of the Gaol.³¹

In the course of Legislative Council deliberations on convicts in 1848 and 1849, an anti-transportation league was formed 'to oppose by every legal and constitutional means the revival of transportation',³² but Earl Grey heeded only the employers' pleas and sent more exiles. In 1849 a shipload of convicts arrived in Melbourne where it was greeted with protests, and it was clear that such arrivals in Sydney would meet the same fate. The press had changed its tune as well. This time the *Sydney Herald* of 27 February 1849, declared such shipments were unjust, and exposed 'our untainted labourers, our free immigrants' to 'the hateful competition of ticket-of-leave holders.'³³

A new Legislative Council met on 15 May, 1849, and did not accede to renewal of transportation. But convicts were already en route to Sydney, and upon the arrival of the ship, *Hashemy*, carrying 212 convicts, Sydney people 'were lashed into a fever of excitement, and a great public meeting was convened . . . The Governor . . . saw fit to forbid the landing of the convicts . . . not caring to face the obloquy and public indignation which the adoption of any other course would certainly have brought upon him'.³⁴ A compromise was eventually reached whereby the convicts were quietly removed from the ship and

dispersed in areas away from Sydney. But in 1850 there was more protest against convicts, and over 35,000 people petitioned against transportation, representing more than two-thirds of the population of the metropolis. With the weight of public opinion against it, transportation to New South Wales and its dependencies was absolutely and finally abolished from April 1851.

Working class protest had a powerful effect on this issue, as it was to have in later years against assisted British immigration, against the Chinese, and in the next century against southern European immigrants, all of whom were seen as threatening wages and working conditions.

Between 1788 and 1851 the bulk of those coming to the colony were convicts and assisted British immigrants. Authorities differ in their figures but Burton's estimate of net immigration for the period is 317,000, as indicated in the table below.

AUSTRALIAN POPULATION GROWTH AND NET IMMIGRATION 1788-1851³⁵

<i>I</i> <i>Period</i>	<i>II</i> <i>Population</i> <i>at end of</i> <i>Period</i>	<i>III</i> <i>Increase</i> <i>during</i> <i>Period</i>	<i>IV</i> <i>Net Immi-</i> <i>gration</i> <i>during</i> <i>Period</i>	<i>Percentage</i> <i>of IV to</i> <i>III</i>
1788-1811	11,875	11,875	10,000	84
1812-1821	35,492	24,000	18,000	75
1822-1831	75,981	40,000	30,000	75
1832-1841	220,968	145,000	116,000	80
1842-1851	437,665	217,000	143,000	66
	<i>Total:</i>	437,875	317,000	

Of these 317,000, at least 128,356 were free assisted, and about 130,000 convicts came before transportation stopped.³⁶ The total foreign-born in Eastern Australia in 1851 did not exceed 3,500, most of whom came between 1847 and 1851, but a larger concentration existed in South Australia where by mid-century there were about 10,000 Germans settled.³⁷ In 1850, the total population of Australia was approximately 406,000, with three-quarters of it concentrated in the Eastern colonies.³⁸ And until mid-century the only non-Europeans that appeared in the colonies were indentured workers who, like convicts, were the bearers of the lowest status.

The growing solidarity that appeared among workers in the 1830s gathered strength in the 1840s along with the fight against transportation and coolie labour. A petition signed by 2,856 Sydney workers in 1840 protested against the Masters' and Servants' Act.³⁹ And in 1843 a Trade Protection Society was formed in Sydney. That same year a Committee of the New South Wales Legislative Council was appointed 'to take into consideration a petition from upwards of 4,000 of the inhabitants

of Sydney, soliciting the attention of the Council to the distressed condition of the numerous unemployed artisans and labourers in the city of Sydney'.⁴⁰ Also in 1843, there was a petition from the working class to Governor Gipps denouncing the coolie importations.⁴¹

But the working class could not maintain a completely solid front against the employers. New immigrants posed a constant threat, and as pastoralists fought for land and tried to wrest control of immigration from the Imperial authorities, the colonial workers remained divided against themselves. The division within the working class over the question of cheap labour, first manifested in competition between two kinds of Englishmen, bond and free, characterized the colonial working class throughout the last century. And divisions between Australian and immigrant workers persisted after Federation until the second World War.

In the second half of the nineteenth century, the power to legislate on immigration was transferred to the colonial parliaments, and these tried to replace the Wakefield dominated systems by schemes which would satisfy colonial demands rather than British opinion as to which of its population was dispensable. But employers remained the real advocates of assistance. As the century wore on, immigration became more and more an issue over which capitalist and worker clashed head on.

1851-1900: Whites, Chinese and Kanakas

Political agitation in the colonies during the 1840s culminated in The Australian Colonies Government Act, 1850, and within the next decade the colonies achieved responsible government and adult male franchise. The colonial economic base remained the pastoral industry. In 1850, there was as yet 'no strong middle class either of small landholders or of urban artisans, shopkeepers and merchants who could challenge the economic and political power of the pastoralists and large-scale farmers who were still the backbone of the colonial economy'.⁴² After the discovery of gold the socio-economic patterns became more complex as the economy diversified, yet the sharpness of the division between employer and employee remained.

After mid-century, voluntary immigration began to overshadow assisted immigration for the first time. In the 1850s the population increased to 1,168,000. The British accounted for 465,125 newcomers between 1850 and 1859, of whom 231,601 were assisted,⁴³ and until the 'eighties, assisted British immigration continued to supply over one-third of the total intake of immigrants: 'These assisted migrants, together with the majority of those who managed to pay their own passages, were men and women of limited capital who swelled the ranks of the labouring and artisan classes rather than of the owners of large properties'.⁴⁴ In addition, some charitable organizations 'helped' introduce the working classes to the colonies. These bodies saw their job as curing unemployment in Britain, providing a safety valve to

remove agitating workers, increasing the colonial population and thus providing markets for British goods.

But not all working class immigrants came assisted to Australia. Among the voluntary immigrants, many of whom came with capital, there were also some working class newcomers who paid their own fares. Most of the immigrant members of the Amalgamated Society of Engineers, for instance, including fitters, turners, smiths, patternmakers and other skilled craftsmen in the engineering trade, funded themselves. These men earned good money in England and were 'amongst the 10 to 15 per cent of the British working class who may be characterised as "labour aristocrats"'. Once in Australia, many of them adapted quickly to the colonial situation and identified with local workers who disapproved of State aided immigration. For example, an A.S.E. delegate to the Intercolonial Trades Union Congress in Adelaide in 1886 successfully moved 'that in the opinion of this Congress State-assisted immigration should be totally abolished throughout Australia'. In addition, warnings by colonial A.S.E. members, who were themselves subject to unemployment on occasions between 1851 and 1887, influenced the Home society's cautious attitude to emigration.⁴⁵

The foreigners in 1861 included 27,000 Germans and 39,000 Chinese in a total foreign-born population of 83,395, or 7.2 per cent of the total population, a percentage which steadily declined thereafter. But the unassisted Chinese created problems. By 1857, there were 40,000 in Victoria and this invasion provoked resentment and violence, as the Chinese were seen as competitors on the goldfields. The first Restriction Act against the Chinese was passed in Victoria in 1855, and similar legislation followed in South Australia in 1857 and New South Wales in 1861. But each of these colonies repealed its legislation once the Chinese threat appeared to wane: South Australia acted in 1861, Victoria in 1865 and New South Wales in 1867, and for ten years there were no restrictions against non-Europeans.

The decade 1851-61 saw a great dislocation of the population as men went after gold. When the fever abated, the problem was unemployment, as erstwhile miners looked for jobs in overcrowded cities—and ran into competition from new immigrants, many of them assisted. After the mid-1850s, when conditions deteriorated in the cities, workers became more vocal in their complaints against employers, against assisted immigrants whom they saw as competitors, against the Chinese who 'lowered the standard of living', and against the squatters who had taken up the land and left little suitable for the man returning from the diggings with some savings to start a small farm.

Growing unrest among workers also led to their increasing combination in New South Wales and Victoria in the 1850s and 1860s, and strikes were more common. In 1854, a Sydney newspaper, *The Operative*, appeared with its stated policy 'the dissemination of true

reports as to the wages actually paid in the colony, the direct representation of labour in the legislature, an altered immigration system, and the protection of the working class from the depreciation of the labour market by the introduction of inferior races'.⁴⁶

Problems resulting from a failure to dovetail assisted immigrants and labour shortages were recurrent in the Eastern colonies and in South Australia. In 1854, Victoria had too many immigrants so levied a tax on them and used the proceeds to relieve the destitute. In 1851 in Adelaide, the Government had to intervene with relief works for the unemployed, but by 1854 labour was so short employers were talking of introducing German, Indian and Chinese labour to ease the situation. Yet later the same year there was more unemployment when men returned from the diggings to Adelaide: there they opposed wage reductions and formed a Working Men's Association to pursue their objective. But they lost to employers as wages were reduced. In the following years more immigrants arrived to exacerbate the situation, and in 1859 a 'Political Association' was formed—one of its most important principles being that immigration at public expense should cease. In 1860 no money was appropriated for immigration in South Australia although some was made available in 1861.⁴⁷

In Melbourne, by 1855, there was growing feeling among workers and the unemployed that the land system was the root of their troubles. Then in 1857 unemployment swelled with the arrival of more assisted immigrants. Public meetings were held to petition for relief in the towns and to criticize continued aid for immigration. After 1857 it was clear that strong worker opposition to any form of assisted immigration had begun to affect government policy. In 1858, only a small sum was granted for assistance.⁴⁸

There were similar developments in Sydney. In 1858, a deputation of unemployed waited on the Premier and were offered relief work in the country. The men did not want to go bush any more than they did in Victoria, and as conditions worsened, the Legislative Assembly appointed a Committee to 'report on the condition of the working classes in Sydney'. The Report, presented in April, 1860, strengthened the case of the unemployed who again petitioned parliament to act. To alleviate the situation, the immigration vote was cut by half. The opening of the Snowy River goldfield in October 1860 caused a rush to the diggings, where anti-Chinese riots occurred, yet another manifestation of working class discontent.⁴⁹ Then in 1861 workers again petitioned the Legislative Assembly not to vote 'any sum during the present year, either by Estimate or Resolution, for assisted or any other kind of Immigration, as it is a direct interference with the labour market, and an unjust application of the public funds'.⁵⁰

In Western Australia, colonists supported assisted immigration, especially after men left for gold, because they disliked being associated

with convicts. But the first consignment of free settlers was an embarrassment: there was no demand for their services. In 1856, public works were opened for the destitute, many of whom were immigrant farm labourers employed only seasonally. In Tasmania there was a manpower shortage after men left for gold, then when wages rose employers called for more immigrants and convict labor. But by 1857 there was depression, and convicts as well as the free had trouble finding jobs.⁵¹

By the 1860s the land question was as crucial as immigration in the Eastern states. The squatters still had a hold over most of the best country and their stand for pre-emptive rights was inimical to the development of small-scale farming. Both the New South Wales and Victorian governments attempted to reframe land policy to create a yeomanry, but as land was made more easily available to the small man, it was so much easier for the big man to acquire, and thus began a constant battle between the squatters and selectors.⁵² Subsequently, agricultural settlement fared better in Victoria, as their squatters had less government support than in New South Wales, but both in quantity and quality, South Australia was ahead of other colonies in the agricultural field until late in the century.

New land regulations in Western Australia resulted in many small lots being sold to men of working class background. This development from hired hand to small landowner was unlike the picture in the east, where the selectors lacked capital and had 'to mortgage their land to provide necessary equipment, and in many cases pioneered the soil without gain to themselves'.⁵³ Tasmanian legislation aimed at making land more readily available to the small man also ended in contrary developments: 'the yeoman farmer was conspicuously absent, the only small farmers in the colony were tenants, and there was not any large number of these'.⁵⁴

Despite belated attempts to unlock the land and create a yeomanry, the colonial governments on the whole failed to accomplish their aim, particularly in the eastern states: the result of most of the legislation of the period was the formation of large freehold estates financed from England. As Fitzpatrick notes: 'The Forbes Act of 1834, which encouraged the importation of British capital; Wentworth's 1843 Liens on Wool Act, which facilitated the application of such capital; and the Selection Acts of the 'sixties, which indirectly had the effect of mortgaging the pastoralists still further to "finance capital", which provided them with the means of protecting their estates,' were all legislative steps towards subordinating the producers to the financiers.⁵⁵

Although the Australian economy remained one of primary production, manufacturing grew in the decades after 1850, and mining expanded, with major enterprises like BHP and Mt Morgan. Railway construction went ahead, financed with British capital, and there was development of shipping and telegraphic communications. Despite this diversification, the Land Acts of the 1860s helped perpetuate traditional

inequalities. With the end of transportation and the influx of immigrants looking for gold, free labour replaced bond, but the battle between worker and employer continued, as did working class antagonism towards assisted immigration. This opposition reached considerable proportions in the next three decades, coinciding with the largest yet influx of British immigrants. Between 1860 and 1889 a total of 732,952 arrived, of whom 392,358 were assisted.⁵⁶

Although many of these British immigrants eventually became absorbed into the Australian wage-earning fraternity, and protested in turn against arrivals more recent than themselves, there remained a continual cleavage in the working class at this time between colonial worker and British assisted immigrant. In short, the employers' search for cheaper and more abundant labour, and consequently their advocacy of assisted immigration, divided colonial worker from potential *British* competitor.

New South Wales workers agitated against assisted immigration in 1865, 1866, and in 1870. Coghlan argues that in the 1870 dispute, employers, in supporting a Bill to promote immigration, 'were still hankering after a return to the rates of wages in the period anterior to the gold discoveries, and indulged the delusion, not uncommon amongst their class in all countries, that the rewards of capital directly correspond with the extent to which wages can be depressed'.⁵⁷ Trade union leaders advocated the abolition of assisted immigration, and in correspondence with English unionists complained that 'the Colony of New South Wales has been getting gradually worse these last seven years, chiefly owing to the great amount of immigration and the falling off in the goldfields, and more so through the great amount of importation of every article we left our own homes to come here to manufacture'.⁵⁸

The workers' plight at this time received a comment from Marx, who was finishing Volume One of *Capital*. He denounced the colonial governments' shameless 'lavishing of uncultivated colonial land on aristocrats and capitalists' as it had produced 'in conjunction with the stream of men that the gold-diggings attract, and with the competition that the importation of English commodities causes even to the smallest artisan, an ample "relative surplus labouring population", so that almost every mail brings the Job's news of a "glut of the Australian labour-market", and prostitution in some places there flourishes as wantonly as in the London Haymarket'.⁵⁹

Distress was not confined to New South Wales. In 1865, the South Australian government had to arrange housing for new arrivals, and by 1866 the excess of labour in Adelaide led to public protest and the formation of another 'Political Association' of working men whose object was 'the stoppage of immigration for the benefit of labouring men, and to place the whole question concerning labour fairly before the public . . .' Coghlan argues that although South Australian workers

did not take a prominent part in land and tariff legislation, like their fellows in the east 'the conduct of immigration was almost entirely decided by their action'.⁶⁰ Aid was stopped in 1860, resumed in 1862, but not revived again after 1867 until 1873.

Assistance in South Australia finally ended in 1886, but not before the Province had experimented with coolie immigration to work the Northern Territory. Some Chinese were brought to Palmerston but did not please the planners, so Indian labour was considered as a substitute. A Coolie Immigration Act was passed in 1882, but administrative problems arose concerning the Indian Government's requirements for coolie importation, and the plan was stillborn. Adelaide workers did not approve the coolie idea, nor did they take kindly to three shiploads of British assisted immigrants arriving in 1883 in the middle of a depression. Following a public outcry, the Government decided to end financial assistance to immigration altogether in 1886.⁶¹

Meetings of the unemployed were also held in Melbourne throughout the 1860s to denounce assisted immigration—on one occasion labelled as 'the most wicked thing imaginable'. In 1870, a 'Protection and Anti-State-Immigration League' was formed and spokesmen referred to the aims of assisted immigration as 'obtaining cheap labour for the squatters . . . and as procuring a large town population in order to advance the price of beef and mutton'.⁶² In 1872, the policy of assisted immigration was abandoned in Victoria. But not without a last plea from rural employers in 1874, who petitioned for renewal of aid. The Trades Council immediately condemned the move and claimed the petition was 'an endeavour to cause an influx of skilled as well as agricultural labour, to the detriment of the working classes of the Colony'.⁶³ The aid was not renewed.

In the 1860s, Western Australia was still receiving convicts, but that colony seems not to have been an attractive prospect for free immigrants; only about 200 a year came. Conditions were rather depressed in Tasmania as well, and the unemployed regularly protested at the arrival of assisted immigrants.

Queensland's first parliament had met in 1860, after separation from New South Wales in 1859, and immediately arranged with the Emigration and Land Commissioners in London to send immigrants. Land-order schemes were adopted to facilitate settlement of small farmers, but not all immigrants settled on the land, and in many cases squatters purchased the land orders and the new arrivals stayed in the city. Recent immigrants increased unemployment in 1866, when the colony was undergoing financial and credit crises, and workers then formed a Land and Emigration League, the principal object of which was to stop assisted immigration. Assistance was temporarily suspended, but after gold discoveries in 1867 it was revived in 1868, and extended to German immigrants as well as British.⁶⁴ But the immigration that coloured Queensland's history from the 1860s was the Kanaka experiment, begun

in 1863 with Pacific Island labour for the sugar plantations and first introduced by a private capitalist, Captain Towns.⁶⁵

The wish for convict labour had been one reason for Queensland's separation from New South Wales, and when this was not available the colony turned elsewhere. Without labour, the planters argued, capital would not be forthcoming to develop the new sugar and cotton industries. First, in 1862, legislation provided for the introduction of Indian coolies to help develop the hot north, but nothing eventuated because of stringent Indian governmental requirements, and Queensland looked to the South Seas for substitutes. Until 1868 and the passing of The Polynesian Labourers' Act, the Kanaka trade was conducted without any regulations, and the labourers had no protection from abuses.

In the 1860s and 1870s, the pastoralists and planters were all-powerful in parliament and only gradually was the working-class voice heard. Opposition to cheap Island or Indian labour carried little weight at first while labourers were so short, but Queensland workers objected to the traffic both on moral grounds and because of the effect on work and wages: in 1866 public protest meetings were held, and in 1868 a petition 'regarded with dismay the introduction of an inferior and uncivilized race into this colony to supplant the British and European labourers . . . who have been induced to emigrate here in large numbers in the hope of finding . . . an independent home and permanent employment'.⁶⁶

The Government legislated for protecting the Kanakas in 1868 but abuses continued, despite subsequent amendments and further legislation restricting their recruitment in 1877 and 1880. In 1885, a time limit was set concerning the introduction of Islanders, and a Bill was passed making their importation illegal after the end of 1890. Subsequent legislation in 1892 permitted a more gradual ending to this traffic in order to facilitate the transition in the sugar industry to smaller farms and white labour. The Labor Party opposed this compromise but recruiting was permitted again in 1892. Finally in 1901, legislation was introduced prohibiting the trade in Islanders after 1904 and providing for their repatriation by 1906.⁶⁷

Queensland planters had also tried for Indian and Chinese coolies in the 1870s, but due to the government's unwillingness to accept responsibility for their introduction, the plan failed. In the 1880s, planters again renewed their efforts to get Asiatics when the Government attempted to limit the employment of Kanakas. But when Griffith became Premier in 1883, the whole question of importing coolies was abandoned and another alternative presented: the Immigration Act of 1882 was amended to allow indentured labourers from Europe to be introduced in order to ease the planters' loss of Island labour. Colonists hoped Germans would come but the German Government refused to permit its subjects to indenture themselves to foreign masters. Attempted agreements with Scandinavian countries met with no better success.⁶⁸

Not all Queensland's efforts to obtain European labour for the sugar industry failed. In 1883, private employers imported Maltese to replace Kanakas, and in 1891 the Government assisted 335 agricultural labourers from Italy to work as cane-cutters on the northern plantations.⁶⁹ These southern Europeans became successors to the Kanakas and their low status, when they appeared willing to work for less than Australian workers. They also became the target for working class hostility as they became the source of cheap labour.

As in the other colonies, working class opposition to State-aided immigrants continued in New South Wales. In 1877, the Trades and Labor Council and the Working Men's Defence Association vigorously protested against assisted immigration, and at the elections of the same year, Parkes lost his seat in East Sydney when he supported immigration—although he was later successful in a country constituency. A slight increase in prosperity during 1882 induced the Government to ignore working class opposition and assist immigrants, but when conditions declined from 1885 the Government was more cautious, and eventually ended assistance by 1887.

Like the mainland colonies, Tasmania's immigration history was one of fits and starts, with labour shortages one year and jobless men the next. Then with the boost in mining after 1876, immigrants poured in, including the Chinese. While jobs were available there was peace, but by 1885 unemployment hit the towns and agitation against Chinese began. Restrictive legislation against them was passed in 1885, but British immigrants were also seen to be threatening working conditions and assistance to them stopped in 1891.

Western Australia, like South Australia, imported Asian labour as a solution to the rural labour shortage. Initially, employers in the west brought in coolies without Government assistance, but in 1878 the Legislative Council voted money for some Chinese, despite working class protests. The immigrants arrived in 1879 but engaged in pearling and timber getting, rather than agricultural employment, and the Governor objected and ended coolie importation for the time being. But in the 1880s, the development of the Kimberley District was accompanied by the introduction of more Asiatics, as authorities believed that whites could not work in hot areas. In 1882, the Imported Labour Registry Act of 1874 was amended to regulate the conditions under which private employers could introduce Asian labour under contract, and Chinese were brought to the west up until the 1890s. But after gold was discovered in the Kimberley District in 1886, the Government became alarmed at the increase in Chinese and instituted some restrictive measures against them. Those Chinese who left the north and settled in Perth took up market gardening and furniture making and, in the latter occupation particularly, incurred the wrath of white urban workers, as well as criticism from the Eastern states.⁷⁰

Queensland and Western Australia were the only two states to continue assistance to immigrants, mainly British, throughout the 19th century. Working class opposition to this, as well as to the Kanaka trade, continued, and at times the Government's response was to cut the immigration vote, or temporarily stop financial aid, which it did in 1893 in Queensland. But assistance revived again in 1896. As in the other colonies, Queensland's policy reflected immediate conditions in the colony, and adjustments were periodically made to immigration regulations to fulfil employers' requirements, to prevent abuses of the land order system, and to cope with the Chinese.

Between 1875 and 1877 the increase of Chinese on the Palmer goldfields from 1,800 to 17,000 alarmed the colony, especially as there were only 1,400 whites there. And in 1877 the Chinese Immigration Restriction Act was passed. The Queensland experience and the introduction of coolies into the Kimberley District revived anti-Chinese feeling in other states, and by 1888 all colonies had agreed on legislation excluding them. One event that precipitated this action was the employment in 1878, of Chinese seamen at less than union rates on some of the Australasian Steam Navigation Company's vessels. This was the oldest, richest and most powerful shipping company in Australia: white seamen went on strike and gained the sympathy of other workers, 15,000 of whom signed a petition in New South Wales after a meeting held under the auspices of the Trades and Labor Council. The strike ended in a compromise, but 'the strength of the feeling aroused in all the self-governing Colonies by this Australian Company's attempt to employ cheap Chinese labour, ensured the indirect success of the strikers'.⁷¹

Another incident in 1888 that hastened the general restrictive measures against the Chinese was the arrival in Melbourne of the *Afghan*, carrying Chinese, some of whose naturalization papers were fraudulent. They were not allowed to land, and the ship sailed for Sydney where it was met by public fury and insistence that the Premier immediately exclude the immigrants. Parkes refused them permission to land and tried to push restrictive legislation through parliament. He did not succeed, and after legal action some of the Chinese were permitted to remain in Sydney. Nevertheless Parkes' move had partly quelled the violent reaction, but public feeling ran high, undoubtedly precipitated by the arrival of thousands more Chinese that same year in Port Darwin.⁷²

This anti-Asian sentiment crystallized in legislation against others besides the Chinese; they included Afghans, Japanese and Punjabi Indians who began to wander into the continent in the 1880s and 1890s. At the Intercolonial Conference in 1896, the State Premiers decided that restrictions imposed against Chinese should be extended 'to all coloured races' and, with modifications to accommodate Treaty interests and Japanese objections, they were. Then Federal legislation

in the form of the Immigration Restriction Act, 1901, effectively closed the door to Asiatic labour.

The late nineteenth century restrictive measures against coloured labour coincided with similar restrictions in North America, and with fears of Japanese power in the Pacific. But in addition they also followed the winding up of most assisted British immigration into Australia, and accompanied a period of colonial depression with increasing working-class unrest in the 1890s.

Many scholars have emphasized connections between the development of the 'White Australia' policy, the growth of the Labour movement and the impetus towards Federation at the end of the century, but it is important to stress, as well, the extent to which decades of protest against assisted British immigrants contributed to the end-of-century movements. As Manning Clark has recorded: 'Working class opposition to assisted immigration was often written into the platforms or resolutions of the early trade unions. Item number 8, for example, on the agenda of the Second Intercolonial Trades Union Congress [in 1884] was: Abolition of Assisted Immigration'.⁷³

The intensified class conflict of the 1890s and the 'White Australia' movement can thus be seen as a culmination of earlier battles in which the working class had fought against employers' efforts to keep wages low by introducing an abundant supply of *all kinds of labour* through immigration.

The last decade of the nineteenth century was profoundly distressing. Although Queensland and Western Australia still encouraged and assisted immigration, Australia as a whole started to lose people by emigration. Depression and financial crises affected all colonies, and bitter confrontation between Capital and Labour began with the 1890 Maritime Strike. The chief disputes thereafter included the Queensland shearers' strikes in 1891 and 1894, and the Broken Hill miners' strike of 1892. Despite increasing unionization, particularly in the 1880s, Labour eventually lost, in that workers' demands were often ignored, wages were reduced in many industries, and the trade unions exhausted their funds.

The socio-economic life of Australia had undergone some changes in the half century since 1850 but these were not radical. Mining, shipping and industry had expanded but the manufactories of the continent were still domestic industries, and inter-colonial tariff discrimination restricted the Australian market. In 1891 the percentage of breadwinners engaged in primary production was 30.7 per cent and the percentages engaged in the commercial and industrial categories were 12.2 per cent and 30.7 per cent respectively.⁷⁴ But the men of property and privilege had not disappeared: 'The truth is that the century [ended] with neither their economic nor their political power seriously threatened'. Economic expansion had provided the setting in which some political and social

reforms could be made but 'without sacrifice by or danger to the existing order'.⁷⁵

Many of the workers who took part in the prolonged industrial action of the 1890s and in the anti-Asian protests were immigrants themselves. And of the total net immigration of 1,320,000 between 1851 and 1900, 575,000 of the total arrivals were assisted.⁷⁶ From 1873 onward new members were still entering the Australian trade unions fresh from those of Great Britain, but these British workers did not form a permanent, physically differentiated minority group; they became in time indistinguishable from those white Australians born locally.

AUSTRALIAN POPULATION GROWTH AND NET IMMIGRATION 1852-1900⁷⁷

<i>Period</i>	<i>Population at end of Period</i>	<i>Increase</i>		<i>Migration as % of Overall Increase</i>	
		<i>Overall</i>	<i>Natural</i>	<i>Net</i>	
1852-1861	1,168,000	730,000		554,000	76
1861-1870	1,647,756	502,170	335,610	166,560	33
1871-1880	2,231,531	583,770	391,970	191,800	37
1881-1890	3,151,355	919,820	537,080	382,740	42
1891-1900	3,765,339	613,980	589,110	24,870	4

The 1891 population of the continent was 3,174,392 of which 5 per cent were foreign-born: these included 45,570 Germans, 32,525 Chinese, 16,512 Scandinavians, 3,890 Italians and 878 Greeks. In the decade 1891-1901 immigration declined; net immigration increased the population by only 25,000.⁷⁸

As the twentieth century progressed and the proportions of German, Scandinavian and Chinese declined, and as coloured labour was excluded, the immigrants who came to occupy the despised status of 'competitor' and 'cheap labourer' were those from southern Europe who came to replace the Kanakas and whose numbers gradually began to increase.

1901-1940: British and Southern Europeans

Immigration into Australia from Federation until the second World War was predominantly British and assisted: and assistance was confined almost solely to the British. Between 1901 and 1940 a total of 381,645 were assisted of a total net gain through immigration of 626,800.

NOMINATED AND SELECTED MIGRATION 1901-1940⁷⁹

<i>Period</i>	<i>Total Assisted</i>	<i>Total Net Immigration</i>
1901-05		16,700
1906-10		57,300
1911-15	150,554	136,900
1916-20	11,631	70,700
1921-25	115,448	183,200
1926-30	99,403	129,700
1931-35	781	-10,800 (minus)
1936-40	3,828	43,100

There was also a trickle of non-British, although the foreign-born in 1921 amounted to 157,407, or only 2.9 per cent of the total population, compared with 5 per cent foreign-born in 1891. The numbers of Germans, Scandinavians and Chinese steadily declined after 1891 and the foreigners whose numbers increased were Italians and Greeks, who by the 1920s, through a process of chain migration, had already formed the nuclei around which later southern European settlement developed.⁸⁰

SOUTHERN EUROPEAN MALE SETTLERS IN AUSTRALIA 1890-1940⁸¹

Italians	25,680
Greeks	10,260
South Slavs	6,010
Albanians	1,280
Maltese	2,600
Spanish, Portuguese and French	1,900
<i>Total</i>	<u>47,730</u>

From 1788 to 1940, according to Geyl, the total net immigration into Australia was 2,230,240. And for that period, Borrie estimates that 1,068,311 immigrants were assisted.⁸³

Not for a moment can one deny the great variety in the lives and experiences of immigrants to this country,⁸⁴ but at the same time there remain certain persistent structural relations in Australian social life which have influenced the introduction and reception of immigrants, and have shaped the immigrants' endeavours in their new land and the Australians' attitude to them. Not least is the relation between employer and employee.

Provided foreigners conformed to economic standards and remained

NET IMMIGRATION BY NATIONALITY 1921-40⁸²

<i>Nationality</i>	<i>Period</i>	<i>Numbers</i>	<i>Per cent of Total Gain or Loss</i>
British	1921-25	152,290	84.8
	1926-30	100,889	80.9
	1931-35	-10,390	-95.4
	1936-40	14,665	34.0
U.S.A.	1921-25	2,732	1.5
	1926-30	691	0.5
	1931-35	-54	-0.5
	1936-40	492	1.14
French	1921-25	419	0.2
	1926-30	53	0.0
	1931-35	87	0.8
	1936-40	2	0.0
German	1921-25	194	0.1
	1926-30	1,184	1.0
	1931-35	152	1.4
	1936-40	7,302	16.9
Greek	1921-25	3,391	1.9
	1926-30	1,774	1.4
	1931-35	-194	-1.8
	1936-40	3,478	8.1
Italian	1921-25	13,582	7.6
	1926-30	10,446	8.4
	1931-35	1,523	14.0
	1936-40	7,650	17.7
Yugoslav	1921-25	412	0.2
	1926-30	2,116	1.7
	1931-35	-39	-0.4
	1936-40	1,600	3.7
Other European	1921-25	7,616	4.2
	1926-30	8,294	6.7
	1931-35	-43	-3.9
	1936-40	7,039	16.3
Total European	1921-25	180,636	100.5
	1926-30	125,447	100.6
	1931-35	-9,346	-85.8
	1936-40	42,228	97.9
Non-European	1921-25	-968	-0.5
	1926-30	-797	-0.7
	1931-35	-1,540	-14.15
	1936-40	900	2.1
Total	1921-25	179,668	100
	1926-30	124,650	100
	1931-35	-10,886	100
	1936-40	43,128	100

in occupations where they did not compete with Australian labour, little overt hostility was directed against them. 'By contrast Italians who settled in Western Australia early in this century and in Queensland in

the 'twenties showed little tendency to conform to accepted Australian social standards *and* also competed with Australian wage-earners by working as labourers in lower-paid occupations at times when unemployment threatened'.⁸⁵ This Italian competition eventually gave rise to three official enquiries, two in Western Australia in 1902 and 1904, and one in Queensland in 1925. These investigations, like their nineteenth century predecessors into transportation, coolie immigration, the Chinese, and the Kanakas, focused on the role of immigrant and alien labour, and revealed again the persistent conflict between employer and employee, which also manifested itself in bitter competition between workers.

Most Italian immigrants first worked as unskilled labourers after they arrived, although many reached independent status later by buying small farms or shops, despite the fact that in 1933 over 40 per cent of the Italians in the country could not read or write English. In the eastern states, Italians largely concentrated in catering occupations in cities, fruit and vegetable vending in suburbs, market gardening in outer metropolitan areas and farming in rural areas. But in Queensland where they worked as cane-cutters, they competed with Australian labour. In Western Australia, many were engaged in timber cutting, fishing and mining, and as miners they also competed with Australians. In the West, Italians numbered 1,354 in 1901, and in 1911 there were almost 2,400 Italian-born, which constituted over one-third of the Australian total.⁸⁶

In Western Australia, employers sometimes used agents to recruit Italian labourers for the mines and for timber cutting, a practice Australian unions resented, especially during unemployment periods. A Commonwealth Royal Commission investigated this matter in 1902 and in its Report noted that most Italians worked for the same money as Australians, but in bad times accepted lower wages and living standards.

Similar questions were investigated in 1904 by a Western Australian Royal Commission, again precipitated by workers' agitation over Italians working for wages lower than those paid to Australians. This Report made clear that employers often preferred Italians because they were less militant, and there was also 'evidence that some employers tended to use Italian labour to split the solidarity of the Australian unions'.⁸⁷

Both Commissions established that some cases of wage undercutting were due to the Italians' ignorance of Australian working conditions, and that when they understood them, Italians worked to union regulations. The Reports also showed that Italians were not imported as contract labour but had immigrated with financial help from relatives and friends already established in Australia.

These immigrants were mostly men, unencumbered by wives and families and they formed 'a highly mobile labour force, turning their hands to almost any unskilled work as opportunity offered. To some extent southern Europeans who have arrived in Australia since 1947

have acted in the same way: they provide . . . in their first few years a labour force that is more willing to undertake hard jobs in hard conditions, and that moves much more easily in response to changes in the employment situation, than the native Australian population'.⁸⁸

Although the southern Europeans, particularly the Italians, occupied the low status of 'competitor' in the work force, the tensions produced by conflict between employers and employees were also kept alive by assisted British immigration, which revived again in New South Wales in 1906, in Victoria in 1907, in South Australia in 1911, and in Tasmania in 1912.

Between 1860 and 1914, Britain encouraged pauper emigration through its Boards of Guardians in England and Wales. This was supplemented by the work of various distress committees appointed in the United Kingdom under the Unemployed Workmen Act in 1905. Before the first World War, about 8,000 immigrants were helped to Australia by these committees, and the Australians were not very happy about these newcomers. The paupers came in addition to those arriving under the systems of Government immigration.⁸⁹

The largest immigration from the United Kingdom had occurred from 1860 to 1889, but another spurt between 1906 and 1914 brought 393,943 souls from Britain, of whom 184,605 were assisted. Most of these arrivals went to the Eastern states, and the official emphasis was on land settlement. In Victoria, for instance, the 'reintroduction of assistance in 1907 was publicly allied with the new rural policy . . . but the greater number of immigrants did not arrive with the intention of taking up land. They came mainly to work as farm labourers, domestic servants or skilled labourers'.⁹⁰ In South Australia, despite assistance after 1911, not many settlers arrived. More went to the West; and Tasmania, like South Australia, received few.

Until 1920, immigration from Britain was mainly an individual or family business; most immigrants came from working class and many were from depressed areas. Like their brethren in the last century, they were not very likely candidates for developing the pastoral and agricultural nation down south, although the Australian authorities supported land resumption for closer settlement. Yet State governments made no concerted efforts to implement such plans and the result was that newcomers found difficulties and delays in taking up land: 'few immigrants who began without capital managed to succeed, and fewer still did so without first acquiring some experience. At least several hundred pounds were necessary to take up even a small block of virgin land, in addition to the purchase money, which was rarely less than £1 per acre for Crown Lands. Very few of the immigrants had as much money, and very little of the land dispersed under the land order systems in Queensland, South Australia and Tasmania was actually settled by immigration'.⁹¹

In addition to an absence of government planning, neither employers

nor unions had any overall policy for absorbing new arrivals, most of whom stayed in the towns and cities. The Australian workers remained deeply concerned about the effects of immigration on their wages: 'on the other hand, no matter what form their arguments took and no matter what general principles they adduced to support their cause, the advocates of immigration were above all concerned to use immigration as a means of increasing the supply of labour'.⁹² Distrust of the employers' position fostered suspicion among workers. In 1916, for instance, rumours swept the country that 'interested parties' in Australia were importing Maltese as cheap labour to replace soldiers at the war. When a ship carrying Maltese arrived in Fremantle, W. M. Hughes refused it permission to land the immigrants. The ship eventually ended its voyage in Sydney where the Maltese were finally admitted only after guarantees of employment were made.⁹³

The war put an end to assisted immigration for some years, but at its conclusion the question of the need to develop and populate the continent, to be ready to repel external aggression, and to keep Australia white, continued to divide opinion into two distinct groups 'closely representative of the respective views of employers and wage-earners'.⁹⁴

After the war, the Federal Government for the first time took charge of immigration which was resumed in 1920, although assistance ended by the 1930s when depression hit the country. From 1920 onwards, developments were affected by two lots of governmental decisions. First, there was the grand plan of the Imperial and Dominion governments to resettle the whites of the Empire. Secondly, the American Government, by Acts of 1921 and 1924, restricted entry to the United States so the immigrant flow from southern Europe thereafter was diverted to Australia.

With the Empire Settlement Act of 1922, the loan agreements of 1925, and the Development and Migration Act of 1926, Britain and Australia planned to assist the overcrowded and oppressed British and settle them down in the open spaces of Australia. After the war Britain had over-population problems, and as Australian employers wanted labour the time was ripe for co-operation. The stress on land settlement was linked to hopes that 'the demand for British manufactured goods could be stimulated, while increased primary production in the Dominions would not only pay for these, but would also liquidate the loans spent on development'.⁹⁵

The rosy plans for this British immigration, subsidized by enormous borrowing, ended in failure. Between 1921 and 1925 although 183,000 British immigrants arrived, this was less than planned. Many of the land schemes were not an economic proposition: land settlement meant costly subdivision, which placed a burden on both government and settler. Many newcomers walked off the land in search of work, only to join the depression queues in the cities. For example, between 1904 and 1928, 15,999 settlers were placed on land in Victoria under the

closer settlement schemes, and between 1922 and 1927, a total of 14,000 left these rural areas for jobs in the towns and cities.⁹⁶ In the period 1921 to 1929, despite the high hopes for establishing thousands of small British farmers, the proportion of Australian population engaged in primary production declined and the proportion of industrial workers increased. By 1928-29, the proportion of total breadwinners engaged in industrial enterprises was 33.2 per cent and those in primary production only 22.6 per cent.⁹⁷

The non-British immigration of the 1920s was marked by a decline in northern Europeans and an increase in southern Europeans as the doors to America closed. Some Yugoslavs, Maltese, and Albanians, who came from places 'hardly heard of' arrived as often as not destitute, and became a burden on the government. But those who caused alarm were the Greeks and Italians. Greeks increased their numbers in the population from 3,650 in 1921 to 8,300 in 1933. Italians were more numerous: in 1921 they numbered 8,135 and in 1933 there were 26,756, making them the largest European group in Australia, and a third of them had settled in the sugar areas of Queensland.

This immigration was predominantly male and peasant in origin.⁹⁸ But the Greeks settled mainly in urban areas, entered catering businesses and did not become a main target for worker hostility: 'the Greeks have never entered occupations which have been keenly sought after by Australians, and hence they have seldom had to face opposition from either trade unions or employers' organizations. In this regard they were in a different position from the Italians who from their first settlement entered occupations, usually as employees, in direct competition with Australian labour'.⁹⁹

Italians had been encouraged to immigrate to the Queensland canefields, particularly after the Kanakas left in 1906: but from a minority who supplemented the labour force after the Islanders went, they became a torrent which threatened to create a surplus by the mid-1920s. They were willing to take other labouring jobs besides canecutting, and willing to accept any rate offered, and by living frugally many saved enough to pool their resources and buy farms. Some were landowners by 1925 but the main expansion into farming was after this date when 'their competition for land was one factor inflating the value of cane farms'.¹⁰⁰

By pouring into the sugar districts the Italians became a threat to workers and farmers alike: 'Australians now tended to assume that southern Europeans would be prepared to accept sub-Australian standards, and were therefore anxious to control the influx and to compel those already in the cane fields to accept union conditions. The employers, on the other hand, tended to see in the Italians and other southern Europeans a source of cheap and efficient labour which could replace coloured workers'.¹⁰¹

So great was the concern in Queensland in 1924 that the government appointed a Commissioner to investigate alien settlement in the north. The Ferry Report was published in 1925 and recorded the Australians' fear and suspicion of southern Europeans who accepted low wages too eagerly, worked too long hours, especially in the sugar plantations, and put their relatives to work for bed and board and not a proper wage.¹⁰² Ferry also echoed a preference for northern rather than southern Italians but 'failed to see that the Mediterranean immigrants he so criticized were nearly all in the first and most impoverished stage of settlement, whereas the North Italians he so praised were amongst the oldest established of Queensland's southern Europeans . . . and relatively far advanced along the road of prosperity'.¹⁰³

The Ferry Report clearly exposed Labor's attitude to southern European immigration. According to Phillips and Wood, the relative power of employers and wage-earners in Australia was 'shown by the fact that the immediate effect of the Ferry Report was a Federal Bill for the Restriction of Immigration, which was passed in 1925'.¹⁰⁴ Also contributing to this legislation was concern about unemployment in 1923 and 1924 amongst recently arrived southern European immigrants in the cities. The result was that quotas, already imposed on Maltese, were extended to Yugoslavs, Greeks and Albanians, and an arrangement with the Italian Government restricted entry of their nationals.

Other restrictions imposed on non-Britishers after Federation concerned property and occupational rights. In South Australia, Asiatic aliens could not acquire land after 1914 in irrigation areas. The Pearling Act of Western Australia, 1911, virtually excluded aliens from the pearling industry. But Queensland was the most exclusive of all. The Leases to Aliens Restrictions Act, 1912, prevented European aliens from acquiring leases of more than five acres unless the lessee passed a dictation test. And between 1913 and 1921 Queensland passed several Acts excluding foreigners from employment in the banana and sugar industries, in diary produce premises, in the construction or working of tramway and omnibus services, unless they had passed the dictation test. Although subsequent treaty rights and regulations precluded widespread application of these Acts, they were manifestations of an overriding intention to protect Australian working and living conditions.¹⁰⁵

A clear, outspoken Labor view on immigration was expressed at a World Migration Congress in 1926 when H. V. Evatt argued that there were two cardinal points in Australia's immigration policy. First, there was the 'White Australia' policy: secondly, 'opposition to "any immigration until and unless the existing land monopoly is broken up, work is made available to Australian unemployed, and the consent of the Australian trade unions is given to any scheme of migration"'. Dr. Evatt declared that migration was at best only a palliative, and that overpopulation and unemployment in Europe could only be cured by raising

the standard of living'.¹⁰⁶ In taking this line, Evatt stated the opinion of a minority group at the Conference who opposed the majority view, which supported freedom of migration subject only to temporary restrictions on economic grounds.

Between the wars, public antagonism against non-British in Australia occurred on several occasions. In September, 1919, for instance, fruit-growers on the Northern Rivers joined with the Murwillumbah RSL and Chamber of Commerce to request Federal and State legislation to prevent Chinese from acquiring land for banana growing. The NSW government noted the grievances but after an investigation declined to introduce legislation against the Chinese.¹⁰⁷ Other hostile reactions were directed against Italians. When they were used as strike breakers on Melbourne wharves, bomb outrages against Italians followed. In 1930, two shiploads of Italians were refused permission to land because of Australia's depressed economic conditions, and in 1934 ugly riots, reminiscent of the anti-Chinese riots on the gold diggings, broke out at Kalgoorlie, which indicated how readily 'the tense situation created by economic depression could be fanned into racial hatred'.¹⁰⁸ The fact that in the late 1920s Italians bought up and cultivated land which British immigrants, introduced under the Empire Settlement Scheme, had failed to farm profitably, increased hostility and envy of Italians during the depression years. Of the pre-1940 immigration, one-third of the southern Europeans eventually engaged in some form of farming activity. Of those naturalized, 25 per cent were farmers by 1946 and 11 per cent agricultural labourers. Not all had stayed in Queensland. Some migrated south to the Riverina district and to Victoria.¹⁰⁹

As Borrie has noted: 'The reactions revealed in the Ferry Report to the Italians and to other southern Europeans brought out the same attitudes as those which had moulded the "White Australia" policy. Now that the non-whites had been excluded by operation of that policy, the question was whether the admission of southern Europeans would not re-create the problem of a minority which would undermine economic standards and be culturally unassimilable'.¹¹⁰

These 'same attitudes' emerged because the southern Europeans, especially the Italians, were, like the Chinese, culturally distinct from Australians, predominantly male and, more importantly, filled the low status occupational niches associated with cheap labour and competition for jobs. Indeed, in their early days of settlement the Italians' simple living requirements and their penchant for long hours and hard work helped them the nickname 'the Chinese of Europe'.¹¹¹ Then, when they became independent, southern Europeans 'took up the mantle of the Chinese settlers of the nineteenth century, who, after the gold-rushes petered out, adopted market-gardening and catering as the most profitable fields for economic endeavour . . .'.¹¹² They also engaged in other types of farming. For example, there were Chinese farmers growing tobacco in the Ovens Valley late last century, and in the 1930s Italians

moved into this area where they first engaged in sharefarming. Then as the Italians moved into farm ownership, immigrants from Spain, Yugoslavia and Greece moved into sharefarming.¹¹³ In Griffith a similar sequence took place; the early northern Italians sharefarmed for Australians in the 1920s and 1930s and then later bought their own farms. There was animosity between Italians and Australians for a while, and this flared up again in Griffith in 1947 when returned soldiers became alarmed at the Italianization of the area. But by 1960 relations between these groups had greatly improved.¹¹⁴

In the Queensland sugar cane and banana areas, competition between Australian and Italian workers was repeated between Australian and Italian farmers, as it had been with the Chinese. In both cases, status conflict flourished where there was first competition for jobs and later competition for a living between small, and sometimes struggling, land-owners. By contrast the German farming communities of South Australia, established away from Australian competition in the last century, and already declining by the first World War, did not reap such a harvest of hostility.

Before the second World War, Australian Labour was determined to avoid any policy which would allow into the country immigrants who might infringe the hard-won wage and living standards of Australian workers. Even the refugees of the late 1930s were suspect for a while. After the war the situation was considerably changed. There was an acute manpower shortage which not only induced acceptance of immigrants but brought forth active support for intensive post-war immigration from the Australian Labor Party and the unions.

Immigration apparently ceased to be a contentious issue between employers and employees. A survey of conditions up to 1954 inclined Borrie to comment on how quickly public opinion could change with regard to immigrants, and he argued that the strength of opposition in Australia to any European immigrant group at selected points of time was primarily a function of economic factors. The post-war change was thus closely connected with the fact that immigrants coming after the war had not seriously threatened unemployment amongst Australian labour.¹¹⁵ Instead, the post-war manpower shortage had elevated the Australian worker to 'an aristocracy of labour', and the immigrants poured in to occupy the lower status working class positions.

Conclusion

It is clear that since first white settlement Australian society has been markedly stratified. The history of immigration illuminates the forms of stratification: it cannot be told in full without considering the relation of the proponents and opponents of immigration to the factors of production, without depicting the legal status and social prestige of successive arrivals, and without recounting who held the power to introduce immigrants and to deport them.

In the Australian social system it has always been possible and sometimes common for men to move upwards. Some early emancipists became pastoralists and merchants; some later Chinese, Indians, and Italian cane-cutters bought their own farms. But a distinction between employers and wage-earners persisted throughout. Immigration and the opposition to it fall into a field where these two parties pursued opposing interests.

The controversies over immigration were all the sharper when immigrants were assisted by governments, employers, relatives and friends. British arrivals did not escape criticism, but foreign arrivals who brought with them clearly perceptible cultural and ethnic attributes provided Australians with ready targets for xenophobic rhetoric. The immigrants' threat to work opportunities or living conditions, or their willingness to undertake tasks others were reluctant to perform, triggered the hostility.

As suppliers of added labour, immigrants played a critical part in the relations between landowners, manufacturers and existing wage earners. From early times to 1940, convicts, coolies, assisted British immigrants, Chinese, Kanakas and southern Europeans variously occupied low status positions. Accordingly, the working class was divided and employers had at their disposal, or continued to campaign for, cheap, competitive labour.

NOTES

- 1 M. Barbetti & H. Allen: 'Prehistoric Man at Lake Mungo, Australia, by 32,000 years B.P.', *Nature* (1972), pp. 46-48. My thanks are due to Dr. Peter White for drawing my attention to this article. I also wish to thank Gretchen Poiner and Karlie Oakley for their helpful comments and criticisms.
- 2 Edward Gibbon Wakefield, *A Letter from Sydney . . . And Other Writings on Colonization* (J. M. Dent, London, 1929), p. 104.
- 3 *ibid.*, p. 125.
- 4 Karl Marx, *Capital* (Allen and Unwin, London, 1938), p. 791.
- 5 R. B. Madgwick, *Immigration into Eastern Australia 1788-1851* (Sydney University Press, 1937), pp. 30, 34.
- 6 T. A. Coghlan, *Labour and Industry in Australia* (Macmillan, Melbourne, 1969), vol. I, p. 562. This work, first published in 1918, is an invaluable reference for the relation between immigration, land, labour and capital in Australia during the nineteenth century.
- 7 R. B. Madgwick, *op. cit.*, p. 65.
- 8 T. A. Coghlan, *op. cit.*, vol. I, p. 22.
- 9 *ibid.*, p. 198.
- 10 *ibid.*, p. 334.
- 11 Herbert Burton, 'Historical survey of immigration and immigration policy, 1788-1932', in F. W. Eggleston & P. D. Phillips *et al.* (edd.), *The Peopling of Australia—Further Studies*. (Dawson, London, 1968), p. 48. First published 1933.
- 12 Brian Fitzpatrick, *The British Empire in Australia* (Macmillan, Melbourne, 1969), p. 32. First published 1941.
- 13 M. Willard, *History of the White Australia Policy to 1920* (Melbourne University Press, 1967), pp. 3-7; A. T. Yarwood (ed.), *Attitudes to Non-European Immigration* (Cassell, Australia, 1968), p. 11. The word 'coolie' is used in this essay to refer to an Indian or Chinese hired labourer.
- 14 A. T. Yarwood, *op. cit.*, pp. 8, 12-15; M. Willard, *op. cit.*, p. 7.
- 15 E. G. Wakefield, *op. cit.*, p. 202.

- 16 T. A. Coghlan, *op. cit.*, vol. I, p. 212.
- 17 *ibid.*, p. 227.
- 18 B. Fitzpatrick, *op. cit.*, p. 12.
- 19 T. A. Coghlan, *op. cit.*, vol. I, p. 189.
- 20 R. B. Madgwick, *op. cit.*, pp. 90-99, 196-9.
- 21 T. A. Coghlan, *op. cit.*, vol. I, p. 362.
- 22 M. Willard, *op. cit.*, p. 12; A. T. Yarwood, *op. cit.*, pp. 8-9.
- 23 A. T. Yarwood, *op. cit.*, p. 18.
- 24 R. B. Madgwick, *op. cit.*, p. 235. Between 1848 and 1850 there were 15,409 assisted immigrants from England and Wales to Eastern Australia. In the same years, 3,825 came from Scotland, and 10,194 from Ireland.
- 25 T. A. Coghlan, *op. cit.*, vol. I, p. 449.
- 26 *ibid.*, p. 373; B. Fitzpatrick, *op. cit.*, pp. 35, 54.
- 27 T. A. Coghlan, *op. cit.*, vol. I, pp. 382, 385.
- 28 *ibid.*, p. 394.
- 29 *ibid.*, p. 396.
- 30 *ibid.*, p. 335.
- 31 *ibid.*, p. 342.
- 32 *ibid.*, p. 343.
- 33 *ibid.*, p. 347.
- 34 *ibid.*, p. 348.
- 35 H. Burton, *loc. cit.*, p. 39. Writing 30 years later, Geyl uses these same figures for net immigration 1788-1851. W. F. Geyl, 'A Brief History of Australian Immigration', *International Migration*, 1, 3 (1963), p. 158.
- 36 T. A. Coghlan, *op. cit.*, vol. I, pp. 216, 368-369, 374-375; W. D. Borrie, *Population Trends and Policies* (Australasian Publishing Company, Sydney, 1948), pp. 33-34.
- 37 W. D. Borrie, *Italians and Germans in Australia*. (Cheshire, Melbourne, 1954), p. 14. Borrie notes that 'it is difficult to assess the precise extent of annual net migration of non-British before the establishment of the Commonwealth because of the inadequacies of the migration records of the colonies' (p. 32).
- 38 *ibid.*, p. 14. In 1850 Western Australia had only 5,900 inhabitants, South Australia had 64,000 'drawn largely from the lower middle and labouring classes of Great Britain and Ireland'; New South Wales had 267,000, and Tasmania had 69,000.
- 39 B. Fitzpatrick, *op. cit.*, p. 64.
- 40 *ibid.*, p. 75.
- 41 C. A. Price, *The Great White Walls Are Built* (A.N.U. Press, Canberra, 1974), p. 41.
- 42 W. D. Borrie, *Italians and Germans in Australia*, p. 15.
- 43 F. K. Crowley, 'The British Contribution to the Australian Population 1860-1919'. *University Studies in History and Economics* 2, 2(1954), p. 56.
- 44 W. D. Borrie, *Italians and Germans in Australia*, p. 16.
- 45 K. D. Buckley, *The Amalgamated Engineers in Australia, 1852-1920* (A.N.U., Canberra, 1970), pp. 7, 9; Ken Buckley, 'Emigration and the Engineers, 1851-87', *Labour History*, no. 15, November 1968, pp. 34-35.
- 46 T. A. Coghlan, *op. cit.*, vol. II, p. 708.
- 47 *ibid.*, pp. 610, 627, 743-8.
- 48 *ibid.*, pp. 612, 724, 734.
- 49 *ibid.*, pp. 700, 703-4.
- 50 C. M. H. Clark, *Select Documents in Australian History, 1851-1900* (Angus & Robertson, Sydney, 1955), p. 250.
- 51 T. A. Coghlan, *op. cit.*, vol. II, pp. 761, 767.
- 52 B. Fitzpatrick, *op. cit.*, pp. 138-140. In Victoria, 'About 1860, the half million inhabitants of this inelegant Eden found themselves in this curious situation, that while half of their territory, including most of the usable land, was in the hands of a thousand graziers, the rest could not grow half their own bread requirements' (p. 128).
- 53 *ibid.*, p. 150.
- 54 T. A. Coghlan, *op. cit.*, vol. II, p. 671.
- 55 B. Fitzpatrick, *op. cit.*, p. 143.
- 56 F. K. Crowley, *loc. cit.*, p. 63.
- 57 T. A. Coghlan, *op. cit.*, vol. II, p. 1029.

