

The Economic Development of South Australia: A Marxist Analysis

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Concern over the economic differences between Australian states is becoming increasingly pronounced. In Australia, contemporary economic issues are often analysed nationally in isolation from historical differences in the development of state economies and the relationship between the various state government structures and their respective economic bases. Thus, for example, current debates over the rationale involved in resources diplomacy as opposed to the accessibility of national markets are apt to gloss over peculiarities in economic development between Australian states throughout their colonial and post-Federation expansion. Not only does this negate the impact of history on contemporary events, but it also tends to wrongfully regard Australia as one cohesive political-economic unit within the world economy. This effectively denigrates state economic disparities at a time when state economic issues are becoming increasingly significant.

South Australia is peculiar in many respects from other states. Its rapid but induced industrialisation, together with the narrowness of its manufacturing base, has transformed the South Australian economy from an exceptionally primary producing colonial province into a post-Second World War industrial state highly dependent upon international monopoly capitalism. The selectiveness demonstrated by foreign industrial capital in its expansion in South Australia was based on a series of economic criteria which are becoming increasingly contradictory in the contemporary period. This article puts forward the argument that the economic development of South Australia has from its inception been orchestrated by the subventionist policies of provincial/state governments. The various historical phases of subvention are analysed in relation to the state government's active role in fostering the structure of class relations in South Australia. It is argued that, while a continuum of state governments have successively acted to cushion the interests of capital, the economic foundations of South Australia remain as vulnerable as ever.

The transformation of agricultural production in Britain stimulated the expansion of the class of 'free labouring poor' who competed with each other for a livelihood in the developing manufacturing areas. After the fetters of the Napoleonic wars were removed, five official reports by Select Committees on the Poor between 1817 and 1827 recommended the assistance of emigration. These recommendations were accepted and in 1825 legislation was enacted to stimulate emigration. As well the British state intensified the procedure of granting large areas of free land to migrants who were primarily the younger sons of the aristocracy, plus the bourgeoisie and small farmers. Thus, the Australian colonies of New South Wales, Victoria and Van Diemen's Land (Tasmania) were originally established and developed by allowing a predominant sheep-farming 'squattocracy' to entrench itself. The circumstances leading to the colonisation of S.A. were markedly different.

South Australia was the last Australian colony approved for settlement, when in 1834 the British Government carried the South Australian Colonisation Act.

This act attempted to implement the 'modern' colonisation theories associated with what is now termed 'Wakefieldism'. After the failure of the Western Australia settlement at Swan River¹ the ideas of Edward Gibbon Wakefield came into vogue in the Colonial Office in London and with the colonialists who favoured 'systematic colonisation'.² These systematic colonisers were proponents of economic protectionism, Owenite radicalism and religious dissention. The society that they envisaged was one which promoted "frugality and industry" within an environment characterised by radical-conservatism and tempered puritanism.³

Wakefield's 'systematic colonisation' theories were increasingly adapted during the first decades of the colony's existence. However, the significance of the Wakefieldian 'system' to the capitalist development of South Australia relates not nearly so much to the degree to which it was effectively implemented, but rather, to the distinct composition of social classes which were attracted to the province. At heart, the cardinal principle of Wakefieldism - that of the successful transportation of the capitalist mode of production - was not violated. This was because essentially this 'modern' colonisation theory relied upon the controlled sequestration of the extensive available land from the transported class of wage-labourers. Such a policy was designed in order that, "the capitalist should never suffer from an urgent want of labourers, and that labourers should never want well-paid employment".⁴

Wakefield's proposals revolved round three main principles: the first and underpinning principle demanded an artificially fixed high price of land which was to be held uniform throughout the colony, while this sale price of land needed to be a "sufficient price" so as to effectively prohibit transported labourers from being able to purchase the 80 acre parcels of land and thus become independent landowners without capital of any consequence.⁵ Moreover, this "sufficient price" should tend to centralise the areas of settlement because labourers would be unable to compete with capitalists in purchasing land and would therefore be constrained to find work in the established parts, and capitalists would be unwilling to purchase distant and less fertile land in excessive quantities due to the uniform price regulation.

Secondly, land revenue was to be used for the expressed purpose of providing the passage of chosen emigrants. In other words, "the money so obtained being used to provide free passages for laborers (sic) and mechanics ... (in order) that the supply of laborers (sic) ... would be proportionate to the quantity of land sold".⁶ The emphasis on the selection of assisted passage labourers was to be predominantly in favour of persons of and approaching child-bearing age. Thus, Wakefield argued, the propagation of the English lower classes would be reduced, while these fecund additions to the colony would introduce a degree of permanence by supplying successive generations of labour power.

The third principle related to the notion of creating a God-fearing civilised white society in a colonial environment. Convicts were not to be transported to South Australia despite the anticipated initial labour shortage. Furthermore, moves towards self-government for the colony were to proceed at a reasonable pace in accordance with the growth in population. When the South Australian Colonisation Act appeared on the statute books clause XXIII provided for the establishment of self-government when the colony possessed, "a population of Fifty thousand Souls".⁷ In South Australia these principles were followed with the exception that the minimum land price should be twelve shillings per acre and not fl as had originally been suggested.⁸

These enduring Wakefieldian principles, which were designed to provide an inducement to capitalist investors of a sober character prepared to commit their capital to long-term projects in order to realise substantial returns, succeeded in attracting persons of particular social class locations to the colony. The induced bourgeoisie and large landowners espoused a specific economic philosophy which included both rigid economic protectionism and rampant laissez faire doctrines. This meant that the colonialist investors saw the role of government intervention as a means to enable them to help themselves. In this way, South Australia, as one impecunious pawn in an emerging global capitalist expansion, enticed a peculiar bourgeoisie squattocracy which can best be described as consisting of marsupial capitalists.

These marsupial capitalists were concerned to introduce the capitalist mode of production into the colonies by nurturing capitalist development through the pouch-womb of government. At the time this marsupialism was referred to as a "sycophantic disposition in the inhabitants ... very dependent upon any who are supposed to possess influence with the governor, or who are connected with the administration of law. The spirit of the people appears to be a sort of reflex of the government".⁹ The government on its behalf responded by commissioning the building of substantial public works, encouraging the establishment of banking and financial institutions,¹⁰ and conducting extensive land surveys. Moreover, through the instructions of the Colonisation Commissioners in London, the recruitment of labour was conducted on the basis that a "certificate of each emigrant's character and circumstances" was required.¹¹ Primarily this meant that small farmers, mechanics and country labourers of a "good" and "respectable" class were enlisted. In the main, their class location was consistent with positions of both the traditional petty-bourgeoisie and the semi-autonomous 'aristocracy of labour'. Ideologically these "respectable" classes were proponents of self-improvement within the social division of labour. Their perceived interests related to economic individualism with particular stress on 'the self-made man' and social mobility according to initiative and entrepreneurialism. Hence, it is not entirely surprising that the structure of the early colonial economy was overwhelmingly directed towards pastoral farming (mainly sheep), arable small plot farming (producing wheat and barley) and mining after the discovery of extensive copper deposits in 1843 at Kapunda only 80 kilometres from Adelaide.

South Australia remained essentially a primary producing state until after the Second World War. Historical accounts of this rustic period describe the colony in relation to, "its superiority to all other British Colonies"¹² in which a, "paradise of dissent"¹³ was created in, "a land flowing with wheat, wool, and fruit, as well as with milk and honey".¹⁴ It was not until the 'boom' period after the great depression when, stimulated by war-time conditions and the immediate 'reconstruction' phase, some diversification of the productive base occurred and manufacturing emerged for the first time as a substantial sector within the economy.¹⁵

Prior to 1939, four major factors significantly influenced the development of the capitalist mode of production in South Australia. These factors ensured the predominance of primary production in the state's economy such that in the latter half of the nineteenth century the colony emerged as the 'granary of the continent'. In this period it was not uncommon for South Australia's wheat production per annum to exceed the total of the other five Australian colonies.¹⁶ Apart from the early class composition and the 'system' of distributing the ownership of the means of production, the transformation of the South Australian economy into a peculiarly primary producing state was achieved through the impact of: (1) the discovery

and pursuit of gold, (2) innovations in the techniques of large-scale farming, (3) the establishment of an extensive and interventionist public sector, and (4) the 1930's world depression.

