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Errata for G. Robinson, *How Labor Governed: Social Structures and the Formation of Public Policy During the New South Wales Lang Government of November 1930 to May 1932* (PhD, Monash University, 2001).

- p. 30 third complete paragraph line 12 'Frederick' should read 'Frederic'.
- p. 50 title to Table 2.2 should have at its end '(%)'.
- p. 57 title to Chart 2.2 replace 'class' by 'class (occupational status)'.
- p. 94 third complete paragraph line 10 replace 'discount' by 'face value'.
- p. 128 third complete paragraph line 7 replace '1941' by '1940'.
- p. 128 n. 6 line 3 replace 'ides' by 'ideas'.
- p. 148 third complete paragraph line 9 (the last line of the page) replace 'who' by 'which'.
- p. 161 first paragraph line 2 insert after 'service': 'for the bill to be passed'.
- p. 256 n. 7 line 2 insert after Macintyre: '& Mitchell'.
- p. 296 insert after the chart on this page: '(Labour Report 1932, p. 57)'.

# **How Labor Governed**

***Social Structures and the Formation of Public Policy  
During the New South Wales Lang Government of  
November 1930 to May 1932***

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Degree of Doctor of Philosophy, July 2001.

The point is that every individual who holds power today, from whatever source, must be made to realise that the biggest thing in the world is the demand of the worker for the return of the things that have been stolen from him. The politicians must be shown they are in a position where power can be wielded and it must be wielded in our interest. They must get no respite; must be driven if necessary to the limits of their powers; must realise they are at one with us, our demands must be their demands, we nor they can be satisfied while any portion of our programme remains unfulfilled. For our part we must fight on every front. It is clear that we shall go down if we do not fight, so why not struggle? After all what does the future hold for us if we do not fight?

Jack Hooke, Labor Council president and federal secretary of the Moulders (Metals) Union, *The Iron Worker*, vol. 4, no. 1 (1930-31), p.22.

The [Labor] Minister faced with the actual responsibilities of governing, administering the details of his department, surrounded by outwardly obsequious Civil Servants, courted by men of wealth and influence, an honoured guest at public functions, riding in his own State motor car, is prone to undergo a mental transformation.

V. G. Childe, *How Labour Governs: A study of workers' representation in Australia*, Melbourne University Press, Melbourne, 1964 (first published 1923).



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## Abstract

Historical analysis of the New South Wales Labor government of 1930-32 has been dominated by the drama of its vice-regal dismissal and the striking character of Premier Lang. Post-war economists and economic historians at first asserted the irrelevance of the depression period to contemporary problems, and then in the post-Keynesian epoch after 1975 tended to a lukewarm defense of the proposals of Lang's opponents. Lang's administration was an example of the Labor Party left of the era grappling with the consequences of a global capitalist crisis. His government reflected the opinion of the ascendant moderate left of the New South Wales labour movement: an alliance of the former Trades Hall Reds and the relatively more moderate Trade Union Secretaries' Association. Lang was elected on a promise to restore prosperity by a return to the model of loan-financed infrastructure development that had served Australian governments well. The federal government forced the Lang administration to pay lip service to economic orthodoxy and sign the Premiers' Plan. Despite this concession Lang's administration moved towards a more radical model of public finance over its term. This shift culminated in the radical capital levy proposal of May 1932. In a capitalist economy Labor could not fulfill the promises on which it was elected. Labor's masculinist and productivist appeal restricted its core support to manual workers (and to a lesser degree their dependents) but the economic downturn led many manual workers to prioritise employment security and the restoration of business confidence through a change of government. Political labour was born of class conflict under capitalism but Labor's vote held up best among those workers less directly dependent on competitive capitalism: women household workers and public employees. Labor's record of public policy reflected the radical orientation of the New South Wales labour movement during this period. In economic regulation it prioritised the defence of manual worker's conditions through several proposals; a radical arbitration bill, manipulation of the industrial arbitration system, attempted protection against imports from lower-wage states and industry regulation to control overcapacity. As an employer Lang's government defended manual employees foremost, but it also conciliated white-collar public employees, a policy that reflected electoral pragmatism rather than working-class sympathy for public servants. It rejected proposals that the unemployed be put to work on relief work at rates below award wages, but starved of funds it could do little more for the unemployed apart from increasing the dole. The mortgages tax plan suggested a final conversion to the principle of making the state the employer of last resort. Labor's approach in agriculture was innovative, compared to the conservatives it was unrestrained in its regulation of agricultural markets. But Labor was divided as to what extent it would attempt to work with established farmers' organisations. Labor's vote in 1932 held up better among farmers and agricultural workers (from a lower base) than among many manual workers. Labor's election, innovative record in government, and its defeat, demonstrated that Australian capitalism both created opposition and constrained what that opposition could achieve.

I certify that this dissertation contains no material which has been accepted for the award of any other degree or diploma in any university or other institution, and to the best of my knowledge it contains no material previously published or written by another person, except where due reference is made in the text of the dissertation.



Geoffrey Robinson, July 2001

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I first conceived the idea of what became this dissertation while observing the last years of the Victorian Labor government of 1982-92 from the floor of factional meetings. I would thank those ALP activists whose actions and words, both constructive and otherwise, in a time of fiscal crisis, factional upheaval and federal-state conflict encouraged me to reflect on how labour governs.

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### A Note on Prices and Currencies

In the currency used during the period examined in this dissertation there were 12 pennies (d) in one shilling (s), and 20 shillings in one pound (£). Except in cases where a particular quantum of currency gained particular significance in public debate, I have expressed monetary values in decimal fractions. This approach makes comparison easier between incomes and prices in the 1930s and today. In 1966 pounds were converted to dollars at the ratio of one pound for every two dollars. An index of consumer prices prepared by the Australian Bureau of Statistics estimates that prices in 1999 were 24.8, 27.7, and 29.2 times higher than the prices prevailing in 1930, 1931 and 1932 respectively. These estimates do not take into account improvements in the quality of consumer goods, and the increase in the absolute level of national income.<sup>1</sup>

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<sup>1</sup> 2001 Year Book Australia, no. 83, Australian Bureau of Statistics, Canberra, 2001, p. 950.



## Abbreviations

|        |  |
|--------|--|
| AA     | Australian Archives  |
| ACIRRT | Australian Centre for Industrial Relations Research and Training, University of Sydney |
| ACTU   | Australian Council of Trade Unions   |
| ACW    | <i>Australian Christian World</i>  |
| AFA    | All for Australia League   |
| AFULE  | Australian Federated Union of Locomotive Enginemen                                     |
| AGMC   | Australian Graziers' Meat Company  |
| AIBR   | <i>Australian Insurance and Banking Record</i>   |
| ALA    | Australian Labor Army  |
| ALP    | Australian Labor Party   |
| ANR    | <i>Australian National Review</i>  |
| AONSW  | Archives Office of New South Wales   |
| APS    | <i>Australian Price-Structure</i>  |
| ARU    | Australian Railways' Union   |
| ATA    | Assistant Teachers' Association  |
| AW     | <i>Australian Worker</i>   |
| AWU    | Australian Workers' Union  |
| BOP    | <i>Battle of the Plans</i>   |
| C&F    | Commerce & Finance (census category)   |
| CAF    | <i>Crisis of Australian Finance</i>  |
| CMNSW  | Chamber of Manufacturers' of New South Wales   |
| CPA    | Communist Party of Australia   |
| CPD    | <i>Commonwealth Parliamentary Debates</i>  |
| CRF    | Consolidated Revenue Fund  |
| DLI    | Department of Labour and Industry  |
| DT     | <i>Daily Telegraph</i>   |
| ETU    | Electrical Trades' Union   |
| F&S    | <i>The Farmer &amp; Settler</i>  |
| FCU    | Federated Clerks' Union  |
| FLP    | Federal Labor Party  |
| FSA    | Farmers and Settlers' Association  |
| GIO    | Government Insurance Office  |
| GSB    | Government Savings Bank of New South Wales   |

|        |   |
|--------|---|
| JID    | <i>Jobson's Investment Digest</i>                                     |
| JRTA   | <i>Journal of the Retail Traders' Association</i>                     |
| LD     | <i>Labor Daily</i>  |
| ML     | Mitchell Library  |
| MLC    | Member of the Legislative Council                                     |
| MWS&DB | Metropolitan Water Sewerage & Drainage Board                          |
| NBAC   | Noel Butlin Archives Centre, Australian National University           |
| NCW    | National Council of Women   |
| NLA    | National Library of Australia   |
| NMH    | <i>Newcastle Morning Herald</i>                                       |
| NSWIG  | <i>New South Wales Industrial Gazette</i>                             |
| NSWPD  | <i>New South Wales Parliamentary Debates</i> (2 <sup>nd</sup> series) |
| NSWPP  | <i>New South Wales Parliamentary Papers</i>                           |
| OYB    | <i>Official Year Book of New South Wales</i>                          |
| PA&P   | Public Administration & Professional (census category)                |
| PAC    | Producers' Advisory Council   |
| PR     | <i>Pastoral Review</i>  |
| PSA    | Public Service Association  |
| PSB    | Public Service Board  |
| PWIU   | Pastoral Workers' Industrial Union                                    |
| RIB    | Rural Industries' Board   |
| RTA    | Retail Traders' Association   |
| SC     | <i>Socialisation Call</i>   |
| SCCB   | State Contracts Control Board   |
| SHT OJ | <i>Sydney Harbour Trust Officers' Journal</i>                         |
| SLE    | State Labour Exchange   |
| SLNSW  | State Library of New South Wales                                      |
| SLP    | State (Lang) Labor Party  |
| SLV    | State Library of Victoria   |
| SMH    | <i>Sydney Morning Herald</i>  |
| SR     | <i>Statistical Register of New South Wales</i>                        |
| SW     | <i>Smith's Weekly</i>   |
| TCB    | Transport Co-ordination Board   |
| TUSA   | Trade Union Secretaries' Association                                  |
| UAW    | United Associations of Women  |
| UMA    | University of Melbourne Archives                                      |
| UWM    | Unemployed Workers' Movement  |
| URC    | Unemployment Relief Council   |

|     |                                |
|-----|--------------------------------|
| WCM | <i>The 'Wild Cat' Monthly</i>  |
| WLB | Western Lands Board            |
| WUA | Wollongong University Archives |
| WW  | <i>Workers' Weekly</i>         |

## Part 1 Context

### Chapter 1

#### Langism, Labour Historians and Labor Governments

##### 1. Introduction

In October 1930 the Australian Labor Party (ALP), led by Jack Lang, was elected to office in New South Wales. In May 1932 Labor was dismissed from office by the state Governor Sir Philip Game. At the election of June 1932 Labor was crushingly defeated.

The New South Wales Labor government of 1930-32 sought to shield voters from the uncertainty and insecurity inherent in the operations of a capitalist economy. By June 1932 many of those who had voted for Lang in 1930 were more insecure than in 1930 and voted accordingly. This dissertation is an account of how Labor governed and how Labor was unable to govern as it wished. I shall demonstrate this through an examination of the government's public policy record. I seek to strip away the halo of myth, hagiographic or condemnatory, attached to Lang's person and examine the extent to which his government implemented distinctive public policies.<sup>1</sup>

In this Chapter I shall review how historians and social scientists have evaluated the phenomenon of Langism. Their approaches have reflected not only intellectual fashion but also the rise and fall of Keynesian economic management.

##### 2. Evaluations of Langism

###### (a) Contemporary evaluations

During the 1920s a cohesive Australian economics profession emerged. By 1930 alternative social sciences such as sociology were marginalised within universities. Economists such as Leslie Giblin, Edward Shann and Douglas Copland played a major role in economic policy-making. Their work contributed to the rightward shift of Australian liberalism during this period. The economists and their sympathisers largely avoided the conservative equation of Langism with Communism. Shann and Copland interpreted Lang's policies, despite their trenchant opposition to them, as impelled by the desire to maintain wage levels and government

<sup>1</sup> P. Love, 'Book Notes', *The Recorder*, 85 (1976), p. 7.

employment, at the expense of sound finance. To W. K. Hancock, and other 1930s liberals, democracy retained the Aristotelian meaning of the effort of the many poor to reorder social relations in their own interests. Hancock saw this effort as fated to collide with the realities of economic law. He considered Lang an exception to the pattern of Labor leaders moving to the right; rather he had aligned himself with the left. To these writers Langism was interpreted as a phenomenon of the left.<sup>2</sup> Lloyd Ross, the prominent socialist intellectual, largely agreed with the economists. He argued that Lang had been 'the first prominent [Labor] leader to choose the left,' although Ross criticised the ALP left's preoccupation with monetary reformism. Ross agreed with Hancock that Australians made acts of parliament omnipotent and were indifferent to the limitations on their effectiveness. Unlike Hancock, Ross believed replacing capitalism by socialism could transcend these laws. Political labour had evaded this difficult task, and was forced to 'accept the limitations of an economic system that it has repudiated but...refused to alter.'<sup>3</sup>

#### (b) The old left

Like the liberals, the labour historians identified with the 'old left' wished to influence public policy, in this case the labour movement. The Australian Society for the Study of Labour History was formed in 1961 with the intention of bringing the lessons of history to the labour movement. Unlike the liberals, labour historians, until recently, have usually denied the distinctiveness of New South Wales public policy during the Lang period. The origins of this interpretation can be traced to the influence of the Communist Party of Australia (CPA) and the fate of Australian Keynesianism.<sup>4</sup>

During 1930-32 the Communist Party condemned Lang and his political supporters as 'left social fascists' who diverted workers from the revolutionary path. In the late 1930s the Party rejected its

revolutionary policies of the early thirties and sought a united front with Labor. The Communists seized the ground of left nationalism that Lang had represented. Communist nationalism was subject to the requirements of Soviet foreign policy. Communists believed that Soviet Russia represented a society infinitely preferable to anything Australian labour had created. Economic recovery enabled a new generation of Communist and Labor union officials to secure wage gains in the field. They no longer needed Lang's charismatic appeal to bolster their position among the workers.<sup>5</sup>

Attacking Lang's credibility was important for advancing Communist interests. As Lang's list of electoral failures grew after 1932 he and his supporters abandoned their 1930-32 strategy of ignoring the CPA and took an increasingly anti-Communist position. The Communists dropped their earlier left-wing criticism of Lang, and joined with the ALP right in denouncing Lang as an electoral burden and the assassin of the Scullin government. Some of Lang's former left-wing supporters remained faithful to him but others, such as former Labor Council secretary, 'Jock' Garden, moved against Lang and found the now more moderate CPA an acceptable ally. The trade union left in New South Wales had an interest in erasing the historical memory of its past alliance with Lang. The left unions and Lang shared an interest in denying past co-operation. The one thing Lang and Garden agreed on by the 1950s was that they had never trusted each other.<sup>6</sup>

The willingness of some Langites to criticise Soviet internal policies, and in particular to draw on Trotskyist arguments, generated particular outrage. When the CPA and Lang shared the isolationist ground in 1939-41 the party became even keener to distinguish itself from Langism. After 1941 the CPA gloried in new respectability. Lang had the bad taste to remind voters of Soviet actions in 1939-41. The Communists feared Lang as an electoral competitor for workers unhappy with Labor.<sup>7</sup>

<sup>2</sup> S. Macintyre, *The Succeeding Age 1901-1942*, Oxford University Press, Melbourne, 1986, pp. 238-42. H. Bourke, 'Social Scientists as Intellectuals: From the First World War to the Depression', in B. Head, ed., *Intellectual Movements and Australian Society*, Oxford University Press, Melbourne, 1988, pp. 48, 56. E. Shann & D. Copland, 'Introduction', in E. Shann & D. Copland, eds., *The Crisis in Australian Finance 1929 to 1931: Documents on Budgetary and Economic Policy*, Angus & Robertson, Sydney, 1931 (hereafter CAF), p. xv. E. Shann & D. Copland, 'Introduction', in E. Shann & D. Copland, eds., *The Battle of the Plans: Documents Relating to the Premiers' Conference, May 25<sup>th</sup> to June 11<sup>th</sup>, 1931*, Angus & Robertson, Sydney, 1931 (hereafter BOP), p. iii. W. Hancock, *Australia*, Ernest Benn, London, 1945 (first ed. 1930), pp. 72-73. W. Hancock, 'England and Australia: A Study in Democratic Development', in W. Hancock, *Politics in Pitcairn and Other Essays*, Macmillan, London, 1947, pp. 72-79. A recent author calling for a renewed focus on the state has recalled Hancock's work (G. Treuren, 'The Concept of the State in Australian Industrial Relations Theory', *Labour and Industry*, vol. 11, no. 2 (2000), p. 87).

<sup>3</sup> L. Ross, 'Australian Labour and the Crisis' (1932), in L. J. Louis & I. Turner, eds., *The Depression of the 1930s*, Cassell Australia, Melbourne, 1968, pp. 132-33, 145. L. Ross, 'Planning in Australia II', in W. G. K. Duncan, eds., *National Economic Planning*, Angus & Robertson, Sydney, 1934, pp. 145-48. The future British Chancellor of the Exchequer, Hugh Dalton, and one of his fellow authors in a 1934 work recognised the justice of Lang's case (W. J. Leaning, 'Australia, New Zealand and a Note on the United States of America', in H. Dalton, ed., *Unbalanced Budgets: A Study of the Financial Crisis in Fifteen Countries*, George Routledge & Sons, London, 1934, p. 407. H. Dalton, 'Conclusions', in *ibid.*, p. 441).

<sup>4</sup> R. Gollan, 'Labour History', *Bulletin of the Australian Society for the Study of Labour History*, no. 1 (1962), p. 3. E. Fry, 'The Writing of Labour History in Australia', in E. Fry, ed., *Common Cause: Essays in Australian and New Zealand Labour History*, Allen & Unwin, Sydney, 1986, p. 156. J. Merritt, 'Labour History', in G. Osborne & W. Mandle, eds., *New History: Studying Australia Today*, George Allen & Unwin, Sydney, 1982, p. 118.

<sup>5</sup> B. Frankel, *From the Prophets Deserts Come: The Struggle to Reshape Australian Political Culture*, Arena Publishing, Melbourne, 1992, p. 61. H. McQueen, *A New Britannia: An argument concerning the social origins of Australian radicalism and nationalism*, Penguin, Melbourne, 1975 (first edition 1971), p. 16. R. Kuhn, *Paradise on the Installment Plan: the Economic Thought of the Australian Labour Movement Between the Depression and the Long Boom*, (Ph. D., University of Sydney, 1985) (reference to 1986 version held in Matheson Library, Monash University and Education Resource Centre, University of Melbourne), pp. 33, 38, 69, 79.

<sup>6</sup> W. Donald, *ABC of Jack Lang*, Heffron, Labor Party, Sydney, 1938. E. Ross, 'Premier Lang, Sacked by the Right, Destroyed by the Left', *The Hummer*, 31/32 (1991), p. 29. A. Wildavsky, 'The 1926 Referendum', in A. Wildavsky & D. Carboch, *Studies in Australian Politics*, F. W. Cheshire, Melbourne, 1958, p. 56. I. Young, *The Impact of J. T. Lang on the N. S. W. Labor Party, 1929-1943* (M. A., University of New South Wales, 1963), p. 144.

<sup>7</sup> Mason & McShane (J. B. Miles & L. Sharkey), *What is This Labor Party?*, Forward Press, Sydney?, 1940 p. 13. R. Dixon, *The Story of J. T. Lang*, no publisher given, Sydney?, 1943?, pp. 15, 23. E. W. Campbell, *History of the Australian Labor Movement*, New South Wales Labor Council, Educational Committee, Sydney, 1944?, pp. 25-27. *Report of the Work of the Central Committee*, Australian Communist Party Central Committee, Sydney, 1945, no pagination. L. Fox, *Australia's guilty men and their conspiracy against the Labor government*, State Labor Party, Sydney, 1943, p. 20. It is a contemporary Trotskyist sympathiser Bob Gould who has been most vociferous in highlighting the historical neglect of Langism. Gould deserves credit for this and his campaign against Stalinist nostalgia, but he is wrong to situate Langism within an idealised tradition of Australian (often Catholic inspired) rebellion. Langism is better situated within a Protestant radical tradition (B. Gould, 'Stuart Macintyre and the Dumbing Down of Australian History and its Teaching' (2000), pp. 4-5).

In their specific attacks on Lang's record the Communists, and their Labor allies, could point to his eventual signature of the Premiers' Plan and the role of the New South Wales police during the depression in enforcing evictions. These were valid criticisms from the party's revolutionary perspective of 1929-34. However they were contradicted by the Communist pursuit of a united front with official Labor whose federal government had initiated the Premiers' Plan and whose state governments in South Australia and Victoria had sought to implement it with far more enthusiasm than Lang. The Communists claimed both an ethic of absolute ends and the right to compromise.<sup>8</sup>

The historians of the old left were influenced by the Communist critique of the ALP. Within limits the CPA took intellectual work seriously and its impact on left intellectual life was positive, but it often replaced Labor's pragmatic cynicism with a theoretical cynicism. Communist attitudes to the ALP drew on conflicting emotions of attraction and repulsion inevitable in any revolutionary party confronting a mass reformist party, but the choice of which emotion was evoked depended on the Communist leadership's criteria of political advantage. It was Brian Fitzpatrick, the most remote from the CPA of the old left historians, who provided the best understanding of political labour, but the only old left historian to discuss the Lang period in any detail was Robin Gollan.

Robin Gollan attributed Lang's support to 'apocalyptic charisma.' He claimed that Lang was responsible for keeping NSW Labor from office for fifteen years, apart from 1930-32. He highlighted Lang's record of reforms in 1925-27 but identified the 'main practical expression' of radical ideas in the late 1920s as being in the unions. Gollan argued that it was more democratic to elect the ALP parliamentary leader by caucus rather than a union-dominated party conference. This was an unusual position for a former Communist, for the Communist Party traditionally identified itself with unionists against politicians.<sup>9</sup>

Fitzpatrick's non-membership of the CPA meant he was less influenced by the party's shifting attitudes to the ALP and without the comfort that faith in the Soviet Union provided for Communists he was more pessimistic and realistic than others of the old left.<sup>10</sup> In this he resembled Gordon Childe and like Childe confronted tasks of political analysis that most Marxist intellectuals did not admit existed until the 1960s. Australia was a democratic country, with a large public sector and a strong workers' party, with a long record in government, but one in

which there was no sign of a transition to socialism. In the 1930s and 1940s this made Australia unique, but by the 1960s this description applied to many capitalist democracies. Fitzpatrick was one of the first Marxist authors to try to explain the relationship between labour parties and the state. Although he said little specifically about NSW during the Lang period I argue Fitzpatrick's approach is helpful.

Fitzpatrick saw that Australia was born modern. The denial of native title facilitated rapid capitalist development in Australia and by the 1940s Australian capitalism was characterised by the modern features of monopoly and state interventionism. Fitzpatrick stressed the extent to which Australian statism was functional for capitalist development, in particular by the operation of public enterprises in areas of the economy that were unprofitable but functionally necessary to capitalist development. To Fitzpatrick state intervention was not automatically progressive, it could support state capitalism or even fascism, and Labor governments were no automatic protection against this.<sup>11</sup>

Fitzpatrick believed state intervention was functional to capitalism, in a manner anticipatory of structuralist Marxism, but believed that sometimes state intervention could act against capitalist interests. This argument was most developed in his discussion of industrial arbitration and state enterprise. It is the former that has received the most attention from historians. Fitzpatrick did argue that capitalists supported the establishment of industrial arbitration so as to obscure workers' awareness of their subordinate position after their industrial defeats in the early 1890s. Subsequent historians have debated this contention.<sup>12</sup> Fitzpatrick did however argue that the functioning of arbitration was influenced by the political climate in which it operated, and that in NSW and Queensland from 1912 to 1932 as a result of Labor governments had much 'apparent success' in the use of wage-fixing machinery to improve the position of the lower paid. Fitzpatrick argued that although the state was usually the vehicle of monopoly it could on occasion operate independently, whether due to 'honest members' of the ALP or a 'peoples' government'.<sup>13</sup> Fitzpatrick hoped for a return to the early years of political labour, when political action had been a pragmatic supplement to industrial action rather than a long-term substitute.

<sup>11</sup> National Library of Australia, Brian Fitzpatrick MSS 4965, Box 52, Folder 56, Australian Capitalism (1942) (all references to Fitzpatrick, Australian Capitalism are to this work), Essay 4, p. 1. Fitzpatrick, *Australian people*, pp. 11, 47. B. Fitzpatrick, *The rich get richer: Facts on the growth of monopoly in the economic structure of Australia before and during the war*, Rawson's, Melbourne, p. 12. B. Fitzpatrick, *Public enterprise does pay: a story of successful government industrial and financial enterprises in Australia, 1911-44*, Rawson's Book Shop, Melbourne, 1944, pp. 12-14.

<sup>12</sup> B. Fitzpatrick, *The British Empire in Australia: An Economic History 1834-1939*, Macmillan, Melbourne, 1969 (first ed. 1941), pp. 195-96. J. Rickard, *Class and Politics: New South Wales, Victoria and the Early Commonwealth, 1890-1910*, Australian National University Press, Canberra, 1976, pp. 155-57. R. Markey, 'Trade unions, the Labor Party and the introduction of arbitration in New South Wales and the Commonwealth', in S. Macintyre & R. Mitchell, eds., *Foundations of Arbitration: The Origins and Effects of State Compulsory Arbitration 1890-1914*, Oxford University Press, Melbourne, 1989.

<sup>13</sup> Fitzpatrick, *British Empire*, pp. 195-96, 322, 331, 338. B. Fitzpatrick, *A Short History of the Australian Labor Movement*, Macmillan, Melbourne, 1968 (first edition 1940), pp. 153-54. Fitzpatrick, *Rich get richer*, pp. 7-13. Fitzpatrick, *Public enterprise*, pp. 45, 48, 54-55. Jim Cairns similarly identified NSW and Queensland as a partial exception to the conservative trend of public policy after 1914 (J. Cairns, *The Welfare State in Australia: a study in the development of public policy* (Ph. D. University of Melbourne, 1957, pp. 258-62).

<sup>8</sup> Donald, *ABC of Jack Lang*, J. T. Lang, *Communism is Treason*, Express Newspapers, Sydney, [1944?], p. 5. Mason, *Labor Party*, pp. 11, 13. M. Weber, 'The Profession and Vocation of Politics' (1919) in M. Weber, *Political Writings*, Cambridge University Press, Cambridge, 1994, p. 361.

<sup>9</sup> R. Gollan, *Revolutionaries and Reformists: Communism and the Australian Labor Movement 1920-1955*, Australian National University Press, Canberra, 1975, pp. 14, 28, 73-74. Gollan was the old left historian most sympathetic to traditions of radical liberalism, which reflected his politicisation during the 1930s when the Communist Party appealed to this tradition (A. Wells, 'The Old Left Intelligentsia', in B. Head & J. Walter, eds., *Intellectual Movements and Australian Society*, Oxford University Press, Melbourne, 1988, p. 221).

<sup>10</sup> H. Bourke, 'A Reading of Brian Fitzpatrick', *Labour History*, 27 (1974).

Since then the ALP had become largely a parliamentary party like others committed to a project of capitalist nation building. Despite this it retained a 'class-policies' element, expressed in the party's socialist objective and organizationally represented by industrial unions, and sometimes this had been apparent in the policies of ALP governments, such as when they 'misunderstood' the accepted purpose of public undertakings and entered into competition with private enterprise.<sup>14</sup>

Fitzpatrick's understanding of Labor governments was innovative, compared to official Labor's unreflective pragmatism and the Communist Party's politically driven analyses. As Stuart Macintyre argues in reference to his analysis of arbitration Fitzpatrick grasped the 'historically fluid nature of class relations and the historically specific character of this particular institutional development', even if he did tend to fold political power back into economic power. The other old left historians focused more on industrial labour but some of their conclusions were similar to Fitzpatrick, although less developed. Ian Turner argued that the limits of action of labour leaders are set by the masses in a way that distinguishes them from other elites. Gollan argued that 'Labour policy is the resultant of many forces. Of these the two most important are the realities of which politicians are conscious and those that unionists experience.'<sup>15</sup>

This dissertation considers the circumstances in which political action by industrial labour can be effective and the limitations on its effectiveness. Fitzpatrick's reference to 'honest men' revealed how the old left had no developed model to explain these circumstances, and in particular lacked a clear concept of the state.<sup>16</sup> The new left claimed to elevate Australian historiography to a new level of theoretical sophistication. If this promise had been fulfilled then we would better placed to understand the relation between industrial labour and political Labor, unfortunately the new left largely failed to deliver on their promise.

### (c) The new left

The old left was sceptical of Labor, but retained faith in the potentiality of the working class, and for a time the Communist Party, as an alternative to the ALP. By the late 1960s the working class seemed co-opted and the Soviet model discredited. To the new left much of the blame for the failure of Australian workers to develop a revolutionary consciousness lay in the theoretical errors of their leaders and those intellectuals sympathetic to the labour movement, such as the old

<sup>14</sup> Fitzpatrick, *Short History*, pp. 114-15, 147. B. Fitzpatrick, *The Australian People 1788-1945*, Melbourne University Press, Melbourne, 1946, pp. 40-41, 239-40. Fitzpatrick, *British Empire*, p. 273.

<sup>15</sup> S. Macintyre, 'Neither capital nor labour: the politics of the establishment of arbitration', in Macintyre *Foundations of Arbitration*, p. 179. I. Turner, *Industrial Labour and Politics: The Dynamics of the Labour Movement in Eastern Australia 1900-1921*, Hale & Iremonger, Sydney, 1979 (first ed. 1965), p. xvii. R. Gollan, *Radical and Working Class Politics: A Study of Eastern Australia 1850-1910*, Australian National University Press, Canberra, 1960, p. 213.

<sup>16</sup> A. Wells, A Marxist reappraisal of Australian capitalism: the rise of Anglo-Colonial finance capital in New South Wales and Victoria, 1830-1890 (PhD, Australian National University, 1985), pp. 57-60.

left. The official labour movement, and its ideologies, were part of the problem not the solution. The immediate observable features of a capitalist society did not disclose the real dynamics of this society. To identify these underlying dynamics required theory and the asking of the correct questions: 'questions about modes of production and class struggles.' The old left was criticised for its focus on the institutions of trade unions and political parties, rather than on the culture and consciousness of working people and what contributed to them becoming a class.<sup>17</sup>

The new left was fundamentally not concerned with the content of the ideologies of the labour movement, whether designated as populism, labourism or nationalism, but with their negative role as forms of bourgeois hegemony in constraining the working class. Social structure and ideologies were defined by their functional role.<sup>18</sup>

The new left dismissed Lang's appeal as indistinguishable from that of Scullin. To the new left the ALP was a unitary entity; the left lay outside the ALP. As Miriam Dixson and Kim Carr argued the result was that historians focused on the Communist party as *the* representative of left-wing thought in the labour movement and ignored the ALP left. The one exception to the new left's dismissal of the ALP was the 'socialisation units' of the New South Wales ALP, which operated from 1930 to 1933 when they were wound up by the Lang group as a potential challenge to their control of the party. Robert Cooksey rediscovered the Socialisation Units. His *Lang and Socialism* was published in 1971, preceded by advertisements that it would challenge the 'Lang is Right' legend. Cooksey presented Lang as a demagogic machine politician concerned principally with retaining control over the ALP, and his union allies as passive followers of the Premier. To Cooksey the Units revealed the spontaneous radicalisation of the working class that would be expected in a time of capitalist crisis. In 1975 the Australian Association for the Study of Labour History convened a conference on Lang, the proceedings of which were published in 1976. One of its editors of the collection, Peter Speeritt, later complained that: 'it is in the nature of myth that it is hard to eradicate, so hard in the case of Lang that...[this]...revisionist book...which trenchantly attacked many aspects of the Lang legend, has, it appears, only served to strengthen that legend.' Papers in the book presented Lang as a cold war anticommunist, whose social reforms were minimal and political style demagogic and dishonest. In 1980 Bob Connell and Terry Irving argued that Lang was an archetypal faction-leader employing populism to mobilise

<sup>17</sup> T. Irving & B. Berzins, 'History and the New Left: Beyond Radicalism' in R. Gordon, ed., *The Australian, New Left: Critical Essays and Strategy*, William Heinemann Australia, Melbourne, 1970, pp. 68-81. McQueen, *New Britannia*, p.94. S. Macintyre, 'Radical History and Bourgeois Hegemony' *Intervention*, 2 (1972), pp. 47,73. McQueen, *New Britannia*, p. 13. T. H. Irving, 'What is Labour History?' *Labour History*, 12 (1967).

<sup>18</sup> H. McQueen, 'Labourism and Socialism', in Gordon, *Australian New Left*, p. 59. T. Irving, 'Radical Political Science', in D. Aitkin, ed., *Surveys of Australian Political Science*, George Allen & Unwin, Sydney, 1985, pp. 328-29. T. Irving, 'Labourism: a Political Genealogy', *Labour History*, 64 (1994), pp. 2-4.

the inner-urban working class. Debt repudiation was no more than a 'feather-duster' against the ruling class.<sup>19</sup>

The revival of interest in Marxist theory associated with the new left suggested lines of inquiry that could have contributed to an understanding of the relation between class structure and public policy. Macintyre argued that the relationship between social classes had to be viewed in their interconnection rather than in isolation. New left historians called for a 'capital history' that would erase the gap between business history and labour history. These declamations remained largely programmatic. In 1983 the old left's Ken Buckley called for more research on the relation between the operation of companies and capital investment.<sup>20</sup> For the new left 'capital history' meant analysis of business and conservative ideologies, not analysis of what capitalists actually did. The area in which the new left's approach did bear fruit was industrial relations history, which I discuss below.<sup>21</sup>

The moment of the new left proved transitory. The radical hopes of the 1960s were not realised. The working class ignored the call of theory. For many on the left the response was to abandon hope in the working class and embrace the new social movements. Among labour historians there was a process of intellectual and political convergence. The new left lost cohesion and many members, such as Bob Catley (en route from Maoism to Suhartoism) and Bruce McFarlane, moved closer to the radical nationalism of the old left. The return of mass employment in the 1970s and the rise of economic liberalism encouraged a renewed interest in the Depression.

<sup>19</sup> H. McQueen, 'Glory Without Power', in J. Playford & D. Kirsner, ed., *Australian Capitalism: Towards a Socialist Critique*, Penguin, Melbourne, 1972, pp. 361-68. M. Dixon, *Greater than Lenin? Lang and Labor 1916-1932*, Melbourne Politics Monograph no. 4., Melbourne, 1976. K. J. Carr, *Left Wing Factional Mobilisation: The Ideological Traits and Method of Operation of the Left Within the Victorian Branch of the Australian Labor Party 1929 - 1932*, (M. A., University of Melbourne, 1984), p. 9. Advertisement for *Lang and Socialism* on the back cover of *Labour History*, 19 (1970). R. Cooksey, *Lang and Socialism: A Study in the Great Depression*, Australian National University Press, Canberra, 1976, pp. xi, 14-15. P. Spearitt, 'Mythology of the depression', in J. Mackinoly, ed., *The Wasted Years? Australia's Great Depression*, George Allen & Unwin, Sydney, 1981, pp. 3-4. H. Radi & P. Spearitt, eds. *Jack Lang*, Hale & Remonger, Sydney, 1977. R. Connell & T. Irving, *Class Structure in Australian History: Documents, Narrative and Argument*, Longman Cheshire, Melbourne, 1980, pp. 283-84. Cooksey's work has been the source of subsequent commentary by Marxist groups on the Units: *Towards Socialism in Australia: Program of the Communist Party of Australia*, Australian Radical Publications, Sydney, 1979?, pp. 33-36. T. Symonds, 'Socialism in Our Time: Communists and the New South Wales Labor Party during the Great Depression', Marxist Interventions, <http://www.anu.edu.au/polsic/marx/interventions> (printed 17.8.00). Since Cooksey wrote the minutes of the Central Socialisation Committee have been found and the time is right for another look at the Units.

<sup>20</sup> Macintyre, 'Radical History', pp. 73, 66. H. McQueen, 'Class and Politics II', *Labour History*, 32 (1977), p. 91. K. Buckley, 'Why work on capital history', in D. Cottle, ed., *Capital Essays*, General Studies Department, University of New South Wales, Sydney, 1983. M. Murray, 'Who Closed Southern Copper?', in R. Hood & R. Markey, eds., *Labour and Community: Proceedings of the Sixth National Conference of the Australian Society for the Study of Labour History*, Australian Society for the Study of Labour History, Illawarra Branch, Wollongong, 2000, pp. 247-50.

<sup>21</sup> The two authors whose work did creatively extend the work of the new left were Andrew Wells and Bill Thorpe but their analyses were restricted to the nineteenth century. However aspects of their approach are applicable to the twentieth century (A. Wells, *Constructing Capitalism: An Economic History of Eastern Australia, 1788-1901*, Allen & Unwin, Sydney, 1989. B. Thorpe, *Colonial Queensland: Perspectives on a frontier society*, University of Queensland Press, Brisbane, 1986).

Radical scholars draw parallels between the Depression and the Fraser years as characterised by attacks on migrants, women, unions and socialism.<sup>22</sup>

The radical economists of the Fraser years argued that, as in the 1930s, expansionary fiscal policies and autarchic economic development were the solution to high unemployment. They revived the allegedly radical orientation of Keynes' original thought. They lauded R. F. Irvine, the Sydney University economist, who some credited with inspiring Commonwealth Treasurer Ted Theodore's expansionary economic proposals of 1931. Irvine was also praised for defining economics as a social science rather than the unhistorical abstractions of neo-classical economics. The radical economists were largely dismissive of Labor politicians who drew on traditions of underconsumptionism and monetary reformism. David Clark argued Theodore was a superior pupil of Irvine to Lang. He claimed Lang was as committed to balancing the budget as his conservative critics, and only disagreed on the means. To Catley and McFarlane Lang had a reasonable record of social reform but was economically ignorant. Like Clark they highlighted the anti-Semitic rhetoric of Labor populism.<sup>23</sup>

The left of the Fraser years found its preferred antecedents in the late 1930s when the left, through campaigns against war and fascism and in support of civil liberties, escaped the isolation of the 1920s and early 1930s. The earlier left was viewed negatively. Communists were faulted for sectarianism and Lang's union allies of the 1920s dismissed as opportunists in search of parliamentary seats.<sup>24</sup>

The basis of the left's dismissal of Labor in government lay in its radical historicism. Marxists have frequently argued that all categories of social analysis are inherently historical. At the base of this assertion is a denial of the complexity of the world and its opaqueness to knowledge. The fact that nothing lasts forever does not alter the fact, as John Anderson argued, that it exists absolutely at the given time.<sup>25</sup> Both neo-classical economics and structuralism have been attacked, sometimes by the same person, for denying the essential historicity of social categories

<sup>22</sup> V. Burgmann, 'The Strange Death of Labour History', in B. Carr, et. al. *Bede Nairn and Labor History*, Pluto Press, Sydney, 1991. J. Mackinoly, 'Introduction', in Mackinoly, *The Wasted Years?*, pp. xi-xiii. R. Kuhn, 'Class analysis and the left in Australian history', in R. Kuhn & T. O'Lincoln, eds., *Class and Class Conflict in Australia*, Longman Australia, Melbourne, 1996, pp. 150-51. P. Beilharz, *Transforming Labor: Labour Tradition and the Labor Decade in Australia*, Cambridge University Press, Melbourne, 1994, pp. 111-12, 117-18.

<sup>23</sup> D. Clark, 'Fools and madmen', in Mackinoly, *The Wasted Years?*, pp. 179, 193. B. McFarlane, *Professor Irvine's Economics in Australian Labour History 1913-1933*, Australian Society for the Study of Labour History, Canberra, 1966, pp. 26-27. B. Catley & B. McFarlane, *Australian Capitalism in Boom and Depression: Options for the 1980s*, APCOL, Sydney, 1981, pp. 57-58. Future Labor Senator Robert Ray had anticipated this interpretation but was less critical of Lang: Frank Anstey's Role in the Scullin Government (B. A. (Hons), History, Monash University, 1968), pp. 48, 56, 59.

<sup>24</sup> L. Tanner, 'The Development of the Ideology of the Australian Left between 1919 and 1931' (B. A. (Hons), History, University of Melbourne, 1979), p. 16. L. Tanner, 'The Left in Crisis' (1985) (unpublished discussion paper circulated among the ALP left), pp. 2-3. K. Buckley & T. Wheelwright, *False Paradise: Australian Capitalism Revisited, 1915-1955*, Oxford University Press, Melbourne, 1998, pp. 135-37. Macintyre, *Succeeding Age*, pp. 314-17.

<sup>25</sup> J. Anderson, 'Marxist Philosophy' (1975), in J. Anderson, *Studies in Empirical Philosophy*, Angus & Robertson, Sydney, 1962, p. 295.



and for resorting to excessive abstraction. From this perspective the writing of radical history became a Marxist political practice in itself. Australian left political economy was deeply influenced by this historicist empiricism and often comprised little more than the classification of inequalities, combined with the conviction that capitalism was immoral and crisis ridden, and socialism an unproblematic solution.<sup>26</sup> When history was revealed not to be on the side of the left the result was political demobilisation.

The belief that there was a radical gap between socialism and capitalism implied that the economic dilemmas of anything other than a fully socialist government were irrelevant to labour movement strategy. Rather than admitting that New South Wales Labor in 1930-32 had tried to defy market forces and failed, it was easier to argue that it had never attempted so in the first place. Communism, like Edward Bellamy's *Looking Backward*, seemed to explain how a non-capitalist economy would work. It was only in the 1980s that Australian Communists lost this crutch, then like Garden in 1930-32 they became keen advocates of a political unionism predicated on an alliance between trade unions and the ALP. Fitzpatrick anticipated the left's delayed concern with the forms of a non-capitalist order. He instanced Australian state enterprise to demonstrate that, before the Soviet model, it had been possible to efficiently operate commercial operations without the profit motive.<sup>27</sup>

#### (c) The labourist historians

The hostility of old and new lefts towards Langism was matched among most historians closer to the political centre. Many claimed sympathy with the labour movement, but they diverged from the old left in their insistence that this sympathy did not imply a partisan concept of historiography, which they defined as the pursuit of the 'facts'. Underlying this practice was a commitment to a consensus model of Australian history, in which social conflicts are resolvable and the desirable outcome is that of a moderate reformism. These historians I identify as 'labourists'. For them Lang's high public profile in retirement was a source of exasperation. The

<sup>26</sup> K. Korsch, *Karl Marx*, Chapman & Hall, London, 1938, pp. 10-11, 24, 79. H. Lefebvre, *The Sociology of Marx*, Penguin, Harmondsworth, 1968, pp. 28-34. E. Wheelwright, 'Radical or Bourgeois Economics' (1971) in his *Radical Political Economics: Collected Essays*, ANZ Books Co., Sydney, 1974, pp. 5-6. E. L. Wheelwright, 'Introduction', in E. L. Wheelwright & K. Buckley, eds., *Essays in the Political Economy of Australian Capitalism*, vol. 1, ANZ Book Co., Sydney, 1975, pp. 1-2. G. Kitching, *Rethinking Socialism: A Theory for a Better Practice*, Methuen, London, 1983, pp. 66-77. D. Lovell, 'Socialism and the Marxist Connection: Results and Prospects', *Political Theory Newsletter*, no. 2, 1990, pp. 36-37. P. D. Groenewegen, 'Radical Economics', in F. Gruen, ed., *Surveys of Australian Economics*, vol. 2, George Allen & Unwin, Sydney, 1979, p. 196. It was Louis Althusser who deserves credit for identifying the hold of historicist thinking on the left, even if he failed to draw the appropriate conclusions from it: L. Althusser, 'The Object of Capital', in L. Althusser & E. Balibar, *Reading Capital*, Verso, London, 1979, pp. 119-44. Some on the contemporary neo-liberal right now espouse a historicist critique of economic categories, that echoes almost word for word, the sentiments of left political economists such as Wheelwright: W. Kasper, 'Structural change, growth and 'social justice' - an essay', in Productivity Commission, *Structural Adjustment: Exploring the Policy Issues: Workshop Proceedings*, AusInfo, Canberra, 1999, pp. 125-62.

<sup>27</sup> L. Ross, 'From Lane to Lang - The Evolution of Labor Theory', *Australian Quarterly*, vol. 6 (1934), p. 50. Fitzpatrick, *Public enterprise*, pp. 7, 13. Fitzpatrick, *Australian Capitalism*, Essay 9, pp. 1-4, 7.

image of Lang they challenged was that of the defender of the battlers against the banks, a view echoed in popular histories and school textbooks.<sup>28</sup>

In 1952 the American Louise Overacker set the pattern for one interpretation of Langism when she argued that: 'The Lang era is a fascinating and terrifying example of the corruption of democratic methods and slogans for totalitarian ends, a deadly serious drama in spite of its comic-opera aspects.' Lang had initiated a personal dictatorship akin to that of Huey Long in Louisiana. P. H. Partridge in 1955, in one of the first historical reviews of the 1930s, similarly accused Lang of an intellectually incoherent appeal to prejudice. He initiated a common theme by arguing that it was Theodore who had had the alternative policy to deflation rather than Lang.<sup>29</sup>

These interpretations were consistent with the intellectual climate of the cold war: the assumption that Keynesian economic management had reduced social debates to technical ones and that dissent and insurgency did not reflect valid social grievances but individual and collective maladjustment. American historians, such as Richard Hofstadter, argued that the populist movements of the late nineteenth and early twentieth centuries arose from the same social bases as McCarthyism and overemphasised their objectionable elements, such as anti-Semitism.<sup>30</sup>

In Australia the political centre of intellectual opinion was further to the left than in the United States. The Chifley years were for many intellectuals a golden past. From this perspective Lang was a villain: he had brought down the government in which Chifley had first served, campaigned against federal Labor's attempts to increase Commonwealth powers, and as a federal MP was a vociferous critic of the Chifley government and Chifley personally. Labor right-wingers in the early thirties usually defined Langism as a phenomenon of the left. Post-war Labor moderates instead defined Langism as pathological.<sup>31</sup>

<sup>28</sup> D. Rawson, 'What is labour history?', *Labour History*, 12 (1967), p. 75. L. F. Crisp, 'Still crying foul forty years on', *The Age*, 1.8.70, p. 17. P. Westerway, Review of *The Turbulent Years*, *Sydney Morning Herald* (hereafter *SMH*), 1.8.70, p. 21 (Westerway was a former political science academic and at the time was NSW ALP secretary). For popular and textbook examples: J. Waten, *The Depression Years 1929-1939*, Cheshire, Melbourne, 1971 (no pagination). M. Cannon, *The Human Face of the Great Depression*, the author, Melbourne, 1996, pp. 192-94. M. Williams, *Australia in the 1930s*, Trocadero Publishing, Sydney, 1985, p. 42. C. Baker, *Depression: 1890s, 1930s: A Social History*, Oxford University Press, Melbourne, 1982, p. 73.

<sup>29</sup> L. Overacker, *The Australian Party System*, Yale University Press, New Haven, 1952, p. 137. P. H. Partridge, 'Depression and War: 1929-50', in G. Greenwood, ed., *Australia: A Social and Political History*, Angus & Robertson, Sydney, 1955, pp. 352-62.