- 58 *ibid.*, p. 1024.
- 59 Karl Marx, *op. cit.*, pp. 799-800.
- 60 T. A. Coghlan, *op. cit.*, vol. II, pp. 1069, 1077.
- 61 T. A. Coghlan, *op. cit.*, vol. III, pp. 1310-1315.
- 62 T. A. Coghlan, *op. cit.*, vol. II, pp. 924, 1041.
- 63 T. A. Coghlan, *op. cit.*, vol. III, p. 1291.
- 64 T. A. Coghlan, *op. cit.*, vol. II, pp. 928-31, 938-41.
- 65 A. T. Yarwood, *op. cit.*, p. 49. The term Kanaka refers to a South Sea Islander formerly employed in the Queensland sugar plantations.
- 66 T. A. Coghlan, *op. cit.*, vol. II, p. 1092.
- 67 A. T. Yarwood, *op. cit.*, p. 58. Yarwood estimates that up to the end of 1894 approximately 50,000 Kanakas had been imported into Queensland. Of these about 10,000 or 11,000 had died (p. 68).
- 68 T. A. Coghlan, *op. cit.*, vol. III, p. 1297.
- 69 C. A. Price, *Southern Europeans in Australia* (O.U.P., Melbourne, 1963), p. 98. W. D. Borrie, *Italians and Germans in Australia*, p. 50.
- 70 T. A. Coghlan, *op. cit.*, vol. III, pp. 1320-22.
- 71 M. Willard, *op. cit.*, p. 56.
- 72 T. A. Coghlan, *op. cit.*, vol. III, p. 1341; M. Willard, *op. cit.*, p. 84; A. T. Yarwood, *op. cit.*, pp. 91-96.
- 73 C. M. H. Clark, *op. cit.*, p. 249. A clear statement about working class opposition to immigration appears in K. M. Dallas, 'The Origins of "White Australia"', *Australian Quarterly*, March 1955, p. 43: 'Australian history shows a common factor which applies to immigration of all sorts the world over and which cuts across the Racialism argument . . . That common factor is opposition to the competition of 'sub-standard' labour in any form.'
- 74 B. Fitzpatrick, *op. cit.*, p. 197.
- 75 C. M. H. Clark, *op. cit.*, pp. xii, xiii.
- 76 H. Burton, *loc. cit.*, pp. 57-58.
- 77 W. F. Geyl, *loc. cit.*, p. 158.
- 78 W. D. Borrie, *Italians and Germans in Australia*, pp. 33-51.
- 79 W. D. Borrie, *Immigration: Australia's Problems and Prospects* (Angus & Robertson, Sydney, 1949), p. 95.
- 80 C. A. Price, *Southern Europeans in Australia*, p. 109. Based on a study of naturalization records, Price estimates that in the period 1890-1940 only 7 per cent of southern Europeans came to Australia outside the chain migration process.
- 81 *ibid.*, p. 18-23. According to Price, between 1921 and 1940 approximately one-third of the southern Europeans who migrated to Australia left again and did not return.
- 82 W. D. Borrie, *Immigration: Australia's Problems and Prospects*, p. 96.
- 83 *ibid.*, p. 95. Borrie reminds us that figures for the total *net* assisted immigrants are not available.
- 84 For studies that emphasize these aspects, see C. A. Price, *op. cit.*, J. Martin, *Refugee Settlers* (Canberra, 1965); R. Huber *Changing Institutions Among Italian Immigrants—A Study of Trevisani in Sydney and Griffith, N.S.W.* (M.A. Hons. thesis, University of Sydney, 1972); G. Bottomley, *Community and Continuity among Greeks in Sydney* (Ph.D. thesis, Macquarie University, 1973).
- 85 W. D. Borrie, *Italians and Germans in Australia*, p. 21.
- 86 *ibid.*, pp. 61, 143.
- 87 *ibid.*, p. 147.
- 88 C. A. Price, *Southern Europeans in Australia*, p. 172. Price says that before 1921 about two-thirds of southern European men first entering Australia were single men under twenty-five years, and by World War II, about 50 per cent were (p. 104).
- 89 F. K. Crowley, *loc. cit.*, p. 60.
- 90 *ibid.*, p. 65.
- 91 *ibid.*, p. 78.
- 92 *ibid.*, p. 82.
- 93 J. Lyng, *Non-Britishers in Australia* (Macmillan, Melbourne, 1927), p. 144.
- 94 F. K. Crowley, *loc. cit.*, p. 81.
- 95 H. Burton, *loc. cit.*, p. 62.

- 96 P. D. Phillips & G. L. Wood, 'The Australian Population Problem', P. D. Phillips & G. L. Wood (edd.), *The Peopling of Australia* (Dawson, London, 1968), p. 21. First published 1928.
- 97 J. B. Brigden, 'Secondary Industry in Relation to Population Absorption', in *The Peopling of Australia—Further Studies*, pp. 107, 110.
- 98 C. A. Price, *Southern Europeans in Australia*, p. 141. Price says that over three-quarters of the southern European population in Australia between 1890 and 1940 came from small coastal or inland towns and villages inhabited by peasant families.
- 99 W. D. Borrie, *Italians and Germans in Australia*, p. 46.
- 100 *ibid.*, p. 105.
- 101 *ibid.*, p. 108.
- 102 Queensland Parliamentary Papers, *Report of the Royal Commission to Investigate the Social and Economic Effect of Increase of Numbers of Aliens in North Queensland*, vol. 3 (1925), Paper A28.
- 103 C. A. Price, *Southern Europeans in Australia*, p. 205.
- 104 P. D. Phillips & G. L. Wood, *loc. cit.*, p. 38.
- 105 K. H. Bailey, 'Public Opinion and Population Problems', in *The Peopling of Australia—Further Studies*, p. 102.
- 106 *ibid.*, p. 71. The Congress was convened in London by the International Federation of Trade Unions and the Labour and Socialist International.
- 107 C. F. Yong, 'The Banana Trade and the Chinese in New South Wales and Victoria, 1901-1921', *A.N.U. Historical Journal*, 1, 2 (1965/6), p. 32.
- 108 W. D. Borrie, *Italians and Germans in Australia*, p. 149.
- 109 C. A. Price, *Southern Europeans in Australia*, pp. 145, 185. Price says that in the 1920s less than one-tenth of the Venetian farming groups at Griffith, for example, controlled farms on which they worked. But of the same generation of immigration, two-thirds or more controlled their own farms in the 1930s and 1940s.
- 110 W. D. Borrie, *Italians and Germans in Australia*, p. 112.
- 111 *ibid.*, p. 144.
- 112 C. A. Price, *Southern Europeans in Australia*, p. 217.
- 113 D. Phillips, 'Italians and Australians in the Ovens Valley', D. E. Edgar (ed.), *Social Change in Australia* (Cheshire, Melbourne, 1974), pp. 121-123.
- 114 R. Huber, *op. cit.*, p. 4, 70, 128.
- 115 W. D. Borrie, *Italians and Germans in Australia*, p. 19.

5

THE POLITICAL ECONOMY OF POST-WAR IMMIGRATION

BY JOHN COLLINS

One of the special features of imperialism . . . is the decline in emigration from the imperialist countries and the increase in immigration to these countries from the more backward countries where lower wages are paid.

V. I. Lenin.¹

FROM THE BEGINNINGS of settlement, Australian capitalism has been tied inextricably to colonialism and imperialism. Throughout its history it has experienced frequent labour shortages and has relied on immigration to replenish the labour supply and boost the population. In the period since the Second World War alone, more than three million migrants have come to Australia. Despite the plethora of material written,² no-one has approached Australian immigration from a Marxist perspective, analysing its place within the framework of world imperialism. Yet an understanding of this question is fundamentally important for the class struggle to-day.

Central to such an understanding are the Marxist concepts of the 'industrial reserve army' and the 'labour aristocracy'. Marx viewed the creation of an 'industrial reserve army' of the unemployed or semi-employed workers as a pre-condition for capital accumulation. The constant recreation and absorption of this army regulated wages, and, in turn, the rate of profit and of capital accumulation (investment).³ In the twentieth century, however, the maintenance of such a reserve army has become more difficult, especially because of the political tensions which arise out of unemployment and economic crises. Capitalist countries have increasingly relied on immigrant labour to perform this function, and at the same time cushion and displace the social tensions to which it gives rise.⁴

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The term 'labour aristocracy' was coined by Engels, and the concept was developed by Lenin to explain the development of opportunism in the working class movement.⁵ The growth of trade unionism had not only won higher *average* level of wages for the working class, it had also created *particular* groups of privileged workers, whose employers were willing to pay higher wages out of their monopoly profits. Intent on securing and defending their privileged position, this upper stratum of the working class was set off from the impoverished multitude. This split in the working class undermined class consciousness and class solidarity, securing thereby the basis for the domination by opportunist, non-revolutionary leaders.⁶

In Australia the two processes, the constitution of an industrial reserve army through immigration and the transformation of the 'indigenous' workforce into a labour aristocracy, have been closely linked.

Immigration before World War II

Until the 1820s New South Wales was no more than a remote penal settlement and military outpost for British colonialism. The rapid expansion of the pastoral industry after this date soon created a demand for labour beyond that supplied by the transportation and assignment of convicts. Local authorities accordingly resolved to embark on a larger scale immigration program: emigrants were recruited in Britain by both the government and private agencies for employers. Because the cost of importing this labour was quite large, the Wakefield scheme was adopted, whereby Crown land was sold off at high prices. The revenue from sales was used to finance immigration, while the high prices prevented immigrants from acquiring land quickly or easily, thereby compelling them to work for established landowners.

The gold rushes of the 1850s temporarily upset the pastoral equilibrium. While population, trade and capital flowed in new patterns, non-British migrants (from Germany, Poland, China, America, Scandinavia and Hungary) for the first time came to Australia in large numbers.

The period 1860-90 was a time of high employment, labour shortage and rising wages. A renewed call for increases in both assisted and unassisted immigration arose. But the most acute labour shortages were in the country areas, while newly arrived emigrants generally stayed in the cities, where it was not always easy to absorb them. Hence, this did not solve the labour problem, and at the same time it generated strong opposition to the immigration programme. As a result, the immigration schemes were abandoned in the 1890s even while capital formation continued at a high rate.

Per capita and per worker growth rates fell, and real wages stagnated until 1939. Apart from a short period around 1910, unemployment rates remained high, averaging around 6 per cent and shooting up in the

depression of the 1930s. Correspondingly, immigration levels were very low or negative in the depressions of the 1890s and 1930s, although there was a considerable influx of immigrants in the 1920s.

McQueen has argued that the history of this period of Australian capitalism is, in part, the history of racism and xenophobia. Xenophobia and nationalism arose out of Australia's geographic isolation as the outpost of British colonialism and imperialism, and working class racism had strong roots in the 'fear of an unarmed conquest of Australia by cheap Asian labourers who would destroy the labourers' prosperity and prospects'.⁷

Asian labour first appeared in Australia in the 1830s, lured to supplement the labour force. With the gold rush of the 1850s, thousands of Chinese emigrated to Australia, such that by the mid-1850s one adult male in five in Victoria was Chinese.⁸ However, the use of Chinese as strike breakers, the hostility of the indigenous working class at Chinese labour during periods of recession and unemployment, and the anti-Chinese riots during the gold rush period, resulted in strong racist outbursts by the working class, particularly the radical labour leaders.

Subsequently, Chinese immigration restriction acts were passed in NSW and Victoria, amidst blatant racism from the press at that time. The working class was thus subjected to racist propaganda from the press and its own labour leaders,⁹ not only against Chinese immigrants, but also at Kanaka and Indian labour hired for Queensland's plantations.

So important was this racist aspect that Hughes, the Labor Party's leader in 1901, considered that 'our chief plank is, of course, a White Australia. There is no compromise about that! The industrious coloured brother has to go—and remain away'.¹⁰

This laid the basis for the establishment of the *1901 Restrictive Immigration Bill*, the so-called 'White Australia Policy' which ensured the virtual exclusion of non-Europeans from Australia. Initially it was used solely as a means of racial exclusion, but from 1920 the Commonwealth Government accepted the responsibility for overall regulation of migrant flow in accordance with economic conditions. The White Australia Policy remained, with slight alterations, as the basis of Australia's immigration policy until the election of the Labor government in 1972.

A number of significant points emerge from this brief survey. At the most basic level, Australian capitalism has always shown considerable reliance on imported labour. But importation of labour was fairly expensive—hence the important role of the government in promoting it. As a consequence, Australian workers have sought employment in a labour market which has been relatively protected. Labour shortages persisted over sufficiently long periods in the 19th century to allow the establishment of relatively high wages and living standards. Racism and xenophobia held strong roots among the working class.

Post-war Immigration

The Second World War opened a new phase in the history of Australian capitalism. Wartime conditions strengthened local capitalists and paved the way for another long boom. Once again immigration played a crucial role. The basic statistical data for this period is presented in Table I.

In 1945, under the late Arthur Calwell, the Department of Immigration was set up to initiate '... the longest phase in Australian planned migration since the convict settlement'.¹¹ This was largely a response to an awareness of the unreliability of unplanned immigration and natural population growth for sustained capitalist development. The period of post-war reconstruction and expansion was hindered by grave labour shortages. Not only were the losses, injuries and interruptions of training and careers during the war an important factor, but this period also coincided with the impact of the low birth rates during the depression years. Moreover, the relaxation of wartime restrictions led to strong demand pressures. As a result of insufficient labour supplies:

Australia faced a back log of about a quarter of a million houses and flats, as well as a shortage of schools and hospitals. Transport services were run down and blackouts covering whole cities were common. Coal and steel production which had risen appreciably during the war years, had declined and steel production in fact dropped by one third. Industries which had been established during the war faced the prospect of closing down. Primary industries found difficulty in obtaining essential supplies.¹²

The task of convincing the war-wearied and xenophobic working class to accept and support proposals for the mass influx of immigrants fell to Calwell. Stressing the need to strengthen the country against future attack he 'adopted the policy of playing subtly on the fears of decent citizens for the future of their children: "we must fill our country or lose it" was his theme'.¹³ So successful was he that his proposals were supported and accepted by industry, trade unions and virtually all sections of Australian society, especially given his emphatic assurance that 'for every foreign migrant there will be ten people from the United Kingdom'.¹⁴ The arbitrary target figure—to be the unchallenged basis of Australian post-war immigration till the late sixties—was a 2 per cent population growth. Given a natural population increase of 1 per cent at that time, it meant that Australia should aim for annual increases of 1 per cent from immigration.

Calwell's master plan for ethnic purity failed from the start, for there was insufficient allocation of British shipping to carry the 40,000 Britons willing to migrate at that time. He turned then to the million displaced persons in western Europe, and after a trial shipment of 12,000 Baltic immigrants to test the reaction to 'foreigners', 170,000 displaced persons were brought into Australia within four years.¹⁵ In 1951, the government signed immigration agreements with the German, Dutch, and

TABLE I: NET MIGRATION TO AUSTRALIA 1947-70

<i>Origin of Immigrants</i>	<i>Annual Average Intake</i>	<i>1947-51 Total Intake</i>	<i>% of Total</i>	<i>Annual Average Intake</i>	<i>1951-61 Total Intake</i>	<i>% of Intake</i>	<i>Annual Average Intake</i>	<i>1961-66 Total Intake</i>	<i>% of Intake</i>	<i>Annual Average Intake</i>	<i>1966-70 Total Intake</i>	<i>% of Total</i>	<i>1947-70 Total Intake</i>	<i>% of Total</i>
Britain	48,135	192,540	41.4	27,132	271,316	32.6	50,538	251,787	54.7	76,503	270,000	55.4	985,645	43.9
Northern European	8,735	34,938	7.5	21,918	219,188	26.3	758	3,290	0.8	6,528	26,117	5.4	284,033	12.7
<i>Total British and N. European</i>	56,870	227,479	48.9	49,050	490,504	58.9	51,286	255,077	55.5	74,032	296,127	60.81	269,678	55.6
Eastern Europe	43,339	173,359	37.3	4,135	41,352	5.0	6,027	30,143	6.6	14,244	56,975	11.7	301,829	13.4
Southern Europe	13,337	53,508	11.5	27,037	275,841	33.1	27,037	135,186	29.4	15,571	62,284	12.8	526,819	23.5
<i>Total Eastern and Southern European</i>	56,716	226,867	48.8	31,720	317,720	38.1	33,054	165,329	36.0	29,815	119,259	24.51	828,648	36.9
Asia	1,818	7,271	1.6	1,936	19,364	2.3	4,818	24,036	5.2	12,700	51,042	10.4	101,763	4.5
Others	1,358	5,426	1.1	1,054	10,536	1.2	6,095	30,473	6.6	10,484	41,933	8.4	88,373	3.8
TOTAL	116,762	467,043	100.4	83,760	837,597	100.5	95,253	474,915	103.3	127,031	508,366	94.13	288,462	100.8

Source: Adapted from Charles A. Price (ed.), *Australian Immigration: A Bibliography and Digest*, No. 2 (1970), Table 3, p. A82-83.

Italian governments under the condition 'that only skilled workers, willing to live in camps and be directed to work for two years, would be considered'.¹⁶

Together with the contracted Baltic refugees, this migrant intake provided an easily directed, mobile reserve army to overcome the bottleneck areas of building and construction, heavy industry and public utilities. These migrants made up more than 70 per cent of the extra workers needed in the steel industry and over half the workforce on the Snowy Mountains.¹⁷ Non-British immigration was from the outset 'pitch-forked into manual labour, dumped in outback concentration camps and regarded as foreigners and cheap labour'.¹⁸ Moreover, because they were working at manual jobs which Australians did not want, the reserve army of immigrant workers was seen as separate from, not part of, the Australian working class.

Not only was immigration important as a source of labour, it was quite important as the basis of a growing domestic market. This was crucial for Australia's industrial expansion, since 'high labour costs and technological backwardness meant that Australian capitalists were not able to turn to an export market for expansion'.¹⁹ By 1953-54, factory production exceeded the output of primary industry for the first time.

The second phase of post-war immigration from 1951 to the recession of 1961, coincided with the expansion and recovery of Europe and the formation of the European Economic Community (EEC). Refugee migration fell off and net migration of southern Europeans (generally Italians, Greeks and Yugoslavs) exceeded net British migration.

Despite the recession of 1961, the immigration targets were not reduced nor were agreements rescinded, because of the strong competition of intra-European migration within the EEC. Rather, the previous policy of encouraging only working male immigrants was amended to encourage a greater proportion of dependents in the immigration quota, thus reducing the number seeking jobs.²⁰

The period 1961-66 saw immigration targets raised progressively, to a level of 145,000 in 1966. These targets were mostly achieved, but the character of immigration changed. Northern European (German, Dutch) migration fell with the increased prosperity of the EEC, from 26.3 per cent of the net intake in 1951-61 to 0.8 per cent of the intake in 1961-66. U.K. migrants did not increase with the increasing targets. However, these sharp declines were counter-balanced by a rise in the number of southern European workers, particularly Greeks and Yugoslavs, despite the large movements of Greek workers to north-western Europe.

From 1966 to 1971 immigration targets were greatly increased and expanded efforts were made to attract and hold migrants. But with increasing competition for migrant labour from the EEC, it was necessary to ease southern European sponsorship restrictions and to assist with passage costs. Increases in the intake of Greek and Italian migrants, along with migrants from Spain and Portugal, were not enough to

counter-balance the general decline. This induced a 'relaxation' of the immigration restrictions—treating Turks as entirely European, and relaxing the conditions of entry for people such as Lebanese, and those of mixed European and non-European descent. Changes also allowed permanent settlement for highly skilled non-Europeans.

The Employer Nomination Scheme has played an increasingly significant role in immigration recruitment. Over the last decade, more than 50,000 migrants have entered Australia under this scheme, whereby a company approaches the Government with a detailed demand for immigrant labour, specifying the country from which it wants the immigrants to be drawn.

Thus, over the post-war period Australia's immigration targets have fluctuated with domestic economic conditions. The extent to which they were filled was determined in part by the economic conditions overseas, particularly the expansion of the European Economic Community. Further, racial restrictions had to be gradually relaxed to fill intake quotas.

The ethnic structure of Australia's population had undergone substantial change. In 1947, 78 per cent of residents born outside Australia had come from the U.K. or Ireland.²¹ By 1966 this had fallen to 44 per cent. This was largely the result of an inability to fill immigration targets with more desirable British and northern Europeans, rather than a conscious policy for a more cosmopolitan society. Nevertheless, by the end of March 1973, immigration had contributed 60 per cent of the population increase since 1945. More important perhaps, migrants had contributed more than 50 per cent of the increase in the workforce since 1947,²² and enabled Australia to have the highest rate of population growth and growth of the workforce of all OECD countries.²³ However, the contribution and significance of immigration is much clearer when the occupational and industrial distribution of migrants are considered.

Industrial and Occupational Distribution of Immigrant Labour

Although it is difficult to evaluate precisely, the general contribution of migrants to the workforce over the post-war period can be seen from Tables II and III. Immigrant labour has provided a significant and growing proportion of the workforce in almost all Australian industries. It is particularly important for the manufacturing industries generally, accounting for more than 30 per cent of the workforce in these industries, while of much less significance for the primary industries. Migrants contributed only 11.4 per cent of the agricultural workforce, and 13.9 per cent of the forestry and fishing industries in 1966. On the other hand, they provided nearly a quarter of the workforce for the mining industry. Within manufacturing, migrant labour has been crucial. It provided 49.48 per cent of the workforce for the clothing industries,

44.7 per cent in the textile industries, 40.6 per cent in the petroleum products industries and 40.3 per cent in 'other manufacturing' industries in 1966.

TABLE II: MIGRANT WORKERS AS PROPORTION OF TOTAL WORKFORCE IN AUSTRALIA, BY SELECTED INDUSTRY, 1954-1966

<i>Industry</i>	<i>Migrant workers as % of workforce</i>		
	<i>1954</i>	<i>1961</i>	<i>1966</i>
Agriculture	12.3	13.2	11.4
Forestry and Fishing	14.45	15.5	13.9
Mining	20.0	24.5	24.6
Textiles	30.5	38.7	44.7
Clothing	26.7	41.6	49.4
Footwear	18.1	18.2	35.7
Wood, Wood Products and Furniture	17.6	22.7	23.7
Paper and Paper Products	16.7	21.8	23.9
Chemicals	22.2	28.2	30.7
Petroleum Products	34.4	42.7	40.6
Glass, Clay, Non-Metallic Mineral	29.4	35.5	37.1
<i>Products</i>			
Basis Metals	28.8	37.1	40.4
Fabricated Metal Products	23.6	32.1	36.5
Transport Equipment	27.0	34.0	38.1
Other Machinery and Equipment	26.5	34.0	37.0
Leather and Leather Goods	21.1	34.0	38.7
Other Industries	28.4	35.3	40.3

Source: Derived from Census Reports, 1954, 1961 and 1966.

TABLE III: INTERCENSAL INCREASE IN THE AUSTRALIAN WORKFORCE, 1947-66

<i>Industry Group</i>	<i>Increase in the Labourforce ('000)</i>			
	<i>1947-61</i>		<i>1961-66</i>	
	<i>Immigra- tion</i>	<i>Other Sources</i>	<i>Immigra- tion</i>	<i>Other Sources</i>
Mining	6.2	0.8	2.8	-9.7
Manufacturing	158.1	70.1	135.5	-24.5
Electricity, Gas and Water	9.2	18.4	7.4	13.3
Building and Construction	50.3	59.6	36.5	10.2
Transport and Communication	31.9	8.4	17.4	9.0
Finance and Property	4.1	20.8	8.9	33.6
Commerce	37.3	134.6	47.3	62.1
Public Administration and Defence	12.3	1.7	11.2	2.0
Community Services	23.4	60.6	31.9	87.8
Other	24.9	2.6	23.6	0.1
TOTAL	357.7	372.4	322.5	183.9

Source: Neville R. Norman, *Manufacturing Industry in Australia* (Australian Industries Development Association, Sydney, 1971), p. 19.

A better indication of the significance of migrant labour to post-war Australian capitalism is shown in Table III which demonstrates the contribution of immigration to the *increase* in the workforce of the various industries for the intercensal years. The most significant feature of this table is that, although immigration has contributed less than half of the annual population growth in post-war years, it provided 69.3 per cent of the increase in the workforce in the manufacturing industry between 1947 and 1961, the vital period of reconstruction and establishment of the Australian industrial bourgeoisie. For the years 1961 to 1966, migrant labour was an incredible 122.1 per cent of the intercensal increase in the manufacturing workforce, indicating a movement *out* of the manufacturing workforce by indigenous labour (a point relevant to the later section on labour aristocracy). This data shows clearly the importance of immigration to manufacturing compared with other sectors. Appleyard notes that while 41 per cent of post-1947 'overseas-born' are employed in the manufacturing industry, only 25 per cent of the Australian born were.²⁴

The continuing tendency for migrants to seek manufacturing employment can be shown in Table IV which shows the occupational distribution of migrants in Australia in 1966. This shows that almost one half (48.8 per cent) of working migrants are in the category craftsmen, labourers and process workers, while only 29.9 per cent of them are professional, technical, administrative, clerical or sales workers.

The distribution of migrant workers between different types of employment within the manufacturing sector can be seen from Table V, which shows the concentration of immigrants in activities such as motor-body building, tool-making and the clothing industry. Between them these categories account for a third of all migrant employment. The strong concentration of migrant women in the clothing industry should also be noted.

Immigrants, then, provide an increasingly important source of labour for Australian industry, and particularly for manufacturing industry. According to Norman, there would have been 'a decline in the numbers working in manufacturing by some 20 per cent in the absence of immigration'.²⁵ The vital contribution of migrant labour can be seen more clearly after considering the socio-economic distribution of migrant workers.

Appleyard noted that the occupational distribution of immigrants into the categories skilled, semi-skilled and unskilled labourers is nearly identical to that of Australian born.²⁶ It may be thought that this contradicts the industrial distribution of migrants indicated above.

However, the problem is resolved by recognising that ethnic differences among immigrants correspond to socio-economic distributions, as shown in Table VI. From this it can be seen that the early refugees of the 1949-51 period were predominantly unskilled; the importance of using this group of workers directly as a mobile labour

TABLE IV: OCCUPATIONAL DISTRIBUTION OF MIGRANT WORKERS IN AUSTRALIA, 1966 CENSUS

	<i>Males</i>	<i>Females</i>	<i>Total*</i>	<i>UK only</i>
Professional and technical workers (incl. architects, doctors, teachers, entertainers)	63,405	34,076	97,481 (7.9%)	47,951
Administrative, executive and managerial workers	57,462	8,647	66,109 (5.4%)	27,847
Clerical workers (incl. book-keepers, stenographers)	49,022	74,684	123,706 (10.1%)	66,834
Sales workers (incl. real estate agents, travellers)	42,962	36,550	79,512 (6.5%)	34,887
Farmers, fishermen, hunters, timber getters	49,548	8,727	58,275 (4.7%)	19,092
Miners and quarrymen	8,478	19	8,497 (0.7%)	3,133
Transport and communications (hands, officers and inspectors)	50,905	4,454	55,359 (4.5%)	24,091
Craftsmen, labourers and process workers	494,789	104,936	599,720 (48.8%)	185,797
Miscellaneous service workers	45,140	62,054	107,194 (8.7%)	42,423
TOTAL	881,676	346,025	1,227,701 (100%)	466,643

* Bracketed figures show the percentage of workers in that class to total immigrant workers.

Source: Neville R. Norman, *Manufacturing Industry in Australia* (Australian Industries Development Association, Sydney, 1971), p. 20.

force for reconstruction purposes has been pointed out. It is the figures for the later period 1967-68, which indicate the most important socio-economic differences, for migrants from northern Europe, Britain, Canada, the USA and New Zealand tend to come from a professional, skilled or at least semi-skilled background. In general, they are educated, have few language difficulties, and are quickly assimilated into a society not too different from their indigenous ones. In addition, many of them were among the 'first wave' of post-war immigrants. On the other hand, two-thirds of the immigrants from Malta, Italy, Greece and Yugoslavia have been unskilled or semi-skilled on arrival. These immigrants flow

TABLE V: EMPLOYMENT OF MIGRANT WORKERS IN AUSTRALIAN MANUFACTURING AND CONSTRUCTION INDUSTRIES, 1966 CENSUS

	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>U.K.</i>	<i>Estimated* % of 1966 workforce in Australia</i>
Spinners, weavers, knitters and dyers	8,247	11,133	19,380	3,753	20.0%
Tailors, cutters and furriers	8,169	37,907	46,076	6,381	n.c.
Leather workers and sewers	4,215	4,353	8,568	1,409	26.1%
Furnacemen, rollers and other metal makers	7,631	0	7,631	2,524	n.c.
Makers of watches and precision instruments	4,825	328	5,153	2,146	28.9%
Toolmakers, plumbers, welders and platers incl. mechanics and motor body builders	123,721	1,630	125,342	48,938	n.c.
Electricians and elec- tronics workers	29,088	620	29,708	13,955	n.c.
Metal and electrical process workers	26,618	17,196	43,814	14,030	n.c.
Carpenters and other woodworkers	38,951	804	39,755	13,437	49.7%
Painters and decorators	20,157	277	20,434	7,601	n.c.
Bricklayers, plasterers and other construction workers	33,131	58	33,189	11,376	8.0%
Compositors, engravers and bookbinders	7,463	2,151	9,614	4,628	9.1%
Glass and pottery workers	4,462	978	5,440	1,408	10.1%
Millers, bakers, brewers and other food and bever- age workers	17,599	7,466	25,065	6,315	14.2%
Chemical and related process workers	7,340	1,476	8,816	3,937	15.5%
TOTAL	494,789	104,936	599,720	185,797	34.65%

* n.c. stands for 'not computed'.

Source: Norman, *op. cit.*, p. 22.

into the low paid, low status manual jobs in manufacturing, building and construction, with little chance of advancement. There is thus a clear ethnic division in the character of the work performed by migrants, and

TABLE VI: OCCUPATIONAL SKILL OF MALE SETTLERS ARRIVING IN AUSTRALIA
1949-51 AND 1967-68

Origin	Numbers	Occupational Skills (%)				Total
		Professions, admin., etc.	Skilled crafts	Semi- skilled	Un- skilled	
<i>1949-51</i>						
Baltic States	1,458	7.4	15.1	7.8	69.7	100.0
Czechs	603	7.6	24.9	21.7	45.8	100.0
Hungarians	615	7.0	29.3	10.7	53.0	100.0
Poles	2,601	4.3	24.2	14.2	57.3	100.0
Russians	961	4.2	21.9	17.1	56.8	100.0
Yugoslavs	1,224	4.5	29.0	18.8	47.7	100.0
TOTAL	7,462	5.5	23.4	14.4	56.7	100.0
<i>1967-68</i>						
Canada	554	43.8	18.6	28.2	9.4	100.0
U.S.A.	1,633	51.0	17.2	24.0	7.8	100.0
New Zealand	3,234	38.0	26.9	26.9	8.2	100.0
U.K. and Eire	45,441	19.6	34.4	35.4	10.6	100.0
Germany	3,021	14.0	44.3	25.0	16.7	100.0
Netherlands (c)	1,758	18.4	38.6	31.0	12.0	100.0
Malta	1,094	11.1	22.6	20.7	45.6	100.0
Italy	12,140	7.2	32.0	11.1	49.7	100.0
Greece	7,179,	5.9	11.1	7.1	75.9	100.0
Yugoslavia	8,963	3.4	20.9	11.3	64.4	100.0
TOTAL (incl. others)	104,765	16.8	30.7	25.9	26.6	100.0

Note: Many Australian employers do not recognize qualifications granted in Southern European countries, so that many skilled and semi-skilled workers from these countries are compelled to take unskilled jobs.

Source: Adapted from R. T. Appleyard, *Immigration: Policy and Progress*, AIPS Monograph No. 7 (1971), Table 2, p. 17.

hence in their contribution to the Australian economy. Although one cannot gain a clear picture of this from published statistics, it is only necessary to look around almost any factory. For example, one journalist recently wrote:

In the Ford factory about 95 per cent of the workers in the production areas, the body shop and assembly line are non-English speaking migrants. The reverse is true in the service departments, the stock rooms, the areas where work is cleaner, more varied and less monotonous than the assembly line, where about 70 percent of workers would be English speaking, British migrants or Australian.²⁷

Northern European migrants tend to be employed in key permanent positions, their skills matching the structural requirements of Australian industry. They thus form a distinctive stratum of the Australian working class, below the bulk of the indigenous workers, but considerably better off than the great mass of immigrant workers.

The unskilled southern European immigrants function not only as a permanent addition to the secondary industry workforce, but also as a 'buffer' group which absorbs disproportionately the unemployment generated in the business cycle. This was noted by the Council of Social Services: 'In periods of recession, such as 1972, it is the newly-arrived, non-English-speaking migrants who are likely to be the first dismissed, and who figure well in any analysis of the unemployed'.²⁸ The analysis is supported by the official statistics on unemployment during the recession of 1972. During this period, the Australian-born rate of unemployment was 2.1 per cent while the newly arrived migrant rate was 10.9 per cent. Broken down to ethnic groups, the figures show 4.8 per cent of Yugoslav immigrants, 3.2 per cent of British and Irish, 3.9 per cent of Greek, and 2.3 per cent of Italian immigrants as unemployed, while the overall migrant unemployment rate was 3.2 per cent.

As a 'buffer group' with insecure jobs, southern European migrant workers are a particularly mobile section of the workforce, providing additional benefits for Australian employers. Appleyard notes:

Southern Europeans have acted as a mobile labour force; moving from urban constructions to fruit-packing or new mining developments, or changing jobs in the metropolitan areas as the need has arisen. Indeed, the mobility of new migrant labour has been one of its important contributions to post-war economic growth, minimising the dislocation which affects the established workforce as new developments require labour.²⁹

Immigrant labour has been significant in providing additional labour for the metropolitan labour markets, accounting for well over half the total population increases in Sydney, Melbourne and Adelaide between 1947-60.³⁰

In Melbourne, where immigration has had the most impact of all capital cities, migrants contributed over 70 per cent of the increase in the size of the labour force, and over three quarters of the increase in the manufacturing and building and construction sectors of the workforce. More particularly, overseas males contributed almost 50 per cent of all the unskilled workers in the Melbourne metropolitan areas, and almost 27 per cent of the unskilled male workforce in Melbourne were born in Italy, Greece or Malta.³¹

Immigration is important to Australian capitalism not only in providing additional workers to be exploited. It is also important because of its effects on wage levels within Australia. Full employment adds greatly to the bargaining power of the working class vis-à-vis the employers

and leads to increased money wages (so-called 'wage inflation'). An inflow of immigrant labour can offset this, especially if the migrants have no tradition of trade union organisation or are generally ignored by the Australian trade unions. When one adds to this the point that migrant labour is used as a buffer to cyclical instability, there are strong *a priori* grounds to argue that immigration tends to lower both the level of wages and the rate at which wages increase. There is, however, a need for empirical studies to test this.

It is difficult to obtain substantial data on the actual earnings of migrants, although it is conventional wisdom that they accept the lowest wages. A recent study revealed that only 21 per cent of non-British foreign-born migrants aged between 25 and 44 had incomes of \$4,000 or more, compared to 59 per cent of Australian-born and 49 per cent of British-born.³² More particularly, George Peterson, MLA, has revealed some detailed figures on the wages of migrants in the Wollongong steel industry. Over 85 per cent earned less than \$86.10, after inclusion of shift allowance, penalty rates and bonuses. This was at a time when the average weekly earnings for adult males was \$119.90.³³

The recent case of a Sydney clothing factory paying Filipino women \$17 for a 60-hour week is perhaps an extreme example,³⁴ but is evidence of the willingness of Australian employers to exploit newly arrived non-English speaking migrants.

It is difficult to resist the conclusion that immigrant labour provides an industrial reserve army whose labour power is super-exploited in the labour market. This exploitation is reflected in and re-inforced by the adverse living conditions of Australia's immigrants.

Living Conditions

Two recent works give some detailed information on the depressed conditions of Australia's migrant population. The Australian Council of Social Services (ACOSS) in a recent submission to the Commonwealth Poverty Enquiry, argued that all migrants are subject to lack of knowledge of Australian culture, institutions and, for many, the language. *People in Poverty: A Melbourne Study*, by Professor Ronald Henderson and others found that: 'All groups of recent migrants had a higher proportion of poor people than the population as a whole'.³⁵ Both studies note a discernible ethnic dimension to the social conditions of immigrants in Australia. According to ACOSS:

The literature clearly states that among all migrants, British-born and Northern European are more likely to be better educated, and possess occupational skills. To be more accustomed to the mores of a highly industrialised society, and to migrate on government assisted passages with the attendant government supports on arrival, than are the southern Europeans.³⁶

Similarly, the Henderson study noted that the poverty figures for

southern European migrants were particularly high, 15.3 per cent of Italians and 16.2 per cent of Greek income units were found to be in poverty, whilst the corresponding figures for immigrants from other countries were 11.1 per cent and 7.3 per cent for Australia as a whole.³⁷

Further Australian-wide research by the Australian Government Commission of Inquiry into poverty has found a much higher rate of poverty in Australia, with 10.2 per cent very poor and 18 per cent of the population considered 'poor'.³⁸

Corresponding figures for migrant poverty are not yet available. It is reasonable to expect at least an increase of similar magnitude in the 'official' number of migrants in poverty. However, once the austere poverty measure is questioned, migrant poverty could be expected to be much higher, since migrants in general (and southern European migrants in particular) have much lower incomes than Australian born, and would therefore be included at a much greater rate for marginal extensions of the poverty line. According to Henderson *et al.*, the main factor responsible for placing southern European migrants in poverty is their concentration in unskilled, low-paid jobs.

Despite their low incomes, migrants face a high cost of living. Because of their industrial concentration in manufacturing and building industries, southern European migrants are predominantly located in metropolitan areas and industrial cities.³⁹ High rental charges are a major cost for migrants. The study by the Australian Council of Social Services found while the average weekly rental paid by Australian born families was \$17.68, that paid by migrants with less than two years in Australia was \$26.92.⁴⁰ The Henderson study indicated that after housing costs had been taken into consideration, the proportion of the migrant population living in poverty increased to 29.3 per cent for Italians and 22.9 per cent for Greeks.⁴¹ Many migrants live in inner suburban areas where competition with students, young professionals and developers for the limited supply of (now-fashionable) terrace housing has boosted rents. But the ACOSS study suggested that high rents and financial difficulties were also a direct result of discrimination against migrants on the part of landlords, money-lenders and government officials.⁴²

The ACOSS study went further than a consideration of the purely 'economic' aspects of migrant poverty. It reported that migrants were also subject to discrimination and deprivation in the fields of health, education, social services, political participation and legal rights.

Educational discrimination against migrants has been well documented. One survey carried out in Victoria in 1962 noted that 'only 20 per cent of migrant children in schools receive adequate English tuition and that even these children receive instruction under extremely poor physical conditions'.⁴³

Further, ACOSS noted that migrants had a higher proportion of industrial accidents and infectious diseases. And yet, over 75 per cent

of Italians and Greeks who had arrived in Australia between 1960 and 1966 were uninsured for health benefits. Even more startling is the discovery that 98 per cent of the Greeks who had arrived during the eighteen months immediately preceding the survey were uninsured!⁴⁴

The necessity to work long hours overtime aggravates the social isolation inevitably connected with settlement in a new environment; where both parents work it breaks down the traditional family structure, leaving little time or energy for leisure activities. It is not surprising that a relatively high incidence of various mental disorders among migrants has been documented.

Oppression and discrimination in these areas both reinforces and is reinforced by the economic super-exploitation of migrants, while providing 'savings' for the government in the field of social overhead expenditure.

There is a further dimension to the problem of assimilation and adjustment of the southern European immigrant: unlike his northern European counterpart, he is more likely to have come from a rural area or small country town. A study by Burnley shows that while 75 per cent of Dutch and Germans in Australia were born in cities and large towns, over 80 per cent of Greeks and Italians, and over 70 per cent of Yugoslavs, were born in small towns or rural villages.⁴⁵ In many ways this is the internationalisation of the movement of labour from rural village to urban industry that Marx noted over a hundred years ago. It necessitates an adjustment (both physically and emotionally) from rural Europe to urban industrial Australia, from farm life in Greece or Yugoslavia to work in Sydney or Melbourne's assembly lines.

Upward social mobility for immigrants is limited. The Henderson study found that migrants who came to unskilled jobs tended to remain in them, while housing discrimination did not significantly diminish over time. Immigrant workers thus tend to enter Australian society at the lowest rung on the social hierarchy, as a super-exploited section of the proletariat, and the depressed conditions that result from this ensure that they remain in this position.

Labour Aristocracy

According to Nicolaus, 'a labour aristocracy is a monopoly within a monopoly. It consists of workers who benefit from structures that exclude the competition of other workers, within a capitalism structured to exclude the competition of other capitals'.⁴⁶ Such exclusion is on the basis of 'a certain nationality, or race, or sex, culture, or some other social category'. In Australia, there is a labour aristocracy of indigenous workers over immigrant workers at one level, and an aristocracy within indigenous workers at another.

The presence of immigrant labour divides the Australian working class. Instead of indigenous workers seeing themselves as sharing a common class interest with migrant workers, they regard themselves

as superior. A sociologist has recently observed that 'You only have to walk across the floor of places like the big glass or automobile plants in South Sydney . . . In the canteens and lunchrooms the segregation can be seen. The skilled Australian tradesmen would rarely think of having lunch with his Mediterranean brother who might be earning the same amount by working a lot of overtime but is not yet socially acceptable'.⁴⁷ By bringing migrant workers into the large plants that have been regarded as the traditional bastions of working class consciousness, the bourgeoisie has succeeded in engineering a significant decline in class consciousness among Australian workers.

A. F. Davies has noted that although migrant workers account for large sections of the membership of a number of trade unions (particularly railways, vehicle builders, rubber workers, meat industry and clothing trades workers, tanners), they have rarely risen to executive office.⁴⁸ This is symptomatic of the neglect at the rank and file level. The most glaring example of this recently was at the 1973 strike in defiance of their union by migrant workers at Ford's Broadmeadows plant in Victoria. As one journalist put it: 'A total misunderstanding by union leaders of the depth of resentment among workers about their job conditions at the Ford Broadmeadows plant was a major cause of the renewed strike at Fords, and of last week's riot—which was the most violent industrial incident in recent years in Australia'.⁴⁹ As has been noted, many southern Europeans have rural backgrounds and are thus unaccustomed to trade unionism.

Surprisingly, there has been very little research into the voting patterns of immigrants, and the effect this has had on the electoral fate of the Liberal-Country party and the ALP. The question as to whether the ALP 'dug its own grave' by introducing mass migration in 1945 largely through Calwell's 'confidence trick on the workers' remains unanswered. Indeed, the complex ethnic origins and differences in religions and culture make generalisations in this area difficult.

What is clear, however, is that many migrants are excluded from the parliamentary process. Research by Lancaster Jones in Victoria into naturalisation (a pre-condition for voting eligibility) suggests that 60.4 per cent of Dutch; 62.7 per cent of German; 76.8 per cent of Greek and 67.2 per cent of Italian immigrants resident in Australia for between five to fourteen years for the period 1952 to 1961 remained unnaturalised.⁵⁰

Naturalisation has also been a method of excluding politically active migrants (especially from the left). According to one journalist, some 500 applicants for naturalisation have been deferred or rejected on security grounds presumably because they 'have probably been impolitic to go around preaching left-wing ideas'.⁵¹

The division between indigenous and immigrant workers also brings about a further decline in the political and electoral weight of the working class, for few non-British migrants are active in, or represented

in Australian politics. Western and Wilson sum up survey data on this point by saying: 'The overall picture of active political participation of British and Australian respondents is one of disinterest; that painted by Italian respondents, one of massive political apathy'.⁵² To explain this with the observation that 'Migrants are people whom politics have already failed: their apathy runs deep'⁵³ as A. F. Davies does, is to ignore the conditions under which migrants live in Australia. Western and Wilson write:

The lack of active participation by Italians in Australian politics is not surprising, given their motivation for emigrating to Australia, their drive for economic security, and their general cynicism towards political institutions. Italians also have considerably more linguistic problems than British immigrants, and have to meet far more stringent requirements before they are eligible to vote. The ALP and Liberal-Country Parties at both the State and Federal level have shown not merely disinterest but considerable hostility towards European immigrants generally, and Italians specifically.⁵⁴

This provides an important basis for conservatism among the indigenous workers. As Andre Gorz argues:

The obverse of the subtraction of indigenous workers from manual jobs is their displacement elsewhere; to diminish the 'national' working class by 20 per cent is to 'promote' that number of workers into tertiary and technical activities; to depreciate the social and economic value of manual work and manual workers as a whole; to deepen the separation between manual work and technical intellectual and tertiary work; to *inflate* correspondingly the social and political importance of the 'middle strata', and by racist and chauvinist propaganda, to encourage backward elements in the national working class to identify themselves ideologically with the petty bourgeoisie.⁵⁵

To date there has been little overt racial conflict over immigration in Australia. But migrants are largely excluded from the mainstream of political and cultural developments. Racist attitudes among Australians have waned considerably over recent decades, but they have by no means disappeared. Michelle Grattan summarised the results of a 1971 public opinion poll as follows:

Australian prejudice towards several national and racial groups as potential migrants has suffered in the past 23 years . . . AGE POLL results suggest that while Australians have become rather more tolerant of certain clearly 'different' groups, they cling to a hierarchy of migration preferences that centres on the familiar English, and gradually moves out to embrace Northern Europeans, then other Europeans, and finally looks very hesitantly at the groups perceived as the most 'foreign' and different in race and culture.⁵⁶

As Borrie commented in 1958: 'The absence of friction between immigrant and non-immigrant has probably something to do with a

liberalising of national attitudes towards the "foreigner" compared with pre-war; but it almost certainly has a good deal more to do with full employment and a high degree of segregation between "Old" and "New" Australians'.⁵⁷ If economic conditions deteriorated in Australia, ethnic conflict between the indigenous and the immigrant sections of the Australian working class could escalate sharply—to the benefit of the capitalists that exploit both groups.

The continued presence of racism, even in diluted form, provides the ideological justification for the super-exploitation of migrant labour by alleging that migrants are inferior. They become scapegoats for the deficiencies of Australian capitalism providing an important ideological back-up for the system and dividing the working class. With the development of a labour aristocracy many of the indigenous workers see themselves as an intermediate privileged strata, rather than being exploited by the same relationship to the means of production (by which they are forced to sell their labour power under the direction, and in the interests of the ruling class). The political significance of this is that it contains the class struggle by creating conditions whereby a large section of the working class are isolated and ignored.

Immigration and the Labor Party

Catley and McFarlane have argued that the ALP government is trying to follow the economic strategy advanced by the Organisation for Economic Co-operation and Development (OECD).⁵⁸ This involves in part a manpower policy to ensure that labour supplies are consistent with other economic policies, and immigration is of course one of the most important components of this. No longer can immigration policy and targets be a lagged response to shortages and bottlenecks. Clyde Cameron, now Minister for Labour and Immigration, has seen clearly the need to 'predict the structural changes which will take place, and to estimate the kind of changes in employment for particular industries which it will require' as the basis of his manpower policies.⁵⁹ It is inevitable that there will be close links between retraining schemes and immigration policies.

One of the ALP's first policy changes in coming into office was to revoke the 'White Australia' policy and replace it with a policy for 'The avoidance of discrimination on any grounds of colour of skin or nationality'.⁶⁰ The underlying basis for this change is two-fold. Firstly, the White Australia policy was an important block to developing closer ties with Japanese imperialism and expanding Australia's markets.⁶¹ Secondly, competition from the EEC for immigrant labour has forced Australia further and further afield. In future Asian and Latin American countries will probably be among the main sources of immigration to Australia. Australia's diplomatic ties with Latin American countries have been increasing, and immigration has been rising in recent years, although the flow is still very small. It is, therefore, towards

Asia that Australian capitalism will increasingly turn for supplies of immigrant labour.

On his recent tour of Asian countries, Prime Minister Whitlam gave President Marcos of the Philippines assurances that Australia would accept entry of the thirty-five Filipino workers sought by the Leyland Motor Company under the Employer Nomination Scheme. Mr Whitlam received, in turn, the most favourable response to his plan for an 'Asian Forum', the success of which would be a major gain in advancing Australia's influence in Asia. The Filipino migrant worker scheme is also an important test case for Australia. It will provide employers with a clear demonstration of the potential of Asia as a source of immigrant labour. According to one journalist: 'It seems clear that if the Australian car industry . . . remains fragmented and protected by high tariff barriers, car companies will follow Leyland's example and look for new labour sources in Asia to supplement their European workers'.⁶² It will also test Australian public opinion on the question. The ruling class response has been overwhelmingly favourable, and when some trade unionists expressed doubts they were promptly denounced as racists—by those very sources that were whipping up 'yellow peril' fears during Australia's involvement in the Vietnam war.

Women and Migrants

Catley and McFarlane also suggest that one of the ALP's aims, in accordance with the OECD recommendations, is to 'accelerate the percentage of women, rather than migrants, in the workforce'.⁶³ However, potential in this direction may be limited in Australia. Alongside immigration, women have been one of the most important sources of workforce growth throughout the post-war period, increasing from 19 per cent of the total workforce in 1954 to 25 per cent in 1966. During this period, the female workforce grew by 69.7 per cent, and there has been a significant movement into what had been previously held to be 'men only' employments. These trends will be accelerated by the ALP policies discussed by Catley and McFarlane, but it is doubtful whether women can fully replace migrants as an industrial reserve army in the heavy manual industrial jobs.

'Women' and 'migrants' are not mutually exclusive categories. The data in Table IV indicates that women accounted for 28.2 per cent of total migrant employment in 1966. Furthermore, they accounted for 35 per cent of migrant professional and technical workers, 60.4 per cent of migrant clerical workers, 40.6 per cent of migrant sales workers and 57.9 per cent of migrant miscellaneous workers. Although only 17.5 per cent of migrant craftsmen, labourers and process workers are women, 82.3 per cent of migrants working as tailors, cutters and furriers are women, as are 57.4 per cent of migrant spinners and weavers, and 50.8 per cent of migrant leather workers and sewers (see Table V).

Migrant women, then, have been quite important to Australian

capitalism. Their low paid labour has been of considerable importance for 'small fry' manufacturers, particularly in the clothing industry.

The 'New Critics'

One of Grassby's first acts as Minister for Immigration was to cut the immigration target for 1972-73 by 30,000. This was largely in response to criticisms of the immigration program coming from some academic economists, the OECD, and Cabinet Ministers such as Tom Uren. These 'new critics' emphasise the high cost of providing the social infrastructure for a fast-growing population, and point out that migrants add to demand as well as to the labour supply, especially as many are employed in protected industries with a low level of production. They argue for a detailed 'cost-benefit' study, and the cessation of immigration if it can be shown that it contributes negatively to the 'welfare of the nation'.⁶⁴

Capitalism, however, has never been based on consideration of welfare as these theorists imagine. It is based on the accumulation of capital through the exploitation of wage labour. From this perspective, it can be seen that immigrant labour has been of crucial importance for Australian capitalism in the post-war period—it has provided a much-needed supply of cheap labour to be exploited in key areas of capitalist production in this country; it has divided the working class, undermined its class consciousness and reduced its political impact. Both directly and indirectly, immigration has promoted the accumulation of capital in Australia. Rapid population growth is an inevitable consequence of large scale immigration, but inflation is not. The economic significance of population growth depends on the basic structure of the economic system in which this growth takes place—in particular, under modern capitalism, it depends on the demand for labour (as determined by the rate of capital accumulation and the organic composition of capital) and the relationship between private capital and the economic activities of the state. It is here that the 'new critics' should look for the sources of inflation, rather than using migrants as scapegoats.

Conclusion

Immigration has been of vital importance to Australian post-war capitalism. In the most obvious sense, it has provided an industrial reserve army of workers, alleviating labour shortages that have restricted Australian capitalism almost continuously since settlement. More importantly, by providing an easily directed, mobile workforce to accept jobs for wages and conditions that Australian indigenous workers would reject, it has been crucial for capital accumulation and growth. It is the immigrant workers who are placed at the bottom of the labour market, become the 'factory fodder' for local and imported capital, and are used as a 'buffer' reserve army to minimise social and economic instability.

Social discrimination against migrants, reflected in almost any social indicator, is a direct consequence of the economic role that immigration plays for Australian capitalism. This is especially true for southern Europeans, who are recruited to become the bottom layer of Australia's proletariat; they are consequentially over-represented amongst the poor and the unemployed.

Racism and xenophobia, although less overt in recent times, have been important ideological underpinnings for both the economic and social exploitation of migrants, justifying the prejudice and discrimination against allegedly 'inferior' immigrants. The economic and social discrimination react on and reinforce each other to induce the emergence of a labour aristocracy of indigenous Australian workers who see themselves as benefiting from migrant exploitation. This is reflected in their upward social mobility at the expense of immigrant workers.

An artificial split in the working class emerges, and is reinforced by the political neglect of migrants both at the ballot boxes and on the factory floors. The result is a decline in the political weight of the Australian working-class. This 'labour aristocracy' ensures the continuance of the economic and social exploitation of migrants, although its significance in maintaining Australia's political stability in the post-war period has been grossly neglected.