The discovery of gold in Victoria in the early 1850's had both an immense and subtle impact of South Australia. Initially, numbers of expensively established migrant labourers fled the colony to seek their fortune on the Victorian gold fields. National labour shortages caused the price of agricultural products to rise significantly, and with the rapidly expanding domestic market of gold fossickers on South Australia's doorstep the local farmers who could maintain production profitted as they never had before. What is more, gold attracted a mass immigration into Australia which annually increased the numbers of domestic consumers. The successful miners who did return, in the main, used their capital to purchase the increasingly less favourable land towards the north. Indeed, by the mid-1870's returned miners and farmer emigrants owned and began cultivating unsuitable land north of Goyder's twelve inch rainfall line - the maximum bounds of cultivable land. It was left to the droughts of the 1880's to reinforce Deputy Surveyor-General Goyder's credibility and the wider role of government in managing agricultural expansion.

Facilitating the expansion of cultivation in times of acute labour shortages relied on the invention of a number of labour-saving implements devised to reduce the labour requirements particularly during ploughing and harvesting. The first such invention, Bull and Ridley's reaping machine, 'the stripper', appeared in 1843 as a means to improve harvesting efficiency. Later this was followed by McKay's harvester, an early design of the combine harvester, which both reaped and eliminated the chaff in one process. During the 1870's a major innovation was introduced in the form of the 'stump-jump plough'. This plough allowed farmers to cultivate semi-cleared Mallee scrublands without first laboriously removing the deep-seated Mallee roots. Accordingly, what had previously involved labour-intensive methods over a number of seasons now became a matter of burning-off superficial foliage and trunks.

Underlying agricultural development was the intensely interventionist colonial state.¹⁷ Following Wakefield's ideas in spirit rather than to the letter, the cultivation programme for South Australia expanded in accordance with the state induced labour supply. Governmental surveys indicating the extent of favourable climatic and soil conditions for both sheep and grain were followed by the herds and the plough. Goyder demarcated the rainfall watershed within which grain cultivation was possible in order to define the limits of expansion to the small holding farmers.¹⁸ Although the radical cry to 'unlock the land' from the squattocracy was not so great in South Australia as in the other Eastern colonies (due in part to Wakefieldism) the colonial government instituted land selection measures in 1869, which, through the provisions of the Strangways Act, enabled land to be granted to landless farmers and artisans on a credit basis. The scheme was more successful in the southern colony than elsewhere in forming a state sponsored or welfare yeomanry. To complement this scheme the two government owned banks, the State Bank and the Savings Bank of South Australia, together with the private Bank of Adelaide, established four years earlier, provided loans and credit facilities to some small holders without capital. In addition, state constructed railways, wool/grain ports and jetties escalated at a rapid pace to tap and supply the expanding hinterland. Furthermore, the River Murray was navigated for river traffic at the Colonial Government's expense with the intention of promoting intra- and inter-colonial trade.

To protect the position of local industries concerned with catering for the needs of agricultural production, the Hart, Downer and Playford Governments introduced tariff schedules against competitive imported goods in 1870, 1885 and 1887 respectively.¹⁹ The 'free-trading' landowners and wheat farmers were not entirely opposed to such revenue-raising duties because owing to the extensive infrastructural spending of the colonial governments the public debt was increasing substantially. The alternatives facing the established gentry involved either an insipid direct taxation mainly imposed against pastoralists and farmers or a more tractable indirect taxation through tariff duties which would be shared by the entire community. Their preference for the latter was a foregone conclusion, although, through their control of the Legislative Council importation duties on agricultural machinery and implements in 1887 were reduced.

The Colonial government attempting to bolster agricultural development created two institutions with this expressed purpose in mind. The first, Roseworthy Agricultural College (1882) was intended as an educational establishment for future generations of wealthy squatters and settlers. It included a model farm where the long awaited professor of agriculture could perfect the latest techniques and experiment with soil chemistry analysis. The second institution, the Bureau of Agriculture (1888 - later to become the Department of Agriculture in 1902), was primarily a liaison body between government and farmers which concentrated on informing farmers on matters of government policy and the findings of the Agricultural College. Shortly before the depression the state directed further funds to agricultural research at a tertiary level by establishing the Waite Agricultural Research Institute in 1924.

Basically, then, the role of the state prior to the Depression cannot be underestimated. In terms of infrastructural provision and interventionist protection the state operated as a particularly active class apparatus, not only in maintaining the position of the landowning class in general, but, fundamentally in establishing that class in the first place. In some respects all the colonial/state Australian governments were explicitly interventionist but the South Australian case is notable in two significant instances. On the one hand, in relation to the structure of the state after 'responsible government' and the class structure of the colonial society, the state in South Australia actively encouraged capitalist accumulation through the development of primary production almost to the exclusion of capitalist manufacturing. To the extent that small manufacturing and petty bourgeois operations emerged, these forms of production were client- or sub-modes of production articulated within the dominant mode of capitalist agricultural production. On the other hand, South Australia was designed to be a model colony; it was the intention of the colonial state to preserve this heritage. The 'mistakes' of the eastern colonies were guarded against in line with the "ontological pretentiousness" of the status quo.²⁰ Consequently, the South Australian state intervened to prohibit the transportation of convicts, discourage the introduction of Asian and Pacific immigration, and to bind the working class to the economic order by effectively curtailing avenues open to labourers to 'elope' out of the capitalist mode of production into self-owned small holdings of land.

The fourth factor which contributed to the predominance of primary production before the second war was the 1930's great depression. Although wheat, wool and basic metal prices fell drastically rural production remained essentially stable and in some instances actually increased.²¹ In relation to the mid-twenties the acreages of wheat, oats, hay and vineyards rose during the depression while that of barley remained much the same. The number of sheep dropped from seven and a

quarter million to six and a half million, while the number of cattle and the amount of dairy production both increased. But, the most noteworthy aspect of the redeployment of capital in this period was the virtual three-fold increase in the number of tractors in operation from slightly over one and a half thousand to four thousand in the first two years of the crisis. While wage rates were cut by 25% in money terms and by over 10% in real terms, actual rural employment suffered only marginally, falling by 500 from 42,000 in 1925-6, to 41,500 in 1930-31 and then in the succeeding two years recovering by 500 and then 800 respectively. In comparison, the embryonic manufacturing workforce was halved (from 40,000 to 23,000) and a return to pre-depression levels was not reached until the eve of the war. Indeed, during the depression more people were officially registered as unemployed, and this ignores underemployment and those not voluntarily registered, than were employed in manufacturing.

The inland drought of the late 1920's accentuated the impact of the depression on the production of primary produce. The Butler Liberal/Country 'Pact' Ministry introduced the Drought Relief Act in 1927 subsidising farmers in order to stimulate production. This governmental initiative, together with the wider Federal policy of defeating the depression by growing more wheat for export, contributed to increased production at the same time as world export prices plummeted. Consequently the process involving the realisation of produced value assumed acute proportions. At a crude level, the production of wheat rose by 30% between 1926-27 and 1931-32 whereas in price terms the gross value fell by over 50% and the net of all agricultural production by almost 80%. In export earnings the value of wheat over the same period dropped to less than half, while wool exports accounted for under 40% of the value of the pre-depression figures.