<sup>30</sup> R. Hofstadter, *The Age of Reform: From Bryan to F.D.R.*, Alfred A. Knopf, New York, 1955. M. Rogin, *The Intellectuals and McCarthy: The Radical Specter*, Massachusetts Institute of Technology Press, Cambridge, Massachusetts, 1969, pp. 9-31. P. Novick, *That noble dream: the 'objectivity question' and the American historical profession*, Cambridge University Press, Cambridge, 1988, p. 388. Hofstadter's level of scholarship was superior to that of James Jupp who argues that 'populists' controlled the Democratic party in the American south until the 1960s (J. Jupp, 'Populism in the Land of Oz', *Meanjin*, vol. 57, no. 4 (1988), p. 743).

<sup>31</sup> Unlike most university graduates post-war history honours graduates, at least at Melbourne University, were strong Labor supporters, and political science graduates would probably have been similar (G. Serle, 'A Survey of Honours Graduates of the University of Melbourne School of History, 1937-1966', *Historical Studies*, 57 (1971), pp. 49-50). *SMH*, 20.5.31, p. 11 (J. Coates MLC). *The World*, 10.6.32, p. 7 (P. Coleman, Federal Labor candidate in Auburn). In the more consensual ALP of the present Langism can be identified as a phenomenon of the left, if unrealistic and demagogic (J. Faulkner, 'Splits: Consequences and Lessons', in J. Faulkner & S. Macintyre, eds., *True Believers: The Story of the Federal Parliamentary Labor Party*, Allen & Unwin, Sydney, 2001, pp. 211, 217). John Bremonger's



Leslie Crisp framed the indictment. Beginning with his 1955 study of the federal ALP organisation and continuing in his 1960 biography of Chifley, Crisp indicted Langism as a ruthless personal dictatorship that exploited the suffering of the working class and which played on the 'credulity, ignorance and pent-up emotions of those unfortunate people [the unemployed]'. Many subsequent historians agreed.<sup>32</sup> Post-war Labor moderates knew Scullin had failed to adequately respond to the depression, but despite this insisted Lang's opposition to the Scullin government was unfounded. In the prosperous fifties and sixties Scullin was defended either on the grounds that Keynesian economic management had not yet been invented, or that Theodore had developed an effectively Keynesian policy but was thwarted by conservative obstruction and Lang's duplicity.<sup>33</sup> As the star of Keynesian economic management fell Labor moderates embraced an uncritical triumphalism in which electoral victory became not a means to an end but the only end. Bede Nairn's 1986 study of Lang, *The 'Big Fella'*, exemplified this approach. The economy is an unchallengeable backdrop 'inexorably geared' to deflationary outcomes. The role of political Labor is to implement 'manifestly needed reforms'. Nairn is on surer ground when chronicling the minutia of inner-party conflict rather than evaluating the record of Lang's governments.<sup>34</sup>

chapter 'Rats' in this book upholds the old anti-Lang position, exemplified in a vitriolic portrayal of Jack Beasley (a figure who deserves a biography). Lremonger makes much of the label 'stabber Jack' attached to Beasley, but offers no evidence as to how widespread it was. I suspect that outside of Federal Labor loyalists in NSW the Scullin government was to most Labor supporters an episode best forgotten.

<sup>32</sup> L. Crisp, *Ben Chifley: A Political Biography*, Angus & Robertson, Sydney, 1977 (first ed. 1963), p. 75. I. Young, 'The Impact of J. T. Lang on the New South Wales Labor Party', *Australasian Political Studies Association News*, vol. 8, no. 1 (1963). I. Young, 'J. T. Lang and the Depression', *Labour History*, 5, 1963. These articles summarised his two theses: The Impact of J. T. Lang on the N. S. W. Labor Party, 1929-1943 (M. A., University of New South Wales, 1963) and I. Young, Conflict Within the New South Wales Labor Party, 1919-1932 (M. A., University of Sydney, 1961). Young was to the political right of the labourist historians and this made him more willing to admit the responsibility of the ALP for Langism. S. Encel, *Cabinet Government in Australia*, Melbourne University Press, Melbourne, 1962, pp. 156-62. C. M. H. Clark, *A Short History of Australia*, New American Library, New York, 1980 (first ed. 1963), p. 226. F. G. Clarke, *Australia: A Concise Political and Social History*, Harcourt Brace Jonavich, Sydney, 1989, pp. 232-33. R. Hall, 'A Resemblance to Stalin' (review of Nairn, *The 'Big Fella'*), *Australian Book Review*, 180 (1996), p. 16.

<sup>33</sup> J. Jupp, 'The Australian Labor Party: Platforms, Policies and Performance', in Australian Institute of Political Science, *Forces in Australian Politics*, Angus & Robertson, Sydney, 1963, pp. 41-42. G. Bolton, *A Fine Country to Starve In*, University of Western Australia Press, Perth, 1994 (first ed. 1972), pp. 96-98. J. Robertson, *J. H. Scullin: A Political Biography*, University of Western Australia Press, Perth, 1974, pp. 393-97. A. Calwell, *Labor's Role in Modern Society*, Lansdowne Press, Melbourne, 1963, p. 83. Crisp, *Ben Chifley*, p. 69. T. Fitzgerald, 'Gaps in Mr. Lang's memory', *Nation*, 5.5.1962, pp. 20-21. M. Crawford, *Australia*, Hutchinson University Library, London, 1970 (first ed. 1952), p. 156. R. Fitzgerald, 'Red Ted': *The Life of E.G. Theodore*, University of Queensland Press, Brisbane, 1994, p. 289. B. Galligan, *The Politics of the High Court: A Study of the Judicial Branch of Government in Australia*, University of Queensland Press, Brisbane, 1987, p. 105. F. Alexander, *Australia Since Federation*, Thomas Nelson Australia, Melbourne, 1972 (first ed. 1967), pp. 86-97. M. Johnston, *Australia This Century*, Macmillan, Melbourne, 1982, p. 56. F. G. Clarke, *Australia: A Concise Political and Social History*, Harcourt Brace Jonavich, Sydney, 1989, pp. 232-33. These historians, like the 'political economists' of the Fraser years took Keynesianism to include a range of radical policies, that Keynes himself did not support. Keynes was much more sympathetic to the Premiers' Plan than his would be radical and labourist defenders admitted. This fact is strongly defended, if overstated, by the former Queensland Young Liberal president Donald Markwell (D. Markwell, *Keynes and Australia*, Reserve Bank of Australia, Research Discussion Paper 2000-4, pp. 23-24 (this paper was delivered in 1985 but not published until 2000)). His interpretation should be contrasted to that of David Clark: D. Clark, 'Fools and madmen', in Mackinoly, *The Wasted Years*?

<sup>34</sup> S. Macintyre, 'Who Are The True Believers? The Manning Clark Labor History Memorial Lecture', *Labour History*, 68 (1995), pp. 161-67. A. Scott, *Running on Emery: 'Modernising' the British and Australian labour parties*, Pluto Press, Sydney, 2000, pp. 247-48. B. Nairn, *The 'Big Fella': Jack Lang and the Australian Labor Party 1891-1949*, Melbourne University Press, Melbourne, 1986, pp. 5, 204, 215, 218, 231. Two members of the NSW ALP right carry Nairn's argument to its illogical conclusion and argue the Premiers' Plan was in accordance with 'the nation's

The negative portrayal of Langism was closely linked to the much-overused concept of 'populism'. This concept is rarely clearly defined, but its proponents seem to define populism as a political strategy that combines appeals to the common interest (rather than groups) with the evocation of sinister threats to the common interest. The first part of this definition is largely valueless, which Australian political leader has not sought to appeal to the general interest? The second part of the definition is more useful. Mostly political leaders ignore their opponents or present them as incompetent, irrelevant or divided, but sometimes they are presented as enemies of the people. Populism is linked to evaluations of the political-economic system, and it is a political expression of relational theories of social inequality that blame one social group for the difficulties of another. Populism can be the form of a political ideology but it cannot be its content. As Miriam Dixon notes if Langism was populism it was different from earlier populisms in being based in the working-class. Politics can be about class issues without being characterised by a language of class. As Eric Hobsbawm and Donald Sassoon argue governments should be evaluated by what they do, rather than political style.<sup>35</sup> Marxists dismiss populism, but the Marxist concept of revolutionary class-consciousness is quite distinct from the aggregation of the material interests of individual workers. As an example take three political-social movements of the last century: American trade unionism at its most apolitical, the Australian labour movement of the 1920s and the Argentine Peronism. The first two share a similar terminology of labour and capital, but the last two are actually more similar in that they both articulate a concept of the legitimacy of state action on behalf of a collective interest.<sup>36</sup>

Don Rawson's work began as an alternative to the moderate Labor critique of Langism, but gradually evolved into a more sophisticated version of the pathologising of Langism. Rawson's central theme was the struggle of trade union leaders to control politicians. He placed the rise of

long-term economic interests' (M. Costa & M. Duffy, 'Labor and economic rationalism', in C. James, C. Jones & A. Norton, eds., *A Defence of Economic Rationalism*, Allen & Unwin, Sydney, 1993, p. 125). Even the Trotskyist sympathiser George Petersen, although describing Lang as an 'unprincipled demagogue', argues that he 'articulated for the mass of workers their aspirations' (G. Petersen, 'History for the elite, not the people', *Red: Communist Intervention Magazine*, vol. 1, no. 2 (1991), p. 15).

<sup>35</sup> Nairn, *Big Fella*, p. xiii. S. Alomes & M. Roe, 'Populism', in G. Davison, J. Hirst & S. Macintyre, eds., *The Oxford Companion to Australian History*, Oxford University Press, Melbourne, 1998, p. 517. G. Patmore, *Australian Labour History*, Longman Cheshire, Melbourne, 1991, p. 81. Dixon, *Greater than Lenin?*, pp. 2-3. D. Sassoon, *One Hundred Years of Socialism: The West European Left in the Twentieth Century*, New Press, New York, 1996, p. 637. E. Hobsbawm, *Age of Extremes: The Short Twentieth Century 1914-1991*, Abacus, London, 1995, pp. 133-35.

<sup>36</sup> E. O. Wright, *Interrogating Inequality: Essays on Class Analysis, Socialism and Marxism*, Verso, London, 1994, pp. 22-27. A. Callinicos, *Making History: Agency, Structure and Change in Social Theory*, Polity Press, Cambridge, 1987, pp. 16-35, 193-205. F. Bongiorno, *The People's Party: Victorian Labor and the Radical Tradition*, Melbourne University Press, Melbourne, 1996, pp. 188-97. G. Dow & G. Lafferty, 'From Class Analysis to Class Politics', *Australian & New Zealand Journal of Sociology*, vol. 26, no. 1 (1990). N. Kirk, 'Postmodernism, history and class', in P. Griffiths & R. Webb, eds., *Work Organisation Struggle: papers from the seventh national labour history conference*, Australian Society for the Study of Labour History, Canberra Region Branch, Canberra, 2001, p. 15. H. Thomson, *Socialism at Work? Queensland Labor in Office* (Ph. D., University of Adelaide, 1986 (Matheson Mf 4263)), p. 10. Lang Labor's fusion of class and populist themes, identified by Miriam Dixon, together with elements of Marxist rhetoric resembles Chile in the same period (Dixon, *Greater than Lenin*, pp. 1-3. P. W. Drake, *Socialism and Populism in Chile, 1932-52*, University of Illinois Press, Urbana, 1978, pp. 2-3). The most sophisticated attempt to apply the concept of 'populism' is that of Ray Markey. But he oscillates between defining populism as a form, of potentially variable content, or as the expression of a particular social stratum (R. Markey, *The Making of the Labor Party in New South Wales 1880-1900*, University of New South Wales Press, Sydney, 1988, pp. 12-15).

Langism in this context, as the result of strategy employed by union leaders to discipline the political wing. Over time his attitude towards the electoral consequences of unionist ascendancy changed. In 1954 he considered it absurd to blame Lang specifically for the electoral setbacks of New South Wales Labor in the 1930s as Labor had similar difficulties in other states. In 1958 he argued that Labor's failure to recognise the limited role of class conflict in Australian society led to electoral failure. Rawson's changing perspective was impelled by growing hostility to the union domination and rhetorical leftism that he identified as influential in the ALP after the split of 1955. In *Labor in Vain?* published in 1965 he criticised the excessive influence of electorally unaccountable union officials within Labor.<sup>37</sup>

### 3. New approaches to the study of labour in government

Both the new left and their labourist historians were caught in an irresolvable dilemma. The new left regarded historical process as the manifestation of a social totality that could only be challenged from outside. The labourist historians reduced history to a series of events. To the former labour movement ideologies misled the working class, for the latter they distracted Labor from electoral necessity. Scholars from public policy studies, economic history and industrial relations have provided better understandings of Labor in government.

#### (a) Policy studies

In recent years Australian political scientists have given new attention to state politics. For many years most Australian political scientists considered state politics as non-ideological and characterised by long periods of one-party rule. The states were seen as largely insignificant in policy terms due to their financial dependence on the Commonwealth, and what policy initiative they did possess resided in the hands of bureaucrats, rather than politicians. These views were reinforced by the anti-federalist bias and majoritarian view of democracy held by many political scientists. The states were identified as defenders of vested interests, and the Whitlam government experience reinforced this. From this perspective Lang was condemned as an exponent of states' rights.<sup>38</sup>

<sup>37</sup> D. Rawson, *The Organisation of the Australian Labor Party, 1916-1941* (Ph. D., University of Melbourne, 1954, p. 312. D. Rawson, 'Labour, Socialism and the Working Class', *Australian Journal of Politics and History*, vol. 71, no. 1 (1961), pp. 76-82. D. Rawson, *Labor in Vain? A Survey of the Australian Labor Party*, Longmans, Melbourne, 1966, p. 124. These themes were echoed by James Jupp, and in his case they were reinforced by his critique of Communist influence on the trade union left: J. Jupp, 'Their Labour and Ours', in H. Mayer, ed., *Australian Politics: A reader*, F. W. Cheshire, Melbourne, 1967, pp. 237-38. J. McLaren, *Writing in Hope and Fear: Literature as Politics in Postwar Australia*, Cambridge University Press, Melbourne, 1996, pp. 149-50. Scott, *Running on Empty*, pp. 62-71. S. Scalmer, 'The Affluent Worker or the Divided Party: Explaining the Transformation of the ALP in the 1950s', *Australian Journal of Political Science*, vol. 32, (1997).

<sup>38</sup> C. Sharman, 'Australia as a Compound Republic', *Politics*, vol. 25, no. 1 (1990), p. 4. L. F. Crisp, *Australian National Government*, Longman Cheshire, Melbourne, 1978 (first ed. 1965), pp. 49, 52, 86-88. To Whitlam Lang's eventual downfall demonstrated the inevitability of federal supremacy: G. Whitlam, 'Foreword', in I. Young, *Theodore: His Life and Times*, Alpha Books, Sydney, 1971, pp. xiii-xiv.

The end of the bipartisan developmentalism of the long boom transformed state politics. Over the last two decades state administrative structures have been in constant upheaval, as governments have responded to limited resources and the demands of new social actors such as the feminist and environmental movements. The 1980s and 1990s saw major shifts in state public policy associated with Labor and then non-Labor governments, along with the growing influence of economic liberalism on all governments. Electoral behaviour in the states became far more volatile and federal-state relations assumed a high profile. In these aspects recent state politics has resembled that of the 1920s and early 1930s.<sup>39</sup>

Political scientists now recognised that there were differences between the Australian states and that they delivered the most politically sensitive services. At the level of theory this new focus was associated with a 'state-centered approach' that emphasised the autonomy of political power from social forces.<sup>40</sup>

A spate of anthologies has examined the policy records of recent state governments. The theoretical content of these anthologies is disappointing. They have combined an empirical recounting of policy developments with an explanation largely based in ideological shifts. The social forces that have been identified as politically influential are either 'new social movements' or intellectual trends, in particular purveyors of economic liberalism. One of the first works that examined the performance of a state government across a wide range of policy areas was a work of labour history, Denis Murphy's 1980 survey of Queensland Labor's public policy record from 1915 to 1957. In 1986 Harold Thornton's Ph. D. on the Queensland Labor governments was distinctive for its level of theoretical sophistication, but little of this explicit theory survived to its published version. Another Ph. D. on Labor in government was David Clune's 1986 work on the 1941-65 New South Wales ALP governments of 1941 to 1965, but its approach is largely descriptive.<sup>41</sup>

<sup>39</sup> M. Painter, *Steering the Modern State: Changes in Central Coordination in Three Australian State Governments*, Sydney University Press, Sydney, 1987, pp. 33-35.

<sup>40</sup> B. Galligan, 'Preface', in B. Galligan, ed., *Comparative State Policies*, Longman Cheshire, Melbourne, 1988, pp. ix-x. C. Sharman, 'The Study of the States', in Galligan, *State Policies*, p. 2. B. Galligan, 'The Political Economy of the States', in B. Galligan, ed., *Australian State Politics*, Longman Cheshire, Melbourne, 1986, pp. 255-57. J. M. Kousser, 'Restoring Politics to Political History', *Journal of Interdisciplinary History*, vol. 12, no. 4 (1982), p. 571.

<sup>41</sup> D. Murphy, R. Joyce & C. Hughes, eds., *Labor in Power: The Labor Party and Governments in Queensland 1915-57*, University of Queensland Press, Brisbane, 1980. H. Thornton, *Socialism at Work? Queensland Labor in Office* (Ph. D., University of Adelaide, 1986 (Matheson Mf 4263)). R. Fitzgerald & H. Thornton, *Labor in Queensland: From the 1880s to 1988*, University of Queensland Press, Brisbane, 1989. D. Clune, *The Labor Government in New South Wales 1941 to 1965: A Study in Longevity in Government*, (Ph. D., University of Sydney, 1995).

### (b) Economic historians

It is Australian economic historians who have continued to recognise the distinctiveness of the Lang government. They have been well aware of the ability of politics to influence the economy, although they disagree on its consequences.<sup>42</sup>

In the 1930s Australian economists, such as E. R. Walker and Allan Fisher, were among the first to consider the relation between politics and business investment. In their work New South Wales in 1930-32 featured as a specific example of investor response to a hostile government. Subsequent economic historians lost this insight. The rise of econometric techniques encouraged a restriction of economic analysis to easily quantifiable items. This approach contributed to, and was reinforced by, the rise of economic liberalism. In 1970 the Premiers' Plan seemed to Boris Schedvin and Keith Hancock, an event 'separated from modern experience by the Keynesian revolution'.<sup>43</sup>

By the late 1980s economic liberalism had largely supplanted Keynesianism. Economic historians now emphasised the balance of payments constraints to expansionary fiscal policies, the negative consequences of high tariffs and the relative inflexibility of wages. The economists of the 1920s received a more sympathetic ear. Schedvin now complained the left liberal bias of historians encouraged their economic ignorance. At its most extreme economic liberalism denied any value for historical analysis. The institutional annexation of economic history by economics expressed this. History provided examples for a pre-determined narrative.<sup>44</sup> Affronted by this focus labour and social historians tended to react against quantitative methods altogether rather than clarify their limits, even though Eric Fry in 1967 hoped that future labour history would be analytical rather than descriptive.<sup>45</sup>

<sup>42</sup> N. G. Butlin, *Investment in Australian Economic Development 1861-1900*, Department of Economic History, Research School of Social Sciences, Australian National University, 1972, pp. 399-404. N. G. Butlin, A. Barnard & J. J. Pincus, *Government and Capitalism: Private and Public Choice in Twentieth Century Australia*, George Allen & Unwin, Sydney, 1982, p. 4.

<sup>43</sup> E. R. Walker, *Australia in the World Depression*, P. S. King & Co., London, 1933, pp. 151-53. A. Fisher, 'Crisis and readjustment in Australia', *Journal of Political Economy*, vol. 42 (1934), pp. 772-73. C. Schedvin, *Australia and the Great Depression: A Study of Economic Development and Policy in the 1920s and 1930s*, Sydney University Press, Sydney, 1988, (first ed. 1970). K. Hancock, 'Forty Years On', *Australian Economic History Review*, vol. 12, no. 1 (1972), p. 71.

<sup>44</sup> G. Snooks, *Economics without Time: A science blind to the forces of historical change*, Macmillan, London, 1993, pp. 2-28, 62, 92, 127. M. Bassett, *The State in New Zealand 1840-1984: Socialism Without Doctrines?*, Auckland University Press, Auckland, 1998, pp. 150-51. J. Stone, '1929 and All That...', *Australian Economic Review*, 67 (1983/84). R. Gregory & N. Butlin, eds., *Recovery from the Depression: Australia and the world economy during the 1930s*, Cambridge University Press, 1988. K. M. Haig-Muir, *Crisis in Clio's Family: A Study of the Discipline of Australian Economic History 1918-1965* (Ph. D., Deakin University, 1991), vol. 1, p. 256; vol. 2, pp. 382-83, 422-23. J. Quiggin, *Great Expectations: Microeconomic Reform and Australia*, Allen & Unwin, Sydney, 1996, pp. 139-42. G. Davison, *The Use and Abuse of History*, Allen & Unwin, Sydney, 2000, pp. 224-25.

<sup>45</sup> T. Sheridan, 'Of Mind-sets and Market Forces: The Contribution of Historical Research to Industrial Relations', in G. Patmore, ed., *History and Industrial Relations*, Australian Centre for Industrial Relations Research and Training, University of Sydney, Sydney, 1990, pp. 44-45. D. Clark, 'A closed book? The debate on causes', in Mackinoly,

Despite their increasingly narrow focus economic historians have made a major contribution to the study of public policy in the depression. Economists took seriously New South Wales Labor's policies, however much they were out of sympathy with their challenge to market forces.<sup>46</sup>

### (c) Industrial relations history

Through their focus on wages and the workplace recent historians of industrial relations are more alert to the impact of politics on the everyday lives of workers. Their work represents the most productive development of new left concerns. The best work in this area, such as Raelene Frances' gendered industrial relations history, integrates institutions with workplace politics, both in the factory and the home. This is an approach that judges labour movement institutions in terms of effectiveness, their ability to improve workers' lives, rather than by reference to an ideal socialism or a triumphalism that defines organisation as ends in themselves.<sup>47</sup>

These historians share similar political outlooks to many in the new left, but where their work covers aspects of Lang's career it diverges in its evaluation of Langism. Ray Markey and Peter Sheldon admit the extent to which Lang's government delivered to the unions and the importance of state employment as a means for achieving labour movement goals. Recent work in industrial relations history, such as that of Stuart Svensen, has reinstalled the importance of choice, rather than passive accommodation to economic circumstances, in explaining shifts in labour management practices and of leadership in deterring the course of industrial action. The influence of industrial relations history is apparent in Terry Irving's recent work. He identifies the union mobilisations of the Great War not as a reaction against parliamentary politics but an attempt to 'control the ALP in the interests of parliamentary socialism'. Despite this Irving inconsistently denies the influence of the former Trades Hall Reds over Lang's legislative agenda. This contrasts with Macintyre, whose work has most successfully integrated old and new left themes and who argues that Lang's administration did attempt in some ways to put the needs of the unemployed before international finance.<sup>48</sup> Andrew Moore shares this conclusion in his outstanding study of

*Wasted Years?*, p. 26. P. Floud, 'Quantitative History and People's History: Two Methods in Conflict', *History Workshop Journal*, 17 (1984). E. Fry, 'What is labour history?', *Labour History*, 17 (1967), p. 64.

<sup>46</sup> Geoffrey Blainey noted in 1971 how Lang's success in keeping wages high had been forgotten (G. Blainey, *The Steel Master: A Life of Essington Lewis*, Macmillan, Melbourne, 1971, p. 109). A more sympathetic portrayal of Lang was in B. Dyster & D. Meredith, *Australia in the International Economy in the Twentieth Century*, Cambridge University Press, Melbourne, 1990, pp. 131, 135-44.

<sup>47</sup> F. Bongiorno, 'Labour History', in Davison, *Oxford Companion to Australian History*, p. 371. R. Frances, *The Politics of Work: Gender and Labour in Victoria, 1880-1939*, Cambridge University Press, Melbourne, 1993. Markey, *Making of the Labor Party*, pp. 210-22, 232. S. Sweeney & I. Voorendt, 'Union Effectiveness: Still Hidden from History?', in Hood, *Labour and Community*, pp. 262-264.

<sup>48</sup> R. Markey, *In Case of Oppression: the Life and Times of the Labor Council of New South Wales*, Pluto Press, Sydney, 1994, p. 259. P. Sheldon, *Wages and the Depression 1929 - 1935*, B. Ec (Hons), Industrial Relations, University of Sydney, 1977. P. Sheldon, *Maintaining Control: A History of Unionism Among Employees of the Sydney Water Board* (Ph. D., University of Wollongong, 1989) (both theses by Sheldon are held in the library of the Australian Centre for Industrial Relations Research and Training, University of Sydney). S. Svensen, *The Shearers' War: The Story of the 1891 Shearers' Strike*, University of Queensland Press, Brisbane, 1989, pp. 257-60. S. Svensen,

conservative paramilitary organisations in 1930-32. His primary concern was the right's reaction to Lang, but this meant that he recognised that they had something to fear in Lang. In a series of valuable conference papers Frank Cain has also challenged the negative portrayal of Lang, even if at times he seems to reverse the terms of the labourist critique of Lang, rather than investigate the social determinants, and effects of public policy.<sup>49</sup>

#### 4. Conclusions

This dissertation is not a fully comparative work but I agree with Donald Denoon that Australian historiography has suffered through its failure to develop a comparative approach. I draw on a range of cross-national and cross-state comparisons to clarify social dynamics. In the United States and Canada the Great Depression saw the emergence of significant radical new parties at the state level. I also compare Australia with Germany, for both countries shared the feature of a strong, but divided, industrial and political labour movement. The New South Wales debt crisis of the early 1930s is less anomalous when compared to the Latin American experience where many nations failed to meet debt obligations during the 1930s.<sup>50</sup>

This dissertation has ten chapters in four parts. The first contextual part includes this Chapter and Chapter Two, which describes the social and political structure of New South Wales and outlines the concept of social structures that I apply in this dissertation. The second part, which contains Chapters Three to Six, examines the budgetary and taxation policies of the Lang government. Their focus is on how Labor raised money to carry on government. New South Wales was a capitalist economy in which effective control of the means of production was concentrated in the hands of a small minority, but Labor never came near winning the unanimous electoral support of employees. To explain why this was the case I examine factionalism within the non-Labor parties and how by May 1932 the non-Labor parties had reconstructed themselves from their 1930 electoral defeat. A large portion of economic activity was carried on outside capitalist property relations: that of the self-employed and particularly those, very disproportionately women,

*The Sineews of War: Hard Cash and the 1890 Maritime Strike*, University of New South Wales Press, Sydney, 1995, pp. 240-45. T. Irving & A. Seagher, 'Labour and Politics in Canada and Australia: Towards a Comparative Approach to Developments to 1960', *Labour History*, 71 (1996) / *Labour/Le Travail*, 38 (1996), pp. 268, 270-71. This argument is even more anomalous when Irving's leading role in rebutting the romantic-pessimist interpretation of Childe's work is considered (T. H. Irving, 'New Light on How Labour Governs: Re-Discovered Political Writings by V. Gordon Childe', *Politics*, vol. 23, no. 1 (1988), pp. 70-77). In an early critique of Gollan Markey argued that he did not explain the role of Garden and the Labor Council in the development of Lang's policies (R. Markey, 'Revolutionaries and Reformists', *Labour History*, 31 (1976), p. 95). Macintyre, *Winners and Losers*, p. 71.

<sup>49</sup> A. Moore, *The Secret Army and the Premier: Conservative Paramilitary Organisations in New South Wales 1930-32*, University of New South Wales Press, Sydney, 1989, pp. 228-29. F. Cain, 'Jack Lang and the Great Depression', in F. Farrell, et. al., *Traditions for Reform in New South Wales: Labor History Essays*, Pluto Press, Sydney, 1987. F. Cain, 'Jack Lang, the Loan Council and the Bruce/Page Government', in Hood, *Labour and Community*. F. Cain, 'Jack Lang's 1930s government: the first 150 days', in Griffiths, *Work Organisation Struggle*.

<sup>50</sup> D. Denoon, 'The Isolation of Australian History', *Historical Studies*, 87 (1986). R. Valeyly, *Radicalism in the States: The Minnesota Farmer-Labor Party and the American Political Economy*. University of Chicago Press, Chicago, 1989, pp. xiii, 1-9. C. Marichal, *A Century of Debt Crises in Latin America: From Independence to the Great Depression*, Princeton University Press, Princeton, 1989, pp. 201-228.

involved in household production. The political mobilisations of 1930-32 built on social mobilisations of exceptional complexity: not only capital and labour or even men versus women, but between different sectors of the economy: capitalist, public and the household. In the third part, which comprises Chapters Seven to Nine, I examine selected aspects of Labor's record of economic regulation and public expenditure. In Chapter Ten, which comprises Part Four, I consider to what extent Labor made a difference and what lessons the Lang's government downfall poses for the project of civilising capitalism.

Any examination of the record of a government is necessarily partial. Several authors have discussed the administration of unemployment relief and I do not duplicate their work.<sup>51</sup> The policy areas I focus on are those that were objects of major political contestation. Lang's government presides over a uniquely high level of public expenditure, but in the case of health and education the differences between Labor and the conservatives are quantitative rather than qualitative, but in state employment, economic regulation and agricultural policy, Labor has a radically distinctive approach. The influence of health and education on political debate was indirect in that high expenditure in these areas required high taxation and budget deficits, which then became objects of controversy. The factional dynamics of the ALP at the federal and state level have attracted the attention of many scholars, but I regard previous narratives as unsatisfactory and revisit the crisis of the Scullin government in late 1929 and early 1930.<sup>52</sup>

My study aspires to be a labour history in the full sense. It will break down the artificial distinctions between economic, social and political history, understanding labour as a factor of production, a class and a political movement that forms public policy. A Marxist approach, as Andrew Wells argues, aims to integrate theoretical sophistication with empirical investigation, but in Australian historiography it is the work of the non-Marxist Noel Butlin, rather than Australian Marxists, that best integrates theory and empirical inquiry.<sup>53</sup> This approach has guided my attitude to sources. I rely first of all on government archives and publications. Statistical material is abundant but it is selective; it ignores domestic labour but also almost completely the retail and distribution sectors of the economy. The 1933 census is an invaluable resource and I apply multiple regression analysis to its areal data to reveal the electoral behaviour of different

<sup>51</sup> The most notable example is: R. Walker, 'Mr. Lang's Dole; The Administration of Food Relief in New South Wales, 1930-32', *Labour History*, 51 (1986).

<sup>52</sup> My thinking in this area has been influenced by the work of Martin Painter and Martin Laffin. To use their terminology health and education were examples of 'policy drift...where policies continue by default in an existing direction or is shaped solely by external forces or agencies' (M. Laffin & M. Painter, 'A Government of Reform?', in M. Laffin & M. Painter, eds., *Reform and Reversal: Lessons from the Coalition Government in New South Wales 1988-1995*, Macmillan, Melbourne, 1995, pp. 270-71).

<sup>53</sup> E. Fry, 'What is labour history?', *Labour History*, 12 (1967), p. 61. Merritt, 'Labour History', in Osborne, *New History*, p. 113. R. McKibbin, 'Is it Still Possible to Write Labour History', in T. Irving, ed., *Challenges to Labour History*, University of New South Wales Press, Sydney, 1994. Thornton, *Socialism at Work?*, pp. 1-3. Wells, *Constructing Capitalism*, p. ix. Wells, Marxist reappraisal, pp. 15, 84, 108.



social groups in 1930-32.<sup>54</sup> I have reviewed a wide range of trade union, business records and women's organisations. The Communists and the Country Party left substantial records. Little survives for the ALP and less for urban conservatism. *Labor Daily* fills many gaps for the ALP with its detailed, if selective, coverage of ALP activities, particularly local branches. The *Sydney Morning Herald* remains indispensable, despite its bias, but the weekly newspapers often provided more detailed coverage of particular policy areas. The financial press sheds light on business decision-making.<sup>55</sup>

## Chapter 2

### Social Structures in New South Wales

#### 1. Introduction

The ability of Labor in government to implement its program was confined by the social and political structure of New South Wales. Some of these aspects were generic to capitalist economies but others were particular to New South Wales. The social structures of Australian capitalism both created an opposition, with powers to act, and confined what that opposition could achieve.<sup>1</sup>

I will examine how that challenge to 'economic laws' was created and how it failed. This social structure had a real existence, what Weber called a cosmos that appeared to the individual an 'unalterable order of things'. Conscious and deliberate choices and actions are only a part of the historian's inquiry, but neither are individual choices and actions entirely determined by the requirements of the social structure. If this had been the case electors would never have sought to challenge economic outcomes in 1930. The historian seeks to explain 'how' structures determine the behaviour of individuals, rather than simply asserting this as a fact. Historical events are not the subject of historical inquiry, although they provide raw material for that inquiry. As Wells argues there is a structured reality that stands behind observable processes. Historical inquiry requires ontology; a view about what is the object of the historian's study. The denial of the reality of structures threatens, as Andrew Collier argues, to reduce political analysis to a purely arbitrary level. Either theory is dismissed altogether in the name of a pragmatic accommodation with the politically possible, or else, as Jean Curthoys has argued, theories are selected for their political value, and knowledges are explained simply as the result of power and self-interest. At a political level the result is an oscillation from voluntarist radicalism to a pragmatic accommodation with the status quo.<sup>2</sup>

<sup>54</sup> It is symptomatic of the shift from the old to the new left that although both Fitzpatrick and Turner referred to census data Connell and Irving did not, despite their claim to examine class structure.

<sup>55</sup> Clarence Martin, Labor MP for Young 1930-32, kept a diary. Unfortunately although this was for a time deposited in the Mitchell Library it has since been retrieved by his family and is no longer available to researchers. Paul White took extensive notes from the diaries for his 1986 M. Ed thesis at the University of Sydney: C. E. Martin: A Political Biography 1900-1953. Mr. White has kindly made available to me his typed-up notes from the diaries for 1929-32 and all subsequent references to 'Martin Diary' are from these notes.

<sup>1</sup> A. Collier, *Scientific realism and socialist theory*, Harvester, London, 1989, pp. 97, 170-71. A. Callinicos, *Making History: Agency, Structure and Change in Social Theory*, Polity Press, Oxford, 1989, pp. 39-95.

<sup>2</sup> D. Abraham, *The Collapse of the Weimar Republic: Political Economy and Crisis*, Holmes & Meier, New York, 1986 (first ed. 1981), p. x. V. Childe, *History*, Corgi Press, London, 1947, pp. 77-79. P. Clarke, 'Political History in the 1980s: Ideas and Interests', *Journal of Interdisciplinary History*, vol. 12, no. 1 (1981), p. 47. Macintyre, 'Radical History and Bourgeois Hegemony', p. 73. S. Macintyre, 'Response', *Australian Historical Studies*, 100 (1993), pp. 401-02. M. Weber, *The Protestant Ethic and the Spirit of Capitalism*, George Allen & Unwin, London, 1985, p. 54. L. Walker, Beers, Bed and Board: Industrial behaviour around the Victorian hotel and liquor industry wages boards, 1900-1914 (B. A. (Hons), History, Monash University, 1995), pp. 1-2. Wells, Marxist reappraisal, pp. 63, 104-07. R. Bhaskar, *A Realist Theory of Science*, Harvester Press, Sussex, 1978, pp. 46-47. R. Bhaskar, *The possibility of naturalism: a philosophical critique of the contemporary human sciences*, Harvester Wheatsheaf, London, 1989 (first ed. 1979), p. 34. Collier, *Scientific Realism*, pp. 29-35, 68-69, 143-47. J. Curthoys, *Feminist Amnesia: The wake of women's liberation*, Routledge, London, 1997, pp. 61-67, 178n32.

The structure of New South Wales can be understood in terms of three forms of relations: gendered relations, economic relations and power relations. The social institutions and events empirically observable combined were the effect of these structures. As Max Crawford argued it is precisely in crisis periods that the hidden forces of the historical processes are best revealed.<sup>3</sup> Power relations had the sanction of physical violence, economic ones the requirements of physical sustenance; gendered relations spoke to individuals' constitution as subjects. Individuals produced goods and services, but also structures of authority, and they produced themselves as classed, gendered and sexualized subjects. There is no inherent dominance of one structure although this might be established empirically in a particular case. Any observed set of social interactions was a complex of these relations. In a factory, power relations existed between workers and supervisors; the factory was a centre of economic activity, and the relations within the factory were gendered. The latter was most obvious for women, where male employers claimed a patriarchal control, but the gender identity of male workers was closely to a culture of masculinity associated with manual labour.<sup>4</sup> This Chapter sketches relations of class, gender and power in New South Wales and the social and political organisations associated with them: feminist groups, employers associations, the Nationalist Party, workers, trade unions, peak council and the Labor and Communist parties, farmer organisations and the Country Party.

## 2. Gendered relations

In the period under review the sex distribution between sectors of the economy was very uneven. Most adult men sought employment in the market economy or the public sector, and received monetary reward: wages, profits or the receipts of self-employment. Most married adult women worked largely in the household economy, where they provided domestic services in exchange for support from male partners. Married women also engaged in informal economic activity such as the exchange of services between households. Women in paid employment were mostly young and unmarried. In 1933 54.6% of female wage earners were under 25, compared to 17.0% of male wage earners. The following table reveals how nearly all married women were classified by statisticians as being outside the paid economy.<sup>5</sup>

<sup>3</sup> Bhaskar, *Realist Theory*, p. 122. R. M. Crawford, M. Clark & G. Blainey, *Making History*, Penguin, Melbourne, 1985, p. 45.

<sup>4</sup> J. Scott, 'Gender: a Useful Category of Historical Analysis', in J. Scott, *Gender and the Politics of History*, Columbia University Press, New York, 1988, p. 37. R. Bhaskar, *Reclaiming Reality: A Critical Introduction to Contemporary Philosophy*, Verso, London, 1989, p. 82. Frances, *Politics of Work*, p. 40. J. Shields, 'Craftsmen in the Making: The Memory and Meaning of Apprenticeship in Sydney Between the Great War and the Great Depression', in J. Shields, ed., *All Our Labours: Oral Histories of Working Life in Twentieth Century Sydney*, University of New South Wales Press, Sydney, 1992, pp. 106-08.

<sup>5</sup> Commonwealth Bureau of Census and Statistics, *Census of the Commonwealth of Australia, 30 June 1933*, vol. 2, Government Printer, Canberra, 1936, pp. 1663, 1665 (hereafter *Census*, all future references to the 1933 census are to this volume).

Table 2.1 Married men and women by grade of occupation, 1933

| Married Men and Women by Grade of Occupation, 1933 |           |      |
|--|-----------|------|
|  |           | %    |
| Employers (married men)                            | 45,831    | 4.5  |
| Employers (married women)                          | 1,753     | 0.2  |
| Own Account (married men)                          | 81,520    | 8    |
| Own Account (married women)                        | 6,565     | 0.6  |
| Wage & Salary (married men)                        | 339,651   | 33.2 |
| Wage & Salary (married women)                      | 13,476    | 1.3  |
| Grade not applicable (married men)                 | 44,463    | 4.3  |
| Grade not applicable (married women)               | 488,471   | 47.8 |
| Not Stated (married men)                           | 702       | 0.1  |
| Not Stated (married women)                         | 60        | 0    |
| Total Married Men and Women                        | 1,022,492 | 100  |

(*Census*, pp. 1663-66. Wage & Salary earners include unemployed).

Graeme Snooks estimates that in 1931, 45% of Australian gross community income and 20% of gross community capital formation was accounted for by household services. Married women would have been the major contributor to this production, particularly once the burden of child rearing is taken into account. In 1933 there were 543,768 married women in New South Wales. Female household workers were a major industry group far exceeding the 296,692 men engaged in manufacturing, construction and public utilities, who made up the traditional male working class. In a democracy women's votes were crucial: labour and social democratic parties have always had problems securing the support of the spouses of working-class men and an analysis of electoral trends that defines the 'working class' as male obscures this fact.<sup>6</sup>

Feminist scholarship has emphasised the extent to which women in the paid workforce are subject to the 'double shift' of unpaid domestic labour and paid employment. In 1930-32 the portion of married women in the paid workforce was much lower than today. The Depression made domestic labour more unpleasant, women had to make do with fewer and older household utensils. The total value of household equipment in Australia almost halved from 1930 to 1932. Purely economic analysis of women's work ignores its gendered character. The inequalities that women faced were what Nancy Fraser has identified as inequalities of recognition and valuation not just distribution. Women's work is frequently defined in terms of particular qualities of self-sacrifice, diligence and nurturance that were impossible to live up to. The Depression called for a

<sup>6</sup> G. Snooks, *Portrait of the Family Within the Total Economy: A study in long-run dynamics, Australia 1788-1990*, Cambridge University Press, Melbourne, 1994, p. 167, 177. *Census*, p. 116. Walker, Beers, Bed and Board, pp. 5-6. N. Hart, 'Gender and the Rise and Fall of Class Politics', *New Left Review*, 175 (1989), pp. 37-38. M. Mann, 'Sources of Variation in Working-Class Movements in Twentieth-Century Europe', *New Left Review*, 212 (1995), pp. 44-45.

higher exercise of women's emotional skills. Women had to respond to the emotional needs of men, whose self-esteem was undermined by unemployment.<sup>7</sup>

Only a small fraction of women were members of feminist groups. Their leading members were largely drawn from Sydney's social elite and were either self-employed professionals or married to professional men. The organisation and activism of politically engaged women gave them more influence than their numbers might suggest. In 1930 there were three major women's organisations. The Feminist Club, formed in 1914, was the most conservative and preoccupied by the anti-Bolshevik enthusiasms of its founder, former Nationalist state MP Millicent Preston Stanley. It left most other matters up to the National Council of Women (NCW) to which it was affiliated. The Council was more active than the Feminist Club, but the most active group was the United Associations of Women (UAW) formed in 1929 by Jessie Street, a former activist in the Feminist Club, out of three existing organisations. Unlike the Club, the United Associations maintained a broader focus on issues such as the employment of married women, the environment, and jury service and guardianship rights.<sup>8</sup>

Feminists, such as Preston Stanley, perceived Australian society in sectoral terms. They contrasted business: 'trade, commerce, industry, work, wages, profits' to 'social welfare...health, food housing, care of children.... home life'. The latter was identified as the women's sphere. Feminists believed the family wage favoured single men at the expense of industry and children. The United Associations wanted it replaced by a system of family endowment that would have meant lower wages for single men. The attitude of feminists to working-class women was ambiguous. Feminists defended the right of middle class women to enter paid employment, but believed working-class women were forced into paid employment by the absence of state support for maternal duties. Young working-class women were better off in domestic service. A Young Women's Christian Association report contrasted factory work with its unhealthy conditions to

<sup>7</sup> E. Maccarone, *The Impact of the Great Depression on the Labour of Australian Women* (B. A.(Hons), History, University of Melbourne, 1981), pp. 12, 46-7. M. Arnot, *Working-Class Women in Brunswick During the Great Depression* (B. A.(Hons), History, University of Melbourne, 1983), pp. 51-52. Snooks, *Family in the Total Economy*, pp. 189-90, 239. N. Fraser, 'From Redistribution to Recognition? Dilemmas of Justice in a 'Post-Socialist' Age', *New Left Review*, 212 (1995). J. Matthews, *Good and Mad Women: The historical construction of femininity in twentieth-century Australia*, George Allen & Unwin, Sydney, 1984, pp. 6-8. D. Potts, *The Great Depression Revisited: A Social History of Victoria 1929-1934* (Ph. D., La Trobe University, 1987), p. 271. S. Lazarus, 'Truly the Victim of Calamity Treads a Bleak Road, and the Penalty for Failure is Severe' *The Australian Family During the Great Depression* (B. A. (Hons), History, University of Melbourne, 1981, p. 22). P. Peter, *Social Aspects of the Depression in New South Wales* (Ph. D., Australian National University, 1964), p. 134. E. Rosenhaft, 'The Unemployed in the Neighbourhood: Social Dislocation and Political Mobilisation in Germany 1929-33', in R. Evans & D. Geary, eds., *The German Unemployed: Experiences and Consequences of Mass Unemployment from the Weimar Republic to the Third Republic*, Croom Helm, London, 1987, p. 219.

<sup>8</sup> M. Foley, *The Women's Movement in New South Wales and Victoria, 1918-1938* (Ph. D., University of Sydney, 1985), pp. 2, 332. W. Mitchell, *Fifty Years of Feminist Achievement: a history of the United Associations of Women*, United Associations of Women, Sydney, 1979, pp. 4-6, 10. P. Ranald, 'Feminism and Class: The United Associations of Women and the Council of Action for Equal Pay in the Depression', in M. Bevege, M. James & C. Shute, eds., *Worth Her Salt: Women at Work in Australia*, Hale & Iremonger, Sydney, 1982, pp. 270-77. M. Lake, *Getting Equal: The history of Australian feminism*, Allen & Unwin, Sydney, 1999, pp. 51-53. Mitchell Library, Feminist Club of New South Wales, ML MSS 1703. Minutes 1929-56 Box K21797. Minute Book 1929-32, Executive Minutes 2.12.30, 9.12.30, 3.1.31, 11.8.31. Mitchell Library, United Associations of Women ML MSS 2160. Minutes of Council Meetings Box Y74477. Minutes 1930-32, Executive Minutes, 4.2.31, 28.5.31, 7.5.31, 4.6.31.

domestic service which encouraged feminine qualities of nurturance, but admitted that service failed to live up to this ideal and supported measures to improve its status. Employers would have welcomed the criticism of the family wage, but as major benefactors from lower paid female labour, they would not have supported any measures to encourage women out of the paid workforce.<sup>9</sup>

### 3. Classed relations: the paid workforce

#### (a) Employers

Early free settlers, and then gold seekers, aspired to replace the hierarchical structures of convict society, and then capitalist wage labour, by one of small commodity producers. This aspiration failed but the high level of state activity in late nineteenth-century Australia decommmodified labour-power in another way. The high level of public investment, together with restrictions on immigration, for a time increased wages and established a seller's market for labour-power. The economic crisis that began in 1887 revealed the continuing weaknesses of labour's position. The post federation 'Australian settlement' responded to labour's setbacks by measures that reduced the commodity status of labour-power and of capital through arbitration and tariff protection. In the 1920s labour market and agricultural product market regulation was extended. In 1928-29 total public capital formation was £152.5m compared to private capital formation of £165m. More than their British or American counterparts, but like German workers, Australian workers looked to the state for protection.<sup>10</sup>

In 1933 New South Wales employers on average earned £337.5 a year, whereas employed wage and salary earners received £208.7. The self-employed received only £159.2. The unemployed averaged only £36.5. In large part professional incomes represented a return on investment in training and placed their recipients outside of the wage earner category in all but name. Most employers, particularly in urban areas, voted against Labor but they were a small minority of the electorate, and electoral success for non-Labor was dependent on an appeal to non-employers.