It is a remarkable feature of post-war Australian capitalism that it could have absorbed such a large number of immigrants with seemingly little strains on the system. Whether or not it will be able to maintain the containment of migrants as a political force largely depends on its ability to maintain labour aristocracy and racism within the Australian working class.

Recent European experience is of increasing immigrant militancy, with 'the Immigrants finally emerging from their long political passivity and isolation'.⁶⁵ Similarly, there is evidence that Australia's immigrants are starting to become a political force. Out of the Ford Broadmeadows strike—which hinted at the extent of latent militancy among migrant workers—the first Migrant Workers Conferences were held in Sydney and Melbourne, with the aim of uniting migrant workers to be an effective force within (but not separate from) the Australian working class.

To sum up, immigration is of decisive importance for the economy, the class structure, and the political life of modern Australian capitalism. If it were to be stopped, radical changes would have to take place at all of these levels. By the same token, the struggle of the immigrant working class cannot be restricted to demands for 'fair' or 'decent' wages and living conditions; it must be a struggle against the whole social hierarchy based on the super-exploitation of migrant labour.

To quote Gorz:

It is impossible to claim that, in the absence of foreign workers, the capitalist class would be forced to employ local workers in their place

at the historical value of their labour power and thus increase very significantly the level of remuneration of manual workers. For such a redistribution would be structurally unviable in the context of a capitalist system. It is incompatible with its pattern of consumption, its economic, social and political equilibrium, and its scale of ideological values. The absence of immigrant workers would not simply provoke an increase in wages and in the political weight of the national working class: it would detonate a general crisis of capitalist society at every level, by modifying the whole set of historical conditions on the basis of which the price of labour power and the wage structure are determined.⁶⁶

NOTES

- 1 V. I. Lenin, *Imperialism, The Highest Stage of Capitalism Selected Works*, 3 vols. (Progress Publishers, Moscow, 1967), vol. 1, p. 759.
- 2 Charles A. Price (ed.), *Australian Immigration: A Bibliography and Digest* no. 1 (1966) and no. 2 (1970).
- 3 Karl Marx, *Capital*, vol. 1, Part VII, chapter xxv, sect. 3.
- 4 See Stephen Castles and Godula Kosack, *Immigrant Workers and Class Structure in Western Europe* (Oxford University Press and the Institute of Race Relations, London, 1973). An excellent Marxist analysis of immigration in post-war Western Europe. It provided the inspiration and much of the framework for this article.
- 5 Martin Nicolaus, 'The Theory of the Labour Aristocracy' in Paul M. Sweezy & Harry Magdoff (edd.), *Lenin Today: Eight Essays on the Hundredth Anniversary of Lenin's Birth* (Monthly Review Press, New York and London, 1970).
- 6 Martin Nicolaus, *loc. cit.*
- 7 Humphrey McQueen, *A New Britannia* (Penguin, 1970), p. 42.
- 8 *ibid.*, p. 49.
- 9 *ibid.*, p. 53.
- 10 See for example, Andrew Markus, 'White Australia? Socialists and Anarchists', *Arena*, no. 32-33, 1973.
- 11 James Jupp, *Arrivals and Departures* (Cheshire-Lansdown, Melbourne, 1966), p. 7.
- 12 *Immigration* (Australian Information Service Publication, November, 1973), p. 7.
- 13 Australian Institute of Political Science, *Australia and the Migrant* (Angus & Robertson, London, 1953), p. 25.
- 14 R. T. Appleyard, *Immigration: Policy and Progress* (AIPS Monograph no. 7, 1971), p. 7.
- 15 *ibid.*, p. 8.
- 16 James Jupp, *op. cit.*, p. 8.
- 17 *Immigration, op. cit.*, p. 32.
- 18 Jupp, *op. cit.*, p. 8.
- 19 Kelvin Rowley, 'Pastoral Capitalism: Australia's Pre-industrial Developments', *Intervention* no. 1 (1972), p. 25.
- 20 Appleyard, *op. cit.*, p. 19.
- 21 *ibid.*, p. 11.
- 22 *Immigration, op. cit.*, p. 9.
- 23 OECD, *Economic Survey: Australia* (December 1972), Table 8, p. 25.
- 24 Appleyard, *op. cit.*, p. 16.
- 25 Neville R. Norman, *Manufacturing Industry in Australia* (Australian Industries Development Association, Sydney, 1971), p. 19.
- 26 These proportions are as follows:
 Skilled: Australian born 39.6 per cent, overseas born 39.5 per cent.
 Semi-skilled: Australian born 44.8 per cent, overseas born 44.2 per cent.
 Unskilled: Australian born 15.6 per cent, overseas born 16.3 per cent.
- 27 Glennys Bell, 'On the line: A Life Sentence to do the Dirty Work Australians Won't Do', *National Times*, 24-29 September 1973.

- 28 Australian Council of Social Services, *Poverty: The A.C.O.S.S. Evidence—A Submission to the Commonwealth Commission of Enquiry into Poverty* (1972), p. 176; and *Unemployment: The Facts and Effects* (Brotherhood of St. Lawrence, Melbourne, 1972), p. 22.
Since these are figures of those who register at commonwealth employment agencies, they underestimate the level of unemployment. The underestimation is *greater in the case of migrants*, since language barriers and unfamiliarity of the institutions may cause them *not* to register. This is often the case for those who have working wives and thus aren't eligible for unemployment benefits.
- 29 Appleyard, *op. cit.*, p. 16.
The terms 'Southern European' and 'Northern European' are used loosely throughout the rest of the text. Northern Europeans refers to immigrants from the UK and Ireland, Netherlands, Germany, New Zealand, Canada and America. Southern Europeans refers to immigrants from Italy, Greece, Cyprus, Yugoslavia, Poland, Hungary, Baltic States, Turkey, Lebanon, etc., unless otherwise specified.
- 30 C. Y. Choi & I. H. Burnley, 'Population Components in the growth of cities' in I. H. Burnley (ed.), *Urbanisation in Australia: The Post-war Experience* (Cambridge University Press, London, 1974), p. 58.
- 31 I. H. Burnley, 'International Migration and Metropolitan Growth in Australia', in I. H. Burnley, *op. cit.*, p. 155.
- 32 J. Krupirski & A. L. Stoller (edd.), *The Health of a Metropolis* (Heinemann Educational, Melbourne, 1971), chapter 5.
- 33 George Petersen, 'The Migrant and the Wollongong Community', (supplementary paper presented at the Migrant Workers' Conference, Sydney, 1973).
- 34 *Migration Action* i, 1 (1974), p. 21.
- 35 R. F. Henderson, A. Harcourt & R. J. A. Harper, *People in Poverty: A Melbourne Study* (Cheshire, Melbourne, 1969), p. 126. This is a fairly conservative study making an artificial distinction between 'economic poverty' and its 'social aspects'. The latter are of particular relevance in the case of migrants. The 'poverty line' was set at the minimum wage plus child endowment.
- 36 *Poverty: The A.C.O.S.S. Evidence, op. cit.*, p. 165. This study also notes that while 84 per cent of British and 67.5 per cent of Northern European immigrants between 1948 and 1968 had government assisted passages, only 24.5 per cent of Southern European immigrants were assisted.
- 37 *ibid.*, p. 12.
- 38 *Poverty in Australia*. Interim Report of the Australian Government Commission of Inquiry into Poverty, March 1974. It should be noted that the present and past governments have been particularly reluctant to release a lot of the statistical data that it does have classified by ethnic origin. Key statistics such as income distribution, wages and earnings are collected but not published.
- 39 I. H. Burnley (ed.), 'International Migration and Metropolitan Growth in Australia' in *Urbanisation in Australia: The Post-war Experience* (Cambridge University Press, London, 1974).
- 40 *Poverty: The A.C.O.S.S. Evidence, op. cit.*, p. 167.
- 41 Henderson *et al.*, *op. cit.*, p. 130.
- 42 *Poverty, op. cit.*
- 43 *ibid.*, p. 171.
- 44 *ibid.*, p. 169.
- 45 I. H. Burnley, 'Social Ecology of Immigrant Settlement in Australian Cities', I. H. Burnley (ed.), *Urbanisation in Australia: The Post-war Experience, op. cit.*, p. 166.
- 46 Martin Nicolaus, *op. cit.*, pp. 95-96.
- 47 Andrew Jakubowicz, in J. Wilkes (ed.), *How Many Australians? Immigration and Growth* (Angus & Robertson, Sydney, 1971), p. 112.
- 48 A. F. Davies, 'Migrants in Politics' in Allan Stoller (ed.), *New Faces* (Cheshire, Melbourne, 1966).
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- 50 F. Lancaster Jones, 'Ethnic Concentration and Assimilation: An Australian Case Study', *Social Forces*, xlv, 3 (March 1967).
- 51 Maximilian Walsh, 'The Politics of it All' in Australian Institute of Political Science, *How Many Australians?* (Angus & Robertson, Sydney, 1971), p. 173.

- 52 J. S. Western & P. R. Wilson, 'Politics: Participation and Attitudes' in *Reader* (Cheshire, Melbourne, 1973), pp. 323-4.
- 53 Davies, *op. cit.*, p. 114.
- 54 Western & Wilson, *op. cit.*, p. 324.
- 55 Andre Gorz, 'Immigrant Labour', in *New Left Review* no. 61 (1970), p. 29.
- 56 Michelle Grattan, 'Migrants More Welcome Now', *Age*, 26 July 1971.
- 57 W. D. Borrie, 'The Peopling of Australia', in H. W. Arndt & W. M. Corden (edd.), *The Australian Economy: A Volume of Readings* (Cheshire, Melbourne, 1963), p. 110.
- 58 Bob Catley & Bruce McFarlane, 'The Labor Plan: Neo-Capitalism Comes to Australia', *Intervention* no. 3 (1973).
- 59 Quoted by P. P. McGuinness, 'Wanted: A Manpower Policy for Australia', *National Times*, 4-11 August 1972.
- 60 *Immigration, op. cit.*, p. 15.
- 61 Kelvin Rowley, 'Japan: A New Centre of World Imperialism', *Intervention* no. 2 (1972), p. 44.
- 62 Paul Kelly, *Australian*, 1 June 1973.
- 63 Bob Catley & Bruce McFarlane, 'An Emerging Manpower Policy', *Arena* no. 32-33 (1973), p. 27.
- 64 See Paul Augmeri 'Immigration: Areas of Debate' in H. W. Arndt & A. H. Boxer (edd.), *The Australian Economy*. A second volume of readings (Cheshire, Melbourne, 1972).
- 65 Schofield Coryell, 'Europe's Immigrant Workers: New Grapes of Wrath', *Ramparts*, March 1974, p. 18. There are very strong similarities in the analysis of minority ethnic groups throughout capitalist countries: Europe's and Australia's immigrants, America's blacks, etc.
- 66 Andre Gorz, 'Immigrant Labour', *New Left Review* no. 61, pp. 28-31.

6

SOCIAL POLICY AND THE PERMANENT POOR

JILL ROE

Policies on Poverty

THE PROCESS OF demystifying Australian capitalism involves more than providing the necessary proofs of a ruling class (or indeed any other class) in Australia. Showing that the national economy is geared to private property and revealing the Janus face of international capitalism is not beyond us. The record of working-class opposition and status-group protest, is inevitably under continuous scrutiny. But the social face of capitalism is usually bypassed, being tedious, transparent and distressing to look upon (unless viewed in its psychological rather than structural contours).¹ In addition, it is often thought that to attend to social policy, social security and social welfare is either naive or dangerous—a collaborator's act. And generations of 'my ladies bountiful' have done little to counteract this idea.

The convention is that social welfare systems exist to disarm the working class: social security, *via* income maintenance and environmental services, adds up to a confidence trick. The major development in this area—the shift from private to public provision, from charitable to governmental support—might be expected to reinforce socialist enthusiasm for state intervention. But even that is not easily countenanced by latter-day liberals (of many hues and formal persuasions) who note new threats to individual liberty in the trend. Basically, it is often said, the development was necessitated by recurrent fears of capitalism breaking down, thereby inhibiting consumption and then profits. Post-1945 social policies represent an increasingly bureaucratized but still capitalist manoeuvre.²

In passing, it may be said that the provision of social services is decreasingly likely to prevent 'the system' from breaking down. More importantly the essential ambiguity of the above view cannot forever be disguised.³ In theory it is a kind of ideological fundamentalism. In practice it is more than political primitivism; it may also constitute an insidious collaboration, underpinned by plain bourgeois self-interest

(and indifference on the part of the organised labour movement). The history of social policy-making as it has developed in the twentieth century, stripped of its nationalist interpretation, reveals this ambiguity. It also helps to explain for instance why 'social policy' is a rather inflated term for the subsistence-level social assistance schemes and selfhelp insurance programs, which constitute the public responsibility for need and inequality in operation here over the last seventy years. In fact the changing pattern and extent of bourgeois self-interest proves to be crucial in the whole 'poverty debate'.

So far, in this as in many other advanced capitalist societies, social policy has been a residual operation.⁴ The possessing classes prefer 'economic policy' which promises well-being from an efficiently functioning system of free enterprise where social needs will be met by the market. The reversal of priorities possible in the notion of social policy, whereby the well-being of the people will generate new forms of productivity,⁵ has always been the opportunity of the non-possessing classes: manifest in measures directed towards the egalitarian distribution of income and resources, above and against the market. The extent to which priorities have been really reversed is a good indicator of the magnitude and sort of struggle there has been in Australia.

In the near future, the struggle may well take new forms, but social policy-making in general and the social services in particular are likely to remain central; of both symbolic and instrumental importance.⁶ The artificial scarcities, like fuel shortages, now being created to prop up present antisocial modes of production and distribution will create new threats and new victims. New forms of coercion are already predicted by WASPS (male).⁷ But old as well as new patterns of inequality will underpin them (a development interestingly fore-shadowed in present-day Britain). The social face of capitalism may be ugly and getting uglier, but so is the question of collaboration.

Today, guilty defensive and evasive attitudes prevail, especially apropos 'the poor'. The social divisions of welfare (for example what you get from the tax system, or on fringe benefits, as compared with what you get 'on social services') have become very marked.⁸ Euphemisms like 'the underprivileged' have of necessity been replaced by 'the blacks', and 'the lower socio-economic groups' by 'the poor'. We are witnessing an enormous paper-chase, as the *élite* of the so-called 'welfare state' pick up the contradictions of previous social and fiscal policies: not only the operation of the tax structure but also the coverage of voluntary health insurance, the 'costs' of free education, the impact of expressways and urban redevelopment, and above all the extent of poverty. As well, a long phase in Australian security provision appears to be over—the means test on old-age pensions abolished—but simultaneously the problem of special provision for the needy has re-emerged. The new forms of self-help, health insurance and national superannuation have encountered powerful constitutional and institutional obstacles.

In the confusion, while it is now respectable to speak of rich and poor, no-one knows how many of either there actually are, and the voice of the latter is barely audible.⁹

Behind the uncertainty, there may well be little more than a bourgeois consolidation program, before the next crisis. The hardy perennials of social policy—what level of social security expenditure can the community afford, by whom should services be financed and to whom should they be available—are controversial again? Minor reforms of tax schedules, compulsory rather than voluntary health insurance, and more subsidies to home owners need not redistribute resources downwards anyway. Rather they may simply disproportionately reassure and assist those already in possession of the larger weekly income—and the swinging vote.

In this context it is not so surprising that evasive and ambiguous attitudes prevail, and the debate about precisely how many poor there are proceeds unabated. But the underlying disabilities are not so new as people would like to think. The newly discovered 'poor' suffer from long-term class and sex inequality, living on the edge or outside of, market rewards; as standard rate pensioners (old and/or sick, and by a slight majority female) female breadwinners and low-wage male unskilled workers, unlucky migrants, rebellious young people, children in large families, Aboriginal, Anglo-saxon and European. Certainly, the disabilities have emerged with changing demographic and occupational patterns, and are partly the result of unmonitored economic growth and immigration in the post-war period. But the disabilities are long-term ones, and however counted and categorised by race, colour, sex or age, they are produced because the people involved could not, would not or were not allowed to compete in the wages battle. The wage battle always depends upon 'the pool of unemployed', and stabilises at the level where the market is still profitable. Since that itself is not stable, and the system is geared to scarcity not abundance, the victims may change, but victims there always will be. The victims—the poor—represent always a primitive threat, to be overcome by the many and forborne by the unfortunate (or 'lazy' and 'undeserving') few. Thus 'poverty' is the end-product of a (by now highly structured) system of inequality of rewards, a recurrent threat given individual's changing needs and situations over a lifetime, and a dynamic force in industrial capitalism.

Serious redistributive attempts would endanger the whole system of relative rewards and punishments. In the early twentieth century, the male working class was near enough to the bottom to fear the whole process. The historic transformation of its position, itself always fearfully precarious, has involved the labour movement along with the victorious bourgeoisie, in collaboration against the permanent poor, and reinforced the ambiguous evasive and defensive attitudes so characteristic of the colonial bourgeoisie since the late nineteenth century. These

attitudes, not egalitarianism, prove to be the motif of any study of social policy since Federation. Crudely, the powerless poor got left behind, as dependent as ever, but decreasingly with political muscle, especially as sex barriers become entwined with class barriers in issues of redistribution.

Thus in the late nineteenth century there were mutterings about pauperism. Today we acknowledge 'poverty', dismissing the lucky country myth with a shrug. Bruce Petty has neatly up-dated such attitudes in a cartoon entitled, 'Guilt Edge'; subtitled '10 per cent poverty is high but when you think of India's 82 per cent you don't feel so bad'. Simple-minded cross-national comparisons are easy to dismiss of course; but what if the same 10 per cent could be identified seventy years ago?

The terminology has changed. To some extent so has the composition of the 10 per cent. But the absolute size has increased, while the proportion has remained stable. Late nineteenth-century statistics were collected to show progress and productivity not social pathologies, and so far no relevant and reliable co-ordinated estimates across the six separate colonies have been attempted. Figures based on the unemployment of white, male, trade unionists are little guide (and it is on such figures that statements about the condition of the people are usually based). But if to them were added the impoverished itinerants, resourceless blacks, dependent women and children, and all were added to the numbers counted formally in census and statistical registers as living in charitable institutions, it would be amazing if they did not constitute at least 10 per cent of the total population.¹⁰

Estimates of the extent of poverty today vary greatly according to the criteria employed and the units measured. All estimates are debatable; and, significantly, undermined by the absence of basic statistical series and official information either withheld or not collected in the first place. The failure to establish Family Expenditure Surveys (operating in Britain since the mid-fifties, here begun in 1974), and the removal of income questions in the 1971 census, not to mention the pigeonholing of the Vernon Report in 1965, all show the fearful refusal by conservative governments and the bourgeois constituency to enquire. The effect has been to localise and render more subjective all estimates of the extent of poverty in Australia. Scrupulous Melbourne economists, anxious to be useful and avoid controversy, estimated that in 1966-7 about 8 per cent of the population (one-twelfth) of that city should be classified as poor, and about 4 per cent (one-eighteenth) in dire need.¹¹ Experienced social workers, less than convinced by the late nineteenth-century notions of subsistence employed in the inquiry, doubled the economists' estimate to 17 per cent.¹² As yet there is no official estimate; but estimates from other cities like Brisbane¹³ and Sydney¹⁴ certainly go higher than the Henderson inquiry.

The vagaries of both late nineteenth and mid twentieth-century measurers suggest that 10 per cent is a rough but uncontroversial average for both periods. It makes nonsense of the conventional view which, observing that few people actually starve or die in the streets (they didn't in the late nineteenth century either), continues to see poverty as a temporary phenomenon, classified as comparative, and easily eliminated by pension lifts.¹⁵

It is not simply that in a society where rewards and resources are unequally distributed there is an identifiable bottom 10 per cent (although locating a 'band' rather than drawing a 'line' may be a step forward, and the relative shares of the bottom 10 per cent may be the best guide yet¹⁶). It is rather that over a half-century of state intervention and social service provision has not effected much change in the incidence of need, or the societal balance of dependence: independence. After all, the most dramatic finding of the Melbourne survey was that the 'rediscovered' poor were the very people, to use that classic Australianism, 'on social services'.¹⁷ A similar sized, if not identical group over seventy years has not achieved or been allocated the relative increase of shares to get it out of the nursing home (read benevolent asylum), overnight jail or ghetto despite vastly augmented national wealth and a transformed pattern of income distribution. Nor has the increased momentum of the post-war 'welfare state' acted to lift them to the even modest independence which is supposedly the social norm and historic national aspiration. If the pattern of deprivation has become harder to detect (except by the NSW Police whose job must be immeasurably eased by the iniquitous provisions against vagrancy in the 1970 Summary Offences Act); if the sighs of helplessness are smothered by an ever-increasing welfare bureaucracy (as envisaged by the Australian Assistance Plan, for example); nevertheless the resourceless proportion of the Australian population has been stable enough, and the methods employed to assess and keep it so likewise.¹⁸ It is amazing and ironic therefore to read:

the main causes of material poverty existing in Australia today are largely uncontrollable, irrespective of government policy, because people will continue to grow old, or become sick, and husbands to die or defect their families.¹⁹

Presumably low pensions, low wages, racism and sexism are indeed beyond government policy since they have remained at the centre of Australian poverty for so long. What does the history of social policy-making have to say, to put this in perspective?

Poverty and Labour 1870-1914

In the late nineteenth century, the poor were more than a reproach to society's statistical skills. Being less distinguishable from the respectable labouring populace, their existence constituted a threat. It was not easy

to walk through city streets without noticing urchins playing truant, larrikins who should have been gainfully employed, drunks ever ready to bludge on their betters and fallen women not yet ripe for the Magdalen Asylum. Every colonial city had a corner of 'low life': Little Bourke Street in Melbourne, Light Square Adelaide, the still forbidding Sydney Rocks. In Hobart, fear was more diffused by the lingering threat of a permanent convict taint, and no-one knew if the strangely apathetic lower orders were malevolent or not, though no-one doubted the dangers of the port. (In the 1870s, the Commander of the Royal Navy Pacific Squadron caused a stir by ruling Hobart too dangerous a port to call at, mainly because of the threat of VD.)

The Australian city was not yet so sprawling and decentralised as to render the poor invisible as they are today, even though the profligate use of urban land had already promoted suburban segregation by wealth; and no-one was obliged to drive a carriage through Waterloo, Footscray or Bowden. Each city had its magnetic centre, attracting the deprived and the depraved along with the prosperous. Indeed although poverty is normally (and partly inappropriately) associated with the city, in the late nineteenth century the urban reality could be variously interpreted: as for instance signs of a desirable cosmopolitan maturity or at least an inevitable phase in colonial progress. And smart or envious bourgeois elements had not yet adopted the instruments of urban community destruction: colonisation and 'planning'.

Despite the visual proof, the youthful and self-confident establishments of Australia hoped and believed that here the hoary Christian injunction 'the poor always ye have with you' would prove redundant. The very idea of pauperism was peculiarly appalling and undermining. Even while the degrading word 'pauper' was freely and officially used, it was an article of faith to the colonial bourgeoisie that Australia had no need of conventional nineteenth-century methods of coping with pauperism; and that prosperity, charity (and always the Government) would provide for the passing needs of people settling in to the land of opportunity.

It was an evasive and useful belief. On the one hand, it protected the propertied classes from the poor rate, the local tax which in Britain was levied to provide the maintenance which Britons had by right. On the other hand, it hid the shadow of the hated British workhouse which lay, convincingly enough to the eye of posterity, over the colonial Benevolent Asylums and charitable hospitals which served as institutions of the last resort for the destitute and the sick.

Despite the often impressive and always reassuringly solid walls of the innumerable asylums, which bespoke the concern of a benevolent society, only the totally destitute were incarcerated in them. Only in South Australia was there a right to relief and public assistance²⁰ (and there the centralised administration appears to have been not only vigorous but stringent enough to have room for philanthropic and

religious activity).²¹ Elsewhere the pre-requisite for support was to be down and out, and discovered.²² Occasionally muckraking journalists like 'The Vagabond' perturbed—and titillated—respectable breakfast tables with reports of low life (need and crime being indistinguishable). Regularly the same citizenry contributed to good causes—much more regularly in Victoria than elsewhere it seems—until 'overlapping' charities seemed a problem in Australia as they did in Britain.

Determined attempts to catch 'imposters', investigated by the newly formed Charity Organisation Societies (COS), did not reduce the burden or the guilts of the very visible poor in the late nineteenth century. (Standardised clothing had not yet merged the wearers into a misleading uniformity, and whereas today it is hard to tell if people wear sandshoes without socks in winter from choice or necessity, then it could be hard to tell a 'pauper' from an unskilled labourer, or a criminal, a jobless young widow from a prostitute.) The established moral distinction between 'deserving' and 'undeserving' was meant to sort out the poor from the criminal poor. Col. Goldstein, secretary to the COS, claimed that only 200 of a supposed 5,000 unemployed claiming government relief in Victoria in 1890 were deserving—'every young community has two deadly serpents to encounter . . . ignorance and pauperism'²³—and in 1898, the Victorian COS found 60 per cent of cases referred unworthy of assistance.²⁴ The historically significant distinction, between the labouring population and the powerless poor, had yet to be made; but the successful emergence of an organised labour movement made an enormous difference to the 'threat' posed in the late nineteenth century.

That emergence was neither as easy nor as unambiguous as the old Whig historiography had it. However, it produced a new crop of defensive attitudes, which became more pronounced during the economic crises of the 1890s. That story is familiar enough: precipitated by steady falls in world commodity prices, the end of 'the long boom' came with the giant strikes of the early nineties, the spectacular bank crashes in Victoria in 1893, and the long drought from 1896 onwards. Industrial then political militancy from a newly organised working class meant that evasion was no longer either possible or desirable. In Victoria in particular, company directors and building society speculators joined the ranks of the poor, while that 20 per cent which had not enjoyed the benefits of the building boom was augmented by ruined shopkeepers, tradespeople and those who once had small fixed incomes.²⁵ In all the colonies except South Australia, which had experienced setbacks in the eighties, the optimism which enabled evasion disappeared. There was a flurry of good works—soup kitchens and village settlements—and the Salvation Army came into its own respectability.

The recently defeated but still coherent labour movement turned to political pressure, or as a recent study of the NSW Labor Party has it,

to 'civilising capitalism'. Caucus and coalition power led, in the words of Brian Fitzpatrick, to 'the shortlived effort of Liberal and Labor politics to temper the wind of capitalism to the shorn lamb—the wage earner who fared grievously in the years of industrial conflict and the years of drought which dragged through the rest of the nineties'.²⁶

The many legends of the federation era include the social laboratory legend and the enthusiastic *cliché*, socialism without doctrines. The precise substance of that *cliché* is being examined elsewhere; here it need only be reiterated that the statutory provision of basic measures of social security—old age and invalid pensions—in NSW (and Victoria) prior to Federation and Australia-wide by 1910 were historic innovations. They were to be paid by the state, from general revenue, at a statutory fixed rate and could not be varied at charitable or official discretion. They were non-contributory. In principle the social assistance thus proffered was a direct development of ancient notions of poor relief, a progression which proved easier to make in Australasia than elsewhere (but was already much debated or even superseded; as in Germany, by social insurance). Furthermore, the imposition of a means test undercut the provisions 'as of right not charity'; and apart from initiating a long-lived bone of contention, made possible the extension of that weird anomaly, state charity.

State charity, in NSW at least, took the form of subsidy to voluntary organisations, especially hospitals and the NSW Benevolent Society, where it supported 'the charitable principle in a young country', footed most of the bill, had the power of inspection; but not management. It took actual responsibility for the destitute aged, the insane and children.²⁷ Charities still flourished, especially providing 'outdoor' relief, and taking care of women ('what were you doing at the time of seduction?').²⁸ In fact, unabashed dependence on the state in the founding years carried over to the years of independent government, however this was disguised and evaded if possible,²⁹ and had its own momentum. It produced dissatisfied treasurers as well as ambitious philanthropists who hoped to cut institutional costs. It was increasingly felt to be cheaper to support the old outside the asylums. (Thus in Queensland in the 1890s they were given an allowance to stay at home, if in return they willed their property to the State.³⁰) Changing attitudes, expressed by the NSW Labor Party, allied with the aims of a forward-looking bourgeois administration, easily overcame doctrinaire liberal objections to old-age pensions, especially when the provisions preserved a distinction between needy and non-needy, and only partly eliminated the distinction between deserving and undeserving.³¹

Provision for long-term sickness, *via* invalid pensions, was a rather more obscure innovation in NSW. As T. H. Kewley says with a touch of proud parochialism, 'NSW was in fact the first country to establish a non-contributory pension scheme'.³² Its principles and payment were similar to the old-age pension—originally equally stringent too, since

the applicant had to show permanent incapacity for 'any kind of work'—so that it too was probably an extension of state charity, another way of dealing with the much criticised barrack-style asylums. The measure originated in a non-Labor election platform in 1907, and was probably an electoral ploy, dependent on the increasing popularity of the age pension.

When these innovations were adopted in the Federal sphere by 1910—and the power to provide pensions had been taken by the federalists as a device to popularise Federation, the other benefits of which were not immediately obvious to all branches of the labour movement—the triumph was traditionally (and justifiably) given to Labor. It had had the strength to push for a dramatic extension of social provision, and in a form still unusual in capitalist countries: social assistance not social insurance. The point of Labor strength is best seen in the 1913 Federal maternity allowances, which were universal as well as non-contributory, a real innovation. As a woman's assistance issue,³³ it was difficult for opponents to defeat this extension of state largesse, especially since it was not unconstitutional and, being universalist, criticisms of class greed could not apply. As the Prime Minister, Andrew Fisher, said at the time:

[old-age and invalid pensions] have assisted in promoting the prosperity of the country. Far be it from me to say that we have reached a point where we can put an end to social legislation of this kind . . . As the matter of public health has come up in the course of discussion on this subject, I may be allowed to say that I think the time is not far distant when the Commonwealth will have to require power . . .

And he went on, 'we all thought that the Constitution was a very different document from what it has been interpreted to be, or our enthusiasm would have been dampened a little more than it was'.³⁴ In other areas, Laborites could be more easily disarmed, by vested interests or interests vested in the constitution.

The Labor Party was not, nor could it be, merely sectional. To further its class interests it had then to be the agent of social justice, towards which its earlier alliance with the reforming bourgeoisie had given it assistance. In the context these social policies, taken together with the enabling provisions of the same period (the conciliation and arbitration system and the basic wage) and the protective tariffs, all constituted positive defences. They are best understood as the outward and operative arrangements between classes, a visible truce in calmer times. To quote Brian Fitzpatrick again, in a justly celebrated passage:

I take the view that the history of the Australian people is amongst other things the struggle between the organised rich and the organised poor, and that the usual aim of the belligerents has been to keep or win political or economic power in order to use it in what they have considered to be their own interests . . . I take the view that the effort of the organised working class has been—perhaps could not

but have been—beyond its class ends an effort to achieve social justice, whereas the possessing classes that have opposed Labor have not, according to my reading, attempted to reform society, or to redistribute wealth in the interests of social justice. Not that I blame them. My belief is simply that the Labor effort, impelled by motives similar in kind to those of the owning classes, happens to coincide with an effort towards social justice, whereas the effort against Labor . . . has been in opposition to the advancement of society.³⁵

Just such a 'coincidence of effort' characterised the Edwardian years. It produced the basic and unusual set of social services which, because of their apparently innovatory aspects, have had an unwarranted effect thereafter insofar as Australian social service and welfare provision has tended to be judged from this 'advanced' headland: it is ahead or behind, leading or catching up with, the rest of the world. But it should also be a measure of the state of struggle at any point of capitalist time; and at that point, evasion was inappropriate. Subsistence provisions for old age, invalidity and maternal need were appropriately defensive attitudes from one point of view. It coincided with the interests of Labor. Such coincidences were not to occur often, nor was Labor always able to formulate new strategies.

It is important to note the limitations on the legends. Of all the innovatory provisions, only the maternity allowances could be described as socialistic. State involvement, as has already been suggested, was well established in this as in other fields, by the constituent States of the Federation. (Those same States have been remarkably loth to part with the services, as distinct from income maintenance, which are essential to any welfare state: education, housing and health provision.) Colonial treasurers, prototypical welfare professionals (like Sir Arthur Renwick in NSW or Catherine Spence in SA), and reforming churchmen anxious to illustrate Christian relevance, all contributed to the extension of State involvement.

Furthermore, proposals for State intervention were respectable enough by this time, and their application in remote Australia depended firstly on their arrival here and secondly their dissemination. One has only to glance at the accompanying papers attached to the three State Royal Commissions on old-age pensions in the late 1890s to see the extent of available imported ideas. For all the emphasis placed on Morris, Bellamy and Lane in the radical tradition, their importance lies with the vision they provided rather than the pattern of social services established. Defensive attitudes were world-wide in the eightennineties. It was simply easier in Australia to utilise them.³⁶ But the path-breaking was little more than formal; even unspeakable Britain had non-contributory old-age pensions in 1908, at the same time therefore as all Australia. Three years later unemployment and health provisions (admittedly of limited application and contributory) were introduced, provisions unknown to most Australian people until 1944.

It was apparent everywhere that the savageries of industrial capitalism were intrinsic whereas prosperity was not—as Beveridge titled it in 1909, *Unemployment—a Problem of Industry*.

In this environment, the striking thing is how limited, derivative and *ad hoc* social policy really was; and how confined and dependent Labor proved to be. It is not the case, for instance, that employment bureaux or unemployment provision joined the basic wage and factory legislation of the 1890s to protect the industrial worker. Nor that health and educational provision could be much advanced, much less housing.³⁷

Although some observers have thought that before 1900 the social services in Australia meant public education and public health,³⁸ early twentieth-century attempts to strip the medical services of the taint of charity failed. Improvements came in roundabout administrative extensions of environmental services, and ever-increasing financial aid to the private hospitals (which were called general and public, but were determined to remain independent in the service of the sick poor). The larger issues of who was to be entitled to hospital services, who was to provide and who was to pay, became more insistent with the improvement of hospital care; and also because the increasing numbers of middle-range people who could afford to pay some fees, disliked the charitable principles maintained by hospital boards and the honorary staff³⁹ (concerned about their external fee levels), and wanted access.⁴⁰ When a Labor Government in NSW proposed reforms in 1910, it encountered firm opposition from doctors, friendly societies and chemists. In Queensland, the only State to establish free public hospitals (free public wards in statutory not voluntary hospitals), long-established Labor initiatives only succeeded after the abolition of the Queensland Upper House, which had opposed payment of a proportion of the costs from rates, in 1923; and the reform was not carried through fully until 1944.⁴¹ If constitutional barriers impeded the Australian Government, initiatives in the States, which faced no such formal barriers, have been ineffectual anyway. Button days and Golden Caskets, and free public wards in Queensland, cannot disguise the nineteenth-century realities of health services, where the idea of self-help is still advanced to protect problematic professional interests. Labor has never been able to win that wing of the bourgeoisie nor, it might be suggested, to educate the petit-bourgeoisie away from voluntary insurance provision.

Overall then, it would be more appropriate to say that basic issues of social policy emerged in the halcyon years. In only one instance—maternity allowances—were they dealt with in an *avant-garde* manner. If the primary push for social security succeeded, pensions were not necessarily redistributive, and their establishment suggested how both struggle and alliance was involved. The push for health services did not succeed; and the struggle involved there, both class and sectional, clarified the existing 'social divisions of welfare', and reveals the *ad hoc*

nature of provision. Defensive attitudes can work both ways, depending on the strength of pressure applied to them, and the forces involved. It was as true then as it is today to say, as has a recent student of voluntary agencies:

no consistent social policy program has ever been adopted . . . measures are introduced when sufficient pressure can be mounted by interested groups to force the government to act.⁴²

The interwar Years

The great 'catching up/left behind' debate is deceptively simple apropos the interwar years. It is unanimously agreed that Australia was left behind, and exposed as such by its incapacity to generate policies to cope with mass unemployment in the traumatic 'thirties. No provisions existed at any level of government except in Queensland which had established an insurance scheme in 1923 (and earned the title, 'the loafer's paradise'). Indeed, the Australian Government in the 'twenties had deliberately pigeon-holed proposals for national insurance, partly on the grounds that unemployment was decreasing. The States, responsible for relief, failed to get beyond *ad hoc* provision—the controversial 'sustenance' and inadequate public works. In Victoria, the Melbourne Ladies Benevolent Society became very busy; co-ordination in the charitable field was promoted; the first social workers arrived; and army surplus greatcoats, dyed black, appeared in the streets. But the Federal Government neither co-ordinated nor initiated programs of assistance, much less promoted protective plans for the future.

If personal insecurity grew alarmingly in the first four decades of the century,⁴³ the experience of the fourth might have been expected to promote new social security provision, at least the long discussed and in Britain long established labour bureaux. At best the conservative coalition of the time hastened slowly, *via* British advisors, towards social insurance and the contributory principle, culminating in the dead letter Health and Pensions Bill of 1938, which did not even deal with unemployment.

It is even difficult to locate significant Federal extensions in other social services. In fact cuts to established benefits and new services like the new Commonwealth Department of Health were the order of the day. Even the RSL, despite vigorous representations, failed to stop cuts in the service pension. Universalist maternity allowances were means-tested; and the old-age pension was cut by twelve and a half per cent, along with ten per cent cuts in real wages imposed by the Commonwealth Arbitration Court. The vigorous economies of conservative governments, far from extending protection and support, seemed to be undermining existing provisions and new ones were not in sight. In a bleak field, State innovations like family allowances and widows' pensions stand out, giving some substance to the view that these were

years of endeavour and aspiration rather than achievement,⁴⁴ but in general it is usually covered by the clichés 'barren' and 'disappointing'.⁴⁵

Probably neither the period chosen (1919-1939) nor the conventional nationalist frame of judgement are very illuminating. What preserved the *status quo*? On the one hand, what forces operated to prevent the much desired introduction of social insurance? On the other hand, what pre-empted pressure for non-contributory benefits as of right? Furthermore, what issues were at stake outside the relatively narrow field of Federal legislation and 'pensions'? Four main instances can be advanced to show that from 1914 onwards, social service provision was merely the visible tip of the social policy iceberg, and that the real struggles which preserved the *status quo* involved some damaging new alliances for the working class and the much divided Labor Party.

In the first case, that of the insurance schemes so favoured by conservative governments because they ensured thrift and self-help and in theory prevented redistribution, the conservative governments of the day were opposed by existing insurance interests, and unexpectedly, in 1938 by the medical profession which objected to the modes of remuneration proposed for it under the health insurance legislation. The labour movement did not welcome social insurance either; and for all its weakness in the interwar years, the Labor Party in the main opposed the contributory principle. Of the opposition, that of the existing professionals was no doubt the most important. The role of the big friendly societies, with their large working class markets, has yet to be explored, but their very existence and opposition suggests that a complicated alliance prevented the introduction of 'national insurance'.

Taking a second case, the pre-emption of pressure for a radical extension of social security, the perspective must go back to 1914, to the first War Pension Bill. If the British experience is any guide, the ruling classes of Australia were both far-seeing in the methods employed to attract men into the army, and fortunate that the returned soldiery took their promises seriously enough to form a pressure group powerful enough to ensure their permanent welfare.⁴⁶ It is suggested that without the Repatriation Department, and Australian Soldiers' Repatriation Act, the Conservative governments would not have survived the depression. What those years would have been like without the generous and separate provisions made for ex-servicemen and policed by the RSL is of course impossible to say.

The wider effects of the self-contained social service state administered by the Repatriation Department require sustained research. If the social services have been the sacred cow of Australian historiography, ex-service provision has been the fatted calf, a product of unique forces which cannot be explored here. An ironical insight into one of the main agencies, the RSL, was provided by a former Repatriation Minister:

'if there were no RSL to take care of the bereaved and disabled, one would have to be created'.

It is significant that there was constant pressure to improve the ex-serviceman's lot in the post-war decades, and that the department's workload went up in the early 'thirties. It is even more significant that in those years, it established the largest hospital system in the country, with accompanying subsidiary medical services, access to specialist medical service and accompanied by outpatient care and rehabilitation programs right at a time when the fortunes of the larger civilian hospitals were at their lowest. Furthermore, it paid separate pensions, and especially to dependents, at a more generous rate than to civilians. Most remarkably, from 1928, responsibility for giving the benefit of the doubt in claims was left with the determining authority, even though that authority was itself composed of ex-servicemen, and claimants could appeal to an independent tribunal. These features, still being sought in the civilian system, have acted to protect the scheme from the public criticism of claimants (cf. old-age pensioners) if not of medical personnel whose area of professional jurisdiction in later eras of expanded medical knowledge has been overlain by wider considerations.⁴⁷ In addition, the policy of preferment for ex-servicemen in public service jobs which governments waived at their peril, gratuities, and war settlement schemes prepared while the war was still on, stabilised and depoliticise people who in other countries became angry and embittered. In all probability it has been a high price to pay for a voluntary army, and the success of the RSL as a pressure group has kept alive the self-help and voluntarist ethic in this country. It is also created an intangible division between those who served overseas and those who did not (or never served at all), disrupting the class solidarity which would have been necessary to promote radical initiatives in social security and social service provision in the interwar years. Even if the creative anger of the unemployed has been underestimated,⁴⁸ there were other drags on innovation beyond vested interest.

Thirdly—and this is to go far beyond the usual list of political factors proffered to explain 'inactivity', and also to speculate further—there were other issues of social welfare at stake. When the full story is told it will be seen that conservative politicians were not entirely preoccupied withstanding the threat of unemployed males, but were also greatly concerned with reluctant wives and mothers. A falling birthrate (and divorce rate incidentally) and drops in immigration, coupled with historic fears for the future, produced the 'Populate or Perish' slogan. The pressure of depression as it fell on women was ferocious, both materially and psychically. A generation later, it is women who constitute the clear majority of the identifiable poor: the drive back into the home and the bed began here. At the time, pressure from Labor women was important in gaining child endowment in NSW: and widows' pensions in NSW and Victoria were instituted. But probably formal

and informal sexism reached its peak in these volatile decades; women were not won over to the labour movement or new interpretations of social justice.

Indeed, and this is the fourth and final example of operative issues in social policy in the 1914-1939 period, Labor was forging new alliances with enormous and long-lasting implications for social welfare. Housing became an issue; and in the 1940s both State and Commonwealth commissions were formed. It seems amazingly belated. Discussing the reform movement which began in the 1930s, M. A. Jones (*Housing and Poverty in Australia*, p. 4) has outlined the existing conception of responsibility in the following revealing sentences:

Up to the depression . . . all governments accepted the principle that some assistance had to be given to enable the worker to obtain adequate housing. But partly out of a desire to help the deserving poor who could afford some deposit and regular payments, and to avoid the large losses that would result from housing those on the lowest incomes, these schemes were limited to those who could afford home ownership or high rental.

The idea that housing is a social service has not been established in Australia, and as the above suggests has been entangled with petit bourgeois self-help notions from the outset. These latter notions were given a powerful push by the bourgeois slum clearance lobby of the thirties whose arguments appealed to Laborites as a way of ending landlordism and acquiring bourgeois status *via* suburbia. The reformers believed that housing reform was the cure-all of social disorders and they created a conventional wisdom, particularly in the Labor Party, which bypassed the fundamental issues of redistribution of income.⁴⁹ As has been proved by the more substantial efforts of the post-war housing commissions, it also made the poor pay the costs of change in remote and disabled communities like 'Newtown', the thinly disguised Green Valley of a recent study (*New Community*, Sydney, 1973). It was left to firebrands like Eddy Ward to oppose this early form of Laborite capitalist aspiration and to defend the inner residential wings of Sydney; and to charitable organisations to point up the poor, rather than 'the slums'. The newly founded Brotherhood of St Lawrence in Fitzroy in Melbourne, acting in its now familiar role as spokesman for the poor, reported in the late thirties on:

those thousands of decent Australians sleeping in parks and under bridges and walking the slum streets during the day in order to seek help from overworked and understaffed charitable organisations.⁵⁰

Shelter and support, not slum clearance, sounded like the urgent need there.

If these larger tensions are taken into account, it will be seen that the 'barren' and 'disappointing' years were really just as important as the halcyon Federation years. Some redistribution of resources did

occur after all, sectionally. The possessing classes survived it all with remarkable ease however; and the labour movement, although helping to hold the line against a heavy contributory push in the social services field, was deeply involved in extensions of social policy which survive today: extensions which disadvantaged civilians as against ex-service people, women as against men and children, and inner-city dwellers as against suburbanites. The silent adaptations of the Labor Party, barely detectable at the time, were to prove crucial and revealing in the subsequent period, and especially the poverty debate emerging in the sixties.

From World War II

Political scientists have looked in vain for a 'depression mentality', but the ways in which it affected the architects of post-war economic growth are beginning to emerge.⁵¹ If the main preoccupation after World War I was 'back to normal', the second total war of the century reinforced a 'never again' directive. During the war, and remembering the battles after 1918 and the bitter 'thirties, the political *élite* achieved sufficient consensus and, after 1943, sufficient Labor Party strength, to recover Australia's reputation for social security provision. If not exactly ahead—as revealed by the reports of the long-standing Joint Committee which produced nine reports between 1941 and 1946 on the whole field—neither was the nation exactly behind. As early as 1942, the committee stated that 'it is now clearly understood that the nation has a large measure of responsibility for maintaining the level of employment'.⁵² Quite properly, the new doctrine of full employment was espoused, to underpin all post-war planning. Under the long-lived Labor administration (1941-49), determined to win both the war and the peace, and guided by the enthusiasm of Chifley at the Department of Postwar Reconstruction, the Commonwealth took the initiative in this, as in other fields. In 1947 the Social Services Consolidation Act systematised the gap-filling legislation of the war years and established the framework of today's 'welfare state': widows' pensions, unemployment and sickness benefits, in addition to old-age and invalid pensions and the child endowment introduced by Menzies in 1941. Financed by a social services tax levy and administered through a theoretically separate National Welfare Fund, social provision not social insurance appeared to have triumphed under Labor; and the Commonwealth, initiating services like employment services and housing subsidies, appeared to be in command.

However, failure to establish a national health and medical service showed that when the Commonwealth extended its interests to services rather than income supports and when it had to deal with public rather than individual needs, it was not so powerful as it seemed. Even to institute the new cash benefits for individual Australians required a constitutional amendment, and the successful referendum of 1946 represented the last expression of war consensus. In new services, like the

tuberculosis campaign, the Commonwealth might be successful: but in trying to co-ordinate old ones, like hospital and pharmaceutical benefits, new constitutional pitfalls and State-based and/or professional pressure groups proved too much.⁵³ Thus the 1948 National Health Service was like its predecessor of 1938, practically a dead letter: doctors would not co-operate with Labor. If Australia has a national health service—if voluntary subsidized insurance schemes may be seen as adding up to a comprehensive health service—its architects are the Liberal-Country Party coalition and especially Menzies and Earle Page, who in the early 'fifties were able to prop up private enterprise health with the medical and hospital benefits scheme, subsidies for special care and hospital programs, a pensioner medical service and scheduled drugs ('life-saving').

When confronted by professional opposition, the powers of the Commonwealth, even as constitutionally amended, proved inadequate (as the second Pharmaceutical Benefits Case clearly established). Taking its stand on the line 'but not . . . to authorise any form of civil conscription' the medical profession refused to fill in Commonwealth forms which authorised free drugs and thereby undercut the proposal for free medicines. Given the rising cost and increasing complexity of health service in the post-war world, the medical profession's obdurate opposition to what it sees as socialised medicine ['is a health hazard'] has been anachronistic, and state intervention of one sort or another is a social and political necessity.⁵⁴ From the late nineteenth century onwards, it has been the middle classes who have sought improved access to health services, and it is the middle class who have been satisfied by the present inequitable insurance system⁵⁵ and have been convinced by the claims of a supposedly threatened medical profession. In a period of sustained if not spectacular economic growth, the changing demands of the middle class have dictated the scope and substance of social policy. In accordance with the doctrines of the free market economy, Commonwealth initiatives and wealth have gone in the direction of support to bourgeois self-help—health insurance, home ownership and tertiary scholarships with fiscal welfare measures attached. Having abandoned the contributory principle in income maintenance services (the social services), the conservative governments of the Menzies era promoted it elsewhere. In a very marked way in Australia, 'the welfare state' became, as elsewhere, a support system for the middle class.

The Permanency of Poverty

So far in this survey there has been less emphasis on present-day issues than on the broader (historical) perspectives. At the outset it was argued that 'poverty' is a dynamic component of industrial capitalism, and that the poor have indeed always been with us. The people involved have never been simply the derelict, the criminal and otherwise incompetent and undeserving people of many past and present pieties; they

have been the people incapacitated in the market system, rejected and unrewarded by it, a fact which accounts for the changes in the composition of the poverty band. 'Poverty' was seen, not merely as 'comparative' or relative, but structural; and its continuing existence to have a positive disciplining effect on the rest of the population, who aim to avoid the final humiliation and outcome of inequality.

Clearly, this perspective suggests radically new conclusions from those currently drawn; and the history of social policy-making since Federation offered some clues. Three main phases were discussed. Firstly, came *ad hoc* extension of what was often seen as 'state charity'; secondly, after 1914, vigorous and paralysing conflicts of interests emerged; and thirdly, came the 'never again' war consensus, which while filling conspicuous social service gaps for maintaining income and entering new fields of social welfare in the traditional States' sphere, also was quickly undermined by private enterprise, in conflict with constitutionally supported interests, and smothered by the hope of an automatic dissemination of prosperity through economic growth.

Neither the market nor the state, however, operated to improve the share of the poor. At its most optimistic it was thought that 'a new poor' emerged, despite full employment. By the late sixties the poverty debate was on.⁵⁶ Many unlucky Australian were discovered: not only the Aboriginal people and conscripts, but disaffected women, migrants, pensioners and the whole hidden population of what the Americans call 'poor whites': the people who could not afford medical benefits, who filled the waiting lists of the Housing Commissions, who sent their children to 'slum' schools, who sought abortions and so on. The success of 'It's time for a change' suggested that these things were inconveniencing a larger proportion than the debatable poor: the middle class were also increasingly threatened by high health costs, pressure on private school intakes, remote and expensive suburban housing. On the one hand, contemporary urban and industrial society, particularly one which had in twenty years 'absorbed' millions of migrants, posed problems which the simplicities of private enterprise left untouched. On the other, 'the poor' became politically useful for the first time in twenty years.

It has been said that guilty, defensive and evasive attitudes have predominated; it has been implied that the locus of those attitudes has changed. Originally emanating from the colonial bourgeoisie, today they characterise the majority of the population. In both cases, a 'leave it to the government' response is also characteristic. Leaving it to the government is, however, both evasive and defensive of sectional gain and is a highly ambiguous response to new kinds of threat. As Roy Aldridge put it, 'How many votes in social reform?' The answer is: 'Not many'.⁵⁷ Why not?

One answer is to be found in long-term changes in the social structure. Australia has always boasted of having one of the most egalitarian

wealth distributions in the world.⁵⁸ In 1973, research revealed an apparently even pattern of wealth distribution, showing that only 2.4 per cent of Australian households had less than \$1,000 assets, and only 8 per cent more than \$26,000 worth.⁵⁹ Leaving aside the question of 'households', of 'assets' (housing), and the extent to which mere private property constitutes an asset today, the creation of an even pattern of inequality is neither surprising nor impressive, especially since the bulk of households fall in the bottom half of the frame.

It does, however, clarify a fundamental problem of 'poverty', when compared with the distribution of wealth in 1915.⁶⁰ The bottom category of the 1915 War Census, with less than £10 wealth, constituted 18 per cent of the population; the bottom two categories 57 per cent. Whereas in 1915 86 per cent fell below the median category (£750), today (according to Podder) approximately 57.4 per cent fall below the median (under \$10,000). By the same rough comparison, whereas in 1915 the top three categories constituted 3 per cent, disposing of half of all wealth, today the top two categories constitute 14 per cent (disposing of who knows how much of the wealth). Most significantly of all, the proportion in the middle has changed. Excluding the bottom three, and top two categories of both, in 1915 it contained 21 per cent, in 1972, 39 per cent of the total.⁶¹ Regardless of how the categories are manipulated, and given that they are the only reliable ones we have, it is clear that 'embourgeoisement' is no myth, that there has been an upward shift and spread of wealth patterns, and that the relationship between bottom and top has been dramatically altered in two generations. Inequality is much more highly structured today, to the point where property patterns even disguise the extent of poverty almost from statistical view (in the notional 2.4 per cent of households).

Besides the welfare system, the tax structure is the most important transfer system today. It has been shown to favour the now enlarged upper middle class, to bear heavily on the lower, and to have no redistributive effect on the lowest income groups. It is formally and actually regressive—not, as is often asserted, progressive.

The implication for 'the poor' are ominous. The old 'natural' allies are upward borne, hard-pressed and deeply committed to consolidation. The widening middle income band is too politically sensitive to be more than an ally of temporary expedience. As for the rich, they too are invisible. The relationship between rich and poor has changed. The poor might be as various and worthy a cross-section of humanity as you are likely to find in Melbourne,⁶² but the rich are protected from their claims by that now vast volatile buffer of middle-income earners. Therein the guilt, carried around as some historical legacy, the necessary evasion, and the quite appropriate defensive attitudes: to be in the middle of 'the most egalitarian wealth patterns in the world' is not so reassuring after all. Tax concessions for home purchasers' interest rates? Certainly. Rent subsidies? Certainly not.

The ambiguities have been increasing all the time, and reveal an achieving capitalism making most of the running. Charity and the social workers may pick up the pieces. Collaboration becomes a different question from the one usually aimed at social workers. And 'poverty' is not some separate measurable phenomenon, but a complex working relationship between rich and poor. 'The poor' are still threatening to someone, and must continue to be seen as undeserving if the system is to function. Attention paid to getting the sums right is in itself a merely subsidiary ideological battle about the 'acceptable' degree of inequality. The discipline of the special idea of poverty still commands allegiance and obedience in a political economy which is based more vigorously than ever on a structural inequality of rewards, and the distinction between the deserving and the undeserving.