The significance of these statistics relates to the economic rationality of the time in South Australia which advocated intensive expansion of the production of primary produce in an environment in which industrial capitalism, in the domestic and international spheres, was undergoing the most substantial crisis in history. The intervention of the state was positively designed to cushion capitalist agricultural/pastoral interests, while the production of manufactured commodities, in both the individual and social nature of capital interests, was accordingly disciplined by the 'invisible hand' of the market.²² However, the fiscal crisis of the state during the depression, together with the high structural urban unemployment and the huge reduction of purchasing power of the working class and petty bourgeoisie, impressed upon the post-depression state the necessity of integrating the deployment of capital in relation to the structural consolidation of the economic reconstruction of capitalism.

During the depression, while some early multinational penetration took place, (e.g., General Motors and Chrysler-Dodge), the state progressively intervened to sustain the protected marsupial capitalists. Thus, while U.S. monopoly capital began its move into the state's economy, the crisis exposed the extent to which the entire economic structure of South Australia depended upon the fickle, quasi-mercantilist character of its integration in the wider capitalist world. In light of this state policy shifted priority from agricultural capital to the sponsorship of import substitution. This change centred on: tariff protection for manufacturing in its own right, attracting and indeed 'capturing' foreign capital investment, committing substantial amounts of state revenue to the establishment of infrastructural provisions to overcome locational handicaps, and reducing company taxation, state taxes and state service charges, (e.g., wharfage and rail freight handling rates). On the other hand, in relation to the state's intervention to establish a balanced relativity between heavy secondary industry and existing primary industries, the trade union movement as it now appears began to formulate.

This reasonably recent formulation evolved particularly under the constraints of traditional craft-guild unionism as well as under the auspices of the legitimization processes of the interventionist state.

Even at its peak the gross value produced in manufacturing was, prior to the depression, less than half that of the gross value of primary production. In particular, the gross value produced in domestic production was consistently below the value accrued purely through the export of wheat, flour, wool and minerals.²³ Officially it is claimed that 34,000 employees were engaged in 1,800 factories in the mid-'thirties, which represents an increase over the pre-depression figures. However, these figures are misleading, since the previously held definition of a factory included many establishments which were not factories. As well, in cases where more than one manufacturing activity occurred (i.e., in terms of industrial classification), at one establishment location, the census unit of the 'factory' applied to the number of activities, rather than the number of establishments. For example, some service activities were included in the definition, such as: gas and electricity services, the servicing and repairing of agricultural implements, coaches, motor vehicles and domestic appliances (garages and backyard workshops), dry-cleaning and laundering services, and small shops which in addition to their retail operations serviced and repaired clocks, watches, footwear, clothing, furs, and jewellery.²⁴ Moreover, in the context of these factory descriptions, one thousand and twenty five domestic proprietors were recorded in 1934-5. This would indicate that the overwhelming majority of official factories were small petty bourgeois operations involved in the performance of services and subsidiary production. The major manufacturing activities developed prior to the mid-thirties were engaged in supplying the relatively small domestic and productive sector with essentials. The industrial composition of this period revolved around the spread effects of the supplementation of the extraction of primary commodities and embraced such activities as: saddlery and harness construction, coach and motor vehicle building, ore smelting, flour milling and brewing, wine making, hide and skin treatment and fertiliser manufacturing, butter and cheese manufacturing and agricultural implement engineering. The wave of unemployment which swept through these industries during the depression succeeded in convincing the Liberal and Country League governments of Butler and Playford that a rapid inducement of secondary industry was the sole means by which future unemployment could be avoided.²⁵

The economic expansion envisaged by the Butler and Playford Ministries was one of "side by side" development.²⁶ This involved the attraction of any industrial capital from any sources. The intention with this scheme being that diversified capitalist manufacture should flourish alongside the already established position of the protected rural sector. Essentially, the attraction of investment capital was conducted on an ad hoc basis with no specific blueprint in mind.²⁷ There was no intention to procure either labour or capital intensive investment; both were equally acceptable. Similarly, the organic composition of capital at the individual and social level did not perturb the state's involvement; it was not considered of any relevance. Nor, it may be added, did the composition of capital appear significant in the eyes of the union movement.²⁸ What was considered of importance was that capital penetration meant more jobs and more jobs of any description were in the contemporary economic climate 'good' jobs. Playford, more than most of his contemporaries, was acutely aware that Australia as a federal system offered six 'open doors' to potential foreign investors and not one door as under a unitary system. These six 'open doors' were perceived to be locked in cut-throat competition with one another to secure the maximum quantity of foreign pieces of silver. Metaphorically speaking, the state offering the choicest 'bait' on its 'hooks' stood to profit at the expense of the others in fishing the

international monetary waters of emerging monopoly capitalism.

Unlike earlier state intervention, where the state nourished small employers and colonial entrepreneurs in a 'marsupial' relationship, this later phase of intervention was designed as 'rough-and-ready' to cushion international corporate capital in a manner which one mildly critical historical researcher described as displaying, "no concerted effort or what could perhaps be termed loosely as 'industrial planning'".²⁹ The state's role as a cushioning agent was best advocated and pursued by bureaucrats committed to "local economic nationalism", such as the State Auditor-General J.W. Wainwright, 1934-45, and local manufacturers themselves participants in the parliamentary process (e.g., E.W. Holden and F.T. Perry).³⁰ In this way the three-fold integration between domestic capital, international capital and the South Australian state was differentially established. This later phase can only be interpreted as part and parcel of an overall internationalisation of capitalist relations. Under monopoly capitalism the indigenous marsupial capitalist class assumed various subordinate positions according to the degree to which they became structurally 'locked in' to the dominant units of production.

The earliest penetration of foreign monopoly capital in manufacturing can be traced back to the 'twenties. General Motors and Chrysler-Dodge both with established distribution outlets began sub-contracting assembly and body building work to two local coachbuilding firms, namely, Holden and Frost, and Richards and Sons. In addition, General Motors located its own chassis assembly operations in metropolitan Adelaide by establishing a plant at Birkenhead. Prior to this, the Federal Government in 1920-1 had introduced tariff measures aimed at discouraging the importation of fully assembled motor vehicles. Initially, the main thrust of tariff protection aimed to promote vehicle assembly by local engineering firms and also to stimulate the development of local body and panel manufacturing to resurrect the declining coachbuilding trade. This policy was implemented purely to satisfy the domestic market; the American corporations readily appreciated that this represented no real threat to their operations back home. For, while "enormous profits" could be extracted from the Australian operations and returned to the U.S., the, "parent company was not interested in promoting Australian exports, which might interfere with the sales of its American-made models in foreign countries".³¹ During the depression, when prime take-over circumstances presented themselves, General Motors and Chrysler embarked on their moment of expansion. The firms of Holden and Richards, under sub-contract agreements, were subsequently bought out at rock-bottom prices. In the case of General Motors, the firm of Holden's was entirely purchased by 1931; Chrysler-Dodge (Australia) on the other hand gained control of Richards in 1936 and completed entire ownership in 1947 before being officially absorbed into the U.S. Chrysler Corporation in the form of Chrysler Australia Ltd.

The 1939-45 war saw the vehicle building industry turned to the manufacturing of military vehicles, artillery and engineering equipment. The Industries Development Act of 1941 provided for state assistance in order to facilitate the adaption and expansion of industrial plant and to foster the establishment of new industries. South Australia's economic expansion throughout the war years has elsewhere been attributed to the peculiarly high degree of metal-engineering skills of the workforce.³² However, while some evidence can be forwarded to substantiate this claim, (e.g., the earlier coachbuilding and agricultural engineering industries), it remains something of a particularly parochial argument. The level of collective skills of the South Australian workforce were little better than other states. The 'skills of the workforce' argument is further rendered inappropriate when other factors are considered, namely, that during the war the industrial workforce was increasingly composed of women 'conscripts' who possessed little or no prior

experience in engineering. In South Australia's case the proportion of women in the civilian workforce rose from under one quarter of the male figure before the war, to half the number of males during the latter war years. Over the same period the actual number of women in the workforce doubled.³³

The moment of expansion of monopoly capital was an incremental process aided by a series of favourable economic criteria. These included the following:

- In Adelaide much lower wages were paid than in any other capital city. Brisbane. The basic wage in Adelaide was consistently below the Australian average and well below the basic wage in Melbourne and Sydney. (See table 1). Furthermore, the incidence of over-award payments in specific trades (e.g., the metal industries) was lower by 30% than those of N.S.W. and Victoria.³⁴ In terms of the proportion of the basic award paid in over-award loadings, South Australians, while already receiving a lower wage, also received a substantially smaller percentage of this basic wage in the form of an over-award amount than did the above two states.