<sup>9</sup> Lake, *Getting Equal*, p. 52. P. Grimshaw, M. Lake, A. McGrath & M. Quartly, *Creating a Nation*, McPhee Gribble, Melbourne, 1994, pp. 186-99. Mitchell Library United Associations of Women. ML MSS 2160 Box Y74477 UAW Executive Meeting, 15.1.31. Archives Office of New South Wales (AONSW) Premiers Department Correspondence 1931, 9/2019 Manifesto Presented by the United Associations to the Hon. J. T. Lang, Premier, Tuesday, January 20th, 1931A268. SMH, 12.2.32, p. 3 (Jessie Street). Foley, *Women's Movement*, pp. 82, 91, 171, 258. P. Ranald, *Feminism and Class: A Study of Two Sydney Women's Organisations During the Depression and War Years, 1929-1949* (M. A., University of Adelaide, 1980) (Matheson Library Mf 4284), pp. 68-69. ML MSS 2160, Box Y790, UAW Domestic Workers folder, World's YWCA Executive Committee, *Household Employment as an Occupation for Women*, (Occasional paper no. 9), reprinted by YWCA and Emily Macpherson College of Domestic Economy, Melbourne, July 1936, p. 16.

<sup>10</sup> Wells, *Constructing Capitalism*, pp. 49-52. Markey, *Making of the Labor Party*, p. 3. Butlin, *Investment in Australian Economic Development*, pp. 390-98. Butlin, *Government and Capitalism*, p. 34. E. Weitz, *Creating German Communism, 1890-1990: From Popular Protests to Socialist State*, Princeton University Press, Princeton, NJ, 1997, pp. 170-71. Scott, *Running on Empty*, p. 36.

The wealthy in New South Wales in this period were drawn from pastoralism, commerce and the professions, rather than manufacturers.<sup>11</sup>

The high level of concentration in the Australian economy of the 1920s was further increased by the Depression, which forced smaller enterprises out of business. In 1933 there were 63,705 employers of which 57,301 were men. Many, particularly the 31,929 agricultural employers, would have employed only a few workers and worked themselves. Undistributed profits rather than the share market, or bank finance, funded investment. Share ownership was highly concentrated in a few large holdings. Small shareholders had little control over company directors, who kept dividends low to finance investment internally. The stock market played only a small role in company finance. The high degree of oligopoly facilitated collective organisation by employers and encouraged capitalists to respond to falling demand by restricting output rather than lowering prices. Fitzpatrick found that from 1914 to 1940 profit rates became more unequal, particularly between large and small companies, which demonstrate increasing barriers to entry. Firms were not independent of economic constraint, but neither were they bearers of an entirely determined logic of capital as some Marxists argue. As the economist Allan Fisher argued in 1934 with specific reference to New South Wales during the Lang period: 'in a community where decisions about investment rest in the hands of a comparatively small number of men, the opinion which these men form about the personnel and policy of the government of the day have a much more direct effect on economic development than a simple-minded reader would gather from a perusal of elementary textbooks on economics'.<sup>12</sup>

In 1931 there were 148 NSW employers' associations. Overlapping membership makes their coverage unclear, but it was substantially less than for trade unions. The organisation of employers was strongest in the pastoral industry, and among food and brewing manufacturers and

<sup>11</sup> *Census*, p. 1912. The 1933 census asked respondents to place themselves within six ranges of annual income level. The final category was for all incomes over £259. I have used the estimates of average income level in each range by Ian McLean and Sue Richardson (I. McLean & S. Richardson, 'More or less equal? Australian income distribution in 1933 and 1980', *Economic Record*, vol. 62 (1986)). W. D. Rubinstein, 'The Top Wealth Holders of New South Wales, 1817-1939', *Australian Economic History Review*, vol. 20 (1980), p. 148. Thorpe, *Colonial Queensland*, pp. 149-50. Royal Commission on Taxation (RCT), *Third Report*, p. 93. *Commonwealth Parliamentary Papers* (CPP), 1934-37, vol. 3, pt. 2.

<sup>12</sup> E. Wheelwright, *Ownership and Control of Australian Companies*, Law Book Company, Sydney, 1957, pp. 1-4, 7, 11. C. Forster, *Industrial Development in Australia 1920-1930*, Australian National University Press, Canberra, pp. 199-200. C. P. Haddon-Cave, 'Trends in the Concentration of Operations of Australian Secondary Industry', *Economic Record*, vol. 21 (1945), pp. 71-73. H. Hughes, *The Australian Iron and Steel Industry, 1848-1962*, Melbourne University Press, Melbourne, 1964, p. 112. Blainey, *Steel Master*, p. 59. J. Rawling, *Who Owns Australia?*, Left Book Club, Melbourne, 1939, pp. 16-20. Fitzpatrick, *Australian Capitalism*, Essay 3, pp. 6-8. G. Snooks, *Hume Enterprises in Australia, 1910-40* (Ph. D., Australian National University, 1971), pp. 87-90, 287-89. *Census*, pp. 1247-87. J. Stanton, 'Protection, Market Structure and Firm behaviour: Inefficiency in the Early Australian Tyre Industry', *Australian Economic History Review*, vol. 24 (1984), p. 107. G. Blainey, *Jumping Over the Wheel*, Allen & Unwin, Sydney, 1993, pp. 138-41. A. Fisher, 'Crisis and Readjustment in Australia', *Journal of Political Economy*, vol. 42, (1934) pp. 772-73. For traditional Marxist models of the enterprise: T. O'Lincoln, 'Wealth, ownership and power: the ruling class', in R. Kuhn & T. O'Lincoln, eds., *Class and Class Conflict in Australia*, Longman, Melbourne, 1996, p. 19. K. Marx, *Capital: A Critique of Political Economy*, vol. 1, Penguin, Harmondsworth, 1976, p. 381. For poststructuralist informed critiques: J. K. Gibson-Graham, *The End of Capitalism (as we knew it)*, Blackwell, Oxford, 1996, pp. 186-88, 194. S. A. Resnick & R. D. Wolff, *Knowledge and Class: a Marxian Critique of Political Economy*, University of Chicago Press, Chicago, 1987, pp. 164-68. J. Tomlinson, *The Unequal Struggle: British Socialism and the Capitalist Enterprise*, Methuen, London, 1982, pp. 11-26.

distributors. Most associations were small. Across Australia in 1931 60% of associations had fewer than 50 members, but 65% of the total membership was in those with over 1,000 members.<sup>13</sup>

The oldest New South Wales business association, formed in 1826, was the Sydney Chamber of Commerce. It represented traditional mercantile conservatism: it championed lower tariffs and denounced the evils of industrial arbitration and the ignorance of democratic electors. The New South Wales Chamber of Manufacturers was formed in 1885 to campaign for tariff protection. The issue of tariffs divided the two Chambers. Manufacturers feared the commercial and agricultural advocates of low tariffs. Labor, sometimes successfully, wooed manufacturers although manufacturers feared Langite radicalism.<sup>14</sup>

No such political deviations were apparent in the case of the Employers Federation of New South Wales. Formed in 1903, in response to the introduction of industrial arbitration, the Federation affiliated both individual companies and trade associations. In May 1931 the Federation claimed fifty affiliated associations, but the total of individual members is unknown. Compared to federated trade unions the Federation exercised little control over its members. The governance of employers' associations tended to be oligarchic dominated by a long-serving few. Employers exercised power as individuals, through their investment decisions. The associations functioned primarily to lobby governments and provide industrial advice. In government 1930-32 Labor ignored the employer associations.<sup>15</sup>

#### (b) The political organisation of employers

The Nationalists began as a 'win-the-war' party, formed in 1917 that united Labor conscriptionists and Liberals. The winning of the war left their rationale unclear. The party's objective was simply to advance 'National principles.' By the early 1920s the Nationalist leadership had passed from ex-Labor men, such as Billy Hughes and William Holman, but Nationalist leaders, such as Stanley Bruce and Thomas Bavin, accepted much of the economic interventionism that ex-Labor Nationalists had supported. Within non-Labor politics Deakin's economic views enjoyed a posthumous victory. Nationalist policy reflected the personal

<sup>13</sup> *Labour Report 1931* (no. 22, February 1933), pp. 125, 127. *Labour Report 1932* (no. 23, January 1934), p. 123. I. Grant, *Employers, Unions and Arbitration, New South Wales 1918-1929* (Ph. D., University of Sydney, 1979), p. 197.

<sup>14</sup> Mitchell Library, Sydney Chamber of Commerce, ML MSS 5706 Box 8 *Commerce: The Official Organ of the Sydney Chamber of Commerce*, vol. 3 (no. 10) (1931), p. 305. vol. 3 (no. 11) (1930), p. 327. vol. 4 (no. 4) (1931), vol. 4 (no. 7) (1931), p. 151. Chamber of Manufacturers of NSW (CMNSW), *Bulletin*, vol. 1, no. 12, (1931). T. Mathews, *Business Associations and Politics: Chambers of Manufacturers and Employers' Federations in New South Wales, Victorian and Australian National Politics to 1939* (Ph. D., University of Sydney, 1971), p. 359. *Labour Daily* (hereafter *LD*), 29. 3. 30, p. 6. *SMH*, 9. 4. 30, p. 17. Wollongong University Archives. New South Wales Chamber of Manufacturers, D14. Secretary's Information Files, 2/29, Item 2 ALP, leaflets [1928 or 1929].

<sup>15</sup> *Labour Report 1931*, p. 127. Mathews, *Business Associations and Politics*, pp. 2, 16, 35-36, 62-63, 96. J. Rydon, R. Spann & H. Nelson, *New South Wales Politics, 1901-1917: An Electoral and Political Chronicle*, New South Wales Parliamentary Library, Department of Government, University of Sydney, Sydney, 1996, p. 14.



liberalism of both Bruce and Bavin (a former Deakinite liberal who had undertaken inquiries for the pre-war New South Wales Labor governments), and the calculation that electoral victory depended on painting Labor as disloyal while claiming to stand for the values Labor had once defended.<sup>16</sup>

The Nationalists and the United Australia Party (in coalition with the Country Party) won five out of eight elections in interwar New South Wales, a strong performance in Australia's most industrialised state. Despite this, Nationalist organisation was weak compared to Labor. The electoral strengths of the party were the other face of its organisational weaknesses. Nationalist electoral appeals created what Sartre called a serial group. Nationalist electors were appealed to as members of the nation, an insubstantial collectivity, defined in opposition to disloyalty, rather than as part of a movement with a collective goal, what Sartre called a fused group. Electorally this was powerful, only once, in 1930 were the Nationalists heavily defeated and several times they cut deeply into Labor's support. As a party, Labor shared with the Nationalists a fluctuating and largely inactive membership, but the structures of trade unionism provided a foundation for political labour. The infrastructure of popular Protestantism could have provided a partial equivalent to trade unionism for the Nationalists, but its crudity repelled some Nationalists and many voters, just as militant unionism hampered Labor. A recurrent pattern on the political right would be the mushroom growth, and rapid demise of new political organisations. These included the pre-war 'reform' leagues and in 1930-32 the All for Australia League and the New Guard.<sup>17</sup>

The power centre of Nationalist politics was its parliamentary leadership, which unlike Labor was well represented in the party's organisation wing: the 'National Association'. The parliamentary leader by custom was president. The formation of policy was reserved by the constitution to the responsibility of the leader in consultation with the Association executive.<sup>18</sup>

The weakness of Nationalist branch organisation impelled the party to seek financial support from business. By 1919 a fundraising organisation, the Consultative Council, had been formed

for the Nationalists. The Council was not mentioned in the Nationalist constitution, but shared a secretary and overlapping membership with the Nationalist executive. The role of the Council remained narrow and restricted to fundraising. Its members did not seek to influence Nationalist policy and deferred to politicians, although Nationalist economic interventionism sometimes tested their loyalty.<sup>19</sup>

The political success of the Nationalists during the 1920s was the converse of the economic gains of Australian workers in this decade. The federal arbitration court took the leadership in wage fixation, and this enabled the extension of the living wage principle, first enunciated by Higgins J in the *Harvester* case, to more workers. Wage indexation, introduced in 1922, locked in the real wage increases of the early 1920s and ensured increased tariffs were absorbed by higher wages. Australian workers escaped the drastic wage cuts that occurred in Britain and USA after the breaking of the postwar boom. Australian manufacturing wages were well above those in England.<sup>20</sup>

The gains of workers rested on perilous foundations. The era from 1890 to 1939 was one of economic stagnation in Australia and slow growth in living standards. The public sector took a leading role in growth, but once Labor governments had rejected state sponsored industrialization, the public sector's role in growth was limited to the encouragement of further extensive development, particularly in agriculture. Tariff increases fostered the growth of manufacturing in the early 1920s, but these infant industries lacked economies of scale and reduced the rate of productivity growth by taking resources from the more productive agricultural sector. Snooks estimates that gross community income per capita rose only 4.6% from 1910 to 1930. As in the other labourist democracy, Weimar Germany, Australian capitalism was caught in a vicious cycle. Gains for workers came at the expense of investment, which meant lower growth and slower productivity growth so that any further gains by workers came even more at the expense of investment. The value of manufacturing output rose 21% from 1920-21 to 1924-25 but only 4.7% to its peak in 1928-29. Manufacturing investment also fell away. From 1920-21 to

<sup>16</sup> National Association of New South Wales, *Constitution and Rules (as amended by general convention, April 1929)*, H. W. Horsfield, General Secretary, Rule 2 (a) (held in Fisher Library, University of Sydney). *The Bulletin*, 25.2.31, p. 10. 11.3.31, p. 10. W. M. Hughes Papers, MS NLA 1538, Elections 1913-51 Series 28, 1930, Folder 12, (Nationalist election leaflets). D. Potts, *A Study of Three Nationalists in the Bruce-Page Government of 1923-1929*: Stanley Melbourne Bruce, John Greig Latham and G. A. Maxwell (M. A., University of Melbourne, 1972), pp. 29, 41, 152-53, 162. Macintyre, *Succeeding Age*, pp. 223-26. J. Ryden, 'The Conservative Electoral Ascendancy between the Wars', in C. Hazlehurst, ed., *Australian Conservatism: Essays in Twentieth Century Political History*, Australian National University Press, Canberra, 1979, p. 53. C. J. Lloyd, 'The Formation and Development of the United Australia Party, 1929-37' (Ph. D., Australian National University, 1984, Matheson Mf 4266), p. 28. Hancock, *Australia*, p. 191. H. M. Schwartz, *In the Dominions of Debt: Historical Perspectives on Dependent Development*, Cornell University Press, Ithaca, 1989, pp. 106-09.

<sup>17</sup> J. -P. Sartre, *Critique of Dialectical Reason*, vol. 1, *Theory of Practical Ensembles*, Verso, London, 1982, pp. 256-403. Mitchell Library, Baiba Berzins papers, ML MSS 4888, B. Irving, *The Nationalist Party, 1919-30: Organisation and Ideology*, pp. 72. Box 1 (4). J. R. Williams, 'The Organization of the Australian National Party', *Australian Quarterly*, vol. 41, no. 2 (1969), pp. 44-45. Cairns, *Welfare State*, p. 127. M. Hogan, *The New South Wales State Election 1925*, New South Wales Parliamentary Library/Department of Government, University of Sydney, 1998, pp. 11-12, 57.

<sup>18</sup> National Association, *Constitution*, rule 37.

<sup>19</sup> *Employers' Review*, vol. 3, no. 12 (1931), p. 4. Irving, *Nationalist Party*, pp. 121-49. L. Watson, 'The United Australia Party and its Sponsors', in Hazlehurst, ed. *Australian Conservatism*, p. 73. H. V. Evatt, *William Holman: Australian Labour Leader*, Angus & Robertson, Sydney, 1979, (first ed. 1940), pp. 356-67. B. D. Graham, 'The Place of Finance Committees in Non-Labor Politics', in C. Hughes, ed., *Readings in Australian Government*, University of Queensland Press, Brisbane, 1968, pp. 371-72, 378-79. J. R. Williams, 'Financing Conservative Parties in Australia', *Australian Quarterly*, vol. 43, no. 1 (1971), pp. 8-9. 'The Australian Labour Movement', *Round Table*, 75 (1929), p. 554. F. Eggleston, *Reflections of an Australian Liberal*, F. W. Cheshire, Melbourne, 1953, pp. 135-36.

<sup>20</sup> G. Richards, 'Wages and the Wage Share: Australian Manufacturing in the 1920s', *Australian Economic History Review*, vol. 20 (1980), pp. 122-34. Forster, *Industrial Development*, pp. 205, 222. G. Anderson, *Fixation of Wages in Australia*, Macmillan & Co. in association with Melbourne University Press, 1929, pp. 337-45. Select Committee on the Industrial Arbitration Bill (SCICAB), *Evidence*, qq. 1017 (F. Corke, Timber Merchants Association), q. 1069 (J. Caddy, Metal Manufacturers Pty Ltd) in *NSWPP*, 1930-32, vol. 5. J. T. Sutcliffe, 'Wages and Production', *Economic Record*, vol. 1, no. 1 (1925), p. 66. D. Pope, 'Protection and Australian Manufacturing's International Competitiveness: 1901-1930', *Australian Economic History Review*, vol. 26, no. 1 (1986), pp. 35-39. D. Pope, 'Wage Regulation and Unemployment in Australia: 1900-30', *Australian Economic History Review*, vol. 22 (1982), p. 113.

1924-25 manufacturing investment averaged £15.6m a year but in the next four years it fell to an average £12.4m annually.<sup>21</sup>

In the late 1920s there was little awareness of the structural constraints on productivity growth. Conservative governments, employers and arbitration judges blamed unions for slowing productivity growth by their opposition to incentive schemes. In fact the general weakness of Australian workplace unionism made union opposition to incentive schemes frequently ineffective and the efficiency of Australian plants compared favourably with elsewhere.<sup>22</sup>

With Labor in federal opposition from 1916 to 1929 the direct political impact of wage earners was restricted to the state industrial tribunal systems. In 1930 about half of New South Wales award employees were under the state system. Labor governments were willing to legislate on hours, but like their non-Labor counterparts they were reluctant to directly intervene in wage fixing. They preferred to influence wages indirectly by amending tribunal structures and appointing sympathetic personnel.<sup>23</sup>

In 1929 the Bruce-Page government introduced legislation that would effectively abolish federal arbitration. The labour movement denounced this as preparatory to wage reductions. Hancock argued that the Bruce's initiative represented a revival of the traditions of free trade conservatism that had been submerged under Deakinite liberalism and Hughes' labourism. More recent historians have rejected this interpretation and argue that Bruce wanted to reduce the industrial disputation that he believed resulted from conflicting state and federal arbitration jurisdictions, and that his previous reforms of arbitration had sought not to reduce wages but to encourage higher productivity. The argument has perhaps been carried too far; Bruce, along with the arbitration judiciary and most Australian economists, may have regarded wage cuts as last resort, but that resort was approaching. Economists were divided on whether Australian protectionism should be entirely condemned, but Neville Cain is correct to identify among economists a belief that workers had to face economic realities. Liberal intellectuals, such as Frederick Eggleston and Hancock, echoed these concerns. Liberals judged Australian statism harshly, as a lesson on the feasibility of socialism. As New South Wales Premier, the former Deakinite liberal Bavin

<sup>21</sup> B. Haig, 'Manufacturing Output and Productivity 1910 to 1948/49', *Australian Economic History Review*, vol. 15 (1975), 149-52. Forster, 'The economy, wages and the establishment of arbitration', in Macintyre, *Foundations of Arbitration*, pp. 210-11. Forster, *Industrial Development*, pp. 214-15. Snooks, *Portrait of the Family*, pp. 57, 135, 142, 173. Schedvin, *Great Depression*, pp. 50-51. H. James, *The German Slump: Politics and Economics 1924-1936*, Clarendon Press, Oxford, 1987, pp. 108-09. N. Bullin, *Australian gross domestic product, investment and foreign borrowing, 1861-1938/39*, Cambridge University Press, Cambridge, 1962, Tables 88-205.

<sup>22</sup> P. Cochrane, 'Job Security: The Frontier of Control', *Arena*, 64 (1983), p. 126. C. Nyland, 'Worktime in the 1920s', *Australian Economic History Review*, vol. 27, no. 2 (1987), pp. 41-42. SCICAB, *Report*, p. 27. SCICAB, *Evidence*, qq. 997 (F. Corke, Timber Merchants Association), 1069 (J. Caddy, Metal Manufacturers Pty Ltd), O. Niemeyer, Statement to the Melbourne Premiers' Conference, August 1930, in CAF, p. 26. G. D. Snooks, 'Growth and Productivity Change in the Australian Mechanical Engineering Industry, 1910-1940', *Australian Economic History Review*, vol. 24 (1984), pp. 64-66.

<sup>23</sup> Peter, *Social Conditions*, p. 46. M. Brown, 'State Capital Differences in the Basic Wage', *Economic Record*, vol. 36, (1960), p. 91. Grant, *Employers, Unions and Arbitration*, p. 89.

supported wage reductions, in particular the lockout of miners on the northern coalfield from February 1929, in defiance of federal arbitration. In 1929 Bavin foreshadowed the replacement of New South Wales industrial tribunals by more informal means of dispute resolution, and his government excluded rural employees from the arbitration system.<sup>24</sup> Nationalists had previously invited voters to defend arbitration against union militants, but Bruce failed to persuade voters that arbitration itself was to blame for strikes. In the mid-1920s strikes had disadvantaged the ALP but now, to the surprise of Labor moderates and Nationalists, they did not disadvantage Labor.<sup>25</sup>

### (c) Employees

For workers to act collectively they must invest in structures of mobilisation such as unions or political parties, with all the potential problems of maintaining control over such institutions by their members. As Ray Markey and John Merritt have argued, drawing on the work of Allan Flanders, the dynamics of organised labour represents the dialectic between movement and organisation. The members of a movement combine to achieve common objectives underpinned by shared values, but enthusiasm ebbs and flows and durable organisation require a structure. By 1930 the New South Wales working class had developed a complex structures of organisations in the form of trade unions and the Labor party, but the efficacy of those structures was debated.<sup>26</sup>

In December 1929 there were 168 employees' unions of employees registered under the New South Wales Trade Union Act. Unions claimed a membership of 372,573, of which 287,573 were men and 40,025 women. New South Wales was second only to Queensland in union density. Industrial arbitration facilitated union organisation and persistence, and over half of registered unions had memberships less than 1,000. Union structure was widely divergent, ranging from

<sup>24</sup> Hancock, *Australia*, p. 198. F. W. Eggleston, *State Socialism in Victoria*, P.S. King & Co., London, 1932, p. 8. Cairns, *Welfare State in Australia*, p. 264. L. F. Giblin, 'The Tariff - Its Costs and Effects', in D. B. Copland, ed., *An Economic Survey of Australia (The Annals of the American Academy of Political and Social Science)*, vol. 158 (1931), Philadelphia, 1931, pp. 119-20. D. B. Copland, 'The National Income and Economic Prosperity', in *ibid.*, p. 261. Potts, *Three Nationalists*, p. 334. G. Sawyer, *Australian Federal Politics and Law 1901-1929*, Melbourne University Press, Melbourne, 1956, pp. 309, 312. W. Richmond, 'S. M. Bruce and Australian Economic Policy', *Australian Economic History Review*, vol. 23, no. 2 (1983), pp. 251-57. Carboch, 'Fall of the Bruce-Page Government', in Wildavsky & Carboch, *Studies*, pp. 186, 193-94. C. Nyland, *Working Time and Work Intensity in the 1920s*, Working Papers in Economic History, no. 10., October 1986, Flinders University, Discipline of Economic History, pp. 21-22. N. Cain, 'Political Economy and the Tariff: Australia in the 1920s', *Australian Economic Papers*, vol. 12 (1973), p. 19. T. Rowse, *Australian Liberalism and National Character*, Kibble Books, Malmsbury (Victoria), 1978, pp. 78-120. M. Dixon, 'Rothbury', in R. Cooksey, ed. *The Great Depression in Australia*, Australian Society for the Study of Labour History, Canberra, 1970, p. 16. The Nationalist espousal of the coal owners cause contrasts with Germany. A lockout of Ruhr steelworkers in 1928 defied Weimar labour legislation, but two-thirds of the right-liberal German Peoples' Party parliamentary delegation bowed to the concerns of the party's white-collar employee base and voted to support financial support to the locked-out workers. White-collar unionists were a vociferous voice in the Peoples' Party critical of deflation (James, *German Slump*, p. 177, 179; 222-23).

<sup>25</sup> F. Eggleston, 'The Federal Election [of 1928]', *Australian Quarterly*, no. 1 (1929), p. 10. C. M. H. Clark, *The Old Dead Tree and the Young Tree Green 1916-1935*, Melbourne University Press, Melbourne, 1987, pp. 286-87. Kavanagh, Bavin, p. 162.

<sup>26</sup> W. Korpi, *The Democratic Class Struggle*, Routledge Kegan Paul, London, 1983, p. 16. M. Weber, *The Theory of Social and Economic Organization*, Free Press, New York, 1964, p. 338. Markey, *Case of Oppression*, pp. 6-7. J. Merritt, *The Making of the AWU*, Oxford University Press, Melbourne, 1986, pp. 2, 358-64.

craft unions to industry and general unions. But all were influenced by the arbitration system, which facilitated the bureaucratisation of union leadership and its conduct by full time officials. About 1913 union officials found a collective voice in the Trade Union Secretaries Association (TUSA) formed to facilitate their work within the arbitration system.<sup>27</sup>

**Table 2.2 Union density NSW and Australia 1930-32**

**Union Density NSW and Australia 1930-32**

|      | Men NSW | Women NSW | Men National | Women National |
|------|---------|-----------|--------------|----------------|
| 1930 | 57.9    | 34.2      | 56           | 38.5           |
| 1931 | 51.7    | 37.1      | 49.7         | 35.9           |
| 1932 | 51.2    | 35.6      | 47.4         | 34.7           |

(*Labour Report* 1930, p. 113; 1931, p. 122; 1932, p. 116).

Organised labour was dominated by the (male) manual working class. Apart from the Federated Clerks' Union (FCU) no white-collar unions were affiliated to the Labor Council or Labor Party. Of the total 1931 union membership of 302,318 men and women, only 29,425 were in white-collar areas. A further 6,700 were members of the Shop Assistants. The public sector white-collar unions claimed 18,348 members, or 62.4% of total white-collar union membership.<sup>28</sup>

The white-collar public service unions abstained from direct political affiliation. In 1916 the Public Service Association (PSA) rejected affiliation to the Labor Council and the Association's 1931 conference overwhelmingly rejected affiliation to the ALP. In competition with the Clerks for members, the PSA stressed its non-partisan character. Despite this insistence public service unions reserved the right to enter politics on behalf of their members. The PSA, Professional Officers and Teachers' Federation were members of the Crown Employees Protection Committee, formed in February 1930 to campaign against salary reductions legislation of the Bavin government. The Committee's first secretary was Joseph Concannon, a Labor Member of the Legislative Council (MLC). The Committee supplemented, and eventually in May 1931 supplanted, the State Services Confederation, of which Concannon was also the secretary. PSA and Teachers' Federation members were elected as Labor MPs in 1930 and many credited public

<sup>27</sup> Registrar of Friendly Societies and Trade Unions, *Report for the Twelve Months Ended 30 June 1930*, pp. 15, 17, 25, *NSWPP*, 1930-32, vol. 5. Grant, *Employers, Unions and Arbitration*, pp. 15, 325-26, 154. R. Menzies, 'The Distribution of the Industrial and Trade and Commerce Powers', in G. Portus, ed., *Studies in the Australian Constitution*, Angus & Robertson, Sydney, 1933, p. 66.

<sup>28</sup> As white-collar unions I define: Bank Officers, Clerks, Fisher Library, Health Inspectors, Journalists, Local Government Clerks, Local Government Engineers, Police Association, Professional Officers, Teachers' Federation, Sydney Harbour Trust Officers (Registrar of Friendly Societies and Trade Unions, *Report for the Twelve Months Ended 30 June 1931*, p. 30, *NSWPP*, 1930-32, vol. 5). The Clerks' Union probably overstated its membership so the white-collar union membership was probably even more dominated by the public sector (G. Walsh, *The Federated Clerks Union of Australia: a study of government and unionism in the twentieth century* (Ph.D., Monash University, 1984), p. 125. *The Bulletin*, 29.4.31, p. 10 estimated the Clerks' coverage at 5% of 40,000 potential employees. In 1929 432 members voted in ballot for president of New South Wales FCU (*In the matter of the FCU* (1929) 27 CAR 520 at 521).

service voters as a major contributor to Labor's success. I argue that PSA leaders and activists were much more closely aligned to the ALP than previous observers have admitted.<sup>29</sup>

A group of 'non-political' unions who tended to identify with the non-Labor parties were those unions formed to cater for strike-bearers during the 1917 general strike. Together with two company unions these unions comprised 4,159 members in 1930.<sup>30</sup>

#### (d) The Labor Party

##### (i) Structure

The Australian Labor Party (ALP) claimed to be the voice of 'labour' in politics. The party comprised two groups: affiliated unions and rank and file members in branches. The balance of these interests and their representation within the party was constantly contested. In 1930-32 the Party's rule were adopted by the 1927 unity conference that confirmed the dominant position of Lang and his allies in the Party. The party executive comprised a president and two vice-presidents elected by conference and branch and union representatives. For the purposes of executive representation union affiliates were divided into eleven groups, in a system adopted from the Labor Council. The Miners' Federation and the Australian Workers' Union (AWU) each comprised one group. Each group received one executive member per 7000 union members, up to a maximum of three. In 1931 the party executive had 34 members. This system disadvantaged large unions, particularly the AWU, and favoured a faction whose support was spread across several unions.<sup>31</sup>

The ALP constitution sought to appease rural opinion by grouping branches into four divisions, one metropolitan and three rural, with four executive metropolitan members and two each from the rural divisions. Travel costs and distance hampered the participation of country executive

<sup>29</sup> P. Sheldon, 'A Middle Class Union: The Early Years of the Public Service Association of NSW', *Labour & Industry*, vol. 2, no. 1 (1989). *Red Tape*, vol. 6 (1931), p. 80. *LD*, 26.3.31, p. 5. Rydon, *New South Wales Politics*, p. 166. *Sydney Harbour Trust Officers' Journal* (hereafter *SHT OJ*), vol. 5 (May 1930), p. 6; vol. 6 (December 1930), p. 22.; vol. 7 (February 1932), p. 15. Wollongong University Archives, Metropolitan Board of Water Supply and Sewerage Employees' Association (Salaried Division), D56, Committee of Management Minute Book 1.1.28 to 7.7.31, Item, 1/3, Committee of Management 15.5.31 *New South Wales Parliamentary Debates* (2nd series) (hereafter *NSWPD*), vol. 128, p. 4897. 31.7.31. Concannon. For contemporary complaints about the power of the 'public service' vote (*SMH*, 27.2.31, p. 8. 24.2.32, p. 10. F. W. Eggleston, 'Political Parties and Their Economic Policies', in Copland, *Economic Survey of Australia*, p. 250). The Clerks tried to compete with the PSA by proposing ambitious logs of claims but also claimed it had never had a strike (*SMH*, 18.12.30, p. 16. 9.10.31, p. 7). Unfortunately the 1971 History honours thesis, completed at the University of Sydney, by Ray Markey on the PSA during the Great Depression has been lost.

<sup>30</sup> I identify the following unions as falling into these categories: Schwepps' Mineral Water, Sulphide Corporation, Electrical Branch Workers (Tramways), Railway Service Association, Permanent and Casual Wharf labourers (Registrar of Trade Unions, *Report... 1931*, pp. 27-29).

<sup>31</sup> Markey, *Case of Oppression*, p. 193. Australian Labor Party (State of New South Wales), *Policy and Rules*, [Sydney, 1931], rules, 74, 76 (The ALP policy and rules are in this untitled volume, categorised by the Mitchell Library, under the title of *Policy and Rules*, held at ML 329.31/A). Australian Labor Party (State of New South Wales), *Executive Report 1931*, [Sydney, 1931], p. 3. Rawson, *Organisation of the ALP*, p. 117.

members. In a further effort to conciliate rural opinion the party had three separate annual conferences: country provincial, metropolitan provincial and annual. The provincial conferences were theoretically of equal status. Trade unions were not directly represented at country conference, but Lang's critics argued that miners' votes dominated most of the country component. The country conference largely focused on rural policy. The metropolitan conference, with union representation, was much larger and provided a preview of the annual conference. Delegates to the main conference, usually held at Easter, were elected from branch members in the same geographical groups as the executive, and from the union group although, unlike the executive, there was no limit on group representation.<sup>32</sup>

Labor maintained a separate women's organisation: the Labor Women's Central Organising Committee (LWCOC). This had been established on the initiative of Labor women in 1904 and followed concern that newly enfranchised women were not supporting Labor. The Committee comprised representatives from unions and branches, although neither was required to send delegates. The Committee had no power to form policy in its own right or submit motions to conferences and its delegates to party conference had speaking rights only. The President of the Committee in 1930 was Susan Francis, a nurse and member of the Hospital Employees Union executive. The 1930 metropolitan conference rejected a proposal for a set number of women to be pre-selected. The only woman to seek endorsement for a winnable seat in 1930 was defeated after an acrimonious contest. In 1931 there were two women on the ALP executive. The party constitution required that at the annual conference one in four rural electorate delegates, and one in three metropolitan, were to be women. Francis had wanted equal representation.<sup>33</sup>

## (ii) Policy formation

Labor policy was an unwieldy assemblage of various proposals adopted by conferences over the years. Rural policy was largely formulated by country MPs in consultation with country conference. The Labor Council and TUSA formed party industrial policy. After 1927 the Council identified itself very closely with the ALP and abandoned its traditional role of lobbying non-Labor governments. Labor Council secretary 'Jock' Garden convened ad hoc meetings of officials of Labor Council ALP-affiliated unions, usually prior to party conferences, and newspapers sometimes referred these to as the Party's 'Industrial Committee' but they had no formal status within the ALP. Some Labor teachers were active in the party's Education Advisory Committee, and the Labor Educational League, established in 1927 to conduct ALP educational

<sup>32</sup> ALP, *Rules*, rules 53-58, 75. *SMH*, 26.1.31, p. 7. K Cosgrove, *The 1927 State Election* (B. Ec (Hons), Department of Government, University of Sydney, 1957), p. 145. Newcastle and Northern coalfields electorates were included in the metropolitan group (ALP, *Rules*, rule 57a).

<sup>33</sup> P. Allan, *A Preliminary Sketch of the Role of Women in the NSW Branch of the ALP* (B. A (Hons), Government, University of Sydney, 1974), pp. 7, 14, 23, 26. ALP, *Rules*, rules 55-57b, 137. ALP, *Executive Report 1931*, p. 3. G. Robinson, *The New South Wales State Election 1930*, Department of Government, University of Sydney/Parliamentary Library of New South Wales, Sydney, 1998, pp. 13-14.

classes and develop education policy. Neither of these bodies was mentioned in the party constitution.<sup>34</sup>

The relation between party platform, election policy and government remained obscure. At the Easter 1929 conference a union delegate proposed the party executive appoint a committee to review legislation put forward by a Labor government. Lang rejected this proposal. He argued that it would delay the legislative initiatives of a Labor government. An amended motion that bills be submitted to a committee as soon as possible after their drafting was passed. The motion was not implemented. The party executive was more willing to intervene in machinery matters. It monitored the performance of MPs and called those apparently lax in their parliamentary duties to account.<sup>35</sup>

## (iii) Party administration

The party had two paid office bearers: a secretary and an organising secretary, and an honorary president. These were shared between those associated with the Labor Council and the Miners' Federation. Until 1931, the secretary was Samuel Bird of the Miners' Federation and the president Jim Graves, of the Stovemakers' Union, a former Communist and close associate of Garden. From 1929 the organising secretary was J. B. Martin, a former Electrical Trades Union (ETU) official. In 1931 Graves became secretary and another miner, P. J. Keller, president. Party rules minimised the influence of parliamentarians on the party organisation and on pre-selections. MPs could not hold office in branches or electorate councils, or serve on the executive. Executive members could not nominate for pre-selection. MPs were barred even from observing executive meetings that dealt with pre-selections. This contrasted with earlier practice in party. Before the conscription split, representation of MPs and ministers on the party executive assisted in the task of party management by governments.<sup>36</sup>

<sup>34</sup> J. Hagan & K. Turner, *A History of the Labor Party in New South Wales 1891-1991*, Longman Cheshire, Melbourne, 1991, p.99. Overacker, *Australian Party System*, p. 80. Markey, *Case of Oppression*, p. 249. Mitchell Library, Labor Council of New South Wales, ML MSS 2074, General Meeting Minutes 1930-32, FM4/1132, Meeting 26.3.31. B. Mitchell, *Teachers, Education and Politics: A History of Organizations of Public School Teachers in New South Wales*, University of Queensland Press, Brisbane, 1975, p. 102.

<sup>35</sup> *SMH*, 14.12.28, p. 13. 1.4.29, p. 12. 8.2.30, p. 17.

<sup>36</sup> Rydon, *New South Wales Politics*, pp. 77, 146, 169, 186. S. Macintyre, *The Reds: The Communist Party of Australia from origins to illegality*, Allen & Unwin, Sydney, 1998, p. 91. F. Farrell, 'Graves, John Joseph (1882-1964)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 9, 1891-1939, Melbourne University Press, Melbourne, 1983, p. 83. Grant, *Employers, Unions and Arbitration*, p. 56. LD, 14.4.31, p. 1. ALP, *Rules*, rules 43, 78, 85. Hagan & Turner, *History of the Labor Party*, pp. 70-71, 104. The exclusion of MPs from the state executive was not rescinded until 1964 (J. Jupp, *Australian Party Politics*, Melbourne University Press, Melbourne, 1964, p. 61). In Britain MPs and ministers on the Labour party executive have assisted the management of the party by its parliamentary wing (L. Minkin, *The Labour Party Conference: A Study in the Politics of Intra-Party Democracy*, Allen Lane, London, 1978, pp. 244-47). The German Social Democrats barred ministers from their executive in 1920 (S. Berger, *The British Labour Party and the German Social Democrats, 1900-1931*, Clarendon Press, Oxford, 1994, pp. 79-80). A related form of control, in states where the AWU was a dominant force in the ALP, was the continued holding of AWU office by MPs and even ministers (R. Pervan, 'Leadership Influence on the Nature of the Political Party: the Case of the W. A. Branch of the A. L. P. in the 'Thirties', *Labour History*, 19 (1970), pp. 40-41). The Martin diaries suggest that although both Graves and Martin were strong Lang supporters Graves was more conciliatory but Martin was the enforcer (Martin Diary, 11.2.29, 5.3.30, 18.4.31).



The rules went some way to establishing the party membership as an independent source of power in the party and maintaining a separation of powers within the party. The Organising Secretary could not contest parliamentary pre-selection, and could not take part in or influence any selection ballot. The rules encouraged a separation of powers within the party. This separation was undermined by the rule that pre-selection nominees had to be endorsed by the executive prior to the ballot.<sup>37</sup>

Claims of the corruption of party procedures were rife during this period, but their significance has been overstated. Party procedures were corrupted during the Lang period, but this was most acute after 1934 when Lang lost union support. It is an exaggeration to claim, as Peter Cook does, that in this period the democratic institutions of the New South Wales ALP were irrelevant. The party held regular conferences throughout this period, unlike Queensland Labor, which went from 1928 to 1932 without a state conference. No amount of manipulation could account for Lang's victory at the 1927 party conference. The ruling group in the party accepted pre-selection defeats for its favoured candidates in 1930 and 1931. When Labor voters had to choose between Lang and his Labor opponents in 1932-35 Lang won easily.<sup>38</sup>

#### (e) Internal conflict within the NSW ALP

Contrary to most observers I will argue that the conflicts within the NSW ALP during this period reflected real divergences about policy and approach, and that by 1930 the party was controlled by a group for which the designation 'moderate left' is appropriate.<sup>39</sup>

In 1929 the New South Wales ALP claimed 24,361 individual members and an affiliated union membership of 171,031 (not including the AWU). In 1931 97 unions were affiliated to the party and there were 611 branches. No figures for branch membership exist after 1929 but in 1931 affiliated unions included 72% of the total of New South Wales trade union membership reported to the Registrar of Trade Unions. Labor pre-selections were undertaken by a ballot of local branch members and members of affiliated unions, although unionists had to sign a pledge twelve

<sup>37</sup> ALP, *Rules*, rules 100, 109.

<sup>38</sup> National Library of Australia, Oral History Project, Jack Hughes (R. Raxworthy interviewer), TRC 1948/9 (hereafter Hughes Transcript), p. 29. P. Cook, *The Scullin government, 1929-1932* (Ph. D., Australian National University, 1971), pp. 87, 90. This fact is relevant to more recent debates in the labour movement and supports the view of Stuart Macintyre that the malaise of the labour movement is due to the collapse of any cohesive ideology, rather than the organisational deficiencies identified by Tanner (S. Macintyre, 'Decline and Fall'; L. Tanner, 'Labor's Turbulent Tribes', in D. Burchell & R. Matthews, ed., *Labor's Troubled Times*, Pluto Press, Sydney, 1991).

<sup>39</sup> For conflicting views on the ideological basis of Labor factionalism: G. Sawyer, *Australian Federal Politics and Law, 1929-1949*, Melbourne University Press, Melbourne, 1963, p. 217. P. Weller, 'Introduction', in P. Weller, ed., *Caucus Minutes 1901-1949; Minutes of the Meetings of the Federal Parliamentary Labor Party*, vol. 2, 1917-1931, Melbourne University Press, Melbourne, 1975, p. 10. R. Cavalier, 'The Great Labor Movement Split in New South Wales: What makes a Split Happen', *Labour History*, 68 (1995). R. S. Parker, 'Government of New South Wales', in S. R. Davis, ed., *The government of the Australian States*, Longman, London, 1960, p. 92n53. J. T. Lang, *I Remember: Autobiography*, McNamara's Books, Katoomba (first edition 1956), p. 21.

months before the pre-selection to vote for the endorsed Labor candidate at the general election. In theory unionists could overwhelmingly outvote branch members at any pre-selection. The balance was more equal in practice. Pre-selection ballots were organised at the branch level and members of most affiliated unions had to turn up to vote. Some unions, including the AWU, the Tramway Employees and the Miners, voted separately from the branches. On the coalfields Miners' Federation lodges largely supplanted party branches, which were low in membership and dominated by non-unionists such as shopkeepers. Some party members wanted all unionists to be able to vote separately from branches but Lang opposed this as undermining branches. The relation between unionists, branch members and politicians was debated within the Party.<sup>40</sup> Many unionists believed branches were influenced by non-proletarian elements and corrupted by stacking. Some wanted to replace pre-selection ballots by party conference endorsement of candidates, as implemented in Victoria after the ALP split of 1955. On the right some Labor opponents of Lang regarded party branches, which were strong in support for Lang, as unrepresentative bodies, active only before pre-selections.<sup>41</sup>

The Labor Party was established on the initiative of the New South Wales Labor Council in 1891, but to secure an electoral majority Labor could not rely on the votes of trade unionists, even if their spouses were presumed to vote Labor. In 1930 New South Wales trade unions claimed a membership of 302,318. The votes of every unionist, even if they had a Labor-voting spouse, would not have secured Labor a majority of the 1,356,423 votes cast at the 1930 election. But just under half of the male electorate were employees in agriculture, industry, construction, transport and communications.<sup>42</sup> Trade unionists could argue, subject to the gendered assumption that

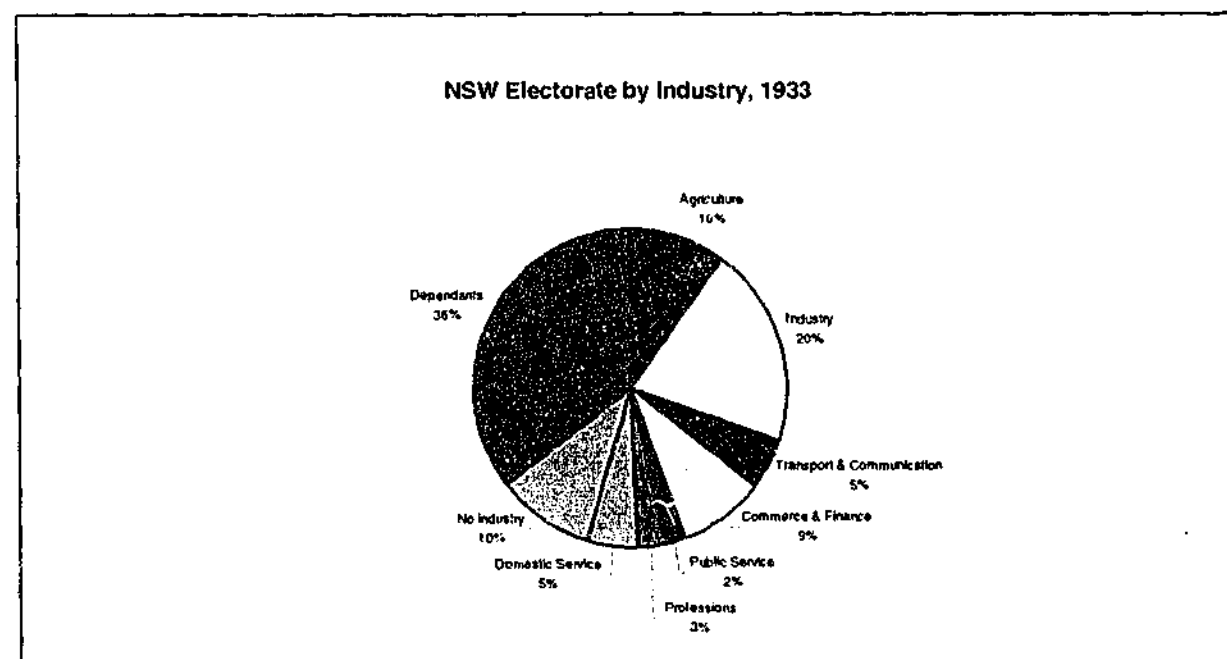
<sup>40</sup> ALP (State of New South Wales), *Executive Report 1928-29*, the Party, Sydney, 1929, p. 1. LD, 7.7.31, p. 1 (Graves). Some unions are not listed in the Registrar's report and the Carpenters, although registered did not make a return (Registrar of Friendly Societies and Trade Unions, *Report for the Twelve Months Ended 30 June 1932*, pp. 25-28, NSWPP, 1932-35, 4th session, vol. 1). The fact that the total affiliated union membership calculated by this method is higher than in 1929 suggests unions overstated their membership to the Registrar or did not affiliate to the party on their full membership. ALP, *Rules*, rules 25, 120-21. A. Metcalfe, *For Freedom and Dignity: Historical Agency and Class Structures in the Coalfields of NSW*, Allen & Unwin, Sydney, 1988, pp. 113-18. SMH, 1.4.29, p. 8 (Lang at 1929 Easter conference). The Australian Federated Union of Locomotive Enginemen (AFULE) conducted workplace ballots for the 1931 federal election. The union's president complained members were apathetic. Twenty out of 260 members voted in Goulburn and 3 out of 450 in Sydney. Defenders of workplace ballots claimed they were inadequately publicised and the union voted to continue with them (Noel Butlin Archives Centre (NBAC), Australian Federated Union of Locomotive Enginemen, E99, Reports of Annual Delegates meetings 30.9.30 to 1.10.32, Item 2/6, President's Report to Annual Delegates' Meeting held 30 September 1931 to 2 October 1931, p. 2. Annual Delegates Meeting held 30 September 1931 to 2 October 1931, pp. 75-76). In Queensland the AWU was accused by its opponents of manipulating the pre-selection voting of its members. Similar claims were made in New South Wales when the AWU was affiliated to the ALP (B. Costar, *Labor, Politics and Unemployment: Queensland During the Great Depression* (Ph. D., University of Queensland, 1981, p.95 (held in Matheson). V. G. Childe, *How Labour Governs: A Study of Workers' Representation in Australia*, Melbourne University Press, Melbourne, 1964, pp. 66-67).