NOTES

- 1 A view of J. Playford & D. Kirsner (edd.), *Australian Capitalism* (Pelican, 1972) which does however contain discussion of consumerism and the traditional Laborite concern, education.
- 2 A Shonfield, *Modern Capitalism* (London, 1965), chapter IV. Liberals are particularly disillusioned as in L. Ross, 'The Myth that Things are Getting Better', *New York Review of Books*, 12 August 1971, a disillusionment which needs to be viewed in the US context first.
- 3 Cf. K. Woodroffe, *The Making of the Welfare State in England* (History Teachers Association of NSW, 1968), p. 26: the pill-seller during the eighteenth-century Lisbon earthquake silencing his critics with 'what would you put in their place?'
- 4 'It is unsatisfactory to define social policy as that about which economists do not talk, but unfortunately this does reflect a certain reality in discourse', K. Boulding, 'The Boundaries of Social Policy', *Social Work* 12, 1 (1967), where he attempts to distinguish social and economic policy inside domestic as compared with foreign policy.
- 5 R. M. Titmus, *The Gift Relationship* (London, 1970), p. 238: 'detailed concrete programs of political change—undramatic and untheatrical as they may often appear to be—can facilitate the expression of man's moral sense. Thus it [the blood donor system studied] serves as an illustration of how social policy, in one of its potential roles, can actualize social and moral potentialities.' See also J. H. Goldthorpe, 'Political Consensus, Social Inequality and Pay Policy', *New Society*, 10 January 1974, pp. 55-8.
- 6 Cf. D. Wedderburn, 'Facts and Theories of the Welfare State', in R. Miliband & J. Saville (edd.), *The Socialist Register* (London, 1965).
- 7 ABC Lateline, 14 March 1974: Henry Mayer and Jill Roe.
- 8 T. H. Kewley, *Social Security in Australia* (2nd ed., Sydney, 1973), p. 564. Updating this study of pensions to take into account Titmuss's long-established 'social divisions of welfare', Kewley notes that 'the main income taxation concessions of a welfare nature were estimated [during 1970-71] at . . . an amount equivalent to more than half the expenditure . . . from the National Welfare Fund during that year'. P. Bentley *et al.*, 'An Estimate of the Incidence of the Australian Tax Structure', Third Conference of Economists, Adelaide, May 1973, shows that across all three tiers of taxation, tax was regressive on household incomes below \$3,999 p.a.
- 9 Witness the belated inclusion of 'consumer groups' (sic) under the auspices of the Australian Council of Social Services in the national poverty enquiry (1973). Despite the uncertainties of some social workers as to their double agent role ('Perspective', *Nation Review*, 25 September 1971), manifestations of client power in Australia seem to be confined to pensioner groups as in the Pensions Reform Campaign 1971, and 'An open letter to our politicians', *Australian Social Work* 25, 1 (March 1972).

- 10 For example, in relation to—(1) unemployment: E. C. Fry, in *The Condition of the Wage Earning Class in Australia in the 1880s* (unpublished Ph.D. thesis, A.N.U., 1956), p. 37, states that in 1891 unemployment among breadwinners varied from 2.7 per cent in Tasmania to 4.9 per cent in NSW. (2) itinerants ('domain loafers'): B. Dickey, in 'Charity in NSW 1850-1914. Outdoor Relief of the Aged and Destitute', *J.R.A.H.S.* 52, part 1 (March 1966) notes that the Kent Street Refuge was providing 60,000 meals in 1887. (3) charity: D. Peyser, in 'A Study of the History of Welfare Work in Sydney from 1788 till about 1900', *J.R.A.H.S.* 25, part 2 (1939), p. 207, cites 4 per cent of the population as recipients. (4) women: S. L. Hateley, in 'The Queen's Fund Melbourne 1887-1900', *Melb. Hist. Journal* 11 (1972) (a case study in voluntary work), shows how the fund uncovered female need, the pattern of which is also shown to change with statutory provision in the early twentieth century. See also *Victorian Year Book* (1902), pp. 145-150. The daily average number of all inmates of institutions was 16,574; 17,855 people were also relieved by 80 benevolent societies; plus 13,570 people at Dr Singleton's night shelter. Also, 5,745 children were wards of the state. Estimated population of Victoria, December 1902: 1,205,513.
- 11 R. F. Henderson *et al.*, *People in Poverty: A Melbourne Survey* (Melbourne, 1970), p. 41.
- 12 P. J. Hollingworth, *The Powerless Poor* (Melbourne, 1972), pp. 39-45, on a 'headcount' suggests that approximately 2,215,962 Australians or over 17 per cent of the population are either in 'primary poverty or financially vulnerable circumstances'.
- 13 C. P. Harris, 'A Survey of Some Aspects of Poverty in Queensland and Brisbane', *The Australian Journal of Social Issues* 5 (1970), in an enquiry of 1965-66 confined to the actual 'social security poverty group', confirmed that the lower levels of personal income and wealth in Queensland, plus the higher proportion of people of pensionable age, produced a 1:9 ratio as compared with Henderson's 1:12 ratio in Victoria. There was also a markedly higher concentration in Brisbane as compared with the rest of Queensland.
- 14 A. Halladay, 'The Extent of Poverty among Large Families in the Heart of Sydney', *Economic Record* 48 (December 1972), p. 46, argues that whereas by the Henderson criteria 18.4 per cent of large families surveyed would be poor, by three other measures (the Gallup Poll line, a needs-based line, and an average weekly earnings line) the percentage would be between 40.3 per cent and 44.6 per cent of the group.
- 15 This view seems to emanate from the Melbourne research, e.g. S. Shaver, 'Poverty: The Australian Pattern' in H. Mayer & H. Nelson (edd.), *Australian Politics, A Third Reader* (Melbourne, 1973) reiterates the *People in Poverty* material. N.B. 20 per cent in Halladay's survey (*loc. cit.*), p. 492, had experienced serious shortage of food.
- 16 D. Stanton, 'Determining the Poverty Line', *Social Security* (Spring 1973), p. 28; in 1968-69 the bottom 20 per cent of Australians received only 6.8 per cent of national aggregate income, whereas Stanton suggests that 10 per cent would be 'fair'. The tax system had a negligible downward redistributive effect (.02 per cent).
- 17 Halladay's emphasis on the policy implications of the various criteria of need and the results which flow from them do not seem to have been important in Stanton's survey of the literature. Stanton implicitly disagrees by omitting all but income deficiency because it 'facilitates both the measurement of poverty and the development of programs to eliminate it' (p. 18). Stanton says that all known poverty lines are 'subjective and arbitrary' (p. 31), as if to dismiss Halladay's concluding words 'the concept of poverty . . . is not just a technical decision to be left to the social scientist. It is a value-based decision.' (p. 497).
- 18 A. B. Atkinson, 'Who are the Poorest?', *New Society*, 1 March 1973, pp. 466-68, suggests that methods of assessing need haven't changed much in Britain since the 1890s, and the proportion who were poor through 'exceptional circumstances' hadn't either.
- 19 C. P. Harris, *loc. cit.*, p. 9.
- 20 J. B. Hirst, *Adelaide and the Country 1870-1917* (Melbourne, 1973), pp. 126-7.
- 21 M. French, *Churches and Society in South Australia, 1890-1900* (unpublished M.A. thesis, Flinders University, 1969), chapter IV.

- 22 Access to charitable institutions depended, in theory at least, on contributors' tickets, e.g. The Adelaide Hospital Regulations (*The Yearbook of South Australia*, 1903, p. 168): 'Applicants for admission to a treatment at the hospital must make a declaration on a form provided . . . that they are unable to pay for medical attendance elsewhere, and stating whether they are entitled to medical attendance from any benefit society or lodge . . . Indoor patients—contributors of £2 annually may admit 1 indoor patient; of £5, 3 indoor patients; of £10 annually, may have the privilege of having always one patient in the hospital. Outdoor relief—contributors of £2 annually have also the privilege of recommending 6 outdoor patients for relief from the Dispensary; contributors of £5, twelve patients; contributors of £10, fifteen patients. It is to be distinctly understood that these recommendations are only to be issued by the contributors to persons who cannot pay for medical treatment elsewhere.'
- 23 J. Goldstein, 'The Unemployed', *Proceedings*, Second Australasian Conference on Charities, 1891, vol. 2, p. 100.
- 24 S. L. Hateley, *loc. cit.* ('Queen's Fund'), p. 27.
- 25 G. Serle, *The Rush to be Rich* (Melbourne, 1971), p. 93; and M. Cannon, *The Landboomers* (Melbourne, 1966).
- 26 *The British Empire in Australia 1834-1939* (Melbourne, 1969 reissue), p. 241.
- 27 T. H. Kewley, *op. cit.*, chapter 1.
- 28 Regulation Question, cited N. Gash, *A History of the Benevolent Society of New South Wales* (unpublished M.A. thesis, University of Sydney, 1967), p. 76.
- 29 For example, in Tasmania, between 1857 and 1890, there were seven Royal Commissions, four Special Commissions and twelve Select and Joint Committees into aspects of charitable institutions, mainly to cut controversy and costs, J. Brown, *Poverty is not a Crime* (Hobart, 1972), p. 102. The British Government paid for destitute ex-convicts—'imperial paupers'—which tended to set an austere standard and stigma, both in Tasmania and Western Australia (C. W. Collins, 'Matters of Social Conscience: Western Australia 1829-1890', *University Studies in History* V, 2 (1968), p. 18).
- 30 R. Lawson, *Brisbane in the Eighteen-Nineties* (Brisbane, 1973), p. 148.
- 31 Aborigines, Asiatics and aliens were not eligible; neither were drunks, ex-prisoners or wife-deserters. (Kewley, *op. cit.*, pp. 45-6.)
- 32 T. H. Kewley, *op. cit.*, p. 89.
- 33 *Commonwealth Parliamentary Debates* vol. LXVI, September-October 1912, p. 3322(1): 'It is a maternity allowance for the protection and care of the mother, which is tantamount to the protection and care of the unborn child . . . there is no limit to the power of the States to assist and make provision for the prosperity of every child as soon as it is registered in Australia. The Commonwealth is not in that fortunate position. . . .'
- 34 *ibid.*, p. 3324.
- 35 *A Short History of the Australian Labour Movement* (Melbourne, 1946), preface.
- 36 I owe this almost entirely to John Hirst's view of South Australia the city state, and the deliberate bypassing of local government in favour of centralization, as in that excellent book, *Adelaide and the Country*.
- 37 Cf. Ben Tillett, writing home from Melbourne in 1907 that here 'the people grovel in the throes of poverty', quoted R. Mendelsohn, 'The Australian Standard of Living and the Development of Social Welfare' in K. Hancock (ed.), *The National Income and Social Welfare* (Melbourne, 1965).
- 38 R. Mendelsohn, *Social Security in the British Commonwealth* (London, 1954), pp. 130-131.
- 39 See K. S. Inglis, *Hospital and Community* (Melbourne, 1956), chapters 7-8.
- 40 'The Hospitals offer advantages that cannot be got even by the wealthy in their private homes', *S.M.H.*, 14 June 1911, quoted B. Dickey, 'The Labour Government and Medical Services in N.S.W. 1910-1914', *Historical Studies* 12, 48 (April 1967).
- 41 J. Bell, 'Queensland's Public Hospital System: Some Aspects of Finance and Control', *Public Administration* XXVII (March 1968).
- 42 J. Nicholson, *Charitable Action, a comparative study of four voluntary organizations in New South Wales* (unpublished M.A. thesis, University of Sydney, 1969), p. 5.
- 43 R. Mendelsohn, *op. cit.*, p. 123.

- 44 T. H. Kewley, *op. cit.*, p. 4.
- 45 P. Westerway, 'Cliches in Australian Politics 1900-1950', *Melb. Hist. Journal* 3 (1963/64) gives a full list.
- 46 This, and subsequent information, from G. L. Kristianson, *The Politics of Patriotism* (Canberra, 1968).
- 47 *Report of the Senate Standing Committee on Health and Welfare: Repatriation* (Canberra, 1973), especially chapter 7.
- 48 N. Wheatley, 'N.S.W. Relief Workers Struggles 1933-36', *Aust. Left Review*, December 1973.
- 49 According to an unpublished article, kindly made available by the author: P. Spearritt, 'Sydney's Slums. Middle Class Reformers and the Labour Response' (1974).
- 50 Quoted R. Lawrence, *Professional Social Work in Australia* (Canberra, 1965), p. 26.
- 51 A. Clark, 'Crawford: a pragmatic approach to success', and G. Gleghorn, 'Jack Egerton: Labor's tough but pragmatic businessman leftist' in *National Times*, 18-23 March 1974.
- 52 Cited in P. Hasluck, *The Government and the People 1942-1945* (Canberra, 1970), p. 512.
- 53 P. D. Phillips, 'Federalism and the Provision of Social Services' in K. Hancock, *The National Income . . .* for a scintillating description.
- 54 For a useful summary of the wider issues see G. R. Palmer, 'Health Care in Australia', *Current Affairs Bulletin* 46, 11 (1970).
- 55 Cf. F. Krupinski and A. Stoller, *The Health of a Metropolis* (Heinemann, 1972): less than half those surveyed in the Prahran (Victoria) area had adequate coverage by health insurance.
- 56 Prompted by the voluntary agencies, I think. The first formal contributors seem to have been R. G. Brown, David Scott and John Stubbs, *The Hidden People* (1966); also intermittently in *Outlook* (Sydney).
- 57 Reprinted, Mayer & Nelson, *op. cit.*, p. 83.
- 58 *The Official Year Book of Australia*, 1908 ('Public Benevolence'), p. 774: 'The distribution of wealth in the Australian Commonwealth and the elasticity, economically, of its general condition as regards the scope for the exercise of natural ability, operate to prevent the development of a permanent pauper class and at the same time lessen in a dual way the burden of charity. It does this latter . . . by increasing the number of people whose prosperity enables them to relieve the indigent and unfortunate, and by reducing on the other, the number who need assistance'.
- 59 Dr N. Podder, econometrician, University of New South Wales, in *The Australian*, 16 June 1973:

\$	No. of Households	%
0 - 999		2.4
1,000 - 4,999		29
5,000 - 7,999		15
8,000 - 9,999		11
10,000 - 14,999		19
15,000 - 19,999		9
20,000 - 25,999		6
26,000 -		8

- 60 L. Soltow, 'The Consensus of Wealth of Men in Australia in 1915 and in the United States in 1860 and 1870', *Aust. Ec. Hist. Review* XII, 2 (September 1972), p. 130.
- 61 From Soltow, p. 130, and Podder.
- 62 A ferocious comment on J. O'Neill and R. Nairn, *The Have Nots* (Melbourne, 1972) which also does a useful demythologizing job on 150 low income families.

CAPITALISM AND THE ENVIRONMENT: THE FAILURE OF SUCCESS*

LEONIE SANDERCOCK

Australia's like a poor prostitute and the Australian just bullies her to get what he can out of her and then treats her like dirt.

D. H. Lawrence, *Kangaroo*

Business economists have ever been glib in equating economic growth with an expansion of the range of choices facing the individual; they have failed to observe that as the carpet of 'increased choice' is being unrolled before us by the foot, it is simultaneously being rolled up behind us by the yard.

E. Mishan, 1969

IT IS WELL over a century since Marx described the basic contradictions of capitalism; between the social character of the means of production and the private appropriation of the wealth produced. He could hardly have envisaged, however, that staggering expression of this contradiction which is now widely recognised as the crisis of the environment.

This essay is less concerned with the wilderness environment—kangaroos and mangrove swamps, fishes and weeds, birds and bees—than it is with the urban environment in which 85 per cent of Australians live.¹ The last decade in particular has seen the destruction of parts of this environment by freeways, high-rise re-development of inner suburbs (public and private), the overbuilding of our city centres with speculative office towers, and the general lack of planning of rapidly expanding metropolitan areas. To say nothing of plans for the destruction of rural and recreation areas close to the large cities by the captains of industry

* I'd like to thank fellow-students Peter Spearritt and Martin Indyk for their helpful criticism.

in collaboration with co-operative and growth-minded State governments; witness plans for industrialisation of Westernport Bay in Victoria, for mining by the Clutha Company south of Sydney and a nuclear power station and assorted industries for Jervis Bay in NSW, for oil exploration of the Barrier Reef, flooding of Lake Pedder, and so on.

What follows is a brief outline of the nature of the global ecological crisis and its relationship to the political economy of different social systems; a discussion (with examples) of the role of capitalism in the deterioration of the Australian environment; and finally some suggestions as to the changes in values, institutions, policies and power structure which will be necessary if Australia is to avert the impending ecological crisis.

Is there a crisis? And if so, how did it come about? Briefly, the ecologist sees mankind threatened by the effects of an exponentially growing population² pressing on an environment which is finite. Population growth and increased production and consumption of commodities, stimulated by capital investment, put exponentially increasing pressure on resources, some of which are already in sight of depletion, and threaten with pollution the natural environment not merely of ourselves but also of species on which we are dependent. About the form of the resultant catastrophe the ecologist is less precise. He sees population first growing beyond the capacity of its finite environment and then being halted by whatever proves to be the contemporary equivalent of Malthus's 'famine, pestilence or war'.

The latest report of this impending ecological disaster is the Club of Rome's report, by Meadows and others, *The Limits to Growth*. By now its recommendations are familiar. After investigating five major trends of global concern—accelerating industrialisation, population growth, widespread malnutrition, depletion of non-renewable resources and a deteriorating environment—it argued that to avoid a global crisis within the next 100 years both the world population and the world economy must be stabilised within the next few decades. A 'global equilibrium' must be achieved, otherwise an overpopulated world, corrupting its environment and exhausting its resources, faces an inevitable cataclysm.

The features of the present non-ecological situation which are emphasised by most bourgeois economists are that mankind is living on a heritage of non-replaceable resources, that producers are obtaining these resources at prices which do not ensure equilibrium between the long term demand for and supply of them, and that some forms of production involve costs of a kind which fall on persons other than those producing or consuming the goods concerned. (Coombs 1972). But what are the *systemic* features of this crisis? Where lies its chief cause?

Some writers attribute it to economic growth (Meadows 1972; Weaver 1971), others to technology (Commoner 1972), consumerism (Roberts 1973), industrial civilisation and human nature (Heilbroner 1974), the Judeo Christian tradition (White 1968), population growth,

affluence, and finally—capitalism (Weisberg 1971). Suggested remedies range from the social engineering solutions of Meadows *et al.*, to a more humane use of technology, to a no-growth economy, population control, and finally—socialism. But few writers have considered the institutional changes necessary to achieve their solutions or assessed the likelihood of a transition from a capitalist-consumerist economy to a socialist-ecologically stable one.

The problems which Meadows, Ehrlich (1970) and others have posed are the direct outcome of industrialisation and economic growth, which in turn have made possible an increasing population and the expansion of the hold of utilitarian and individualistic consumer greed over most nations. These processes developed under capitalism and find their most extreme expression in present capitalist society. The structure of responsibility for ecological destruction is bound deeply into the social stratification of our form of society. Wealth, and the social stratification it reflects, is the determining factor in access to resources and the production of surplus and waste.

The accumulation of capital and the drive for efficiency and control have a profound influence on the ecological stability of the planet. Capitalism is an economic order marked by the private ownership of the means of production vested in a minority class, and by a market system that determines the incomes and distributes the outputs arising from its productive activity. It is a social order characterised by a *bourgeois* culture among whose manifold aspects the drive for wealth is the most important. (Heilbroner 1974: p. 25). Capital is the critical factor in determining development, urbanisation, methods and amounts of production, in fact the structure of industrial society. The private form of appropriation makes *profit* the driving force of production, and causes the development of productive forces to be uneven. Production develops in sectors where high profits can be made rather than in sectors where the most urgent needs are to be found. The production of Valiant Chargers, Vincents Powders and a dozen different brands of detergents takes precedence over the struggle against air pollution, the preservation of natural resources and even the building of schools and hospitals.

The development of productive forces and the concentration of capital represent a new stage in the development of capitalism—that of monopoly capitalism (Baran and Sweezy 1966). The combination of corporate and state capital, fully integrated, affects life both biologically and socially. Industries are not required to account for the resources they despoil in the process of production. Today the ownership of property and capital is equivalent to ownership of the environment itself.

. . . the concentration of production and capital, of industrial capital with banking capital, the increasing rise of exports over imports, the

increasing production of surplus in relation to total product—all combine in the ultimate concentration of the multi-national corporation. In its consummate development, capitalism requires constantly accelerating levels of consumption, rising productivity, and the impulse to accumulate for its own sake. (Weisberg 1971:73)

Marx called it the circulation of capital. We call it the growth ideology. New goods are created and demands for the goods must also be created. Expectation must continually rise. If all of us suddenly decided that our homes were adequate, our cars satisfactory, our clothes sufficient, etc., our economy would collapse. The economy is based on wanting more and more of the latest, brightest, best, most fashionable stuff. People buy things, they go into debt, and then have to work to pay off the debt.

Economic growth requires that labour become a commodity to be bought and sold in the market, and also that labour become 'specialised'. That is, work is divided into minute parts (especially in manufacturing industries) with each worker doing only one small repetitive task. Economic growth also requires that land (meaning all of nature's resources) become a commodity to be bought and sold on the market. With growth, land—all of nature—becomes a commodity to be used for those purposes which will return the greatest profit. If these profitable activities involve depleting the soil, cutting down the forests, polluting the rivers, and fouling the air—so be it. The goal of capitalist society is to produce the most marketable goods and services possible. Muir has described this system as a 'gobble, gobble economy' (Weaver 1971: 673). A logical consequence of such an economy is environmental pollution—what economists call 'externalities' and then often forget. Capitalist society is devoted to producing the most goods and services at the lowest possible cost. This means constant efforts to find new, cost-saving methods of production. Each firm (and government department) is under pressure to limit cost increases and if possible to convert private costs to social costs. So those things which are 'free goods', such as air, water, quiet and natural beauty, will be used to the utmost. Environmental pollution is inevitable once growth is introduced as the primary goal.

Advertising plays some considerable part in this process. The United States spends \$15,000 million a year on advertising, 1½ per cent of the GNP, to convince people that they want all the goods the economy is producing (Weaver 1971: p. 672). Sir MacFarlane Burnet (1971) has suggested that we 'eliminate all advertising and replace it by a consumer information service'. It is indeed absurd that we should be devoting as much of our resources to advertising as we are to education, which is the situation at present (MacFarlane 1968: 209).

The case for the overriding responsibility of *capitalist* society in the global structure of social and ecological disorder has been well put by Weisberg (1971), who selects America as the chief offender, consuming

60 per cent of the world's resources but with only 6 per cent of the world's population.

While it is commonly countered that socialist countries exhibit their own social and ecological disorder, this skirts a basic issue at stake: is the capitalist organisation of society inherently anti-ecological? Can the social organisation of natural resources in terms of profit, private property and competition achieve any reasonable harmony with the life support systems of the earth? The evidence suggests not. Commoner (1972) for instance shows that changes in productive technology since the Second World War (namely, changes from natural fibres to synthetic ones, from soap to detergent, from steel to aluminium and cement, lumber to plastics, railroad to truck freight, harvested acreage to fertiliser, returnable to non-returnable bottles etc.) have not only been 'counter-ecological' but, more significantly, have been considerably more profitable than the activities they displaced.³

Commoner indicates that the *practical* problems of environmental pollution in industrialised socialist nations are not very different from those of an industrialised private enterprise economy like the US. But from this he concludes that in a socialist country the drive for 'plan fulfilment', like the profit-motivated drive for productivity in the US, leads to the same inevitable destruction of the ecosystem. The logic of this conclusion must be challenged. It seems more logical to argue that the present ecologically unsound processes of economic development being pursued in the socialist countries are the result of outdated aspects of Marxist theory and do not necessarily determine the future possibilities of a more genuine socialism than that practised in the USSR. (Marxist thinking has emphasised the domination of nature by man, and the need to conquer scarcity. It was not necessary in Marx's time to explore the way capitalism exhausted land. The emphasis was on the way it exploited the worker.) True, Russia can match Lake Baikal against Lake Erie, and so on down the line (May 1972: 11). But while socialist nations have to date emphasised the importance of economic output and modernisation, socialist planning which, unlike capitalism, does not have to deal with the profit motive, might just as well be utilised to curb ecologically improper forms of growth and development.⁴ It is pertinent here to recall that in economic terms environmental 'externalities' are a burden on society as a whole. In effect, modern technology which is *privately* owned cannot long survive if it destroys the *social* good on which it depends—the ecosphere. Hence an economic system which is based on private transactions rather than social ones is no longer appropriate and is increasingly ineffective in managing this vital social good. Our relation to capital must not determine our absolute dependence on life support systems. An economic system motivated by profit and competition pays too little heed to the common welfare, as Hardin's brilliant analogy of the tragedy of the commons illustrates.⁵ The logic of industrial development under capitalism serves

the needs dictated by capital. People within this context are merely a means to an end. The end is the accumulation of capital, not the development potential of human beings. People are considered one input into production, along with capital and land. The aggrandisement of capital and land is the equivalent of the ownership of the earth.

This next section looks at some of the consequences of private ownership, the profit motive and the related structure of political power in Australia on this country's environment, urban and rural.

* * *

The backdrop to our polluted lives is the wounded bush, degraded and polluted by a variety of agencies from sheep to DDT, from 'developers' pegging out coastal heathland to 'developers' who denude the hillsides in southern NSW to feed the Japanese woodchip industry. But the setting for the lives of most of us is the city. And it is here that pollution has already reached dangerous levels. Let's concentrate on three of the most conspicuous aspects of our deteriorating cities; the increasing dominance of the private car, the overbuilding and dehumanising of city centres with speculative office towers, and the endless, planless suburban sprawl (or unlimited metropolitan growth)—and analyse what's in it for whom.

Cars, Freeways, Air Pollution

There is one car on Australian roads for every 3.3 people. Car makers consequently have as tight a grip on our economy as they do on our emotions. GMH employed 26,000 people, paid \$29 million in tax and customs duties in 1971 and had a sales turnover of \$500 million. The company sends over half of its net income of \$30 million back to America (Whitelock 1971: p. 128). Not only shareholders and our consumer economy demand increased car sales. So do our State Governments. In South Australia, for example the motor vehicle industry is the largest single industry, employing 39 per cent of the total work force and accounting for approximately 30 per cent of the total value of production. (SA Year Book and SA Statistical Register 1968.)

Car manufacturers sell at prices that represent a mere fraction of the total 'cost' involved. They are concerned to recover their own immediate monetary costs, plus profit. But what of the real costs that must be borne by the community? Overproduction and junking of cars entails depletion of non-renewable resources, (metal and glass) and the inefficient, 'high-powered' internal combustion engine devours non-renewable fossil fuels and creates a quarter of the total air pollution problem in Australia (Whitelock 1971: 128). For every 1000 gallons (4550 l) of petrol burned, exhausts discharge into the air 2500 lb (1136 kg) of carbon monoxide, 250 lb (114 kg) of hydrocarbons, 83 lb (38 kg) of nitrogen oxide and smaller quantities of other pollutants such as lead and sulphur compounds. In the case of carbon

monoxide alone it has been estimated that 2 million tons (2.4 million tonnes) enters the atmosphere each year. Melbourne's atmosphere collects 800 tons (960 t) each day from car emissions, plus 120 tons (144 t) of hydro-carbons and 52 tons (62 t) of nitrogen oxides.

Car manufacturing pollutes the air and the rivers, as do the oil refineries. A witness to the Senate Select Committee on Air Pollution estimated that more than 600 Australians could be dying each year from air pollution. Apart from the health costs of traffic noise and congestion, and the escalating social cost of the road toll, perhaps the worst effect of the increasing dominance of the car is the concomitant necessity for freeways and the destruction they render to the urban environment.

In the 1960s most Australian states prepared transportation plans (with the help of American engineering consultants) all of which were deferential to king car and ignored the alternative of improved public transport. The Metropolitan Adelaide Transportation Study (1968) recommended \$436 million for 97 miles of freeways and \$105 million for public transport. Its proposals would have constituted the single biggest change to Adelaide in the whole 130 years of its history. The Melbourne Transportation Study (1969) proposed \$2616 million for 307 miles of freeways and a mere \$225 million for public transport. Like the Adelaide Study it was prepared by engineers who failed to take into account the social and environmental disruption and destruction that their freeway networks would cause. The Cumberland County Plan (1948) prepared for Sydney incorporated the Department of Main Roads' plans for 200 miles of freeways spanning the metropolis in six directions, all radiating from and converging on the city centre. The DMR reviewed their plans in 1960 and added another 150 miles of freeways, and its new plans were incorporated into the State Planning Authority's *Sydney Region Outline Plan* (1968). It remains to be seen whether inner city residents' action group opposition to freeways, assisted by community, some union, professional and conservationist support, will be sufficient to resist the powerful 'freeway lobby' of car and oil companies, tyre and spare parts companies, and hire purchase/finance companies, and the bureaucratic expansionism and empire of the Department of Main Roads.

City Centres

A property or redevelopment 'boom' began to engulf Sydney in the late 1950s. Schemes to limit and disperse central office building have been proposed since 1953 'and regularly murdered by the lobbies of central investors' (Stretton 1970: p. 246). Archer's 1967 study of the main features of the development and use of the twenty largest private buildings completed in the inner city between 1956 and 1966 reveals the beneficiaries of this 'redevelopment' (which is now more appropriately termed 'overdevelopment'). Of these twenty largest buildings four and

a half were the main offices of insurance companies while another six and a half were owned by insurance companies. The AMP Society owns half of these. This and other data suggests that it is the major single force in the redevelopment of the city, its investment complementing the operations of the two property development firms of L. J. Hooker Ltd and Lend Lease Corporation, who were completing major buildings at the rate of one each year between 1956 and 1966. (Archer 1967: pp. 276, 285). The role of the life insurance companies in equity investment in the 'overdevelopment' process is shown by Archer (1967: 303) in a table listing the real property assets of the seven largest insurance companies operating in Australia. They increased their real property assets from \$71 million in 1957 to \$399 million in 1965. Of these companies the AMP has played the major role, its annual rate of investment in real property rising from \$7 million in 1957 to \$35 million in 1965. Over 75 per cent of this property acquisition has been concentrated in Melbourne and Sydney. Archer (1967: p. 293) concludes that the AMP Society has the largest single vested interest in the future 'viability and prosperity' of the central business area. Other big corporations whose buildings dominate the skyline include IBM, ICI, Goldfields, and most of the oil companies—Esso, Caltex and Shell in Sydney and BP, Golden Fleece and Ampol in North Sydney.

Perhaps the most important feature of the overdevelopment that began in the late '50s was that it was completely unguided by any overall plan to control the location and size of new building in relation to the public facilities on which they are based. The net result of this excessive development was serious congestion problems and drastic deterioration in the amenity of the city. Why was this allowed to happen?

The City Council was the appropriate authority to prepare a city planning scheme. It had the richest property tax base in Australia. Yet although the Council began preparation of a planning scheme in 1951 which included proposals for zoning and for the imposition of a floor space index on city buildings (intended to limit the density of building), this scheme was never adopted. Strong reactions followed the public exhibition of the draft scheme in 1952. The Pitt Street Property Owners Defence League was formed and a propaganda battle waged. A booklet by S. E. Wilson of the Retailers Association, *Is Planning Stifling Development?* challenged the 'right' of any section of the community 'to interfere with and damage other people's property causing great capital loss, without even a suggestion of compensation.' (Harrison 1972: p. 72). The Council's response to this challenge from property owners was to delete from its draft planning scheme all proposals for bulk and height restrictions.

While the financial beneficiaries of city over-development are clear, what are the costs involved and who pays them? The costs arise in the lengthening journey to work for a rising proportion of the working population and an uneconomic use of resources in catering for high

peak-period travel, twice a day, to and from one spot. Besides the mounting proportion of investment which has to go to destruction and replacement before it achieves any additional transport or floor space, there are the following effects if unlimited growth continues in and around a centre of limited area: each central activity expands, imposing its own monotony on a bigger proportion of the centre; fewer types of activity can afford to pay the rising rents—so more of the 'artistic, squalid, surprising, wayward, intellectual, picturesque, marginal and shoe-string activities which are a main part of a good city's attraction and diversity are forced out.' And most important of all from an egalitarian point of view, as the number of central employments increases there is a corresponding fall in the proportion of workers who can live on good land in easy reach of the centre, with real family use of the central attractions and services. In Sydney and Melbourne this aggravates existing inequalities, 'sending more poor further out west to allow more of their masters to work at Circular Quay' (Stretton 1970: p. 263).

Up to 1967 Sydney had a Labor dominated City Council which allowed these inequalities to be aggravated by bowing to the demands of city property owners and subscribing to the growth ideology that acclaimed the convulsive changes in the city as tangible evidence of metropolitan progress. In 1967, the Askin State Liberal Government dismissed the ALP City Council and appointed three City Commissioners to redraw the Council's boundaries. The 'business-minded City Commissioners allowed \$300 million worth of inner city development applications on a 10:1 floor space index where the planners were urging a 6:1 index' in the twenty-two months of their rule (O'Hara 1972). The new boundaries enabled the right-wing Civic Reform Association (CRA) to gain control of the Council in the 1969 elections.⁶ Despite their rhetoric of reform of the city⁷ 'to improve the quality of life for the people who use the city' (Strategic Plan 1971: p. 5), the CRA Council obviously had no intention and took no action to restrain the growth of the city centre. This is evident in the figures for the number of buildings completed, under construction, or given approval since 1971. \$51 million was spent on new buildings completed in 1971, \$26 million in 1972. But in July 1973 there were forty-nine multi-storey buildings under construction (average height twenty-five to thirty storeys), a further ninety-six were proposed, and eighty of them had been approved (Sydney City Council, Planning and Building Department Statistics, July 1973).

The City of Sydney Strategic Plan is a good example of the planning process supporting and enhancing the profits of owners of property and capital. The Strategic Plan's proposals favour 'bigness'. This is indicated by its restrictions on the development potential for small sites, its encouragement of site amalgamation and its implicit encouragement of the provision of premium office space. The Plan shares with the large

business interests of the city its 'First Objective': 'Foster economic growth by managing, guiding and directing the conservation and re-development of the city as a whole'. It maintains the status of the biggest businesses and investors in the city.

Overall, the strategic plan seems likely to reinforce all those inequalities mentioned earlier that result from over-concentration in the centre of a large metropolis. Workers must live further out and travel longer distances; the public sector is called on to finance the additional strain on roads, public transport and other services; and the diversity of the city itself is reduced by increasing rents (contrary to the rhetoric of the plan's intentions). The 'strategies and actions' proposed cannot be expected to achieve the Plan's stated objectives of encouraging diversity and a better city environment. The way to retain the city's residential population, to encourage diverse land uses, to provide more public amenities and pedestrian and open space and to ease traffic congestion is to *reduce* the floor space ratio, to encourage lower densities and to disperse the workforce to metropolitan centres.

The story has been identical in Melbourne under a right-wing City Council. In 1971 it was announced that land values in the central business district (CBD) had increased 800 per cent in three years, that sites now sold at \$100 per square foot, and that in the past twelve months twenty-six permits had been issued for multi-storey office and shop complexes (*Age*, 27 May 1971). In June 1973, the Melbourne City Council (MCC) released a report revealing that land prices in the city had doubled since 1968. 'The great economic expansion in the city has forced out activities that are not capable of meeting rising land values and rents', the report commented. Earlier in the year Melbourne's Strategy Plan consultants had issued a draft report which forecast a \$33 million over-supply of office space by 1975 (*Age*, 20 June 1973).

Like the Pitt Street Property Owners Protection League, the Melbourne Building Owners and Managers Association has been able to resist the efforts of the planning authority to reduce allowable plot ratios in the city. While the property owners form a small and cohesive group which is able to act swiftly and decisively when its interests are threatened, the majority of city-users—non-executive office workers, shop assistants, cleaners, shoppers—have no say in the pattern of development. Their chances of influencing policy, in the direct way open to property owners, are minimal. Such situations make nonsense of the pluralist theory of democracy⁸ which argues that there is no dominant group or class or interest in society. The main flaw in the pluralist-democratic theory is its claim that the major organised 'interests' (business, unions etc.) compete on equal terms and that none achieves decisive advantage in the process of competition. Business enjoys permanent advantage '*inside* the state system by virtue of the composition and ideological inclination of the state élite' and *outside* the state system by virtue of the pressure it can bring to bear on govern-

ments because of its private control of industrial, commercial and financial resources (Miliband 1969: p. 131).

It is clear therefore that radical changes in the nature of city development and future urban environment are not possible while political structures and informal channels of influence operate on behalf of the big property-owning section of the community. The following examination of the unlimited metropolitan growth of the post-war years explores in greater depth the nature of the power structure of our cities and the way it has shaped the urban environment to date.

Suburban Sprawl, Metropolitan Growth Unlimited

The social and physical environmental deprivation of the outer suburbs of Australian cities has only recently begun to be documented⁹, though Robin Boyd's *Australian Ugliness* (1960) did deal with his version of the aesthetic pollution of what has come to be called 'suburban sprawl'. But what are the structural imperatives behind this deprivation of the urban environment and the unlimited expansion of the metropolitan centres. Why has there been so little planning, and why has its impact been so limited?

Efforts to introduce planning in the past have suffered from the political naivety of the more idealistic of its advocates. Planners themselves, while not often espousing radical social values, have attempted to regulate through zoning and subdivision control, the worst abuses of a free market and its consequences for urban growth. Lack of political support has rendered their efforts largely unsuccessful.

The reasons for this failure of political support stem from the nature of politics in a property-owning 'democracy'. The structure of power has been and still is such as to protect property owners and to pamper rural interests. A business, rural and conservative bias has dominated the very political institutions through which efforts have been made to introduce city planning; Lower Houses dominated by coalitions of country and city rich, Upper Houses at the mercy of big property owners and rural conservatives, City Councils whose members have vested interests in protecting existing property and privileges or in real estate and land speculation, local councils whose main aim has been to attract as much development as possible (preferably private rather than public because of revenue from rates), a Liberal Party dependent on the business and financial community and governing in its interest, and a Labor Party espousing the growth ideology.

Through these political institutions the property-owning class has acted to protect encroachments on and threats to its property rights.¹⁰ Thus most efforts to introduce even the mildest forms of city planning legislation have been met, especially in the States Upper Houses, with what Davies (1960: p. 217) has called 'a compulsive shudder of the property instinct'. Such Bills were defeated in the NSW Legislative Council in 1915, 1919, 1922 and 1931, and the Town and Country

Planning Bill of 1945 was heavily amended to place planning control in the hands of local government. In Victoria, the Legislative Council rejected Bills in 1913, 1915, 1930, 1936 and 1937, and 1951, and the South Australian Upper House rejected Bills in 1917, 1954 and 1960, and heavily amended legislation in 1920, 1929 and 1966, after protests from property owners had been expressed through the Real Estate Institute, the City Council and the Chamber of Commerce.

Whenever they have thought it necessary, then, property owners have been able to use the institutions of the state to prevent encroachments on their 'property rights' by planning regulations and legislation. They resorted to such action especially before the second world war. Since then, property owners have been able to manipulate the planning process itself to make gains from property ownership, and to use the same political institutions to lend support to 'the national hobby of land speculation'. Such planning as has been attempted, and such plans as have been drawn up,¹¹ have been hampered at every level by private property interests exerting influence on public authorities and by the corruption of some public officers and politicians with foreknowledge of planning decisions.¹² The land-use plans and policies produced in each city (Adelaide 1962, Melbourne 1954 and 1971, Sydney 1948 and 1968) have been subject to constant pressure as a result of the capital gains on land which can accrue to individuals and companies from changes in the plans. In Sydney and Melbourne the plans themselves have become 'speculators' guides' indicating which areas are to be serviced at what time and re-zoned from rural to urban. The inability of planning authorities and the reluctance of governments to control land speculation in the past largely accounts for the failure of post-war planning to substantially improve the quality of the urban environment.

Vandermark and Harrison (1972) have noted the chief beneficiaries of this process. Since the early 1960s finance and insurance companies and (since 1969) superannuation funds have moved into the property market, and more recently foreign companies like Consolidated Goldfields and Kaiser Steel (US). The life insurance offices are withdrawing from mortgage lending for housing and transferring to property purchase. In 1959 AMP invested \$4 million in freehold property and \$3.7 million in office premises in NSW. By 1969 their investment was \$27.7 million in property and \$18.4 million in offices. 'Behind the names of the multitude of new development companies displayed on development projects, there usually stands a life office with a significant if not a 100 per cent interest in them.' There has been little analysis of the financial structure of the development industry and the increasing concentration of its profits in the hands of a few large companies but it has been argued that the concentration of the development business in relatively few and powerful companies has facilitated the organising of the major companies into new but influential pressure groups. (Vandermark and Harrison 1972: pp. 173, 185.)

In an editorial on 8 August 1972 the *Financial Review* expressed the situation lucidly.

Almost everyone has been tainted by a self-administered virus of greed fuelled by spiralling land prices which give those who already own property steady capital gains and those who struggle to buy property an even stronger vested interest in ensuring that the spiral will continue. In such a situation, the pressures on both individuals and professional real estate developers to become out-and-out land speculators become intolerably strong . . .

Such are the pressures of a capitalist economy in which the profit motive operates through the institution of private property and, in the process, ignores concern for the urban environment in the urban development process. There is no reason to suppose that the rural environment receives any better treatment.

The Industrial Development of Westernport: 'Speculators Dream . . . Environmental Nightmare'¹³

Governments may be solely concerned with the better running of 'the economy'. But the description of the system as 'the economy' is part of the idiom of ideology, and obscures the real process. For what is being improved is a *capitalist* economy; and this ensures that whoever may or may not gain, capitalist interests are least likely to lose. (Miliband 1969: p. 73).

The decision of the Bolte Liberal Government to promote industrial development in Westernport Bay was made, the agreement with British Petroleum was signed, and the enabling Bill was rushed through Parliament without time for it even to be read by members.¹⁴ The fate of Westernport indicates the priorities of, and the interests behind, the government's decisions concerning the state's development. And the history of land transactions in the area over the past ten years provides one of the best examples available of the way powers available under statutory planning are exploited, and the objectives undermined, both by individuals using positions of influence within councils and by big companies using their political leverage at state government level.¹⁵

The agreement between the state government and BP was followed by one with Esso-Hematite (*Westernport Development Act 1967*) and another with Lysaghts (*Westernport Steelworks Act 1970*)—both companies being subsidiaries of BHP. In March 1969 the Westernport Regional Planning Authority (WRPA) was formed to prepare and implement a planning scheme for the area. It comprises two councillors from each of the six shires in the region and a full-time director. Members of the Authority are not restricted from voting on matters affecting their own properties and meetings are not open to the public. No provision is made for the representation of residents or for qualified architects, biologists or conservationists. Conflicts between the pro-

fessional officers and the councillors are settled by councillors making their decisions 'in camera'.

Of the 12 councillors on the Authority in 1971 at least six were known to be involved in land dealings in the area. Other landholders included BHP, Esso, BP and the Gas and Fuel Corporation. BHP and East Coast Development Pty Ltd own large tracts of land on French Island (in the middle of the Bay), which is not represented on the WRPA. In 1970, the Authority accepted a report from Dr R. M. Buchanan, a Sydney chemist, on the feasibility of using French Island for most of the industry to be located at Westernport. Buchanan was also a Director of East Coast Development Pty Ltd. In the same year, the WRPA received a draft report on the feasibility of re-zoning thousands of acres around the bay for industrial use. This report was referred to the Authority's Industrial Development Advisory Committee (which included representatives from BHP, BP, Lysaghts, CIG, Nylx Corporation and Dowd Associates). These members all had financial interests in land and industrial activities in the area. Heavy speculation followed for six months (December 1970 to June 1971) before the Director reported to the Authority on the findings of the consultants and the proposed designation of boundaries within which industry could locate.

By that time local residents were objecting to the fact that the future of the Peninsula was in the hands of 'American consultants, the WRPA, and a combine of industrial speculators' (*Age*, 3 April 1971) and that they were not permitted to see the consultants' reports. The Save Westernport Coalition¹⁶ did manage to see a copy of the American report however, and revealed its contents in a pamphlet *The Shame of Westernport* in July 1971. It concluded that

The needs of human beings evaporate into the pages of statistics: people are simply 'the labour supply', to be moved as close as possible to the industrial area while simultaneously being robbed of all its recreational possibilities . . . The most urgent study of all—the relationship of the scheme to the welfare of the city has not even been undertaken . . . It is doubtful if, in recent years, any large city anywhere has been asked to hand over such an enormous recreational area to so few people (Save Westernport Coalition 1971: pp. 3-8).

Nevertheless, despite rising local opposition, the WRPA voted in July 1971 to zone a 5000 acre belt of farmland for industry. Premier Bolte still maintained that the industrial zone would be 'a big lift for Victoria. I can see it having the biggest tonnage of any port in Australia.' (*Age*, 9th July 1971). And later in the year the government overrode objections by the Hastings Council and granted large rate concessions to the \$1000 million Lysaghts steelworks.

Such heavy-handed government and WRPA action provoked increasing local and state-wide protest. A Save Westernport Rally attracted 2,000 people. The Peninsula Conservation League and the

Institute of Landscape Architects called for a freeze on development until an independent review of plans for the heavy industry complex was carried out. By August 1972, 28,400 people had signed a petition calling for a freeze on development pending ecological and social surveys. Finally, in February 1973, under a new Liberal Premier the State Government announced a freeze on the development of heavy industry for two years during a \$1 million environmental survey.

It should be emphasised that it was not just the nature of the plans for Westernport that angered residents. It was also the planning procedure. Not only was the industrial plan drawn up first, with the ecological study to follow at some point in the distant future *after* the industrialists had taken what they wanted, but also the land-use planning was done in the greatest secrecy, excluding local residents, yet including the industrialists.

Westernport is not an isolated case of state and private capital working hand in hand to exploit the environment. Similar procedures and plans (for dumping and off-loading coal thirty miles south of Sydney by the Clutha Development Company; for developing a nuclear power station and assorted industries at Jervis Bay in NSW; and for intensive farming of the Little Desert in the west of Victoria) have similarly angered sections of the public and resulted in well-organised protests.

Clutha

In 1968, the NSW Liberal Government declared the Oakdale State Mine unprofitable and sold it to Clutha Development Pty Ltd, a coal mining company owned by an American shipping millionaire. By purchasing Oakdale, Clutha obtained a monopoly of coal production in the Burragorang Valley. Four-fifths of the coal extracted by Clutha was sold overseas.

In 1970-71, considerable controversy was aroused and opposition generated over a proposal by Clutha to bring coal from its mines in the Burragorang Valley, via a private railway, to a dump that it would establish at Maddens Plains thirty miles south of Sydney. From the dump, conveyors would carry the coal down the face of the Illawarra Escarpment to the coast near Coalcliff, and then along a mile-long pier at the end of which the company's bulk carriers could moor in deep water. The building of the railway and loader required the sanction of a special Act of Parliament.

Within four miles' range of the company's proposed dump, lived some 12,000 people, many of whom were concerned at the likely effects of the proposals on the local air, environment and coastline. Their apprehension was heightened by Clutha's refusal to reveal the details and extent of their planned operations, to consult with residents before announcing their plans, or to send representatives to a public meeting to discuss the matter when invited.

In the face of mounting local and state-wide opposition (on the grounds of conservation and depletion of our best reserves of coking coal by a foreign capitalist) the State Government rushed the Clutha Development Pty Ltd Agreement Act through Parliament, determined not to offer any opportunity to opponents of the Bill to use the occasion for thorough debate. After only 3 hours debate the Government applied the gag and the second reading was carried. In committee the gag was applied after half an hour (NSW Parliamentary Debates, November 1970). The Upper House debated the Bill for less than two hours. Later, in September, 1971, the Labor Opposition sought leave to introduce a Repeal Bill into the Upper House, where standing orders permit the mover of such a motion to speak without limit. Leave was refused, for the first time since 1879.

The passing of the Act in 1970 revealed the magnitude of the proposed operation, (the dump was to hold a million tons, and the company expected to mine 10 million tons a year) confirming speculation about likely pollution and making arguments about the loss of coking coal reserves even more compelling. Even more outrageous were the terms of the Act. Not only did it involve a poor financial deal for the State of NSW but it also violated certain civil liberties: Section 7 of the Act exempted the company from the operation of town and country planning schemes administered by local councils; Section 8 exempted the roadstead created by the offshore loader from the regulation of the Maritime Services Board; Section 10 allowed the company to resume land without regard to Parts III, IV and IX of the Public Works Act, and Clause 11 (2) of the Agreement empowered the Minister to resume land (other than Crown land) on behalf of the company; and Clause 3 of the Agreement granted all the powers of the company to ill-defined 'associate companies' (Hagan 1972: p. 140).

The three Westernport Development Acts (involving BHP, BP, Esso-Hematite and Lysaghts) and the Clutha Development Pty Ltd Agreement Act, in their privileged treatment of big companies by State Governments, are classic examples of that development in western economies which has been called 'neo-capitalism'¹⁷—the unification of business with administration and politics and the management of the State's political apparatus in the interests of business and industry.

Given their view of the existing economic system, it becomes clear that although governments in western industrialised countries wish to help business in every way, they do not feel that this entails any degree of bias towards particular classes or interests. For if, as they believe, the 'national interest' is inextricably bound up with the fortunes of capitalist enterprise, apparent partiality towards it is not really partiality at all. What is good for General Motors is good for America, and BHP for Australia. And if GM or BHP is taken to stand for the world of capitalist enterprise as a whole, the slogan is one to which governments in capitalist countries explicitly subscribe.

They do so because they accept the notion that the economic rationality of the capitalist system is synonymous with rationality itself, and that it provides the best possible set of arrangements in a necessarily imperfect world. (Miliband 1969: p. 69)

The beneficiaries of this cosy relationship are obvious. So too are the victims—the environment and the people. For, as Premier Bolte once said—‘We are concerned about water pollution, but it is not as important as a \$100 million industry . . . Pollution of minds is a more important problem than air or water pollution’ (*Age*, 12 March and 14 April 1970).

Why Pollution Laws Don't Work

Laws to control pollution in Australia's two most industrialised States are so soft, and in the case of NSW, so toothless as to cause little concern to cost-conscious industry which must choose between the cost of defying the law and installing expensive pollution control systems.

Both NSW and Victoria have passed what amounts to a new style of law to protect the environment—laws which see penalties as a matter of last resort, or, on occasions, of no resort at all. Thus, in Victoria the director of the Environmental Protection Agency (EPA) says the role of his authority is educative. And in NSW the Minister for Health, who administers some of the pollution laws, says that ‘Prosecuting a polluter is just like closing the stable door after the horse has bolted’. With this sentiment big business would readily agree. It is therefore not surprising to find top business leaders in both States in positions on environment protection authorities. With the EPA in Victoria launching only three prosecutions since its formation, and the NSW State Pollution Control Commission yet to prosecute a single offending company, the effectiveness of present anti-pollution laws must be questioned.

State pollution laws in NSW offer few problems to industries which pollute the air, land or water. If caught, they usually face a smaller fine than a drunken driver. The stiffest penalty imposed in 1972 was \$500, in 1973 \$800. The State Government allows major environmental mishaps involving key industrial companies to take place without any substantial penalty being imposed. The lethargy with which the Government has implemented Acts to control pollution is indicative of its lack of concern for the environment when this threatens to reduce private profits. For example, the Waste Disposal Act was passed in Parliament in December 1970 but the powers it contains have still not been proclaimed. The Clean Waters Act also passed through Parliament in 1970 but did not become law until November 1972.

There are no recognisable conservationist leaders on the Governments policy committees and pollution control panels. And the courts have refused to impose anywhere near the maximum penalties on polluters, 1972 statistics indicating many fines as low as \$20. After two and a

half years, the Department of the Environment and the State Pollution Control Commission (SPCC) have not yet recommended or instructed the prosecution of a single offending company. The Minister in charge of the Department was formerly Minister for Industrial Development. The department's director is a former manager of the Caltex Oil Refinery at Kurnell, and the government's appointed 'conservation representative' on the SPCC is Mr F. S. Buckley, NSW manager of the big chemical firm ICI. Mr Buckley is a former President of the NSW Chamber of Manufacturers and was awarded the O.B.E. for services to industry in 1971. He told the Chamber's 1970 annual meeting that to blame industry for environmental pollution was 'an emotional fallacy' (Ross 1974: p. 48).

While awaiting the amalgamation of the State Planning Authority with the Department of the Environment, effective anti-pollution control (for what it's worth) has rested with the NSW Health Commission and the Maritime Services Board. The Health Department is responsible for administering the Clean Waters Act, but this Act does not give the Government power to enforce its restrictions on industry. It can only ask them to co-operate! During 1972-3 the Maritime Services Board prosecuted thirty cases of oil spillages in navigable waterways. Seven cases were dismissed. The rest paid fines totalling only \$4820, an average of \$210 each. According to the Board it will cost BP about \$1 million to clean up Sydney Harbour and pay compensation after the oil spill at its Berry's Bay depot in December 1973. BP admitted to 380 tons of oil escaping into the harbour. The MSB is still undecided whether it will prosecute BP.

The Metropolitan Water Sewerage and Drainage Board sets limits on the impurities which it allows to enter its drainage system. During 1972-3, the Board handled 595 infringements involving illegal discharges. Only three companies were prosecuted. But ironically the Board itself is a major source of waterways and ocean pollution,¹⁸ and has enjoyed complete legal protection. Clearly, state authorities apply the same limited 'cost' criteria in their use of the environment as do private industries. The ethos of growth and/or 'efficiency' weighs as strongly with state bureaucrats as it does with private entrepreneurs.

Where then do 'the people' fit into this overall scheme of environmental neglect and exploitation in a capitalist society. Are we to assume that 'the people have got what they wanted', when in fact 'the people' have never, in any comprehensive, intelligent fashion, been consulted on what is happening to their environment? (Nor have they been given sufficient information or education to express opinions on such issues.)

The people of Adelaide were not consulted as to whether or not the hill faces behind the city should be pocked by quarries, or the city itself overrun by ninety-seven miles of freeways. Mr Bjelke Petersen did not invite the electorate's views before he parcelled up the Barrier Reef among oil companies. Sir Charles Court made no reference to West

Australians before delivering his notorious New York speech in late 1969 to American industrialists, in which he said that the government would not let conservationists and anti-pollutionists stand in the way of even more massive overseas investment in his State.

'The people' have been conditioned to believe that they live in a democracy and that any thing done under the mantle of economic growth and private enterprise is essentially good. *That* is indeed a 'pollution of the mind' as dangerous as (because it ultimately leads to) air and water pollution.