- South Australia was the only state repeatedly to elect a series of non-Labor governments. By means of an electoral gerrymander (Playmander)³⁵ the Liberal Country League retained office from 1933 until 1965. In other words, South Australia was able to maintain an administration sympathetic to a foreign led industrial expansion. This was especially true in the crucial years immediately after the depression and throughout the 'forties. What is more, because of the rurally weighted electoral gerrymander the Butler and Playford Liberal Country League Ministries appeared invulnerable at the ballot box. This is in direct contrast with the electoral circumstances both federally and in the other states. Over the period between the depression and the post-war era the electoral scene at the national level and in the other states experienced a plethora of party ministries, coalitions and electoral routs. Throughout the War years the Labor Party held office both federally and in all other states (in Victoria the party formed the junior partner in a Country/Labor coalition from 1932 to 1943 and was later returned in its own right in 1945).³⁶ In the aftermath of the war the national Labor Government under Chifley proposed to nationalise the private banks; a move which directly stood to jeopardise the interests of monopoly and non-monopoly capital operating in Australia. Although this federal Labor proposal failed it did serve in a succinct way to demonstrate, to the heterogeneous nature of Australian capitalism, the perils which may be encountered under less sympathetic governments.³⁷

- The level of the "living wage" and indirectly the commercial pricing structure were under the supervision and subject to the interference of successive non-Labor administrations. The state Industrial Code provided that the wage-fixing Board of Industry should consist of two employers, two Labour Council representatives and a deciding presidential member nominated by the Minister for Industry. This Board had the power to set local wages according to alterations in the cost of living if and when it regarded that a review of the "living wage" was "just and expedient". In effect this meant that the state held the reins on wage adjustments within its jurisdiction.³⁸ The most common practice involved delaying state awards from 'following on' from federal awards as handed down by the Commonwealth Court of Conciliation and Arbitration. However, the non-Labor government while interested in depressing wage levels was reciprocally concerned with avoiding industrial disruption over wage demands. Consequently this practice was curtailed in December 1946 after some twenty six years of operation. The state apparatus, witnessing the post-war national wide strike escalations introduced the Economic Stability Act to restrain local union unrest by allowing the Governor to proclaim interim adjustments in accordance with the Commonwealth Court's rates for South Australia.

- Historically, the state had a reputation for trade union moderation backed up by hard statistics on industrial disputes. The tendency to engage in militant action was significantly lower in Adelaide for example than in Sydney. South Australian unionists were noted for their relative "reasonableness" in industrial affairs, while the Trades and Labour Council until recent times was invariably dominated by conservative elements.³⁹ In comparison with the eastern states the impact of Communist or radical officials within the local trade unions appears of less significance.⁴⁰ Also, recalling that South Australia was established as a "paradise of dissent" it may be suggested that the socialisation of diverse puritan ethics and values within the workforce encouraged an atmosphere of diligence, temperance and petty bourgeois careerism.⁴¹

- When industrial mobilisation was engineered for the war effort the geographic location of Adelaide was considered by both the Federal Government and American corporations as the most 'safe' location for heavy industrial expansion. Adelaide was outside the range at that time of potential Japanese heavy bombers and being on the southern coastline of Australia was far less accessible to a possible attack or blockade by Japanese naval forces. The significance of this aspect of war-time rationality may be exaggerated. But it should be borne in mind in relation to the negotiations in the early 'forties to establish three major industrial projects in Adelaide; namely, a second General Motors operation, Chrysler's second and first fully owned plant and Philips Electrical Industries' complex.

These factors worked to a considerable extent in favour of South Australia developing a "side by side" manufacturing sector. The role of the state and the state's agents cannot be underestimated.⁴² All manner of inducements, assistance, wheeler-dealing, "blackmail", and "vigorous salesmanship" were offered in not-so-discrete package deals to woo foreign and national 'big' capital.⁴³ The subventionist state intervened purely to induce industrialisation; once state subsidies achieved results a greater impetus was provided for the state to advance further inducements. On the other hand, in relation to state spending on education, health and social services, or on introducing income redistribution, capital gains taxation and company taxation, the state withdrew to the more familiar liberal position of acting the nightwatchman state. The costs of social provisions or alternatively 'penalising' the search for profit were considered antithetical to inducing capital investment. Similarly, state competition in manufacturing was incongruous with the interests of monopoly capital and any moves in this direction were considered counter-productive and certain to lead towards a boycott of capital. There was no conflict of interest, however, in the state moving into and monopolising the production of essential services (e.g., electricity, gas, water, working class housing, rail and wharfage facilities). These services were structural impositions which the state had to bear and the petty bourgeoisie and working class had to pay for in order that industrialisation could proceed. Both the Butler and Playford administrations realised that these services had to be cheap; if they were privately owned and operated on a profit basis then other more major investments would not follow. Indeed, Connell and Irving maintain that the state in South Australia "went furthest" in the realms of subvention, "not to form capital directly, but to create local conditions that would attract manufacturing investment from outside companies by - in effect - guaranteeing profitability".⁴⁴

Infrastructural state expenditure provided for monopoly capital began in earnest with the creation of the South Australian Housing Trust by Act of Parliament in 1936. Basically, the Trust's responsibility involved providing cheap housing "for persons coming within the lower income group".⁴⁵ As such this was a means by which an artificially collected labour force could serve the productive

capacity of the economies of scale of monopoly capital and the generated secondary offshoots. In the first thirty years of operation the Trust completed an average of two thousand dwellings per year. These houses were available mainly to recent migrants either at low rentals or on a long term purchasing scheme involving a nominal deposit plus a contract agreement using rental-purchase repayments. In the early 1960's the city of Elizabeth was created by the Trust to complement General Motors' investment plans. Land for the industrial terrain was sold to the corporation at cost price, rail and road links were established and essential services were accordingly supplied to generate a new workforce and enable them to live in veneered brick three bedroomed estates in close proximity to the factory gates. Migrants, particularly of British origin, swelled the Elizabeth/Salisbury estates; once the area was populated it was left to a no-longer-so-forthright state to accept the social consequences of migrant relocation made worse due to the high proportion of mortgage-laden young families on the estate.

The Trust had also been instrumental in the expansion of Whyalla. Trust housing was extensively commissioned in two periods; after the national steel producer - Broken Hill Propriety Company - established modern shipyards in 1940 to build naval vessels and ore tankers, and in the early 'sixties when the expiry of B.H.P.'s ore leases provided the grounds for the state to force the company's investment in a new major steelworks in exchange for the renewal of the ore leases. The significant iron ore deposits at Iron Monarch, Iron Knob, Iron Baron and Iron Prince, being the bulk suppliers of B.H.P.'s domestic monopoly steel production, served as a leverage tool in the establishment of heavy manufacturing industry at Whyalla. The development of manufacturing in the so-called 'Iron Triangle'⁴⁶ was an extension of the state's "side by side" policy of economic growth. But, like the development of Adelaide itself, the 'policy' was implemented on an equally ad hoc 'catch-as-catch-can' basis.⁴⁷ Nevertheless, as the concentration of capital materialised, the manifestations of dependency associated with ad hoc and uneven development both nationally and regionally pervaded the consciousness of the union movement, the predominantly migrant workforce and generally the majority of the electors. Taken as one measure of this phenomenon the state's history of low industrial disputes bears witness to the compromising consciousness of the labour force in the face of uncertain industrialisation. The social values of the era generally stressed that in the absence of undue strikes and disruption, South Australia stood to gain: more jobs across-the-board for an expanding workforce, more financial union members for union officials in a faction-ridden union movement, and buoyant capitalist economy for expansionary capitalist interests. South Australia was a paradise of consent.