<sup>41</sup> Rydon, *New South Wales Politics*, p. 43 (in 1907). Cosgrove, *The 1927 State Election*, p. 41. SMH, 29.8.30, p. 10. 30.1.29, p. 16. 30.3.329, p. 13. 21.4.30, pp. 10-11. LD, 16.6.31, p. 6. Childe, *How Labour Governs*, pp. 71-81. E. Higgins, *The Queensland Labour Governments, 1915-1929* (M. A., University of Melbourne, 1954), p. 112n86. L. Allan, *A Party in Disarray: Victorian Labor After the Split* (M.A., University of Melbourne, 1980), p. 25). *Catholic Press*, 28.5.31, p. 20.

<sup>42</sup> Registrar of Friendly Societies and Trade Unions, *Report...1930*, p. 30. The estimate of manual employees as a portion of the electorate is determined by taking the total employees reported by the 1933 census in Agriculture, Fishing, Forestry, Mining, Industry, Transport and Communication. This category is not broken down by age. I have assumed that the portion over 21 in these categories is the same as the general category of employees (which is have estimated by assuming one fifth of those employees aged between 20 and 24 were under 21), and that the male

women would vote with male family members, that manual workers could provide an electoral majority. Political parties do not just reflect class identities they form them, but unionists and left parties sometimes place a higher value on workers' votes than those of the middle class. Langism defined Labor as a mobilisation of workers and those self-employed seen as similar to workers. Labor moderates (and liberals such as Hancock) believed Labor had to mobilise votes outside of trade unionists, and that to achieve this the activist and radical elements within the Party should be suppressed to placate swinging voters. Labor moderates, both then and more recently, argued that union officials were often unaware of what workers actually thought, and that Labor politicians, elected by workers, were better qualified to speak for them.<sup>43</sup>

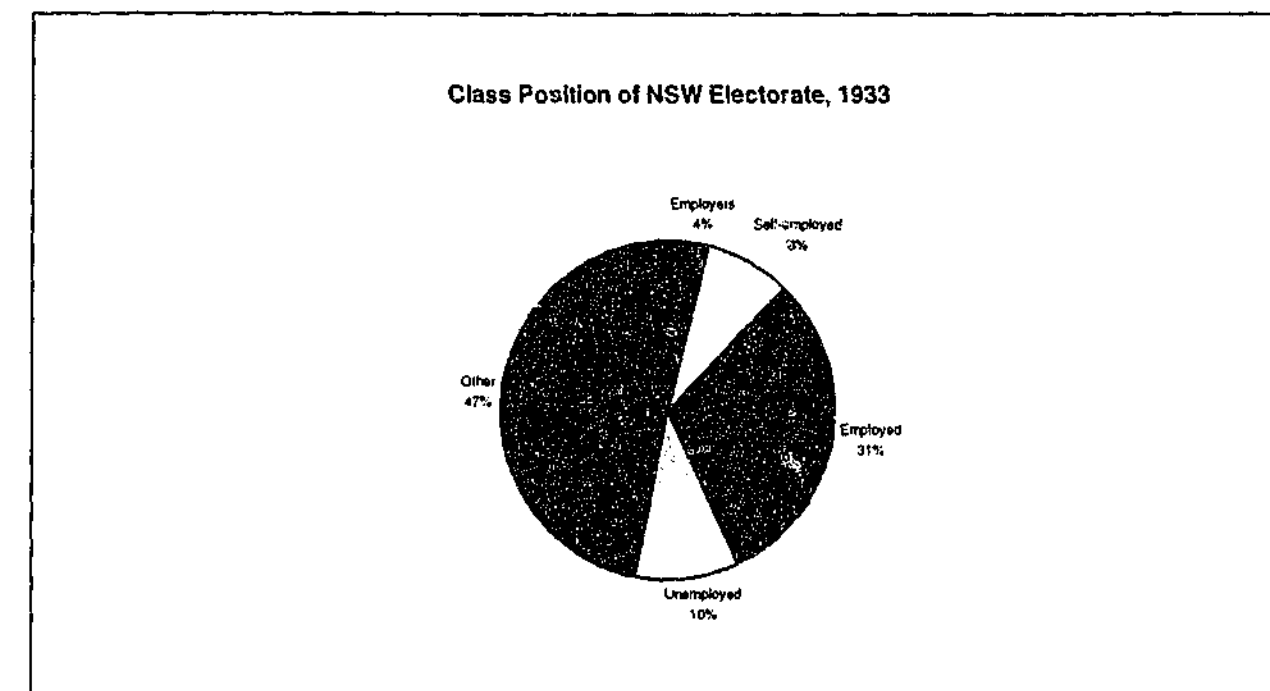
Chart 2.1 NSW electorate by industry, 1933



electorate comprises that men over 21, estimated by a similar procedure (*Census*, pp. 12-13, 1246-58, 1662). The portion over 21 (the age of enrolment) is estimated by excluding from the total all those under 20.

<sup>43</sup> LD, 21.3.31, p. 8 (Arthur Rae). Childe, *How Labour Governs*, p. 80. J. Schneer, *Labour's Conscience: The Labour Left 1945-51*, Unwin Hyman, London, 1988, p. 96. A. Przeworski, *Capitalism and Social Democracy*, Cambridge University Press, Cambridge, 1985, pp. 111-21. Young, *Impact of J. T. Lang*, p. 64n92. (Willis' disregard for middle class votes). Jupp, *Party Politics*, pp. 14-15, 186. 'The Australian Labour Movement', *Round Table*, 75 (1929), pp. 557, 559. Hancock, 'England and Australia', in his *Politics in Pitcairn*, p. 76. Rydon, *New South Wales Politics*, p. 129 (Holman in 1914). *Catholic Press*, 12.5.32, p. 21. J. McCallum, 'The Economic Basis of Australian Politics', in W. Duncan, ed., *Trends in Australian Politics*, Angus & Robertson, Sydney, 1935, p. 55. L. Minkin, *The Labour Party Conference: A Study in the Politics of Intra-Party Democracy*, Allen Lane, London, 1978, pp. 275-76. P. Walsh, *Confessions of a Failed Finance Minister*, Random House, Sydney, 1995, p. 75. K. S. Baer, *Reinventing Democracy: The Politics of Liberalism from Reagan to Clinton*, University Press of Kansas, Lawrence, 2000, pp. 47, 69, 116. The ex-Labor Nationalist, Ernest Farrer, noted that if capitalists alone voted Nationalist there would not be much of a Nationalist party (*NSWPD*, vol. 125, p. 2013. Farrer, 19.3.31).

Chart 2.2 NSW electorate by class, 1933



In 1930 about one in thirty New South Wales ALP voters were party members, and this ratio was similar to other states. Compared to the European social-democratic parties of the period this was a low figure. In the late 1940s the ALP was able to recruit about one in forty Labor voters but since then the ratio has fallen to about one in a hundred. The participation of trade union members in pre-selections made Labor more representative. In October 1931, 63,056 branch members and members of affiliated unions voted in the State Labor senate pre-selection: 16.6% of the 1931 State Labor senate vote. A pre-selection candidate had to campaign among the general population. Clarence Martin's pre-selection campaign for the rural electorate of Young in 1929-30 required him to address not only party branches and worksites but also several public meetings. In the final ballot 1426 votes were cast, some 27% of the final Labor vote.<sup>44</sup>

The division between unionists and politicians was identified by early observers of the ALP, such as V. G. Childe and Hancock, as the basis of intra-party conflict.<sup>45</sup> If this were the only basis of party life then there would be no contest, stemming from the numerical dominance of unions in the party organisation. The deference of unionists to politicians has to be explained. Tendencies

<sup>44</sup> Costar, *Labour, Politics and Unemployment*, pp. 87, 97). A. Scott, *Fading Loyalties: The Australian Labor Party and the Working Class*, Pluto Press, Melbourne, 1991, pp. 30-31. Berger, *The British Labour Party and the German Social Democrats*, p. 99. LD, 17.10.31, p. 5. A unresolved anomaly with these figures is that the votes recorded by for the Tramway Employees (14, 694), the Northern Miners (14, 029) and the Western Miners (6889) are well above the membership of these unions as reported to the Registrar. Martin Diary, 25.11.29, 28.11.29, 6.1.30, 12.1.30, 13.1.30, 19.1.30, 25.1.30, 2.2.30, 23.2.31, 26.5.30. ALP membership was similar to that of Britain where in 1929 one in 37 Labour voters were party members (H. Pelling, *A Short History of the Labour Party*, Macmillan, London, 1991 (first ed. 1961), pp. 202, 205).

<sup>45</sup> Hancock, 'England and Australia', in his *Politics in Pitcairn*, p. 75. Childe, *How Labour Governs*, p. 20.

in the party might be designated as 'politicians' or 'unionists' but they were actually factions that overlapped branches and unions.<sup>46</sup>

The internal dynamics of the New South Wales ALP during this period represented a factional conflict between left and right and the party. Langism was, as Dixon argues, a component of a national ALP left. The structure of internal party life differed from that of contemporary factional models, but ideological divisions ran deeper among the Labor voters, unionists and party members than today. As Carr argues, there was in this period a left within the ALP aware of its own existence as a distinct tendency, and which believed that a left controlled ALP government could alter the distribution of power and wealth. The press (Labor and anti-Labor), party members and Lang's successor as party leader William McKell spoke of a 'left'.<sup>47</sup>

Contemporary ALP factions claim to be parties within a party; organised groups with their own constitutions, internal ballots, a coherent ideological approach and which extend from branch level to caucus. In reality, factions are less organised than this ideal type. They tend to be a federation of factional caucuses operating at different levels, and their ideology is often amorphous. The link between a parliamentary faction caucus and the factional organisation is unclear, particularly the extent to which a faction can direct its parliamentarians.<sup>48</sup>

From 1915 onwards several groups and organisations played a similar role within the ALP to that of contemporary factions. The first was the 'Industrial Section', formed in 1915. This organisation grouped some trade unions and sympathetic ALP branches around a platform of improving trade union representation in the ALP and securing the introduction of pro-union legislation. With an executive and binding party conference tickets the Section resembled contemporary ALP factions, although it barred parliamentarians or candidates from membership. Its union origins resemble the ad hoc 'pro-Evatt' groups formed during the ALF split. The Industrial Section won control of the party organisation but then disintegrated when the AWU secured control of the Section and defeated those, such as the Miners' Federation secretary Albert Willis and Labor Council secretary Garden, who wanted to use the Section to commit Labor to a socialist platform.<sup>49</sup>

<sup>46</sup> E. H. Lane, *Dawn to Dusk: Reminiscences of a Rebel*, William Brooks, Brisbane, 1939, p. 220. Carr, *Left Wing Factional Mobilisation*, p. 9. A. Wildavsky, 'The 1926 Referendum', in Wildavsky & Carboch, *Studies*, p. 59.

<sup>47</sup> M. Dixon, *Greater than Lenin? Lang and Labor 1916-1932*, Melbourne Politics Monograph no. 4., Melbourne, 1976, pp. 168-69. G. Sawyer, *Australian Federal Politics and Law 1929-1949*, Melbourne University Press, Melbourne, 1963, p. 6. Carr, *Factional Organisation*, p. 2. *The Sun*, 6.1.31, p. 7. 7.1.31, p. 7. *Smith's Weekly* (hereafter SW), 8.11.30, p. 3. LD, 27.10.30, p. 8. 1.11.30, p. 1. 17.11.30, p. 1. 19.11.30, p. 8. SMH, 17.1.31, p. 17 (Eldridge MHR). Mitchell Library, Sir William McKell papers, ML MSS 4603, Robert Carr, Transcript of interviews with Sir William McKell recorded in 1980 and 1981, MLK 03895, Second Interview (1981), p. 20.

<sup>48</sup> C. Lloyd & W. Swan, 'National Factions and the ALP', *Politics*, vol. 22, no. 1 (1987), pp. 102-03. J. Cain, *John Cain's Years: Power, Parties and Politics*, Melbourne University Press, Melbourne, 1995, pp. 101-04. Scott, *Running on Empty*, pp. 158-61. L. Tanner, 'Labor's Turbulent Tribes', in D. Burchell & R. Matthews, ed., *Labor's Troubled Times*, Pluto Press, Sydney, 1991.

<sup>49</sup> Rydon, *New South Wales Politics*, p. 169. P. Loveday, 'New South Wales', in D. Murphy, ed., *Labor in Politics: the state Labor parties in Australia 1880-1920*, University of Queensland Press, Brisbane, 1975, pp. 94-96. Turner,

The next organised groups were the political parties associated with Willis and Garden respectively, the Industrial Socialist Labor Party and the Communist Party. Both these organisations saw their role largely as ginger groups within the ALP, on the model of the Victorian Socialist Party. Willis returned to Labor by 1922. Garden joined the new Communist Party in 1920 and brought with him a group of trade unions activists and officials, mostly from craft unions, who became known as the Trades Hall Reds, and which dominated the Labor Council. Together the Reds were loyal to Garden and marginalised those Communists hostile to participation in the ALP. Garden was heavily involved in factional intrigue within the ALP. Under their influence the Labor Council took on a much more political role than previously, but not in supporting the CPA, but rather the ALP. The CPA was a cloak for the Reds, but after the expulsion of Communists from the ALP in 1924 the CPA became a liability for them. They participated half-heartedly in a disastrous Communist electoral campaign in 1925, but after this rapidly moved back to the ALP. Socialists found that however industrially militant workers were politically loyal to Labor.<sup>50</sup>

Garden played a central role in the politics of the Labor Council. Macintyre stresses his political inconsistency, but I agree with Markey that Garden remained a genuine radical. Those conservatives who said that Garden had remained a Communist despite leaving the party had a point, but it was a particular type of Communist. Garden was loyal to Soviet socialism but not Comintern advice. His position had similarities to the 'right' Communist groupings that emerged internationally in 1929-30. Throughout most of the 1930s these groups were much more electorally and politically significant than Trotskyism. Like Garden, they rejected the ultra-leftism of the early 1930s Comintern, but retained a positive view of Soviet internal developments. Most of their supporters eventually broke with Stalinism but some found their way back to communism. When Garden broke with Lang it was over Garden's support for Soviet foreign policy. Garden rejoined the CPA in 1939 and defended Communist policy on conscription against others in the ALP left.<sup>51</sup>

*Industrial Labour*, p. 94. Childe, *How Labour Governs*, pp. 61-68. Allan, *Party in Disarray*, pp. 70-73. J. L. Anderson, *The Socialist Left in the Victorian Branch of the ALP 1970-1980* (B. A. (Hons), Politics, La Trobe University, 1980, pp. 2-3. T. Wheelwright, 'New South Wales: The Dominant Right', in A. Parkin & J. Warhurst, eds., *Machine Politics in the Australian Labor Party*, George Allen & Unwin, London, 1983, p. 35.

<sup>50</sup> Hogan, *State Election 1920*, pp. 45-46. Dixon, *Greater than Lenin*, pp. 55-64. M. Dixon, *Reformists and Revolutionaries: An Interpretation of the Relations between the Socialists and Mass Labour Organisations in New South Wales 1919-27*, with special reference to Sydney (Ph.D., Australian National University, 1965), pp. 30-37. Markey, *Case of Oppression*, pp. 226-41. Macintyre, *The Reds*, pp. 91-96.

<sup>51</sup> M. H. Ellis, *The Red Road: The Story of the Capture of the Lang Party by Communists Instructed from Moscow*, Sydney and Melbourne, Publishing Co. Sydney, 1932, p. 234. NSWPD, vol. 127, p. 3769. Ashton, 30.6.31. Macintyre, *The Reds*, pp. 91, 111-12. Markey, *Case of Oppression*, pp. 250-51. For praise of the USSR by Garden (SMH, 10.10.30, p. 12. 20.10.31, p. 9). R. J. Alexander, *The Right Opposition: the Lovestoneites and the International Communist Opposition of the 1930s*, Greenwood Press, Westport, Connecticut, 1981. Jack Hughes recalled that Garden took a special delight in debating Communists and was a keen reader of *Labor Monthly* (Hughes Transcript, p. 54). Australian Archives (hereafter AA) A367/XR1, Commonwealth Investigation Service, Garden, John Smith, Memo of Director, 31.12.1947. A. Hoyle, *John Smith (Jack) Garden (1882-1968): A Political Biography*, the author, Canberra, 1984, pp. 129-35.



The radicalism of the Reds alienated many unionists. The number of unions affiliated to the Labor Council fell from 88 in 1920 to 46 in 1927, when the Council represented only 34% of all unionists in New South Wales. Many moderate craft unions, along with unions of the unskilled who relied on arbitration, opposed the Labor Council's dismissal of arbitration. They rallied around the Trade Union Secretaries Association, which operated as a factional group in the party. In 1922 TUSA and the Miners, backed the parliamentary party against an alliance of the Trades Hall Reds and the AWU. TUSA and the Labor Council joined forces to back Lang in 1926 when his deputy Peter Loughlin challenged him for the leadership. In an atmosphere of crisis factional lines become clearer. TUSA, Garden and Willis found they shared a common interest in backing a Labor Premier who seemed intent on delivering the industrial goods. They converged on what Dixson correctly identifies as a moderate left position represented by Willis. Although Lang's opponents had the support of the ALP Federal Executive, this body eventually capitulated to Lang. A special unity conference in 1927 resolved the factional struggle within the party in favour of Lang and his union allies. One estimate had unions 92 to 3 for Lang and ALP branches 155 to 22 for Lang. At the election of October 1927 Lang was narrowly defeated. The result refuted the dire electoral predictions of Lang's opponents within the party, such as federal MP Arthur Blakeley. The increase in the Labor vote in mining area showed a 'movement' appeal could increase the Labor vote in some circumstances. The AWU disaffiliated from the ALP in support of Lang's opponents but severely affected by the Bavin government's abolition of rural awards it reaffiliated to the ALP in 1930.<sup>52</sup>

Following 1927 the position of the moderate left strengthened within the labour movement. After Labor's defeat in 1927 caucus elected as Lang's deputy Jack Baddeley, the first national president of the Miners' Federation and an ally of Willis. The Labor Council softened opposition to union participation in the arbitration system. Union affiliations to the Council rose in 1928 than resumed their decline, as many unions could not pay membership. TUSA became a caucus of Lang's supporters on the Labor Council, which discussed contentious issues in private rather than on Council and organised union support for Lang Labor's electoral campaigns. Labor moderates who supported the Scullin government wanted unions to disaffiliate from TUSA. In December 1930 TUSA committee members included Jack Hooke, Labor Council president, Emil Voight (former private secretary to Willis), Electrical Trades Union official J. M. Martin (brother of J. B. Martin), together with Garden and ALP President Graves as ex officio members. The president was Oscar Schreiber from the Furnishing Trades. Garden was as skilled in TUSA as in front of a

<sup>52</sup> Markey, *In Case of Oppression*, pp. 190-91, 202-03, 207-08, 531. Grant, *Employers, Unions and Arbitration*, pp. 51-52, 150 154-55. Cosgrove, 1927 Election, p. 142. K. Cosgrove, *The New South Wales State Election 1927*, New South Wales Parliamentary Library/Department of Government, University of Sydney, Sydney, 1996, p. 47. Meeting of Federal Executive of ALP, 22-24.6.27 in P. Weller & B. Lloyd, eds., *Federal Executive Minutes 1915-1955: Meetings of the Federal Executive of the Australian Labor Party*, Melbourne University Press, 1978, p. 117 (A. Blakeley). (All subsequent references to 'Federal Executive Minutes' are to this volume, together with page number). *The Iron Worker*, vol. 4, no. 1 (1930-31), p. 28. NBAC, Australian Workers' Union, E154, Central Branch Annual Reports 1905-32, Item 41/1, Central Branch Annual Report to 31 May 1930, pp. 12, 19.

crowd, but the effectiveness of TUSA also depended on Schreiber. The opposite in style to the flamboyant Garden, Schreiber was an anti-Communist Labor loyalist, who eschewed involvement in the Labor Council, and later played a crucial role in organising union opposition to Lang, and in propagating Keynesian ideas in the labour movement in the late 1930s.<sup>53</sup>

TUSA was much more than just a body employed by Garden to manage Labor Council business, as described by Frank Farrell. It was the institutional expression of the 1925-27 congruence of the left and centre of union opinion behind Lang. Employers considered it the controlling group at Trades Hall. In Victoria the Trades Hall Council Salaried Officers Association played a similar role in coordinating the left.<sup>54</sup>

In most discussions of the New South Wales ALP during the Lang period TUSA is ignored. Instead the 'Inner Group' of Lang and his political advisors is identified as the power behind the formal structures of the labour movement. Versions of its membership vary widely. Cooksey includes Willis along with some branch activists, a majority of officials of affiliated union 'along with Lang and his entourage'. This broad definition reflects Cooksey's determination to identify Langism as purely a product of machine politics. Other writers focus more on Lang and his entourage. Markey includes Schreiber, Graves and Garden. Garden in 1936 identified the Inner Group as himself, Harold McCauley, J. B. Martin and sometimes Graves. Nairn identifies Keller, Graves, Garden and McCauley, with the latter's role much increasing after 1934 when Garden left the Labor Council. Rawson identifies Garden, Graves, Keller, J. B. Martin, Harold and Norman McCauley (editor of *Labor Daily*) and to a lesser extent the Labor publicist and Lang's reputed ghostwriter Alfred Paddison. The Communists emphasised Garden. Lang identified it as including the party officers, Garden, Tyrell of the Municipal Employees and Jack Beasley, leader of the Lang Labor group in federal parliament. Jack Hughes included Keller, Graves, J. B. Martin and the party returning officer Harry O'Regan. Labor Council president Jack Hooke years later

<sup>53</sup> Grant, *Employers, Unions and Arbitration*, p. 150. Markey, *Case of Oppression*, pp. 202-03, 207-08. Hughes Transcript, p. 44. *The Sun*, 19.4.31, p. 2. *SMH*, 9.10.31, p. 10. 16.12.30, p. 11. *LD*, 9.10.31, p. 5. 4.12.31, p. 10. Young, *Impact of J. T. Lang*, pp. 100, 200. Kuhn, *Paradise on the Instalment Plan*, pp. 39n59, 59, 63-64. University of Melbourne Archives (UMA), Amalgamated Food Preservers Employees Union (New South Wales Branch), Minute Book 1931-35, Management Committee 12.10.31. Schreiber was such a private individual that Garden for years falsely believed him to be a Catholic (Young, *Impact of J. T. Lang*, p. 200).

<sup>54</sup> F. Farrell, *International Socialism and Australian Labour: the left in Australia 1919-1939*, Hale & Remonger, Sydney, 1981, p. 200. Hughes Transcript, p. 37. UMA, North Broken Hill, Committee of Barrier Mines, Box 55, Memos 117-125 May 1931 to January 1932, Item 10, H. R. Lee, (Secretary Australian Mines and Metals Association, New South Wales), New South Wales Political Position (7.1.1932), p. 3. Premier Bavin invited the Labor Council and TUSA to confer with him on unemployment (T. Bavin, *The National Policy*, delivered at Killara, 18.9.30, p. 16). Carr, *Factional Organisation*, pp. 65-71. In Newcastle there was a local union secretary's association (AONSW, Department of Labour & Industry, Submissions to the Minister 1932, 6/3468, Submission 303119, 17.3.32. AONSW, Department of Labour & Industry, Daily Sheets 1932, 6/3749, 17.5.32). (The submissions to the Minister of Labour & Industry are bound in two volumes a year, they are usually in chronological order but some submissions are out of order. All are numbered but not all are dated. All future references to 'DLI Submissions' are to this source. All future reference to 'DLI Daily Sheets' are to those from 1932, the only ones for 1930-32 that have survived). The profile of TUSA rose in the mid 1930s, Schreiber identified himself in public debate as its president, and it published pamphlets by Schreiber and one described TUSA as 'a body comprising officials of the Trade Movement in NSW, formed for the discussion of current problems affecting interests and welfare of Labor organisations' (Schreiber, *Forty Hour Week*, p. 32).

presented the Inner Group as subgroup of the party executive including himself, J. B. Martin, Colin Tannock (Ironworkers) and Mullins (Waterside Workers), but not Schreiber. In his description it discussed matters too 'intimate' for the full executive, such as the relations between the party and parliamentarians and pre-selections.<sup>55</sup>

Leaving aside the McCauley brothers, the Inner Group appears as a group of trade unionists, party officials and politicians. From the perspective of the present there is little surprising about its existence. Behind the formal structure of an ALP faction will be an informal structure of politicians, unionists and party officials.<sup>56</sup>

The actions of unionists and politicians were conducted within the framework of labourism. This was more than a specific set of ideological propositions; rather it arose out of the power structure of the party based on the affiliation of trade unions. The structure of the party created the possibility of a mobilisation by unionists against politicians. More recent analysts of labourism have revived this understanding of the dynamic of action and reaction and of the integrative and disintegrative forces within the working class and the ALP. Throughout the history of labour parties trade unions have sought to assert their influence over Labor politicians with the objective of making political labour more effective. The actions of NSW trade unionists from the formation of the Industrial Section exemplified this. They did not reject participation in parliamentary politics but sought to make the ALP accountable. Their objective was what Terry Irving and Allen Seagher describe as 'parliamentary socialism'.<sup>57</sup>

#### (f) The Communist Party

During this period Communist influence within the organised labour movement fell to a low ebb. Herbert Moxon, party secretary from 1929, championed the ultra-left 'third period' strategy of the Comintern. He tended to dismiss the organised labour movement in favour of an appeal to the unorganised, and largely unemployed, masses. The party forced its former leading figure Jack Kavanagh, an organiser with the Labor Council, to provoke his dismissal. The party retained an

<sup>55</sup> Cooksey, *Lang and Socialism*, pp. 9, 12. Markey, *Case of Oppression*, p. 248. Young, *Impact of J. T. Lang*, p. 66. Young, *Conflict within the NSW Labor Party*, p. 346. Nairn, *Big Fella*, pp. 190, 256, 273. Rawson, *Organisation of the ALP*, pp. 170-71. Hughes Transcript, p. 29. National Library of Australia, Oral History Collection, Jack Hooke, TRC 1948/10 (hereafter Hooke Transcript), pp. 27, 56-57. Mitchell Library, Communist Party of Australia, ML MSS 5021 Add-On 1936, Politburo Minutes 1933-38, Box 15 (76), Politburo Meeting 10.3.33. J. T. Lang, *The Turbulent Years*, Alpha Books, Sydney, 1970, p. 107.

<sup>56</sup> M. Rizzo, *The Left and the Accord* (M. A., La Trobe University, 1991), pp. 28-29, 80-83. L. Kokocinski, *Comparative Ideology in the Victorian Branch of the Australian Labor Party* (B. A. (Hons), Politics, University of Melbourne, 1984), pp. 18, 71. G. Sartori, *Parties and party systems: A framework for analysis*, vol. 1, Cambridge University Press, Cambridge, 1976, p. 77.

<sup>57</sup> G. Foote, *The Labour Party's Political Thought: A History*, Macmillan, London, 1997 (first ed. 1985), pp. 6-16. T. Irving, 'Labourism: A Political Genealogy', *Labour History*, 66 (1994). N. Massey, 'A Century of Labourism and the State', *Labour History*, 66 (1994). Minkin, *Labour Party Conference*, pp. 11-12. C. Goodrich, 'The Australian and American Labour Movements', *Economic Record*, vol. 4 (1928), p. 196. Rydon, *New South Wales Politics*, p. 170. Childe, *Labour Governments*, p. 61. L. Minkin, *The Contentious Alliance: Trade Unions and the Labour Party*, Edinburgh University Press, Edinburgh, 1991, pp. 177-79. Metcalfe, *Freedom and Dignity*, p. 192. Irving & Seagher, 'Labour and Politics in Canada and Australia', p. 261-2.

indirect influence. Langites feared the cautious policies of federal Labor would drive workers to the Communists. On the Labor Council Communists embarrassed Garden by highlighting government deficiencies, and had an indirect impact on government legislation.<sup>58</sup>

## 4. Paid labour outside the capitalist sector

### (a) The self-employed

Statisticians classified a substantial portion of the New South Wales workforce as 'working on his or her own account'. Those who received an income from economic activity, or were domestic helpers paid in-kind but not family members were described by the 1933 as 'breadwinners'. In 1933 14.4% of male breadwinners were working on their account. For many this definition was a euphemism for unemployment, but it is clear that a significant portion of the population did not sell their labour-power as a commodity. In some countries the self-employed constitute a major political force, and they, together with salaried employees, have been identified as a base of 'populism'. In 1933 54.5% of 118,402 male self-employed were in fishing, forestry or agriculture. Shopkeepers and commercial travellers had concerns as pressure groups, but it was in agriculture that self-employment was politically significant. Some 32.2% of breadwinners in agriculture, fishing and forestry were self-employed. Within the agricultural sector employers, and even many wage earners, identified with the ethos of self-employment.<sup>59</sup>

### (b) Farmers' organisations and the Country Party

The major farmers' organisations were the Graziers' Association and the Farmers and Settlers' Association (FSA). The latter represented pastoralists and had 9270 members in 1930. The FSA, despite a general membership clause, overwhelmingly comprised wheat farmers. The predecessor of the Graziers' Association was formed in 1890 to oppose shearing unionism. The FSA was formed in 1893. In its early days many FSA members supplemented their income by working as shearers or labourers, and this experience, together with the tradition of selector hostility to squatters, led many to support Labor. By the Great War the FSA adopted an anti-Labor position; in particular it feared that Labor would abolish freehold tenure, although Labor's ability to win rural electorates suggested that the FSA was unrepresentative of some farmer opinion. The Graziers' Association had broadened its membership during the Great War. In 1919 it and the

<sup>58</sup> Macintyre, *The Reds*, pp. 142-63. *Australia's Part in the World Revolution: Theses of the Central Committee Plenum, Communist Party of Australia, June 28th and 29th 1930*, Communist Party of Australia, Sydney, 1930 p. 32. Industrial Department, Report to Plenum 28&29 June 1930, pp. 52-53 (published with the previous document). LD, 13.1.31, p. 1 (Graves).

<sup>59</sup> P. N. Diamandouros, 'Politics and Culture in Greece, 1974-91: An Interpretation', in R. Clogg, ed., *Greece, 1981-89: The Populist Decade*, Macmillan, London, 1993, p. 17. C. Lyrantzis, 'PASOK in Power: From 'Change' to Disenchantment', in *ibid.*, p. 34. Census, pp. 130, 1247-48, 1266.

FSA supported a breakaway group from the Nationalists, the Progressives, which by 1925 had become the Country Party.<sup>60</sup>

In 1927 there were 98 local committees of the Graziers' Association, 284 branches of the FSA and about 300 branches of the Country Party. Branches were largely inactive and the affiliated organisations dominated the party organisations and ran election campaigns. Many of the early supporters of the Progressives saw the new party as a tool to force reform of the Nationalist party and it took some years for the Country Party to be established as an independent political force. Once this was achieved Country Party MPs preferred coalition with the Nationalists to the cross-bench. The Graziers' Association, which was also represented on the Nationalists' Consultative Council, provided most of the Party's funds and championed coalition with the Nationalists. The FSA was more committed to the autonomy of the Country Party and challenging rural Nationalist MPs.<sup>61</sup>

During the 1920s the anti-Labor orientation of the FSA was reinforced by the increasing export orientation of the wheat industry. Farmers sold wheat in an international market, and many resented arbitration courts that increased wages for rural workers and tariffs on farm supplies. During the Bavin government the FSA was a constant critic from the right. The FSA president complained in 1929 that most of Lang's industrial legislation was unrepealed and that the government was too solicitous of urban votes. After the 1930 election Country Party candidates complained Bavin had failed to reverse Labor's policies. Country Party dissidents supported a radical liberal change to the Australian political economy: lower tariffs, an end to private monopoly and the repeal of socialistic legislation. Country Party parliamentarians told FSA members that the main objective was to defeat Labor, and this required they be given latitude to support more moderate policies.<sup>62</sup>

<sup>60</sup> Registrar of Friendly Societies and Trade Unions, *Report for the Year Ended 30 June 1931*, NSWPP, 1932-35 parliament, 1st session, vol. 1, p. 30. R. F. I. Smith, 'Organise or be Dammed': Australian Wheatgrowers' Organisations and Wheat Marketing 1927-1948 (Ph. D., Australian National University, 1969), (Matheson Mf 4267), p. 100. Merritt, *Making of the AWU*, pp. 89-91. D. Aitkin, *The Country Party in New South Wales: A Study in Organisation and Survival*, Australian National University Press, Canberra, 1972, p. 22. B. D. Graham, *The Formation of the Australian Country Parties*, Australian National University Press, Canberra, 1966, pp. 61-65, 120. Rydon, *New South Wales Politics*, p. 3).

<sup>61</sup> Graham, *Country Parties*, p. 273. Aitkin, *Country Party*, pp. 29-30. National Party of Australia (New South Wales Branch), Country Party records, Minutes of Central Council, vol. 5, 1918-30, Central Council meeting, 24.4.30. C. L. A. Abbott, Report on the Recent State Election 1.11.30 (all future references to Country Party. Central Council are to this source). Central Executive Minutes 6. 8. 24 to 24. 2. 38, Meeting 3.7.30 (all future references to Country Party. Central Executive are to this source). *Finley Mail*, 14.10.31, p. 2. Graham, *Country Parties*, p. 278. Irving, Nationalist Party, p. 129. Farmers & Settlers' Association, 1930 Executive Report in Farmers & Settlers' Association, *Report of the Proceedings of the 37th Annual Conference (1930)*, p. 17. *SMH*, 20. 5. 30, p. 15.

<sup>62</sup> Comments of Country Party candidates, Country Party Central Council, 19. 11. 30. FSA, *Proceedings of the 37th Annual Conference*, pp. 19-20 (presidential address); p. 90 (Buttenshaw MP). Farmers and Settlers' Association, *Proceedings of the 38th Annual Conference (1931)*, Sydney, 1931, p. 54. An exception was Ben Wade, one of the few Catholics in the Party, who believed the Party should return to the name 'Progressive' as part of a broader appeal to moderate Labor voters (Country Party. Central Council, 19.11.30).

## 5. Power and the state

The exercise of state authority involves a particular form of power that claims to be legitimate. The exercise of legitimate power has its own laws, which can be understood neither as mere aspects of social history nor as the actions of individuals. The apparent immediate access of politics to the observer should not obscure the fact that it is a complex arrangement of social forms. Social power is not merely functional to economic needs, but neither is it reducible to the motives of powerful individuals, a position which seems to be argued by some proponents of 'bringing the state back', such as Theda Skocpol and Desley Deacon.<sup>63</sup>

### (a) Parliament and legitimate authority

Labor politicians defined the role of parliament as to give 'free and direct expression to the will of the people'. This will was identified with Labor's program. The ability of the New South Wales Legislative Assembly to express this will was obstructed by the Legislative Council and the Governor. Legislation had to pass the Council and be signed into law by the Governor to become an act of parliament. Legislation had to be within the powers of the state parliament, as defined by the federal and state Constitutions.<sup>64</sup>

The Commonwealth Constitution reserved crucial aspects of economic policy to the federal government. New South Wales could not create its own currency. Like a private company a state government could only finance deficit expenditure by borrowing funds, or by running down reserves. Bankruptcy remained a theoretical possibility and a reliance on borrowing constrained radical options. State governments could legislate directly, unlike the federal government, to regulate conditions of employment, but they could not impose tariffs to protect against competition from lower wage states.<sup>65</sup>

<sup>63</sup> M. Weber, *The Theory of Social and Economic Organization*, The Free Press, New York, 1964 (first ed. 1947), p. 156. J. Revel, 'Political History in the 1980s: A Comment', *Journal of Interdisciplinary History*, vol. 12, no. 4 (1982), p. 50. G. Eley & K. Nield, 'Why does social history ignore politics', *Social History*, vol. 5, no. 2 (1980), p. 268. T. Skocpol, 'Bringing the State Back In: Current Research', in P. Evans, D. Rueschemeyer & T. Skocpol, (eds.), *Bringing the State Back In*, Cambridge University Press, Cambridge, 1985, pp. 7-8. D. Deacon, 'Seeing the State', in T. Irving, University of New South Wales Press, Sydney, 1994. D. Deacon, *Managing Gender: the State, the New Middle Class and Women Workers 1830-1930*, Oxford University Press, Melbourne, 1989, pp. 104-127. N. Mouleziis, *Post-Marxist Alternatives: The Construction of Social Orders*, Macmillan, London, 1990. M. Mann, *The Sources of Social Power*, vol. 1, *A history of power from the beginning to A. D. 1760*, Cambridge University Press, Cambridge, 1986, pp. 1-32.

<sup>64</sup> Theodore defending the abolition of the Queensland Legislative Council (Clark, *Old Tree*, p. 175). B. Galligan, *Politics of the High Court: A Study of the Judicial Branch of Government in Australia*, University of Queensland Press, Brisbane, 1987. J. Hirst, 'Democracy', in Davison, et. al., *Oxford Companion to Australian History*, pp. 179-80. This view of democracy was shared by the left elsewhere (Sasson, *One Hundred Years of Socialism*, p. 105).

<sup>65</sup> N. Cowper, 'The First Financial Agreement: Its Impact on the Relation Between the Commonwealth and the States', *Economic Record*, vol. 8 (1932), p. 179. J. A. McAllister, *The Government of Edward Schreyer: Democratic Socialism in Manitoba*, McGill-Queens University Press, Kingston and Montreal, 1984, p. 48. R. M. Martin, 'Trade Unions and Labour Governments in Australia: A Study of the Relation Between Supporting Interests and Party Policy', in C. A. Hughes, ed., *Readings in Australian Government*, University of Queensland Press, Brisbane, 1968,

The political mobilisation of the Australian working class during the nineteenth century was encouraged by the unified administrative structures of the Australian state governments, unlike the dispersed administrative structures of American states. Federation partially reversed this pattern it established a political order with dispersed powers and a centre of government geographically remote from the working class.<sup>66</sup>

Apart from the federal constitution, the constraints on majoritarian democracy in New South Wales were outside the legal system, in the prerogative powers of the Governor to dismiss a government regardless of its parliamentary majority and to refuse a Premier's advice to appoint Legislative Councillors.

The power of the Governor was bolstered by the insistence of the British government that Governors were not its representatives. A Dominion Governor was more powerful than the British monarch. If his actions were politically controversial, as in Canada in 1925, the blame laid with him not the institution. The leading constitutional authority of the time, Berridale Keith, agreed that the Governor had real powers and was a safeguard against the usurpation of power by a parliamentary majority. The Governor was not a figurehead. The constitutional structure of New South Wales resembled that of a republic rather than a contemporary constitutional monarchy. The Governor, as head of state, had real independent powers and could by dismissing a government appeal directly to the people over the heads of his or her advisors. Lang himself accepted the power of the Governor. As Premier he negotiated with the Governor with little reference to cabinet. In 1927 he reconstituted cabinet and set an election date on his own initiative. In 1932 he accepted dismissal without consulting cabinet.<sup>67</sup>

In the daily business of government the Governor was to exercise his powers on the advice of his ministers who were responsible to parliament. A large component of state action consisted of the expenditure of revenue under law. The principle of parliamentary responsible government was maintained by the constitutional requirement that taxation revenues form one Consolidated Revenue Fund (CRF). Funds from this could only be allocated on the basis of a supply bill

originating in the Assembly. Governments could legislate to allocate tax revenue to separate funds, and in 1930 the Bavin government introduced an Unemployment Relief Tax whose proceeds went to an Unemployed Relief Fund separate from the CRF and which did not require parliamentary approval for expenditure. To survive for any length of time a government required a parliamentary majority to pass supply legislation. The Governor could commission a government without a parliamentary majority, but this government would have to secure a majority within a reasonable time by an election. If a Governor dismissed a government he needed to be on the winning side.<sup>68</sup>

#### (b) Parliament and hegemony

The ideology of parliamentary sovereignty defined parliament as a body of trustees who did not represent any section of the community but acted for the general good. A wide range of political and judicial opinion believed political labour sought to legislate for a section of the community and undermined the deliberative qualities of parliament by making it a rubber-stamp of caucus.<sup>69</sup>

This position identified the community interest with the maintenance of a capitalist economy. When the non-Labor parties insisted that they wanted economic management placed beyond party politics they expressed the view that 'politics' was properly a limited enterprise and was not about fundamental change to the economic order. In a capitalist democracy economics and politics are separate; the state upholds impartial laws. Capitalists do not represent themselves as a class under democratic conditions but claim to represent a general interest. It was appropriate that capitalists, particularly manufacturers, were very much underrepresented among Nationalist MPs, compared to the professions, particularly law. Labor's critics were concerned that party divisions had come to coincide with economic cleavages, but to Labor radicals employer authority contradicted the status of citizen.<sup>70</sup>

In rejecting the revolutionary left Labor argued that parliament reflected the popular will and blamed electoral setbacks on the ignorance of the working class. But parliamentary democracy

p. 410. SCICAB, *Evidence*, q.1445 (H. Yorke, Lustre Hosiery Ltd.). Frances, *Politics of Work*, p. 110. Evatt argued that federal arbitration prevented interstate competition driving down wages to the lowest level (H. V. Evatt, 'Control of Labour Relations in the Commonwealth of Australia', *University of Chicago Law Review*, vol. 6, no. 4 (1939), p. 549).

<sup>66</sup> G. Cross, 'Labour in settler-state democracies: Australia and the US, 1860-1920', *Labour History*, 70 (1996), pp. 8-9. J. Bridgen, et al., *The Australian Tariff: An Economic Inquiry*, Melbourne University Press, Melbourne, 1929, p. 95. Goodrich, 'Australian and American Labour Movements', p. 205.

<sup>67</sup> L. Amery, *My Political Life*, vol. 2, *War and Peace 1914-1929*, Hutchinson, London, 1953, pp. 377-79. A. B. Keith, *Responsible Government in the Dominions*, Clarendon Press, Oxford, 1928, vol. 1, pp. xviii, 106-107, 123, 130-32, 155, 233. *SMH*, 10.7.31, p.9 (Keith). H. V. Evatt, *The King and His Dominion Governors* (1936) in G. Winterton, ed., *Evatt and Forsey on the Reserve Powers*, Legal Books, Sydney, 1990, p. 130. F. W. Alexander, 'The State Governor and His Powers', *Australian Quarterly*, no. 10 (1931), p. 79. Mitchell Library, Sir William McKell papers, ML MSS 4603, National Library of Australia, Oral History Transcripts and Notes Clem Lloyd Interviewer, MLK 03894, Tape 2, Side 1, p. 3.

<sup>68</sup> Constitution Act New South Wales 1902, ss. 5, 39, 44, 46. W. J. Campbell, *Australian State Public Finance*, Law Book Co., Sydney, 1954, p. 10. The Legislative Council could have blocked supply, but the opposition refused to take up this option (*NSWPD*, vol. 132, pp. 8843-47. Stevens, 27.4.32).

<sup>69</sup> *Amalgamated Society of Railway Servants v. Osborne* [1910] A. C. 87 at 110-15. P. Anderson, 'The Light of Europe' (1992) in P. Anderson, *English Questions*, Verso, London, 1992, pp. 340-41. *SMH*, 24.6.31, p. 6 (A. Gibson, All for Australia League president). 11.1.32, p. 8. 19.3.32, p. 8. *NSWPD*, vol. 131, p. 8178. Henley, 3.3.32. J. Bryce, *Modern Democracies*, vol. 2, Macmillan & Co., London, 1921, p. 206). A. H. Charteris, 'Declining Faith in Representative Government, and the Rise of Opposed Forms of Government', in Duncan, *Trends in Australian Politics*, p. 124. The argument is revived by recent conservatives: P. O'Brien, 'The Real Politics of the West Australian Constitution and the Executive State', in P. O'Brien & M. Webb, eds., *The Executive State: WA Inc. and the Constitution*, Constitutional Press, Perth, 1991, p. 1.

<sup>70</sup> Keith, *Responsible Government*, p. 262. H. J. Laski, *Democracy in Crisis*, George Allen & Unwin, London, 1933, p. 123. Hancock, 'England and Australia', in his *Politics in Pitcairn*, p. 73. Przeworski, *Capitalism and Social Democracy*, pp. 101-02. Grant, *Employers, Unions and Arbitration*, p. 86. A. C. Davidson, Address to the Victorian Branch of the Economic Society, in *BOP*, p. 58. *NSWPD*, vol. 131, p. 7945. Tannock, 1.3.32. Tannock was an official of the Ironworkers' Association.



did not just reflect class conflict, but organised it in particular ways. The individuality of the voting act challenged Labor's appeal to the collectivity. In the nineteenth century polling extending over several days, had encouraged this disaggregation of opinion. Liberal opinion privileged individual judgement over the irrationality of the mob, as displayed in stop work meetings, voters were reminded that whatever the tyranny of the Labor machine the ballot box was secret. Unions tried to ensure that their members voted Labor, to the extent of threatening disciplinary action against members who expressed their support for the non-Labor parties. The non-Labor parties appealed to voters as classless individuals. The only collectives admitted by conservatism were those of family and British nationality. A United Australia Party advertisement in 1932 reminded voters the ballot was secret and asked if they could risk voting to put those they held in affection on the dole.<sup>71</sup>

Many in the labour movement feared that parliament could become a moderating force on Labor MPs, who with an annual salary of £744 (£706 after August 1931) lived a life very different from most Labor voters. There had been evidence of this under previous Labor governments. Lang exploited this fear and won the support of the extra-parliamentary ALP by promising to keep politicians in line. The desire of Labor MPs to keep their seats and salaries bolstered machine control, members knew that if they lost pre-selection and were defeated they could not, unlike Nationalist rebels, return to professional jobs.<sup>72</sup>

These constraints were absent for Legislative Councillors. They were appointed for life on the recommendation of the Governor and received no parliamentary salary, although the Lang government did appoint some MLCs to paid government positions. The only legal restriction on the Council's legislative powers was that taxation or appropriation bills originate in the Assembly. Labor appointees had frequently been friends and cronies of MPs rather than party activists and many drifted away from the party. In November 1930 Labor claimed only 20

<sup>71</sup> LD, 10.12.31, p. 6. 21.1.32, p. 5 (Davidson MP), *Australian Worker* (hereafter AW), 30.12.31, p. 13 (Donald Cameron), *Australian Labor Party, Official Report of Proceedings of the 12th Commonwealth Conference (May 1930)*, Labor Call Print, Melbourne, 1930?, p. 28 (Curtin), Przeworski, *Capitalism and Social Democracy*, pp. 74-76. SMH, 24.10.30, p. 12 (Beeby), NSWPD, vol. 125, pp. 1948-49. Farrer 18.3.31, SMH, 7.3.31, p. 14. *The Sun*, 12.11.30, p. 9 (Shand, Master Butchers Association), F. Mauldon, *A Study in Social Economics: The Hunter River Valley of New South Wales*, Workers' Educational Association of New South Wales and Robertson & Mullens, Melbourne, 1927, p. 195. Metcalfe, *For Freedom and Dignity*, p. 80. NBAC, Timber Workers' Union, Z138, Minutes of Management Committee 1931-43, Item 168, Management Committee, 1.2.32, 15.2.32, 19.2.32. UMA, Amalgamated Food Preservers Union, Executive, Special and General Meetings Minute Book 1930-37, General Meeting, 15.2.32 in Amalgamated Food Preservers Employees' Union (New South Wales branch) University of Melbourne Archives. *The World*, 10.6.32, pp. 5, 6. In the 1932 state election an advertisement for Lang's Federal Labor opponent in Auburn encouraged voters to 'think for yourselves' (*Catholic Press*, 2.6.32, p. 19).