This next section deals with some of the short-term policy changes and the longer term changes in values and institutions that will be necessary if we are to preserve Australian resources and to protect our environment not just for the 'haves'¹⁹ but also for the 'have-nots'.

The Future

It is becoming ever more apparent that the central issue of the future will lodge in the capability of dealing with the environment. What are the practical steps that need to be taken—not legislative restrictions but rather the actions that such legislation is supposed to induce, the changes in the productive system that are needed to bring it into harmony with the eco-system?

Industry, agriculture and transportation will have to meet the inescapable demands of the ecosystem. This will require the development of some new technologies, including systems to return sewage and garbage directly to the soil; the replacement of synthetic materials by natural ones; the reversal of the present trend to retire land from cultivation and to elevate the yield per acre by heavy fertilisation; replacement of synthetic pesticides by biological ones; the discouragement of power-consuming industries; the development of land transport that operates with maximum fuel efficiency at low combustion temperatures and with minimal land use; containment and reclamation of wastes from combustion processes, smelting, and chemical operations; recycling of metal, glass and paper products; ecologically sound planning to govern land use, rural and urban.

Some of the policies which *should* be introduced immediately include the elimination of cars from our central cities; banning commercial advertising; taxing polluters an amount equal to the cost of cleaning up the pollution; recovering some of the freedom of choice which has been lost in the race for economic growth by building pollution-free cities for those who prefer to do without air, water and noise pollution and who are prepared to do without cars, planes, motorcycles and power lawnmowers; institute comprehensive national land-use planning; limit population growth; institute workers control over their jobs (perhaps along the lines of the Workers' Management System in Yugoslavia) and

community control over what is produced; decentralise government and industry and return to neighbourhood control of schools, police and so on (if a sense of community is to emerge).

What sort of institutional changes would be necessary to attain a condition of ecological equilibrium? Instead of selecting out certain aspects of ecology and environment, as liberals tend to do,²⁰ we must be as concerned about ecocide and genocide in Vietnam as we are about conserving parks. The ecology crisis will only be solved in the political sphere. Everyone must change, starting now, but the task is not so much to change the colour of the toilet paper we use, or to stop driving cars, but rather to take action against those who colour toilet paper and produce motor cars purely for profit. Central among institutional changes would be an extension of public control to include family size, consumption habits, and volume and composition of industrial and agricultural output.

What sort of system is likely to cope best with these sorts of challenges. To start with the capitalist system, it is obvious that the threatened depletion of resources and the other ecological dangers that loom further into the future (the heat emission danger zone for example) directly threaten a main characteristic of capitalism—its strong tendency to expand output. This tendency serves three main functions. It expresses the drives and social values of the dominant social class; provides the means by which a market system can avoid the dangers of a 'glut'; and accommodates the strivings of the majority for larger rewards. Thus, expansion has always been considered as inseparable from capitalism. Conversely a 'stationary' non-expanding capitalism has always been considered as either a prelude to its collapse or a betrayal of its historic purpose. Economists from Adam Smith and Marx to Keynes have pointed out that a 'stationary' capitalism is subject to falling rates of profit as the investment opportunities are used up, and a deflationary spiral of incomes and employment begins. This may not be inevitable in a managed state capitalism. A high level of demand could be provided by government investment in housing, health, education and so on, or by transfer payments within the nation.

This brings us to what would clearly be the most difficult aspect of the transition to a stationary system in a capitalist society—the problem of managing the social tensions of a society in which growth had been greatly reduced. How would the demands of the working classes for higher living standards be satisfied while the upper classes still attempt to protect their privileges, as happens in capitalist reformism. A stationary or no-growth capitalism must confront the explosive issue of income distribution in a way that an expanding capitalism is spared. The efforts of the lower classes to improve their positions could be met only by reducing the absolute wealth of the upper classes.

I know of no calculations to date of the precise implications of this

for Australian society. But we are not simply dealing with the dismantling of a few large fortunes. What is at stake is the wealth of the middle and upper middle classes. Heilbroner (1974: p. 28) has estimated that for America, this includes the upper fourth or fifth of the nation's incomes, a stratum by no means composed of millionaires alone. In the US in the 1970s, a family entered the upper fifth with an income of about \$15,000. This stratum enjoys about 40 per cent of the nation's total income. This gives some indication of the magnitude of the political strain to which a massive pressure for redistribution would give rise.

In Australia only 1 per cent of the population has a taxable income greater than \$12,000 a year (Mayer 1973: p. 69). But this conceals the real wealth of the upper classes who, in the absence of any capital gains tax, simply transfer their taxable incomes into non-taxable capital gains like land, and shares in expanding companies. No effective redistribution of wealth is likely to occur in Australia without a capital gains tax, accompanied by death duties, a wealth tax, and a more progressive income tax. Such major changes are unlikely to be achieved by the current political system, which refuses to pass even the innocuous Australian Industries Development Corporation legislation.

Heilbroner points out that growth might be permitted to continue indefinitely if it is confined to outputs that consumed few resources and generated little heat. Thus an expansion in the services of government, administration of justice, provision of better health and education, arts and entertainment would rescue the system from a fatal encounter with the environment and might produce enough 'growth' to ease the income distribution problem. But we must not lose sight of the global context in which this shift must be made.

A transition to a more equitable distribution of income within capitalist nations will have to take place at a time when the larger struggle will focus on the distribution of resources among nations. If this struggle is decided in favour of the underdeveloped world, whether out of humanitarian motives, the pressure of nuclear blackmail, or simply by the increased political cohesion and bargaining power of the poorer regions, the citizens of the wealthy nations will find themselves in a long period of declining physical output per capita. (Heilbroner 1974: p. 28).

The problem is then not merely a question of calling a halt to the increasing production of cars, dishwashers or homes, while encouraging the output of doctors' services or theatrical activities, but of distributing a shrinking production of cars, appliances, homes. Such a transformation may well exceed the obdurate limits of the reformist capabilities of representative democracy, and may result in severe authoritarian measures.

It seems much more likely that a socialist system—that is, a society built on the public ownership of goods and the replacement of the market by widespread planning—could successfully adapt its industrial society to a stationary equilibrium. The replacement of private ownership by public, and the displacement of the market by planning in an industrial socialist society would not necessarily usher in an age of high social morale and economic and ecological performance. The forces and structures of scientific technology underlying industrialism can impose values and methods as destructive of the individual under socialism as under capitalism. But are these forces *imperative*? (Efficiency, with its tendency to subordinate the human scale to the optimum technical scale; the priority of production itself; life lived by the clock, organised by the factory or office, obsessed with material achievement, attuned to highly quantitative modes of thought, rich in every dimension except that of the cultivation of the human person.) It is surely questionable to assert that technology has ‘imperatives’. Technology is a tool to be used in the way men choose. If the industrial apparatus to date has imposed its dehumanising influence on capitalist and socialist countries alike, there remains the possibility that in another milieu that apparatus can be turned to human account. A society that does not have to deal with the profit drive should much more easily achieve control over the direction of science, its rate of incorporation in technology, and over the pace of industrial production as a whole, if that society is characterized by extensive decentralisation, workers control, and community control of production.

It is on these goals therefore that the struggle in Australia should focus; a ‘no-growth’, ecologically-sane economy, the predominant features of which would be redistribution of wealth and workers control. If at present the capitalist system seems locked into its own self-destructing dynamic (the tragedy of the commons) and the possibilities of revolution seem remote, we ought to remember that in 1970 it was inconceivable that any trade union would take a stand on environmental issues. But in 1971 the Builders’ Labourers Federation’s Green Bans emerged. They are at present holding up \$3000 million worth of ‘development’ in Sydney alone. And other unions are now following suit (for example the Transport Workers Union and the Miners Federation).

Remember also, that in 1955 in Montgomery (Alabama), Rosa Parks, a black seamstress, sat down in the front of a bus in a seat reserved for whites. She denied ‘objective reality’ and forced a breakthrough in the black movement. Jack Munday and the BLF ‘denied objective reality’ when they applied their first Green Ban in June 1971 and forced a breakthrough for radical action on environmental issues. We have yet to find the way in which we can all sit down, as it were, in the front seat of the bus.

NOTES

- 1 1971 Census. See Lampard *The Urbanising World* in Dyos and Woolf (1973).
- 2 The demographic situation of virtually all of South-east Asia, large portions of Latin America, and parts of Africa portends a grim Malthusian outcome. South-east Asia, e.g., is growing at a rate that will double its numbers in less than thirty years; the African continent every twenty-seven years; Latin America every twenty-four years. Thus, whereas the industrialised areas of the world will have to support 1.4 to 1.7 billion people a century hence, the underdeveloped world, which today totals around 2.5 billions, will have to support approximately forty billions by that date if it continues to double its numbers every quarter century. (Heilbroner 1974:22)
- 3 As examples Commoner cites profits made in the detergent industry, the synthetic chemical industry, nitrogen fertiliser. In 1969 the profits (as a percentage of total sales) from steel production and lumber production were 12.5 per cent and 15.4 respectively. In contrast, the products that have displaced steel and lumber yielded significantly higher profits; aluminium 25.7 per cent; cement 37.4 per cent and plastics and resins 21.4 per cent. (Commoner 1972:256-76)
- 4 See J. G. Gurley 'Capitalist and Maoist Economic Development' and S. Andors 'Revolution and Modernisation: Man and Machine in Industrialising Societies, the Chinese Case' both in Freedman & Selden (edd.), *America's Asia*.
- 5 In a pasture open to all, each herdsman tries to keep as many cattle as possible on the commons, maximising his individual gain. The negative effect of this action by all herdsmen is the overgrazing and deterioration of the land. The addition of one animal to his herd is a positive utility of +1 for each herdsman, while the negative utility, shared by them all, is only a fraction of -1. So each thinks it rational to add another animal, and another, and so on. The tragedy is that each man is locked into a system that compels him to increase his herd without limit—in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his own best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all.
- 6 The members of the CRA are involved in insurance, finance, manufacturing, retailing and commerce in the city. Of the forty-two members of the CRA's executive council in 1972, at least thirty were directors of several large companies (Meares 1972: pp. 3, 7). Eleven of the twelve CRA aldermen on the present Council live at upper class addresses outside the electorate (Loveday 1972: p. 142).
- 7 Expressed in the *City of Sydney Strategic Plan* (1971) prepared for the Council by consultants.
- 8 The most quoted exposition of this theory is R. A. Dahl, *Who Governs? Democracy and Power in an American City* (1961).
- 9 Bryson & Thomson, *An Australian Newtown* (1972); P. Tennison *The Marriage Wilderness* (1972); T. Brennan *New Community: problems and policies* (1973).
- 10 By property-ownership here I am referring to land-owners specifically, rather than to owners of stocks and shares, although the two usually go together. See table in Manning (1973: p. 10) for comparative holdings in land and other assets of different income groups.
- 11 They are dealt with in detail in my PhD thesis, 'Property, Politics and Power: a history of city planning in Adelaide, Melbourne and Sydney since 1900', submitted in March 1974.
- 12 *ibid.*, chapter 7, 'Melbourne: Capitalism, Crude and Uncivilised' for details of corruption in a planning authority, planning appeals tribunal, and city council.
- 13 Subtitle of a pamphlet published by the Save Westernport Coalition in July 1971, *The Shame of Westernport*.
- 14 See Victorian Parliamentary Debates 1962-3:3789.
- 15 Space forbids elaboration in this essay but curious readers will find details in Appendix I of my PhD thesis (*op. cit.*), 'Highlights of land dealings on the Westernport Region 1963-73'.
- 16 Consisting of the Port Phillip Conservation Council, the Westernport and Peninsula Protection Council, the Citizens Environmental Action League and the Clean Air and Environment Council of Victoria.

- 17 See R. Miliband, *The State in Capitalist Society* (1969); J. Playford, *Neo Capitalism in Australia* (1969).
- 18 The Senate Select Committee on Water Pollution (1970) reported that one-third of the pollution of the nation's rivers and coastal waters is caused by the discharge of sewage.
- 19 British socialist Anthony Crosland has argued that the current champions of the no-growth, ecologically stable society are 'often kindly and dedicated people. But they are affluent; and fundamentally, though of course not consciously, they want to kick the ladder down behind them. They are militant mainly about threats to rural peace and wildlife and well-loved beauty spots; but little concerned with the far more desperate problem of the urban environment . . .' Australian environmentalists *do* care about the urban environment. They are concerned to protect it. But for themselves, *not for the poor*. See Sandercock, 'Munday's child is fair of face', *Nation Review*, 11-18 April 1974.
- 20 The 'liberal' or 'reformist' solution to the environmental crisis emphasises individual guilt and responsibility. 'If we clean up our own backyards and streets, industry will clean up the rivers etc. that it pollutes.' Central to this approach is an optimism about the machinery of the bourgeois state; the bureaucracy, the courts etc. So the liberal 'style' involves committee work, negotiations and so on rather than direct action and confrontation. A recent newspaper advertisement by the Australian Government took just this position . . . 'To keep our country in good shape we have to care. We have to care about leaving drink cans in the park, throwing things out of cars, dropping rubbish in the streets, keeping the garden in good nick, keeping the weeds down, the grass neat and tidy, the fence freshly painted. . . . Government can legislate against big industry pollution problems fairly satisfactorily. It's up to us to look after "people" pollution. In a thousand and one ways, we have to care.' *Australian*, 17 April 1974.

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MASS MEDIA: STRUCTURE, FUNCTIONING AND CONTROL

ALLAN ASHBOLT

Identifying the Mass Media

ETYMOLOGICALLY, THE TERM *mass media* seems to have originated in the advertising business. Indeed, in common usage it encompasses only those technologies of communication, notably newspapers, magazines, radio and television, in which advertising is a considerable component. This factor alone is of immense importance in trying to describe and assess how the media function in today's society. According to the Shorter Oxford English Dictionary, a medium is 'an intervening substance through which a force acts on objects at a distance or through which impressions are conveyed to the senses'. By this definition, then, the media could include stage and musical performances, paintings and sculpture, books, films and gramophone records, even some sorts of classroom instruction. But the word is seldom applied in these areas of human activity, perhaps because essentially they derive from personal, traditional, pre-industrial forms of expression. It is true that a book, and more pronouncedly a film or a gramophone record, is an 'intervening substance'; it is also true that the making and selling of books, films and gramophone records has long since been industrially organised; yet ultimately the book, film or gramophone record is only a container for material which, by accepted standards of artistic practice, is rooted in oracular and dramatic inheritances from ancient cultures. To seek for strict categorisation on this basis is absurd, however, since television stations will screen films, newspapers will print books (in instalments, anyway) and radio stations will play gramophone records.

What mark the mass media as discrete, even distinctive, are methods of publication and transmission which enable non-cohesive miscellanies of information, entertainment, literature, propaganda and high-pressure

This chapter is taken substantially from the author's *An Australian Experience: Words From The Vietnam Years* (Australasian Book Society, 1974).

salesmanship to be produced and distributed either in massive quantities (e.g., newspapers and magazines) or for massive audiences (e.g., radio and television). A further definitive feature is that the mass media manufacture their cultural products in the mass, by the mass and for the mass, relying on assembly-line techniques and an extreme division of labour to bring out newspapers daily, magazines weekly or keep radio and television on the air almost continuously. The mass media are also characterised by an obvious orientation towards the market—that ever-present, fluctuating market, at once a source of profit and a receptacle of influence, waiting to be manipulated, coaxed and exploited. The mass media are, indeed, intervening substances through which forces (i.e., news articles or programme packages) act on objects (i.e., audiences or readers) at a distance; or to put the situation another way, they are means of production and distribution, specifically for the large-scale dissemination of values, goals, desires and fears.

The Technological Setting

These means of production and distribution exist only by reason of fairly recent scientific invention, starting perhaps with the rotary press in the late 19th century. Daily paper proprietors were quick to tap new technologies in printing and transport, especially as the spread of primary education was augmenting the numbers of the literate public. Without this technological sophistication, cumulatively utilized for the lucrative end of winning more readers, luring more listeners or ensnaring more viewers, the world of admass could never have arrived. And it is hardly an historical co-incidence (it might be called rather the fulfilment of historical necessity) that the two central figures in pioneering electronic media for English-speaking countries were engineers—John Reith, who as first director-general of the British Broadcasting Corporation (1926-38), built a cultural juggernaut now indispensable to the entire state apparatus of Britain, and David Sarnoff, his counterpart in the unilaterally commercial system of US broadcasting, who as chairman of the Radio Corporation of America, virtual founder of the propaganda agency, Voice of America, president of the US Armed Forces Communications and Electronics Association, US Army General and member of the Council on Foreign Relations, was the true progenitor of mass communications imperialism.

You will notice that I have referred to mass communications rather than to the mass media. This is quite deliberate. The media comprise part, admittedly the most protuberant part, of a much broader communications industry, and Sarnoff's career in outline gives some sense of that industry's ramifications. Sarnoff got catapulted into fame when, as a twenty-one-year-old wireless telegraphist sitting in a New York office of the Marconi Company, he heard the signals of *ss Olympic* notifying the sinking of *ss Titanic*. He became commercial manager for RCA at its inception in 1919 and quickly climbed to a paramount

position in the organisation, officiating in various ways over its first half-century of technological, economic and cultural expansion. RCA today owns a host of subsidiaries, including RCA Communications, RCA Victor and the National Broadcasting Company network of (at last count) 219 radio stations and 207 television stations in the USA. It has radio-telegraph services in sixty-four countries, factories and research laboratories in the USA, Britain, Canada, Japan, South America and Australia. It manufactures almost anything in electronics from tiny transistors to rocket-launchers, missiles and earth-orbiting satellites. It is without doubt a major contributor to the US warfare state, part of that military-industrial complex of whose dangers Eisenhower warned in his valedictory presidential address.

This military link has been strong since RCA's very beginning, when it was formed in close co-operation with the US Navy. The plan, according to a sympathetic biographer of Sarnoff,¹ 'envisioned the creation of a powerful private corporation, with the tacit backing of the government, to take over . . . radio patents and facilities' in addition to 'licenses in inventions owned by the Navy . . .' In 1929 Sarnoff was associated with Dr Hjalmar Schacht, later an advisor to Hitler, in working out a settlement for Germany's reparations payments; and following the defeat of nazism in 1945, he helped in nurturing the Washington-Bonn relationship and in devising the strategies of the Cold War. An exponent of multi-faceted imperialism, he saw an advancing technology as the key to political power and control over people's minds. For example, shortly before he died in 1971, RCA bought the publishing firm of Random House—not merely to diversify investment but to bring electronic teaching machines into education, via the Random House school texts section. Thus classroom students throughout the world would be added to the already captive RCA audience of millions.

The nearest equivalent in Australia to RCA, though a company with far less operational scope, is Amalgamated Wireless (A/asia) Ltd, which has been a big supplier of transmitting and receiving equipment from the early 1920s. The ascendancy of electrical engineering companies, whether RCA, American Telegraph & Telephones, International Telegraph & Telephones, General Telephone & Electronics and Bell Telephone in the USA, or AWA, EMI, Email and Philips in Australia, has led to an obsession in broadcasting with technological innovation and refinement, with extending local into network radio, monochrome television into colour, long-distance television into satellite relays, with instigating apparently infinite variations in disc, microphone, tape-recording and amplifier manufacture. The impetus has been not merely towards technological accomplishment in itself but towards widening the market in gadgetry and preserving the conditions under which that market can continue to be exploited. In this way, the commodity culture keeps crowding in, with the communications industry selling its own manufactures as well as providing an advertising avenue for the goods

and services of other industries, and tending therefore to treat the journalistic and aesthetic content of the media as merchandise which has to be sold.

The Economic Drives: Owners, Investors, Advertisers

Viewed from the working level, the media segment of the communications industry is remarkably heterogeneous, embracing reporters, film directors, actors, writers, raconteurs, educators, type-setters, scene designers, film cutters, musicians, layout artists, producers, editors, engineers, technicians, floor managers, script assistants and numerous other operatives. They work in straight print, cinematic film, aural or visual electronic transmission, and with subject matter that can range from newsreel shots of actual events through political interpretation, dramatised entertainment and factual recording to song-and-dance displays. Yet in Australia this functional diversity is contradicted by an oligopolistic structure of ownership, in which four main commercial groups guide the interlocking connections of newspaper chains, radio and television networks, advertising agencies, electronics manufacturers, gramophone record companies, cinema proprietors and theatrical firms. Consider, for example, the sweeping, overlapping interests of one of these top groups, John Fairfax Ltd.

In addition to publishing *The Sydney Morning Herald*, *The Australian Financial Review*, *The Sun-Herald*, *The National Times*, *Woman's Day*, *Pix-People* and various other periodicals, the Fairfax group controls, either directly or through wholly-owned subsidiaries, television stations ATN Sydney, QTQ Brisbane, CTC Canberra, RTN Richmond-Tweed, WIN Illawarra, NRN Grafton-Kempsey, BTV Ballarat, NBN Newcastle, DDQ Darling Downs and SDQ Southern Downs. It also has an approximately one-third piece of Macquarie Holdings, which runs radio stations 2GB Sydney, 3AW Melbourne, 5DN Adelaide, 2CA Canberra, 4BH Brisbane, and 2WL Woolongong. Through a 45 per cent interest in Newcastle Newspapers Pty Ltd, its surveillance even extends to stations in Muswellbrook and Bolwarra. Its 52.7 per cent share allotment in David Syme and Co enables it to exert an avuncular pull on the Melbourne *Age* and 3XY, though so far it has allowed *The Age* a limited degree of editorial independence, largely because the paper's traditional policies, made in the mould of 19th century Millen liberalism, attract a big readership among the middle-class intelligentsia of Melbourne. Proprietors always respect a buoyant circulation and know the risks of tampering with a paper that is successfully grounded in the attitudes of an influential part of the community.

In 1973, there were thirty-one wholly-owned and partly-owned subsidiaries in the Fairfax group, including five proprietary companies under the general nomenclature of Planned Music. To decipher the nature of this mysterious musical conglomerate, one must retreat to the 1969 annual report, which contains the following piquant paragraph:

'In 1964 we purchased the Australian franchise for the Muzak system of providing background music in factories, offices and public spaces. At that time operations were confined to Sydney, Melbourne and Newcastle. Activities have since been extended to Canberra, Adelaide, Brisbane and Perth. Useful contributions to group profits are now being made from the operation of the franchise'. So never ask where the music comes from as the elevator rises or the production line starts rolling; it comes from the Fairfax group. Never forget, too, that the group not only fans out with information, titillation and comment but reaches back, through stock and share manipulation, into business, trade, finance and banking, where it has been solidly established since the 1840s.

Unlike the Fairfax group, the Herald and Weekly Times Ltd of Melbourne is not a family concern. But it is just as firmly entrenched institutionally, and indeed has more than fifty per cent of Australia's daily newspaper circulation in its grasp. This company is the dominant shareholder in Advertiser Newspapers Ltd (SA) and Queensland Press Ltd, while controlling West Australian Newspapers Ltd. as a subsidiary. Its radio and television stations cover the entire nation; its investment in newsprint manufacture and commercial printing is vast; its link with the US film industry is symbolized by the presence on its directorial board of Ernest Turnbull, chairman of Hoyts Theatres Ltd and 20th Century Fox. Nor do its boundaries stop at the Australian coastline, for it has long held a virtual newspaper monopoly in Port Moresby and Rabaul.

The growth of News Ltd, based in Adelaide, was gratuitously assisted by the Melbourne Herald, whose managing director for many years, Sir Keith Murdoch, passed his major shareholding in the Adelaide outfit on to his son, Rupert. News Ltd now owns five metropolitan dailies, including *The Australian* (which is national), eight metropolitan weeklies, fourteen country newspapers, thirty suburban newspapers, six magazines and two television stations. It is also in book publishing and gramophone records. Abroad, it runs a weekly and a daily in London, a daily in the U.S.A., thirty-three provincial papers in England, four suburban papers around London, six newspapers and one radio station in New Zealand, and amongst other odds and ends, London Weekend Television. Its mining interests, too, are quite substantial. As the 1973 annual report says: 'During the year, further progress was made in defining the commercially mineable bauxite reserves in Western Australia, which News Ltd holds jointly with Dampier Mining Co Ltd—a subsidiary of BHP. These reserves are now estimated at not less than 200 million tons of bauxite . . .'.

News Ltd has expanded speedily during the past fifteen years, in a nation-wide economic atmosphere of lift and liquidity. Of its recent acquisitions, the most noteworthy were *The Daily Telegraph* and *The Sunday Telegraph*, which formerly flew the flag of Consolidated Press.

But even though Consolidated Press has now vacated the metropolitan daily paper arena, thus reducing the number of effective owners/controllers to three companies over all Australia, it retains several magazines (including *The Bulletin*, *The Australian Women's Weekly* and *Cleo*), one television station each in Sydney and Melbourne, six radio stations and nine country newspapers. This group, owned by the Packer family, has latched tenaciously on to the trick of bolstering its boards with so-called representative figures from the community. For instance, Maj.-Gen. the Rev. C. A. Osborne (aged seventy-seven), who might be said to represent both the Army and the Church of England, is a director of Television Corporation Ltd. The Roman Catholic Church is represented on this board by the Rev. Father M. R. Prendergast and the Labor movement by the Hon. R. B. Marsh, MLC, chairman of the NSW Labor Council. Sir William Dunk (aged seventy-five), once chairman of the Commonwealth Public Service Board, makes it to a seat on the board of the General Television Corporation Pty Ltd. And so, with directorial fees, is the honour of representative democracy satisfied and the transmission license of the Packer family safeguarded.

Contraction of ownership is symptomatic of the later stages of capitalist development in any industry. During the period of Australia's economic stagnation from 1890 to 1940, sectional papers flourished independently of one another. But eventually they either collapsed or got swallowed, as the giant companies moved towards monopolisation of resources in order to cut down on production and distribution costs. Also, some of these sectional papers sank into a cultural sectarianism that proved self-destructive. *The Bulletin*, launched as an organ of nationalism, quickly degenerated into a racist, anti-semitic pocket of strident imperialism. Today, under the Packer family, it is simply a news digest for businessmen, an emaciated local version of *Time* or *Newsweek*. *Smith's Weekly*, which strenuously maintained a digger-mate, Aussie-lair brand of humour in the years between the wars, found itself out of tune with the post-1945 era of higher education and urban gentility. *The Labor Daily* (1922-38) could not survive the divisiveness of the ALP in NSW. Even apart from sectional papers, there were some conspicuous disasters. For example, *The Argus*, which had once seemed rocklike and monumental, died in 1957 from dissipation (it had lost heavily on its short-lived evening paper, *The Star*) and failure to match the mood of Melbourne's liberal intelligentsia (who were gradually turning to *The Age*).

So that, whereas in 1923 Australia could boast twenty-six metropolitan dailies under twenty-one different (at any rate, more or less different) entrepreneurs, today most capital city newspapers, three-quarters of the television stations outside the Australian Broadcasting Commission, plus many of the principal radio stations appear to be in the hands of Sir Warwick Fairfax, Sir Phillip Jones, Mr. Rupert Murdoch and Mr. Kerry Packer, the last-named of whom will probably

succeed his recently deceased father as the lynch-pin of Consolidated Press. I am not proposing, simplistically, that they are mogul-like creatures who wield absolutely dictatorial powers within their respective domains, still less that they gather together in cabals to plan brainwashing courses for the Australian public. What I would say, though, is that the boards which they represent, sometimes actively and sometimes as figureheads, sometimes directly and sometimes obliquely, substantially regulate the socio-cultural tone of Australia's press and broadcasting.

Despite this cliquish grip on the business, it would be remiss to forget mavericks like Maxwell Newton (once supported in WA by Lang Hancock's mineral millions) and Gordon Barton (still supported in Victoria by his own not inconsiderable fortune). At the moment, Newton controls only a single-state weekly, along with some provincial papers and a few specialised financial journals, while Barton's suzerainty is restricted to the *Nation Review*. Not unexpectedly, Newton and Barton have in the past encountered severe distribution difficulties. When Barton owned the Melbourne *Observer*, in the days before Newton changed it into a scavenging scandal sheet, he was forced to sell it through milk bars, confectionery shops and other such unusual outlets, because of a boycott imposed by newsagents in the formidable financial clutches of the Herald. Newton, a shrewd, competent journalist who was the original editor of *The Australian*, succumbed to baronial whims and ambitions soon after he resigned from that paper. Barton, on the other hand, was never a journalist: he came into publishing via road haulage and parcel delivery (an aspect, I suppose it could be argued, of the communications industry). *Nation Review* was for some time issued under the auspices of one of his transport companies. Because of his devotion to liberal causes, which mixes rather incongruously with his gilt-edged wizardry as a commercial carrier, Barton could perhaps be considered the intellectual man's Reg Ansett.

And there, of course, is a name to conjure with. Sir Reginald, who is so adept at the well-known Australian game of obtaining public subsidies and guarantees for the sacred furtherance of private enterprise that he even conned the Menzies government into inventing a two-airline policy (one airline for the government, one for Ansett), has already intruded himself into the ownership of three television stations. Perhaps, though, it might be unfair to charge Sir Reg personally with these forays, since for many years the Australian Broadcasting Control Board listing of Universal Telecasters Queensland Ltd (to cite only the example of the licensee of TVQ Brisbane) indicated that 300,000 shares were held by Ansett Transport Industries Ltd, 300,000 by Ansett Transport Industries Operations Ltd, 300,000 by Pioneer Tourist Coaches Pty Ltd (an Ansett subsidiary), 84,900 by Ansett Hotels Pty Ltd and 150,000 by the Mutual Life & Citizens' Assurance Co Ltd. Sir Reg may have possessed no shares at all as an individual, unless by some strange chance he had grabbed some of the remaining 865,000.

Several old indomitables—or should I say old contemptibles?—also straddle the field: AWA, for instance, looms very large in the ownership of sixteen television stations and fourteen radio stations (of which it is the licensee for six). Since AWA is an equipment manufacturer, too, it is one of those firms, like Email Ltd, EMI (Aust) Ltd, Electronic Industries and Philips Industries Ltd, collecting a double return on its investments. The double return deserves another mention, for at least one important shareholder in Australian television transmission is an overseas programme producing company selling shows to the very combine whose policies it helps to determine. NBC International Ltd (Bermuda) and the National Broadcasting Co Inc (USA)—both from the RCA empire—illustrate this tactic in action. Amongst other foreign investors, Associated Newspapers (England) is still strong, though Time Inc has now withdrawn. But perhaps the ultimate stamp of recognition for the mass media in Australia is the enormous monetary backing given over the years by institutions of such impeccable blood-line as the Bank of New South Wales, the AMP Society, the Colonial Sugar Refining Co, the Adelaide Steamship Co, the BHP Nominees, the Greater Union Organisation Pty Ltd (film exhibition and distribution), the W. R. Carpenter group, the National Mutual Life Association of A/Asia Ltd, and Henry Jones (IXL) Ltd, who have been so extraordinary successful in jam.

Furthermore, let it not be thought that J. Walter Thompson, McCann Erickson and other advertising agencies, most of which seem to be headquartered on Madison Avenue, with only nominally independent branch offices in Australia's cities, entirely lack impact on decision-making processes. Throughout the capitalist world, the economic viability of the mass media depends on advertising—the willingness of firms to publicize and promote their products, the cleverness of agencies in contriving ways of doing the job. Advertising yokes the media to the capitalist cycle of production for profit instead of for use; and characteristically it is nearly always seen or heard, quite obtrusively, even brazenly. The pages of newspapers are virtually built around advertising; the airwaves positively vibrate with messages from sponsors; most television drama is constructed to allow for sales-breaks in the continuity; and in Australia, more money is spent on fashioning filmed commercials than on any other single sphere of television effort.

According to the *Wall Street Journal* of 3 November 1965, the average American child then watched about 4000 hours of television before even starting grade school. This would entail exposure to something like 50,000 advertisements. The average Australian child is now almost as heavily bombarded and certainly knows advertising jingles and catch-phrases better than any catechism or creed. The habit of loyalty to specific goods is inculcated from an early age. For the advertiser in Australia, protected by the media owners and investors, and often identifiable (through stock relationships) with those owners and

investors, flaunts an apparently inalienable licence to persuade people to risk anything from lung cancer to decayed teeth, a licence to call on trickery and gimmickry, a licence to exploit hopes, fears, doubts and repressions for the purpose of increasing turnover. And the agencies, for their part, also assist in formulating programme standards for radio and television, not only through client-firms which buy air-time and communications stock, but because the parent US agencies are sometimes centralising points in the packaging of shows. US agencies advise, hire and edit writers, occasionally employ their own programme-making teams or sub-contract to teams of their own choice, and frequently even direct the tenor of political campaigns. And it will not be long before the same situation applies in Australia, with this difference—that the Australian agencies will have to operate under the US umbrella.

In journalism particularly, the reliance of newspapers on advertising revenue has corroded standards to an extent not always acknowledged by reporters and editors. The argument can be legitimately made that advertisers seldom tell proprietors precisely what or what not to print in news columns. Cases have sometimes arisen, indeed, where the threats, overtures or blandishments of advertisers have been bluntly rejected. But the interests of advertisers, which are in general tied to the interests of the media owners and investors, determine the context in which the news is presented. Physically, this context is plainly visible, since it surrounds, encases and, one might almost say, imprisons the main body of the news. Sub-editing, for instance, is now often merely the craft of fitting reports into spaces not taken up by advertisements. Altogether, a journalist can hardly fail to recognize the connection between advertising revenue and news publishing, and more narrowly, between his salary and advertising revenue. This recognition may not impinge directly on his day-to-day judgments but will undoubtedly cripple his overall professional posture.

As a corollary to the basic contradiction in which a tight, oligopolistic ring of proprietors is set against a broad, heterogenous complex of workers, there is constant tension between the largely profit-motivated drives of the employers and the essential creativity of much of the work being done by the employees. For these employees, of whatever status, are theoretically occupied in searching for truth, imparting knowledge and widening worthwhile human experience. Admittedly such abstract ideals seem only peripherally related to the everyday difficulties of pushing out thousands of words in a newspaper, filling twenty-four hours of radio time and grinding the insatiable mills of television. How the screaming posters of Sydney's afternoon tabloids assist in the acquisition of knowledge might be rather hard to suggest. What a Dorothy Dix or Lonelyhearts type of column has to do with truth is a nice question, especially if it happens to be strung together by a fanciful fourth-year cadet. The passion for truth likewise has little bearing on schemes for boosting circulation, and it would take a great deal of

rationalisation to pretend that worthwhile human experience was being broadened by decisions as to whether the Sunday comics should be enlarged, whether comments on the Melbourne football results should run for sixty minutes or thirty, and whether the station should buy a television series about a talking porpoise, a flying nun or an underwater detective. Nevertheless, every worker in the mass media is in some way handling moral values and is therefore engaged in a philosophical quest—one can put it no higher, one ought not to put it lower.

To the owners/employers, however, an audience is generally presumed to consist not of people seeking enlightenment but of potential units of purchasing power. Not that the proprietors see themselves merely as hunters after private gain; on the contrary, they would often claim to be serving the national interest, or the common good, or the public benefit. And they could justly contend that they sometimes carry on unprofitable activities. Most papers, for example, could bring home their foreign correspondents, take syndicated releases, and thereby reduce costs by thousands of dollars a year without risking any immediate or dizzy drop in circulation. Where an element of risk would enter is that, without foreign correspondents angling their reports towards Australian readers, a paper might begin to lose some of its authority. Loss of authority (e.g., the now defunct *Argus* in Melbourne) is usually followed by loss of circulation. So what I think must be conceded is that proprietors are always anxious to preserve the social, economic and cultural conditions out of which they derive their authority, and incidentally though importantly, their profits.

Use, not profits should be the aim of media workers. A society without artistic and historical consciousness is doomed to moral sterility; its organisms will degenerate into repetitive rounds of surplus production, pleasureless consumption and alienated labour, accompanied by the social diseases of waste, inertia, debilitation and destruction. Like the dinosaur, its body will become too big for its brain and will go lumbering convulsively to extinction. A consciousness of art, if not always of history, has traditionally been fostered by writers, poets, composers, dancers, scholars, painters and sculptors, who might collectively be considered the guardians of man's creative, speculative, autonomous impulses. But even though media workers deserve to be so classified, too, they are much more obviously the paid servants of an industry based on technologically advanced capitalism. Thus their artistic and historical responsibilities tend to get submerged in a spurious struggle to satisfy sponsors, markets, rating surveys, and of course the owners/employers.

The argument that competition among these owners/employers encourages a varied output is difficult to sustain. Where competition occurs, it takes on the features of an intra-familial dispute, a sort of mock Forsyte saga, characterised by marriages of convenience, sordid divorces, adulterous associations and even (if I may persist in this

extravagant metaphor) incest and sodomy. But such squabbling and cavorting is neither competition in the classic capitalist sense nor is it competition which in any sense illuminates issues of public debate or replenishes the store of public knowledge. Superficially, there is competition for Sydney's afternoon circulation between *The Sun* (Fairfax group) and *Daily Mirror* (News Ltd.), but in fact one paper is not markedly different in format, news selectivity, stylistic mannerisms and editorial emphasis from the other. There also appears to be competition, or at least open bidding, in television film buying from the USA, but it hardly results in one station looking very different from another, because collusive arrangements effectively divide the spoils among Packer, Fairfax, the Melbourne Herald and the Australian Broadcasting Commission.

The Role of the State

The ABC occupies a rather ambivalent place in this structure of ownership and control. As a government-financed entity, the ABC is expected to relieve the commercial groups of a costly and onerous responsibility by producing service programmes for social minorities and cultural *élites*—e.g., school students, farmers, migrants, devotees of classical music. But while one part of its programming is thus either mandarin in tone or geared to special, severely circumscribed needs in the community, the other part is designed to conform with commercial patterns of entertainment. In television, as I have indicated, the ABC buys from the same overseas sources as the commercial groups, adopts the same overseas criteria of what is acceptable information, entertainment or inquiry, and adjusts its own local production accordingly. The most glaring manifestation of the ABC's predicament is that it has been forced to make its weekly television programme guide, *TV Times*, into a trivial chat magazine catering more for commercial than for ABC viewers and denying the intellectual pretensions of the institution as a whole. This particular contradiction has come about because *TV Times* is published and distributed by the Packer group. There is added irony in the fact that *TV Times* is almost indistinguishable in approach and content from the rival Murdoch publication, *TV Week*.

ABC standards have never remained unaffected by the demands of the commercial media, by the buying and selling of the marketplace, by the relentless, persistent stimulation of public taste towards an enthusiasm for new consumer fads and new quasi-aesthetic palliatives which can combat today's high nervous strain of living. Also, as is obvious when the ABC challenges commercial ratings with its news and current affairs programmes between 7 pm and 8 pm, many attacks on the ABC for 'radical' or 'unbalanced' reporting come either overtly or covertly from commercial groups, in the hope of keeping the ABC in line with their own objectives. In various discreet ways the ABC is obliged to do business in the same manner and on the same terms as

the commercial groups—often even to the economic disadvantage of the ABC. Economically, the hegemony of the commercial groups is at present unassailable, and one of the cultural side-effects is that the ABC has tended, despite its concern for minorities and occasional spurts of leadership in élitest fields of endeavour, to fit into the mould desired by those commercial groups.

That such problems should have bedevilled the ABC is scarcely surprising. In capitalist societies, government-owned radio and television has been introduced less as a countervailing factor to the private sector of the communications industry than as a complementary, stabilising factor. Transmission equipment for the government stations is supplied, directly or indirectly, by private corporations. Moreover, private corporations manufacture and sell the receivers to which government-sponsored programmes are beamed. And many such programmes, especially if bought from the USA, assume by cultural osmosis the necessity and benevolence of capitalist enterprise. In some countries, including France, even the advertising of merchandise is integral to government broadcasting. The tie-up between governments and private corporations is luminously clear in the international television satellite system of Intelsat, where nominal shareholding control is vested in the US government, its allies and client-states, but real, effective control in such big US commercial carriers as RCA, AT&T, IT&T and GT&E.²

Historically, the ABC grew out of commercial operations. So-called dual broadcasting had its genesis in the 1920s, with the distinction between 'A' class stations, funded by licence fees, and 'B' class stations, whose revenue came from advertising. In 1929, the Commonwealth Government purchased the 'A' class stations and set up the Australian Broadcasting Company—which, although operated by the Postmaster General's Department, contracted out to commercial organisations (mainly film, theatrical and concert entrepreneurs) for its programmes. The Labor government in 1931 prepared a bill to establish national broadcasting, and in 1932, the UAP government shepherded it through the parliament in a somewhat modified form. Moving its second reading, the Postmaster General, James Fenton, noted with approbation the crucial historical role of AWA: 'Up to the present, licence holders have paid in fees no less than £2,500,000 and the present annual revenue amounts to £403,000. The Amalgamated Wireless Company, in recognition of the patent rights which it holds, receives 3s out of the 24s licence fee paid by each listener-in'.³

The growth of the ABC cannot be understood, however, without reference to the BBC. Of course the BBC was a state monopoly during its first thirty years, while the ABC would have been described rather as a state buttress for a commercial oligopoly. Despite this functional difference, which is a difference of species and not of genus, the ABC has from the beginning borrowed most of its organisational methods and much of its ethos from the BBC. What should be remembered, too,

is that in the Commonwealth Government's original conception the ABC would be harnessed to an imperial network centralised and co-ordinated by the BBC. As the Postmaster General told the House of Representatives on 9 March, 1932, 'It is anticipated that, under the Empire broadcasting system, it will be possible for naked blacks to listen-in in the jungle to the world's best operas. We may also reach the period when brown-skinned Indians will be able to dance to one of England's best orchestras, and when fur-clad Canadians in distant snow-bound outposts may listen to a description of the running of the English Derby . . . I believe that by means of wireless we shall be able to bring different parts of the British Empire into very close touch with each other'.⁴ In considering the ABC, then, it would hardly be a digression to look for a moment at the peculiar influence of the BBC.

John Reith, its first director-general, was a devout Scotsman without any university education, a son of the Manse who had trained as engineer, then served as a cavalry officer in France and later as an adviser on munitions manufacture in the USA. At the BBC from 1926 to 1938, he simply shifted the weight of his imperious personality from mechanical engineering to social engineering—ie., tinkering with the machinery of capitalism, keeping it in repair, replacing obsolete or worn parts, preventing it from breaking down, devising smoother ways of operation. He had very little understanding of the arts or the dynamics of creativity, but by using the techniques of hierarchical command and factory production he gave the BBC a structure and a cultural tone which persist to this day. Essentially he was a technocrat determined to shape the approved aspirations and received opinions of his society into consensual broadcasting patterns. He was also prescient enough to realize that, even though the original British Broadcasting Company which he headed from 1922 to 1926 was financially backed by makers of wireless sets and accessories, any overtly commercial transmitting system would find difficulty in preserving the mores of what was traditionally a patrician culture. (Commercial television came to Britain only in 1954, commercial radio later still—1973.) He therefore opted and lobbied for public ownership, and as soon as the company became the corporation, complete with Royal Charter, his purpose was to ensure that it functioned not so much as the tool of government in any open, obvious or direct sense but as an educative and moral force on behalf of the nation's leading socio-economic institutions.

Thus his insistence, bolstered by a genuine spiritual fervour, on religious talks and sacred music, carefully inserted at strategic points throughout the day and aired almost incessantly on Sundays. Thus, too, in the trifling matter of microphone manners, his insistence that announcers and actors, though unseen, should wear dinner jackets and black ties (for men) and formal evening gowns (for women) after 6 pm—except on Sundays, when by some queer, inverted

rationale it was apparently considered a profanation. Fundamentally, Reith was uninterested in ideas. For him, all ideas were contained in the tory heritage, the Christian ethic and the codes of the governing class. His intellectual and administrative behaviour was Cromwellian. It was typical of his military way of thinking that, in his final uneasy years at the BBC, he recruited a colonel from the War Office to be chief programme controller. The colonel's contribution to programmes was of course utterly negative; he merely donned the mantle of supreme censor, even banning one of D. G. Bridson's verse plays as 'dangerously seditious'. What commended him to Reith, however, was his capacity of loyalty to his superiors—and in this case his only superior was Reith. Despite the BBC's avowed policy of culturally uplifting the populace, Reith firmly believed in the sort of social order where everyone knows his proper place and willingly accepts the duties, not to mention the limitations and infirmities, which God and the anointed secular rulers have imposed upon him.

Partly as a result of his over-bearing egotism, Reith was often distrusted in the Establishment. But his clashes with the Establishment were also due to the contradictory nature of national broadcasting in the type of capitalist democracy which assumes the rhetoric and poses of political liberalism. On the one hand, national broadcasting programmes must never appear to be subjected to strict government supervision; on the other, government tends to expect that national broadcasting programmes will adhere, in general, to governmental interests and policies. However, even where a government tries to control broadcasting indirectly (for example, an Establishment-oriented Board of Governors for the BBC), this expectation is occasionally disappointed, because programme producers and planners are sometimes at least theoretically intent on the search for truth and the pursuit of knowledge. Reith was not able entirely to overcome the contradiction between the gravitational pull of government and the motivations of programme-makers, although the BBC has since his time continued to work more or less inside the perimeters of the Establishment. Indeed, the ironical measure of Reith's achievement is that, if a creative revolution is to occur not only in the BBC but in all those dominion and colonial broadcasting bodies for which the BBC stood as exemplar and paradigm, it must be aimed against the rigid, constricting disciplines he initiated out of his autocratic will and energy.

Like the BBC, the ABC has developed a programme output which is, on the whole, responsive to the most entrenched pressure and power groups in the community. There is a sense, admittedly, in which the ABC does serve community interests and stick to community standards of taste and toleration. But those interests and standards are defined (albeit loosely) within the context of its own Establishment-oriented ethos. For example, the Rural Department's radio programmes are at once a service to farmers and a boost to the political fortunes of the

Country Party. The Education Department's radio programmes are a service to schoolchildren, but in being linked to the curricula of the various educational authorities also consolidate the conventional approach to teaching and the conservative interpretation of subjects. The editorial framework for news and current affairs allows more pluralism than in the commercial media; nevertheless, the presentation of both straight reporting and critical exposition is, under the guise of 'balance', carefully weighted towards the known sources of authority and/or power in the nation. If balance is difficult or impossible to obtain within the one programme, it can be brought about by adjusting the overall arrangement of programmes. Thus, say, programmes with a radical tinge can be allocated to a late-night or low-audience time slot; a much higher percentage of conservative than radical analysts can be used in news commentaries; budget money can be held back from production schemes likely to offend consensual views.

Apart from the Treasury (which allots funds) and the Public Service Board (which since 1961 has had the right to regulate the size of staff, the number and classification of new positions, and conditions of employment), the main formal point of Establishment control over the ABC is the Commission, whose nine members have been traditionally chosen by the government so that all states are represented, and to an extent so that predominant pressure and power groups attain some degree of representation. For example, the Tasmanian member, who also fulfils a requirement of the Broadcasting and Television Act that one of the commissioners 'shall be a woman', has been prominent in local government, the Country Women's Association and the National Council of Women. As at December 1972, after twenty-three years of conservative coalition governments, the affiliations of the various commissioners were ostentatiously in keeping with ruling class interests. One commissioner was a well-known stockbroker, formerly a Foreign Affairs official, and close to the Melbourne Club circle. Another was a wealthy grazier, a Catholic, active in the Country Party, the Graziers' Association and the National Civic Council. Yet another was ex-Bank of New South Wales, ex-Colonial Sugar Refinery, with pastoral investments and a long involvement in the Australian Institute of Political Science. And another was a director of Mount Isa Mines Holdings, who had also been Mayor of Townsville and an initiator of the 'People The North' campaign. The chairman was the ex-Vice-Chancellor of New England University, well accustomed to manoeuvring in the corridors of academic power. Up to May 1974, the Labor Government had made three changes in the composition of the Commission, but only one of its appointments could be regarded as a departure from tradition—Hal Lashwood, president of Actors' Equity and himself a broadcaster of long experience.

It would be a mistake, however, to think of the Commission as omnipotent. The ABC functions somewhat like a feudal state, where

the Commission is a college of cardinals issuing moral edicts from time to time but where the General Manager is king, presiding over his chosen court and surrounded by an agglomeration of baronies and fiefdoms. All these manorial lords owe nominal allegiance to the Commission and General Manager, yet nearly all pursue administrative and production policies which flow from their own inherited prerogatives, privileges and practices rather than from instructions passed down the hierarchical pyramid by the titular rulers. This seigniorial autonomy is maintained partly because the princelings, lords and barons are willing to bend the knee to the monarch when occasion demands, partly because they are closer than the commissioners and top management to the procedures of programme-making. But the limited autonomy of despots, often warring amongst themselves, hardly connotes freedom for the serfs. The result is that, despite break-outs here and there in the lower ranks, a conservative and authoritarian ethos pervades the organisation.

This is not to say that the ABC entirely lacks flexibility or innovativeness. In fact, it has been the cornerstone of Australia's cultural life for nearly half a century and, not without some justification, has erected a self-regarding view of itself as Australia's premier custodian of civilized taste. But the very responsibility for authoritative programming—authoritative pronouncement, authoritative choice of music (in whatever genre), authoritative political commentary, authoritative news gathering—which it has accepted and tried to carry out tends to make its approach at best sedate, decorous and cautious, at worst reactionary and obscurantist. Libertarian rhetoric often clamours for the ABC to remain 'independent', but the question is—*independent of what?* Independent of the government—when the government picks the commissioners? Independent of external pressures—when the ABC exists in a pressure group society? Independent of other established institutions—when the ABC seeks much of its programming guidance and material from those institutions (even down to the daily Stock Exchange report)? Independent of the cultural mainstream—when the ABC carefully selects its staff for their ability to reflect that mainstream? Perhaps what the ABC really needs is to be independent of its own convention-bound ethos.

A nationalistic, even neo-militaristic atmosphere has always enshrouded the ABC. For example, Ian G. Mackay, in his 1957 survey of broadcasting in Australia, lists among the broad objectives of the ABC: 'To contribute to Australian nationhood and unity and safeguard the notional heritage.'⁵ Yet nowhere in any parliamentary legislation or injunction is the ABC so enjoined; this is wholly an hypothesis formulated within the ABC and has long been part of the intra-murally developed ethos. The nationalism of this sentiment is not, incidentally, in conflict with Anglo-centrism, but is rather a by-blow of it, an assertion of Australia's Britishness. As for military influences, it might

be worth noting that the ABC's second general manager, appointed in 1933, was *Major* W. T. Conder, who ensured that in the same year Captain Adkins formed the ABC Military Band. The next general manager and the ABC's supreme entrepreneurial figure for thirty years was Sir Charles Moses, an Englishman trained at Sandhurst Military College. Because of his background it was almost inevitable that Moses, who stayed at the head of the organisation until 1965, should try to transplant the ethos of the BBC. (Remember, too, that in the 1930s and 1940s Australia had not yet emerged from colonial dependence in either socio-cultural or economic affairs.) The ABC's ethos, inculcated through behavioural example and diffused like a mystique among the staff, is far more important in determining the type and quality of programme output than direct external pressures from any source. And this ethos, derived in some measure from the BBC yet fostered within the dual (commercial/national) system of broadcasting, provides in turn ideological reinforcement for the *status quo* and consequently for the profit-motivated operations of the communications industry as a whole.

The Fallacy of Value-free Entertainment

It is sometimes argued, of course, that whatever ideological elements may be embedded in either the open or the camouflaged politico-economic advocacy of mass media outlets, the entertainment transmitted is, by and large, value-free. This contention seems to me quite fallacious. Symbolic activity, whether expressed in religious rituals or civil ceremonials, tribal dances or story-telling, has always been a redoubtable imaginative stimulus. To watch, even passively, such television drama series as *The FBI*, *My Three Sons* and *Bonanza* (US), *New Scotland Yard* (UK), or *Homicide* and *Certain Women* (Australia) is to become malleable to the moral assumptions which they contain. No matter how threadbare in style, how predictable in plot, how evanescent and ephemeral as aesthetic constructs, these shows can certainly embody and implant values. Not that they ever constitute, except in rare cases, an exact behavioural model for real-life action; rather, they get absorbed by audiences as modern morality tales. The moral implications are fairly obvious in, say, police or private-eye series, less so in something like the ABC's *Certain Women*, which unwinds its naturalistic situations and dialogue with all the excruciating monotony of a sausage-machine. But even here is it of no significance that the father of the family was a security patrolman for private companies (i.e., a petty protector of capitalist property), that the son-in-law became staff lawyer to a multi-national combine of Japanese origin, and that the mother's sister was deeply attached to a warrant officer in the permanent army? Or that the jobs are presented in an emotional context not only of tolerant approval but of positive acclaim for the virtues of decent, hard-toiling men? Or that little attempt is made, even

tangentially, to interpret the men in relation to the productive forces controlling their lives? Or that the much-vaunted sexual liberalism of the series, a concession to contemporary mores, is actually limited to permitting women to bed down with men only as long as there is genuine love and not merely physical attraction?

Most entertainment scriptwriters concoct an unlikely, abnormal or even impossible situation, people it with superficially recognizable characters (i.e., stereotypes) and then extend it, like Heinz canned foods, into fifty-seven different varieties (all nevertheless possessing basic ingredients). So the flying nun was ostensibly fascinating, not because her vocation—which was by-passed as largely irrelevant—but because she was aerodynamically peculiar. This levitational talent, endowing her with the potency of a *deus ex machina*, is what tied the series together. For in the shadowy empire of let's pretend, problems nearly always get solved, and by methods close to the supernatural. Another series relying on the same sort of device was *Bewitched*, in which the conventional ideals of home, marriage and family were comically endangered but in the result sentimentally rescued by the skittish mysticism of witches and warlocks. A radiantly optimistic view of human affairs has distinguished most of the central personages paraded during the past two decades: dogs, horses and porpoises in marvellous displays of intelligence, sheriffs of unstained integrity, noble waggon-trekkers with a far-away look in their eyes and never a memory of the murders they committed, policemen always ready to defend this man's property or that man's wife (because she is property, too), crime-busting lawyers of unshakable honesty and espionage agents (however dishonest, deceptive, cynical or cruel) pledged to the service of mankind. And why this abounding optimism, this vision of a society ballooning with benefits for the fun-loving, home-loving, adventure-loving, animal-loving, self-loving middle-class? Because television entertainment, particularly if it emanates from the putative consumer paradise of the U.S.A., must be basically plotted either to sell goods or, more subtly, to make the world safe for selling goods.