Tracing the concentration of capital since the Second World War in the manufacturing sector is strewn with difficulties not the least of which relates to the inadequacy of relevant information. Official 'bourgeois' statistics give only an indication of this process,⁴⁸ and these are rarely consistent or adequately differentiated. Government official figures are generalised to the point of triviality especially relating to empirical evidence on foreign ownership and control. In addition, embryonic academic research has been sketchy and non-incremental and has almost exclusively focused on national aspects or on the two larger eastern states. Not surprisingly, the companies themselves, for obvious realpolitik reasons, are loath to disclose their capital assets or investment spending at the state level.⁴⁹ Yet despite these obstacles some evidence largely of a heuristic nature is possible to accumulate.

Factory figures, for example, provide one such source of information which documents the reciprocal employment aspect in the expansion of monopoly capital. These figures indicate that in relation to factories employing over 100 employees

between 1910 and 1978 the number of establishments multiplied five fold while the number of employees engaged in these enterprises experienced an eight fold increase. This shift in capital concentration is apparent in spite of the ongoing and increasing process of capital intensification and the tendency for the organic composition of capital to rise. The impact of monopoly capital in this process of capital concentration is illustrated in the 1978 series of statistics in relation to enterprises employing in excess of 500 persons. In this year, 31 firms from over 2,000 (representing under 2% of all manufacturing firms) had 500 or more workers, yet this group accounted for 36% of the total manufacturing workforce. The mean workforce of these firms was 1,229 persons per establishment which indicates a significant weighting towards 'big' capital establishments. In comparison the mean workforce for all firms with under 500 employees (i.e., 98% of all firms equalled 16 persons while the ratio for the entire manufacturing sector was slightly higher at 48.⁵⁰

Table 1 Manufacturing Establishments in South Australia with more than 100 Persons, 1910-78

Year Mean Figure	Number of Establishments	Number of Employees	Mean Workforce per Estab.	% of Total Manufacturing Workforce
1910-14	42			
1915-20	40			
1921-25	48	12,823	267	37.29
1926-30	46	15,576	338	40.30
1931-35	30	10,055	335	35.44
1936-40	53	19,504	368	45.29
1941-45	89	40,256	452	61.51
1946-50	109	38,573	353	52.81
1951-55	125	46,292	370	54.42
1956-60	130	50,928	391	53.88
1961-65	152	56,758	373	53.09
<u>1966-68</u>	<u>169</u>	<u>66,050</u>	<u>391</u>	<u>55.08</u>
Single Years				
1969	195	76,966	394	67.24
1975	223	79,303	355	67.57
<u>1978</u>	<u>203</u>	<u>69,469</u>	<u>342</u>	<u>66.67</u>
Foreign Controlled				
1973	<u>167</u>	<u>77,207</u>	<u>462</u>	<u>63.6</u>

(Source: Statistical Register - S.A. - 1967-68, C.B.C.S., Part V(b), and South Australian Year Book, 1975, 1977 and 1979).

In order to have a clearer picture of trends within the last period a further breakdown of the figures is necessary, (unfortunately this has been done only for the years 1969, 1975 and 1978).

Table 2

	<u>100-199 Employees</u>				<u>200-499 Employees</u>				<u>500+ Employees</u>			
	No. Est.	No. Emp.	Mean W.	% of T.M.	No. Est.	No. Emp.	Mean W.	% of T.M.	No. Est.	No. Emp.	Mean W.	% of T.M.
1969	116	16,637	143	14.5	49	15,719	320	13.7	30	44,610	1,487	38.9
1975	124	16,910	136	14.4	69	20,382	295	17.3	30	42,011	1,400	35.8
1978	122	16,610	136	15.9	50	14,734	294	14.1	31	38,125	1,229	36.6

(Source: as above).

In light of these results it appears as if the concentration of capital as reflected in employment figures is increasing (first table), but that within this concentration a contradictory deconcentration is occurring. In other words, while labour is being concentrated into larger enterprises, the giant corporations are shedding labour and reducing their mean workforce/establishment ratio. However, when such official indicators as 'value added', 'turnover' and 'fixed capital expenditure' are considered it is apparent, even in the limited relevance of this terminology, that the concentration of monopoly capital is not 'breaking down'. Rather, while some shedding of labour is taking place within the concentration of capital, representing a periodic 'cleansing' process for 'big' capital, the process of the concentration of capital is strengthening as a productive relationship through a widespread rise in the organic composition of its form. This is shown by the following table.

Table 3 Manufacturing Establishments - Summary of Operations in South Australia, 1972-1978

Year	No. of Establishments	Total Employed	Turnover \$m	Value Added \$m	Fixed Capital Expenditure \$m
1972-3	2,194	121,396	2,172.0	896.7	96.4
1973-4	2,984	128,170	2,662.3	1,109.7	112.2
1974-5	2,131	121,241	3,003.0	1,335.3	137.5
1975-6	2,287	116,105	3,460.6	1,485.7	140.5
1976-7	2,251	115,599	3,776.5	1,600.5	153.9
1977-8	2,170	104,215	3,951.6	1,667.6	171.9

(Source: A.B.S. No.8202.0, p.17).

Furthermore, the concentration of capital in manufacturing represented in terms of the outlay of fixed capital expenditure, offers some indication of the rise in the organic element of constant capital. That is, while employment has fallen by ten per cent, the expenditure on fixed tangible assets has risen by virtually 80%. In comparison with other states, South Australia appears to have undergone the second most rapid rate of increase in the organic composition of manufacturing capital. In relation to the national rate of increase over this period, the percentage rise of capital outlay in South Australia was in excess of double that of the Australian total. This trend is produced below.

Table 4 Australia: Manufacturing Industry Percentage Increase by State in Fixed Capital Expenditure 1972-1977

	%
Queensland	71.3
South Australia	59.6
Western Australia	41.8
Tasmania	41.6
New South Wales	17.3
<u>Victoria</u>	<u>12.7</u>
AUSTRALIA	24.6

(Source: as above).

Much of this capital expenditure represents foreign controlled investment. For instance, in 1972-3 \$40.97 million was invested through foreign controlled enterprises compared with \$55.43 million invested by Australian firms, (net figures for South Australia). However, this \$40m was outlayed under the auspices of a conspicuous 167 foreign controlled establishments, whereas the remaining \$55m accrued from 2,747 so-called 'domestic' firms. These figures present some indication of the extent to which monopoly capital under foreign control dominates the South Australian economy. In support of this claim, these figures reveal that in 1972-73 foreign controlled monopoly capital operated with a mean level of capital investment of \$245,329 million per establishment and an average investment ratio of \$1,032 for each employee. On the other hand, domestic capital, some of which does approach the proportions of 'big' capital, nevertheless, was responsible for a mean level of capital investment of \$20,178 for each firm and an average investment/employee ratio of \$678. What is more, it is evident that some 40,000 workers were directly dependent for their livelihood on foreign controlled capital while the remaining 81,000 workers in the manufacturing industry appeared listed as being not directly dependent on foreign capital.