<sup>72</sup> D. Lovell, *Marxism and Australian Socialism: Before the Bolshevik Revolution*, Australian Scholarly Publishing, Melbourne, 1997, pp. 163-64. Allan, Party in Disarray, p. 82. Keith, *Responsible Government*, pp. 412-13, 263. *Catholic Press*, 17.2.31, p. 21. SW, 18.6.32, p. 9. *The Sun*, 31.5.32, p. 10 (P. Coleman, state president of the Federal Labor Party in New South Wales). SMH, 30.5.31, p. 14 (Bavin), J. McCalman, *Struggletown: Private and Public Life in Richmond 1900-1965*, Hyland House, Melbourne, 1998 (first edition 1984), p. 37. Lang, *I Remember*, pp. 248-253. Caucus was an assembly of men, and much of its internal dynamics reflected a form of working class masculinity. Clarence Martin, the most intellectual of Labor MPs, confided to his diary his complaints about 'the boys' (Martin Diary, 12.6.31, 7.7.31, 29.7.31). M. Couch, 'Men Sticking Together: Homosexuality and Broken Hill', in D. Palmer, R. Shanahan & M. Shanahan, eds., *Australian Labour History Reconsidered*, Australian Humanities Press, Adelaide, 1999, pp. 217-19.

supporters. Non-Labor Councillors claimed to be independents committed to the impartial review of legislation, but those politically opposed to Labor developed a high level of organisation. Labor's position in November 1930 was not hopeless. MLCs knew that if they were too obstructive Labor might persuade the Governor to make additional appointments.<sup>73</sup>

### (c) Bureaucracy

The bureaucracy was central to how labour governed, from senior public servants who advised the minister down to counter level clerks who met the public. Parliamentary government increased bureaucratic power through keeping ministers involved in party and parliamentary affairs and away from administration.<sup>74</sup>

Recent historical work on Australian bureaucracy has identified it as the vanguard of a new middle class, dependent on education that sought to mediate between labour and capital.<sup>75</sup> This contention reads backwards the post-1945 transformation of the public service. Working-class people in 1930-32 rarely experienced the state as the agent of the professional middle class. They perceived it as an employer, a policeman or a clerk, little more educated than they were.

The NSW bureaucracy mirrored the society it served in its low level of education and the privileging of unadventurous security over risky opportunity. The maximum age set by the Public Service Board (PSB) for the entrance exam for the clerical division was twenty-one. Power relations within the service were based on bureaucratic rank rather than professional expertise or educational qualifications. Promotion within the service relied heavily on internal exam, not considered particularly onerous, and seniority, with the latter emphasised more to avoid irritation. Performance played a lesser role in promotion than in the private sector. Professionals received partial exemption from exams but many found the service stultifying. Some commentators, and politicians such as Bertram Stevens, wanted much greater weight to be placed on tertiary qualifications in recruitment and promotion, but Labor defended the existing system. The 2,279 women employed in the public service (outside teaching) were restricted to administrative

<sup>73</sup> Constitution Act 1901, s. 5. J. T. Lang, *The Great Bust: The Depression of the Thirties*, McNamara's Books, Katoomba, 1980, (first ed. 1962), p. 17. Keith, *Responsible Government*, p. 451. Country Party Central Executive, 9.4.31 (Comments of A. Trethowan MLC).

<sup>74</sup> F. Bland, *Shadows and Realities of Government: an introduction to the study of the administrative agencies of government with special reference to New South Wales*, Workers' Educational Association of New South Wales, Sydney, 1923, pp. 72-74. The requirements of responsible government placed on ministers a large amount of trivial duties such as authorising car repairs and sick leave (DLI Submissions 1931 (6/3467), 2944499, 10.9.31. DLI Daily Sheets, 2.2.32, 8.2.32). Labour and Industry Baddeley came into early conflict with his Department when he insisted it not open correspondence addressed to him (DLI Submissions 1931 (6/3467), 288252, 13.1.31). Departmental heads frequently try to channel all communications through themselves: (P. Weller & M. Grattan, *Can Ministers Cope? Australian Federal Ministers at Work*, Hutchinson, Melbourne, 1981, p. 47).

<sup>75</sup> Deacon, *Managing Gender*. K. M. Reiger, *The Disenchantment of the Home: Modernizing the Australian Family 1880-1940*, Melbourne, Oxford University Press, 1985. Macintyre, *Winners and Losers*, pp. 95-96.

support, or to areas that could claim a protective role such as factory inspectors or a resemblance to household work such as nursing.<sup>76</sup>

Special coaching colleges trained students for the entrance exam, as did many Catholic schools. Catholics rose in the social scale, by the pursuit of white-collar work rather than entrepreneurial activity. The public service lacked the anti-Catholic prejudice of some private employers. Protestant activists complained that Catholics were over represented in the public service. Overt political partisanship was non-existent but particular parties favoured different bureaucrats. Some suggestion of the political sympathies of senior officials is suggested by those who retained membership of the Public Service Association, rather than the rival Professional Officers Association. PSA members included the under-secretaries to Treasury, the Commissioner of Taxation, the Under-Secretaries of Lands, Mines, and Labour and Industry.<sup>77</sup>

In Britain the Oxbridge training of many senior bureaucrats was plausibly blamed for their lack of policy creativity. The Australian public service was more socially representative than the British but its leading figures usually lacked experience outside the public sector, or even their own Department. Even Charles Bellemore, only 45 when appointed as Under-secretary of the Department of Labour and Industry in April 1932, had been with the Department and its predecessors since 1902. In 1930 the new Lands Department Under-secretary had 46 years in the Department. The Public Service Board (PSB) had the same secretary from its foundation in 1896 to 1930.<sup>78</sup>

Graham Berry, the Victorian liberal Premier of 1877-1881, may have been first to formulate the familiar argument that senior bureaucrats would constrain reformist governments. Former Holman Labor government minister Arthur Griffith believed 'responsible government' required that a minister be able to select senior bureaucrats and he complained that some senior officials

were biased against state enterprises. In the 1930 election campaign Labor speakers had threatened to remove some appointees of the Bavin government.<sup>79</sup>

Despite Labor's concerns about bureaucratic obstruction the Labor government of 1930-32 faced less significant bureaucratic obstacles, and was more predisposed to challenge them, than the Labor governments of 1941-65. The central agencies that dominated the state administrations of the 1950s and 1960s, such as the PSB and Treasury, were relatively undeveloped. Even commentators who feared politicisation argued it was the responsibility of the service to implement government policy regardless of their own personal views. Bureaucrats recognised this distinction and claimed to regard policy as something for ministers to determine.<sup>80</sup> Macintyre instances Lang's downfall as an example of the fact that 'occupation of government benches did not in itself provide control of the state'. Certainly in the end it was state intervention that brought down Lang, although Game's actions had to be validated by the electorate; if they had not a revolutionary situation would have developed. Overall the bureaucracy obeyed Labor.<sup>81</sup>

The power of senior bureaucrats was weakened by their relative insecurity. The PSB accepted political appointments and to accept the removal or marginalisation of under-secretaries who clashed with a minister. In 1921 and 1925 Lang forced out Treasury under-secretaries with whom he disagreed. There were 4,336 temporary positions in the New South Wales public service in June 1931. The PSB offered little resistance to the expansion of state employment outside its control, but its supervision of permanent employment prevented Labor following the American example, where urban machines controlled tens of thousands of jobs. In states such as Minnesota or Louisiana in the 1930s patronage was employed as a party or faction building tool by reformist administrations. Ministers occasionally defended the idea of appointing 'Labor men', but patronage remained largely at the level of personal favours, and was usually a response to demands on MPs for jobs from constituents, cronies or relatives.<sup>82</sup>

<sup>76</sup> Royal Commission to Inquire into the Public Service of NSW (RCPuS), *First Sectional Report, NSWPP*, 1918, vol. 4, p. lix. Bland, *Shadows*, pp. 25-26, 56, 61. R. S. Parker, *Public Service Recruitment in Australia*, Melbourne University Press, Melbourne, 1942, p. 80, 133, 208. W. H. Moore, 'Political Systems of Australia', in M. Atkinson, ed., *Australia: Economic and Political Studies*, Macmillan, Melbourne, 1920, pp. 89-90. Bryce, *Modern Democracies*, p. 212. G. Caiden, *Career Service: An Introduction to the History of Personnel Administration in the Commonwealth Public Service of Australia 1910-1961*, Melbourne University Press, Melbourne, 1965, p. 125, 129, 245. S. Encel, *Equality and Authority: a Study of Class, Status and Power in Australia*, Cheshire, Melbourne, 1970, pp. 242-249. S. Mills, 'The Report of the British Economic Mission', *Economic Record*, vol. 5, 1929, p. 121. Hancock, *Australia*, p. 118. A. Martin, *Robert Menzies: A Life, vol. 1, 1894-1943*, Melbourne University Press, Melbourne, 1993, p. 194. Deacon, *Managing Gender*, pp. 196-203. Public Service Board (PSB), *Thirty-Fifth Annual Report [1931]*, p. 19. *NSWPP*, 1930-32, vol. 4. LD, 9.6.32, p. 6 (Stevens to a deputation of public servants).

<sup>77</sup> Bland, *Shadows*, pp. 15-17. Parker, *Public Service Recruitment*, p. 131. C. McConville, *Emigrant Irish and Suburban Catholics: Faith and Nation in Melbourne and Sydney, 1851-1933* (Ph. D., University of Melbourne, 1984), pp. 177, 380. S. Fitzgerald, 'Community, politics and work in the inner city 1900-1970', in S. Fitzgerald & G. Wotherspoon, eds., *Minorities: cultural diversity in Sydney*, State Library of New South Wales Press, Sydney, 1995, p. 71. McCalman, *Struggletown*, pp. 136-37. *Australian Christian World* (hereafter *ACW*), 20.3.31, p. 5. *Red Tape*, vol. 5, no. 3 (March 1931), p. 76.

<sup>78</sup> *Red Tape*, vol. 4, no. 1 (January 1930), p. 9. vol. 4, no. 11 (November 1930), p. 264. vol. 6, no. 4 (April 1932), p. 163.

<sup>79</sup> J. E. Parnaby, *The Economic and Political Development of Victoria, 1877-1881* (Ph. D., University of Melbourne, 1951), p. 368 (copy held in Matheson Library, Monash University). Childe, *How Labour Governs*, p. 25. Laski, *Democracy in Crisis*, pp. 103-04. S. Lipset, *Agrarian Socialism: The Cooperative Commonwealth Federation in Saskatchewan: A Study in Political Sociology*, Doubleday Anchor, New York, 1968 (first ed. 1950), p. 316. RCPuS, *Minutes of Evidence, NSWPP*, 1918, vol. 4, qq. 6444, 6447 (A. Griffith). *The Sun*, 23.9.30, p. 10 (Mark Gosling on Electoral and Hospitals Commissioner).

<sup>80</sup> M. L. Anderson, *Problems and Reactions: The New South Wales Government and its public administration in relation to the Great Depression 1929-36* (B. A. (Hons), History, University of New South Wales, 1994), p. 38. RCPuS, *Evidence*, q. 6558 (Thomas Waddell, Premier in 1904). F. Bland, 'The Spoils System in the Public Service', *Australian Quarterly*, no. 14 (1932), p. 43. For examples of bureaucrats distinguishing between administration and policy as the responsibility of the minister: DLI Submissions 1931 (6/3467), 297913 (29.9.31). Submission 300937, 25.1.32. DLI Submissions 1932 (6/3468), 303221, 21.3.32. Hospitals Commission, *Annual Report for the Year ended 30th June 1931*, p. 5. *NSWPP* 1932-35 parliament, 2nd session. Macintyre, *Winners and Losers*, p. 51.

<sup>81</sup> M. L. Anderson, *Problems and Reactions: The New South Wales Government and its public administration in relation to the Great Depression 1929-36* (B. A. (Hons) (History), University of New South Wales, 1994), p. 38. RCPuS, *Evidence*, q. 6558 (Thomas Waddell, Premier in 1904). F. Bland, 'The Spoils System in the Public Service', *Australian Quarterly*, no. 14 (1932), p. 43. For examples of bureaucrats distinguishing between administration and policy as the responsibility of the minister: DLI Submissions 1931 (6/3467), 297913 (29.9.31). Submission 300937, 25.1.32. DLI Submissions 1932 (6/3468), 303221, 21.3.32. Hospitals Commission, *Annual Report for the Year ended 30th June 1931*, p. 5. *NSWPP* 1932-35 Parliament, 2nd session. Macintyre, *Winners and Losers*, p. 51.

<sup>82</sup> RCPuS, *Evidence*, q. 6446 (Griffith). Lang, *I Remember*, p. 174. J. M. Ward, 'Stevens, Sir Bertram Sydney Barnsdale (1889-1973)', in J. Ritchie, ed., *Australian Dictionary of Biography*, vol. 12, 1891-1939, Melbourne

The relative weakness of the inter-war PSB contrasted with the post-war period when the convention that Departmental under-secretaries were appointed by the PSB, and unaffected by changes of government, or minister, was established. Neville Wran's Labor government in 1979 removed the PSB's right to appoint Departmental heads and gave it to the Premier's Department.<sup>83</sup>

Treasury shared the weakness of the PSB as a rival to cabinet and Lang. In the late 1930s Premier and Treasurer Stevens transformed Treasury by the employment of trained economists. In the early 1930s Treasury remained largely an accounting office and its duties were directed to formal checking of expenditure rather than monitoring overall expenditure.<sup>84</sup>

Labor Premier William Holman established the Premier's Department in 1914. In this period it was principally a secretariat to Premier and Cabinet, with the same Under-secretary, Clifford Hay, since 1916. Lang said that Hay 'had no party politics in his make-up' and praised him for passing on reports he had heard in 1926 of a plan to bribe Labor MPs to bring Lang's government down. Hay kept a low profile, and when controversial issues came up within the Department, such as the allocation of government advertising, he insisted it was not his role to question government policy. It was Neville Wran who transformed the Premier's Department into a key bureaucratic player at the expense of Treasury and the PSB.<sup>85</sup>

Lang increased the bureaucratic clout of the Premier by employing a personal staff. Before external appointments were made to the public service the PSB had to recommend that the duties of the prospective appointee were necessary and no competent officer already in the service could perform the work. Despite this requirement the PSB usually rubber-stamped the employment of

Premier's staff from outside the public service. The employment of such staff began with Holman's appointment of a 'publicity officer' in 1913. In 1925 Lang appointed *Labor Daily* reporter Harold McCauley as publicity officer, and two other journalists as assistants. In 1930 Lang appointed McCauley to head the Government Publicity Bureau, located within the Premier's Department. McCauley recalled the other two journalists from 1925-27 to the Bureau. Lang told Clifford Hay that instructions from McCauley were to be regarded as equivalent to his own. A typist, Winnie Lynch, filled the position of private secretary. Her mother had been a prominent educationalist and Lynch was an ALP member. Lang's next appointment was more controversial: John Sleeman as a temporary publicity officer. Sleeman had been convicted of bribery for his part in a 1922 plot to overthrow the Ted Theodore's Queensland Labor by bribing a Labor MP to cross the floor. In Sydney Sleeman edited *Beckett's Budget* and its successor the *Australian Budget*. These papers outdid *Truth* in the sex and scandal market and were condemned by churches and feminists, but the *Australian Budget* strongly supported Labor in the 1930 election. Nationalists denounced the appointment and cited Sleeman's criminal and journalistic record, but Lang said he had taken the rap in Queensland for senior Nationalists.<sup>86</sup>

## 6. Conclusions

In this Chapter I have argued that historical inquiry is about the identification of structures that although not directly accessible to the observer determine the events observed by the historian.

Marxist writers such as Nicos Poulantzas, and Roy Bhaskar's 'critical realist' model of scientific inquiry have influenced my emphasis on structuralist determination. But a structural approach is not an essentialist one; there is no basis on which one can assume the automatic dominance of one set of structures in a social formation. While Australian governments capitulated to market forces, some other governments of the 1930s, such as Nazi Germany and Stalinist Russia did not. In these countries political power was employed to reshape economic relations.

The actions of men and women were not entirely determined by structural constraints. In 1930 electors reacted against economic forces by electing a government pledged to resist them. I will show that in many aspects Labor did employ state power to resist economic forces, but the consequences of that employment of state power were unsatisfactory to many electors. In 1930-

University Press, Melbourne, 1990, p. 74. RCPBS, *First Report*, pp. xv-xliii. J. Wilson, *The Amateur Democrat: Club Politics in Three Cities*, University of Chicago Press, Chicago, 1966 (first ed. 1962) pp. 69, 101. Valelly, *Farmer-Laborism*, pp. 58-63, 68. A. P. Sindler, *Huey Long's Louisiana: State Politics, 1920-1952*, John Hopkins Press, Baltimore, 1956, pp. 81, 101, 146. PSB, *Report [1931]*, pp. 20-21. *The Sun*, 10.6.32, p. 15 (Baddeley). Bland, 'Spoils System', pp. 36-37. For claims of patronage in low level employment see *NSWPD*, vol. 129, p. 5989. 8.9.31. Sanders, Baddeley, Anonymous Election Leaflet in NSW State Election 1932, leaflets etc, p. 57 (this collection of ephemera from the 1932 election is held in the Mitchell Library at MLQ329.21/N, all future references to '1932 Leaflets' are to this source).

<sup>83</sup> Campbell, *State Public Finance*, p. 15. Clune, *Labor Governments*, p. 17. M. Steketee & M. Cockburn, *Wran: an Unauthorised Biography*, Allen & Unwin, Sydney, 1986, pp. 144, 154. M. Laffin, 'The Public Service', in M. Laffin & M. Painter, *Reform and Reversal: Lessons from the Coalition Government in New South Wales 1988-1995*, Macmillan Education Australia, Melbourne, 1995, p. 74. William McKell seems to have been early in his career more willing to reply on the public service (C. Cunneen, *William John McKell: Boilermaker, Premier, Governor-General*, University of New South Wales Press, Sydney, 2000, p. 74).

<sup>84</sup> R. S. Parker, *The Government of New South Wales*, University of Queensland Press, Brisbane, 1978, p. 345. Campbell, *State Public Finance*, p. 17. AONSW, Treasury, Files of W. R. Kilpatrick (Chief Accountant) Miscellaneous 1930 - 39 2 / 8048. 1, Otto Niemeyer to Mr. Pitt, Victorian Treasury 15 August 1930.

<sup>85</sup> G. N. Hawker, *The Parliament of New South Wales, 1856-1965*, Government Printer, Sydney, 1971, p. 45. Parker, *Government*, p. 345. J. Watson, 'Hay, Clifford Henderson (1878-1949)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography* vol. 9, 1871-1939, Melbourne University Press, Melbourne, 1983, pp. 236-37. Lang, *I Remember*, p. 303. AONSW, Public Service Board, Special Bundles, 8/884, A. Gates, Report...as to the working of the Premier's Department, more particularly as to the publication of advertisements [October 1932], p. 7. File 32/11002. Steketee, *Wran*, pp. 143-49.

<sup>86</sup> Evans, *Holman*, p. 424. *SW*, 22.11.30, p. 2. 4.6.32, p. 10. *LD*, 8.11.30, p. 8. Nairn, 'Big' Fella, pp. 97, 131, 138. AONSW, Executive Council, Minutes 1930 9/468, Meeting no. 47, 12.11.30 (all future references to 'Executive Council 1930' are to this source). Gates, Report...as to the working of the Premier's Department, p. 1. M. Lyons & L. Taksa, *Australian Readers Remember: An Oral History of Reading 1890-1930*, Oxford University Press, Melbourne, 1992, pp. 84, 174-76. Mitchell Library, National Council of Women, ML MSS 3739, Executive Minutes 1928-33, MLK 03010, Executive 4.12.30. *NSWPD*, vol. 125, pp. 2378-80. 29.4.31. Lang, Bavin. Harold McCauley's brother Norman edited *Labor Daily* from 1931 to 1938 (H. Gibbney & A. Smith, *A Biographical Register 1788-1939: Notes from the name index of the Australian Dictionary of Biography*, vol. 2, L-Z, Australian Dictionary of Biography, Canberra, 1987, p. 43). When Martin was concerned about Lang's attitude to his preselection he sought an interview with McCauley (Martin Diary, 10, 11.2.30, 7.7.30). B. Nairn, 'Sleeman, John Henry Charles (1880-1946)', in G. Serle, ed., *Australian Dictionary of Biography*, vol. 11, 1891-1939, Melbourne University Press, Melbourne, 1988, p. 633).

32 Australia was one of the few countries where the act of exercising political choice was virtually costless: a moment spent marking a piece of paper; but political choice was determined by social forces beyond the control of the individual. The magnitude of the electoral outcomes of 1930 and 1932 surprised observers, but Labor's victory in one and defeat in the other came as little surprise.

To economic liberals the inability of governments to deliver on their promised economic outcomes reveals that the political choices of voters, once every few years, do not represent their real interests, that are best displayed in their daily expressions of choice within markets. A more balanced perspective would reject this inverted Marxism, and the fiction of the unified self of neo-classical economics, and recognise that the actions of individuals can combine to thwart individual intentions. New South Wales had the strongest democratic labour movement in the world, in levels of electoral support, labour movement unity, parliamentary representation, trade union membership and strong structures of economic regulation. The events of 1930-32 partake of the element of tragedy, as men and women found their actions constrained by a social order of their own creation but beyond their control.<sup>87</sup>

<sup>87</sup> Weimar Prussia was the other notable case, but here the labour movement was divided between Social Democrats and Communists. The conservative German governments of 1930-33 used the fiscal crisis to undermine the autonomy of Prussia within the German federation. This reflected hostility to Prussia's position as a bulwark of democracy and its associated *sozialpolitik* ((D. Orlow, *Weimar Prussia 1925-1933: The Illusion of Strength*, University of Pittsburgh Press, Pittsburgh, 1991, pp. 169, 255). P. McGavin, *Wages and Whitlam: the Wages Policy of the Whitlam Government*, Oxford University Press, Melbourne, 1987, p. 154. G. Brennan, 'Irrational Action, Individual Sovereignty and Political Process: Why There is a Coherent 'Merit Goods' Argument', in G. Brennan & C. Walsh, eds., *Rationality, Individualism and Public Policy*, Centre for Research on Federal Financial Relations, Australian National University, Canberra, 1993.

## Part 2 Politics and Budgets

### Chapter 3

#### Australian Public Finances and Economic Management: 1928 to February 1931

##### 1. Introduction

Max Weber argued that the appeal of socialism was closely linked to the phenomenon of economic crisis; socialists argued that crises were avoidable rather than inexplicable natural phenomena, and that social relations could be reorganised on the basis of substantive rationality.<sup>1</sup> Up to early 1931 the political right, and many Labor moderates, presented the great depression as an inexplicable catastrophe that could only be endured. Lang's 1930 victory demonstrated voters would reject this. In government Labor had to show it could make a difference. Lang's victory spurred the right to offer its own positive policy: that of restoring business and investor confidence. These themes dominated the non-Labor electoral campaigns of 1931 and 1932. The landslide victory for the Nationalist candidate in the federal by-election for the Sydney electorate of Parkes in late January 1931 was the first success for this new strategy.

##### 2. The economic policy debate until Lang's election

The origins of the Depression lay in external shocks to the Australian economy. The prices of Australian exports fell drastically, far more than imports. Foreign capital inflow dried up, as overseas lenders feared Australian governments could not repay outstanding loans. British investors drew increasingly on domestic capital, reducing that available for overseas loans. Unable to raise loans, governments raised overdrafts and the total public short-term debt in London rose from £5.4m in December 1928 to £21.5m a year later. The new federal Labor government, like many governments then and more recently, found its autonomy was constrained by the need to conciliate banks to ensure the rollover of short-term debt.<sup>2</sup> The economic impact of these shocks was conditioned by the structure of the Australian political economy. Australian was an oligopolistic capitalist economy. This created an incentive for supply rather than prices to be

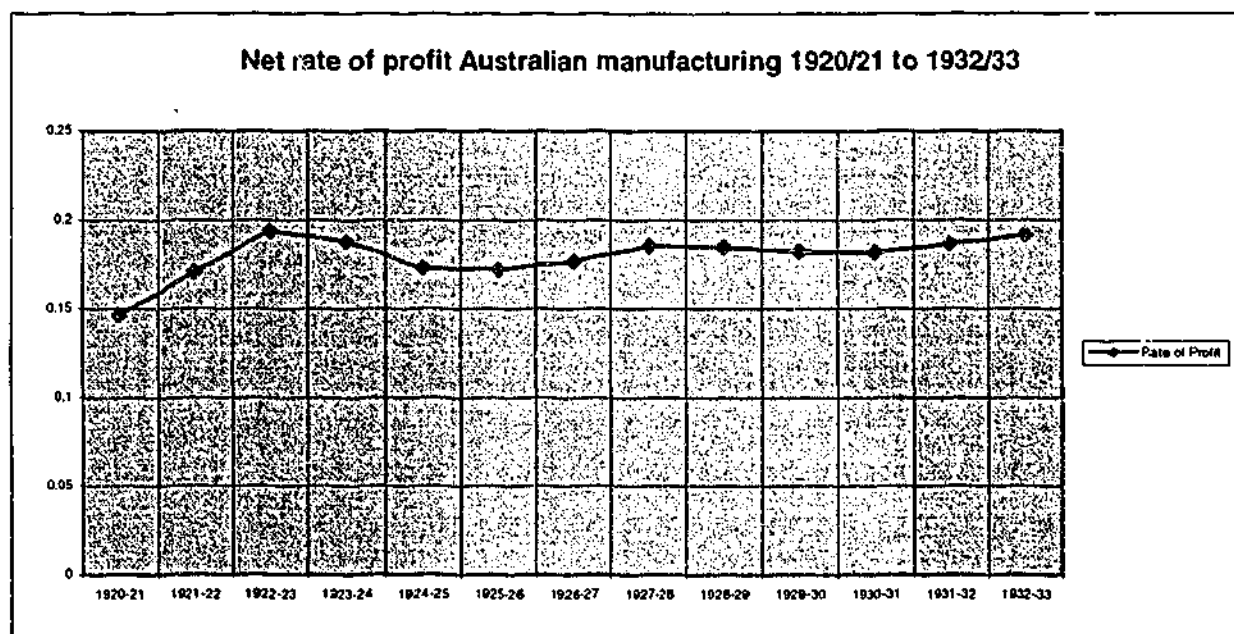
<sup>1</sup> M. Weber, *General Economic History*, George Allen & Unwin, London, 1927, p. 291. Weber, *Theory*, p. 212. Conference of Commonwealth and State Ministers, February 1930, *Report, CPP*, 1929-31, vol. 2, p. 2 (Scullin) (hereafter *Premiers' Conference February 1930*). *SMH*, 4.7.31, p. 13 (Scullin). S. Macintyre, *The Succeeding Age 1901-1942*, Oxford University Press, Melbourne, 1986, pp. 251-52.

<sup>2</sup> B. Stevens, 'Financial and Economic Outlook', *Australian Quarterly*, no. 5 (1930), pp. 20-21. Conference of Commonwealth and State Ministers held in Melbourne from 28 January 1932 to 5 February 1932, *Record*, p. 33 in *CPP*, 1932-34, vol. 4, pt. 1 (hereafter *Premiers' Conference February 1932*). E. Fuchs, *Mayors and Money: Fiscal Policy in New York and Chicago*, University of Chicago Press, Chicago, 1992, p. 32. D. Rock, *Politics in Argentina 1890-1930: The Rise and Fall of Radicalism*, Cambridge University Press, Cambridge, 1975, pp. 224-25, 254. D. Galsberg, 'Bank Hegemony and Class Struggle in Cleveland, 1978-79', in M. Davis, S. Hiatt, M. Kennedy, S. Ruddick & M. Sprinker, eds., *Fire in the Hearth: The Radical Politics of Place in America*, Verso, London, 1990, pp. 199-200.



reduced in the face of falling demand. A socialist economy, or a purely competitive capitalist economy, would have responded differently. Despite this competitive forces were strong enough in Australian capitalism to encourage overaccumulation of capital.<sup>3</sup> Aggregate manufacturing profits fell in the depression, but profit rates did not, suggesting a withdrawal of capital to maintain profit rates.<sup>4</sup>

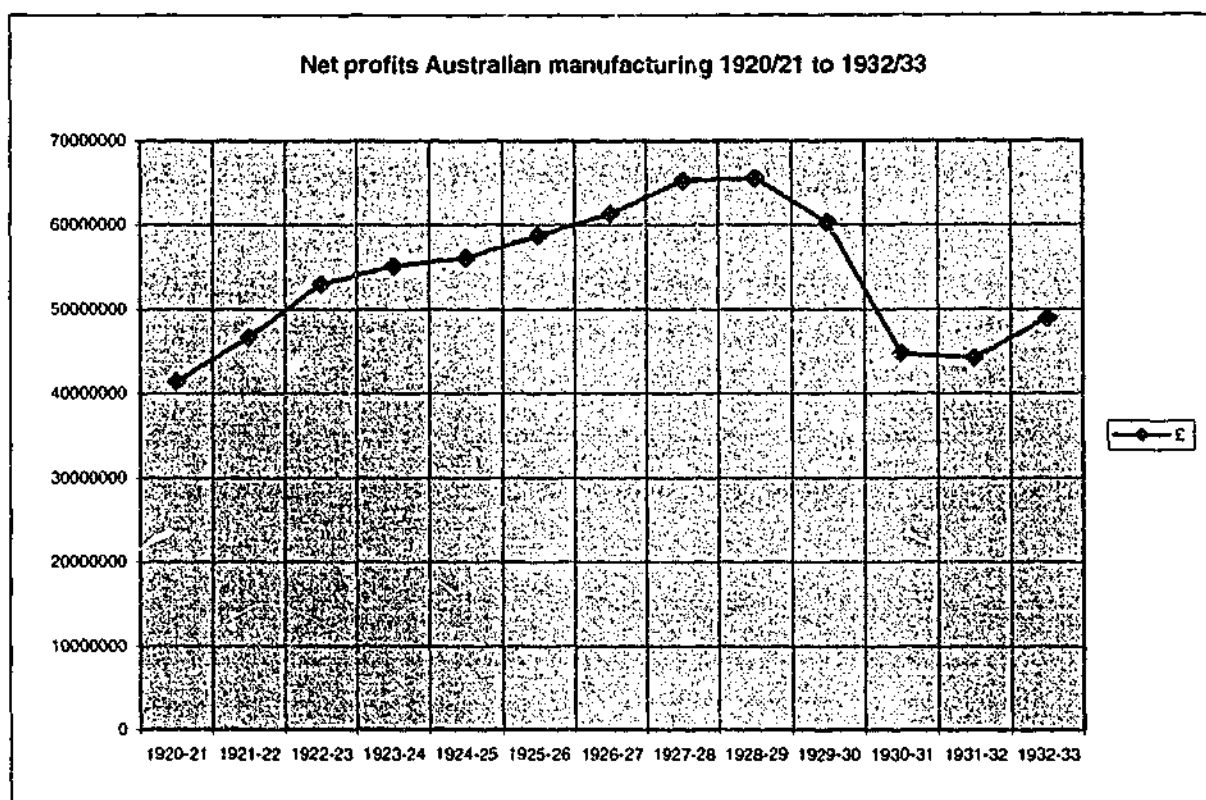
**Chart 3.1 Net rate of profit Australian manufacturing 1920/21 to 1932/33 (%)**



<sup>3</sup> R. Hilferding, *Finance Capital: A Study of the Latest Phase of Capitalist Development*, Routledge & Kegan Paul, London, 1981, pp. 297-98. E. Preobrazhensky, *The Decline of Capitalism*, M. E. Sharpe, Armonk, New York, 1985, p. 75. S. Menshikov, *The Economic Cycle: Postwar Developments*, Progress Publishers, Moscow, 1975, pp. 130-31. G. Robinson, 'Monopoly, overaccumulation and disproportionality in Australian capitalism 1880-1930: A preliminary interpretation and review of labour movement responses', in Griffiths, *Work Organisation Struggle*, pp. 325-31.

<sup>4</sup> Lewis Corey found a declining rate of profit in American manufacturing from 1923 to 1931 but this was calculated on total capital rather than on depreciation (L. Corey, *The Decline of American Capitalism*, Covici Friede Publishers, New York, 1934, pp. 122-23).

**Chart 3.2 Net profits Australian manufacturing  
1920/21 to 1932/33 (£)**



(*Production Bulletin*; no. 25, 1930-31, Tables 115, 118, 125, 133; no. 27, 1932-33, Table 98).<sup>5</sup>

The Australian crisis was over-determined. The depression of the 1890s initiated a long period of slow economic growth in Australia, and also encouraged labour's political mobilisation. The influence of labour on economic policy through regulation and industrial arbitration imposed further constraints on economic growth.

The decline in the availability of overseas loans from 1929 hit the highly urban and relatively industrialised economy of New South Wales particularly hard. Unemployment rose sharply and in the financial year 1929-30 the value of factory output in the state fell 9.7% and a further 30% in 1930-31. The major series of unemployment statistics for period are based on trade union estimates of their unemployed membership. Their validity has been debated, but the fact that those for 1933 coincide closely with the census figure for that year is significant. From full-time employment to part-time and then casual employment it is impossible to draw clear dividing lines, but the fact that people defined themselves as unemployed had clear implications for their political behaviour. We can take the trade union estimates as reasonably close approximations to the portion of the population that identified themselves as 'unemployed'.<sup>6</sup>

<sup>5</sup> The profit rate is after depreciation. Following Forster and Butlin I assume that the value of the building component of the 'lands and buildings' category is two-thirds, and that plant depreciates at 8% per annum and buildings at 1.5% per annum (Forster, *Industrial Development*, p. 11. Butlin, *Gross domestic product*, pp. 452-53).

<sup>6</sup> Fitzpatrick, *Australian People*, p. 88. *Production Bulletin*, no. 25, 1920-21 to 1930-31, table 121. D. Potts, 'A Reassessment of the Extent of Unemployment in Australia During the Great Depression', *Australian Historical Studies*, 97 (1991). C. Forster, 'Australian Unemployment, 1900-1940', *Economic Record*, vol. 41 (1965), pp. 433-34.

Table 3.1 Unemployment in NSW 1927-1930 (%)

## Unemployment in New South Wales 1927-1930

|                  | NSW  | National |
|------------------|------|----------|
| 1927 3rd quarter | 5.3  | 6.7      |
| 1928 1st         | 11.8 | 10.7     |
| 1928 2nd         | 10.9 | 11.2     |
| 1928 3rd         | 11.9 | 11.4     |
| 1928 4th         | 10.6 | 9.9      |
| 1929 1st         | 9.7  | 9.3      |
| 1929 2nd         | 10   | 10       |
| 1929 3rd         | 12.4 | 12.1     |
| 1929 4th         | 13.8 | 13.1     |
| 1930 1st         | 16.3 | 14.6     |
| 1930 2nd         | 21   | 18.5     |
| 1930 3rd         | 23.3 | 20.5     |

(Labour Report 1931, no. 22, p. 106)

Table 3.2 NSW authorised and expended loans 1925-35 (£m)

## New South Wales. Authorised and Expended Loans 1925-35 (£m)

|      | Authorised | Expended |
|------|------------|----------|
| 1925 | 8.7        | 9.2      |
| 1926 | 11.3       | 11.2     |
| 1927 | 11.3       | 10.4     |
| 1928 | 17.7       | 14.4     |
| 1929 | 13.5       | 14.2     |
| 1930 | 13         | 10.9     |
| 1931 | 7.1        | 6        |
| 1932 | 2.9        | 3.4      |
| 1933 | 7.6        | 4.2      |
| 1934 | 9.3        | 7.1      |
| 1935 | 7.8        | 9.4      |

(Statistical Register of New South Wales (hereafter SR) 1934-35, p. 160)

The decline in economic activity reduced taxation and public enterprise receipts. State governments faced growing deficits on recurrent expenditure:

Table 3.3 State government deficits 1927-30 (£)

## State Government Deficits 1927-30 (£)

|         | NSW          | Vic       | Qld       | All states |
|---------|--------------|-----------|-----------|------------|
| 1926-27 | (+)1,579,337 | 616,203   | 343,167   | 216,995    |
| 1927-28 | 860,391      | 163,353   | (+)10,506 | 1,219,553  |
| 1928-29 | 23,560       | (+)51,087 | 176,463   | 1,445,305  |
| 1929-30 | 5,262,228    | 1,172,870 | 723,185   | 9,327,831  |

(Finance Bulletin, no. 22, 1930-31, Table 45).

The defeat of the Bruce government shifted the national centre of conservative politics to Sydney from Melbourne. New South Wales Treasurer Bertram Stevens developed a coherent conservative response to the economic crisis. Prior to entering parliament in 1927 he had served as State Treasury Under-secretary, a position he resigned from after a dispute with Premier Lang. State ministers argued that lower export prices and reduced loan inflow required Australians to accept a lower standard of living and reduce costs of production and government. A consequence of this diagnosis was the abandonment of Bavin's 1927 pledge to preserve Labor's social reforms. In 1930 the government introduced a means test on the widows' pension, restricted child endowment, lengthened statutory hours of work from 44 to 48, cut public service salaries, reduced government contributions to public service superannuation and supported the introduction of work rationing in government employment. From 1 July 1930 the government extended direct taxation into the ranks of the manual working class with the introduction of an 'unemployment relief tax' (wages tax) of three pence in the pound on personal incomes. Labor, and some Nationalists, opposed these measures. By-elections turned against the government.<sup>7</sup>

Table 3.4 Changes in ALP primary vote percentage by-elections during the Bavin government<sup>8</sup>

## Changes in ALP Primary Vote at By-Elections during Bavin Government

|                    |        |
|--------------------|--------|
| Wollondilly 3.3.28 | 1.48   |
| Hamilton 8.9.28    | -10.64 |
| Coogee 22.9.28     | -1.67  |
| Parramatta 23.2.29 | 8.06   |
| Ashfield 5.10.29   | 12.58  |
| Lane Cove 26.7.30  | 8.07   |

New South Wales government ministers sought the approval of the moderate federal ALP for its policies and employed this approval against their Labor critics. Stevens consulted closely with Theodore and called for a non-partisan approach to the economic crisis. The federal government seemed a willing pupil, tariff increases aside, of economic orthodoxy. Federal Treasurer Ted Theodore denounced caucus advocates of credit expansion and during 1930 the Loan Council, a meeting of Commonwealth and state ministers that regulated public borrowings, supported drastic reductions in loan programs. The net loan expenditure of Australian governments fell from £40m in 1928-29, to £29.8m in 1929-30 and £15.1m in 1930-31.<sup>9</sup>

<sup>7</sup> J. R. Williams, *John Latham and the Conservative Recovery from Defeat 1929-1931*, Australasian Political Studies Association Monograph no. 10, Sydney, 1969, p. 4. B. Stevens, 'A Treasurer's Problems', *Australian Quarterly*, no. 1 (1929). Ward, 'Stevens, Sir Bertram', in J. Ritchie, ed., *Australian Dictionary of Biography*, vol. 12, 1891-1939, Melbourne University Press, Melbourne, 1990, p. 75. Lang, *I Remember*, pp. 260-61. Lang, *Great Bust*, pp. 176-80, 190-206. Schedvin, *Great Depression*, p. 89. P. Love, 'Niemeyer's Australian Diary', *Historical Studies*, 79 (1982), p. 272. 'New South Wales Election', *The Round Table*, no. 69 (1927), pp. 178-80. Bavin, *National Policy*, p. 14. National Association-Country Party, *New South Wales Elections: The Vital Issue and Facts About the Progressive and Constructive Work of the Government*, [Sydney, 1930] (hereafter *Vital Facts*), pp. 23-33, 104-07.

<sup>8</sup> All electoral statistics in this work are drawn from the publications of the NSW and Commonwealth electoral commissioners as listed in the bibliography.

<sup>9</sup> Australian Archives, Minutes of the Australian Loan Council, AA A600/1 vol. 1, Minutes of the Australian Loan Council, 7.2.30, 21.2.30, p. 1 in (all future references to Loan Council Minutes are to this source), *SMH*, 3.2.30, p. 11.

Labor Premiers offered no opposition to the deflationary trend of national economic policy. This acquiescence reflected their conservatism, and in the case of South Australia, its dire fiscal position and consequent need to appease the other Council members. When Theodore resigned in July 1930, following the finding by a Queensland Royal Commission of corruption Scullin took over as Treasurer. To appease British financial opinion the Commonwealth accepted the Bank of England's offer to dispatch an economic advisor, Sir Otto Niemeyer. His journey demonstrated the support of the international financial community for deflation. Then as now this community supported deflation as the only response to a reduction in capital inflows. As Fitzpatrick put it: public management of private investments led to private direction of public investment.<sup>10</sup>

For most of 1930 there was little debate about economic policy within the federal government. The caucus left was preoccupied with the Government's failure to resolve the lockout of miners on the northern coalfields of New South Wales. Unionists were concerned with the reform of industrial legislation. Not until May were proposals for credit expansion raised in caucus and they were not put to a vote. The May 1930 ALP federal conference gave little attention to economic policy. The conference was notable for the isolation of the NSW delegates. Their radical policy motions were rejected and other delegates clearly resented Lang's successful 1927 defiance of the federal executive. The majority demonstrated their hostility to the left by supporting a resolution that barred ALP members from supporting the policies of the Communist party. Even the NSW delegates took little specific interest in economic policy. A committee of the conference recommended that the federal government should raise £20m to be allocated among states to provide work for the unemployed, but did not explain how this was to be achieved, apart from suggesting the Commonwealth parliament 'take all available means to establish necessary credit'.<sup>11</sup>

The federal government ignored the conference. The Loan Council continued to scale down government loan expenditure. In cabinet the left ministers Anstey and Beasley offered no effective resistance to the reappointment of the deeply conservative Sir Robert Gibson as chair of the Commonwealth Bank Board. As late as 6 August 1930 caucus defeated a motion moved by

*Premiers' Conference February 1930*, pp. 2-3, 9, 21. B. Stevens, 'Financial and Economic Outlook', *Australian Quarterly*, no. 5 (1930), p. 16. Statement by the Chairman of the Loan Council, 7.2.30 in CAF, pp. 10-14. Conference of Commonwealth and State Ministers held in Melbourne from the 14th April to the 21st April 1932, *Record* (hereafter *Premiers' Conference February 1932*), p. 57 (this was not published in the *Commonwealth Parliamentary Papers* I have referred to the copy held in the National Library of Australia).

<sup>10</sup> Loan Council Minutes, 10-11.6.30, p. 5. 11.11.30, p. 5. Macintyre, *Succeeding Age*, p. 270. Lang, *Great Bust*, p. 289. B. Attard, 'The Bank of England and the origins of the Niemeyer mission, 1921-1930', *Australian Economic History Review*, vol. 32, no. 1 (1992), pp. 72-80. Statement by the Acting Prime Minister, 15.11.30 in CAF, pp. 34-36. P. Temin, *Lessons from the Great Depression*, Massachusetts Institute of Technology Press, Cambridge, Massachusetts, 1989, pp. 82-83. K. Tsokhas, 'Coldly Received': Australia and the London Capital Market in the 1930s', *Australian Journal of International Affairs*, vol. 46 (1992), p. 62. U. Pieper & L. Taylor, 'The revival of the liberal creed: the IMF, the World Bank, and inequality in a globalized economy', in D. Baker, G. Epstein & R. Pollin, eds., *Globalization and Progressive Economic Policy*, Cambridge University Press, Cambridge, 1998. Fitzpatrick, *British Empire*, p. 298.

<sup>11</sup> Minutes of Meeting of the Federal Parliamentary Labor Party, 14.5.30 in P. Weller, ed., *Caucus Minutes 1901-1949: Minutes of the Meetings of the Federal Parliamentary Labor Party*, vol. 2, 1917-1931, Melbourne University Press, Melbourne, 1975, pp. 371-72 (all future references to 'Caucus Minutes' are to together with page numbers for the published version). P. Cook, 'Frank Anstey: Memoirs of the Scullin Labor Government, 1929-1932', *Historical Studies*, 72 (1979), pp. 375-76. ALP, *Proceedings of the 12th Commonwealth Conference*, pp. 64-65, 66-67, 81-82. W. Denning, *Caucus Crisis: The rise and fall of the Scullin government*, Hale & Remonger, Sydney, 1982 (first ed. 1937), pp. 81-82.

John Curtin and the NSW left-winger Arthur Rae for a special meeting to hear a report from the Treasurer on the financial position. The same day Niemeyer addressed a meeting of the Loan Council, which agreed to convene a Premiers' Conference 'with the object of balancing the budgets'.<sup>12</sup>

This recognition of budgetary imbalance was significant, for until then state and federal Labor ministers had focused on loan expenditure without understanding the impact of the depression on revenue expenditure. In late July a conference of Australian banks demanded further reductions in loan expenditure and reductions in revenue expenditure and costs of production. On 22 August 1930 Niemeyer addressed the Premiers' Conference in Melbourne. The day before the Loan Council had agreed to further reduce aggregate loan expenditure from £24.6m to £15m. At the conference the states united against the Commonwealth, and Bavin with Niemeyer's prompting took a leading role. Scullin was only intermittently present, while Postmaster-General Joseph Lyons, and deputy Prime Minister Joseph Fenton were in Niemeyer's description 'entirely at sea'. Lyons was concerned the conference not be seen to rubberstamp Niemeyer's advice. The resolution of the conference, known as the 'Melbourne agreement' committed governments to balance their budgets in 1930-31, cease raising overseas loans and confine loan expenditure to reproductive works. They admitted that this would require a heavy fall in loan and revenue expenditure and substantial sacrifice on all parts of the community. To give effect to the agreements a subcommittee was established of Lyons and the Labor Premiers Ned Hogan (Victoria) and Lionel Hill (South Australia). Before the Melbourne conference had concluded Scullin left for London to attend the imperial conference, leaving Fenton as acting Prime Minister and Lyons as acting Treasurer.<sup>13</sup>

The commitment to reduce loan expenditure cut to the heart of Australian labourism. Reduced expenditure threatened not only employment but also the living standards of the unskilled male working class who were Labor's strongest supporters and who benefited most by arbitration. At the state level, public employment was as much a pillar of labourism as White Australia, tariffs and arbitration. In some respects Lang's political formation was archaic, based in nineteenth century radical nationalism, but his preoccupation with government finances was relevant to a working class so dependent on public works expenditure. As Lang put it 'Government has always been finance. Without money, you can't govern.' The flow of loan capital from Britain to Australia transformed the savings of British residents back into capital, but for this transformation to be maintained Australian governments had to repay their debts.<sup>14</sup>

<sup>12</sup> Loan Council Minutes, 7.2.30, pp. 1-5. 21.2.30, pp. 2-3. 5-6.8.30, pp. 2-3. Joint Statement by the Commonwealth and State Treasurers, 11 June 1930 in CAF, p. 13. Robertson, *Scullin*, p. 259. Caucus Minutes 6.8.30, p. 389.