Consequently, portrayals of violence seldom relate killing to pain and suffering. Yet the prettification of killing, even in dramatic ritual, can help to impregnate audiences, perhaps unconsciously, with motivations and justifications for violence. The general assumption of Western and crime shows, for example, is that virtue must be accompanied by violence, and further, that virtue resides in entrenched institutions like Well's Fargo and the FBI. Glorification of violence is avoided, since it would spoil the bland diagnosis of life necessary for shoring up consumer confidence. Instead, and far worse, violence is calmly and unquestioningly postulated as a vital skill in the struggle for social and individual survival, particularly the struggle of right with wrong. Right and wrong are rendered almost as physical opposites; brutality is treated as inevitable in personal conflict, murder as the resolution to clashes

of character, opinion or ambition. Admittedly the violence is symbolical, but precisely for that reason it has impact. Wordsworth once described poetry as emotion recollected in tranquillity, and the other side of this coin is, I think, that any symbolic activity seen or heard in tranquillity will provoke an emotional response. It seems to me highly improbable, therefore, that audiences would remain unaffected by the moral drift in most exhibitions of television violence. And before rushing to embrace the cathartic argument, that such violence purges onlookers of violent instincts, or even the non-event argument, that onlookers simply do not connect such violence with any known reality, it might be chastening to heed the words of Marshall McLuhan: 'We are no more prepared to encounter radio and TV in our literate milieu than the native of Ghana is able to cope with the literacy that takes him out of the collective tribal world and beaches him in individual isolation. We are as numb in our new electric world as the native involved in our literate and mechanical culture'.⁶

McLuhan's basic claim is that the effects of TV and radio do not occur at the levels of opinions or concepts, but alter sense ratios and patterns of perception steadily and without resistance. If this is so, then the values encapsulated in television entertainment are mostly ingested sub-consciously, enabling moral standpoints to undergo change without much conscious decision-making from viewers. As an example of entertainment that appears to exist in a moral vacuum and to be entirely value-free, take *The Dean Martin Show*, which is fictional insofar as the performers (although using their own names) are public personalities adopting public poses and pretences for public amusement. On the face of things, it might be construed merely as a vaudeville programme, overlaid with songs, flimsy jokes and undergraduate sketches. Yet it is carefully rigged to imply that women are sex objects in a world where men are obsessed with chasing libido satisfaction. The double-entendre humour is encrusted with the winks, nudges and lascivious chuckles of the male ego as it forages for excitation. Women have no *raison d'être* other than to be conquered and are equipped with an almost reflexive capacity for yielding to sexual persuasion. There may be nothing reprehensible in adumbrating the general notion that promiscuity is fun—this is not at the moment in dispute—but ironically *The Dean Martin Show* has got away with it under the guise of providing respectable, so-called family entertainment. Even the Australian censors, never noted for liberality, virtually stamped it as suitable for children.

At the core of most electronic entertainment is a wishful-thinking version of reality, which is then exaggerated farcically, sentimentally or melodramatically (e.g., *The Dean Martin Show* propagates the male day-dream of limitless female availability, with its supplementary fantasy encouraging women to consider themselves siren seducers and constantly sought after sex objects). The artistic element in human behaviour, the exploratory, questing element, is depersonalized, sanitized and

neutralized, to be supplanted by formula relationships and a formula morality that will pamper the neuroses and illusions of middle-class consumers. Such entertainment is a negation of art. I would call it negative art rather than non-art, because it contradicts within itself the whole purpose of art. This is not the art in which man, by making pictorial and verbal images of himself, his beliefs and hopes and fears, seeks to enrich both self-consciousness and historical consciousness; this is a mode of propaganda in which man is condemned to the fate that Marx described as reification. Here man is an inanimate thing among other inanimate things, watching the repetitive, pre-ordained antics of inanimate representations. Here man is caught in a commodity culture where the cry of the huckster can always be heard and where the traditions of wit, satire, tragedy and lyric celebration only rarely supervene the demands of the market.

Value Dilemmas in Journalism

The problems of disseminating information are scarcely less spiky. Collectively, journalists would probably acknowledge the sting in Lord Acton's dictum: 'Truth always prevails in the end, but only when it has ceased to be in someone's interest to prevent it from doing so.' The finding of truth depends upon the freedom to search for it; and this freedom is continually obstructed, not necessarily deliberately or malevolently, by various competing interests in society. The journalist trying to uncover, confirm and publish facts is generally conditioned to take into account his proprietor's interest, the national interest, the readership or audience interest, and at times the interest of some sectional or pressure group. As a result, he may not be able to see his way clearly to the facts, or he may reject facts which seem to him inconvenient or contrary to one or other of those interests.

Walter Lippmann offered a classic critique of the journalist's dilemmas when he was commenting, more than half a century ago, on the reporting of the Russian Revolution and its immediate aftermath by the *New York Times*. In the *New Republic* of 4 August, 1920, he analyzed (in collaboration with Charles Merz) almost every key despatch in detail and came to the following conclusion:

The chief censor and the chief propagandist were hope and fear in the minds of reporters and editors. They wanted to win the war; they wanted to ward off bolshevism. These subjective obstacles to the free pursuit of facts accounts for the tame submission of enterprising men to the objective censorship and propaganda under which they did their work. For subjective reasons they accepted and believed most of what they were told by the State Department, the so-called Russian Embassy in Washington, the Russian Information Bureau in New York, the Russian Committee in Paris, and the agents and adherents of the old regime all over Europe. For the same reason they endured the attention of officials at crucial points like Helsingfors, Omsk,

Vladivostok, Stockholm, Copenhagen, London and Paris. For the same reason they accepted reports of governmentally controlled news services abroad, and of correspondents who were unduly intimate with the various secret services and with members of the old Russian nobility.

Lippmann was focusing only on the problem, still applicable to contemporary circumstances, of 'whether the reader of the news was given a picture of various phases of the revolution which survived the test of events, or whether he was misled into believing that the outcome of events would be radically different from the actual outcome'. And he says of the reporters and editors who were involved:

They were performing the supreme duty in a democracy of supplying the information on which public opinion feeds, and they were derelict in that duty. Their motives may have been excellent. They wanted to win the war; they wanted to save the world. They were nervously excited by exciting events. They were baffled by the complexity of affairs, and the obstacles created by war. But whatever the excuse, the apologies and the extenuation, the fact remains that a great people in a supreme crisis could not obtain the minimum of necessary information on a supremely important event.

This problem to which Lippmann pointed is still the endemic disease of journalism. There was, for example, the glaring error of Associated Press on 3 December 1958, the very night that General Batista fled Cuba, in filing a despatch which told of a decisive government victory at Santa Clara and of the Castro rebels being driven back eastward. Was this laziness or wishful thinking on the part of the reporter? Was he in the pay of the pro-Batista forces or merely ideologically committed to an anti-Castro stance? Was he hoping to influence the course of events by announcements which might inspire optimism about Batista's military and political strength? Or was he boxed in by myopic prejudices which stopped him from both seeing what was actually happening and reporting on it accurately? A further possibility is that, since Associated Press and United Press sometimes function as quasi-official U.S. wire services, he was simply under instructions to cast his material in a manner that would reflect favourably on Batista's chances of retaining power in Cuba.

Such a possibility ought not to be too lightly discarded. After all, the proprietors of the *New York Times* and of other major US dailies entered into a gentleman's agreement with the Administration not to print any information on the projected 1961 invasion of Cuba. Even when the invasion had been launched, most of these newspapers printed what their proprietors must have known was false information regarding its origin. In 1967, the managing editor of the *Times* belatedly confessed that this collusion with government had been a mistake, damaging to professional standards in journalism. It was, of course, an inevitable consequence of the *Times* wanting too indiscriminately to assist in

safeguarding what the President designated as the national interest. But once any taboo is sanctified on behalf of the national interest or the national security, other prohibitions are also likely to be involved. Or if not, then at least it will probably engender a clammy climate of journalistic apprehension and tentativeness, with newspapermen looking over their shoulders for government approval in the treatment of doubtful and controversial topics.

Belief in serving the national interest, or the common good, or the public benefit is not something which most Australian owners and editors would ignore as imponderable and insubstantial. But in formulating any such concepts they tend merely to idealize their own subjective wills and desires. Therefore they permit social change to be advocated and social dissent to be publicized only within limits implicitly understood by journalists. On some occasions these limits might even be explicitly delineated. John Locke's notion of the limits of toleration, expounded towards the end of the 17th century, has since that time become the philosophical underpinning of what might be called Anglo-Saxon, Westminster-type democracy; and in my view it largely accounts for the resiliency, elasticity and adaptability of capitalism in these countries. A journalist learns very early in his apprenticeship just how far he can stretch the tolerance of his employers or how far his employers are prepared to tolerate his individual interpretation of events and ideas. He absorbs, at various levels of consciousness, the needs and wishes, the values and codes, of his employers; and often he may identify with their goals.

He may not always be aware of these inhibitions and restraints. For he has grown up accepting the limits on human thought and behaviour which are imprinted on him by law and custom, by the power structure as a whole. He gets born into a society which has inherited certain rules, certain political attitudes, certain modes of conduct, and in which certain institutions—legal, ecclesiastical, academic, mercantile, military, parliamentary, financial—set socio-moral standards. In making his evaluations as a journalist, he will always find it hard to detach himself from this society; he is almost inescapably, as ex-Chief Justice Warren remarked of judges on the US Supreme Court, a participant in its living stream. So that the process of absorbing and, in his technique, instinctively allowing for his employer's interests does not take place simply within the one institution where he is employed; it occurs through contact with a wide range of institutions.

Yet some journalists still seem prone to quite extraordinary self-deception. At the 9th annual conference of the Association of Adult Education (Canberra, August 1969) I heard John Bennetts, formerly political correspondent of *The Age*, at that time a lecturer in the ANU and more recently employed by the Joint Intelligence Organisation, maintain that in all his years of reporting from the national capital nobody had ever given him any editorial instructions and he had been

left free to write virtually as he pleased. That may very well be so in a psychologically superficial sense. A few weeks later I heard a foreign affairs columnist on one of the Moscow dailies make, during a visit to this country, exactly the same claim; and I feel sure she was as convinced of her independence as Mr Bennetts. But I suspect that both these technically proficient journalists were not being quite as realistic as another correspondent from the Canberra press gallery who said to me slightly later in 1969: 'Well, the paper will be backing Gorton in the coming election, so I suppose I shall have to report the campaign within that framework'. He was at least conceding the existence of a framework of thought in which journalists do their work.

This framework, moreover, is not merely an editorial one, constructed out of declared policies, or proprietorial whims and vagaries. It is a framework erected on the ideological assumptions of the entire society, a framework which rests on the values, as I have suggested, of such institutions as the churches, the universities, the courts, the parliaments, the bureaucracy, the big companies and corporations. In matters of language, a closed system of meaning arises: as Marcuse has pointed out, there are words and phrases, permutations and combinations of sentences, which acquire emotional, political, aesthetic and moral connotations peculiar to that society. If, for instance, one uses the word 'strike' in Australia, it immediately conjures up (at least outside the active Labor movement) associative words and phrases like 'public hardship and inconvenience', 'radical agitation', 'irresponsibility', 'militant leadership', 'uncooperative workers', 'needless unemployment', 'bringing industry to a halt', 'holding the public up to ransom', 'disruption of law and order', and 'contempt for arbitral procedures'. Journalists enquiring into or reporting on a strike will be mostly inclined, through ingrained habit and training, to espouse this way of thinking and its linguistic mannerisms. Far too few dare to appraise a strike in what I take to be its proper philosophical ambience—as being concerned with the struggle for social and economic justice.

When we can speak in the capitalist democracies of a 'free press', we generally mean a communications industry free from governmental interference and censorship. When the Russians and the Eastern Europeans speak of a 'free press', they usually mean a method of publication and transmission free from monopoly-capitalist interference and censorship. I doubt that in either area of the world much effort has been put into defining the freedom of journalists. And whatever offences against this freedom may occur in communist countries, it does not thereby follow that Western journalists are among the blessed of the earth. The measure of freedom attained in Western reporting depends, as I said earlier, on what employers are prepared to tolerate; and where three or four employers with converging self-interests control the conditions of employment, as in Australia, this freedom tends to shrink. At the moment, journalistic independence in Australia, apart from the

anarchic (and often self-indulgent) cheekiness evident in some of the writers for the *Nation Review*, adds up to little more than permission from one's employers to interpret events and ideas within recognized and commonly assumed boundaries of taste, of politeness, of regard for the organization's political commitments, and above all, of regard for its great and powerful friends—whether these friends be individuals, companies, institutions or nations.

In 1969, Mr Edward St. John, the distinguished QC and former MP, voiced tremendous surprise at the way in which the mass media had concealed Mr Gorton's peccadilloes and distorted the essence of his own attack on the Prime Minister. I can only express surprise that the percipient Mr St. John should have been surprised, especially when he had already observed and assessed similar kinds of influences infiltrating the first official enquiry into the sinking of *HMAS Voyager*. It was Mr St. John's post-investigational probing that ultimately revealed deliberate finagling by the navy, the judiciary and the inner councils, of government to whitewash a dead officer (of good lineage and connections) while offering up for public sacrifice a live officer (who was without quite the same exclusive club status). Going even further back, most Australian journalists would recall the editorial and publishing embargoes on the reporting of the Orr case. For a blazing example of the unfeigned suppression of information, it is necessary only to look at the under-chronicled, badly chronicled, mendaciously chronicled saga of Sydney Sparkes Orr. But as one of my superiors was heard to ruminate at the time: 'Freedom is not everything; we must also consider the public benefit'. I would not like to have to count the sins of omission and commission perpetrated by the mass media in the name of the public benefit.

During the August 1969 seminar at which Mr Bennetts spoke, the Director of the Commercial Federation of Broadcasters, Mr Lloyd Sommerlad, put forward the consoling theory that truth is protected and bias eliminated in the media through the use of what he referred to as a news 'chain'—not the chain of ownership and control, which he charily avoided mentioning, but the assembly-line chain which sifts and sorts, rejects or headlines, cuts and builds on messages passed in from reporters. He seemed to be envisaging the sub-editor's room in a rather angelic light, as providing a gateway to perfect knowledge. I think instead that the conventional method of news gathering and reporting, which involves multiple decisions, is more likely to lead to the emasculation and dehumanization of individual communication. The trouble with those of us employed in the mass media is not so much that we produce for mass readerships or audiences but that we often condone what appear to be mass values (although these are usually only values designed to suit one facet or another of the employer's class interests) and fall back on mass production techniques (i.e., precisely Mr Sommerlad's 'chain').

The result is routine processing of material, the manufacture of just another item of consumption to assist man on his voyage to some earthly nirvana, where he can sit around all day eating southern fried chicken, drinking Coca-Cola, smoking Viscounts, watching *I Love Lucy*, wearing a unisex Maidenform bra, washing in Lux, reading Pan Am travel brochures and pretending there are no hire-purchase debts to pay. Far from safeguarding truth and banishing bias, this so-called news 'chain' would seem to me to guarantee that information is pre-conditioned to fit the employer's requirements. 'Objectivity', a phantom concept persistently adduced in capitalist democracies as the desirable journalistic ideal, becomes mere objectification—the process by which the journalist makes himself into an object, pretending to cope interpretatively with a world of objects but essentially divorced from his personality and projecting only what Lukacs calls 'his own objectified and reified faculties'.⁷

Admittedly a news or production 'chain' seems in one sense unavoidable. Putting television reports on the screen, for instance, demands the skills of cameramen, cutters and sound recordists as well as of journalists. Even collecting the data for a story can turn into a cumbersome engineering manoeuvre complicated by lights, cables, microphones and clapper-boards. The problem is whether these various links in the chain can be got working together in genuine cooperation rather than according to the conventions of the master-servant relationship. For nowhere is the master-servant relationship less appropriate than in newspaper and electronic journalism. Yet the framework of thought in which a journalist functions is generally formulated on the top hierarchical layer, then handed down, pyramidally, from a board of directors, to the managing director, the general manager, the editor/s, leader writers, sub-editors and thus to a broad base of specialist and general staff. Once again I am referring to a framework of thought, not necessarily to policy directions or editorial instructions. Remember that good and faithful servants will, if they wish to remain at their craft, always make correct suppositions about the preponderant interests of their masters. Coercion is superfluous where ideological subservience is regarded as belonging to the natural order of things.

I am not forgetting those outstanding journalists who, either as special writers or as editors, have refused to play the hireling. In this country, however, the number is not large. Because managements decide on the allocation of resources and on nearly all questions of conceptual approach, emphasis, manner and presentation, a journalist feels ambushed, almost completely deprived of self-respect and job integrity, obliged to aim for no more than some reconciliation between his own interests—primarily the interest in career advancement—and the interests of his employers. Even editors, who often possess intense vocational pride, are far from immune to the anguish of split loyalties: truth competes with personal convenience, concern for staff morale

with the preservation of the management ethos. Editors, indeed, are probably trapped in the most contradictory situation of all media workers: the servants of masters and the masters of servants, bailiffs with a duty to the lords and a responsibility to the vassals. It is remarkable—and perhaps an encouraging indication of growing self-awareness—that in recent years Australia's more strong-minded editors have been disinclined to climb higher on the proprietorial ladder and instead have opted for early retirement into freelance writing or academia (e.g., Rivett, Pearl, Deamer, Horne, Pringle)—presumably so as to escape the risks and rigours of intellectual schizophrenia. Of that hardy breed and generation, only Graham Perkin, the editor of *The Age*, stays on in brave, quixotic defiance of destiny.

Ensuring a free flow of information to the public is an ethical undertaking. And information has to be tested, weighed, analysed, interpreted: I doubt that there is any such manifestation as 'pure information' unless it is, as Marshall McLuhan suggests, the electric light. The work of a journalist is not simply that of a kind of traffic policeman, watching over the flow of information from sources to public and waving it on at arbitrary intervals. Information can come to a journalist as lies, rumour and distortion; it can be planted by ambitious or unscrupulous politicians; it can be fed in by public relations men and lobbyists. Journalism therefore should not be for the paid scribe who will write to instructions, or who will make himself into an accomplice of government for the sake of some dubious notion of the national interest, or who will permit himself to become the pawn of politicians in return for tidbits of political scandal, or who will readily regurgitate public relations handouts because it saves him the effort of finding the facts, or who will, for the price of an airline junket to a foreign country, concoct rose-coloured accounts of that country's thriving trade, happy inhabitants and benevolent rulers.

Journalism, or the chronicling and interpretation of daily events, is a branch of history; its task is to provide a running commentary on issues in the public arena, and to show, if possible, which way the historical wind is blowing. It is at least a periodical guide to history, and when deficient in that high purpose it far too easily slides into corruption, triviality, commercialism or gentility. I am not arguing that journalism ought always to be grave, stately and solemn, that it should avoid humour, irony and passion, that it should deal only in momentous occurrences and ignore small happenings in side-streets. For small happenings may sometimes swell into major crises which a journalist with the intellectual discipline and freedom of an historian should be able to anticipate (e.g., Edgar Snow with the Red Army in China during the 1930s, Herbert Mathews interviewing Castro in the Sierra Mestre).

A consciousness of history, of its development and onward movement, must begin with a consciousness of self, particularly of one's relation-

ship to the means of production and distribution. In the past, journalists in Australia have tended to take refuge from their frustrations and humiliations in either cynicism or careerism. Only recently have significant numbers of them accepted the need for radical self-examination and so lifted themselves out of mechanical news-gathering into the realm of historical consciousness. The results can be seen, at least skeletally, in their publication *The New Journalist*, where professional standards are discussed in more than craft or how-to-do-it terms and where professional practice is understood to be more than a matter of custom and usage, trial and error, hit-or-miss. What seems to be emerging, for the first time on a worthwhile scale, is the realization that, if journalists are to break free from a traditionally subordinate work situation, they must be prepared to give one another, on ethical issues, the sort of collective backing which they have occasionally applied in the sphere of wage awards.

Is Workers' Control a Practicable Alternative?

Industrial action to protect professional standards can, however, achieve only limited ends within the demands of a market economy. While the media remain essentially tied to hard selling—i.e., to increasing circulation or audience size and to promoting the goods and services of other industries—then journalists and programme producers will never be able to control their own conditions of work. All they can expect is some modification of the existing operational structure, perhaps to allow for worker participation as in *Le Monde*, where journalists are represented on the editorial board, perhaps to allow for a pluralistic approach towards the presentation of news and entertainment, as in certain areas of Dutch broadcasting, where programme units are openly aligned with one or other of the dominant political parties. Admittedly worker participation, with its corollary of institutional allegiance or house loyalty, can become just another sophisticated method of capitalist containment, and cultural pluralism just another illusory way of aiming for that so-called harmony of interests which is supposed to make capitalist society self-regulating. Even so, these changes would at least take the struggle on to higher ground and bring the workers into something like direct confrontation with the owners. For unless and until this basic conflict is clearly defined, and the battle lines drawn in full recognition of the class reality dividing the opposing sides, there is little point in constructing models of workers' control. It would be an exercise in sheer utopianism. We are dealing with an industry unsupported by any public philosophy, yet feeding parasitically on the phlegms and fevers of the body politic; an industry muddled by duplicity, chicanery and fraud yet capable of clear, cascading brilliance; an industry confused and contradictory in its principles yet possessing the ubiquitous, permeative communal strength of the medieval church; an industry which reflects both the irrationality of capitalist organisation

and the rationality of so much human expressiveness. Such an industry does not yield easily to theoretical analysis and its problems will be resolved only by praxis, as the workers test their theories in action against the owners.

NOTES

- 1 Eugene Lyons, *David Sarnoff* (Harper and Row, New York, 1966).
- 2 These and several other US companies partner the US government in Comsat, the Communications Satellite Corporation, which was formally organized as a private corporation in February 1963. Under the terms of the Communications Satellite Act, three of the board of directors were to be named by the President of the USA, six were to be elected by the industry segment and six by public shareholders. According to McGeorge Bundy, then an aide to President Kennedy, 'Comsat was established for the purpose of taking and holding a position of leadership for the US in the field of the international global commercial satellite service'. In the following year, Intelsat—the International Space Communications System—was formed as a consortium, with Comsat holding the dominant interest (then 61 per cent, now about 53 per cent). OTC of Australia holds 2.75 per cent, the UK Post Office 8.4 per cent, and there are lots of other interests, all overshadowed by Comsat. The purpose of Intelsat is to provide paying customers for Comsat, thus giving US television a global dimension.
- 3 *Commonwealth Parliamentary Debates*, 133, p. 841.
- 4 *ibid.*, p. 845.
- 5 Ian G. Mackay, *Broadcasting in Australia* (M.U.P., 1957), p. 39.
- 6 Marshall McLuhan, *Understanding Media* (Routledge and Kegan Paul, London, 1964), p. 16.
- 7 Lukacs goes even further: 'The journalist's "lack of convictions", the prostitution of his experiences and beliefs is comprehensible only as the apogee of capitalist reification'. These comments are from the essay on *Reification and the Consciousness of the Proletariat*, published in *History and Class Consciousness*, by George Lukacs (Merlin Press, London, 1971), p. 100.

THE IDEOLOGY OF THE LABOUR MOVEMENT

BOB GOLLAN

THE MEANING OF ideology is itself the subject of a debate which will not be entered into here. In this chapter, ideology will simply be used to mean those ideas, opinions, and attitudes which can be identified in the statements, policies and actions of the men and institutions which make up the labour movement. Because these are often quite divergent, it is impossible to say explicitly what the ideology of the movement is. At best it is possible to identify the currents flowing at any time which make contributions in differing degrees to whatever consensus the movement achieves. The continued existence of the movement is evidence of a degree of consensus. The internal struggles which are always present and the splits, which have riven the movement from time to time, are equal evidence of the conflicts of opinion as well as the divergence of interests within it.

Historically the ideas of trade unionism have made the greatest single contribution to the ideology of the labour movement. But to them must be added a bundle of other ideas drawn from the ideology of liberalism, socialism, and a number of other bodies of opinion which incorporate a critique of capitalism or some of its institutions, and prescriptions for the ills which are believed to arise from them. In addition there are conclusions drawn from experience of which the most compelling is that of the ALP as a party seeking to achieve and hold office under a parliamentary system.

Early Trends: The ALP Programme of 1905

The labour movement in its modern shape dates from the last decade of the nineteenth century when the ALP was formed. It was formed primarily by trade unionists who were seeking an additional means of achieving trade union objectives but who were also deeply committed to the ideas of liberalism and parliamentary government. A minority had also been exposed to some socialist and collectivist notions which

encouraged them to see a distinction between themselves and those who shared their liberalism.

The objective adopted by the first full-scale national conference of the ALP, held in 1905, established a kind of labour orthodoxy. It was a compromise between a number of proposals and constituted a common denominator of opinion within the movement. While the wording is vague the sentiments expressed are perfectly clear. The objectives read:

1. The cultivation of an Australian sentiment based on the maintenance of racial purity and the development in Australia of an enlightened and self-reliant community;
2. The securing of the full results of their industry to all producers by the collective ownership of the monopolies and the extension of the industrial and economic functions of the State and the municipality.

The first clause summed up the national aspiration which was generally accepted within the movement, the second was a compromise between those who wanted no collectivist element in the platform and those who argued for nationalisation.

Much has been written about the quality of the national sentiment which imbued the labour movement, and extended beyond it, at this time. It had been stated brutally by *The Bulletin* nearly twenty years earlier (2 July 1887) in its definition of Australian.

. . . By the term Australian we mean not those who have been merely born in Australia. All white men who come to these shores—with a clean record—and who leave behind them the memory of the class distinctions and the religious differences of the old world; all men who place the happiness, the prosperity, the advancement of their adopted country before the interests of Imperialism, are Australian. In this regard all men who leave the tyrant-ridden lands of Europe for freedom of speech and right of personal liberty are Australians before they set foot on the ship which brings them hither . . . No nigger, no Chinaman, no lascar, no Kanaka, no purveyor of cheap coloured labour, is an Australian.

Australia, it was asserted, was a democratic society in which men were equal, but some people had to be excluded from the enjoyment of its benefits, namely those who accepted the class distinctions of Europe and all non-Europeans. What few opponents there were of the unqualified racism of this position couched their feeble arguments in terms of avoiding racial conflict by maintaining racial homogeneity. A white Australia as a present fact and a continuing objective was the first and almost unquestioned element in labour ideology.

As to social and economic objectives within the nation there was some difference of opinion. Socialism, so far as it contributed to labour ideology, was of a fragile and incoherent kind. In the late nineteenth century Bellamy's *Looking Backward* had a great vogue as a book, and

in the excerpts from it published in labour journals. Its picture of the socialist utopia, however unappealing it may appear in the 1970s, met a need in the minds of the late nineteenth and early twentieth century. It posed a possible alternative to existing capitalist society and confidently predicted that social evolution was in the direction of socialism. While it lacked any political program, it provided an ultimate objective to be reached by gradualism. More stern socialist doctrine in the form of popularisations of Marx and other European-oriented socialist thinkers influenced a minority, but in most cases by the early 1900s they had split off from the mainstream of the movement to form dissident socialist sects. Only in Victoria, partly because of the influence of Tom Mann, did the idea of nationalisation of the instruments of production, distribution and exchange carry much weight in the unions and Labor Party. The Victorian proposal to the 1905 conference that nationalisation should be the objective of the ALP was defeated in favour of the clause as adopted.

The most pervasive of the trends of opinion which contained a critique of capitalism or some of its institutions and looked forward to some form of public ownership may be called populism. The similarity to the phenomenon of populism in the United States is striking and the American influence on Australia is evident. In the United States populism was primarily a movement of farmers which at certain times gained the support of sections of the workers. It was a response to acutely felt grievances which were themselves a direct consequence of the transition of the United States from a primarily agrarian to a primarily industrial economy. But what the farmers saw were powerful and rapacious railroad companies taking advantage of a monopoly position to charge extortionate freight rates; grain elevator companies who plundered them; and trusts who claimed heavy tribute for the supply of agricultural machinery, fertilisers and other necessities. So the People's Party, formed at about the same time as the Labor Party in Australia, called for the nationalisation of those areas of industry and commerce which bore most heavily upon the farmers.

What was the most marked characteristic of populism in America, however, was the belief in a conscious conspiracy against the interests of 'the people'. It centred on the 'money power'. In this version the long-term decline in prices of agricultural commodities was due to restriction of the money supply caused by the machinations of bankers and financiers. They constituted the 'money power' and were the decisive cause of the poverty of the people. In Australia, the depression of the 1890s, with the wholesale collapse of banking institutions and the ruin of small depositors and investors, made an explanation in terms of the 'money power' attractive. A belief in its existence became a permanent component of labour ideology, emphasised more by some than by others; an almost mystical entity which manipulated society against the interests of the people. In 1917 in his pamphlet, *The Kingdom of Shy-*

lock, Frank Anstey, a leading member of the ALP in the Commonwealth Parliament, put it this way:

The 'Money Power' is something more than Capitalism. It is its product and yet its master. 'Capitalism', in its control of the great agencies of production, is observable and understandable. The other lurks in vaults and banking chambers, masquerading its operations in language that mystifies or dazzles.

The idea of the 'money power' had important consequences in that control, or nationalisation, of the banks became one of the highest priorities in labour thinking.

The program of 1905 looked forward to a modification of capitalism by bringing under public control monopolies which were considered to operate against the public interest. More generally it incorporated the idea that the extension of the economic functions of the state were desirable. But, except as a remote ideal, it rejected the socialist solutions advocated by a minority. Some socialist ideas persisted on the periphery but the main body of the movement was practical and pragmatic. The ALP was preoccupied with the problems of winning office without seriously criticising the institutions which it hoped to control. The trade unions looked to industrial arbitration as the means by which they would best serve the interests of their members.

OBU (One Big Union) and the Socialisation Objective of 1921

As the ALP approached and attained office in the Commonwealth and a number of the states (the first majority Labor governments being in the Commonwealth and New South Wales in 1910), it became increasingly preoccupied with the problems of winning elections, and when in office, administering a capitalist economy. This dampened whatever enthusiasm there was in the parliamentary parties for radical reform. Thus the Commonwealth Labor Government of 1910-13 achieved little of a distinctively labour character: for example an attempt to curb the monopolistic practices of the coal vendors failed as a result of court decisions, and the Commonwealth Bank set up by the government was so structured that it could do nothing to implement the idea of attacking monopoly in banking. Disillusion with the parliamentary performance of the ALP stimulated a left wing critique which was focussed in fringe socialist parties and groups and which extended into the rank and file of the ALP and the unions. This reached a peak in the years immediately after World War I.

In 1921, an Australian trade union congress was called on the initiative of the federal executive of the ALP with the aim of bringing the unions closer to the party. The congress decided that the objective of the ALP should be, 'the socialisation of industry, production, distribution and exchange'. It went on further to agree that the way to achieve socialism was by the nationalisation of banking and the main industries;

that nationalised industries should be run by boards representing both the workers in them and the community generally; and that the boards running particular industries should establish a supreme economic council to control the economy as a whole. The latter proposition was later amplified to provide for a Council of Action of the unions which would work in co-operation with the ALP. The aim of the Council of Action would be to work towards the creation of one big union (OBU) of the working class. The objective of the OBU was set out in the preamble adopted by the Congress.

There could be no peace as long as want and hunger were found among millions of working people and the few who constituted the employing class had all the good things of life. Between those two classes the struggle must continue until Capitalism was abolished. Capitalism could only be abolished by the workers uniting in one class-conscious economic organisation to take and hold the means of production by revolutionary industrial and political action These conditions [capitalism] could be changed, and the interests of the working class advanced only by an organisation so constituted that all its members in any one industry, or in all industries, should take concerted action when deemed necessary, thereby making an injury to one the concern of all.¹

This was the most radical programme ever adopted by a representative conference of the labour movement.

The streams of ideas which led into this conference came from a number of sources, in particular, various socialist groups and parties, and from the ideas and experience of the Industrial Workers of the World (IWW). Their success in momentarily dominating a large conference was due to the circumstances of the time. The two most important socialist groupings were the Victorian Socialist Party (VSP) and the Australasian Socialist Party (ASP), the latter being based in Sydney. They had both for the previous fifteen years been advocating variants of a Marxist interpretation of capitalism and political tactics to be employed to replace it by socialism. The socialist objective was common to all socialist groups but the means of achieving it was the question in dispute. The differences centered around such matters as whether the struggle for socialism could be best fought by independent propaganda and educational organisation, by putting forward socialist policy and perhaps standing socialist candidates in parliamentary elections, or by applying the main effort to influencing the ALP. There was a further difference between those who believed in the primacy of political action and those who, like the IWW, considered that industrial struggle was the only effective means of undermining capitalism and establishing a socialist order. In the 1921 congress, all of these ideas were present and from the conflict of arguments and votes emerged an eclectic statement which is important for the evidence it displays of the ideas present, rather than for any practical consequences which flowed from it.

At the Commonwealth conference of the ALP which took place late in 1921, the radical program of the union congress was heavily pruned by politicians who saw it as an electoral liability. Despite strong opposition, the socialisation proposal was retained, as was the supreme economic council, but they were both relegated to comparative obscurity in the party program: socialisation became the 'objective' of the party and the methods agreed to by the congress (for example the supreme economic council) were simply designated as an amplification of the objective. At the top of the 'fighting platform' the 1905 objective was retained, namely 'the cultivation of an Australian sentiment. . .'. Socialisation was effectively put into cold storage, from which only the left of the labour movement and the opponents of labour were anxious to withdraw it. The OBU proposal suffered a more protracted demise.

The idea of the OBU was current from 1918 when, on the initiative of the Miners' Federation, a congress of New South Wales unions was convened by the New South Wales Trades and Labor Council. Inspired by the ideas of the IWW and to a lesser extent of guild socialism the congress decided to form The Workers' Industrial Union of Australia (WIUA) the purpose of which was set out in the preamble to the findings of the congress:

action to secure a complete change, namely, the abolition of capitalist class ownership of the means of production—whether privately or through the State—and the establishment in its place of social ownership by the whole community.

This was to be achieved by 'the workers uniting in one class-conscious economic organisation to take and hold the means of production'.² The way to reach the stated aim of the preamble was by the social ownership and workers' control of industry, but the statement was sufficiently general to allow people with differing assumptions to make what they would of it.

One strand of thought present in 1918 was that, by adopting an alternative life style, people could begin the process of building 'the structure of the new society within the shell of the old'. In the view of one historian, this was the only truly revolutionary position ever adopted by any Australian radicals. It was a minority position even amongst the advocates of the OBU, the majority seeing the future in terms of the need to organise to achieve power. Some of those who were concerned with power saw the means as being the creation of a powerful industrial organisation which would take over control of society from the class state and its administrative apparatus in the form of parliaments and governments. Others, who proved to be the stronger, saw merit in an industrial organisation which would also act politically.

By 1920, the idea of the OBU had spread widely throughout the country but at the same time the movement had lost its more radical element, namely the belief that the OBU should be built from the grass

roots and should constitute an alternative to the existing trade union structure. It had become a matter for negotiation between trade union officials, although in a number of unions the membership was offered the opportunity to vote for or against entering the WIUA. Only the miners voted in favour and the union became the mining department of the WIUA, the only department ever to be formed.

The decision of the 1921 congress to establish the OBU was the beginning of the end. In a series of meetings between 1922 and 1924 the difficulties rather than the advantages in forming the union were emphasised. Such difficulties included the problem of whether the combined union should seek registration in the arbitration court and whether existing agreements and awards would be endangered if unions dissolved to become part of a larger entity. There were also problems associated with the property of existing unions. The project was killed when the Registrar of the Commonwealth Arbitration Court refused registration, but the original idea was already dead before the court gave the quietus to the proposal. The OBU lived on only in the name of the Miners' Federation and in the ideas held by individuals about the merits of greater unionism.

The same surge of radicalism which carried the ideas and proposals for organisation already discussed led to the establishment of the Communist Party of Australia (CPA). In the immediate post-war years the example of the Russian revolution was a compelling argument in favour of accepting the theory and practice of the bolsheviks, for had not the bolsheviks alone amongst the socialist parties succeeded? In addition the establishment of the Comintern in 1919, backed by the powerful exposition of his views by Lenin, systematised the principles of bolshevism. All socialists were interested and some sought to become legitimised as the bearers of bolshevism in Australia. The criteria were set out in the twenty-one conditions adopted at the second congress of the Comintern in 1920. Any party seeking recognition by the Comintern was required to accept them.

The twenty-one points were designed to separate those who accepted the bolshevik view of revolutionary theory and tactics from those who accepted any other approach. Agreement with the idea of the dictatorship of the proletariat was the *sine qua non* of party membership, and associated with it there must be a willingness to denounce not only the capitalist class but also the reformists in the socialist movement, whose rejection of the concept of the workers' dictatorship made them instruments of the bourgeoisie. All such reformists must be removed from positions of responsibility in the party and replaced by people who met the necessary conditions. Such drastic action was necessary, it was stated, because in most countries of Europe and America the class struggle was entering the phase of civil war. Under these circumstances the party must be tightly organised and capable of carrying on illegal activity in the army and elsewhere.

Additional requirements were that parties wishing to become part of the Comintern must call themselves the Communist Party of the relevant country (there could be only one such party), must accept the decisions of the Comintern and must adopt a centralised system of organisation founded on the principle of democratic centralism. In countries which had colonies the party was required

to support every colonial liberation movement not merely in words but in deeds, to demand the expulsion of their own imperialists from these colonies, to inculcate among the workers of their country a genuinely fraternal attitude to the working people of the colonies and the oppressed nations, and to carry on systematic agitation among the troops of their country against any oppression of the colonial peoples.³

Iron discipline would be required in the parties, and all those who did not accept its policy and principles of organisation would be rigorously excluded—in particular a close watch should be kept on members who were also members of parliament.

The ideas about organisation were to remain as essential principles although the strategy of the party would change in response to interpretations made of the current situation. Thus, at the third Comintern congress in 1921, a distinct change in policy occurred. By then it was clear that the revolutions expected in Germany, Italy and Hungary had failed. While not abandoning the proposition that the capitalist system was in a state of prolonged crisis, the congress acknowledged that the 'first period of the postwar revolutionary movement... appeared in significant measure completed'.⁴

To deal with the new situation the tactic of the united front was enunciated in 1921. This meant that without abandoning their separate and distinct organisation, communist parties should try to make alliances with non-communist workers to win immediate gains, such as better working conditions. Following an intense factional struggle between, and within, the various socialist organisations in Australia who sought to be recognised as the communist party, a communist party was recognised by the Comintern late in 1922. It was dominated by men who had been operating a united front strategy for some years not simply because they followed the dictates of the Comintern but because they were trade unionists for whom this was the most natural form of political action.

All of the radical trends in thought and action in the post-war years were a result of the war and the economic difficulties which followed it. All socialists agreed that the cause of war was capitalism. The first congress of the Comintern had addressed itself to the workers of the world in the words,

'Remember the imperialist war!' These are the first words addressed by the Communist International to every working man and woman wherever they live and whatever language they speak. Remember that because of the existence of capitalist society a handful of imperialists

were able to force the workers of the different countries to cut each other's throats. Remember that the war of the bourgeoisie conjured up in Europe and throughout the world the most frightful famine and the most appalling misery. Remember that without the overthrow of capitalism the repetition of such robber wars is not only possible, but inevitable . . . ⁵

There was an equally general belief that the economic dislocation caused by the war was but the prelude to a general economic crisis to which the only solution was a socialist one. However, as the war receded and economic conditions improved, the urgency of 1919 declined. In Australia there was a minor economic boom which reached its peak in 1926-27. Coinciding with the recovery went a decline in the radicalism of the labour movement. The CPA scarcely grew, the unions abandoned their revolutionary stance, and the ALP, except for New South Wales where Lang carried through important welfare reforms, was politically futile. The only element of the earlier revolutionism which persisted into the late 1920s was a sentiment for internationalism. The trade unions conducted a 'hands off China' campaign. The founding conference of the ACTU in 1927 set up a peace committee,

to establish a Bureau of Peace, and to keep in close touch with the working class of all nations, particularly those bordering the Pacific, for the purpose of helping to prevent future war and to help to bring about world peace.⁶

In furtherance of this aim, the ACTU affiliated with the Pan Pacific Secretariat which had been formed at a trade union conference at Hankow in 1927. They published a journal, the *Pan Pacific Worker*, and sent delegates to conferences in Asia, the latter activity being the first serious contact with the labour movement in other countries and a distinct departure from the xenophobic stand of the traditional labour movement. The honeymoon was brief, however, the ACTU withdrawing its affiliation from the Pan Pacific Secretariat in 1930. This resulted mainly from right-wing pressure in Australia but also from the change in communist strategy which coincided with the onset of the great depression.

Depression, Socialisation Units and the CPA

The great depression of the 1930s was a harsh test of labour ideology. The complete failure, both in the Commonwealth and state spheres, of Labor governments to shield the society from the consequences of the depression (which reached the depths in 1932, when about one in three of the work force was unemployed) brought them under most violent attack from both left and right. Only Lang, by means of his radical demagoguery, retained significant support from the left, and by the same token became the blackest ogre in the eyes of the right. From the left, the criticism was that the Labor governments had failed to carry out

Labor policy. But what was Labor policy? In official statements issued by union and ALP conferences there was usually a ritualistic bow to the proposition that unemployment was inherent in capitalism and could only be solved by the socialisation of industry. But, having observed the ritual, conferences then got down to the advocacy of particular measures which they believed would make capitalism work more equitably for the working class. The most widely held beliefs were grounded in the assumptions of under-consumptionist economic theories. This attitude has been summed up by Louis:

With scant regard for the niceties of terminology, however, most union spokesmen referred vaguely to 'the shortage of money', or occasionally even more vaguely to the shortage of 'meal tickets', and their major line of reasoning was developed from the observation that the pay they received enabled the workers to purchase only a portion of the commodities produced. Thus for most propagandists, increased purchasing power meant higher wages and an income for those at present unemployed. They argued that an increase in purchasing power would stimulate demand and this would lead to a revival of industry and more employment. In direct contradiction to deflationary theorists union spokesmen were convinced that prosperity and high wages went hand in hand; but they rarely endeavoured to explore very far the ramifications of the purchasing power argument.⁷

Linked with the idea that greater purchasing power was needed was the idea that the banks and other monetary authorities were responsible, and must be reformed. In Douglas Social Credit theory, which had an influence extending beyond its nominal adherents, expansion of credit was the single prescription necessary. For others it was one of the most important. As to why the banks could not see the self-evident truth of the under-consumptionist argument, there were various explanations. The one which was most widely accepted was that it was a conscious conspiracy of the 'money power' to break down the Australian standard of living. Under-consumptionist beliefs delayed, but did not prevent, Labor governments from implementing the deflationary measures urged on it by business, conservatives, the right wing of the ALP, and its technical advisers. Lang tried to have the best of both worlds: in words he attacked the 'money power', particularly the overseas bondholders; but in practice he put into effect a deflationary policy.

In New South Wales the idea of socialism as an alternative to capitalism made some headway during the depression. In February 1930, the metropolitan conference of the New South Wales ALP decided to 'set up a committee to devise ways and means to propagate the first and principal platform of the party—the Socialisation of Industry'.⁸ Two months later it was adopted by the state conference and a committee was appointed to propagate the idea of socialisation. Under the direction of a central socialisation committee, socialisation units were established in association with ALP branches. Through them an

eclectic socialist critique of capitalism was disseminated. The critique may be summarised as follows. The depression was the final crisis of capitalism, brought about by its own internal contradictions. The depression intensified the class conflict, which would be resolved only by the social revolution in which the working class would take power and socialise the major means of production. This could only be done by the Labor Party, which was the mass party of the working class, but how was a matter on which the propagandists were vague. They assumed that the depression experience, in conjunction with socialist propaganda which explained to the workers the cause of their suffering, would create a class conscious working class capable of taking power. As Cooksey puts it,

given such a working class, the party could, during the social revolution, take over political power—bloodlessly, it was hoped. But there was considerable uncertainty concerning the method of the take-over; an election with a ‘socialism in our time’ mandate, the crumbling of the capitalist class before the irresistible force of the preponderant working class, a general strike, a mass insurrection—all seemed to be possibilities.⁹

The greatest achievement of the socialist propagandists was at the state conference in 1931.

By a narrow majority this conference adopted something more than a socialist objective. It also adopted a plan to achieve socialism in three years. The three-year plan included the vesting of all ownership and control of specified properties in a people’s government. Such properties would then be managed by industrial commissions with direct workers’ and producers’ control. But the victory of the socialist propagandists was short-lived. Lang and his party managers had been prepared to give the enthusiasts a free hand so long as they dealt in generalities, but a three-year plan (easily identified by anti-socialists with the Soviet five-year plan) was a different matter. By means of skilful manoeuvre, coercion of delegates, and ridicule of the utopian proposals, the three-year plan was recommitted and defeated. This was not the end of the socialisation units, but they now had the active opposition of the Lang group, which moved steadily against them and succeeded in having them disbanded two years later. In the meantime socialist ideas were widespread amongst the rank and file of the party—but there was a lack of unity amongst the activists, one group splitting off and joining the CPA.

The Communist Party, following the Comintern, had fully formulated its depression policy by 1930. The *Theses of the Central Committee Plenum Communist Party of Australia*, of June 1930, set out their position. The working class, it was asserted, was under attack from the capitalists, the Commonwealth Labor government, the State governments and reactionary trade union officials. Under the impact of the deepening crisis the workers were becoming more radical, but it was

the function of the Labor leaders to divert this radicalism from an attack on the capitalist system and indeed, for Labor governments to lead the offensive against the workers. As the Theses put it,

The class conflict has reached such a stage that all the forces of reaction are driven into one camp, from whence they must concentrate their drive against the working class. This, in itself, raises the conflict to a still higher stage.¹⁰

Only the CPA truly represented the interests of the workers, so the task was to build a mass party, based on the factories, which would expose the treacherous role of the ALP and lead the workers in militant struggle. Later policy statements announced that the aims of the Communist Party were to smash the power of the capitalists and big land-owners, withdraw from the British Empire, and set up a workers' and farmers' republic, in other words, establish the dictatorship of the proletariat. Most of the policy was encapsulated in a series of slogans:

Down with Imperialism. Down with Capitalist Governments. Down with Labor Traitors. Down with Langism. Down with Fascism. Long live the Dictatorship of the Proletariat. Long live the Workers' and Farmers' Soviet Republic of Australia.¹¹

The Communists' claim that they alone represented the real interests of the workers was not accepted by any but a small minority, although during the depression Communists reached positions of leadership which during the next twenty years gave them positions of strength in the trade union movement; positions which they used for reformist rather than revolutionary purposes.

War and the Welfare State

During World War II, welfare stateism became the fully articulated policy of the labour movement. Its assumptions were generally accepted, with only marginal differences being expressed by communists and those who based their thinking on catholic social doctrine. Late in 1943, Chifley wrote three articles which were published by the major newspapers.¹² It was one of the rare instances in Australian history of a leading member of the ALP expounding the objectives of the policies which he seeks to implement.

The introduction to the first article contains the nub of the case.

Before the war, too many lives were dominated by the fear of unemployment, and too little real effort was made by Governments and administrators to banish it. During the war that fear has been absent. So far from its being difficult to find jobs, the problem has been to find people for the tasks waiting to be carried out. In winning the war we are learning ways of controlling our affairs by which we can put an end to fear and of enforced idleness. After the war we shall not willingly go back to conditions in which widespread unemployment is a commonplace.

The war, he said, had enforced planning to utilise all available resources, including the capacity of people to work. This had not been done in the inter-war years. It would not be done after the war if it were left to the free play of the market. There would be enormous needs and in the provision of these, 'Governments as well as private enterprise will be called on for leadership, initiative and imagination'. In meeting these needs the government had to determine the priorities and institute or retain controls to ensure that they were applied. Chifley continued:

To take our building example again, we shall have to regulate the competing demands for materials and skilled labour, of housing, slum clearance, industrial and commercial building, hotels, schools, and general maintenance work. Unless these demands are sorted out in an orderly way and allotted broad priorities, costs of more essential building will be unnecessarily inflated and work on it delayed.

In this view there is a direct relationship between the maintenance of full employment as a prime social objective and the fulfilment of material needs. Nor is there any conflict between social aims and the need for personal expression. Full employment is the object, but in Chifley's opinion:

This does not mean that the Government has no ideas beyond work for work's sake, although I believe that productive labour gives a real satisfaction, quite apart from the goods produced or the wages earned.

Wartime experience and Keynesian theory came together and fortified each other to provide a vision of a modified capitalism, in which the best interests of all would be made a reality.

Chifley did not believe that these objectives could be achieved by one country in isolation. High levels of employment in other countries, variation of tariff policies and a stable world monetary system were essential to the prosperity of a country as dependent on external trade as Australia was. Also, there was the problem of Australia's near neighbours.

Round the Indian and Pacific oceans, there are many countries whose economic productivity is extremely low; some of them have huge populations living, with few exceptions, at subsistence levels Any moves to increase the productivity of their economies and the living standards of the masses of their people, as well as being good in themselves, offer expanding markets for our foodstuffs and our manufactures.

Full employment, high productivity and the free movement of goods were self-interested aims, but at the same time they served the interests of all in this view.

Full employment, to be achieved by the determination of economic objectives and planning to implement them, was the road to social

security, but there was a need also to plug the gaps by a social security scheme. The idea of a national welfare fund was advanced as an alternative to a system of national insurance previously proposed. To be paid for from income tax, it would initially meet the costs of maternity allowances and funeral benefits, but would ultimately also pay for unemployment and sickness benefits and comprehensive health and medical services.

In a lecture, H. C. Coombs, while denying that he was expressing ALP policy, made the assumptions lying behind the policy even more explicit. Post-war production, or the bulk of it, he said, would be carried on by private enterprise, but there would need to be a much closer relationship between governments and industry than before the war. As a result of the war, both government and private enterprise had greatly increased their capital equipment, and skilled labour and managerial expertise had expanded. It was essential that these should not be wasted. The role of the government was to ensure full employment, which could only be achieved by investment, with the consequent growth of the economy. To this end the government would need to invest to keep the economy growing. It would also need to know the extent of investment by private enterprise.

The objects of this partnership would be job security, a rising standard of living, and social security against unemployment, old age and sickness. The physical environment, too, was a part of the standard of living, and could only be satisfactory if it were planned. There were costs to private enterprise if these objects were to be achieved, but benefits also. The costs included limitation of the freedom of industrialists to determine the location of their industry, the possible need to modify the protective tariffs behind which industry had previously sheltered and the possibility that full employment could result in a less tractable work force. On the other hand the government's contribution would include capital, technical training of the work force, the encouragement of research valuable to industry, the stabilisation of the market by full employment and social security and the securing of overseas markets. There remained the question, he said:

does industry accept the broad social objectives which the Government will set itself in the post-war period? If so, I believe it will be willing to accept the limitations on its complete freedom and to operate within the framework established by those objectives.¹³

These were the lines of policy which the post-war Labor government attempted to put into effect and which remain as the main principles of Labor orthodoxy to the present time.

The communist criticism of this orthodoxy in 1945 was muted by the desire to achieve a united front with the ALP. The thinking behind the policy was moving in the right direction, they thought, but did not go far enough towards public ownership—but overall the CPA approved of

the intentions of Labor in office. The later confrontation between Communists and the Labor Government were influenced more by trade union strategy, the requirements of Soviet foreign policy, and the vainglorious attempt of the CPA to seize the leadership of the mass labour movement, than by any serious critique of the basis of Labor ideology. The position of those who propagated catholic social doctrine was different. Distributism involved movement in a different direction.

Catholic social policy for the post-war society was set out in a number of statements produced during the war, such as *Justice Now* and *Pattern for Peace*,¹⁴ and in the columns of the *Catholic Worker*. The policy was intended to point a 'middle way' between capitalism and socialism. It contained a number of basic propositions and some proposals for the re-structuring of society on the basis of distributism, at the centre of which was the family.

The family is the primary society, it existed before the State and its rights come before those of the State. The State can never enjoy a stable existence unless the family is preserved.

The most immediate need for the preservation of the family was the institution of the family wage. Such a wage would secure sustenance for the worker and his family, would provide the opportunity for him to acquire a moderate amount of property, would permit him to make provision for old age, illness and unemployment, and would enable him to improve the cultural condition in which he and his family lived. The wage should be related to the number of children and should be determined not by the profitability of the enterprise but by need. After the employer had obtained a family wage for himself, the next claim on the business should be a family wage for the employees; any balance could accrue as profit to the employer. The family wage idea was seen as both an immediate demand and also as an element in a better social order.

The better society was one in which ownership of property was more widely dispersed than in modern capitalism. This led immediately to the need for public control of monopolies, and in particular of the banking system. Home ownership was essential for healthy family life, and a plot of land on which the family could grow some of its own needs was desirable. Rural reconstruction figured large in the policy, and emphasised such things as decentralisation of government with representative bodies of farmers, making the land more readily available to small farmers, and the improvement of rural facilities by irrigation and electrification schemes. The emphasis, as for secondary industry, was on giving the workers a stake in the enterprises in which they worked.

The aim was for small scale production units. Large scale, it was argued, was probably necessary for heavy industry, but the general aim should be to reduce the size of the industrial unit. How this was to be achieved is unclear, but the purpose was quite explicit.

Here we confront two problems—in the first place, the desirability of so ordering the Australian economy that the largest possible number of workers should be independent owners, rather than the paid employees of either capitalist or State enterprise, and in the second of restoring as far as possible, the sense of creative workmanship, a fundamental deficiency of the present industrial system.

The general aim, however inconsistent with the facts of modern technology, was an economy consisting of small producers in both primary and secondary industry. The society of small owners, it was believed, was morally superior. It would help to preserve the family, would counteract the fall in the birthrate, and, in conjunction with an immigration scheme to attract European migrants, would fill the vacuum which would otherwise be filled by 'Asiatic peoples'.

The plans put forward were consistent with the Papal encyclicals, *Renum Novarum* and *Quadragesimo Anno*, and the arguments of Chesterton, Belloc and the other ideologues whose ideas had been influential in the 1930s. It was believed that they constituted the necessary social matrix for the restoration of a truly Christian society. Simultaneously it would prevent the further growth of communism, which depended on the existence of a proletariat, and which was causing growing apprehension by its successes.