Thus, while these figures represent the official interpretation of economic activity for a single financial year, their significance is integrally related to the 80% increase in fixed capital expenditure over the period of the mid-'seventies. Without subsequent data more up to date movements in the origins of capital and the nature of its reproduction remain somewhat speculative. Despite this shortcoming, however, an indication of the nature of the expansion of monopoly capital can be gained from details concerning the collapse of non-integral small domestic capital at the same time as overall productivity has markedly accelerated. To illustrate this point, it is apparent that throughout the 'seventies approximately 1,000 smaller domestic firms 'disappeared' while the number and size of middle capital domestic enterprises acquired by foreign capital has been nothing but incremental.⁵¹



Table 5 Manufacturing Establishments: Employment and Value Added 1968-78

		1968-9	1972-3	1973-4	1977-8
Food Beverages	No. of Establishments	557	446	373	383
Tobacco	No. of Employees	15,513	18,010	18,091	16,469
	Value Added \$m	94.5	152.8	216.8	315.4
Textiles,	No. of Est.	165	154	122	108
Clothing and	No. of Emp.	6,934	6,985	6,486	5,911
Footwear	V.A.	24.3	40.2	59.0	82.5
Wood, Wood	No. of Est.	558	496	313	318
Products and	No. of Emp.	7,806	8,337	8,684	7,753
Furniture	V.A.	34.7	53.0	86.2	112.5
Paper, Paper	No. of Est.	253	244	185	187
Products and	No. of Emp.	6,832	7,154	7,296	2,180
Printing	V.A.	41.3	66.2	88.7	128.6
Chemical,	No. of Est.	101	78	52	50
Petroleum and	No. of Emp.	3,552	2,980	2,845	2,564
Coal Products	V.A.	23.2	37.7	42.3	62.3
Non-Metallic	No. of Est.	224	166	130	145
Mineral	No. of Emp.	4,383	4,116	4,215	3,877
Products	V.A.	30.1	45.2	62.7	94.6
Basic Metal	No. of Est.	35	59	44	40
Products	No. of Emp.	9,182	9,889	10,294	9,177
	V.A.	58.4	93.5	164.8	148.1
Transport	No. of Est.	149	177	132	121
Equipment	No. of Emp.	25,923	26,726	26,801	20,525
	V.A.	151.9	155.0	249.7	257.3
Fabricated	No. of Est.	974	834	631	646
Metal Products	No. of Emp.	33,935	31,293	30,746	25,009
Other Machinery	V.A.	161.7	211.7	306.4	379.5
and Equipment					
Miscellaneous	No. of Est.	208	260	149	172
Manufacturing	No. of Emp.	4,259	5,906	5,777	5,730
	V.A.	19.9	40.9	58.1	91.1
TOTAL	No. of Est.	3,224	2,914	2,131	2,170
MANUFACTURING	No. of Emp.	118,319	121,396	121,241	104,215
	V.A.	639.8	896.6	1,335.2	1,672.2

It can be seen from the above that in all cases (with the possible exception of basic metal products) that the number of establishments fell by anything up to 50% with a mean percentage decline of 33%. Over the same period employment remained remarkably constant until 1973-4 and thereafter fell dramatically. This is despite a marked increase in the value added turnover which escalated by over 161%. Thus in terms of these measures, the contribution towards production made

by the average employee in 1968-9 appears officially as \$5,398, four years later as \$11,012, and by 1977-8 as \$16,045.⁵² Using 1973 figures, the average investment by foreign capital was twelve times greater than that of domestic capital. As well, foreign capital controlled in excess of 36% of all value added. It is possible to estimate that the minimum value added return to foreign controlled establishments was equal to or more than \$2,878,274 per single establishment in 1973. In the domestic category this figure was below \$311,076 per establishment. The value added per employee within the direct foreign controlled sector amounted to \$12,108 (minimum figure) compared with a lower \$10,459 per employee in the domestic sector not directly foreign controlled. Thus, in terms of 'officially' declared input and output prices, foreign capital retains an enhanced propensity to absorb higher wage levels than the 'going' market price. Other, much earlier studies in the nature of the operations of foreign capital expansion have of course confirmed this phenomenon.⁵³ The average level of variation in South Australia's case, at 1973-4 gross price wage figures, constituted a difference of approximately \$800 per employee per annum (\$15.5 per week) in favour of the employees working within foreign controlled establishments. Gross annual wage amounts, including overaward payments, constituted \$6,299 per employee in the domestic sector and \$7,105 respectively in the directly foreign controlled establishments.

The relevance of these statistics relates to the primary dominance of foreign capital within monopoly capital itself. In concrete terms, foreign monopoly capital has been entirely responsible, for the expanded reproduction of the passenger motor vehicles industry in this state. This key foreign controlled industry supplies 20% of all male jobs in the manufacturing sector and over 15% of the value added in manufacturing. Moreover, the Industries Assistance Commission considered that, in relation to Australia as a whole, a 40% productive flow-on to other subsidiary and component manufacturing entities was evident as a result of the expansion of the giant motor vehicle producers.⁵⁴ In South Australia, given that this industry sub-division is unproportionally significant to this state than to the national structure of manufacturing, such flow-on or spin-off generation of production is all the more significant, although the exact quantification of this dissolution is unknown. However, by comparing the significance of the passenger motor vehicle industry in South Australia to the aggregate of the Australian states it becomes clear that the narrowness of the manufacturing base is both a reflection of the domination of a small number of foreign controlled corporations and the nature of the subventionist policies undertaken by the indigeneous state. This narrowness, "dominated by durable consumer goods and component parts manufacturing", as the A.N.Z. Bank has pertinently contended, "means that it (South Australia) experiences fluctuations in the nation's economy more intensely than the other states".⁵⁵ In this sense, although the A.N.Z. Bank refrained from further elaboration, the aforementioned "fluctuations" refer to the greater or lesser stimulation of economic activity by foreign transnational corporations.

This article has emphasised the interventionist role of the South Australian state apparatus in subsidising first agricultural capital and then industrial/mining capital. To achieve this the state originally protected the local class of marsupial capitalists engaged in the export of unprocessed or semi-processed primary production. Under such circumstances the establishment of a classical phase of laissez faire capitalism was avoided. Instead the state ensured through its own intervention that a melange of state protected spheres of production co-existed within the economic structure. Following the severe crisis of capitalism experienced in the depression, state policy shifted towards facilitating the expansion of monopoly capital. In this light the A.N.Z. Bank's take-over of the Bank of Adelaide in 1979 serves as the epitaph of the fall of one of the last

bastions of the local marsupial capitalist class in this state.

The present crisis in South Australia is one in which the smaller domestic firms are being increasingly 'squeezed' at the expense of monopoly capital domination. At the same time foreign controlled enterprises are themselves shedding labour. Yet, due to substantial fixed capital expenditure and the introduction of labour-displacing technology, these enterprises are accelerating productivity both in aggregate terms and per employee. While concentrations of capital have occurred in the manufacturing sector this has been achieved only through considerable infrastructural investment by the state apparatus. The irony of this development for the South Australian economy is that, whereas infrastructural expenditure was provided in order to bring jobs to the state, monopoly capital is progressively utilising a smaller proportion of the established workforce. Hence, the South Australian state is faced with the problems of an economic structure not dissimilar from those it faced at the time of the depression. The various phases of state subvention have succeeded only in effecting an economic structure which is in itself dependent upon greater subvention to maintain its expansion in terms of its workforce capacity. It remains to be seen whether the subventionist South Australian state can contain these contradictions in its economic base.