<sup>13</sup> Draft Notes of a Conference between the Sub-Committee of the Loan Council and representatives of the Australian banks [21.7.30], in Loan Council Minutes, 5-6.8.30. Loan Council Minutes, 21.8.30, pp. 1-2. P. Love, 'Niemeyer's Australian Diary', *Historical Studies*, 79 (1982), p. 268. Conference of Commonwealth and State Ministers held in Melbourne from 18th to 21st August 1930, *Report of Proceedings* (these proceedings were not published in the *CPP*, I have referred to the copy held in the Australian Archives at A461/7 AH326/1/3, there is also a copy in the National Library), all future references to *Premiers' Conference August 1930* are to this source). *Argus*, 20.8.30 (clipping in previous file). Sir Otto Niemeyer's Statement, CAF, pp. 18-29. Resolutions of the Conference, CAF, pp. 29-31. Denning who observed the Premiers' Conferences of the period insists on the failure of many present to understand what was being proposed (Denning, *Caucus Crisis*, pp. 133-34).

<sup>14</sup> C. Forster, 'The economy, wages and the establishment of arbitration', in S. Macintyre & R. Mitchell, ed., *Foundations of Arbitration: the Origins and Effects of State Compulsory Arbitration*, Oxford University Press.

The Melbourne agreement shattered federal caucus complacency. The left came into open opposition. Contrary to Schedvin's opinion, there was not a 'left-wing majority' in caucus, but in late 1930 the position of the left was bolstered by the appearance of a centre group in caucus which distrusted the NSW left but was concerned by federal economic policy. The AWU was central to this process. Some AWU-aligned MPs, such as the Victorian AWU branch president Jack Barnes, remained loyal to the government. But many AWU members were concerned about the record of the federal government. *Australian Worker* editor Henry Boote had constantly called on Scullin to tackle the money power and implement the will of the labour movement for credit expansion. The Queensland AWU, free of the constraints of state government, was another source of criticism, in particular through new federal MP William Riordan. Curtin was another AWU dissident. The New South Wales AWU leadership resented how Theodore had allied himself with the Garden group in New South Wales and felt little inclination to defend the Treasurer. When Theodore revised his views on economic policy after his resignation in July 1930 he found support among the centre, but Theodore alone did not create the centre group in caucus.<sup>15</sup>

The shift of AWU opinion was apparent at the October ALP federal executive meeting. New South Wales delegates demanded the repudiation of the Melbourne agreement. Queensland delegates, including Riordan, who condemned any attempt by Labor governments to reduce the workers' standard of living, also backed their position. The right manoeuvred to avoid an explicit condemnation of the Melbourne agreement. Both the NSW and Queensland motions were withdrawn. The final motion, moved by Falkingham from NSW and the moderate Kneebone from South Australia, did not mention the Melbourne agreement but condemned the convenient target of Niemeyer's speech to the conference. It also called for greater availability of credit to industry and renegotiation of war debts.<sup>16</sup>

The Melbourne agreement was a triumph for Stevens and Bavin, who had secured the support of Labor ministers for a deflationary economic policy. The Nationalists believed that they could win an election on a platform of allegiance to the Melbourne agreement, mistaking media approval as representative of public opinion. Bavin called an election for 26 October, a month earlier than Lang expected, even although some in the coalition wanted to delay the election until federal parliament reconvened. Nationalist optimism was shared by business and share prices advanced

Melbourne, 1989. J. Iremonger, 'Cold War Warrior', in *radi, Jack Lang*, p. 231. P. Sheldon, 'Public vs. Private Employers on New South Wales Public Works, 1890-1910', *Australian Economic History Review*, vol. 33, no. 1 (1993), pp. 51-52. Lang, *Great Bust*, p. 338. Lang, *Turbulent Years*, p. 40. Marx and subsequent Marxists were well aware of the link between public debts and capital accumulation: Marx, *Capital*, vol. 1, pp. 919-22. K. Renner, *The Institutions of private law and their Social Functions*, Routledge & Kegan Paul, London, 1949, pp. 234-35.

<sup>15</sup> AW, 14.1.31, p. 3. 4.3.31, p. 3. Young, Conflict within the NSW Labor Party, p. 323. Australian Workers Union, Central Branch, Annual Report to 31 May 1930, p. 11 in Central Branch Annual Reports 1905-32. Australian Workers' Union E154/41/1 Noel Butlin Archives Centre. SMH, 6.11.31, p. 9. Schedvin, *Great Depression*, p. 191. R. S. Gilbert, *The Australian Loan Council in Federal Fiscal Adjustments, 1890-1965*, Australian National University Press, Canberra, 1973, pp. 127, 133. Cook, 'Frank Ansley', pp. 378-79. The importance of this centre tendency was apparent in Curtin's election as parliamentary leader when Riordan rallied Queensland support for Curtin against the Queensland Forde (T. Irving, 'The Growth of Federal Authority: 1929-40', in Faulkner, *True Believers*, pp. 70-71). Irving however does not identify explicitly the emergence of a centre group.

<sup>16</sup> Federal Executive Meeting, 14.10.30, pp. 143-152.

during the campaign. The coalition campaign was dominated by the theme of the Melbourne agreement, and made a virtue of no promises. Niemeyer admitted that if Lang won the Melbourne agreement would collapse.<sup>17</sup>

The agreement provoked the labour left into frenzied activity. Shortly after the Melbourne agreement Garden and the Labor Council leadership organised a meeting of representatives of ALP affiliated union. The meeting demanded cancellation of war debts, a five-year moratorium on other debts, the repudiation of Melbourne agreement, and the mobilisation of credit and maintenance of award wages. The Australian Council of Trade Unions (ACTU) made similar demands. This call realised the worst fears of British financial opinion, which had long feared the impact of labour radicalism on the security of debts. Labor MPs and many branches reacted with hostility to any suggestion of repudiation as electorally unviable and Lang later described Garden's statement as a 'spanner in the works'. The same unionists who had supported debt repudiation in union forums accepted the concerns of politicians in party forums. On 29 August 1930 the party executive adopted a policy that denounced the Melbourne agreement and the Loan Council but supported the renegotiation of war debts rather than repudiation. TUSA supported this, although some radicals continued to support repudiation.<sup>18</sup>

Lang ran a skilful election campaign. To the exasperation of the coalition he equated Garden's advocacy of debt repudiation with Bavin's broken promises as equally undesirable. Labor's policy centered on a promise to withdraw NSW from the Loan Council and the resumption of independent borrowing for public works. Labor took the working class for granted and its specific election promises were directed to public servants, the recipients of government benefits and farmers. Labor received 55%, an increase of 9.4 percentage points on the Labor and independent Labor total of 1927. The result revealed the unpopularity of deflationary economic policies, as the electoral triumphs of both Roosevelt and Hitler were shortly to demonstrate, and the popularity of loan financing in the dominions, most recently demonstrated by Sir Joseph Ward's shock election victory in New Zealand in 1929 on a policy of borrowing £70m.<sup>19</sup>

<sup>17</sup> G. Robinson, *The New South Wales State Election 1930*, New South Wales Parliamentary Library and Department of Government, University of Sydney, Sydney, 1988, pp. 16-17. Martin Diary, 24.8.30. Attard, 'Niemeyer mission', p. 67.

<sup>18</sup> SMH, 27.8.30, p. 14. 23. 9. 30, p. 10. LD, 27.8.30, p. 6. 6. 9. 30, p. 7. 9.9.30, pp. 1, 7. Lang, *Turbulent Years*, p. 68. H. Schwarz, *In the Dominions of Debt: Historical Perspectives on Dependent Development*, Cornell University Press, Ithaca, 1989, p. 77. A. Hall, *The London Capital Market and Australia 1870-1914*, Australian National University Publications Department, Canberra, 1963, pp. 170-173, 182. T. A. Coghlan, *Labour and Industry in Australia: From the First Settlement in 1788 to the Establishment of the Commonwealth in 1901*, vol. 3, Macmillan, Melbourne, 1969, (first ed. 1918), pp. 1714-16. Resolutions of the ALP Central Executive, New South Wales Branch 29. 8. 1930 in CAF, pp. 32-34. The American constitution adopted in 1787 was more centralist than the interim one of 1783 in response to radical initiatives at the state level (M. Mann, *The Sources of Social Power*, vol. 2, *The rise of classes and nation-states, 1760-1914*, Cambridge University Press, Cambridge, 1993, p. 155).

<sup>19</sup> Robinson, *State Election 1930*, pp. 28-30. Temin, *Great Depression*, p. 82. Bassett, *State in New Zealand*, p. 166. Lang had campaigned for more borrowing in 1925 (F. Cain, 'Jack Lang, the Loan Council and the Bruce/Page Government', in Markey, *Labour and Community*, pp. 60-61). In his claim that Bavin was guilty of repudiation Lang could have cited his old *bête noire* Holman who described the reduction in public service salaries as a breach of contract (W. A. Holman, *A National Stocktaking - Some Factors in the Present Crisis*, Blennerhassett's Commercial Educational Society, Sydney, 1930, p. 21).



### 3. Labor in 'power'?

Labor was in 'power.' But what this actually meant in terms of controlling the state, and the economy, remained contested.

Lang's cabinet of ten ministers was elected on 3 November by caucus and sworn in on 4 November. Lang had the right to select his own cabinet under the resolutions of the 1928 party conference, but allowed caucus to elect ministers for the sake of 'unity'. Labor accepted without question the institution of cabinet despite a history of occasional proposals within the labour movement to replace ministers by committees of caucus members. Nor did Labor bring ministers in from outside parliament, although there was no constitutional obstacle to this in New South Wales.<sup>20</sup>

Ministerial departments accounted for only a small portion of the administrative structure of New South Wales. Outside the departments lay a mass of boards and commissions. Departmental staffs were in constitutional terms delegates of the minister, who was responsible for their acts. In practice a minister could not be held responsible for each administrative action. The amount of routine paperwork involved in trying to exercise this responsibility actually hampered the ability of ministers to take a broader view. Statutory authorities were legally responsible for their own actions but ministers, particularly Labor and Country Party, sought to influence their actions. The line between departments and statutory authorities was unclear in practice. Labor politicians were distrustful of the conservative propensity for vesting public functions in unaccountable boards. Labor moderates championed the ministerial department as the preferred option for accountability. Radicals were sceptical of the departmental form and experimented with forms of the statutory corporation that were subject to political control, or staffed by Labor supporters. After Labor's election some predicted a purge of the public service but statutory authorities were the focus of government attention.<sup>21</sup>

Cabinet was elected by a simple majority vote in which, each caucus member held the same number of votes as ministers to be elected (ten in 1930). An organised majority could thus make a clean sweep. The cabinet ballot revealed that division persisted within the party and that Lang's position in caucus was not as unchallenged as some argue. The push by the Inner Group for party unity meant that some critics of Lang were endorsed and elected in 1930. Lang denied he ran a ticket but there was certainly one on his behalf. Party officials, unionists and activists such as

<sup>20</sup> *The Sun*, 1.11.30, p. 13. *SMH*, 29.10.30, p. 13. 5.11.30, p. 13. D. J. Murphy, *T. J. Ryan: a Political Biography*, University of Queensland Press, Brisbane, 1975, p. 103. J. D. B. Miller, 'Party Discipline', in Hughes, *Government*. Moore, 'Political Systems', in Atkinson, *Australia*, pp. 117-18. C. Sharman, O. Hughes & K. Tiffin, 'State Premiers', in Galligan, *State Politics*, p. 235. In 1925 Lang had appointed Willis to the Legislative Council and brought him straight into cabinet.

<sup>21</sup> *The Official Year Book of New South Wales 1931-32*, Government Printer, Sydney, 1933 (hereafter *OYB 1931-32*), p. 24. RCPubS, *Evidence*, q. 6546 (A. Griffith). Parker, *Government*, pp. 144-46. R. Wettenthal, 'Federal Labor and the Statutory Corporation Under Matthew Charlton' (1964) in R. Wettenthal, *Public Enterprise and National Development: Selected Essays*, Royal Australian Institute of Public Administration (ACT), Canberra, 1987, p. 39. Sawyer, *Federal Politics and Law, 1901-29*, pp. 234-35. *Daily Pictorial*, 1.11.30, p. 5. *SW*, 8.11.30, p. 8.

Graves and Donald Grant were present in parliament during the ballot even if not in the caucus room.<sup>22</sup>

The voting for positions reveals that Lang held a dominant, but not invincible position, in caucus.

Table 3.5 First ballot votes for election of Lang ministry

#### First ballot votes for election of Lang ministry

|                  |    |
|------------------|----|
| Dunn             | 39 |
| McGirr           | 39 |
| Gosling          | 37 |
| Davies           | 36 |
| Davidson         | 35 |
| Baddeley         | 35 |
| Larnoro          | 32 |
| Tully            | 32 |
| Ely              | 30 |
| Lysaght          | 27 |
| McKell           | 26 |
| Cahill           | 22 |
| Kelly            | 21 |
| Scully           | 18 |
| Flannery         | 17 |
| Lazzarini        | 16 |
| McDicken         | 15 |
| Butler           | 13 |
| Clarke           | 11 |
| Hoad             | 10 |
| Clyne            | 9  |
| Keegan           | 9  |
| Quirk            | 4  |
| Stuart-Robertson | ?  |

(*SMH*, 4.11.30, p.9).

Nine candidates polled over thirty votes (half of caucus) and were elected on the first ballot. This showed the high extent of ticket voting. A second ballot was held for the tenth position. William McKell defeated Lang's favoured candidate Andrew Lysaght by an unknown margin. Lang then asked caucus for the right to nominate an additional member of cabinet. Caucus agreed and he then nominated Lysaght. A ballot followed to select a honorary minister in the Legislative Council. Joseph Concannon, Lang's favoured candidate, won on first count with 29 votes, from Frank Spicer and Joseph Coates each with 12. The Councillors voted alone to choose Coates, a long time opponent of Lang, as chair and John Culbert, a Lang loyalist, as secretary. The result showed Lang's lack of support among the Councillors, which had been apparent in earlier ballots.

<sup>22</sup> Martin, no friend of the Inner Group, was surprised by the conciliatory attitude of Inner Group figures during his preselection campaign (Martin Diary, 19.4.30, 30.6.30). Evatt, *Holman*, p. 253. Hagan & Turner, *Labor Party*, p. 130. Nairn, *Big Fella*, p. 211. Lang, *Great Bust*, p. 272. ML MSS 4603 MLK 03985, Transcript of interview by R. J. Carr with Sir William McKell (1981), p. 23. V. Kelly, *A Man of the People: From Boilermaker to Governor-General: The Career of the Rt. Hon Sir William McKell*, Alpha Books, Sydney, 1971, p. 59. *Sydney Mail*, 29.10.30, p. 25. *SMH*, 4.11.30, p.9. *The Sun*, 2.11.30, p. 5. Martin Diary, 5.11.30.

Lang had another minor defeat when Joseph Cahill defeated Lang loyalist John Quirk for caucus secretary.<sup>23</sup>

Of the ten ministers elected only William Dunn and Mark Davidson had been in the anti-Lang group in 1927, but both were probably on the Lang ticket. Dunn, a veteran country MP, known for his keenness to be on the winning side, was reconciled to Lang and his expertise in agricultural policy was well known. Dunn's high vote reflects the likelihood that he drew votes from anti-Lang rural MPs. Davidson had been an early defector from the anti Lang camp in 1927. Although an AWU member his politics reflected the radicalism of the Barrier rather than the AWU leadership. James McGirr was a Lang loyalist but personally popular in caucus. McKell's vote demonstrated his personal following. The former ministers Lazzarini and Flannery and the rural MPs Clark, Hoad, Kelly and Scully would have won support from Lang's opponents. Another group of ministerial contenders were in neither camp. Keegan and Stuart-Robertson were undistinguished veteran MPs who had served in Lang's 1927 cabinet. They were probably excluded from the Lang ticket for McGirr and Davidson. Butler had been offered Lang's support for caucus secretary, but instead ran for the ministry and his 13 votes contributed to Lysaght's poor showing. Quirk and Clyne were Lang supporters who ran independently.<sup>24</sup>

The ballot revealed a high level of factionalism in the parliamentary ALP. It contrasted with the federal caucus ballot of 1929 in which few MPs followed tickets. Cahill's victory and Lysaght's defeat indicates Lang did not completely control caucus, but had the ministry he wanted, apart from McKell.<sup>25</sup>

Lang allocated portfolios. His decision to take the Treasury, as he done in 1925-27, was then unusual, although it later became common practice. It reflected his concern with financial affairs. During the party struggles of 1927 Lang had constituted a cabinet of loyalists without reference to caucus and the five ministers who remained from this cabinet all returned to their old portfolios. This group included one lawyer in Lysaght. Of the other two lawyers Lang valued the legal talents of Joseph Lamaro, elected in 1927, and gave him the second legal portfolio of Justice. McKell received the minor portfolio of Local Government despite his longer parliamentary service. Dunn was a natural for agriculture and the other rural portfolio of Lands went to Jack Tully, a former Lands Department employee, and one of the few country MPs to support Lang in 1926-27. Deputy-leader Baddeley carried two departments, Mines and Labour and Industry, but was granted an assistant minister. Concannon relieved Willis' heavy burden representing the government in the Council.<sup>26</sup>

<sup>23</sup> *Daily Guardian*, 4.11.30, p. 5. *SMH*, 4.11.30, p.9. 26.11.30, p. 16. *The Sun*, 4.11.30, p. 13. Lang, *Great Bust*, p. 273. K. Turner, *House of Review? The New South Wales Legislative Council, 1934-68*, Sydney University Press, Sydney, 1969, p. 14.

<sup>24</sup> Lang, *I Remember*, p. 327. Lang, *Great Bust*, p. 272. Sir William McKell papers, ML MSS 4603, Second Interview, p. 27, MLK 03985. Nairn, 'Big Fella', p. 151. *Daily Guardian*, 4.11.30, p.9. *The Sun*, 4.11.30, p. 13. In 1941 McGirr was the only Langite included on McKell's cabinet ticket (D. Clune, 'McGirr, James (1890-1957)', in J. Ritchie, ed., *Australian Dictionary of Biography*, vol. 15, 1940-80, Melbourne University Press, Melbourne, 2000, p. 216.

<sup>25</sup> Weller, *Caucus Minutes*, p. 349 n1.

<sup>26</sup> Hawker, *Parliament*, pp. 46-7. Lang, *Great Bust*, p. 273. W. Lowenstein, *Weevils in the Flour: An oral record of the 1930s depression in Australia*, Scribe, Melbourne, 1981 (first. ed. 1978), p. 91. Sir William McKell ML MSS MLK 4603, Transcript of interview by R. J. Carr with Sir William McKell (1980), p. 23.

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Table 3.6 Lang ministry elected November 1930<sup>1</sup>

## Lang Ministry Elected November 1930

|          | Portfolio                        | Age Years in parliament | Religion        | Former union official | Occupation        |
|----------|----------------------------------|-------------------------|-----------------|-----------------------|-------------------|
| Lang     | Premier and Treasurer            | 53                      | 17 Catholic     | No                    | Real Estate Agent |
| Baddeley | Labour & Industry, Mines         | 48                      | 8 Anglican      | Yes                   | Coal Miner        |
| Davidson | Works and Railways               | 61                      | 12 Catholic     | No                    | Labourer          |
| Davies   | Public Instruction               | 47                      | 13 Methodist    | No                    | Coal Miner        |
| Dunn     | Agriculture and Forests          | 53                      | 20 Anglican     | No                    | Teacher           |
| Ely      | Assistant Labour & Industry      | 51                      | 7 ?             | Yes                   | Journalist        |
| Gosling  | Chief Secretary                  | 44                      | 10 Anglican     | Yes                   | Painter           |
| McGirr   | Health                           | 40                      | 7 Catholic      | No                    | Pharmacist        |
| Tully    | Land                             | 44                      | 5 Catholic      | No                    | Public Servant    |
| Lamaro   | Justice                          | 35                      | 3 Catholic      | No                    | Public Servant    |
| McKell   | Local Government                 | 39                      | 13 Anglican     | Yes                   | Boilermaker       |
| Lysaght  | Attorney-General                 | 57                      | 5 Catholic      | No                    | Solicitor         |
| Willis   | Executive Council Vice-President | 54                      | 5 Church of God | Yes                   | Coal Miner        |

<sup>1</sup> Ely had entered parliament in 1920 but was out of parliament in 1922-25. The occupation given is that before entry to parliament, except for paid union officials where it is their occupation prior to union office. Lamaro was a barrister. Davidson began his working career as a labourer, but became a shopkeeper after losing an eye in an industrial accident. Willis was cremated with Anglican rites but had been a preacher for the Church of God. Ely donated his body for medical research, but had been a member of Willis' Industrial Christian Fellowship. Unless stated otherwise all biographical information on Labor MPs in this work is drawn from: H. Rudi, P. Spearitt & E. Hinton, *Biographical Register of the New South Wales Parliament 1901-1970*, Australian National University Press, 1979, Canberra.

It was a fairly strong cabinet. Of the five new ministers Tully and McGirr were to serve in the McKell government. McGirr was Premier in 1947-52. Lamaro was later a District Court Judge. The factionalised nature of caucus enabled Lang to dispense with undistinguished veterans such as Keegan and Stuart-Robertson. The government largely escaped the problem Scullin faced of talented backbenchers making trouble. Compared to the federal government the Miners' Federation was strongly represented, but Davidson was the only minister with an AWU background, and he had never been a paid official of the union. Four members of federal cabinet, including the Prime Minister, were from the AWU. Lang's ministers were only slightly younger than Scullin's but they had an average of nine years parliamentary service as opposed to federal ministry's average of 14. The percentage of Catholics was similar, but Lang's Catholicism was nominal compared to the devout Scullin. The Protestant radicalism of the lay preachers Willis and Davies and the teetotaler Mason Gosling represented a tradition that would be weaker in future Labor governments. Compared to Scullin's ministry more were born overseas.<sup>1</sup>

Lang's political style demonstrated a mistrust of others, a belief in the power of self-interest, which led to a toleration of corruption, and a propensity to pass a harsh judgment on human weakness. He delighted in the image of himself as remote and unpredictable, indifferent to social graces, and capable of revenging himself on those who underestimated him.<sup>2</sup>

Lang's record of political effectiveness reveals that for much of his active career he was willing to work with those who had the skills he lacked. Lang's willingness to have a strong cabinet contrasts with the image of him as a dictatorial figure that ignored caucus and cabinet. The survival of his government in 1926 demonstrated this. Lang was uncomfortable dealing with organised groups, preferring to relate to the population as a mass of suffering individuals rather than as an organised collectivity that might make demands of him, instead of pleas for help. As Premier Lang relied successfully on go-betweens, such as Willis in 1925-27 and Garden and Baddeley in 1930-32, to deal with unions.<sup>3</sup>

Lang's style of leadership was more contemporary than the Premiers of the long boom. Bolte or Playford operated through a few administrative advisers and used cabinet positions as a reward for loyalty rather than talent. This style reflected the consensus politics of the postwar period;

<sup>1</sup> Crisp, *Chifley*, pp. 143-44. *The Bulletin*, 12.11.30, p. 10. J. Spierings, *A Brush With History: The Painters Union and the Australian Labour Movement*, Hyland House, Melbourne, 1994, p. 133. The overseas-born were disproportionately represented among Labor parliamentarians in the party's early years (J. Rickard, *Class and Politics: New South Wales, Victoria and the Early Commonwealth, 1890-1910*, Australian National University Press, Canberra, 1976, pp. 260-61).

<sup>2</sup> Lang, *I Remember*, pp. 21, 216, 240, 287. Lang, *Great Bust*, p. 334. Lang, *Turbulent Years*, p. 55. J. Edwards, *Keating: the Inside Story*, Penguin, Melbourne, 1996, pp. 62-63. Lowenstein, *Weevils in the Flour*, p. 93. *Premiers' Conference February 1932*, p. 11. Dixon, *Greater than Lenin*, p. 19. Young, *Impact of J. T. Lang*, p. 41. Young, *Conflict within the NSW Labor Party*, p. 260n342.

<sup>3</sup> A. Calwell, *Lang Was Never Right*, [ALP (Victoria)], Melbourne, [1948?], p. 13. Dixon, *Greater than Lenin*, p. 33.



state politics revolved around the pursuit of development and oppositions were usually ineffective. Recent state Premiers have placed a greater emphasis on ministerial competence and on the development of cabinet as a collective team to manage scarce resources. Lang's style was intermediate between the two.<sup>4</sup>

Lang adopted the style of a popular tribune, and gained reassurance from public devotion but, unlike figures such as Jim Cairns or Frank Anstey, he did not display the ambivalence to the holding of power that Lasswell identifies as characteristic of the tribunist leader. Even McKell considered Lang was a good administrator. Lang would never have concluded, as did some Whitlam government ministers, that government was ineffective as a means to social change. A comfort with power informed Lang's attitude to bureaucrats. If Lang disliked an individual bureaucrat he applied his tools of indifference and insult but Dixon is wrong to identify a consistent pattern of hostility to bureaucrats as authority figures. Lang rewarded bureaucrats who could assist in the implementation of his policies. To Lang the role of lawyers and public servants was to implement government policy and like Margaret Thatcher, but unlike McKell, Lang did not employ independent enquiries to determine policy. The Royal Commissions held during his term were restricted to answering specific questions.<sup>5</sup>

#### 4. Fiscal crisis and state response

##### (a) The financial position

State governments had always employed short-term advances from banks to cover seasonal deficiencies, but like American local governments of this period, the NSW government was now taking advances from banks it had no hope of repaying in the short-term. The Bavin government went to the polls, not only without a budget, but also without supply for after 30 September. From 1 October all New South Wales government expenditure was technically illegal. Government and opposition largely agreed on the magnitude of the short-term debt.<sup>6</sup>

<sup>4</sup> J. Halligan, 'State Executives', in Galligan, *State Policies*, p. 41.

<sup>5</sup> H. Lasswell, *Psychopathology and Politics*, University of Chicago Press, Chicago, 1977, pp. 79, 262. ML MSS 4603 MLK 03985, Transcript of interview by R. J. Carr with Sir William McKell (1981), p. 16. Weller & Grattan, *Can Ministers Cope?*, pp. 2, 180. Lang, *I Remember*, p. 177, 232-34, 261. Lang, *Turbulent Years*, pp. 37-38, 128, 131. J. T. Lang, *Why I Fight!*, The Labor Daily Ltd., Sydney, 1934, p. 282. Young, *Impact of J. T. Lang*, p. 39. Young, *Conflict within the NSW Labor Party*, p. 253n272. Dixon, *Greater than Lenin?*, p. 27. D. Clune, 'The McKell Style', in M. Easson, ed., *McKell: The achievements of Sir William McKell*, Allen & Unwin, Sydney, 1988, p. 122. C. Ham & M. Hill, *The Policy Process in the Modern Capitalist State*, Harvester Wheatsheaf, London, 1993, p. 3. Expenditure on Royal Commissions and public enquiries etc. fell from £18,493 in 1929-30 to £313 in 1930-31 and £1,191 in 1931-32 (SR 1934-35, p. 153).

<sup>6</sup> S. Erie, *Rainbow's End: Irish-Americans and the Dilemmas of Urban Machine Politics, 1840-1985*, University of California Press, Berkeley, 1988, pp. 111-12. Auditor-General, *Report...30 June 1931*, NSWPP, 1930-32, vol. 3, p. 9.

Table 3.7 NSW public sector liabilities, November 1930 (£)

##### New South Wales Public Sector Liabilities, November 1930

| London                                  | £            | Date due |
|---|--------------|----------|
| Advances by Sydney Banks                | 1,000,000    |          |
| Advances by Vic. & Qld. Banks           | 1,119,528    |          |
| Advances by Commonwealth Government     | 4,502,524    |          |
| Overdraft with London bankers           | 2,953,860    |          |
| NSW portion Commonwealth Treasury Bills | 1,617,197    | 31.12.30 |
| NSW portion Commonwealth Treasury Bills | 1,928,055    | 2.3.31   |
| <b>Sydney</b>                           |              |          |
| Credit Balance                          | (+)1,280,105 |          |
| Securities                              | (+)1,698,769 |          |
| Treasury Bills                          | 1,500,000    | 15.11.30 |
| Treasury Bills                          | 2,000,000    | 1.12.30  |
| London Interest Payments                | 1,971,947    |          |

(SMH, 8.11.30, p.13 (Bavin). NSWPD, vol. 124, pp. 51-62. Lang and Stevens, 27.11.30. Lang cited a higher figure for the London overdraft).

Lang insisted his government would live within its income and balance the budget.<sup>7</sup> To attempt this the government would resort to three techniques: raising taxes, securing further short-term credit and pruning the estimates of recurrent expenditure.

New South Wales was the second colony to impose income tax and land tax in 1895, and the first to introduce death duties in 1865. From federation taxpayers bore a double burden of state and federal taxation. The major expansions of federal taxation were in crisis times: income tax in 1915 and sales tax in 1930. In 1930-31 total Commonwealth taxation was £50.4m, and £18.2m was collected in New South Wales. Total state taxation was £29.1m.<sup>8</sup>

In 1930-31 the NSW government raised £16,183,229 in taxation. Some 38.2% was raised by normal income taxation and a further 27% by the unemployment relief tax which was imposed on income, 9.2% was raised by probate, and 7.7% by motor vehicle charges. Per head of population this was £6.48 per annum. About one in ten breadwinners paid state income tax. The average state taxation assessed per taxpayer in 1930-31 was £21.7.<sup>9</sup>

<sup>7</sup> NSWPD, vol. 124, p. 51. Lang, 27.11.30.

<sup>8</sup> Royal Commission on Taxation (RCT), *Fourth report*, p. 211. CPP, 1934-37, vol. 3, pt. 2. *Finance Bulletin*, no. 22, 1930-31, tables 6, 36. In 1931-32 there were 85,816 individual federal taxpayers in New South Wales (Commissioner of Taxation, *Sixteenth Report for the Years 1929-30, 1930-31, 1931-32, 1932-33 and Part of 1933-34*, p. 41. CPP, 1932-34, vol. 4, Pt. 2).

<sup>9</sup> OYB 1931-32, pp. 374-75, 378.

Table 3.8 NSW state taxation collections 1929-31 (£)

## New South Wales State Taxation Collections 1929-31

## Individual State Income Tax 1929-31

|                        | 1928-29   | 1929-30   | 1930-31   |
|------------------------|-----------|-----------|-----------|
| Individuals            | 119,507   | 135,459   | 121,567   |
| Tax Assessed (£)       | 2,937,594 | 2,937,594 | 2,125,615 |
| Tax per Assessment (£) | 24.58     | 21.69     | 17.49     |

## Companies State Income Tax 1929-31

|                        | 1928-29   | 1929-30   | 1930-31   |
|------------------------|-----------|-----------|-----------|
| Companies              | 3,346     | 3,946     | 3,418     |
| Tax Assessed (£)       | 4,618,594 | 4,404,311 | 3,123,846 |
| Tax per Assessment (£) | 1380.33   | 1116.15   | 913.94    |

(OYB 1931-32, p.378).

By 1930 the states' ability to borrow money was constrained. Federation left the states with their public debts while removing their tariff revenue. The Commonwealth Constitution provided that the Commonwealth could take over responsibility for state public debts (s.105). In part this provision reflected business fears that states influenced by Labor might be unreliable debtors. In 1910 a referendum enabled the Commonwealth to take over state public debts accrued since Federation. In the 1920s both the state and federal governments entered the loan market for infrastructure development, and war debts were an additional burden on the Commonwealth. In 1923 a voluntary Loan Council was established between the states and the Commonwealth to co-ordinate borrowing. In 1925 New South Wales withdrew from the Council following Lang's election as Premier. By the mid 1920s there was growing concern in London about the soundness of Australian borrowing. In 1927 following Lang's defeat an agreement was reached between the states and the Commonwealth to constitute the Loan Council on a permanent basis. An agreement made in 1927 established the Loan Council, with two representatives from the Commonwealth and one from each state, with the Commonwealth holding a casting vote. The Council was to determine the total borrowing of the states, which was to be undertaken by the Commonwealth on their behalf and allocate it between the states, and took over public debts of the states. In 1928 a referendum ratified a new section (s. 105A) of the Commonwealth constitution. It enabled the Commonwealth to make agreements with the states in respect to their public debts, including in relation to the borrowing of money by the states and Commonwealth, and to make laws to give effect to this, which would overrule any constitutional provision or state or federal law. The Loan Council made Australia unique among federations in the level of central government scrutiny of federal unit borrowings that it imposed.<sup>10</sup>

<sup>10</sup> Schwartz, *Dominions of Debt*, pp. 73, 77-78, 100. R. Matthews & W. Jay, *Federal Finance: Intergovernmental Financial Relations in Australia Since Federation*, Nelson, Melbourne, 1973, pp. 42-135, 65, 106-07. The Financial Agreement is a schedule to the Financial Agreement Validation Act No. 4 of 1929 (Commonwealth). Gilbert, *Australian Loan Council*, pp. 31-100. Lang, *I Remember*, pp. 235-41. Sawyer, *Federal Politics and Law, 1901-29*, p.

Table 3.9 Australian public debts, per capita, 1931 (£)

## Australian Public Debts per capita, 30 June 1931

|          | Overseas | Australian | Total  |
|----------|----------|------------|--------|
|          | £        | £          | £      |
| NSW      | 71.08    | 43.73      | 114.81 |
| Victoria | 37.79    | 54.54      | 92.33  |
| Qld      | 74.15    | 43.3       | 117.45 |
| SA       | 77.4     | 94.12      | 171.52 |
| WA       | 114.7    | 69.23      | 183.92 |
| Tas      | 63.29    | 43.34      | 106.63 |
| Total    | 65.44    | 52.84      | 118.28 |

(Finance Bulletin, no. 22, 1930/31, Table 54).

The 1930-31 NSW interest bill was £14.2m; 40.4% due in Australia, 55.1% in London and the rest in New York. As a percentage of gross receipts from government and public business undertakings this was 37.8%; well above the previous crisis levels of 24.4% in 1896-97. Unlike some other states successive NSW governments had financed most infrastructure by bank overdrafts, and then raised loans to finance these overdrafts. This technique meant that the state was more exposed to any reduction in loans. Supply bills introduced by Lang in late November itemised further loan expenditure but gave no information on how these loans would be raised.<sup>11</sup>

The availability of foreign capital reduced the constraint on current consumption that economic growth would otherwise have required. As in Weimar Germany capital inflow countered the negative impact of working-class power on capital accumulation.<sup>12</sup> Voters had a material interest in conciliating foreign investors, lest investors take flight.<sup>13</sup>

262. Senate Select Committee on the Functions, Powers and Operation of the Australian Loan Council (SSCLC), *Third Report*, Parliament of the Commonwealth of Australia, Canberra, 1993, p. 5.

<sup>11</sup> OYB 1931-32, pp. 392, 415. A. Boehm, *Prosperity and Depression in Australia 1887-1897*, Clarendon Press, Oxford, 1971, p. 174. Schedvin, *Great Depression*, pp. 104-05, 176. NSWPD, vol. 124, p. 36. Farrer, 27.11.30.

<sup>12</sup> Cairns, *Welfare State*, p. viii. Sheldon, *Maintaining Control*, p. 3. Connell & Irving, *Class Structure in Australian History*, p. 279. Abraham, *Collapse of the Weimar Republic*, pp. xviii-xix, 6. J. Schumpeter, *Capitalism, Socialism and Democracy*, Harper Torchbooks, New York, 1975 (first ed. 1942), p. 372. W. A. Lewis, *Economic Survey 1919-1939*, Unwin University Books, London, 1949, pp. 40-41. Some British bankers noted parallels between Australia and Germany (Sir Granville Ryrie, High Commissioner in London to S. M. Bruce, Prime Minister, 15.12.27 in Reserve Bank of Australia (RBA) (1993), *Documents on Australian Monetary and Financial History 1901-1951*, vol. 1, Reserve Bank of Australia, Sydney, p. 149.

<sup>13</sup> The most famous case was the London loans embargo to Labor-governed Queensland (T. Cochrane, *Blockade: The Queensland Loans Affair 1920 to 1924*, University of Queensland Press, Brisbane, 1989), but there were similar boycotts against radical American state governments in the same period (Valelly, *Radicalism in the States*, p. 32). A non-Labor dominated Senate committee linked capital inflow to the preservation of white Australia (Select Committee on the Central Reserve Bank Bill (SCCRB), *Report*, p. x, CPP, 1929-31, vol. 1 (Senate)). In April 1932 Stevens pointed to the sacrifices Soviet workers were enduring because Soviet loan default had made it impossible to raise foreign loans (SMH, 28.4.32, p.9). Hall suggests fear of Australian socialism may have had a deterrent impact on British investment in Australian company shares and public bonds as early as 1906 (Hall, *London Capital Market*, pp. 181-85).

Beyond this pattern it is difficult to see a clear political impact on loan financing. Developmental factors probably contributed to the high debt in Western and South Australia, although much borrowing was for urban infrastructure. The low debt in Victoria may have due to Labor's weakness in the state. Queensland's lower debt compared to Western Australia supports the view that governments in a strong electoral position are more likely to rely on taxes. The NSW public debt rose 12.4% under Bavin compared to 7.5% nationally in the same period. This supports the argument that a conservative government may prefer debt financing because public fear of default under a left-wing government may cost a left party support.<sup>14</sup>

New South Wales governments paid interest on public borrowings that were not earning income. The state borrowed heavily during the 1920s for rural and urban infrastructure required as a result of suburban growth and closer rural settlement. To 30 June 1931 NSW had expended £275.5m in loans. £137.4m was on railways, which were losing money, £8.7m on land purchased for settlement and £12.1m on public buildings. During the 1930 election campaign Labor promised to finish uncompleted works and thus make them productive but the only public works earning a profit were water supply and harbours, which accounted for 16.6% of total loan expenditures.<sup>15</sup>

Until the late 1920s state governments covered short-term revenue deficiencies by bank overdraft. The financial agreement specifically exempted loans for 'temporary purposes', such as these overdrafts, from its scrutiny. This provision was included on Lang's insistence. Later Labor governments employed this temporary exemption to evade the Loan Council. In this period the reverse occurred as the Loan Council took control over temporary borrowings, so that all government expenditures, not just infrastructure loans, came under Council (and bank) scrutiny. A crucial stage in this process was the replacement of bank overdrafts by 'Treasury bills' as preferred temporary government finance. This followed a visit by the Comptroller of the Bank of England in 1927. Treasury bills were government debentures that governments sold to the banks for a sum less than their discount. At the expiry of the bill the government was obliged to purchase back the bills at their face value. The fact that they had a fixed life distinguished them from overdrafts. The Commonwealth Bank undertook to discount them at any stage during their currency.<sup>16</sup>

<sup>14</sup> Social welfare was less developed in Victoria even before federation (R. Mendelsohn, *The Condition of the People: Social Welfare in Australia 1900-1975*, George Allen & Unwin, Sydney, 1979, p. 94). B. U. Ratchford, *American State Debts*, AMS Press, New York, 1966 (first ed. 1941), p. 541. Fuchs, *Mayors and Money*, pp. 8, 239. P. Aghion & P. Bolton, 'Government domestic debt and the risk of default', in R. Dornbusch & M. Draghi, eds., *Public debt management: theory and history*, Cambridge University Press, Cambridge, 1990, p. 317. New South Wales was the most politically competitive state in Australia: between 1913 and 1935 no government was re-elected (counting Holman's Labor and Nationalist administrations as separate). In the USA strong party competition in the 1920s was associated with more generous social programs (J. T. Patterson, *The New Deal and the States: Federalism in Transition*, Princeton University Press, New Jersey, 1969, pp. 162-63).

<sup>15</sup> *Finance Bulletin*, no. 22, 1930-31, table 49. *SMH*, 24.9.30, p. 15.

<sup>16</sup> N. G. Builin, *Investment in Australian Economic Development 1866-1900*, Department of Economic History, Research School of Social Sciences, Australian National University, Canberra, 1972 (first ed. 1964), pp. 383-85. Financial Agreement, s. 3 (g). Gilbert, *Loan Council*, p. 129. Campbell, *State Public Finance*, pp. 161, 175. SSCLC, *Third Report*, p. 33. P. Kelly, *November 1975: the Inside Story of Australia's Greatest Political Crisis*, Allen &

In early October the Bavin government had raised £1.5m in bills due on 30 November. After the election but before Lang's appointment it raised another 2m in bills due on 15 December. A priority for Labor was the renewal of these bills. Lang raised the matter at the Loan Council meeting of 11 November, which agreed that Lang and Lyons would deal with the matter.<sup>17</sup>

During the week of 17 November Lang met with local banks to discuss the outstanding Treasury bills. The banks were reluctant to renew the bills and cited their shortage of cash. Lyons, together with Victorian Premier Hogan, discussed the state of the public finances with representatives of the Commonwealth Bank and the trading banks on 17 and 18 November. The banks made clear their concern about the state of public finances and the need to deal with the NSW Treasury bills. On 27 November Lang proposed to Lyons that as the state's traditional bankers were no longer able to cover the state's requirements, the Commonwealth approach the trading banks through the Commonwealth Bank chairman to arrange temporary financial accommodation for all Australian governments. The banks seized on this suggestion at a conference in Sydney on 10 to 12 December. They proposed that all borrowings by governments, including Treasury bills and overdrafts, should be treated by the Loan Council under the heading of borrowing, so that any advances to governments by banks would have to be reviewed in light of the total. This policy was justified on the basis that the Melbourne agreement had included revenue commitments. The banks drew particular attention to the perilous financial position of New South Wales, even though as Giblin notes, on a per capita basis South Australia and Western Australia were in greater difficulties, and called for the development of a national scheme of financial reconstruction. Lang's intent had been to tap additional banks for financial support, but the banks, encouraged by Gibson, had seized on his proposal to effectively amend the Financial Agreement to increase their power. Soon *Labor Daily* would be complaining that governments were prevented from making their own arrangements with their bankers.<sup>18</sup>

The need for New South Wales to seek short-term financial support in Australia resulted from the fall in tax receipts combined with the high levels of public expenditure in New South Wales. The headings under which governments classify their expenditure have changed but a comparison of

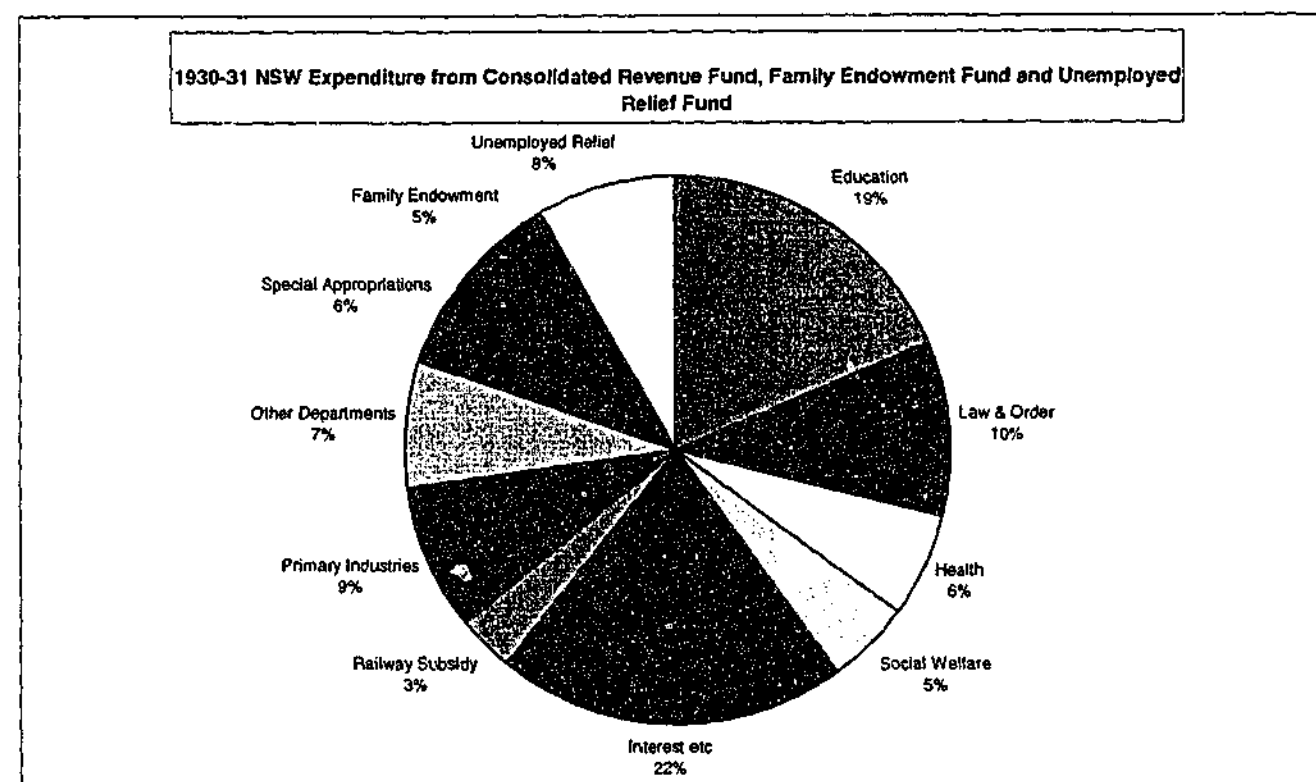
Unwin, Sydney, 1995, pp. 91-93. C. Saunders, 'Government Borrowing in Australia', *Melbourne University Law Review*, vol. 17, no. 2 (1989), p. 198. F. Bland, *Budget Control: an introduction to the financial system of New South Wales*, Angus & Robertson, Sydney, 1931, p. 87. L. F. Giblin, *The Growth of a Central Bank: The Development of the Commonwealth Bank of Australia, 1924-1945*, Melbourne University Press, Melbourne, 1951, pp. 38-43. Matthews & Jay, *Federal Finance*, p. 115. Royal Commission to Inquire into the Monetary and Banking Systems (RCMB), *Report*, p. 54, *CPP*, 1934-37, vol. 5. *NSWPD*, vol. 124, p. 56. Stevens, 27.11.30. Lang, *Great Bust*, p. 338.

<sup>17</sup> Loan Council Minutes, 11.11.30, pp. 4-5. J. T. Lang to J. A. Lyons, 27.11.30, in *CAF*, pp. 81-83.

<sup>18</sup> *NSWPD*, vol. 124, p. 56. Stevens, 27.11.30. R. Holder, *Bank of New South Wales: A History*, vol. 2, 1894-1970, Angus & Robertson, Sydney, 1970, p. 676. Loan Council Minutes, 11.11.30, pp. 4-5. *SMH*, 15.11.30, p. 16. 17.11.30, p. 9. 19.11.30, p. 13. J. T. Lang to J. A. Lyons, 27 November 1930 in *CAF*, pp. 81-82. R. Gibson to J. A. Lyons, 13.12.30 in *CAF*, pp. 83-88. Giblin, *Central Bank*, pp. 86, 89. Schedvin, *Great Depression*, pp. 198-200. Gilbert, *Loan Council*, p. 135. *LD*, 20.1.31, p. 1. Section 6 of the Financial Agreement enabled the Commonwealth to undertake temporary borrowing but there were in theory no limits to the overdrafts that the Commonwealth Bank could grant (Matthews & Jay, *Federal Finance*, p. 115).

New South Wales in 1930-31 and Victoria sixty years later, both Labor governments in financial difficulties, is instructive. It shows the shift of state government priorities away from infrastructure to social services but also the continued importance of interest commitments.