The Cold War and the Movement

The twenty-three year period between 1949 and 1972 in which the ALP was out of office in the Commonwealth was one of ideological crisis as well as electoral failure. The causes of the crisis were numerous but the two most important were economic affluence and the cold war. As we have seen, the most creative period of Labor policy-making was during World War II and the immediate post-war years. Then, policy had been directed towards controlling the economy sufficiently to prevent wild cyclical variations of economic activity and ultimately to prevent a repetition of the great depression of the 1930s—in other words, the stabilisation of Australian capitalism. While rejecting some of the particular methods advocated by Labor and making much of supposed differences between themselves and Labor, successive Liberal governments pursued policies very similar to those of Labor. The differences between them were of degree and not of kind, and a Commonwealth public service bureaucracy, largely created by Chifley, found no difficulty in serving the new masters. In the verbal shadow-sparring of election campaigns and parliamentary debate, Labor promised more for the underprivileged and more adequate social services, and the Liberals proclaimed the virtues of free enterprise. But since they were both committed to the preservation of a capitalist economy, there were no basic differences between them on matters of economic policy. The cold war, however, provided issues which were divisive and it was from these that political polarisation stemmed.

The Communist Party which, at the end of the war, had declared general support for the social and economic policies of the ALP, had by 1948 decided to go on the offensive against the Labor government. Its declared aim was to win the leadership of the mass labour movement away from the ALP, a switch in policy which owed more to international than to national politics although there were some domestic issues which influenced the decision. In Europe, the USA and the USSR were confronting each other in the Berlin blockade and the possibility of World War III seemed very real. In the USA some generals and politicians were calling for a preventive war against the Soviet Union. In the Soviet Union, Stalin declared that the world was divided into two camps, the peace camp and the war camp, and that there was no middle ground. Those who stood with the USA were in the war camp. The Australian Communist Party decided that the Australian Labor government was in that position and must be opposed. Within Australia, the government was failing to implement much of its social policy against the resistance of vested interests, of which the medical profession and the banks were in the forefront. In addition, a series of hard-fought strikes had resulted in open conflict between unions led by communists and other militants and Labor governments in the Commonwealth and the states. The 1949 miners' strike was the testing ground on which the Communists were defeated by a government with the resources of law and force at its disposal and a labour movement not prepared to accept the communist interpretation.

At the same time the Movement, led by Santamaria and operating through the Industrial groups of the ALP, was penetrating the unions and Labor Party. Without any of the peculiar radicalism expressed in the policy statements of the *Catholic Worker*, the Movement was devoted to the single objective of anti-communism, with 'communist' being defined more and more broadly as the Movement acquired greater strength in the labour movement. The activities of the Movement, operating under conditions of increased international tension which were favourable to its aims, produced two main results. Firstly, the labour movement, indeed the whole society, veered strongly to the right. Secondly, the Communist Party settled down to defend its own existence rather than to press its vainglorious claims to the leadership of the mass movement.

The early 1950s was a time of black reaction. Australian McCarthyism took the form of the protracted attempt by Menzies to ban the Communist Party, with its inevitable consequence of introducing a police state. That he failed is evidence of the democratic sense of the community: that he so nearly succeeded is evidence of the razor's edge on which Australian democracy was balanced. This occurred in an atmosphere of impending nuclear war, a threat fuelled by a loquacious and cynical Prime Minister whose adumbrations of war in three years were not matched by any serious attempt to prepare the country for

war—perhaps he was aware that the economic sacrifices which such preparation would impose upon the people would erode his own electoral support. Words are cheap but wars are costly. The final thrust by Menzies was the Petrov Commission which found no spies but thickened the atmosphere of suspicion, fear and intolerance.

In the years of extreme McCarthyism, the mainstream of the labour movement competed with the liberals to be recognised as the most lily-white opponents of communism. In part, this was a simple response to cold war pressures; in part, it was a direct consequence of the operations of the Movement. By efficient and ruthless organisation, by playing on the fears and prejudices of the catholic community and by providing an efficient machine for winning positions in the ALP and the unions, the Movement for a time exercised a strong influence on the labour movement as a whole. But with nothing but anti-communism to sustain it, ideologically it finally produced a reaction from traditional supporters of labour, who were anti-communist but who also felt that they were being deprived of any distinctively labour position. Simultaneously the Communist Party responded by setting its sights much lower than it had in 1949. It was no longer a question of winning the leadership of the mass labour movement but rather a question of survival. The defence of the party's legality was conducted in terms of the traditional values of liberalism, a defence in which it gained the support of those who had no time for the Communist Party but who feared the consequences of its banning. In the unions, communists fought the Movement with weapons similar to its own—tight organisation, the stacking of meetings, and in some cases fraudulent ballots. In some unions, such methods were not necessary as communists held their positions of leadership on the basis of past achievements and effective union leadership. In policy terms, the communists muted their militancy in the unions, sought to establish a broad front in defence of democratic rights, and launched the peace movement.

Between the late 1940s and the mid-fifties, attitudes to communism, or more correctly the Communist Party and the USSR, were the touchstone of alignments within the labour movement. By 1955, however, the increasingly arrogant and reactionary posture of the Movement, the fact that World War III had not happened, and the evident aggressiveness of US imperialism, produced the split in the ALP which forced the Movement into the light, ultimately to form its own party, the DLP. Having rid itself of the Movement (at least in a majority of the higher organs of the party), the ALP was free to put forward positive policies. The federal conference in 1955 to some extent did this. It reiterated more firmly than previously its adherence to the welfare-stateism which had marked the practice of the Curtin and Chifley governments. It also stated a position on international affairs which approached non-alignment, without rejecting the American alliance. This has remained to the present time as the official position of the Labor Party, with

modifications and accretions under the influence of changed conditions, particularly under the pressure of new forces which have arisen in the last twenty years.

In 1955, the Communist Party was on the eve of internal conflicts and schisms which would shortly make it only one of the political groupings claiming to be the legitimate voice of revolutionary socialism. From its foundation, the Communist Party had drawn its strength from its adoption of the model of the bolshevik party and its attachment to the Soviet Union. In addition, its members had often proved themselves to be the most courageous and dedicated fighters in political and industrial struggles. But throughout its life, identification with the Soviet Union was its most distinctive feature. This was the source both of its strength and of its weakness.

The party which emerged from the contest for survival in the early fifties had two most marked characteristics. Firstly, in its public performance it had abandoned anything which was distinctively revolutionary. In the trade unions, communist officials were scarcely distinguishable from other union bureaucrats. In the peace movement, communists provided the organisational effort towards building a consensual movement based on a very elementary level of agreement, namely an abhorrence of war and a belief in the possibility of co-existence between the USSR and the USA. On a world scale the peace movement, of which the Australian body was a part, probably made some contribution to averting the war which threatened in 1950, by making public the deep aversion for war felt by many millions of people. The second characteristic of the party was its extreme authoritarianism and dogmatism—characteristics always present but which had solidified over the years of its existence. Party members were expected to accept the proposition that it was not proper to criticise any act of the Soviet government, past or present, except those which had been denounced by the ruling Russian bureaucracy itself. In addition, marxism had become an orthodoxy propounded by the CPSU and interpreted to Australian party members by the Australian leaders. The dogmatism and the unquestioning faith in the virtue of the Soviet Union prevented many people from joining the party and ensured a steady flow through its ranks of those who joined and became disillusioned. The main periods of exodus occurred when sudden changes of line required acts of faith which some members could not, or would not, make. But the events of the mid-fifties were of a different kind from anything which had ever happened before. Krushev's secret speech and the suppression of the Hungarian revolution were acts not external to, but occurring within, the communist parties. The Australian leadership declared Krushev's speech a forgery (although they knew otherwise) and banned any discussion of it within the party. The Hungarian rising was designated an attempted fascist coup, aided by US imperialism, and the Soviet action was justified on the grounds that it protected Hungarian

socialism and the security of the whole socialist world. These and associated events resulted in the expulsion or resignation of many of the always scarce intellectuals as well as many other people. It also marked the beginning of the end of monolithism.

Communist Splits and the Vietnam War

The cracks in the monolith began the process by which a number of competing groups on the left sought to develop an ideology and policy of action to achieve socialism free of Soviet dominance. A new left, consisting largely of ex-communist party members but with the adherence of other socialists, began thinking and writing with the aim of developing a political movement which would reflect Australian realities rather than the exigencies of Russian politics. It remained a small group. Trotskyism, as a minor tendency in the labour movement but more particularly as a body of criticism of the communist party and the Soviet Union which appealed to intellectuals, was strengthened. In the early sixties the conflict between the communist parties of the Soviet Union and China produced a consequent split in the Communist Party of Australia with the Communist Party (Marxist-Leninist) hiving off. Overall, however, the decade after 1955 was a dreary period for the left.

Australia's entry into the war in Vietnam was the decisive event which sparked off a radical movement of a kind new in Australian experience. It was a mass movement which involved and influenced trade unions, ALP and wide sections of uncommitted political opinion. It stimulated all left and revolutionary groups, producing a situation of competing tendencies similar to that which existed before the advent of the monolithic communist party, probably its most lasting effect, however, is that it jolted a significant section of the ALP out of its most xenophobic and racist assumptions.

NOTES

- 1 *The Australian Worker*, 30 June 1921.
- 2 Ian Turner, *Industrial Labour and Politics: The Dynamics of the Labour Movement in Eastern Australia, 1900-1921* (Canberra, 1965), p. 184.
- 3 Günther Nollau, *International Communism and World Revolution: History and Methods* (London, 1961), pp. 339-44; also *The Australian Communist*, 18 March 1921.
- 4 Kermit E. McKenzie, *Comintern and World Revolution, 1928-1943: The Shaping of Doctrine* (London & New York, 1964), p. 51.
- 5 Günther Nollau, *op. cit.*, p. 335.
- 6 *The Australian Worker*, 11 May 1927.
- 7 L. J. Louis, *Trade Unions and The Depression: A Study of Victoria, 1930-1932* (Canberra, 1968), p. 22.
- 8 Robert Cooksey, *Lang and Socialism: A Study in the Great Depression* (Canberra, 1971), pp. 6-7.
- 9 *ibid.*, p. 26.
- 10 L. J. Louis and Ian Turner (edd.), *The Depression of the 1930s* (Melbourne, 1968), p. 171.

11 *ibid.*, p. 175.

12 *Sydney Morning Herald*, 1-3 December 1943.

13 H. C. Coombs, *Industry and Post-War Reconstruction* (Melbourne, 1944).

14 Australian National Secretariat of Catholic Action, *Justice Now* (Melbourne, 1941); and *Pattern for Peace* (Melbourne, 1943).

STRUCTURE AND STRUCTURAL CHANGE IN THE RULING CLASS*

R. W. CONNELL

THE MOST IMPORTANT task facing sociologists in Australia is to make an analysis of the nature, operation, impact, and strategic weaknesses of the ruling class. In carrying this out, an essential step is to give an account of its structure.

Discussions of the ruling class in Australia have not, on the whole, paid much attention to questions of structure. They have addressed themselves more to questions of personnel, recruitment, and attitudes. Yet 'ruling class' is itself a structural concept, as are the notions of *élites*, 'upper strata', and so forth, that various sociologists have offered to replace it. It is a logical step to go from analysing the structure of relations between classes to analysing the structure of relations within classes; indeed if the same principles can be shown to apply, the original analysis will be greatly strengthened. Further, an account of structure is necessary if the analyses of personnel, attitudes, etc., are themselves to bear fruit. For only by an account of their situation will the reasons for the actions of the members of the ruling class become intelligible; and only through a grasp of the structure of the situation in which actions occur can we hope to understand their consequences.

A thorough analysis of ruling class structure, even in a small capitalist power like Australia, is clearly a large undertaking. At a rough estimate there are over a million people involved as owners of shares, the commonest form of productive property; though the numbers active in business, political and social leadership are much smaller than that. The purpose of this essay is merely to take two steps towards this analysis: to systematise and criticise the existing literature on the subject; and to offer some hypotheses about the recent structural development of the

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ruling class, for which I can offer a certain amount of supporting data but not complete proof.

Structural Concepts in the Literature on the Australian Ruling Class

Though there has not been much explicit attention to the question, discussions of the ruling class have included some treatment of structure. The first thing to be done is to extract the concepts used and evaluate them. I will take as my texts for this the three most important recent studies of the ruling class in Australia, by Wheelwright (1957, 1974) and Wheelwright and Miskelly (1967); Encel (1970); and Playford (1969, 1972).

The Internal Organisation of the Business Élite

Concentration. This is the most prominent structural concept in these discussions. All three authors stress 'the domination of key sectors of industrial, commercial and financial life by a handful of large firms' (Playford, 1972: 113) and the centralisation of ownership of companies in the hands of a small number of shareholders. A number of studies of market concentration and monopoly are cited (for example, Karmel and Brunt, 1962), which stress the degree of concentration in Australia relative to other capitalist countries. On share ownership there is now systematic evidence over a span of twenty years. Wheelwright's study of 102 large companies in 1953 estimated that the top 5 per cent of shareholders held about 53 per cent of the shares (1957: 62-3); the study of 299 large manufacturing companies in 1962-4 showed that the top twenty shareholdings in each company accounted for 58 per cent of the shares (Wheelwright and Miskelly, 1967: 18); and a journalist's study of 251 companies in 1972-3 (since the stock exchanges obliged listed companies to publish their top twenty shareholders) estimated that the top twenty, making about 4 per cent of shareholders, held about 55 per cent of the shares (Sykes, 1973). The comparisons are not exact, but the orders of magnitude are similar: it is reasonable to conclude that the concentration of ownership has remained much the same over the last two decades.

This evidence refers to concentration of ownership within the class of owners (implying that most owners have only small lots of shares), and concentration of market shares among all companies (implying that most companies are small and weak). The degree of concentration with respect to the population as a whole is obviously much greater.

Interlocks and networks. Almost as important as the concept of concentration is the idea that the leading figures in the ruling class are linked to each other individually. Tracing out the links produces a kind of sociometric map of the ruling class, with the most powerful men appearing in it as sociometric 'stars'.

Research on this has followed two lines. The directors of companies can be mapped in this way, using membership of the same board as the definition of relationship. The most important study of this is by Rolfe (1967) who examined the fifty largest Australian companies in 1963 and found interlocking directorates of a number of kinds, between companies that were rivals or customers of each other, between manufacturers and their financiers, as well as interlocks that reflected investment interests. The last of these leads to the other group of 'network' studies, those which trace out the investments, board memberships and intermarriages of the leading business families. Earlier left-wing descriptions of the ruling class along the lines of Campbell's *Sixty Families* (1963) were mostly based on this kind of study. Of recent authors, Encel in particular has explored this (1970: 303-7, 376-392). His work illustrates the role both as entrepreneurs and *rentiers* of the Robinsons, Fairfaxes, Knoxes and the like, and above all the Baillieus—whose Collins House investment complex also appears as a major element in Rolfe's boardroom sociometry. Both Wheelwright and Miskelly (1967: 38-45) and Playford (1970) caution against over-estimating such evidence. The rich families only account for a fraction of total capital, and over-concentration on them may seriously distort the picture of the ruling class.

Fundamental unity. Classical economic theory stressed competition between businessmen; the recent literature on the ruling class in contrast stresses its fundamental unity. Wheelwright argues that the emergence of giant companies that are mostly self-financing, has largely freed big business from the constraints of competition (1974: 116-122). Playford stresses, in an argument over a number of points, that men of wealth and property, however divided on particular issues, are 'fundamentally united' (1972:120); and Encel speaks of a loose collection of *élite* groups linked by a 'governing consensus' (1970: 4).

Playford's formulation, the most precise, stresses that the upper class consensus is about 'defending the social order which affords them privileges': that is, it is a unity with respect to the working class and its interest in change, hence constrained by the opposition of classes. Wheelwright, by contrast, stresses that the consequence of centralised corporate power is freedom:

Thus, within quite wide limits, the market will permit managements to choose their own ends: these may be profit-maximising, empire-building or merely satisfaction and the quiet life. The essential point is that—irrespective of how they use their power—a small number of men possess it, and they are not publicly accountable for it. (1974: 116.)

These formulations could lead to different views of the ruling class: in the one case to the idea of a class with systematic divisions on various points that are overridden by unity on the issue of its relations with

another class; in the other to the idea of chunks of a class that have largely broken loose from each other and which operate under very little constraint at all. Clearly the role of competition and internal conflict needs closer examination.

Relationships Between Business and the State

State support of business. The idea of neo-capitalism, expounded by Playford in particular, is based on the view that there has been an increasing integration of business and the state. The most important feature of this is support of business and its interests by the state *élites*, both bureaucrats and politicians. There is on the one hand an attitudinal support—bureaucrats and politicians are favourable to business and unwilling to act against its interests. This is the main thrust of Playford's account (1972: 123-148) of influential people in the state, such as party leaders and arbitration judges. The massive evidence he (1969: 15-32) and Encel (1970: 364-75) have collected about the movement of officials into well-paid jobs in business provides support for this judgment, and points to one of the ways the link is maintained. On the other hand there is support of business by the actual policies of governments: tariff policies that benefit manufacturers, subsidies, provision of infrastructure and similar measures.

Means of articulation. A good deal of attention is given by Playford (1969: 10-13, 26-32) and Encel (1970: 349-364) to organisations that link government and business. These are the boards of public corporations like TAA and AIDC on which leading businessmen sit; the liaison and advisory committees that are set up by government for this particular purpose; the peak organisations of industries that function as lobbies in Canberra; and the finance committees of the Liberal Party (and, since 1972, we may add the Labor Party). These provide a series of links which, be it noted, go below the level of directorships and involve executives of the large companies.

The basic concept here is of a negotiating or bargaining relationship. The businessmen, and the politicians and bureaucrats, are thought of as having independent power bases, and finding mutual benefits to exchange. In the process a new decision-making structure is constructed, independent of elections, parliaments and public scrutiny, which takes over much economic policy making.

Mutual constraint. According to the theory of neo-capitalism, 'the scale and pervasiveness of state intervention has been increasing in recent decades' (Playford, 1972: 112); but this is to the benefit of business. The minor constraints on property imposed by governments are in its own interests in the long run (125-6). Reciprocally, the commitment of government to capitalism 'curtails its freedom of action on a vast number of issues and problems'. The state is 'subject to the structural constraints of the capitalist system' (123).

To some extent this is a tautology: if the state organisation exists in a

capitalist society, then obviously officials, if they are to act at all, have to deal with a capitalist system, its constraints included. The argument becomes a significant structural principle if it is claimed there has been a historical change in this reciprocity, as Playford argues, or if the forms it takes become central to the strategies of either party, as Encel argues:

Leaving the rural sector aside, the Australian economy might be accurately described as a system of monopoly capitalism, operating through a highly regulated structure of output, prices and wages, which is interlocked with and maintained by an extensive system of government activity. (1970: 322)

Sources of Capital and Personnel

An analysis of sources of capital and personnel might not on the face of it appear to say anything about structure. But in fact this provides one of the main structural concepts in discussions of Australian *élites*, the distinction between locally-owned and foreign-owned business. Wheelwright raised this issue in his first monograph (1957: 73-81), and has consistently stressed the growing incidence of overseas ownership and overseas (potential) control. This has led to contradictory inferences. Encel argues that 'the local agents and beneficiaries' of the capital inflow 'continue to be the established economic *élite*' (1970: 339); while Playford argues that it has led to 'the relative weakening of the "native industrial bourgeoisie"' (1972: 113).

Official surveys now confirm the results of academic research. Overseas ownership is estimated at between one quarter and one third of the Australian corporate economy (Commonwealth Treasury, 1972). Its significance is a different question, as potential power is different from exercised power. As the history of Chile shows, reactions on both sides may drastically change an apparently established picture. In the Australian context, the significance of the division depends on the social practice that is based on it; and there are as yet no detailed studies even of the movement of managers in and out of foreign-owned companies, let alone comparisons of their marketing and labour policies.

On another front, personnel studies have been done, by Encel in particular, stressing the common social origins of the native business, political and administrative *élites*. Though personnel recruitment is not in itself a structural matter, it can become the basis of structures, as the arguments about ideological unity indicate. And organisations that handle training and recruitment, such as the *élite* private schools (Encel, 1970: 152-164), may in the process of reproduction of the class become important elements of its structure.

Critique and Reformulation

Potential and actual power. The discussion of concentration immediately raises the question, concentration of what? Wheelwright, Encel and Playford all speak of domination, control, or power. The evidence,

however, is not about this. The evidence is mainly about ownership of shares; and in his original study, Wheelwright was careful to distinguish this from power, in the sense of initiative in decision-making. At most, the study of ownership can yield information about 'ultimate control', meaning 'the power to select or change the management of a company' (1957: 82). To be blunt, what we have here are conclusions based on inferences about what might happen if the shareholders attempted to mobilise. This, clearly, is only one element in an analysis of power, and not necessarily a very important one (given the usual passivity of shareholders). The studies of market concentration also yield, at best, inferences about a potential for control of an industry (or an economy). It is altogether another matter to show that control is in fact exercised.

The same kind of thing can be said about the studies of networks of directors and family ownership. These provide evidence not of organisation itself, but of potential for organisation. From saying that they could function as systems of power within business, it is a long step to saying that they do. Businessmen themselves deny it, so far as it applies within business (though shareholders sometimes become sceptical, as in 1971 when M.R.L. Dowling was forced off the board of Kathleen Investments which another of his companies, Castlereagh Securities, had been trying to control). The activities of management, obviously central to any discussion of the practical use of power in business, are largely ignored in these calculations. And the inferences become very dicey when one moves on to consider the exercise of power outside business. Encel (1970: 347, 411) cites the example of Staniforth Ricketson, scion of the Melbourne stockbroking house of Were, as an example of business influence. But Ricketson's major venture into independent organisations, the 'All For Australia League' in the Depression, was short-lived, and not very independent at that (Matthews, 1970). He could exercise effective influence only through the party system; which introduces quite a new element into the picture of power.

Freedom and conflict. Wheelwright argues that the size of companies, their 'domination' of markets, and the managers' independence of sanctions from shareholders, has conferred a great deal of freedom on the managements. He has also suggested that Rolfe's study of directors yields data more commensurate with the view that management acts in the interests of the propertied class than with the view that it has become separated from it (1974: 130-1). The latter point is not proven because the data do not in fact bear on executives (apart from managing directors). But note that if the first point is true, the second can be true only by the *choice* of the managers: they are not *constrained* to maximise profit, exploit the workforce, etc. In Wheelwright's formulation there is no structural imperative acting on company managements that determines the use of their power; the direction in which they will act.

It is at precisely this point that the issue of competition becomes important. For there is competition between businessmen, of a much

greater variety than simply competitive selling of products in the marketplace. The system of share ownership of public companies makes management in principle vulnerable to rival groups buying up shares and attempting a takeover. (As the TNT-Ansett takeover battle showed, even corporate heavyweights are vulnerable to this.) Managements which do not maintain a high rate of profit on their assets are vulnerable to 'asset stripping' raiders (who buy up a company's shares cheap, take over, and sell off the undervalued assets, like Gordon Barton with Angus & Robertson—see McCarthy, 1973). A declining market share and profit performance may provoke a coup within the company (for instance, British Leyland which axed its Australian management).

These observations become more significant in the light of foreign investment in Australian business. To say that there has been increasing foreign investment is, conversely, to say that Australian business has become increasingly integrated into the world capital market. And big capital is highly mobile, between both countries and between industries—as the multi-national conglomerates like ITT (famous *inter alia* for its role in Chile) very clearly show. These competitive forces, we may infer, have increased in the Australian economy, however internal market competition may have declined. One of the consequences is that managers of the Australian branches of multinationals must try to squeeze growth and profits out of the local firm in order to get on in their international careers (an example is Bill Bourke, late of Ford Australia, who skipped on to higher things just ahead of the Broadmeadows worker-management confrontation).

We may argue, then, that conflict in business has a continuing and systematic importance. It is a constant force on the actions of businessmen, pushing towards profit making, corporate growth, and resistance to working class politics. Note that this applies as forcibly to managers as to directors. We do not have to assume anything about the attitudes of managers, nor even postulate with Playford 'a basic community of interests' between managers and owners (1972: 118), to explain this tendency.

Business and the state. The case argued, particularly by Playford, for a considerable integration of business with the state, is undoubtedly in its main principles correct. The slightest observation of the actual behaviour of companies like BHP, CRA and others, is enough to dispel the view of businessmen argued by Parker (1965), that 'what they want is to be left alone'. But the formulations of the nature of state support of business through tariffs, infrastructure and other measures, leave much to be desired; they are often summary and repetitive (examples: Wheelwright, 1974: 120; Playford, 1969: 14). This is unfortunate, as some at least of the examples given are arguable. Tariffs, for instance, are repeatedly cited as a prime example of state support of business (cf. also Encel, 1970: 319-322, 352-355). But tariff protection to manufacturers disadvantages other businessmen, notably pastoral and mining capitalists;

'integration' of the state with the one group implies disintegration with the other.

Similarly one might observe that much of the lobbying activity noted by Playford and Encel, and of the bodies which permit and conduct it, is directed against other businessmen, not against labour. There is integration of the state with one lobbying group only to the extent that its rivals have failed; or, to see it from the other side, to the extent that it is in the interests of political and bureaucratic entrepreneurs such as McEwen to form stable links with a particular business group. The point is that there is really no lobby that reflects the interests of businessmen in general. To get to the level of the collective interests of businessmen, one has to penetrate to a very basic institutional level: to the level of the institution of private property itself. *At no other level is there unanimity in business*: not even on an issue such as conceding wage demands to the unions, as the repeated conflicts between the metal trades employers and other employer organisations attest.

At that level, there is nothing 'neo' about an integration of business and the state. In white Australian history, business has *always* depended on the state for a guarantee, by force and suasion, of the system of private property. The very foundation of Australia as a penal colony was part of the enforcement system of private property. Again, the international context is vital to an understanding. One of the most important things about the capitalist world order is the international continuity of private law. This has permitted in Australia, since the 1820s, the formation of international (originally English-Australian) companies; and now of course it permits the integration of Australia into the economy of the multinational corporations. In this respect the state itself is internationalised, it is not limited by the boundaries of the so-called 'nation-state'. The multinationals are not so much a threat to the national sovereignty, as a realisation of the original character of the capitalist state.

Reformulations. The concepts of concentration and network are useful, but it is necessary to distinguish between them and the full concept of a structure of power, which by almost any definition includes the effective exercise of command or constraint. Parker (1965) may be wrong in claiming that in Australia power 'plays an unusually restrained role', but at least he is talking about power and not simply a possible base for it. To move from the one to the other it is necessary to work with a concept of *mobilisation*, one of the keys to a historical understanding of the ruling class in Australia. One does not have to suppose a continuing structure of rigid control: one can observe the ruling class mobilising in periods of crisis such as the bank nationalisation campaign of 1947-49 (May, 1968; Connell and Irving, 1973). And it is noteworthy, in view of the research attention given to directors and owners, that it was *managers* such as McConnan of the National Bank who were politically decisive in this process.

The concept of competition must be brought in as a fundamental structural category for the analysis of the ruling class, but in a wider sense than simply competition in the product market. Competition in the capital market is of major importance—a worldwide capital market—and also competition in what we can describe as the ‘person’ market, that is competition between businessmen for the control of companies and their assets—which is also now conducted on a worldwide basis. Such a concept is necessary to account for the systematic character of the ruling class’s activity in a stronger way than simply postulating attitudinal consensus.

The concept of ‘fundamental unity’ drops out, in favour of an analysis of the institutional basis of the power of the ruling class; a concept that applies to the structure of the whole society rather than the ruling class *per se*. The state enters this analysis in a constitutive role, in connection with the system of property. It is necessary to distinguish the state, which evidently has some international continuity, from state organisations (such as the Federal Government) which have a specific personnel and a local boundary. Relationships with state organisations become part of the analysis of faction formation and factional conflict within the ruling class, rather than a characteristic of the ruling class in general.

We are also obliged to attribute an independent significance to members of the state *élite* as entrepreneurs, as people capable of taking their own line in the factional conflicts just mentioned. The research evidence of common social origins with business entrepreneurs now takes on a new meaning. It demonstrates not the attitudinal convergence of state and business *élites* (always rather doubtful), but their common class bases. They appear not as masters and puppets, agents and beneficiaries, nor as independent *élites*, but as alternative leaderships of the same class.

Hypotheses about Structural Change in the Ruling Class

The Class and its Leadership

It is essential to distinguish between the ruling class as a whole, as a class, and those members of it who are active entrepreneurs. The class is constituted by the system of private ownership and its ‘generative capacity’, its capacity to enter into and structure a wide range of social transactions, as property is used in production and for other collective purposes. Some, but only some, of the owners of property actually employ it in production. They are however able to mobilise the property of others who are not personally involved. One of the most striking features of modern capitalism is the organisational structure that allows this to be done. There is the limited-liability company, which mobilises capital in the form of shares; and in Australia, very prominently, the financial ‘institutions’ such as the gargantuan insurance firms which, under the guise of mutual protection societies, mobilise capital through insurance premiums and invest it in production. The entrepreneurs who

mobilise and direct the use of property through these means are the most active section, the business leadership, of the class that owns it.

This relationship through capital mobilisation has not fundamentally changed since the introduction of limited-liability companies, the formation of insurance firms, and the organisation of local capital markets, which mostly took place in Australia around 1860-1880, during the first 'long boom' (Hall, 1968; National Mutual, 1969). It has remained remarkably unregulated by the state, as is shown by the absence of a national company regulation body, and the absence of control of the stock market recently demonstrated by the Rae Committee (Senate, 1974); though the state guarantees the basic relationships through the law of property and the fraud provisions in the companies acts. The business leadership of the ruling class is self-appointed, consisting of those people who succeed in mobilising capital or in winning or inheriting control of established accumulations of capital. It acts not so much by consent of the bulk of owners, as in default of their non-consent: that is it acts by its own lights unless in a particular case they mobilise against it. This practically always occurs as mobilisation under the leadership of some rival entrepreneur. Organisation of shareholders simply as shareholders is extremely weak (there is an Australian Shareholders' Association, but it has no more than nuisance value); and recent attempts to organise policyholders to win seats on the boards of such institutions as the National Mutual have failed.

The conducting of business, however, is not the only purpose for which the ruling class needs leadership. The expansion of the union movement in the later nineteenth century, its rise to electoral success in the Labor Parties of the early twentieth century, and the deepening militancy of industrial workers around the time of the first world war (Turner, 1965), posed a threat to the entire position of the ruling class. (However mild the Labor Parties may appear in historical retrospect, they were certainly seen as a wild and dangerous force by the ruling class at the time.) One response, as is well known in the history books, was a closing of the ranks, a 'fusion' of free-traders and protectionists against Labor in parliament. Another response, less well recognised because it developed over a longer time, was the emergence of a new leadership in the ruling class. A specialised political cadre emerged, a group of men who took on the political leadership of the ruling class as distinct from its business leadership. In the nineteenth century, business leadership and political leadership had been so closely intertwined they were often impossible to separate. Now they were prised apart: in the case of men like Bruce and Massy-Greene in the inter-war years, by a temporal division of a business segment from a political segment in the one career (Edwards, 1965; Kemp 1964); in the case of men like Playford in South Australia, and Menzies nationally, by a full-time specialisation in politics with only the faintest traces of a personal involvement in business.

In the leadership of the Liberal and Country parties, then, we have a

group not separate from the ruling class, but separate from its business leadership: the two are now parallel specialisations within the class. Like businessmen, the political leadership is made up of entrepreneurs; but these are entrepreneurs whose field of action is state organisations, and whose success depends on mobilising and using political support rather than capital. In this process, of course, money is necessary; so the collective operations of this leadership draw funds from the business leadership, and individual members of it may have close relationships with individual business entrepreneurs. But there is no need to assume that conservative politicians are typically the agents of particular groups of businessmen: indeed the general situation is that they are not.

This interpretation leads to a quite different view of the bodies articulating business and politics that Playford (1969, 1972) has carefully mapped. These now appear, not as signs of an increasing integration of business and politics, but as consequences of their historical *separation*. The specialisation in the leadership of the ruling class and the growing independence of the political wing has created a need to re-establish co-ordination in political tactics, social and economic planning.

The Rise of New Capitalists

As the economic historians tell us, the white settlements in Australia have had a few threads of manufacturing in their economic fabric from the earliest convict days (Hainsworth, 1971). But it was not until after the Depression of the 1930s that sustained industrialisation began and heavy industry moved into the strategic place it now occupies (Schedvin, 1970; Boehm, 1971). The first stages of this did not lead to a shift in power within the ruling class, for the companies involved were already powerful groups. BHP's position when it moved into steel-making was based on the massive profits of its silver mine over twenty years, though it still needed to raise new capital for the steelworks; other heavy industrial companies such as Electrolytic Zinc and Metal Manufactures were set up by the Baillieu interests, also an established fortune. Even new manufacturers had to plug into establishment circuits, as is shown in the case of Frank Beaurepaire who needed a stockbroker to place the original shares in his Olympic Tyre Company in 1933, and within a few years was Lord Mayor of Melbourne (Lomas, 1960).

But the continued industrial expansion eventually did lead to a shift in power. Unlike the situation in Japan, re-industrialising at much the same time, old companies did not diversify rapidly to meet the new economic and social demands. In Australia these demands spawned new corporate structures, and as they continued to grow, they launched new entrepreneurs into the top ranks of the ruling class. It was not in heavy industry, which at this stage of world economic development needed large initial capital outlays. Rather it occurred in 'service' industries, notably transport, real estate development and construction, where an

entrepreneur could start in a small way and build up rapidly with the growth of the market and with a strategy of amalgamations and take-overs. The classic example is undoubtedly Reg Ansett, who built up from a one-car service at Hamilton in the 1930s, until in the 1950s he could challenge and defeat the moribund controllers of ANA and establish a near monopoly of private air transport. Other well-known 'new capitalists' who have built empires out of transport are Gordon Barton, Ken Thomas and Peter Abeles. In development and construction there are such figures as Leslie Hooker, Alan Bond and Paul Strasser. The mining boom of the late 1960s saw a whole crop of new faces in the business leadership—though not all survived it—and a series of sharp struggles among them for control of the bonanza (Indyk, 1974; Connell, 1974).

In many cases the operations of the new capitalists have depended on support from establishment sources. Thus the rebuilding of Sydney by Hooker, Strasser, Dusseldorp and their followers has largely been financed by insurance firms, notably the most colossal and established of all, the AMP. But the sheer size that the leading new companies have reached, and the enormous personal wealth of some of the new capitalists (Lang Hancock, the West Australian mining entrepreneur, is reputedly the richest man in the country), enables them to deal on equal terms with establishment businessmen. They are able to set up systems that bypass the networks of family wealth and family directorships that have characterised the Australian business scene for the last fifty years. (The network of directorships and financial relationships surrounding the stockbroking firm of Patrick Partners and linking its finance companies with operating firms such as TNT, Soul Pattinson, and Pioneer Concrete, is a major example: its potential was shown in 1972 in the Ansett takeover attempt.) It seems likely, though I have not got the detailed information to test the idea, that the massive inflow of foreign capital since the 1940s has been important in this development, in providing alternatives to the establishment stranglehold on the major financial institutions. The mushroom growth of merchant banking at the end of the 1960s, largely connected with foreign banks, suggests this.

The earlier observations on the leadership of the ruling class make intelligible the political connections that the new capitalists are able to build up. They do not have to break through an establishment control of the conservative parties: they simply have to develop mutual-support relations with successful political entrepreneurs. Again Ansett provides the classic case, with the close relationship with Henry Bolte that became the key to his defence against Abeles' takeover attempt. (It was touching, in May 1974, to read that Sir Henry had come out of retirement to join the board of Ansett Transport Industries.) In New South Wales the relationships, less dramatic, have been symbolised in the last few years by knighthoods given by the Askin government to Abeles, Strasser, and Tristan Antico (of Pioneer Concrete). Both Bolte and Askin, it may be

noted, are distinctly non-establishment in their own origin, and may well have found a closer personal affinity with the new capitalists than with the Fairfaxes, Baillieus, McLennans and their ilk.

The State élite

Encel (1970: 66-70, 268-274) argues that the growth of the public service since 1939 has amounted to a 'bureaucratic revolution': first greatly increasing the size and range of activities of the central administration; then leading to a marked status differentiation within it, with the emergence of the Second Division of the Commonwealth Public Service as an *élite* corps by the 1960s. The growth of this group, Encel claims, has led to 'a qualitative change in the structure of political power and influence' (1970: 280); notably a centralization in Canberra. Numbers alone may be misleading: as Neumann (1950) long ago observed, it is a mistake to equate 'a larger number of bureaucrats with increase of their power'. This must be independently shown. Still, one does not have to accept the hyperbole of a 'bureaucratic revolution' to agree that there is a significant change here. It is inadequate to analyse them simply as 'supporters of capitalism', to describe their place in the structure of power essentially in terms of their attitudes (Playford, 1972: 133-138).

In an executive sense, the top civil servants in Canberra, along with a few of the more influential ministers, are certainly the most powerful men in the country. Their government is the biggest employer, with the widest range of functions. Though they may only occasionally (for example in the 1972-73 shakeup) have the possibility of making big 'investment decisions' about the application of resources in the public service, their more minor decisions affect the mass of the population in a range of ways unmatched by executives even of companies like BHP and CSR.

Again, it is worth stressing, there is nothing new in this. The top bureaucratic and political leaders have always been the most powerful executives in the country, from the convict period when officials like Governor Arthur exercised almost totalitarian control (Forsyth, 1935), through the colonial period when public investment decisions on matters like railway building were the most important social commitments being made (Butlin, 1964). The emergence of a recognised *élite* corps does not necessarily signify a change in importance.

Yet there has been a change in function in the tasks performed by the state organisations—not as dramatic as the supposed 'bureaucratic revolution' and with roots that go further back—but that has certainly come into a kind of flowering in the last generation. Very briefly, what has occurred is a development of (a) non-entrepreneurial welfare activity; (b) central regulation and service activity (in the case of full-employment policy this is intimately linked with welfare functions); and (c) a marked expansion of cultural activity, particularly in mass secondary and higher education. (Some other large areas of state activity, such as provision of transport infrastructure and supply of a labour force

through immigration, are not included here as they were well developed in the colonial period.)

Except in minor ways these have not involved direct competition with business entrepreneurs, unlike the many ventures into 'state enterprise' earlier in the century. Consequently they have been accepted by the conservative politicians; indeed much of this development has occurred under the government of conservatives. It is tempting to attribute it to the needs of a period of industrialisation, but the welfare and regulatory activities have their main roots earlier than this, in the periods of boom and bust that culminated in the Depression. In this case the expansion of government is a response to entrepreneurial capitalism's inability to regulate itself. The case of cultural activity is more complex. The expansion of education is in part a response to technical demand for a more highly-trained work-force, in part a product of the greater social surplus generated by the second long boom. But it is also a response to cultural problems, to a new situation created by industrialisation and the end of Empire, and has a cultural consequence in the re-establishment of ruling class hegemony in the 1950s.

To a certain extent, the top civil servants can be seen as bureaucratic entrepreneurs parallel to the business and political entrepreneurs already discussed. But though they come from mostly similar social backgrounds (Encel, 1970: 275-280), the analogy breaks down in that their power is not based on a mobilisation of the resources of the class from which they arise. It is directly based on the system of command relationships, of coercion and consent, on which the class structure itself is ultimately based through the institution of property. Within the state organisations the bureaucratic entrepreneurs, when mobilising resources, mobilise influence within a fairly narrow group, rather than mobilising capital or support on a mass scale. There are, then, irreducible differences in the underlying situation which makes it impossible simply to equate them, as a comparable *élite*, or read them off as essentially supporters or agents of the ruling class.

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TECHNOCRATIC LABORISM— THE WHITLAM GOVERNMENT*

BOB CATLEY AND
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The Australian Labor Party does not even claim to be a Socialist Party. As a matter of fact it is a liberal-bourgeois party, and the so-called Liberals in Australia are really Conservatives . . . The Labor Party has to concern itself with developing and strengthening the country and with creating a central government. In Australia the Labor Party has done what in other countries was done by the Liberals . . .

V. I. Lenin, *In Australia*, (June 1913), cited in V. I. Lenin, *British Labour and British Imperialism*. (Lawrence and Wishart, London, 1969) pp. 91-2.

WE BEGIN WITH two quotations which seem to us to epitomize the main thrust of the Whitlam government in domestic and external policy; we then analyse the objective conditions and the ideological considerations which produce these kinds of Labor activities.

The first quotation relates to the role of private banks and market forces generally. Until Whitlam, the Labor Party's attitude to the private banks was that, having had its fingers burned in the ill-fated Chifley bank nationalisation attempts of 1947-49, it should avoid all talk of future bank nationalisation like the plague. By 1959 when the Liberals were overhauling the Banking Act, Dr Evatt and other Labor spokesmen had convinced themselves, against all the evidence, that 'Menzies has nationalised the banks for us'.¹ As we have said elsewhere, 'the Labor

* We do not take up here the issue which, ideally, is required as background to telling the story of the middle-class orientation of the Whitlam Labor government internally, and its support for US imperialism externally. This issue is the nature of modern social democracy and the economic and political strategies to which it gives rise: we have discussed it in our book, *From Tweedledum to Tweedledee* (ANZ Book Co, Sydney, 1974).

Party reacts to bank control with paranoid fear and palpable untruths'.² Technocratic Labor,³ however, has a far different attitude to private banks and the operation of free market forces in the monetary sector. The quotation is from a report of Whitlam's address to the Institute of Directors on 14 March 1974:

The Prime Minister said last night that private banks were great institutions. He said that under the first Labor federal government since Chifley lost power the banks were back on top. In 1949, the Chifley Government was defeated largely because of its attempts to nationalise the banks. Mr Whitlam repudiated the Chifley attitude when he remarked in passing that the private banks had been 'for long anathema to Labor governments'. He said the Labor Government had restored private banks to the position of dominant money bodies in Australia: 'For a long time it was accepted that a Labor Government should avoid too much use of market forces in governing the economy. We have elevated the status and importance of the trading banks in Australia to a position they have not enjoyed for more than twenty years. We did this by removing the ceiling of bank interest rates for negotiable certificates of deposit. In that way we enabled the banks to compete vigorously for funds on the money market. I suggest that the extraordinary success of our February loan, which attracted \$509 million in cash subscriptions, is evidence of the new roles we have given to the banks. The private banks are back on top. I welcome the fact. My only regret is that I have yet to hear any acknowledgement from them of the fact that a Labor Government has restored their position as the dominant financial institution in this country'.⁴

On *external* economic policy, we offer the following quotation from an interview with Dr J. F. Cairns, Minister for Trade, which appeared in the *Australian Financial Review* under the significant title, 'The New Capitalists':⁵

The Australian Industries' Development Corporation did not come from Marx and Lenin. If the AIDC took a share of a new mining project, it could direct that its share of the output should go to a Third World country at a fair price. Any subsidisation of the price would have to be made from overseas aid funds. The most attractive form of assistance to Third World countries seems to lie with setting up processing plants for Australian minerals in these countries. A good example is Hamersley's plans to send semi-processed ore from the Pilbara to Indonesia for further processing.⁶

Market Forces

A renewed faith in market forces is the hallmark of social democratic economists and OECD social democratic planners.⁷ This is echoed by Hayden, Crean, Whitlam and other Ministers—excluding Connor. It underlies their proposal for superannuation funds to replace pensions, and for health services not to be free, but paid for by a deduction from

taxable income; this introduces a productivity approach rather than a dominantly needs principle to social welfare. Similarly, the preference for tariff-reductions as a key source for a more efficient allocation of resources, reflects faith in market forces.

It is in the monetary sector particularly that the new Labor government has looked benevolently upon the unleashing of market forces. In the Chifley period, a cheap money policy had been favoured. If rationing of money was really necessary, it would be done by qualitative credit control rather than by higher interest rates as a rationing device. Yet when Caucus suggested, in 1974, that home-buyers be exempted from the government-induced upward drift in bank interest rates, there were yells of rage, not only from the 'free market' men of the financial press, but from Labor Cabinet Ministers with economic portfolios.

A social democratic economist⁸ writing on the 'economic lessons of the nineteen thirties' has catalogued the reasons why market forces were no longer trusted after the Depression period. In a Report for the Economic Group of the Chatham House Reconstruction Committee in 1943, he pointed out that 'the solution to the problem cannot lie in a return to the individualist competitive economy of the nineteenth century'. His, and the general, disillusionment with market forces thirty years ago is quite clear, as it was in the Reports and books of Sir Oliver Franks, Lord Beveridge and others. But Whitlam has a wholly opposite view:

If my years in public life have taught me one thing, if the experience of Western governments in economic management has proved anything in recent years, it is simply that there are no longer any clearcut or useful distinctions to be drawn between free enterprise policies on the one hand and interventionist policies on the other. For all their slogans and catchcries, political parties of all shades, in all countries, now accept that democratic governments must co-operate with the private sector in the running of a mixed economy.⁹

Capital Export

At the time of the Labor Government's accession to office, Australia had emerged from its status as European satellite and provider of raw materials; it had a manufacturing base (substantially foreign owned), an orientation to the Asia-Pacific Basin, and a growing surplus of foreign exchange. It was ripe for sub-imperialist status and the discarding of colonial relics. The Labor Parliamentary leadership was quick to discern this change and moved steadily to mobilise its resources for taking advantage of the opportunities it offered. It intensified its demands for an end to the Vietnam War while developing something new—a Pacific Rim strategy.

By 1970, Australia was clearly being integrated into the Pacific Basin, or Pacific Rim, international sub-system of the world capitalist market. 'The Pacific Basin has become a major economic force, one

which some economists foresee as *the* global centre of trade by the year 2000', argued the Chairman of Standard Oil of California. Peter Wiley described its structure in the following terms:

The United States and then Japan stand at the apex of the hierarchy of economic development. They draw resources from the next tier, Australia, Canada and New Zealand while selling goods in their markets. The advanced countries moreover regard the integration of the neo-colonial (chiefly Asian) countries of the Pacific Rim . . . as essential to the future of the international division of Labour in the Pacific. First, because (of) . . . their potential as markets . . . Second, the advanced countries view the raw materials of these countries as increasingly important to their economic wellbeing.¹⁰

The three tiers of the Pacific Basin were; first, Japan and America, the technologically advanced metropolitan economies; second, including Australia, recipients of metropolitan industrial capital, providers of minerals and foodstuffs; and third, including Southeast Asia, sources of cheap labour, industrial raw materials and energy supplies. Under the Nixon doctrine the defence of this structure at its most vulnerable point, the third tier, would rest primarily on the armed forces of the comprador regimes trained, supplied and supported by metropolitan forces.

In 1970, the influential Australian Institute of Political Science held its annual summer conference on *Big Business in Australia*. In a key address the Australian (Paris-based) correspondent for the Wall Street Journal, Neil McInnes, argued that Australia was boxed into the world that the multi-national corporations were creating. He suggested that if, as was the case, Australia found this uncomfortable, it should set about creating multi-national corporations of its own to act in concert with the existing giants, especially in capitalist Asia. Foreign firms could introduce new-technology industries to Australia: Australian firms could establish old-technology industrial subsidiaries in Asia. He pointed out, 'The role of active junior player in a foreign captained team suits Australia in politics, and there is no reason why it shouldn't suit them in international business'. Within months, Whitlam, who was reportedly very impressed by Neil McInnes' paper, addressed the American-Australian Association in New York. He said,

Investment in Australia can be effective indeed . . . if that investment is primarily directed not merely to catering for the extension of the American market represented by twelve and a half million affluent Australians but as the stepping off point, the launching pad, for the development of the hundreds of millions of people who form that arc around Australia . . . I think there are advantages for American investors to have Australia as a factory in the 18th century sense of an offshore factory for South East Asia.¹¹

He had already been arguing that Australian investment in Southeast Asia should be increased¹² and in fact the 1960s had witnessed such a

development. While still small by international standards, the level of Australian external investment had risen from \$A6 million in 1961, to \$A57 million in 1968, although it is difficult to distinguish 'Australian' from Australian-based capital. The Liberal government was already encouraging such tendencies. In addition, on his return from America, Whitlam implied that the defence perimeter against communism should be redrawn in Indonesia, Malaysia and Singapore, rather than Vietnam, by increased military aid and the provision of military advisers. During his barnstorming Asian tour in February 1974, the Labor Prime Minister became an enthusiast for the ASEAN alliance. Dr Cairns, following a visit to the US, argued that the interests of American capitalism had not been served by the intervention in Vietnam, as American business had come to recognise. A socialist society with an expanding economy provided a more reliable trading partner than a stagnant, parasitic Asian Despotism which was costly to maintain. Further, while the need to withdraw from Vietnam was increasingly emphasised by Labor, it was accompanied by a growing demand for a special relationship with the Indonesian military government. Suharto's visit to Australia in 1972 received a bipartisan welcome and Australia-Indonesia business lobbies sprang up in Melbourne and Sydney.¹³

During the two years which elapsed between Whitlam's public pronouncement of his 'springboard' strategy for Asia, and the election of a Labor government, a number of new developments in the Pacific Rim opened up further opportunities for Australian penetration of the area. First, the decline of American imperialism became increasingly evident. Washington was forced to accept an eventual withdrawal from Vietnam, Cambodia and Laos and the re-drawing of a defence perimeter based on the ASEAN states. Similarly it was forced into a *détente* with China and new hopes of a large reliable market were awakened. A more competitive and aggressive economic posture by Japan destabilised the Pacific Rim hierarchy. There was an acceleration of industrial development in South-east Asia based on the subsidiaries of the multi-national corporations. In some cases, the most ambitious of such plans were Australian-based, precisely along the lines advocated by Whitlam and McInnes. In 1970, the Ford Corporation established Ford Asia-Pacific Inc., with headquarters in Melbourne, to develop

a complete new multi-national auto industry based on a system of regional free trade in motor vehicles and components . . . Each country would undertake production of a different set of components at high volume for supply to the whole region. Each country would also undertake vehicle assembly from components made within the region and each Government would permit imports equivalent in foreign exchange value to its exports of parts and vehicles. There are eighty Australians in management positions throughout the region and sixteen Americans.¹⁴

In 1973, the President of Ford International declared, 'We talk about

complementation and we always talk about Australia as the lead dog—the lead cow—of the whole operation. The Philippines is part of it with its stamping ground (but) Australia is the ideal manufacturing base for our entire Asia-Pacific operations'.¹⁵

Other multi-nationals, such as General Motors, Dunlop, ITT, Coca-Cola, were adopting similar strategies. The great boom in the price of raw materials and energy supplies led to a growing inflow of capital into Australia and a dramatic rise in the balance of payments surplus to more than four billion Australian dollars. In addition, the boom heightened the importance of Southeast Asian commodity production and accelerated the drive to discover more energy sources in the area. The outflow of Australian capital to Southeast Asia also accelerated, especially investment in Indonesia where it has approached \$A200 million, while in its 1973 budget, the Labor Government doubled its civil economic aid to Indonesia.

Foreign Policy

Shortly after assuming office, Whitlam announced that 'foreign policy must now be fully integrated with domestic policy'. He added that 'the tactics of containment, forward defence and ideological confrontation are not only no longer relevant but counter productive'. External relations, like exchange rates, tariffs, manpower and industrial policies, were to be integrated into an overall strategy for the consolidation and expansion of Australian capitalism. We may conveniently examine this strategy with reference to five major themes; handling the multi-nationals, resources diplomacy, penetrating the Pacific Basin, relations with the socialist bloc, and defending the Pacific Rim.

Despite the frequent criticisms of the multi-national corporations made by both Ministers and unions, there has been no cross-the-board curtailment of foreign investment. Moreover, in his 1973 address to the American-Australian Association in New York, Whitlam adopted a different posture from that of 1970:

It should be quite clear that this does not mean we have no further wish to see foreign capital flow into Australia. But in future we will cast a more critical eye over individual investment proposals. We intend to make sure that future capital inflow is associated with *productive* investment which will add to Australia's real resources and that foreign capital is employed in real *partnership* with Australian owned capital.

In this concept, foreign capital is designated for productive tasks (in alliance with local capital boosted by savings) and a new resource diplomacy, using Australia as a regional centre. It is the 1970 junior partner scheme in a new dress. In late 1973, a consortium of American and Japanese interests were prevented from building a petro-chemical complex in South Australia, until 51 per cent of Australian capital was

admitted. The Labor Government had made its point; it, rather than compliant State governments and private interests, would determine investment policy.

The field of resource diplomacy is more complex. Briefly, the Labor Government shows little sign of either participating in the Organisation of Petroleum Exporting Countries type arrangements with Third World countries, to improve their position vis-à-vis the metropolises and the multi-nationals, or, except in special cases (such as uranium), of reducing the output of commodities. It involves, rather, establishing stricter government control over leases to ensure better prices and royalties; greater Australian participation in mining industries; the establishment of government-led sellers' cartels to face the multi-nationals; protection of Australia's future industrial needs; and a reduction of government subsidies for oil and mineral search operations. Supplies will be continued on more favourable terms, and at the expense of private Australian mining interests and over-enthusiastic State governments.

On 30 September 1973, Dr Cairns, then Minister for Secondary Industry and Trade, announced that the Pacific Basin was ripe for Australian expansion. His Department was certainly seeking to facilitate such penetration. On 15 June he had told businessmen that 'a constructive attitude to our balance of payments situation would consist, for example, in encouraging Australian firms to invest overseas'. The 1973 Budget announced the establishment of a committee to examine and report on the encouragement of private investment overseas. On 10 October 1973, Cairns announced he would send an official survey mission to Thailand and the Philippines to encourage private Australian investment to go abroad. This would, he explained, secure markets for processed products, provide a larger base on which to build Australian technology and management skills, strengthen Australia's political position in the Pacific Basin and enable Australian companies to gain a better perspective of the world. Later he added that government assistance would be given to firms setting up processing plants for Australian minerals in Third World countries. In January 1974, it was announced that a German consortium had led the way, building a steelworks in Indonesia to process Australian ore. Nonetheless an Australian trade mission, in November 1973, anticipated such investment on a smaller scale by Australian industry. In February 1974, it was announced that Australian National Industries would establish a steel forging industry in the Philippines. During the same month, while visiting Thailand, Whitlam was informed that the government there favoured his policy of encouraging Australian investment in Thailand. Australian companies, particularly the steel giant Broken Hill Proprietary, have joined the international consortia scouring Southeast Asia for energy supplies, and BHP has announced three oil strikes. The major Australian banks have already established subsidiaries in Djakarta.