FOOTNOTES

1. The Swan River settlement was settled in 1829 by a group of capitalists headed by Thomas Peel. The ambitious attempt to establish an industrial capitalist colony notoriously failed. For, rather than conform to the scheme, the transported wage labourers, shortly after arrival, proceeded to buy and work their own small plots of land, and thus refused to work for the "unhappy Mr. Peel", (K. Marx, Capital, Vol.I, p.717). In 1832, the population of Swan River amounted to 4,000; two years later it had declined by almost two-thirds. At one stage in 1830, over one million acres had been granted for cultivation; exactly 160 acres (or .016%) of this area was actually under cultivation. For further details see: A.G.L. Shaw, The Economic Development of Australia, (fourth edition), Longmans, Croydon, 1960, pp.55-8 (first published 1944). K. Marx, Capital, Vol.I, Progress Publishers, Moscow, pp.716-724. C.M.H. Clark, Select Documents in Australian History, 1788-1850, Vol.I, Angus and Robertson, Melbourne, 1950, pp.80-89.
2. These included: E.G. Wakefield, Colonel Torrens, G.F. Angas, Hutt, Grote and Mackinnon.
3. E.G. Wakefield in the Report of the Board of Commissioners for South Australia, (February 1836), quoted in J. Blackett, History of South Australia: a Romantic and Successful Experiment in Colonization (second edition) Hussey and Gillingham, Adelaide, 1911, p.40.
4. Ibid., p.24. See also: M. Dunn, 'Early Australia: Wage Labour or Slave Society' in E.L. Wheelwright and K.D. Buckley (eds.), Essays in the Political Economy of Australian Capitalism, Vol.1, ANZ Book Co., Sydney, 1975, pp.33-46.
5. In 1835 a proposed 80 acre parcel of land costing £1 per acre represented the total income of an Adelaide labourer for 1 year. This of course ignores the high cost of provisions necessary for maintaining himself and dependents, if he intended to save his income for the purpose of purchasing land. In Britain, at this time, the cost of such a parcel of land represented over 3 years total income for a labourer. See: Clark, op.cit., p.8, 210, 426.

6. H.G. Viney, A Century of Commerce in South Australia: 1836-1936, Adelaide Chamber of Commerce, Adelaide, 1936, p.2.
7. South Australian Colonisation Act, in Clark, op.cit., p.208.
8. Later the Board of Commissioners restored the price of land on the London market to £1 per acre in 1835. A few months later, after the Commissioners themselves (most notably Angas) has purchased most of the prime land, the price fell to 12s. per acre as recommended by the Act of 1834. The reason for the reversion related to the lack of interest of London land purchasers once the colonial opportunists had secured the most favourable land, and because under the provisions of the Act a minimum of £35,000 land capital had to be raised before the development of the colony could commence.
9. Letter of Howard to G.F. Angas, 25 January 1842 (Angas Papers) quoted in Clark, op.cit., p.213.
10. These included: the Government owned Bank of South Australia (established December 1836), The Bank of Australasia (established January 1839) and The Savings Bank of South Australia (established March 1840). In addition, after a measure of governmental pressure, the Chamber of Commerce was formed in 1839. This body operated as a collective capitalist organ for the purposes of liaison with the colonial state. It was not until 1865 that the marsupial's private bank (The Bank of Adelaide) was established.
11. See: 'The Regulations for Selection by the Colonization Commissioners - 1836', in Clark, op.cit., pp.208-9.
12. J. Stephens, The History of the Rise and Progress of the New British Province of South Australia; Including Particulars Descriptive of Soil, Climate, Natural Productions, and Proofs of its Superiority to all other British Colonies, Smith, Elder and Co., London, 1839, pp.85-93.
13. D. Pike, The Paradise of Dissent, Longmans, Green, London, 1957.
14. J. Blackel, op.cit., p.464.
15. See R.W. Connell and T.H. Irving, Class Structure in Australian History, Longman Cheshire, Melbourne, 1980, Ch.2.
16. In 1890 South Australia had nine acres under cultivation per head of population. In comparison Victoria had 2.3 acres while New South Wales managed only one acre per head.
17. See D. Clark, 'Australia: Victim or Partner of British Imperialism?' in E.L. Wheelwright and K.D. Buckley (eds.), op.cit., pp.47-71.
18. H. McQueen, A New Britannia, Penguin, Harmondsworth, 1970.
19. J.B. Hirst, Adelaide and the Country: 1870-1917, Melbourne University Press, Clayton, 1973, pp.75-78.
20. J. Lonie, 'Conservatism and Class in South Australia' (unpublished) M.A. Thesis, The University of Adelaide, 1973.

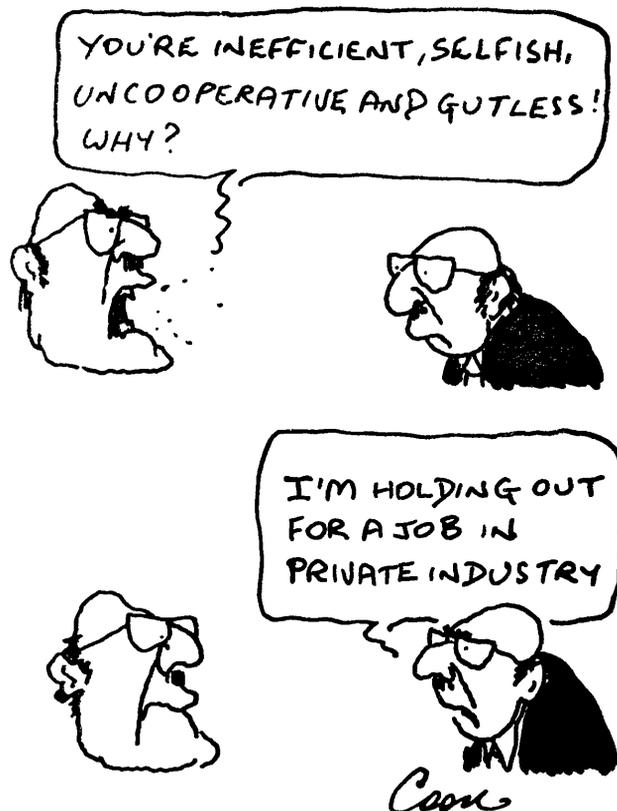
21. The data contained in these paragraphs appears in The South Australian Year Book, 1974, No.9, pp.671-693.
22. The state's emphasis on supporting primary industry remained intact until 1934. The Premiers Plan (June 1931) was consistent with this 'grow more grain' campaign, and as a measure to defeat the depression the Plan recommended merely a short-term pruning of state expenditure, (20% reduction in adjustable expenditure). Lacking any industrial policy, Butler, the South Australian premier, in 1934 reaffirmed the state's confidence in the resurgence of primary production to defeat the economic malaise and lead the recovery. For an account of Butler's 'change of heart' in favour of an industrialised recovery, consult: T.J. Mitchell, 'J.E. Wainwright: The Industrialisation of South Australia, 1935-40', in The Australian Journal of Politics and History, Vol.8, No.1, 1962, pp.27-40.
23. 1925-26 represented the peak year of gross manufacturing production. In this year \$25,348 was produced in manufacturing industries, while \$48,357 was added by primary production. The volume of exports for wheat, flour, wool and minerals equalled \$34,435. Non-primary exported produce was valued at \$4,190 during this year.
24. As a further point of clarification, when factories were consistently redefined to cover, "all the operations carried on under the one ownership at a single physical location ... predominantly engaged in manufacturing", (South Australian Year Book, 1972, No.7, p.441), then the number of basic census writs (the manufacturing establishments) was effectively halved in comparison to the pre-1968 figures covering all-and-sundry service establishments.
25. For an account of L.C.L. government's policy changes throughout this period, especially referring to the roles performed by the personalities involved, see T.J. Mitchell, op.cit., passim. Further details are included in T.J. Mitchell, 'Industrialisation of South Australia, 1935-40' (unpublished) B.A. Honours Thesis, The University of Adelaide, n.d. A general overview is presented in M.L. MacIntosh, 'Industrial Development Administration in South Australia, (unpublished) B.A. Honours Thesis, The University of Adelaide, 1969. N. Blewett and D. Jaensch, Playford to Dunstan, Cheshire, Melbourne, 1971 provide a brief summary of this period.
26. See: T. Playford in 'Preface' to G.D. Combe, Responsible Government in South Australia, Government Printer, Adelaide, 1957, p.viii.
27. The ad hoc nature of the state's industrial development came under focus as a corollary to the wave of radicalism in the tertiary institutions (during the late 'sixties and early 'seventies). The political expectations associated with the electoral success of the Australian Labor Party played no small part in stimulating the historical analysis of the relationship between political parties in office and foreign capital led industrialisation. See J. Lonie, 'The Dunstan Government', in Arena, No.29, 1972, pp.43-49. In this article Lonie and McEachern argue that the A.L.P. largely supports the comprador bourgeoisie factions while the L.C.L. acts in the interests of the establishing national bourgeoisie. Features of uneven capitalist expansion in the, "Switzerland of the South" (J. Lonie, 'The Dunstan Government', op.cit., p.72), are discussed in the Catley/Blewett confrontation. See: B. Catley, 'The Politics of Transition', in Arena, No.28, 1972, pp.20-30 (a review of Blewett and Jaensch's Playford to Dunstan). For the rejoinder see N. Blewett, Sense and Nonsense (mimeo) Flinders University, 1973.