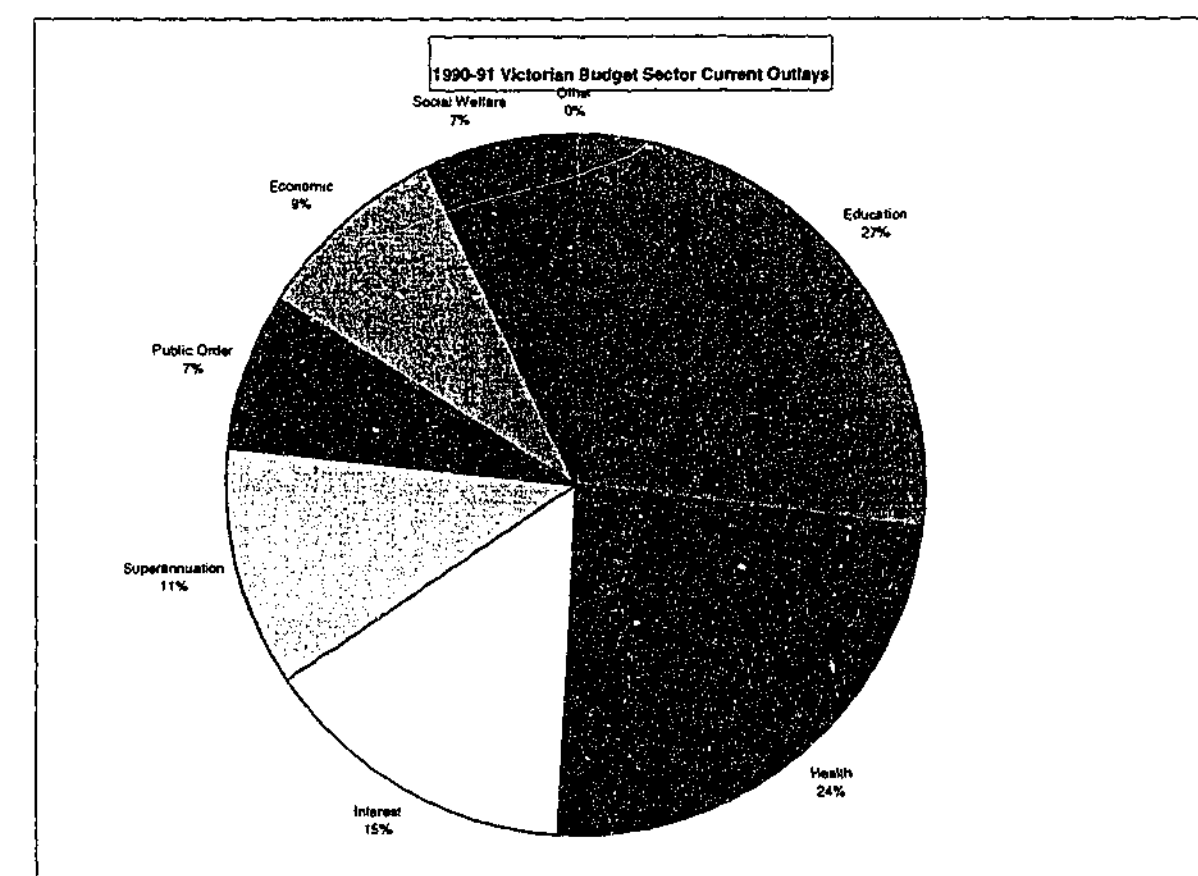
Chart 3.3 1930-31 NSW government expenditure by category (%)



(OYB 1931-32, pp. 259, 397).<sup>19</sup>

<sup>19</sup> Law and order is the total of Police and Attorney-General & Justice, Social Welfare is the total of Widows Pensions and Child Welfare. Interest etc. is the total of Treasury interest and Exchange expenditure, interest on the portion of funded debt and sinking fund expenditure. Primary industries is the total of Treasury expenditure on the Coal Settlement Agreement, and of the expenditure of the Departments of Public Works, Agriculture, Lands, Water Conservation, Mines and Forests. Other Departments is the total of expenditure on the State Lottery, Other Treasury expenditure, and the Departments of Chief Secretary (excluding the Police), Local Government and Premiers).

Chart 3.4 1990-91 Victorian budget sector current outlays by category (%)



(Independent Review of Victoria's Public Sector Finances (IRVPSF), *State Finance Victoria*, the Review, Melbourne, 1992, p. 257).<sup>20</sup>

The high level of public expenditure in NSW contributed to its budgetary difficulties. In 1928-29 the state spent £1.24 per head each year on social services. Queensland, where Labor had ruled since 1915, was its nearest competitor spending £0.57 per head. Victoria spent only £0.34. As Jim Cairns argued the welfare state in Australia was a product of working-class political mobilisation. The ratio of public expenditure to state production rose during Lang's first government. In 1927-30 New South Wales had the highest level of per capita public expenditure of any state. It spent significantly more per head on transport, education and health. The largest single component of consolidated revenue fund expenditure was public sector wages and salaries, some 37.7% in 1929-30.<sup>21</sup>

<sup>20</sup> Recreation and Housing is included under Social Welfare.

<sup>21</sup> B. S. B. Stevens (Premier), *Financial Statement*, (21. 9. 32), *NSWPP* 1932-35 parliament, 2nd session, vol. 1, p. 15. *Finance Bulletin*, no. 22, 1930/31, table 43. *SR* 1934-35, p. 153. Cairns, *Welfare State*, pp. vi-vii.

**Table 3.10 Ratio of per capita public expenditure to per capita production**

**Ratio of Per Capita Public Expenditure to Per Capita Production in Principal Industries (1922-23 = 100)**

|         |     |
|---------|-----|
| 1922-23 | 100 |
| 1923-24 | 101 |
| 1924-25 | 95  |
| 1925-26 | 104 |
| 1926-27 | 103 |
| 1927-28 | 113 |

(Stevens, 'Treasurer's Problems', p. 29)

**Table 3.11 State expenditure per capita from consolidated revenue 1930-31**

**State Expenditure per head from Consolidated Revenue 1930-31 (Australia=100)**

|                         | NSW | Victoria | Queensland |
|-------------------------|-----|----------|------------|
| Public Debt Charge      | 97  | 78       | 101        |
| Rail/Tramways           | 121 | 77       | 99         |
| Other Public Works      | 123 | 109      | 19         |
| Mines                   | 29  | 237      | 47         |
| Lands and Sureys        | 57  | 211      | 74         |
| Agriculture             | 110 | 68       | 93         |
| Forestry                | 83  | 126      | 86         |
| Law & Order             | 136 | 84       | 94         |
| Harbours, Rivers        | 138 | 23       | 70         |
| Water Supply            | 133 | 49       | 6          |
| Education               | 108 | 93       | 99         |
| Health                  | 117 | 89       | 76         |
| Charitable Institutions | 65  | 114      | 88         |
| All Other Expenditure   | 113 | 90       | 71         |

(*Finance Bulletin*, no. 22, 1930-31, table 42).

The worsening depression meant that income tax and family endowment tax revenues, dependent on employment levels, fell sharply. From 1929-30 to 1930-31 income tax revenue fell £0.9m and family endowment tax £1.3m.<sup>22</sup>

As Broken Hill employers reminded local unionists in December 1930, the reliance of the state on taxation made it dependent on private sector activity. The large public enterprise sector did not

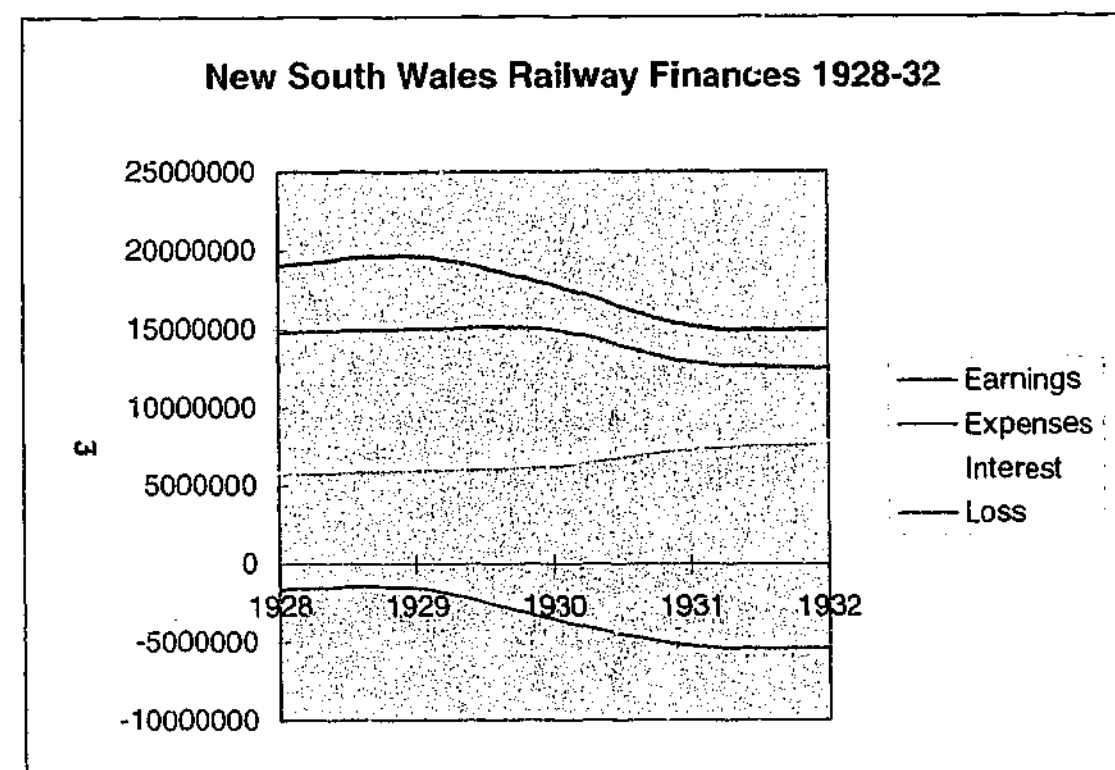
<sup>22</sup> *OYB* 1931-32, pp. 287, 374-75.

provide an alternative revenue source due to the public interest burden, which absorbed public enterprise profits. The depreciation of the Australian £ from late 1929 further increased the interest bill. Labor, like many later leftwing regimes, found that state enterprises could be a drain on budgets. For state enterprises to be a source of revenue that grants a government independence from private economic actors the government in question must be able to ignore the demands of state enterprise employees. In the nineteenth century it was authoritarian governments of the right, such as Prussia, that relied on state enterprise revenues. But NSW railways were a drain on the state budget, and the loss of coal traffic during the 1929-30 lockout worsened the position. Labor MPs and unionists knew that the need of state enterprises to meet interest payments required them to attempt to run at a profit and act to a large extent like private capitalist employers. The state did not fully capture by taxation the benefits to private interests resulting from loan expenditure, such as higher land values near railways.<sup>23</sup>

<sup>23</sup> University of Melbourne Archives, Broken Hill Amalgamated Smelters, Sir Colin Fraser papers, 1/80/14, Companies' Statement at Conference with Representatives of Unions at Broken Hill 13.12.30, p. 3. *SMH*, 9.1.32, p. 13 (Hartley Withers, British financial commentator). Schwartz, *Dominions of Debt*, pp. 29-39. Aghion & Bolton, 'Government domestic debt and the risk of default', in Dornbusch, *Public debt management*, pp. 316-25. R. Goldscheid, 'A Sociological Approach to Problems of Public Finance' (1925) in R. A. Musgrave & A. Peacock, eds., *Classics in the Theory of Public Finance*, Macmillan, London, 1958, pp. 203-210. J. O' Connor, *The Fiscal Crisis of the State*, St. Martin's Press, New York, 1973, pp. 181-82, 191-94. M. Mann, *The sources of social power*, vol. 2, *The rise of classes and nation-states, 1760-1914*, Cambridge University Press, Cambridge, 1993, pp. 387-88. *LD*, 25.2.31, p. 4 (Lazzarini). *The Ironworker*, vol. 3, no. 4 (1930), p. 13. Ratchford, *American State Debts*, pp. 544, 552. S. Griffith-Jones, *The Role of Finance in the Transition to Socialism*, Frances Pinter (publishers), London, 1981, p. 20.



Chart 3.5 NSW railway finances 1928-32 (£)



(OYB 1931-32, p. 220).<sup>24</sup>

The Bavin government had some success in restraining expenditure: in July-October 1930 expenditure was down £746,077 on July-October 1929 but revenue was down £1,630,034 on the same period. Treasurer Lang referred estimates back to the departments for further reductions and introduced a supply bill for four months while this review was completed.<sup>25</sup>

The rough estimates left by Bavin disclosed a difficult position:

Table 3.12 Rough budget deficit estimates, October 1930 (£)

#### Rough Budget Deficit Estimates October 1930 (£)

|                             |                  |
|-----------------------------|------------------|
| Government deficit (CRF)    | 2,801,325        |
| Railways                    | 4,428,000        |
| Commissioner Road Transport | 500,000          |
| Sydney Harbour Trust        | 56,447           |
| Hunter Water Board          | (+)1,160         |
| <b>Total</b>                | <b>7,784,612</b> |

(NSWPD, vol. 124, pp. 53-54. Lang, 27.11.30).

The Bavin government had planned further reductions in government expenditure to reduce the deficit to £106.7m, but it had not introduced legislation necessary for these reductions.<sup>26</sup>

Labor's supply bill for December 1930 to March 1931, introduced on 27 November 1930, was an incrementalist proposal. Despite Labor's denunciation of Bavin's record it duplicated the estimates of the previous year with an allowance made for the extra cost of charitable relief.<sup>27</sup> £5,452,000 was to be spent on salaries and running expenses of non business undertakings and departments, £460,000 on unemployment relief, £5,009,000 on railways working expenses, £134,800 for the Harbour Trust and £2,192,400 on the Loan Account for a variety of works of which the two largest were railways and the Harbour bridge.<sup>28</sup>

The opposition pointed to the importance of wages in government expenditure and argued that Labor's promised concessions to public employees would worsen the position. Labor was slow to act on its promises to restore the public service pay cuts of the Bavin Government. The supply bill made no mention of repealing the Public Services (Salaries Reduction) Act that authorised the reductions. In December the Public Service Association denied suggestions it had agreed to the Salaries Reduction Act remaining in effect. Not until late December did Lang announce that the Act would be repealed from 1 April and earlier if possible. The PSA's silence contrasted with its activism in opposition to the Bavin government. Public sector unions may find that having contributed to Labor victories they have little option but to accept Labor policies.<sup>29</sup> The

<sup>24</sup> From 1929 an annual contribution of £800,000 was made to the railways from consolidated revenue in compensation for uneconomic developmental lines. I have not included this in this chart.

<sup>25</sup> SMH, 11.11.30, p. 12. 20.11.30, p. 9. NSWPD, vol. 124, pp. 34-35. Willis, 27.11.30, p. 51. 27.11.30. Lang, J. T. Lang to J. A. Lyons, 27.11.30 in CAF, pp. 81-82. The Governor was refused extra support staff on grounds of the need to economise (AONSW 9/2005, Premier's Department Correspondence 1930, Item A1846; Official Secretary to the Governor to Under-Secretary Premiers' Department, 24.12.30, Premier's Department Minute 2.1.31).

<sup>26</sup> NSWPD, vol. 127, p. 3374. Lang, 17.6.31 (1930-31 budget).

<sup>27</sup> NSWPD, vol. 124, pp. 34-35. Willis, 27.11.30; p. 55. Lang, 27.11.30. The opposition made much of this (NSWPD, vol. 124, p. 64. Bruxner, 27.11.30).

<sup>28</sup> NSWPD, vol. 124, pp. 34-35. 27.11.30. Willis.

<sup>29</sup> NSWPD, vol. 124, pp. 61-63 (Stevens), 27.11.30. SMH, 25.11.30, p. 8. Red Tape, vol. 4, no. 12 (December 1930), p. 274. vol. 5, no. 1 (January 1931), p. 3. LD, 24.12.30, p. 8. M. Simms, *Militant Public Servants: Politicisation, Feminisation and Selected Public Service Unions*, Macmillan, Melbourne, 1987, pp. 51-54. D. Hickman, 'The High Council of Public Service Organisations: Wages and Industrial Relations issues During the Depression', *Labour & Industry*, vol. 9, no. 1 (1998), pp. 96-97. In 1932 the GAP highlighted Lang's slowness to act on his promises to repeal the Salaries Reduction legislation (B. Stevens, *The Policy of the Stevens Government*, May 25 and 26 1932, W. C. Penfold & Co, Sydney, p. 28 in NSW Election 1932). PSA silence may have been encouraged by suggestions that



government slowed the pace of public service promotions, and the filling of vacancies, by requiring PSB decisions to be reviewed by a slow-acting cabinet committee of overworked ministers. The government exempted some public servants, in blue-collar categories such as drivers and cleaners, from the Salaries Reduction legislation.<sup>30</sup>

Shocked by defeat the opposition was quiescent. The Legislative Council passed key Labor initiatives, such as the Moratorium, Landlord and Tenant and 44 hours bill. It even passed legislation to abolish the Council, in the correct belief that abolition of the Council without a referendum had been rendered impossible by constitutional amendment in 1929. This cautious policy reflected not only an acknowledgment of Labor's mandate but a concern to maintain a Council majority. Lang found that Game refused his request for 80 new appointments on the basis of the Council's co-operative attitude. If the abolition bill had been rejected Game would certainly have appointed some Labor members to the Council. On December 23 the State Supreme Court upheld an appeal against the validity of the legislation. The High Court and the Privy Council later upheld this decision.<sup>31</sup>

#### (b) New taxation

Labor ministers soon grasped that the government needed new sources of funds. Labor extended the fiscal policy revolution of the Bavin government. By the end of the year the wage tax had been increased, a state lottery introduced and further taxes imposed on the racing industry.<sup>32</sup>

Labor approached taxation policy with preconceptions but little substantive knowledge. The party platform mentioned taxation only under the heading of federal policy. It provided that personal exertion income up to £300 be exempt from taxation. In 1928 state income tax began at £301 per annum.<sup>33</sup>

Labor tended to ignore the extent to which wage and salary incomes, as well as 'unearned' income, could be a source of inequality. As the party of the wage earners' welfare state Labor was

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the PSA secretary Willis, who had enjoyed ready access to Lang's office during his last government, would be appointed to the PSB (SW, 8.11.30, p. 8).

<sup>30</sup> On the exemptions: Executive Council 1930, Meetings no. 47 (12.11.30), no. 48 (18.11.30), no. 50 (2.12.30). AONSW, Premiers' Department, 9/5110.4, Cabinet Decisions- Lang government, from 5 November 1930 to 28 December 1931 (hereafter Cabinet Decisions 1930-31), 7.11.30. *Red Tape*, vol. 5, no. 7 (1931), p. 15.

<sup>31</sup> SMH, 28.11.30, p. 12. 3.12.30, p. 13. Lang, *Great Bust*, pp. 297-98. AONSW, Papers regarding differences between the Governor, Sir Philip Game, and the Premier J. T. Lang: the financial crisis, the proposed abolition of the Legislative Council and the dismissal of the Lang ministry, 1930-32, AO 2/8206 (Microfilm 2784), (hereafter Lang-Game Papers), Sir Philip Game to J. H. Thomas 29.12.30, p. 776. *Trethowan v Peden* [1930] 31 SR (NSW) at 183.

<sup>32</sup> LD, 13.11.30, p. 1 (Baddeley). SMH, 17.11.30, p. 9.

<sup>33</sup> Australian Labor Party (State of New South Wales), *Federal Objective and Platform*, [Sydney, 1931], p. 4. The Queensland ALP government adopted £300 as the limit for income tax (K. Wilshire, 'Public Finance', in Murphy, *Labor in Power*, p. 160. W. F. Murphy, 'Australian State Income Tax Schemes', *Economic Record*, vol. 4 (1928), p. 78. An argument by the Scullin government for the introduction of a sales tax was that it was preferable to lowering the federal tax threshold to £150 with regressive implications (J. P. Smith, *Is the Only Good Tax an Old Tax? An Historical Perspective on the GST Debate*, Centre for Economic Policy Research Discussion Paper 398, Australian National University, Canberra, 1999, p. 5).

reluctant to admit that some wage earners were wealthier than others. Income tax was never a priority with the party. The introduction of income tax by George Reid's free trade government in 1895 was Reid's initiative not Labor's. The Communist Party cited £400 as the level at which wage and income taxes should apply. A Labor moderate argued that the highest rate of income tax should apply from £5000 a year, about \$250,000 in current prices. Labor's approach, shared with most New Deal Democrats, was a 'soak the rich' approach that favored the imposition of very high rates on the ultra-rich. Although emotionally appealing this approach raised less money than would have a concerted attack on all high-income earners.<sup>34</sup>

In times of fiscal crisis governments may conceal higher taxes by shifting to less visible taxes and tightening up the collection of existing taxes. The Scullin government introduced a national sales tax in 1930, despite a party history of opposition to indirect taxes. There were persistent complaints from within the ALP about its impact on the prices of necessities. There was only limited scope for the state government to increase less visible taxes. Some early initiatives were in this vein. In January, cabinet agreed to increase stamp and death duties, and taxation on petrol storage containers.<sup>35</sup>

Labor continued a policy, initiated by Stevens, of expediting tax assessments. In 1930-31 39.9% of income tax was collected during the first half of the financial year, compared with 11.6% in the previous year. Some taxpayers borrowed to meet tax bills and there was chorus of demands for taxes to be payable by installments. For the financial year to 30 June 1930, 18.94% of income tax for the year was uncollected, 22.23% of wages tax and 4.12% of family endowment tax. Labor resisted these appeals. Ministers harped on the deficit left by Bavin and claimed the Commissioner of Taxation would accommodate cases of genuine need. Extra staff was employed. The number of prosecutions for false returns rose from 3 in 1929-30 to 16 in 1932-33.<sup>36</sup>

<sup>34</sup> B. Nairn, *Civilising Capitalism: The Beginnings of the Australian Labor Party*, Melbourne University Press, Melbourne, 1989 (first ed. 1973), p. 138. UMA, Fred Farrall papers, NSW Communist Party Materials, Item 2/2/2, *Manifesto of the Communist Party of Australia* [1930], NSWPD, vol. 124, p. 662. Coates, 18.12.30. M. Leff, *The Limits of Symbolic Reform: The New Deal and Taxation, 1933-1939*, Cambridge University Press, Cambridge, 1984, p. 115.

<sup>35</sup> A. Heidenheimer, H. E. E. & C. Adams, *Comparative Public Policy: The Politics of Social Choice in America, Europe and Japan*, St. Martin's Press, New York, 1990 (3rd ed.), p. 183. Sawyer, *Federal Politics 1901-29*, p. 24. SMH, 24.12.30, p. 8. 16.1.31, p. 11. 17.1.31, p. 17. AONSW, Premiers' Department, Subjects for Cabinet Consideration, 9/5106.4, Items 907 (15.1.31), 914 (15.1.31) (hereafter Subjects for Cabinet).

<sup>36</sup> Stevens, 'Treasurer's Problems', pp. 30-31. *Daily Guardian*, 1.11.30, p. 1. SMH, 19.11.30, p. 13. 10.1.30, p. 15. LD, 19.11.30, p. 5. SW, 10.1.31, p. 1. 17.1.31, p. 3. Auditor-General, *Report...30 June 1931*, p. 23. NSWPP, 1930-32, vol. 3. NSWPD, vol. 124, p. 776. Lang, 21.1.31, p. 101.1. Lang, 4.2.31. NSWPD, vol. 125, p. 1276. Lang, 17.2.31. NSWPD, vol. 127, p. 3403. Lang, 18.6.31. PSB, *Thirty-Sixth Annual Report [to 30 June 1932]*, pp. 2-3. NSWPP, 1932-35, 3rd session, 1 volume. For statements by the Taxation Commissioner: SMH, 5.6.31, p. 10. 13.8.31, p. 7. LD, 11.2.32, p. 6.

Table 3.13 NSW state taxation yields 1929-30 (£)

## New South Wales State Taxation Yields 1929-30 (£)

|           | July to December 1929 | July to December 1930 | Increase | %increase |
|-----------|-----------------------|-----------------------|----------|-----------|
| Stamps    | 2012984               | 1442480               | -570504  | -28.3     |
| Land      | 2051                  | 2305                  | 254      | 12.4      |
| Income    | 824202                | 2466388               | 1642186  | 199.2     |
| Totaliser | 94008                 | 66070                 | -27938   | -29.7     |
| Races     | 66684                 | 46642                 | -20042   | -30.1     |
| Betting   | 68596                 | 79474                 | 10878    | 15.9      |
| Licences  | 27884                 | 23709                 | -4175    | -15.0     |
| E'ment    | 0                     | 44200                 | 44200    | N/A       |

(SMH, 10.1.31, p.15. Total taxation and total of columns given do not match).

Expedited collection was only a short-term expedient. The government correctly predicted that the final yield of income tax would be less than in 1929-30, and in the end it fell 12.7%.<sup>37</sup> Labor needed to discover new sources of revenue. The measures chosen tested its relation with wage earners.

Labor's three initiatives only partially conformed to the pattern of low visibility. Labor undertook three major initiatives in taxation: a state lottery, which evoked opposition from moral crusaders (but was low in visibility); a betting tax, which exploited community ambivalence about the industry, but which provoked the opposition of the racing industry and many Labor supporters; and, most controversially, an increase in the wages tax.

The Bavin government had extended direct taxation into the working class. Labor continued this fiscal revolution. The depression reduced high incomes and forced tax collectors to look to lower incomes, but more generally the growing need for government revenue in the twentieth century has forced governments to extend tax to lower income groups. The wage taxes of the depression anticipate the tax reforms of the 1940s that extended Commonwealth income tax to the working-class. Governments of the left may find that taxation pits employed wage earners against benefit recipients and public employees destabilising their electoral coalition. A *Round Table* contributor argued Australian Labor was already in this position; a rock on which post-1945 attempts to revive depression-era populism in the American states would founder.<sup>38</sup> I will argue that in 1930-32 this was not the case, but many in the labour movement feared this would occur.

<sup>37</sup> SMH, 19.11.30, p. 1. OYB 1931-32, p. 374.

<sup>38</sup> T. Hytten, 'Collecting income tax at the Source', *Economic Record*, vol. 8 (1932), p. 279. S. Steinmo, *Taxation and Democracy: Swedish, British and American Approaches to Financing the Modern State*, Yale University Press, New Haven, 1993, pp. 16-17. R. Watts, *The Foundations of the National Welfare State*, Allen & Unwin, Sydney, 1987, pp. 92-103. Sindler, *Huey Long's Louisiana*, pp. 209, 242. 'The Australian Labour Movement', *Round Table*, no. 75

As introduced by the Bavin government through the Prevention and Relief of Unemployment Act, the wages tax provided for a levy of 3d in the pound on income. Similar taxes were introduced in most states. They were not income taxes in the modern sense of the word. They were levied irrespective of annual income and penalised those in intermittent employment. Employers remitted the tax out of employees' pay. Employers paying just under £2 could evade the tax. Labor had declared support for the principle of those who could afford to pay making a contribution to the unemployed, but their criticism of the incidence of the wages tax during the 1930 campaign could have led voters to believe Labor would abolish it. Bavin predicted Lang would have to increase the wages tax to pay for his promises.<sup>39</sup>

At the time the wages tax covered unemployment relief expenditure:

Table 3.14 Unemployment relief fund July 1930 to December 1930 (£)

|        | Receipts | Expenditure |
|--------|----------|-------------|
| Jul-30 | 39,854   | 63,551      |
| Aug-30 | 112,027  | 95,334      |
| Sep-30 | 100,379  | 61,430      |
| Oct-30 | 118,060  | 65,890      |
| Nov-30 | 110,858  | 85,989      |
| Dec-30 | 116,545  | 77,996      |

(SCICAB, *Report*, pp. 13-14).

In a meeting between a union deputation and Baddeley on 6 November the wages tax was not considered and discussion focused on Departmental administration. On 13 November the Act was listed for consideration by cabinet at its 18 November meeting. At this meeting the Act was discussed and Baddeley agreed to consult Treasury.<sup>40</sup>

It has not been possible to locate a copy of whatever advice Baddeley received in the remaining Treasury records. A press report on 19 November claimed the government had ruled out the option of increasing income tax on the grounds that the limits of tax had been met. Given more recent experience of higher tax rates this seems a striking judgment, but the acceptability of tax

(1929), pp. 566-67. The conservative liberal Albert Dicey predicted this in 1914 (A. V. Dicey, *Lectures on the Relation Between Law and Public Opinion in England During the Nineteenth Century*, Macmillan & Co., London, 1914, (first ed. 1905), pp. lxxiii-iv, lxxxvi-vii).

<sup>39</sup> Royal Commission on Taxation (RCT), *Third Report*, pp. 136-37. CPP, 1934-37, vol. 3, pt. 2. DLI Daily Sheets, 1.2.32. Labor's NSW State Election Campaign Literature, 1930 (this is a folder with this title supplied by the New South Wales ALP, and held in the National Library at NQ 329.9944 AUS. There is also a copy in the Mitchell Library. The leaflets are numbered. All future references to '1930 ALP Leaflets' are to this collection), Leaflet no. 7. *The Sun*, 23. 10. 30, p. 17 (Bavin).

<sup>40</sup> LD, 7.11.30, p. 1. Subjects for Cabinet, Item 875 (13.11.30). Cabinet Decisions 1930-31, 19.11.30

can be judged in relative rather than absolute terms. It is only in times of crisis that the threshold of tax acceptability increases.<sup>41</sup>

Labor's taxation options were constrained by interstate competition. In 1930 NSW became the highest taxed state in the Commonwealth with £6.12 per head. Debt ridden South Australia, hit hard by the slump in wheat prices, was second on £6 per head. In the early 1920s Labor-dominated Queensland had been the highest taxing state, but it was now down the scale at £5.14 per head. Conservative Victoria continued to be lowest on only £4.18.<sup>42</sup> The wealth and the taxable capacity of states varied. Tasmanians had lower income than Victorians and the same absolute level of tax was a heavier burden on Tasmania. In 1933 the Commonwealth Grants Commission developed measures of taxable capacity for the states. If these are assumed to be the same as they would have been in 1930 then we can more accurately compare the severity of state taxation:

Table 3.15 Comparative state taxation levels 1929-30 (£)

| Comparative State Taxation Levels 1929-30 (£) |                    |                  |              |                      |
|---|--------------------|------------------|--------------|----------------------|
|   | State tax per head | Taxable capacity | Adjusted Tax | Severity of taxation |
| NSW   | 6.12               | 104              | 5.88         | 111                  |
| Victoria                                      | 4.18               | 116              | 3.60         | 68                   |
| Qld   | 5.14               | 99               | 5.19         | 98                   |
| SA  | 6                  | 77               | 7.79         | 147                  |
| All states                                    | 5.29               | 100              | 5.29         | 100                  |

(Commonwealth Grants Commission (CGC), *Report on the Application made in 1933*, p. 106. *CPP*, 1932-34, vol. 4, pt. 1. *Finance Bulletin*, no. 22, 1930-31, table 40).

On 21 November the *Herald* reported that the state lottery was the only scheme developed by the ministry, but the same day afternoon papers suggested that an increase in the wages tax was possible. Lang said nothing.<sup>43</sup>

In the days before the regular weekly caucus meeting of 25 November the proposal to increase the wages tax became generally known. Treasury advised ministers a higher tax could raise £7m but there was concern among ministers that it would be unpopular with Labor voters. Some consideration was given to the imposition of a compulsory loan on wealthy taxpayers, a plan

<sup>41</sup> *SMH*, 19.11.30, p. 13. *OYB 1931-32*, p. 378. A. T. Peacock & J. Wiseman, *The Growth of Public Expenditure in the United Kingdom*, Oxford University Press, London, 1961, pp. 26-28.

<sup>42</sup> Wiltshire, 'Public Finance', in Murphy, *Labour in Power*, pp. 162-67. *Finance Bulletin*, no. 22, 1930-31, table 40.

<sup>43</sup> *LD*, 22.11.30, p. 1. *SMH*, 22.11.30, p. 15.

considered by Queensland Labor in 1921. Lang's government did not proceed with the plan, apparently as it believed it would fail in the Legislative Council.<sup>44</sup>

It is an indication of the political sensitivity of the wages tax proposal that at the 25 November caucus meeting Lang refused to discuss the government's revenue plans. Instead the meeting heard an outline of legislative initiatives: the moratorium, reform of the Industrial Commission, shorter working hours and the state lottery. By the next caucus meeting the wages tax proposal was ready. It provided for a shilling in the pound on incomes above £2 in a week, a limit well below the state living wage of £4.13. When in October federal cabinet imposed a super tax on public service incomes, as a form of disguised wage reduction, it included the condition that the basic wage should be sacrosanct. The wage tax proposal contradicted the position of the left in federal caucus that low paid federal employees be exempt from wage reductions.<sup>45</sup>

On 28 November state caucus met for several hours. The supporters of the tax argued that Bavin's tax had been expected to bring in £3m in a year, but it was now predicted to raise only £1.5m in a full year and of this £750,000 had been collected. The new tax would bring in £6m to £7m. Many wanted a graduated tax, among them rural MPs Clarence Martin and Gus Kelly. Over the course of the day these proposals were defeated as in *Labor Daily's* words the gravity of the financial position became clear. Cabinet's access to Treasury expertise was crucial in its victory; Lang presented Treasury estimates that a tax of 2/- in the pound on incomes over £1,000 would raise only an extra £50,000. In an effort to pacify caucus ministers explained the provisions of the planned moratorium and stressed its wide application.<sup>46</sup>

Caucus opposition persisted. On 11 December caucus members again raised demands for a progressive scale of rates and exemption of basic wage earners. Ministers pleaded financial necessity and promised to remove the tax as soon as possible. Unions wanted a higher threshold, such as £6 a week. In parliament the opposition taunted Labor with its disunity. Communists and the financial press agreed that a further tax on wages represented a wage cut. Willis later agreed this was effectively the case. The New Zealand Labour government elected in 1935 similarly

<sup>44</sup> *SMH*, 22.11.30, p. 15. *The Sun*, 18.12.30, p. 15. *Australian Budget*, 7.11.30, p. 6. 21.11.30, p. 4. *Truth*, 23.11.30, p. 12. K. H. Kennedy, 'E. G. Theodore', in R. T. Appleyard & C. B. Schedvin, eds., *Australian financiers: biographical essays*, Macmillan, Melbourne, 1988, pp. 283-84. K. Wiltshire, 'Public Finance', in Murphy, *Labour in Power*, p. 164. Peru levied such a loan in the 1980s: V. K. Aggarwal, *Debt games: Strategic interaction in international debt rescheduling*, Cambridge University Press, Cambridge, 1996, p. 403.

<sup>45</sup> *SMH*, 4.11.30, p. 9. 22.11.30, p. 15. AA, Scullin Ministry - Folder of Typed Copies of Cabinet Minutes, 1929-1931. AA A3264/XM, 27.10.30.

<sup>46</sup> *SMH*, 22.12.30, p. 9. 29.11.30, p. 15. *LD*, 29.11.30, p. 1. Martin Diary, 30.11.30. Niemeyer told the South Australia government that a wages tax could go not much higher than 1s in the pound because wage earners might demand higher wages in compensation and that to increase direct taxation on higher incomes would reduce the capital available for investment and make it more difficult for governments to convert loans (Love, 'Niemeyer's Australian Diary', p. 271). The Hill government's insistence that those on the basic wage pay tax was an early point of conflict between the government and the party conference (R. Pettman, 'Factionalism in the South Australian Labor Party 1930-33', *Labour History*, 28 (1975), p. 25).

continued the flat rate tax of the previous conservative administration to fund an ambitious legislative program.<sup>47</sup>

Three ALP branch, from strong Labor areas in Sydney, supported the tax. Their resolutions of support were combined with effusive declarations of support for Lang's government. Four branches, none in safe Labor areas, opposed the tax. Two branches called for adjustments to the tax. A *Labor Daily* editorial admitted that the government was in great difficulties, but should not overburden low paid workers.<sup>48</sup>

Caucus will usually submit to a united cabinet, but the introduction of the tax demonstrated more than cabinet dominating caucus. It demonstrated the ability of a Labor government to pull unionists behind 'their' government. Lang's own account of the tax's introduction does not mention caucus.<sup>49</sup> The crucial negotiations were not with caucus but with unions and the ALP executive.

In November 1930 Baddeley identified three representative labour movement bodies: the Trade Union Secretaries' Association (TUSA), the ALP executive and the Labor Council.<sup>50</sup> Each considered the wages tax.

Opposition to the tax was strongest among workers in intermittent and rationed employment. Miners, still recovering from the lockout, were most aggrieved, and Communists took up the cause of opposition to the tax. As a mining unionist Baddeley was defensive; although it was not possible for a double tax to be imposed on those over £1,000 the government had another way of raising funds from them and they would be 'hit hard'. He pleaded: 'these are desperate times and we have to find money. I know it is hard but all have to be hit'. Lang pointed to the 44-hour week legislation as counter to the new tax burden, but this was irrelevant to intermittently employed miners.<sup>51</sup>

<sup>47</sup> *SMH*, 12.12.30, p. 11. UMA, Federated Moulders (Metals) Union of Australia (NSW), Box 98, Minute Book 1932-34, Special Meeting 31.3.31. *NSWPD*, vol. 124, p. 649. Morton, 18.12.30. *NSWPD*, vol. 125, p. 2091. Willis, 24.3.31. *Workers' Weekly* (hereafter *WW*), 12.12.30, p. 1. *Commerce*, vol. 4, no. 1 (1931), p. 396. J. E. Martin, *Holding the Balance: A History of New Zealand's Department of Labour 1891-1995*, Canterbury University Press, Canterbury, 1996, p. 203.

<sup>48</sup> For the tax: Mascot (*LD*, 10.1.30, p. 7). Faddington (*LD*, 12.1.30, p. 6). East Bankstown (*LD*, 13.12.30, p. 8). Bankstown Electorate Council unanimously supported the tax (*LD*, 31.12.30, p. 8). Against the tax: Dubbo (*LD*, 10.1.30, p. 7). Bellfield (*LD*, 12.1.30, p. 6). Gladesville (*LD*, 6.1.30, p. 8). Harris Park (*LD*, 13.12.30, p. 8). Goulburn Electorate Council also opposed the tax (*LD*, 25.12.30, p. 8). For adjustments to the tax: Clovelly (*LD*, 13.12.30, p. 8). Botany (*LD*, 9.12.30, p. 8). *LD*, 15.12.30, p. 4.

<sup>49</sup> J. D. B. Miller, 'Party Discipline', in Hughes, *Government*, p. 357. Overacker, *Party System*, p. 110. Lang, *Great Bust*, p. 344.

<sup>50</sup> DLI Submissions 1930 (6/3465), 286775, Deputation received by the Minister from the ARU 12.11.30.

<sup>51</sup> *The Sun*, 8.12.30, p. 9. *SMH*, 12.1.31, p. 10. NBAC, Australasian Coal and Shale Employees Federation, E165, Minutes of the Southern District Management Committee 20.3.30 to 14.3.31, Item 13/3, Meeting, 13.1.31. *LD*, 1.12.30, p. 5 (Baddeley). *SMH*, 1.12.30, p. 11 (Baddeley). *The Sun*, 1.12.30, p. 7. The wages tax, later salary reduction legislation and rationing could mean very large reductions in take home pay: *SMH*, 28.8.31, p. 9 (complaints of tram workers).

The Miners' Federation lobbied MPs to demand rescission of the tax. On 5 December the ALP executive discussed the tax on the motion of a Federation representative. The executive resolved to send a deputation to Lang to appeal for review of the tax, and in particular that it be graduated on incomes above the basic wage. On 11 December ALP president Graves led a deputation of executive members and Federation representatives to Lang. He argued for a graduated tax and stressed the dire need of the miners, many of whom were on short time, and faced considerable debts. Lang replied that the tax was a temporary measure necessary to make money available at once for the unemployed. The Premier probably repeated his arguments to an earlier union deputation: that the tax would provide employment at award rates and that once the Council was gone 'our legislation will come in' but that the tax was required for the next six months. The ALP deputation seems to have been satisfied, and it was reported they would not raise official opposition to the tax and that the executive would be urged to revoke its resolution on the tax. Most union leaders maintained a 'significant silence' on the tax and believed it would benefit the unemployed. They accepted Lang's assurances award wages would be introduced for relief work and the 44-hour week restored by legislation. The Labor Council voted 50 to 14 to establish a committee to investigate the tax but it never reported.<sup>52</sup>

A similar dynamic operated with TUSA. It discussed the tax on 8 December but no decision was reached, allegedly because too few were in attendance. This is curious given the high profile of the issue, and perhaps the meeting was delayed to wait on the results of the ALP deputation. TUSA met again on 15 December. It decided by a 'narrow' majority to defer judgment until a deputation interviewed Lang. It was 'authoritatively' stated that TUSA would accept Lang's explanation that it was a temporary measure.<sup>53</sup>

The TUSA deputation interviewed Lang on 18 December. A stir was created by a report in *The Sun* the same day that the government had concluded that a compulsory loan would fail in the Council and that as a result it had decided on a 10% levy in addition to the wage tax on income above a certain level. Members of the deputation reminded Lang that the wages tax contradicted the ALP platform. He denied the veracity of *The Sun's* report of more taxes although *Labor Daily* grumbled that his denial was not total. In Lang's version the crucial factor making for union acceptance of the tax was its ability to defend award conditions on relief projects. TUSA president Schreiber told the 1931 metropolitan ALP conference that the government had to raise money and that 'to vapourise about the inequity of the wage tax will take us nowhere...we have not tried to embarrass, but to assist the government'. After the ALP split between supporters of

<sup>52</sup> *SMH*, 6.12.30, pp. 5, 15. 12.12.30, p. 11. *LD*, 6.12.30, p. 9. 17.1.31, p. 6. AONSW, Premier's Department Correspondence 1930 9/2005, AONSW 9/2005 A1809. Premier's Department Correspondence. ARU Deputation., p. 8. A1809. Baddeley and Newcastle MP Connell (no friend of Lang) presented similar arguments to the Newcastle Trades Hall which accepted the tax (*SMH*, 22.12.30, p. 9. *LD*, 22.12.30, p. 6). *SMH*, 12.12.30, p. 11. 15.12.30, p. 9. Labor Council Minutes, 11.12.30. Council president Jack Hooke addressed the 1931 Easter conference for the Moulders urging a graduated tax but stressed this was not his personal view (*LD*, 7.4.31, p. 5).

<sup>53</sup> *LD*, 9.12.30, p. 6. *SMH*, 9.12.30, p. 10. 16.12.30, p. 11.



Lang and Scullin, Federal Labor supporters criticised TUSA for its silence on wages tax. The TUSA deputation did extract one major concession from the government: the 44-hour bill currently before parliament was amended to restrict work rationing within the private sector.<sup>54</sup> The government's credit with the unions was strengthened by its speedy action to meet their demand that food relief be extended to single men (and women).<sup>55</sup>

A deputation led by Garden to Works Minister Davidson heard him argue the tax was the only way to raise funds. Deputation members admitted unions had sought to quell protests against the tax providing the revenue it raised was used for the unemployed. Garden believed the government was doing the best it could.<sup>56</sup>

Dissent persisted within unions. Railway unions had initiated a legal challenge to the tax before the election, but the Locomotive Enginemen now withdrew from the challenge on the grounds that it did not want to frustrate the government's efforts to reduce unemployment. Some members objected and complained that TUSA had accepted the tax as likely to relieve unemployment.<sup>57</sup>

The most persistent opposition came from the miners. Baddeley reassured deputations and meetings the tax was a short-term necessity, and reminded listeners of Labor's restoration of shorter hours and its planned industrial legislation. By January as the degree of the state's financial difficulties became apparent there was skepticism in the labour movement as to whether the tax would be repealed. In August 1931 Lang told miners that despite the justice of their claims financial circumstances precluded adjustment of the tax.<sup>58</sup>

The higher wages tax was an indispensable support for government revenues:

<sup>54</sup> *The Sun*, 18.12.30, p. 15. *Australian Insurance and Banking Record* (hereafter *AIBR*), vol. 55, no. 1 (January 1931), p. 17. *LD*, 19.12.30, p. 7. Lang refers to two meetings with trade union representatives about the tax, presumably the ALP executive and the TUSA delegation (Lang, *Great Bust*, pp. 340, 344). *SMH*, 18.3.31, pp. 11, 18 (Schreiber). Lang told the 1931 Easter conference that he had 'done nothing without the full concurrence of the union secretaries [i.e. TUSA] and the ALP' (*SMH*, 6.4.31, p. 8). *SMH*, 9.10.31, p. 10 (A. Williams, Federated Clerks' Union secretary). *LD*, 19.12.30, p. 7. The issue of rationing is discussed further in Chapter 7.

<sup>55</sup> Labor Council Minutes, 14.10.30. AONSW, Premier's Department. Correspondence 1930, AO 9/2003, Food Relief for Unemployed (Single) men: Statement of position and recommendation by chief secretary, 6.12.30. A1609. Cabinet Decisions 1930-31, 5.11.30. *LD*, 7.11.30, p. 1.

<sup>56</sup> AONSW, Premier's Department Correspondence 1931, 9/2035, Deputation from trade unions to Davidson 22.1.31, B245.

<sup>57</sup> NBAC, Australian Railways Union, E89, Minutes of Council and Executive 1928-33, Item 3/3, State Council 16-17.12.30, Agenda, pp. 9-10. NBAC, Australian Federated Union of Locomotive Enginemen, E99, Reports of Annual Delegates Meetings 30.9.30 to 1.10.32, Item 2/6, Annual Delegates Meeting, 20-30.9.31, 1, 2.10.31, President's Report, pp. 3-4. Speech of delegate Sharp, pp. 4-6. AONSW 9/2005 A1809. Premier's Department Correspondence. ARU Deputation., pp. 7-8. A1809. ARU leaders continued to complain Labor had escaped the criticism received by the Nationalists for its wages tax (*SMH*, 22.4.32, p.9).

<sup>58</sup> *SMH*, 1.1.31, p. 7. *LD*, 22.12.30, p. 6. 5.1.31, p. 5. 19.1.31, p. 1. 4.8.31, p. 6. At the 1932 metropolitan ALP conference an ARU delegate, in moving the report of a committee on unemployment, recognised that the wage tax could not be abolished at this stage (*LD*, 19.2.32, p.9).

Table 3.16 Wage tax receipts and food relief expenditure 1930-32 (£)

Wage Tax Receipts and Food Relief Expenditure 1930-32 (£)

|                      | 1929-30    | 1930-31    | 1931-32    |
|----------------------|------------|------------|------------|
| Wage Tax             | 0          | 4,375,803  | 5,799,519  |
| Total State Taxation | 15,170,582 | 16,183,229 | 14,855,306 |
| as %                 | 0          | 27.04      | 39.04      |

Food Relief and Cash Payments for Unemployed

|                           | 1929-30 | 1930-31   | 1931-32   |
|---------------------------|---------|-----------|-----------|
| Food Relief               | 0       | 1,939,475 | 5,201,676 |
| as % of wage tax receipts | N/A     | 44.32     | 89.69     |

(OYB 1931-32, pp. 259, 374).