As Whitlam indicated during his 1974 tour of Southeast Asia, 'Australia wanted to facilitate trade with its near neighbours on a mutually beneficial basis, and promote economic development through constructive aid programmes'.

The darker side of this penetration is reserved for the Trade Department's handouts to Australian businessmen. Noting that Indonesian wages range from 90 cents to \$A1.35 a day for labour, one document points out that 'Industrial relations since the banning of the Communist Party in 1966 have been generally calm . . . At present strikes are banned'.¹⁶ Further, the Australian Labor Government, in a development of its predecessors' policy, has concluded an unprecedented private investment agreement with Djakarta,¹⁷ that Indonesia will not nationalise firms nor block the outflow of profits. In this event Australian investors can seek arbitration or recoup losses from the Australian government. Inviting such investment the Indonesian Ambassador to Australia, Mr Her Tarning, explained:

The most useful form of investment would be the processing of Indonesia's raw materials, with the added attraction of cheap labour, for export markets. Foreign investors were protected by legislation which guaranteed their investment and ensured retention of profits.

Whitlam has consistently argued that 'Indonesia should serve as an indication of the approach we shall increasingly adopt in future to Australian activity of this kind overseas . . . the economic problems faced by Indonesia are common to most of the developing countries in the region'.¹⁸ The expansion of Australia into the Pacific Basin proceeds, through investment to utilise a cheap and docile labour supply; energy exploration to provide against the depletion of Australian reserves; and the provision of a springboard for those advanced technology industries beyond Australia's capacity, which may permit Australian equity participation, given sufficient pressure from Canberra.

Relations with the Asian socialist states have undoubtedly improved under Labor, though the policy is now largely bipartisan, and trade with China had flourished even during 'defence in depth'. Dr Cairns' 1973 trade mission to China was composed of Australia's leading industrialists and followed complaints that the China market was being inadequately explored by the Liberals. Glowing departmental reports were issued, and during Whitlam's later visit a trade agreement followed. A nearly-abortive sugar deal, a \$A20 million iron ore contract, and a three year wheat agreement were negotiated. As Dr Cairns put it, 'I would rather have the position in the Pacific that we have a three leg stool—the US, Japan and China—than a two-leg one'.¹⁹

Finally we may turn to Canberra's plans for defending the newly drawn Pacific Rim. First, Australia continues to regard ANZUS as its main security treaty, and despite the agreement on the North West Cape base will not seek the removal of American military installations.²⁰

Second, although Whitlam has continued to assert that Australia would never again send troops to fight in mainland Asia, he insisted at his Singapore Press Club address (8 February 1974) that Australia would continue its defence co-operation with Malaysia, Singapore and Indonesia, and could retain its RAAF units in Malaya. The decision to withdraw the Australian battalion from Malaysia, 'in no way repudiates or downgrades the five-power arrangements'; previously it had been made clear that some Australian troops *would be* retained in Malaya.²¹ Further, in September 1973, Australian air and naval forces participated with those of the US in a major exercise in the North Pacific; and in London in January 1974, the Defence Minister called for far more joint exercises by the ANZUS powers in Southeast Asia, (Malaysia, Singapore, New Zealand, Britain, Australia). Of particular importance in view of Whitlam's remarks that relations with Indonesia provide a model for Southeast Asia, is the provision of defence equipment, armaments and training facilities to Indonesia; allocations for these were increased in the 1973 budget. This led even the *Australian Financial Review* to criticise the ALP for too openly identifying with the Indonesian junta to the tune of \$A20 million in aid. (In 1973 Malaysia would receive \$A6.1 million in 'defence' aid, Singapore \$A1.2 million, Indonesia \$A5.1 million). In these respects Australia's plans for the defence of the ASEAN perimeter differ from Washington's, only in their exclusion of Vietnam and Cambodia as sites for last-ditch resistance.

Manpower Policy and Income Policy

A standard practice in England, Sweden and West Germany since Social Democratic governments came to office has been to hold down wage rises as part of an 'income policy' which aimed to combat inflation. In fact what was also involved was a desire to preserve the share of profit in national income, a policy seen as important for the continuation of sound economic growth. The Australian Minister for Secondary Industry and Supply, K. Enderby, put the attitude of the Labor Party to business and profits, in a speech reported in March 1974:

The Labor Party is committed to a prosperous mixed economy. It is committed to the welfare of industry which employs one-third of the people who voted it into office. It seeks to co-operate with business in the national interest. It does not seek to 'fight the bastards' . . . During the year the gross profit of Australian companies increased by a billion dollars or 20 per cent, compared with the last year of the previous Government. Australian business will always do better under a Labor Government than a non-Labor Government because the Labor Governments believed in administering and guiding the economy and taking action to achieve prosperity.²²

However, an incomes policy can only work if three basic conditions are fulfilled: first, the criteria for incomes movements be centrally

framed; second, that it be based on consensus between government, employers, and unions at the national level; third, there must be means to restrain and deter groups of workers and employers from exceeding the prescribed criteria. In the practice of the new Labor Government, no central guidelines have been announced, apart from support given to increases for lower paid income earners, at the minimum wage hearings of the Arbitration Commission in February 1973 and 1974. Instead, the Government has relied on appeals to workers to restrain their demands in expectation of restraints imposed on price rises by the Prices Justification Tribunal. As far as 'consensus' is concerned, the federal platform of the ALP puts its faith in the ACTU to police agreements, and in day-to-day politics it bases itself on Mr Hawke in his two-hatted role of federal ALP president and ACTU president²³—a schizophrenic arrangement.

A second string to the Labor Government's bow, and one of our criteria for successful income policy, has been its attempts to whip up enthusiasm for 'job enrichment', 'workers management' and similar schemes operating in West Germany and Sweden. These, it hopes, will 'sweeten the syrup' of wage restraint and future income policies if they are found to be necessary. At its heights of rhetoric, the Labor Party was most lofty in its sentiments:

Labor declares that every citizen has the right to industrial equality and freedom from outmoded master and servant attitudes—the creative pursuit of human values to ensure that the innate satisfactions and qualities of life never become secondary to productivity goals or ruthlessly sought after efficiency.²⁴

The federal platform failed, however, to tell the workers of Australia that there is, in fact, a very close connection in the stated aims of West German and Swedish job-enrichment schemes, a very clear aim to achieve 'productivity goals' and 'ruthlessly sought-after-efficiency'. Nor did it explicitly draw the connection between 'worker-satisfaction' schemes and the government's manpower, tariff and incomes policies. These links are set out in what follows.

The first signs of a connection between incomes policy and manpower policy can be seen in the Labor Minister's enthusiasm for the reports of the Organisation for Economic Co-operation and Development (OECD), the Paris-based clearing house for ideas on how technocratic laborism should more efficiently manage a modern capitalist economy. There, the experiences of Social Democracy (Sweden, Holland, Norway, and other countries) are pooled, along with the lessons of free-enterprise West European countries, in order to render advice on economic policy, manpower policy, and the like.

In one such OECD report, we read:

Projections might be more likely to influence opinion and behaviour if they could be associated with an examination of the implications

for the distribution of incomes as between sectors and groups, and of the related policy questions of the development of social security systems, the improvement in the position of the lowest paid workers and amelioration of the position of social groups which had been left behind in the general growth of prosperity. Public discussion in these terms, and public agreement on income distribution, might create a better basis for the establishment of incomes policies in the medium term, since it might show the effects of incomes and prices in a better perspective.²⁵

This gives us a clue as to how OECD sees the relationship between manpower policies, social security policies and the 'selling' of policies of wage moderation. For what is being suggested here is that a modern technocratic labour government is especially well-placed to offer the organised trade unions a package deal—better social services and the uplifting of the poorest workers *in return for across-the-board wage restraint in all other sectors of the workforce*. A moment's reflection will indicate that the Labor Government has attempted to follow this course. We have been offered expansion of social benefits in three main areas of activity: the cost of medical treatment (The Deeble-Scotton health insurance proposals); the expansion of superannuation and retirement benefits (the K. J. Hancock committee); and improved welfare for the poor (an expanded version of the original Henderson enquiry). Besides this, Beazley's education proposals aim to reduce the cost of education for lower income groups (especially in the Catholic parish schools). One way of supplementing this 'package deal' and 'selling it' in the era of incomes policy, is to advocate workers' participation. Premier Dunstan and South Australian employers have seen that this is crucial—hence the Badger Report on Workers' Participation to the South Australian Government.²⁶ Cairns goes further and advocates workers' participation in the planning process itself.²⁷ Such an approach has also been suggested by the President of the OECD Centre.²⁸ Cameron has responded and sees it as increasing the efficiency of the work force at the same time. As Cameron pointed out, union representatives must be trained to go on the board, they must be adequately prepared for their role as participants in the management of capital. To use his own phrase, 'it is no use talking productivity at the shop floor level if the bloke at the top is a dud'.²⁹ In 1971, the Federal Labor Conference had avoided extensive endorsements of Cameron's proposals for productivity agreements in Australia. Yet Cameron did not give up. A few days after the election he informed journalist Dennis Minogue³⁰ that he 'firmly believes productivity deals must come to Australia,' and that he planned to 'hold a series of seminars with union and management representatives from Britain, Canada and Germany addressing industry on the advantages and pitfalls of the system'. The Badger Report, and associated discussions by Cameron and his staff at industrial relations seminars, seem to be a

way of bringing in productivity agreements by the back door, so that the Launceston Conference's suspicions can be mitigated.

In Swedish and OECD publications, a great deal of attention is paid to structural unemployment. In Australia, regional mobility is higher. Yet manpower policy must take into account regional problems, and the kind of problems posed by such things as sudden changes in technology, or the recent tariff cuts as an anti-inflationary device. Cameron's Labor Ministry is gearing itself for these changes, and is closely following Swedish experience.³¹ It involves problems of retraining, of subsidising workers displaced by structural change in the economy. As one of Cameron's economic advisors once put it, 'to formulate a manpower policy for the economy as a whole requires, of course, the ability to predict the structural changes which will take place, and to estimate the kind of changes in employment in particular industries which it will require'. The article in which this analysis appeared was entitled, significantly, 'Wanted: A Manpower Policy to Go With Tariff and Dollar Changes' (*National Times*, 7 August 1972). Tariff reform has been on the agenda for a long time. Its usefulness as an anti-inflationary move was foreshadowed in the OECD *Survey of Australia* of November 1972; while preparations for its effects on the labour force were made in April 1973.³² All of this indicates the heavy ideological influence on Cameron of Swedish-type manpower planning, as well as OECD ideas on the appropriate relationship between manpower policy and general economic policies such as tariff reform, accelerated technological change and incomes policy.

The practical consequences of Cameron's intentions in the field of industrial relations have yet to come. Only the groundwork has been laid so far for an incomes policy. The visit to Sweden by Cameron and his team has not yet been translated into legislation, although the retraining proposals to follow the 25 per cent tariff cut of July 1973 are a preview of some elements of the Swedish 'model'. In the field of industrial relations, Cameron has had two bad experiments. He began his *de facto* portfolio with a wild accusation that the pilots' strike of 5 December 1972, for a 30 per cent wage rise was a 'political plot' to bring down the Government.³³ His ministry clashed with the Clerks' Union, which accused the Federal Government of going back on an electoral promise of equal pay for women,³⁴ when it intervened in the union's claim for equal pay for women airline clerks. And in the case of the 16 per cent wage rise for the public service, Cameron's hostile reaction indicates that his plan for getting OECD-recommended rises for minimum wage workers while holding higher wage categories steady, did not succeed.³⁵ In fact Cameron's industrial 'peace' proposals, his strenuous attempts to whip up working class support for 'workers' participation', and Whitlam's attempt to use the referenda of December 1973 to bring in an incomes policy, met with strong trade union

resistance: this was led by the huge Amalgamated Metal Workers' Union—a key organisation of the proletariat.

It is precisely the demand for the full and rational use of resources that reveals a growing consciousness of the gap that is widening between the changing technological forces and the capitalist property relations that contain them. Workers, including those in the nationalised industries, who know that they have achieved a little more responsibility, know now how much more they could achieve; teachers and social workers are frustrated by the limits set upon their work; and students are unable to find employment appropriate to their qualifications.

All this is generating an opposition force that has to be contained by the Labor Government within the framework of the capitalist system. It is above all *inside* the state institutions, and particularly in those of the welfare state, and of the nationalised industries, that this force is being generated. This was the kind of thing that the OECD planners had forecast:

Nor can incomes policies easily be divorced from wider issues of social policy. The problem implicit in incomes policies everywhere is the appropriate distribution of income in modern societies. The extent to which a socially desirable income distribution can be achieved by appropriate social security and fiscal systems, and how far incomes policies can or should influence relative income structures is uncertain and controversial.³⁶

Labor's Retreat from Equality

It was only during the August 1973 Budget and the later discussions about likely changes in tax schedules, that the full implication of Whitlam's commitment to the urban middle classes, as outlined in his 1972 policy speech, became clearer. The first signs were there already early in 1972; two federal ministers had published articles³⁷ on the financing of the social welfare fund, which clearly implied that the old system of payments from the consolidated revenue fund, built up from progressive taxation, was under review among the technocratic laborites.³⁸ They indicated that people should pay, in large measure, for their own social services (health, superannuation) by pay-as-you-earn contributions to specially earmarked funds. Such methods of financing social welfare—involving a lower degree of progression in burden than the Consolidated Revenue method—are, of course, 'par for the course' in Social Democratic regimes abroad. They continue to be enthusiastically advocated by the OECD to which the new Labor government has looked for many of its ideas in this field.³⁹

The 1973 federal budget had a number of specific concessions to the urban middle class. Tax deductions for private insurance, long a source of inequality, were maintained, as was deductibility for private school fees. A new scheme, described by the financial press as a middle class

vote-catcher and rather regressive in its implications, was introduced. This was a scheme to make home mortgage payments tax deductible.⁴⁰ University education was made free and was thereby thrown open more and more to those who can already afford it. The huge cost of this undertaking was to be largely paid for through taxes on working class expenditures on beer and cigarettes.⁴¹ And it was introduced at a time when those who would immediately gain were those middle class beneficiaries of Whitlam's ideas, for, as the *Martin Report* had indicated, of school leavers whose fathers were in the category 'unskilled or semi-skilled', only 1.5 per cent enter universities and only 4.4 per cent enter any sort of tertiary education.

More of this kind of 'democratic elitism' was to follow. The McMahon government had set up the Henderson Inquiry into Poverty, supported at that time by the opposition. Professor Henderson, a liberal-minded economist with a strong sense of social justice, took his brief seriously. He analysed the actual sources of poverty by exhaustive examination of social workers, charities and the poor themselves. He commissioned detailed surveys, such as that in the Hindmarsh electorate in Adelaide. He seems to have taken note of an important conclusion reached by England's leading expert in this field (R. M. Titmuss), that the poor do not know how to utilise existing rights to social services and are often *taxed into poverty*. As Titmuss put it, the Welfare State operates today to pick up discarded humans after the damage has been done to them by industrial society. In the event, Henderson's Report was highly critical of the promise, in the Whitlam Policy Speech of 1972, to abolish the means test in pension payments, a policy which Henderson saw as inimical to equality.⁴² He also demanded an immediate and extensive system of proper child endowment. Far from welcoming this exposure of inequality and poverty, the new Labor ministers and their ubiquitous 'personal staff' gave the Henderson document the 'Vernon Report treatment'.⁴³ Even before it was released, they circulated rumours about its incompetence; it was said that the arguments in the report were scanty and that it did not provide a satisfactory basis for analysing or recommending measures to overcome the problem. The Labor leaders attempted, in fact, an undemocratic destruction of the proposals before they could reach the public, and held up the release of the Report in order to do so.

Moreover, in the week preceding the completion of the Henderson Report, (April 1974), the Ministers for Labor and for Social Security began a campaign of denunciation of 'slackness' and 'bludgers' who were allegedly drawing unemployment benefit without seriously attempting to find work. This contrasted with their earlier boasts that hippies and others were no longer being discriminated against in obtaining ready access to welfare payments.⁴⁴ The officials of the Metal Workers' Union then dissected the figures available to them and showed that a maximum of one quarter of recipients of unemployment benefit would

be in a position to 'bludge', even if they choose to do so; most were family men, older workers and so forth.

It has been said, on the other hand, that Mr Hayden, the Minister for Social Security has, on a number of occasions, stressed the need for equality. To examine this claim, and to explain the hostility and indifference to Henderson's conclusions, as well as the retreat from equality as so far outlined, we need to go back to Hayden's *Implications of Democratic Socialism* (1967) and the 1972 policy speech. The Hayden document and Whitlam's election speeches generally re-defined the *meaning* of equality and outlined Labor's new philosophy of how to achieve it.

In the Hayden pamphlet we read that:

Democratic socialism is concerned to guarantee the rights of the individual to a free, happy and full life in which freedom of choice and equal opportunity are the privilege of all . . . The equality of which socialists speak concerns the equality of equal chance for each person to develop his natural talents and interests to the best of his ability.⁴⁵

Echoing this, Whitlam wrote⁴⁶ in 1970 that 'equality with freedom is . . . the basic ideal and inspiration of democratic socialism' and that 'education was the most basic weapon of all in promoting equality', while the 1972 policy speech argued that 'in modern Australia social inequality is fixed upon families by the place in which they are forced to live even more than by what they are able to earn'.⁴⁷ In the 1972 election campaign, Whitlam indicated that he believed that the main causes of inequality in Australia were not those arising out of ownership of wealth and property, but regional disparities in education standards and in the burden of land and housing costs on households.⁴⁸

What we have here is a final proof that with the accession to decision-making within the ALP of Whitlam, Cass, Dunstan, Mathews, Spigelman, Enderby and other technocratic laborists, a *regional* and a *meritocratic* conception of equality replaced egalitarianism, previously at the core of Labor thinking and socialist doctrine generally. Parkin points out that 'generally, egalitarians have espoused a view of social justice which asks that men be rewarded in accordance with their individual social needs, family responsibilities and the like, rather than in accordance with their role in the social division of labour. The meritocratic critique of the class system, on the other hand, is less concerned about inequalities of reward accruing to different positions than about *the process of recruitment to these positions*'.⁴⁹ Immediately upon taking office the meritocratic line and the 'regional disparities' line became operative. The new Labor government proceeded to set up Land Commissions in each State to equalise land prices between regions as far as this could be done, hopefully leading to an Australian Land Commission.⁵⁰ In Parliament, the Minister for Urban and Regional

Development described these Land Commissions as 'one part of an inter-connected package of programmes in urban and regional development'.⁵¹ The Department of Urban and Regional Development itself began work on the new role envisaged for the Commonwealth Grants Commission in order to assist regional authorities to legitimise their approach to it, through the Special Minister of State, by establishing new Local Government Special Grants. The Department saw its objective as hastening the disbursement of Commonwealth funds to regions, in order to show that the government 'meant business' in its desire to even out differences in living standards via inter-regional reimbursements. It also worked on redistribution of access to utilities and public goods from rich to poor regions. All of these promises, re-definitions, and changes of emphasis should be remembered by those who studied Hayden's rhetoric in the *Chifley Memorial Lecture 1973*.

Here we rest our case on the 'retreat from equality' of the new Labor government. The lack of interest in taxing wealth and property, the regressive budget, the new methods canvassed for financing social services, the obsession with 'improving human capital' via education—all of these demonstrate that this professedly egalitarian Party and Government was prepared to use only perverse and indirect means to attack the imbalance in the use of public goods, or modify the present occupational reward structure. It was not prepared to use even traditional Fabian methods to alter the distribution of wealth.

The Problem of Economic Planning

For a long time, while in opposition, the Labor Party espoused the cause of indicative planning and complained about *ad hoc*, unco-ordinated planning bodies in Australia. Crean, for one, looked forward to using overseas experience to establish growth targets, and to getting the various public agencies working to some consistent social priorities.⁵² In 1963, the Party leaders promised to set and achieve a planned growth target of five and a half per cent annually; this was a rate based partly on estimates by Dr Coombs, and partly on rates accepted by French economic planners after intense technical analysis.⁵³ In 1965, Hayden strongly defended⁵⁴ those parts of the Vernon Report which pointed to the need for indicative planning, on the grounds that 'the whole world has accepted the desirability and urgent need for planned development and guided growth'. He also attacked the 'web of ideological nonsense about the evils of planning that the Treasury had spun'.⁵⁵ And of course indicative economic planning was central to the Stafford Cripps-British Labor Party stream in Social Democratic thought. The books of moderates (such as E. Durbin's *Politics of Democratic Centralism* and C. R. Crosland's *The Conservative Enemy*) extolled economic planning. Even Harold Wilson wrote a lengthy article in the *New Statesman* in 1964, sketching a four-year plan for Britain and his

proposed changes in planning machinery, and in 1966 he published a plan along these lines.

Yet even this degree of interest in 'socialist planning', and their earlier enthusiasm for it, proved too much for the ALP leaders as the 1972 elections approached. They began to back-track. Crean warned:

It would be folly to suggest that there is any single or simple formula for setting things right. Labor in Australia, while recognising the need for social priorities and acknowledging that a modern economy cannot be run on hunches but requires something that can best be described as a plan, nevertheless must start with existing mechanisms and work within a federal pattern and in the context of a mixed economy.⁵⁶

When this came out, one critic (later a top economic advisor to the new Labor government)⁵⁷ said that it was 'hardly a blueprint for revolution: the tone is reminiscent of Mr Snedden's speeches when he was Minister for Labour and National Service. One suspects that Mr. Crean in office—despite his nostalgia for cheap money and cutting down the tall poppies—will prove just as honest, dull and subject to the advice, good and bad, of his officials as the present incumbent'.⁵⁸ And so it proved, for within a year in office, Crean launched a disparaging attack on economic planning and specifically poured scorn on French planning:

All that we can say is that the post-war growth of the French economy, which followed two decades of economic stagnation, coincided with the instrument of planning. That is all we can conclude.⁵⁹

This new emphasis reflected the well-known and long-held views of Crean's Treasury advisor, J. Stone, author of White Papers attacking the very idea of planning.⁶⁰ Crean likewise rejected 'any comprehensive system of planning' in his address. This formally reversed his own stand of the 1960s. He now maintained that the *ad hoc* and uncoordinated nature of economic decision-making in Australia was natural:

inevitably the system produces a degree of conflict in policy formulation requiring resolution at the administrative, or, perhaps more often, at the political level. This in itself is not a bad thing. Economic planning, whatever its form, does not put us above the storm.⁶¹

This ecumenical approach to economic pluralism, developed in 1972 and advocated in 1974, fits in well with Whitlam's insistence on the co-existence of planning and market forces, the revival of the price mechanism in the banking sector, and his destruction of the tariff as part of industrial planning. It also dovetailed nicely with the capitalist concepts of 'economic planning' of the OECD type to which we have referred elsewhere.⁶²

Labor's 'planning' had nothing to do with the reconstruction of society on socialist lines. The sort of 'planning' that was favoured was an attempt to integrate the trade unions into the machinery of the capitalist state (the Cameron and Dunstan proposals); round-table

three way planning between Big Business, Big Unions and Big Government (the Swedish model); the revival of 'market forces' and 'economic pluralism' in order to make planning work in a more streamlined way. It was not even 'French Planning Without Tears'. Not a single move against property; only moderate closure of tax loopholes; and, as we have emphasised, anti-egalitarianism was rampant. Despite some objections from the lunatic fringe of the employers, the strategy of the 'new Labor Government' seemed always likely to pave the way for a handing back of office to the Liberals—with the private sector refreshed and intact.

THE DECLINE OF TECHNOCRATIC LABORISM

The Whitlam Electoral Model

Three major ideological documents, the 1972 Policy Speech, the 1973 Budget, and the PRS Report, reflected the Whitlam electoral model. Basically, all the issues emphasised were designed to woo the middle classes, especially those of suburban Sydney and Melbourne. The major beneficiaries were those who wanted town planning, science policies, ecological protection and the rapid development of the arts; in cold cash terms, the 'unproductive' sectors received the largest dollops of soothing syrup; a \$200 million rise in public service wages, substantial increases for academics and teachers, literary grants, and so on. This emphasis continued until the sharpened class struggle waged by the productive workers (led by the Metal Workers) in July-September 1974. There was also involved a re-structuring of the ALP itself; decision-making of any kind was taken out of the hands of rank and file unions and branches; at the Surfers' Paradise federal conference of the ALP in July 1973, a resolution moved by Mick Young (and carried 47 to nil) simply discharged from the notice-paper some 50 items sent to the conference from the affiliated unions and party organisations—without any hearing.⁶³ In place of the trade union, leavening power shifted to the outside recruits who became 'advisors' (the 'troikas'), to the permanent civil service and to the kitchen Cabinet. What working class representation remained in Caucus was, for a time, severely muzzled. An operation to de-politicise the Labor Party was in full swing.

By September 1974, much of this electoral model was in ruins. Whitlam swung away from the 'unproductive' sectors and hit at 'fat cat' public servants and academics; Caucus began to revolt over economic policy, and won major victories between July and September 1974 on budget strategy; the unions were seriously consulted and the government offered a social contract which would involve considerable concessions to working class interests, e.g., re-distributive taxation, curbs on property, better social services. It is of importance to explain this re-birth of 'basic Labor policy' and the technocratic retreat, and

to see what it portends for a future working class weight in running Australian society and for intervention by the Left.

The Technocratic Retreat

The period from the Mini-Budget of July to the September Budget was marked by a considerable series of defeats for technocratic laborism:

1. The main threats made in the Mini-Budget were halted. The most important were the open advocacy of unemployment by Crean and Whitlam (the 'Treasury line') and the axing of the child care program of \$130 million.
2. The exposure of the fraud of the Whitlam-Cameron 'manpower' policy. In the heady days of March 1973 Cameron could claim sanctimoniously that:

Where tariff changes cause displacement, we will be there to retrain the displaced worker. Where technological change makes a skill obsolescent, we will be there to teach another skill. Where a mine closes or an inefficient port is shut, we will be there to advise on employment elsewhere and to offer relocation assistance. Ultimately, all our programmes come down to one thing. We will facilitate desirable change. We will not allow a single person to be needlessly unemployed as a result of change or to have his lifestyle and aims in life prejudiced.⁶⁴

However, by June-July 1974, with unemployment growing, this sham was thoroughly exposed. When Leylands sacked a thousand workers, the Department of Labor official called to assist in advice about 're-location', hid from angry workers in the manager's office. At Wauchope in NSW, the director wrote to seek the advice of Cameron's department on the sacking of timber workers and suggested the government use the case as 'a model project for structural assistance and re-training'. The Department replied that *it had no programme*.⁶⁵ It was clear that no resources had been allocated to re-training schools, and little to pay compensation. Cameron was presumably relying on the fact that in female-intensive industries, the displaced women would return to the kitchen, and workers in migrant-intensive industries would not know how to use the system.

3. The rate of unemployment surpassed peak Liberal Party-induced levels, 1.87 per cent on seasonally-adjusted figures compared to 1.77 per cent.⁶⁶ It was predicted that 200,000 would be unemployed by January 1975.⁶⁷

4. The intensity of strike action reached the previous record level established in 1929.

5. An attempt to divert attention by getting Egerton and Cameron to attack the unions in concert failed; instead, Cairns (under the impact of a Caucus revolt) took over economic policy and Whitlam sulked in his tent for three weeks, until forced to make a nation-wide broadcast at the end of August.

6. Increasingly, the working class, by strike action outside the ALP, and by pressure on trade union representatives in Caucus, began to influence politics. A 'traditionalist' attitude to full employment began to re-emerge. This was reminiscent of 'Chifley Labor' policies, as enshrined in the White Paper on *Full Employment in Australia* of 1945. This document, together with the 1945 Banking Act had made full employment an article of political faith and was premised on the raising of mass consumption standards and social service transfers from rich to poor.⁶⁸ Not only was Whitlam's *electoral model* in disarray as a result of its contradiction with basic events in the economy, but his long-term *economic model*, based on the perspectives of technocratic laborism, was also threatened.

The Whitlam Economic Model—What was it?

Until 1972, the Treasury ran Australia's productivity effort by relying on rises in the overall level of output to raise real product per man hour. This was in accordance with the Verdoorn-Aukrust law,⁶⁹ which states that *increases* in real product per man-hour are a function of the level of real output, while the *level* of productivity per man hour is a function of the square root of aggregate real output. The reasons for these relationships are complex and will not be gone into here. Essentially they are connected with the benefits of 'learning by doing', with the work force (if they work), with the mediating role of technological progress when diffused widely in the community, and with the cumulative benefits of internal and external economies of scale. Interruptions to this process are usually the result of strike action or external shocks,⁷⁰ rather than the falling rate of profit.⁷¹

When the Labor government came to office this 'model of economic growth' was replaced with a new diagnosis and a strategy more in keeping with Labor's penchant for *dirigisme* in economic affairs. Essentially this was the Swedish thesis⁷² that real product per man hour is a function of the re-distribution of labour and capital from low productivity to high productivity sectors, partly by closing down of plants⁷³ through tariff cuts, research and development programmes and a selective, welcoming approach to high-technology overseas corporations.

In other words, Labor decided to use manpower policy to move labour around the chessboard economy that its advisors posit in their neo-classical economic dreamworld, and to move capital around by using tariff cuts, research and development policy, and the variable deposit ratio (to allocate foreign capital). All of this is quite familiar in Swedish social democratic practice.⁷⁴ The main difference is the more vigorous use of regional investment policy (so far only foreshadowed in Australia),⁷⁵ vigorous use of Labour Market Boards and a *functioning*, as opposed to a utopian, manpower policy. The reasons for the Swedish model of productivity making its appearance in Australia at this time are not quite clear. Perhaps it had to do with fears

that the Australian growth rate might begin to slow down under the impact of a curb to mineral exports inherent in Connor's conservationist resource diplomacy, and the vocal demands of the ecology movement which had been courted at the 1972 election. Also, the ALP would have been aware that wage rises would not be easy to control and would be of a higher order, eating into capital's share and threatening the *structure* and *process* of 'expanded reproduction'. Certainly the fear of fall in productivity would be uppermost in the minds of those who were relying on the growth rate to finance ambitious social service expansion. In the words of one social democrat,⁷⁶ the ALP plan was 'governmental planning and intervention to revitalise and refurbish Australian capitalism in order to secure efficiency and growth and thus provide the resources for ambitious social programmes. And, no single reference to socialism'.

What happened in practice between August 1973 and August 1974 was that as strikes and economic struggle mounted, *Verdoorn's Law* was transformed into what we might christen the *Cairns-Hawke Law*: the rate of increase of real product per man hour is a function of the social contract, and the level of real product per man hour is equal to the reciprocal of the class struggle. For moves towards a social contract to head off class struggle had gathered pace during 1974;⁷⁷ these had as their purpose the establishment of a price-income policy which would reduce the level of strikes,⁷⁸ and secure 'voluntary wage restraint' by organised labour. This fits in well with the second plank of the Whitlam model of 1973, which was to 'sell' an incomes policy to the trade unions. The major programmatic document which recommended this was the *Winter Report*,⁷⁹ which was endorsed by Whitlam in Parliament.⁸⁰

A third plank of the Whitlam economic model was *selective* encouragement and discouragement of foreign capital. This was done by use of (a) the foreign takeover act; (b) the use of the variable deposit ratios; and (c) the use of the publicly-owned Australian Industries Development Corporation, whose role has *never* been to 'buy back the farm', but selective co-operation with foreign corporations. Its head, Sir Alan Westerman, spelt out in detail⁸¹ the criteria for 'welcome' foreign investment, of which the most important was 'technologically progressive' industrial investment. A fourth plank of the 1973 model was involved with how to move labour around once capital and technology had been injected to the favoured 'leading link' sectors. Essentially this is Cameron's manpower policy, including all the rhetoric about 're-training' and workers' participation, about which we have written previously.⁸²

The final and most successful plank was Whitlam's external economic model: resource diplomacy and Pacific Rim Strategy.⁸³ This was the only plank that has really succeeded. Cairns endorsed it when he said, 'Australia must become an investor abroad to play a fuller role in its

geographical area and to build on its assets—its skilled population and its natural resources'.⁸⁴ The idea here is that the Australian government underwrites the risk to Australian firms 'going multinational', because it sees this export of capital as a *learning process* for our own capitalists, at the same time widening the base on which to build Australian technology and management skills. Ultimately the aim is to make Australia less technologically dependent in order to escape vulnerability to overseas pressure. It complements and supplements the Whitlam-Connor neo-conservationist approach to natural resources—especially uranium.

However, as Cairns also noted in the same speech,⁸⁵ securing of markets abroad remains an urgent task. This is the most dangerous area for things to go wrong. For example, the de-industrialisation of Japan, a crucial customer for Australian products, would disrupt the whole Whitlam model, and the structure of Australian economic development generally. Connor's 'selective contracts' with Japan is aimed to minimize this possibility, and indeed it is a real one, as economic commentators have pointed out.⁸⁶ For, in the lugubrious picture of Japan drawn by the OECD,⁸⁷ there is some threat to Australian exports of food and manufactures and, possibly, of minerals. Last year, Japan had a zero growth rate after two decades of nearly ten per cent annual growth. And now the OECD has actually recommended⁸⁸ tight monetary policy to the Japanese government to cool off its economy.

Longer-term Effects of the Whitlam Plan

The re-allocation of the share of wages towards the unproductive sectors of the workforce accentuated inflation during 1973. As the second OECD report on the Australian economy noted,⁸⁹ there had been under the Liberals, 'a faster rate of increase of average remuneration in the public than the private sector'; this was likely to be further boosted by Labor policies;⁹⁰ and 'this suggests that the growth of the public sector relative to other sectors may be a contributing factor in explaining an acceleration in inflation'.⁹¹ It could hardly have helped to restrain wage demands by the productive workers. Let us recall the incredible difference between wage stability in 1972 and 1974—just over two years. On 5 May 1972, the Arbitration Commission awarded an increase of \$2 per week in the total wage (and \$4.70 per week in the minimum wage), while on 20 September 1972 it varied the Metal Trades Award by giving a \$3 per week increase. How ludicrous these sums appear in 1974! The accelerating inflation began to *reduce* net take-home pay of the productive workers. For, although the annual inflation rate was claimed to be 14.4 per cent⁹² as against an average earnings rate of 18.8 per cent,⁹³ with a marginal tax rate of 25-30 per cent, net earnings were declining. This not only caused unrest, it forced the ACTU to demand tax cuts and/or tax indexation—both in pre-budget talks with the government,⁹⁴ and at the special post-Budget session of

ACTU affiliates called to consider the Budget and its implied offer of a social contract.

These trends, plus the growing level of unemployment caused by the across-the-board tariff cuts, caused the clash between Whitlamism and Laborism during July-September 1974. Laborism, in the form of Caucus revolt and record strikes, was able to reverse the mini-Budget of July and defeat the 'more unemployment' strategy. Cairns took over economic policy at precisely this point; he supported the 'Adelaide plan' against the Treasury; he reversed the leniency towards fat cats and unproductive workers,⁹⁵ and he offered the social contract to the productive workforce. But what Cairns could not prevent was the development of something which the OECD had feared and warned about; that attempts to sell incomes policies or 'social contracts' to the working class ran the enormous risk that the distribution of income would be called into issue. As the OECD warned:

the problem implicit in income policy everywhere is the appropriate distribution of income in modern societies. The extent to which a socially desirable income distribution can be achieved by appropriate social security and fiscal systems and how far income policies can or should influence relative income structures is still uncertain and controversial.⁹⁶

These things *were* talked about at union conferences, because, as noted earlier, the take-home pay of the working class was falling under 'their' Labor government. The Labor government's reply was contained in its implicit offer, in the social contract, to improve social services for lower-paid workers. This was on strict OECD lines, for that body had suggested⁹⁷ that the best package deal is the improvement of the position of lower paid workers via social security in return for 'wage restraint' across the board. Nevertheless, Laborism was triumphant over Whitlamism to the extent that the offer *had* to contain *both* full employment and better social services and some threatened curbs on property incomes.

Conclusions

*What this may mean is that technocratic laborism does not work under conditions of sharp economic conflict, uncertainty about social cohesion⁹⁸ brought on by inflation, and threats to the structure of capital accumulation posed by militant economism.⁹⁹ We ourselves (in our book *Tweedledum to Tweedledee*) underestimated the possibility of large scale working class revolt against the managerial and technological policies of Whitlamism. It now appears that technocratic laborism was not able to put down enough deep roots in society, in real social classes. This was partly because its policies related to functional solutions rather than open capitalist class solutions,¹⁰⁰ which it tried to impose without full success. Clearly Whitlamism can achieve office; it has had a successful electoral model, *but it does not follow that it can run**

capitalism smoothly. This is not to imply however, that Fabian socialism or Laborism could have imposed capitalist solutions more efficiently in 1973 and 1974. What it does mean is that Laborism is an alternative method of maintaining capitalism, which may be viable for a particular set of politico-economic circumstances.

The social contract, which is a swindle in its intent, does, however, open up a number of possibilities in which the Left should intervene. First its effect is to accelerate the consolidation of workers around their unions, and this has made it more difficult for Rightist union officials to promote splits and factionalism. Second, it forces the unions to pay much more attention to the problems of workers *outside* the trade union structure (migrants, women, etc.) and to seriously take up their interests. Third, the capitalist state is beginning to politicise the trade union movement. *The unions for the first time have been forced to discuss how to run the country*. Prominent unions (such as the Metal Workers) are no longer content to be bought off with the pre-budget talks, the traditional public relations exercise of the Commonwealth Government. For example, the AMWC presented¹⁰¹ to its members in August 1974 a full, alternate political and economic strategy. It included the following: redistribution of income, the full implementation of health and child care programmes, increased company tax, and capital gains tax. But it also pushed strongly for nationalisation of selected corporations under 'democratic social ownership and control'. All of this went beyond the usual 'economism' of ACTU Congresses, and added up to a demand for *re-negotiating* of the proffered social contract, or to a 'third alternative' outside both the Treasury line and the social contract. The development described so far is only a beginning; it amounts mainly to a threat to make social contracts unworkable, but also a cutting into the unfettered state power operated by the ALP as a ruling stratum on behalf of dominant capital fractions is now on the agenda.

NOTES

- 1 Bruce McFarlane, *Economic Policy in Australia* (Cheshire, Melbourne, 1968), pp. 75-79.
- 2 Robert Catley & Bruce McFarlane, *From Tweedledum to Tweedledee* (ANZ Book Co, Sydney, 1974), chapter 7.
- 3 This term is used to denote the present hegemony of the intellectual and social engineering technocrats at decision-making levels in the ALP. Their distinguishing characteristic, apart from a penchant for bourgeois economics and OECD-style planning, is a meritocratic rather than an egalitarian approach to income distribution and enthusiasm for pay as you earn contributions to social welfare funds.
- 4 Melbourne *Sun*, 15 March 1974. See also R. Haupt, 'P.M. on how Government put Banks back into the market place', *Financial Review*, 15 March 1974.
- 5 Quoted in B. Toohey, 'The New Capitalists', *Financial Review*, 11 October 1973.
- 6 In foreign policy generally the 'new nationalism' and 'the progressive moves' (recognition of China and East Germany) did not extend to the Asian socialist movement. It took six months to wind down the training of Lon Nol's military officers; aid to the Indonesian military junta was doubled in the

- August budget and a foreign investment treaty was signed with Indonesia to guarantee the security of the investments of BHP, the private trading banks, etc.
- 7 See Assar Lindbeck, *Political Economy of the New Left* (Harper & Row, 1971) and I. M. D. Little *et al.*, *Industry and Trade in the Developing Countries* (OECD, Paris, 1971) for examples.
 - 8 H. W. Arndt, *The Economic Lessons of the 1930's*. Revised edition (Cass, London, 1972), p. 269.
 - 9 Quoted in *Financial Review*, 15 March 1974.
 - 10 Peter Wiley, *Vietnam and the Pacific Rim Strategy* (Leviathan, June 1969).
 - 11 E. G. Whittam, *Speech at American Australian Association* (Press Release, New York, 14 July 1970).
 - 12 See *Australia, Base or Bridge* (Sydney, 1966).
 - 13 See D. McLean's comprehensive 'Australia in Indonesia', *Pacific Research and World Empire Telegram*, May 1973. On Labor's plans for Indonesia see H. McQueen, 'Living off Asia', *Arena* 26 (1971), and Bruce McFarlane, 'A Neo-Colonial Policy for The Pacific Rim', *Arena* 32-33 (1974).
 - 14 *National Times*, 16-21 July 1973.
 - 15 *Financial Review*, 29 October 1973.
 - 16 Commonwealth Department of Trade, *Report of the Investment Survey Mission to Malaysia, Singapore and Indonesia* (November 1972), p. 45.
 - 17 F. Brenchley, 'Guarantees for Australian Investors in New Guinea Break Fresh Ground', *National Times*, 30 July 1973.
 - 18 *Financial Review*, 10 August 1973.
 - 19 *Hansard* (House of Representatives), 24 May 1973.
 - 20 *The Australian*, 25 July 1973.
 - 21 Annual Development Report, 1973.
 - 22 *Sydney Morning Herald*, 23 March 1974.
 - 23 ALP Federal Conference: *Federal Platform*, adopted at Surfers' Paradise conference, 13 July 1973. The Platform says: 'The ACTU has never repudiated an agreement, and has always ensured the observance of agreements made under its auspices and has publicly stated its intention to adhere to such a policy.'
 - 24 *Federal Platform*, loc. cit.
 - 25 OECD, *The Growth of Output, 1960-1980* (Paris, 1970), p. 123.
 - 26 The Report of the 'Committee on Workers' Participation in Management' (hereafter referred to as the *Badger Report* after its Chairman, Professor Badger, Vice-Chancellor of the University of Adelaide), was handed to Dunstan on 23 May 1973.
 - 27 *Financial Review*, 1 February 1973.
 - 28 OECD, *Productivity and Economic Planning* (Paris, 1970), p. 275.
 - 29 *Australian*, 5 December 1972.
 - 30 *ibid.*
 - 31 Cameron's attachment to the Swedish model is clearly spelled out in the following reports: Neil Swancott, 'Cameron's Comprehensive Manpower Policy', *Financial Review*, 30 March 1973; Ashley McKeon, 'Australia Committed to Swedish-Style Manpower Planning', *Financial Review*, 4 June 1973; R. Haupt, 'Sweden, Oh Sweden!', *Financial Review*, 12 April 1973; Neil Swancott, 'Swedish Scheme a Model for Relocation Subsidies', *Financial Review*, 22 May 1973.
 - 32 At that time Cameron said that 'the Australian worker is not a protectionist for protection's sake, but he sees high tariffs as the only one way he can save his job . . . Australian trade unions are not averse to overseas competition but they are anxious about jobs. If they could be satisfied that a manpower policy would guarantee their employment, they wouldn't then care so much about the tariff policies and there wouldn't be such strong advocacy of high tariffs', quoted in R. Haupt, 'Sweden, Oh Sweden!', *Financial Review* 12 April 1973.
 - 33 *Sydney Sun*, 16 December 1972. See also John Stackhouse, 'Ansett May Save Government's Face over Pilots Dispute', *Financial Review*, 7 December 1972.
 - 34 *Australian*, 30 May 1973.
 - 35 *Financial Review*, 3 August 1973. See also 'Cameron Hits Out at Public Service Fat Cats', *Australian*, 7 August 1973.

- 36 OECD, *The Growth of Output, 1960-1980* (Paris, 1970), p. 120.
- 37 See John McLaren (ed.), *Towards a New Australia* (Victorian Fabian Society and Cheshires, 1972), especially chapters by Crean and Hayden.
- 38 See H. McQueen, 'The End of Equality?' *Arena* 30 (1973). The author shows the lack of progression in Hayden's tables for the financing of health and superannuation.
- 39 For further details see R. Catley & B. McFarlane, 'Neo-Capitalist Planning Reaches Australia', *Intervention* 3 (August 1973).
- 40 See 'Technocratic Labor's First Budget' in R. Catley & B. McFarlane, *From Tweedledum to Tweedledee*, chapter 7.
- 41 The trend towards increased reliance on regressive 'indirect' taxation (sales tax, customs, etc.) which discriminate against lower income groups began under the Chifley Labor Government. In that regime's final year (1949), the proportion of taxation receipts raised from indirect taxes was higher, at 44.7 per cent, than in 1963 under Menzies (39.9 per cent). The Crean budget merely continued this Social Democratic tradition.
- 42 P. Kelly, 'Hayden Blocks Poverty Report Release', *Australian*, 2 April 1974.
- 43 The 'Vernon Report treatment' refers to Menzies' attack on the *Report of the Committee of Economic Enquiry* (Vernon Committee) in 1965. The method used then was to mount an intellectual attack on the arguments of the Vernon Committee and to feed everyone in journalism, in business and in universities who would listen. Most of this was done before the Report could be read by the public. For full details of this episode see Bruce McFarlane, *Economic Policy in Australia*, pp. 176-179.
- 44 See Clyde Cameron, *Towards a New Life* (Commonwealth Department of Labour, June 1973), p. 8, and W. Hayden, *Progress in Social Security Aims* (Australian Government Printing Service, 1974), p. 7.
- 45 W. Hayden, *The Implications of Democratic Socialism* (Victorian Fabian Society, 1967), p. 18.
- 46 'Labor at Home' in E. G. Whitlam & Bruce Grant, *Labor in Power* (Victorian Fabian Society).
- 47 *Sydney Morning Herald*, 14 November 1972.
- 48 *ibid.*
- 49 F. Parkin, *Class Inequality and Political Order* (Paladin, London, 1972), p. 13.
- 50 Department of Urban and Regional Development, *Information Papers: Land Commissions*.
- 51 *Hansard*, 21 November 1973.
- 52 F. Crean, *Dissent* (Spring 1963).
- 53 See T. Fitzgerald, 'French Without Tears', *Sydney Morning Herald*, 21 November 1963.
- 54 *Hansard*, 17 March 1966.
- 55 *ibid.*
- 56 F. Drean in J. McLaren (ed.), *Towards a New Australia* (Victorian Fabian Society and Cheshires, 1972).
- 57 P. P. McGuinness, 'ALP Economics: Idealism, Good Sense, Prejudice and Nonsense', *National Times*, 11-16 September 1972.
- 58 P. McGuinness's further prediction did not quite come true: 'just as the similarities of Rab Butler and Hugh Gaitskell led to the coining of the word "Butskellism" to describe a phenomenon in British politics, one can forecast the entry of "Creddenism" into Australian political discourse'.
- 59 B. Toohey, 'Crean Spurns Planning', *Financial Review*, 2 April 1974.
- 60 Treasury, *The Australian Economy 1962*.
- 61 B. Toohey, *loc. cit.*, who described Crean's speech of 1 April 1974 as a retreat from what traditional Labor men had said and expected, and commented that 'Crean's speech should serve to warn against too literal an interpretation of the Party platform'.
- 62 R. Catley & B. McFarlane, *From Tweedledum to Tweedledee*, chapter 2.
- 63 See Alan Ramsay's article in *The Australian*, 17 July 1973.
- 64 *Financial Review*, 14 March 1973.
- 65 *National Times*, 12-17 August 1974.
- 66 *Australian*, 9 September 1974.
- 67 *Australian*, 14 September 1974 and 20 September 1974.

- 68 See Bruce McFarlane, *Economic Policy in Australia* (Melbourne, 1968), p. 12.
- 69 P. J. Verdoorn, 'Complementarity and Long-Run Projections', *Econometrica* 24 (1956). Auckrust, O.E.E.C., *Productivity Review*, February 1959.
- 70 For a Marxist analysis of the role of external shocks in disrupting expanded reproduction, see M. Kalecki in the *Economic Journal*, March 1962 and June 1968.
- 71 For those who may imagine that Australia is suffering from a classical economic crisis with falling rates of profits, etc. (*Australian Left Review*, March 1974, p. 12), it should be pointed out that Australia is in a different economic situation from the UK and USA: a capital shortage instead of capital saturation; a rising and not a falling rate of profit; a large primary sector geared to export; capital saving invention is substantial (communications, etc.); productivity in manufacturing is rising more slowly than in the primary and tertiary sectors; a balance of payments surplus; rising productivity in tertiary sectors compared to UK and USA (where feather-bedding has reduced real product).
- 72 Eric Lundberg, 'Productivity and Structural Change: A Policy Issue in Sweden', *Economic Journal* (UK), March 1972, Supplement pp. 463-488.
- 73 E. Lundberg, *loc. cit.*, p. 477. It is not clear why the Swedes and the J. Cairns' school believe so strongly in the alternative hypothesis to Verdoorn's Law: i.e. if the rate of growth of real product per man hour does not depend on levels of real output, it is usually assumed it must depend on the rate of advance of science and technology as the main factor determining the rate of productivity growth. This has become ALP dogma since Cairns became economic czar (see Cairns' speech on science and technology July 1973, in *Australian Government Digest* 1, 3, pp. 1083-4). Lynch, in an ecumenical spirit, endorsed this, when he said (*Age*, 9 September 1974) that 'productivity growth is dependent on the rate of investment, industrial training programmes to improve the quality of the workforce, technological change and the optimum allocation of productive resources'. The difficulty with the Swedish-Cairns-Lynch line is this: the rate of advance of science and technology as the main causal factor will not be able to explain large differences in the productivity in the *same* industry over the *same* period in different countries. For instance, in 1954-60, productivity in the automobile industry increased at 7 per cent per annum in Germany, and at only 2.7 per cent per annum in Britain. Since the same US firms (Ford and General Motors) controlled large segments of the industry in both countries, it is not possible to 'explain' such differences in terms of different access to new knowledge or 'know-how'.
- 74 Australian Institute of Political Science, *Industrial Australia 1975-2000* (ANZ Book Co, Sydney, 1974). See chapter by Swedish planner Höök entitled 'Industrial Policies for Small Economies' and comment by discussion-opener N. McFarlane.
- 75 Priority Review Staff, *Goals and Strategy*, p. 34.
- 76 Neal Blewett, 'Labor in Power', *Meanjin* (December 1973), p. 363.
- 77 R. Haupt, 'On the Road to Our Own Social Contract', *Financial Review*, 11 September 1974.
- 78 See also foreshadowed moves on this in 1973. R. Catley & B. McFarlane, *From Tweedledum to Tweedledee*, p. 35.
- 79 T. C. Winter, Pat Troy, Brian Brogan, Jim Spigelman and John Bannon, *Power over Prices and Incomes* (November 1973).
- 80 'Whitlam Backs Price-Pay Report', *Australian*, 28 November 1973.
- 81 *Financial Review*, 16 August 1973.
- 82 Bob Catley & Bruce McFarlane, 'Technocratic Labor in Office: Manpower Policy', *Arena* 32-33 (February 1974).
- 83 B. McFarlane, 'A Strategy for the Pacific Rim', *Arena* 32-33 (February 1974), and R. Catley & B. McFarlane, *From Tweedledum to Tweedledee*, chapters 5 and 6.
- 84 *Australian Government Digest* I, 2, p. 668.
- 85 *ibid.*
- 86 P. P. McGuinness, 'Our Budget Depends on the Japanese Economy', *Financial Review*, 13 August 1973.
- 87 OECD Economic Surveys, *Japan*, August 1974.
- 88 *ibid.*

- 89 OECD Economic Surveys, *Australia*, April 1974, p. 36.
- 90 *ibid.*, p. 37.
- 91 *ibid.*
- 92 'Claimed' because of grave doubts as to whether inflation is accurately measured by the 'consumer price index', or average earnings by the 'average earnings index'. The latter includes overtime, penalties and salaries of managerial groups, so most Australians end up below the average.
- 93 *Australian*, 3 September 1974, quoting Bureau of Statistics release.
- 94 *Australian*, 15 August 1974.
- 95 Possibly he understands the productive v. unproductive issue better because he is a materialist who identifies with productive (i.e. manufacturing) businessmen. See A. Clark, 'Brian Brogan—Matchmaker for a Socialist and Capitalism', *National Times*, 17-22 June 1974.
- 96 OECD, *The Growth of Output, 1960-1980*, p. 120.
- 97 *ibid.*, p. 123.
- 98 Peter Jay (London Times Economics Editor), 'Inflation, Danger to Democracy', *Adelaide Advertiser*, 26 July 1974.
- 99 This issue requires a little elaboration. The older Leninist suspicion about 'economism' leading to a diminution of class struggle does not have its former connotations in a period of stagflation. Rather, with the structure of 'expanded reproduction' (growth of capital accumulation and labour force) poised at a delicate stage, widespread wage struggles threaten to disrupt the share of profit, the *mechanisms* for finding new capital sources (loan funds), and hence the process of capital accumulation itself. The ALP state has stepped in at the point of production in a number of areas to head off two possible threats: (a) if profit margins *do* get squeezed by wage struggles (in a neo-Ricardian fashion) *and* there are problems about markets for the firms involved, there will be the classical Marxian problems of realisation and *stagnation*; (b) if wage rates *are* passed on (say, because of the high degree of monopoly), then there is an *inflation* which twists out of shape both the flow and the cost of new capital, whether in the form of equity or longer term capital debt. The last point was underlined by the September 1974 quarterly Survey of Capel Court Ltd, a key merchant bank and leading figure in rentier capital circles, when it said, 'the threat lies in the distortions and barriers which inflation is putting upon the mobilisation of funds for business expansion in Australia. Unless the front of inflation can be turned in Australia, business capital is going to be withheld and less business projects are going to go ahead. This would mean the economy slipping into a more profound and prolonged depression than anything produced by short-term anti-inflation policies. In the period ahead, one of the most important tasks facing Australian private enterprise will be to re-establish its capital market in such a way as to allow the momentum of productive investment to be maintained'. This, of course, is another version of the 'realisation problem'.
- 100 As J. A. Kregel so felicitously puts it, 'only under certain specific conditions can we identify strictly the social classes with the functional income classes, and by speaking about one imply the same thing for the other. In all other cases social classes must be sharply distinguished from the economic categories of functional income'. J. A. Kregel, *The Reconstruction of Political Economy* (Macmillan, 1973), p. 49.
- 101 Amalgamated Metal Workers Union, *Monthly Journal*, September 1974, pp. 11-12.

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