28. Research on the attitudes of trade unionists to foreign capital penetration has largely been ignored. L.E. Kiek, 'The History of South Australia's Labour Unions', (unpublished) M.A. thesis, The University of Adelaide, 1948, provides an early chronological account of the development of the union movement before large-scale industrial expansion proceeded. T.J. Mitchell, op.cit., includes some cursory mention of the attitude of the Society of Engineers. Some more recent material can be found in, A.D. Carmody, 'Industrialisation in South Australia', (unpublished), M.A. thesis, The University of Adelaide, 1975.
29. S.B. Abdullah, 'Aspects of South Australian Industrialisation Since 1945', (unpublished) B.A. Honours Thesis, The University of Adelaide, 1968, p.32.
30. T.J. Mitchell, op.cit., p.23. Both Holden (head of General Motor Holden) and Perry (Managing Director of Perry Engineering) held presidential posts with the Chamber of Manufactures, and both held a public company directorship on the Industries Assistance Corporation of S.A. Ltd. The I.A.C. (S.A.) was a semi-government corporation created in 1937 as a non-profit organisation charged with revitalising existing domestic enterprises. In reality it was an aim of the state operated by local capitalists.
31. A.G.L. Shaw, op.cit., p.203.
32. The "skills of the workforce" argument is to be found in The South Australian Year Book, 1977, No.12, p.538.
33. See: The Statistical Register of South Australia, 1949-50.
34. The earliest comprehensive figures on overaward payments in manufacturing can be found in J.E. Isaac, "Wage Drift in the Australian Metal Industries", in The Economic Record, Vol.41, No.94, June 1965, pp.145-172.
T.J. Mitchell, op.cit., p.31 provides isolated figures for 1937 but concludes that South Australian wages during the 'thirties were "the lowest in the Commonwealth" (p.31). Of a contemporary nature see W. Brown, 'Social Determinants of Pay' in The Institute of Labour Studies (Working Paper Series) Flinders University, No.24, March 1978. And W. Brown, et.al., 'How Far Does Arbitration Constrain Australia's Labour Market', in The Australian Bulletin of Labour, Vol.4, No.4, 1978, pp.31-39.
35. See: N. Blewett and D. Jaensch, op.cit., Chapter 1, pp.1-14.
36. C.A. Hughes and B.D. Graham, A Handbook of Australian Government and Politics, 1890-1964, A.N.U. Press, Canberra, 1968, passim.
37. R.W. Connell, Ruling Class: Ruling Culture, C.U.P., Cambridge, 1977. Also see, R.W. Connell and T. Irving, 'The Making of the Australian Industrial Bourgeoisie' in Intervention Nos.10/11, 1978. Connell and Irving argue that all Australian governments, regardless of political persuasion, opted for industrial development. This point is hardly disputable. Rather the point made in the text relates to the 'ease' with which overseas corporations penetrated and expanded under a conservative government. The relationship between conservative government and the national bourgeoisie remains problematical. However, South Australia had no significant manufacturing sector to speak of before the Depression. By 1950 the transformation in manufacturing was remarkable, whereas on the other hand the eastern states had mainly extended their existing manufacturing base.

38. To offset inflation within the wage awards at the state level, the "c" index component of wages could to some extent be restricted by concerned government action. The "c" index component represented basket commodities of an essential nature, (e.g. food, energy and health costs and rent), which each state "fed into" the basic wage adjustment under the Commonwealth Arbitration Court. Thus, by minimising the "c" index component, wage increases could largely be offset. One method employed by the South Australian state in this pursuit involved rent control through extensive public housing expenditure. Within the "c" index, it should be pointed out, rent constituted a considerable 23.8%.
39. The historical emergence of South Australia's moderate union movement provided the basis for comparison with labour militancy in New South Wales in the nineteenth century, in P.G. Peter, 'Militancy and Moderation', (unpublished) B.A. Honours Thesis, The University of Adelaide, 1958. See also: N.J.O. Makin, A Progressive Democracy: a Record of Reference Concerning the South Australian Branch of the A.L.P. in Politics, Daily Herald Printers, Adelaide, 1918.
40. R. Gollan, 'The Labour Movement and Radicals' in *Arena*, 1970. And R. Gollan, 'The Ideology of the Labour Movement', in E.L. Wheelwright and K.D. Buckley (eds.) op.cit., pp.206-226. R. Gollan, Revolutionaries and Reformists, A.N.U. Press, Canberra, 1975.
41. D. Pike, op.cit., passim. A detailed account of the impact of religion and morality in South Australia appears in R. Slee, 'The Politics of Religious Education in South Australia' (unpublished) M.A. Thesis, University of Adelaide, 1979.
42. T.J. Mitchell, op.cit., passim.
43. R.W. Connell and T. Irving, op.cit.
44. Ibid., p.10.
45. The Housing Trust of South Australia, Annual Report, 1937, quoted in the South Australian Year Book, 1974, No.9, pp.401.
46. The 'Iron Triangle' refers to the heavy industrial concentration situated between three industrialised ports. These are: Whyalla (steelworks and mineral seaport), Port Augusta (rail centre, rolling stock production and power station), and Port Pirie (an older Gulf port supported by the 1889 established lead smelting works owned by Broken Hill mines, also ships ore concentrate). A recent account of the industrial development of Whyalla has been drafted by, I. Szelenyi, The Relative Autonomy of the State or State Mode of Production? (paper presented to 9th World Congress of Sociology, Uppsala, 1978) Sociology, Flinders University, 1978.
47. See: J. Lonie, *The Dunstan Government*, op.cit.
48. B. Hindess, The Use of Official Statistics in Sociology, Macmillan, London, 1973.
49. See for example: G.M.H. Annual Reports. Also major manufacturing companies are provided with an opportunity to disclose their state investment

expenditure each year in the Department of Economic Development, Development (annual), Government Printer, Adelaide, 1968-77. Throughout the period few have availed themselves of this opportunity.

50. See: South Australian Year Book, 1977, p.533.
51. See also The Industries Assistance Commission, Annual Reports, 1976-77, 1977-78, Government Printer, Canberra.
52. In support of this trend of escalating productivity returns per worker (i.e., a rising organic composition of capital), J. Moss estimated that in the period 1939-61 the productivity of the workforce increased 16 times while the number of workers increased by only 2½ times. See: J. Moss op.cit., pp.4-5. Moss quotes the then Premier Playford as reflecting that, "standards of profits have been extremely good" (p.5).
53. Studies in foreign capital penetration and its effect on local wage levels have analysed this phenomenon in some depth. See: L. Willmore, 'Direct Foreign Investment in Central American Manufacturing' in World Development, Vol.4, No.6, 1976, pp.499-517. Furthermore the useful collection of articles presented by the P.A.R.C. (Tokyo) discusses foreign capital penetration in the contemporary context of the Asian Free Trade Zones. See: 'Free Trade Zones and Industrialisation of Asia', Pacific-Asia Resources Centre, Tokyo, (special issue AMPO: Japan-Asia Quarterly Review, Vol.8, No.4 and Vol.9, Nos.1-2, P.A.R.C., Tokyo, 1977).
54. I.A.C. Report on Manufacturing.
55. Australian New Zealand Banking Group Ltd., (S.A.), South Australia: an Industrial State, A.N.Z. Bank, Adelaide n.d. (1973?), p.2.



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