The compliance of most unions with the tax was probably reflected among workers, although Lang claimed the tax was most unpopular with Labor voters. There is little evidence of mass opposition. A large public meeting in the mining town of Portland narrowly *rejected* a motion condemning the tax.<sup>59</sup>

Among employed workers there probably was acceptance of the idea of making a contribution to the unemployed. In the 1930 election campaign the Nationalists had argued that the tax provided jobs for thousands. It was for this reason that both Communists and conservatives argued that Lang was not employing the wages tax to support the unemployed. Conservatives argued that the revenue sustained the extravagant conditions of public employees, Communists that it was paying bondholders. Labor was unclear as to what extent the wages tax revenue would be earmarked; the aspiration was to use it for reproductive works but an unexpended part might be set aside to balance the budget. The key to relative compliance with the wages tax lay in its universal character. Acceptance of the wages tax exemplifies what Margaret Levi calls 'quasi-voluntary compliance'.<sup>60</sup> As Levi's work suggests the tax was unpopular where anomalies arose that violated norms of fairness, such as the excessive burden on those in intermittent employment. In the 1935 state election the conservative coalition argued Labor would have to increase taxes, as it

<sup>59</sup> *NSWPD*, vol. 124, p. 811. 22.1.31. Lang. *SMH*, 25.12.30, p. 7. AONSW 9/2005 A1809. Premier's Department Correspondence. ARU Deputation.

<sup>60</sup> NLA, W. M. Hughes papers, NLA MSS 1538, Elections 1913-51, Series 28, Elections 1930, Folder 12, 1930 Nationalist leaflet 1930. *NSWPD*, vol. 124, p. 152. 3.12.30. Bavin, p. 645. 17.12.30. Bavin. Adele Pankhurst Walsh (*SMH*, 21.11.30, p. 16). *SMH*, 8.1.31, p. 5. *Working Woman*, 15.12.30, p. 4. The use of the wages tax for general government revenue rather than unemployment relief under the Stevens government was similarly controversial (J. McCarthy, *The New South Wales Election 1938*, Department of Government, University of Sydney/Parliamentary Library, New South Wales, Sydney, 1998, pp. 6-7). *SMH*, 13.1.31, p.9. M. Levi, *Of Rule and Revenue*, University of California Press, Berkeley, 1988, pp. 52-54.



had done in 1930, to pay for its promises. Lang was defensive in his memoirs about the wages tax increase.<sup>61</sup>

As an episode in policy making the introduction of the wages tax reveals the critical role of the Treasury, as financial experts, in forming government policy. It was they who ruled out increasing taxes on higher income earners. Their ability to do so was based on their monopoly of knowledge. A similar dynamic had operated under the Bavin government. It consulted closely with employers' associations in the drafting of amendments to arbitration legislation, but employers had little influence on its taxation policies.<sup>62</sup> The wages tax episode also demonstrates the crucial role of TUSA; despite the strong representation of union officials on the ALP executive, it was TUSA that negotiated with the government and traded off the wages tax for legislative initiatives from the government. Lang's critics from both left and right identified trade union officials as playing a leading role in ensuring acquiescence to the tax. Despite their numerical dominance within the ALP organisation trade unionists used trade union originations to raise concerns with the government. The labourist principle of a separation between political and industrial matters remained strong.<sup>63</sup>

Labor in government could provide particular advantages to union activists; these extended from patronage through statutory authority and arbitration positions to organisational benefits, in particular compulsory unionism. In a capitalist economy there were limitations to what it could offer union members. Critics cited the ban on rationing as demonstrating TUSA influence over the government.<sup>64</sup> Employers could retaliate against this initiative by dismissing employees, as I shall explain in Chapter Seven.

### 5. The economic policy debate after Lang's election

It was an unwilling government that was forced to consider tax policy. Labor's election appeal evaded the fact that the Melbourne agreement was the product of a federal Labor government. Lang argued that New South Wales could escape the Melbourne agreement by withdrawal from the Loan Council.

<sup>61</sup> It is striking to compare Labor's acceptance of the wages tax with the German Social Democrats refusal to accept an increase in workers' contributions to the social insurance fund, which led to the collapse of the last parliamentary government in Weimar Germany, a decision criticised by some leading Social Democrats (Abraham, *Collapse*, pp. xv, 260-61). *LD*, 7.5.35, p. 4. Lang, *Great Bust*, p. 340.

<sup>62</sup> Matthews, *Business Associations and Politics*, p. 286. A. J. Kavanagh, Thomas Rainsford Bavin: a political biography (M. A., University of Sydney, 1978), p. 139.

<sup>63</sup> *Railroad*, vol. 12, no. 1 (1931), pp. 8, 12. *Catholic Press*, 15.1.31, p. 25. Minkin, *Party Conference*, pp. 40, 85. ACTU officials who were to ALP national conferences in the 1980s were reluctant to bring wages policy issues to the floor of the ALP conference, debates about privatisation were not considered in wages policy discussions between the ALP and the ACTU (Rizzo, *Left and the Accord*, pp. 144-47, 163-64).

<sup>64</sup> *Catholic Press*, 8.1.31, p. 25.

Lang's victory crippled the Melbourne agreement. The Labor right was silent, but the *Catholic Press* insisted that the result was a vote of desperation by the unemployed against Bavin rather than a verdict on the Melbourne agreement. Senior Nationalists did not hold this view; federal leader John Latham saw the New South Wales result as evidence that federal Labor could win in 1931 on a policy of defending living standards and attacking the banks.<sup>65</sup>

The debate about federal economic policy became entangled with the issue of Theodore's position in the federal government and the New South Wales ALP. Historians have been unanimous in portraying Lang and Theodore as bitter rivals. Both men were good haters but the personal conflict between them was the effect rather than the cause of deeper rivalries within the ALP. For a long period the focus of trade union political concern was state governments; the AWU with its national organisation and nomadic membership being an exception. The conscription crisis began a shift of union concerns. In the 1920s federal government and federal agencies, such as the Tariff Board and the Arbitration Court, had a greater impact on workers' conditions. The federal ALP lacked a strong organisation; its national conference and federal executive were based on the principles of equal state representation and dominated by federal politicians. The Bruce government's 1926 constitutional referendum to increase Commonwealth industrial powers brought union concerns to a head. Many in the federal ALP supported some of Bruce's proposals on the grounds that they advanced Labor's goals of legislative unification but most unions opposed the referendum entirely. The NSW Labor Council took a leading role in rallying union opposition. In 1927 the Australian Council of Trade Unions was established. Although Garden narrowly failed to be elected secretary of the ACTU, the new organisation was to the left of the AWU, which refused to affiliate and denounced it as Communist. Theodore appealed to NSW unionists as someone with common interests. He wanted a local seat, after he failed to win a Queensland federal electorate in 1925, and the unions wanted someone in the federal ALP who owed them a favour. The left unions overlooked Theodore's record in Queensland, where in 1922 he had reduced the wages of state employees, just as they overlooked Lang's cautious record as Treasurer in the 1920-22 Labor government. The Labor Council supported Theodore's endorsement for a safe seat. Another sign of the left's growing interest in federal politics was the election of former Labor Council president Jack Beasley to federal parliament in 1928. The co-operation between Theodore and the Garden group was fraught. Despite the hostility of the local AWU the former Premier could never rid himself entirely of the AWU tag. The April 1930 New South Wales ALP conference demonstrated the limits of Theodore's influence. The ALP organising secretary A. J. Macpherson, an ally of Theodore, was

<sup>65</sup> *Catholic Press*, 13. 11. 30, p. 24. C. J. Lloyd, *The Formation and Development of the United Australia Party, 1929-37* (Ph.D., Australian National University, 1984), pp. 43-47.

denounced for disloyalty to Lang and replaced by J. B. Martin, a reliable supporter of the Inner Group.<sup>66</sup>

Both Theodore and the Labor Council leadership believed that they could manipulate each other. In the aftermath of the New South Wales election the left forgave Theodore's previous opposition to credit expansion and allied with Theodore's centrist supporters. On 30 October the AWU-aligned NSW MP Gibbons submitted a motion to caucus. Apparently drafted by Theodore, the Gibbons motion called on the Commonwealth Bank to create credit for state and federal works programs up to £20m. The left withdrew more radical proposals to support Gibbons' resolution. In the aftermath of the passage of this resolution some centrists expressed the frustrations they had felt with Scullin's performance and shifted further to the left. On 6 November caucus resolved that the term of Commonwealth loans falling due on 15 December be extended by legislation another twelve months. Theodore opposed this but many centrists such as Curtin supported it.<sup>67</sup>

Despite caucus resolutions the right, Lyons and Fenton remained in control of the executive arm of government. On 7 November Lyons delivered a federal budget that proclaimed the need to restore business confidence by balancing government accounts. The Commonwealth Bank board backed Lyons and advised the government it rejected the policy of the Gibbons resolution. At the 11 November Loan Council Lyons had the support of Hogan and Hill in opposing Lang's request that New South Wales be permitted to raise loans independently of the Council. Lang received limited sympathy from non-Labor Queensland Treasurer Barnes, but Lang's request was opposed by all the other states. The Council did increase New South Wales's share of loan expenditure. It resolved to support a conversion loan for the maturing Commonwealth loans, which the caucus motion of 6 November had sought to postpone. Lang later advised the Council he would not attend further meetings.<sup>68</sup>

After Lang's defeat on the Loan Council Lyons challenged the left in caucus. He secured the support of Scullin who appealed to the party to reverse the loan postponement resolution. Centrist caucus members lost their taste for defying cabinet once it was clear it was Scullin they were

<sup>66</sup> Robertson, *Scullin*, pp. 307, 387-88. Schedvin, *Great Depression*, p. 229. J. Hagan, *The History of the A. C. T. U.* Longman Cheshire, Melbourne, 1981, pp. 42, 83, 86. Childe, *How Labour Governs*, p. 47. Markey, *Case of Oppression*, pp. 246-47. Wildavsky, '1926 Referendum', in Wildavsky, *Studies*, pp. 30-33, 53-58. P. R. Hart, J. A. Lyons: A Political Biography (Ph. D., Australian National University, 1967), pp. 61, 72. Fitzgerald & Thornton, *Labor in Queensland*, pp. 36-37. *SMH*, 21.4.30, p. 9. Cook, *The Scullin government*, pp. 312-13. Nairn, 'Big Fella', p. 191. Martin Diary, 18.4.31. Garden wanted to give the impression he had Beasley and Theodore just a phone call away (UMA, Food Preservers Union Minute Book 1931-35, Management Committee, 6.7.30).

<sup>67</sup> McFarlane, *Irvine's Economics*, p. 22. Caucus Minutes, 30.10.30, p. 394; 15.12.30, p. 397. In April 1932 Gibbons addressed a UAP meeting, to the embarrassment of Federal Labor, and called for unconditional allegiance to the Premier's Plan (*The Sun*, 22.4.32, p. 11. *SMH*, 22.4.32, p. 9). He reappeared as Labor candidate for Calare in 1949.

<sup>68</sup> *SMH*, 6.11.30, pp. 10, 12. 12.11.30, p. 13. Schedvin, *Great Depression*, pp. 195-96. Lang, *Great Bust*, p. 291. Loan Council Minutes, 11.11.30. Loan Council Minutes, 13-14.1.31, p. 2. The government hoped to prove the financial agreement unconstitutional but was unsuccessful (AONSW, Treasury, Special Bundles, State's powers in relation to revenue, 1931-2, 2/8043.5, J. Tillet, Crown Solicitor to F. R. Jordan KC, 12 June 1931. F. R. Jordan to J. V. Tillet, 15 June 1931).

opposing. A caucus meeting on 12 November resolved unanimously to oppose repudiation. The centrist Curtin supported rescission of the loan postponement resolution had earlier supported.<sup>69</sup>

The loan postponement resolution debacle revealed the left had overplayed its hand. The left had to regain its position in federal caucus and at the state level the left-dominated New South Wales government needed money. For the New South Wales ALP organisation and the state government Theodore's drive to return to cabinet offered an opportunity to influence federal policy and strengthen their links with the centre. The left began to hear in Theodore's words what they wanted to hear. Despite Theodore's intelligence, his ambition led him frequently to make promises on which he could not deliver, such as that in October 1929 that if a federal Labor government were returned it would end the coal lockout in a fortnight. We cannot know what Theodore promised the left, but I suggest he probably promised much more than he intended to deliver, in particular he may have expressed sympathy with the abolition of the Loan Council. On 9 January a special meeting of the ALP state executive demanded that NSW federal MPs support a policy of inflation. On 12 January Graves presided over a meeting of NSW members of federal caucus in Sydney. The meeting backed the Gibbons resolution, after an explanation by Theodore, in which he told those present that he was prepared to freeze prices and wages and that either his plan would work or they would 'all be hung'. The NSW left remained suspicious of Theodore; Garden's comment was 'if we can only trust him'. Scullin was now back in Australia and in discussions with the New South Wales executive on 15 January he seemed to support Theodore's return to cabinet and some form of inflationary policy.<sup>70</sup>

Some left MPs remained hostile to Theodore and remembered his conservative approach as Treasurer, of which the press reminded them, and his failure to redeem his election promises to the locked-out miners. This dynamic was replayed sixty years later when Paul Keating's push for the Lodge, in which he criticised policies he had previously championed, received far more support from the extra-parliamentary ALP left and the cash-strapped Victorian government, than from ALP left MPs who remembered the former Treasurer's role as the champion of expenditure cuts and economic liberalisation.<sup>71</sup>

While the New South Wales ALP sought to influence national economic policy the state government investigated revenue options. Lang told the Loan Council on 11 November that refusal to permit his state to borrow money would not affect its determination to raise money

<sup>69</sup> Cablegrams between J. H. Scullin and J. A. Lyons, 5.11.30, 7.11.30 in *CAF*, p. 64. *SMH*, 10.11.30, p. 10. Caucus minutes, 12.11.30, p. 398.

<sup>70</sup> Carboch, 'Fall of the Bruce-Page Government', in Wildavsky, *Studies*, pp. 239-40. Robertson, *Scullin*, p. 165. Lang, *Great Bust*, p. 323. *SMH*, 10.1.31, p. 13. 13.1.31, p. 9. 29.1.31, p. 7. The only record of what transpired in the meeting are Hooke's unclear recollections (Hooke Transcript, p. 32).

<sup>71</sup> *SMH*, 14.1.31, p. 15. M. Gordon, *A True Believer: Paul Keating*, University of Queensland Press, Brisbane, 1996, pp. 139, 155. Edwards, *Keating*, pp. 418, 434.

independently.<sup>72</sup> Lang's government investigated two related options: raising of funds outside the Loan Council and the leasing, or even privatisation of public assets.

The Financial Agreement regulated government borrowing but not that of statutory authorities. In criticising Lang's call for the abolition of the Loan Council Curtin argued this loophole remained open. In 1936 this loophole was closed by an informal agreement on the Loan Council, which ended in the 1980s. Unionists urged the government to allow the Water Board to raise funds independently. Unlike the Whitlam government, Lang's administration, rejected offers by fringe financial operators to raise funds for it, but investigated plans to have the Board and the Harbour Trust raise money overseas, or incorporate the Public Works Department for this purpose.<sup>73</sup>

Foreign lenders doubted the ability of Australian governments to repay loans, and were reluctant to lend money. Even the conservative Sydney City Council could not raise a loan. A way to alleviate such concerns was to guarantee to lenders a right over the income stream generated by the asset, such as railway fares or bridge tolls. ALP policy was opposed to granting a monopoly to private firms but some government members wanted this policy waived in the interests of reducing unemployment. The Holman Labor government had investigated the possibility of involving the private sector in government works, but these plans were opposed by the party organisation, although some unionists were sympathetic on employment grounds. James McGirr, then a new MP, but in 1930 Health Minister, was an especially vigorous critic of the Holman proposals as they contradicted Labor's commitment to the use of day-labour in public works. Speculation was rife in early 1931 that an American syndicate would pay £5m for the right to thirty years of Harbour Bridge tolls. At the time nothing came of these suggestions, but they would reappear throughout 1930-32. Ely wanted the government to guarantee a £20m loan by the banks but Lang agreed with Treasury the government lacked the authority to issue such a guarantee.<sup>74</sup>

<sup>72</sup> SMH, 12.11.30, p. 13.

<sup>73</sup> Australian Workers' Union, *Official Report of the 45th Annual Convention* (January 1931), p. 41 (Mitchell Library). Loan Council Minutes, 21.2.30, pp. 2-3, 13-14.1.31, p. 5, 5.2.32, p. 171. Matthews & Jay, *Federal Finance*, p. 151. SSCLC, *Third Report*, pp. 16-20. R. Matthews & B. Grewal, *The Public Sector in Jeopardy: Australian Fiscal Federalism from Whitlam to Keating*, Centre for Strategic Economic Studies, Victoria University of Technology, Melbourne, 1997, pp. 286-88, 595-96. Mitchell Library, Metropolitan Board of Water and Sewerage Employees Association (Wages Division), ML MSS 3021, Minutes 1930-37, KV 6592, General Meeting, 26.11.30, (report of deputation to Ely), KV 6592. F. Hutt (Australasian Meat Industry Employees Union) *The Sun*, 4.11.30, p. 3. AONSW, Treasury Correspondence 1930, 10/22284, Treasury Under-Secretary to Lang (undated but approved by Lang, 22.11.30), Item 16915. SMH, 17.11.30, p.9. The Stevens government sought to establish a statutory board in 1934 (D. B. Copland & C. V. Janes, eds., *Cross Currents of Australian Finance: A Book of Documents*, Angus & Robertson, Sydney, 1936, pp. 16-20).

<sup>74</sup> AIBR, vol. 55, no. 2 (February 1931), p. 109. SMH, 17.11.30, p.9. Rydon, *NSW Politics*, pp. 103, 124, 128, 141, 152, 181. Evatt, *Holman*, pp. 245-46, 266-67. Childe, *How Labor Governs*, p. 43. NSWPD, vol. 124, p. 37. Alam, 27.11.30. SW, 11.10.30, p. 2. AONSW, Treasury Correspondence, 10/22284, Treasury Under-Secretary to Lang (undated but approved by Lang, 6.12.30). Item 17592 Treasury Correspondence AO (6.12.30). The radical Labour administration of the British city of Liverpool in 1985 sold council house mortgages for a lump sum to a French bank (P. Taffe & T. Mulhearn, *Liverpool: A City that Dared to Fight*, Fortress, London, 1988, p. 194).

While the state government grappled with its finances the Commonwealth loan conversion campaign agreed to by the Loan Council in November was under way. The loan was substantially oversubscribed. Editorialists and the London financial community greeted its success as a victory against repudiation and Labor extremists. In a statement on 19 December the trading banks advised that unless effective steps were immediately taken to balance government budgets and reduce costs they could no longer assist governments to meet commitments.<sup>75</sup>

## 6. Theodore's return and the Parkes by-election

### (a) State government financial options

Despite tax increases the NSW fiscal position continued to deteriorate. To the end of January 1931 total government revenue since 1 July 1930 was £9.03m but expenditures were £18.1m, of which £8.6m were interest payments. In January the state was allocated £1.5m in Treasury bills. Lyons and the State Treasury claimed this was merely accommodation of a seasonal revenue deficiency that new taxation would cover. Financial commentators were sceptical. The Queensland Treasurer believed the Loan Council should not support a government that boycotted council meetings, and refused to balance its budget.<sup>76</sup>

Against a background of calls from the labour press for bolder options cabinet began the New Year considering revenue options. Colonial Secretary Gosling threatened that the wealthy would soon have an opportunity to contribute to the common good. Lands Minister Tully was the most specific: he predicted an increase in income tax, increased fees on land transfers and probate duty increased up to 25% for large estates. Press reports suggested options under consideration included a capital levy, an all-round increase in income tax, or a super tax on higher incomes, but no measures had been agreed on. Lang refused to comment on these reports.<sup>77</sup>

By early January Labor's opponents were beginning to argue that Lang's promise to restore prosperity had been refuted, although at this stage they were not arguing that he had worsened the economic position. Unemployment in New South Wales rose from 23.3% in the third quarter of 1930 to 26.3% in the fourth and 29.2% in the first quarter of 1931, but nationally it rose almost as fast from 20.5% to 23.4% and 25.8%.<sup>78</sup>

The level of consumer confidence is difficult to ascertain. Consumer decisions were an economic choice weighted to those with higher incomes that could counter the equal votes of the polity.

<sup>75</sup> SMH, 16.12.30, p. 10, 19.12.31, p. 11, 17.12.30, p. 12. Statement by Bankers on the Financial Situation, 19.12.30 in CAF, pp. 70-72.

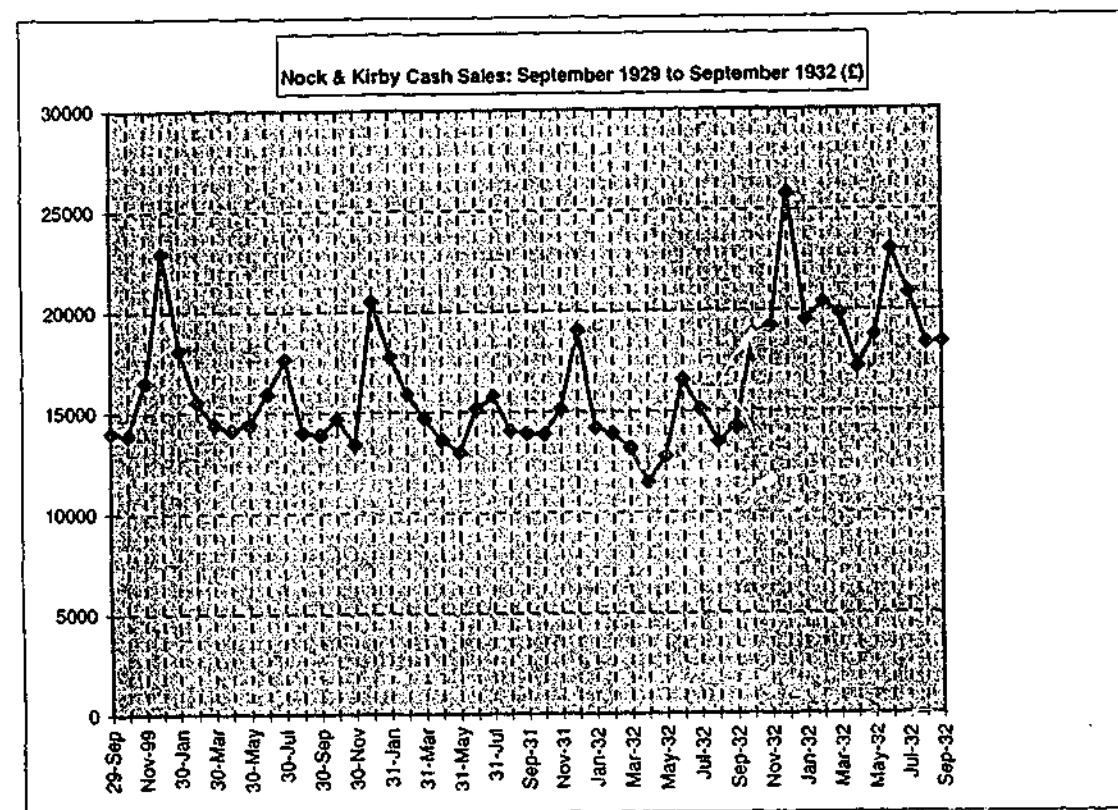
<sup>76</sup> AIBR, vol. 55, no. 2 (February 1931), pp. 108-09. LD, 3.1.31, p. 6. SMH, 2.1.31, p.9, 3.1.31, p. 11, 5.1.31, p. 10, 15.1.31, p.9, 19.1.31, p. 11, 21.1.31, p. 13. Loan Council Minutes, 13-14.1.31, p. 4.

<sup>77</sup> LD, 1.1.31, p. 4. SMH, 24.1.31, p. 13, 26.1.31, p. 7, 27.1.31, p.9.

<sup>78</sup> SMH, 5.1.31, p. 8, 7.1.31, p. 2. *Labour Report 1932*, p. 101.

Commercial travellers suggested that Lang's election led Labor supporters to buy more, but many traders believed that uncertainty about federal economic policy reduced sales. The commercial consensus was that the year's end trading was flat, particularly for higher priced goods.<sup>79</sup> No official statistics were kept of retail sales, but sale figures for one trader show a fall after Labor's election with a rapid recovery at Christmas:

**Chart 3.6 Nock & Kirby cash sales: September 1929 to September 1932 (£)**



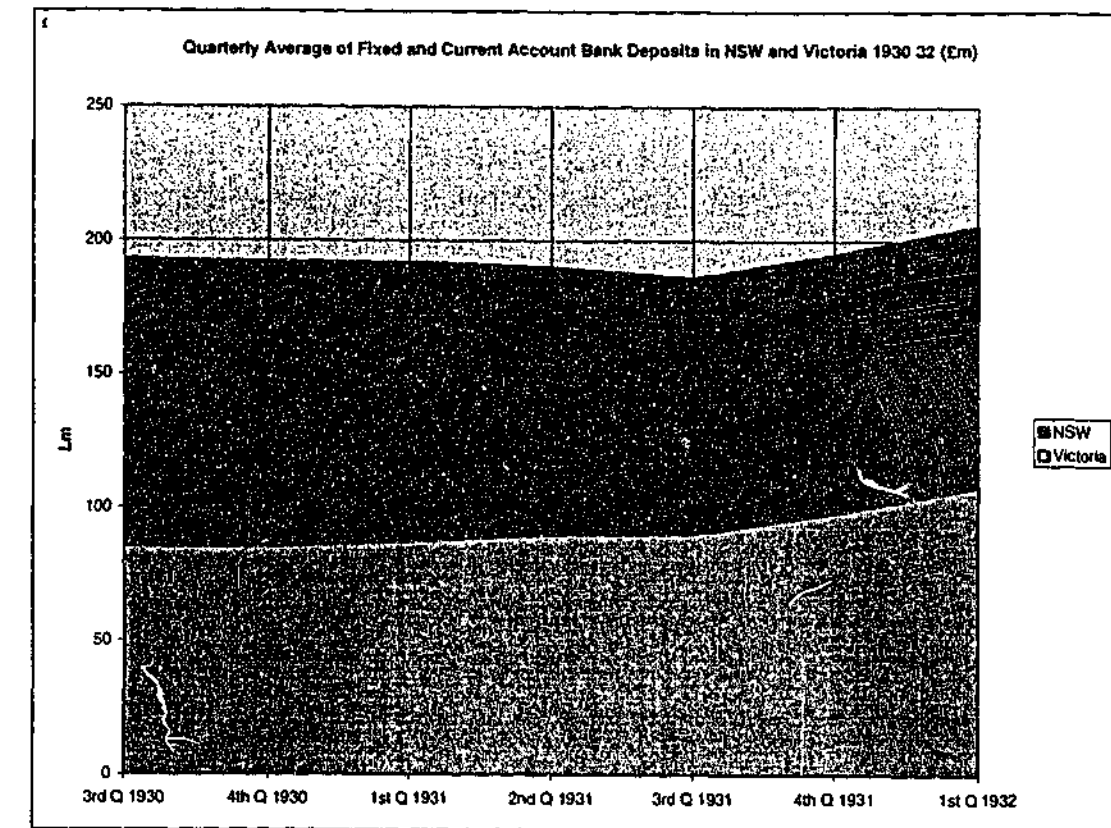
(Mitchell Library, Nock & Kirby Ltd. ML MSS 4544, Sales 1895-1934. Cash Sales, MLK 03410).

The trend of Government Savings Bank (GSB) withdrawals suggests that public perceptions of the economy were stable. Withdrawals rose sharply during the election campaign due to speculation about the Bank's soundness under a Labor government, which Nationalists encouraged. Withdrawals fell sharply after Labor's election. From October 1930 to January 1931 GSB withdrawals as a percentage of total savings banks withdrawals across Australia fell from 89% to 24%.<sup>80</sup> Not until after the proclamation of the Lang Plan were bank deposits in New South Wales shifted to Victoria on a substantial scale:

<sup>79</sup> *Australian Traveller*, vol. 26, no. 11 (1930), p. 17. *The 'Wild Cat' Monthly* (hereafter *WCM*), vol. 7 (1930), p. 497 (David Jones Ltd.), p. 510 (Lincoln Mills Ltd.). *AIBR*, vol. 55, no. 1 (January 1931), p. 17.

<sup>80</sup> Robinson, *State Election 1930*, p. 32. *RCMB, Report*, p. 145.

**Chart 3.7 Quarterly average of fixed and current account bank deposits in NSW and Victoria 1930-32 (£m)**



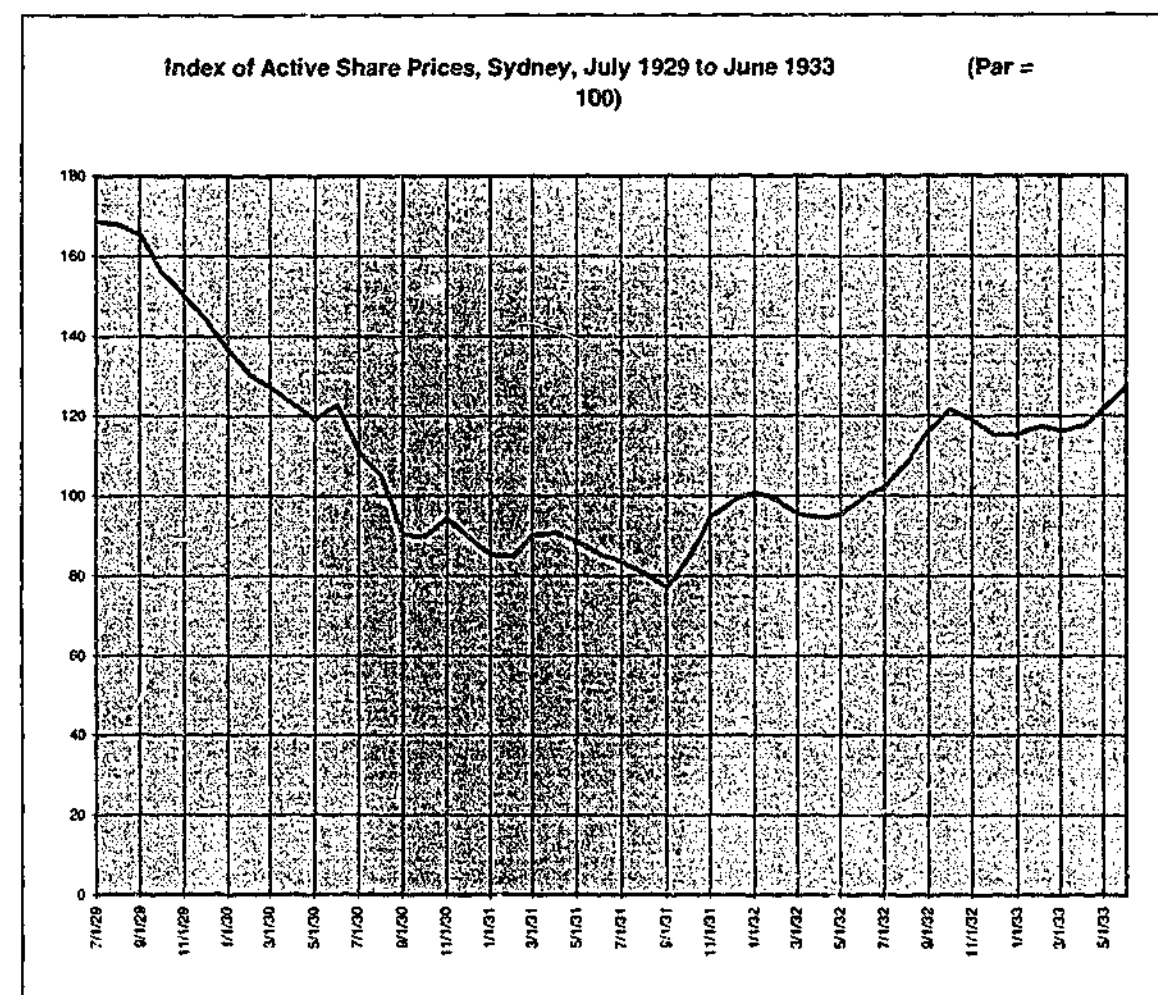
(*The 'Wild Cat' Monthly (WCM)*, vol. 9 (1932), p. 241)

Inter-bank clearances, the total value of cheques drawn on a bank other than that in which they were deposited, showed no significant response to the election. The election result shocked business and stock prices fell sharply but recovered quickly. Some employers associations even complained the recovery in share prices was excessive.<sup>81</sup>

<sup>81</sup> *SR 1932-33*, p. 245. *WCM*, vol. 7 (1930), p. 483. *Construction*, no. 1,183, 3.12.30, p. 7. *Commerce*, vol. 3, no. 11 (1930), p. 330.



Chart 3.8 Index of active share prices, Sydney, July 1929 to June 1933



(OYB 1930-31, p. 716. OYB 1931-32, p. 449).

The price of Commonwealth bonds rose from £6.28 in September to £6.41 in October but fell in November to £6.36. The rapid rise in the price to £6.86 in January suggests that bondholders were most sensitive of all to suggestions of repudiation or inflation.<sup>82</sup> Historians have tended to seize on financial market indicators, such as bond interest rates and bank deposits, as indicating the attitude of the capitalist class, but I will show in Chapter Five their impact on the real economy is much more indirect.

<sup>82</sup> OYB 1931-32, p. 433. One observer suggested trends in bond prices proceeded trends in business activity by three to six months (C. V. Janes, 'Investments and the Stock Exchange', in Copland, *Economic Survey of Australia*).

### (b) Non-Labor regroups

The opposition could take delight in Lang's financial difficulties, but during 1931 they were to suffer severe internal conflicts. Labor would disintegrate during 1931 but for much of that year non-Labor was almost as divided as the ALP. The arguments on the right reflected fundamental divergences about the nature of Australian society and politics.

The electoral debacles of 1929-30 briefly strengthened the hand of the conservatives in non-Labor ranks who looked back to the free trade, anti-socialist and 'reform' movements of the early post-federation years. At the rhetorical level many employers' associations were sympathetic to this agenda. The Bruce-Page government was a disappointment to those who had hoped for a radical change in policy after the overthrow of Hughes. Bruce always insisted that Nationalism was a reformist and not a narrowly conservative movement.<sup>83</sup> By the last years of his government Bruce shifted ground and took his government sharply to the right. In the aftermath of the 1929 and 1930 elections conservative and explicitly anti-democratic themes assumed a new prominence in the discourse of Nationalist politicians and business organisations, and in particular that of the paramilitary New Guard formed in July 1931. Langism was seen not as an aberration; but the result of deep-seated deficiencies in the democratic process, in particular the voting power of state employees. This approach recalled Sir William Irvine's establishment of separate electorates for Victorian public employees in 1902. Many echoed Aristotle's warnings that demagoguery and dictatorship were the inevitable result of democracy. Like the 'overloaded government' theorists of the 1970s they feared voters believed government resources were inexhaustible. Some wanted restrictions on voting rights. Others admired foreign authoritarianism, in particular the military regime that overthrew the Argentine Radicals in 1932. John Hirst is wrong to identify the New Guard as the sole voice of opposition to liberal democracy on the political right in this period. John Latham, federal Nationalist leader after 1929, inclined to the conservative camp. Even after Labor's crushing defeat in the Parkes by-election in January 1931 he still feared that Labor could win an election on a platform of anti-bank sentiment.<sup>84</sup>

<sup>83</sup> Mathews, *Business Associations*, pp. 200-01. Potts, *Three Nationalists*, pp. 5n4, 71.

<sup>84</sup> SMH, 31.1.31, p. 12. 12.11.31, p. 5. 3.2.31, p. 5. 28.7.31, p. 9 (W. Nairn, federal MP). 20.2.32, p. 12. *Jobson's Investment Digest* (hereafter *JID*), vol. 12 (1931), p. 257. *Construction*, no. 1.178 (29.11.30), p. 7. no. 1221 (28.6.31), p. 5. no. 1238, 18.11.31, p. 4 (Levy MP). The establishment of separate public service electorates made it to the agenda of the Graziers' Association (NBAC, Graziers' Association of NSW, E256, Local Secretary's Circulars, Box 1334, Agenda of 15th Annual Conference, 29.1-1.2.32, Resolution 232). The relevant section of Aristotle is Book 5, Chapter 5 of *The Politics* (Aristotle, *The Politics*, Penguin, Harmondsworth, 1981, pp. 310-13). *The New Guard*, vol. 1, no. 1 (October 1931), p. 1. NSWPD, vol. 128, p. 4944. Ashton, 4.8.30. ACW, 31.10.30, p. 9. 'The New Labour Policy', *Round Table*, no. 75 (1929). AIBR, vol. 55, no. 3 (1931), p. 8. *Pastoral Review* (hereafter *PR*), vol. 41 (1931), pp. 116, 153; vol. 42 (1932), p. 447. Blainey, *Steel Master*, p. 107. J. Hamlet, *Australia in the Devil's Own Mess*, H. Gorton, Sydney, 1932, p. 11. A. King, 'Overload: Problems of Governing in the 1970s', *Political Studies*, vol. 23 (1975). S. Brittan, 'The Economic Contradictions of Democracy', *British Journal of Political Science*, vol. 5 (1975). J. Hirst, 'Communism and Australia's Historians', *Quadrant*, April 1990, p. 28. Lloyd, *Development of the UAP*, p. 123. Rickard, *Class and Politics*, pp. 191-92.

The conservative position enjoyed ascendancy in NSW non-Labor politics in the immediate reaction to Lang's victory through the Producers' Advisory Council (PAC). The Council was formed at a meeting in Sydney on 4 December 1930. Representatives of the Graziers', FSA, Primary Producers, Fruitgrowers, Chambers of Commerce and Manufacturers, Retail Traders, along with leading bank and insurance companies, attended the meeting. Andrew Moore argues many activists in the Advisory Council had links to the Old Guard (the more secretive paramilitary organisation) and may have intended the Council to take over functions of government in the event of a breakdown of public authority.<sup>85</sup>

The PAC did not represent all sections of capital. Moore stresses the role within the PAC of Charles Abbott, the former Country Party federal MP and the economist Edward Shann. He focuses on Abbott's anti-Bolshevik motives. But Abbott's concerns were more ambitious. He believed, unlike many observers, but like leading NSW Country Party parliamentarian Michael Bruxner, that farmers had largely remained loyal to the coalition. Abbott proposed the Country Party expand its activity into Sydney and to work with the Chamber of Commerce on a tariff reform platform. Such an alignment had been anticipated previously; in 1922 there was co-operation between conservative urban opponents of Hughes, such as Latham, and the emergent Country Party. The economic liberal arguments of rural conservatives, like Abbott (and many before him) anticipate contemporary ideologies of 'economic rationalism'. Don Aitkin gave little attention to this tradition in his studies of the Country Party, for like Nairn he wanted to position 'his' party in the political centre.<sup>86</sup>

The Chamber of Manufacturers sent representatives to the founding meeting of the PAC but dissented when delegates criticised tariff levels. The Manufacturers welcomed the Scullin government's tariff increases and feared free traders almost as much as Labor extremists. They were cautious about Bruce's arbitration plans, compared to other sections of capital, fearing they threatened the tariff-arbitration nexus. The sentiments expressed at the PAC's first meeting, its criticism of tariffs apart, had expressed the conventional wisdom of business. The chair, pastoralist James Kidd, argued that although hard-pressed farmers demanded subsidies, what they really wanted was lower costs. The way to reduce costs was implementation of the Melbourne agreement. The PAC's first statement declared its opposition to the inflation of currency by the

<sup>85</sup> *SMH*, 5.12.30, p. 11. Moore, *Secret Army*, pp. 93-100. J. D. Bailey, *A Hundred Years of Pastoral Banking: A History of the Australian Mercantile Land & Finance Company 1863-1963*, Clarendon Press, Oxford, 1966, p. 249.

<sup>86</sup> Moore, *Secret Army*, p. 93. C. L. A. Abbott, Report on the Recent State Election, in Country Party, Central Council, 1.11.30. *NSWPD*, vol. 124, p. 165. Bruxner, 3.12.30. Sawyer, *Federal Politics and Law 1901-29*, p. 221. D. Aitkin, *The Colonel: A political biography of Sir Michael Bruxner*, Australian National University Press, Canberra, 1969, p. 127. J. Merritt, *That Voluminous Squatter: W. E. Abbott, Wingen*, Turalla Press, Bungendore, 1999, p. x (W. E. Abbott was the uncle of C. L. A. Abbott). The conservative orientation of the PAC is similar to that of the Institute of Public Affairs in NSW when established in 1943, compared to its Victorian counterpart (I. Hancock, *National and Permanent? The Federal Organisation of the Liberal Party of Australia 1943-1965*, Melbourne University Press, Melbourne, 2000, p. 17).

granting of additional credits to government or for any other purpose. Farmers' woes were attributed to government extravagance, unnecessary taxation, high railways freights and industrial arbitration. After their dissent on 4 December the Manufacturers withdrew from the Council, whose later statements, drafted by Shann, struck an even more conservative line. On 14 December it called for the suspension of all industrial awards, a revenue tariff and defined primary production as the 'sole creator of new wealth, employment and trade'. During January various rural meetings declared their support for proposals similar to the PAC, although sometimes with lapses into self-interest such as calls for further debt moratoriums.<sup>87</sup>

The temporary ascendancy of conservatism within the non-Labor ranks would soon be challenged by a revived liberalism. To Holman the Nationalist defeat reflected weak organisation, compared to Labor, and a perceived lack of sympathy to the difficulties of the small traders, public servants and better paid workers that were swinging voters, rather than a fundamental deficiency in democracy. Envy of Labor's organisation has been a consistent theme of non-Labor politics. To liberals Langism was an aberration and the labour movement remained essentially pragmatic. Liberals identified deficiencies in the Australian political economy but believed that Australians would eventually face up to their national failings. Lang's downfall would vindicate this position. Within the liberal camp there were two tendencies. One, popular among Nationalist politicians, identified the Nationalists' failures as ones of organisation and communication. The leading example of this tendency was the Young Nationalist group with which Robert Menzies was associated.<sup>88</sup> Another tendency, stronger among the citizens' movements of 1931, believed the policies of previous Nationalist governments had been excessively conservative and contributed to Labor's victories.

#### (c) The battle for Parkes

The success of the conversion loan bolstered the liberal case. Bondholders had put national solvency ahead of self-interest. The loan campaign set the tone of the political debate during 1931. Its success was a blow to the left, but also to the radical right's pessimism. With Scullin

<sup>87</sup> *SMH*, 5.12.30, p. 11. 24.1.31, p. 12. 26.1.31, p. 3. 20.1.31, p. 12. *Manufactures' Bulletin*, vol. 2, no. 6 (1931), p. 1. vol. 2, no. 8 (1932), p. 1. vol. 2, no. 10 (1932), p. 6. W. Friend, *Victorian Employers 1919-1931: A Study of Three Ruling Class Organisations* (M. A., Monash University, 1986), p. 310. Carboch, 'Fall of the Bruce-Page Government', in Wildavsky, *Studies*, pp. 196-200. Suggestions by the Producers Advisory Council of NSW, 14 December 1930 in *CAF*, pp. 67-68.

<sup>88</sup> In 1930 Holman was still arguing that the USA showed that wage levels were less important in international competition than management and organisation as shown by the example of the US, and that the best way to reduce class conflict was to increase economic growth (Holman, *National Stocktaking*, pp. 8-9, 36). *Sunday Pictorial*, 2.11.30, p. 2 (Holman). *SMH*, 6.10.30, p. 4. *ACW*, 31.10.30, p. 9. Rydon, *NSW Politics*, p. 20. Rowse, *Liberalism and National Character*, p. 89. Hancock, 'England and Australia', in Hancock, *Politics in Pitcairn*, p. 79. Eggleston, *Reflections of an Australian Liberal*, pp. 63-64. Martin, *Menzies*, vol. 1, pp. 58-65, 75, 89-90, 98-99. G. Pearce, *Carpenter to Cabinet: Thirty-Seven Years of Parliament*, Hutchinson & Co., London, 1951, p. 190. Menzies was consistent in prioritising structure, finance and personnel over policy during the formation of the Liberal Party (Hancock, *National and Permanent*, p. 21). Survey research in Britain in the 1970s found that, contrary to the fears of 'overloaded government' writers, public expectations were surprisingly low (J. Alt, *The Politics of Economic Decline: Economic Management and Political Behaviour since 1964*, Cambridge University Press, London, 1979, pp. 264-65).



rumored to be now more sympathetic towards inflation, the Parkes federal by-election on 31 January loomed, in the eyes of the non-Labor parties and business, as a test of public attitudes to inflation. The election followed the appointment of the Labor victor of 1929, Edward McTiernan, to the High Court. Labor chose J. M. Martin, an ETU official, and a strong supporter of Lang, as candidate.<sup>89</sup>

Scullin's speech opening Labor's campaign on 15 January was keenly awaited. The speech was ambiguous, but came down strongly against any attempt to increase the note issues as inflationary. Scullin argued that at the most printing notes could only be a temporary expedient until a loan was raised. The speech was criticised by Bavin and others as not clearly repudiating inflation, but in London it was well received and it discouraged the sale of Australian bonds. Scullin's cautious approach was undermined by Theodore, who took a leading role in the campaign, advocating credit expansion.<sup>90</sup>

Labor's claim to defend living standards, and remind voters of Bruce's attacks on arbitration, was further undermined when on 22 January the Arbitration Court decreed a ten percent cut in federal award wages in addition to the reductions resulting from the fall in prices. On 31 January this was extended to the basic wage. The labour movement had been aware of this possibility, and the New South Wales ALP executive on 9 January demanded the federal government take action to protect the basic wage.<sup>91</sup>

For the Nationalists Scullin's ambiguities and Labor's divisions provided an easy target. It was in Parkes that the non-Labor parties began to outline a coherent alternative economic policy to Labor. The critique of 'inflation' was only part of this. Certainly Nationalists denounced inflation, and the press obliged by printing pictures of multi-billion German bank notes from 1923. To identify the inflation bogey as the dominant factor in Nationalist rhetoric is misleading. This argument is part of the presentation of the depression debates as a conflict between reason (Theodore's innovative policies) and irrationality, either of Langist demagoguery or a panicked middle class fearing for their savings. This period saw the establishment of anti-inflation and anti-taxation leagues but like similar pre-war organisations they made little progress, and were soon entirely overshadowed by broader reform movements.<sup>92</sup>

<sup>89</sup> P. Nicholls, *The Rise of the United Australia Party* (M. A., University of Melbourne, 1974), p. 51. *Australian National Review* (hereafter *ANR*), January 1931, p. 9. *The Bulletin*, 14.1.31, p. 10. *SMH*, 31.12.31, p. 10. 10.1.31, p. 13.

<sup>90</sup> *SMH*, 16.1.31, p. 11. 17.1.31, pp. 13-14, 17.

<sup>91</sup> *SMH*, 10.1.31, p. 13. 23.1.31, p. 11. Award of the Commonwealth Court of Arbitration, 22 January 1930 in *CAF*, pp. 102-46.

<sup>92</sup> Young, *Theodore*, p. 153. *SMH*, 10.1.31, p. 13. 12.1.31, p. 10. 14.1.31, p. 12. 17.1.31, p. 12. 24.1.31, p. 17. 1.10.31, p. 6. *Farmer & Settler* (F&S), 8.12.30, p. 1. Rickard, *Class and Politics*, pp. 171-72). Certainly it is the case that, as Andrew Lee argues, the early thirties saw a shift in the appeal of the non-Labor parties from British-Protestant allegiance to fiscal orthodoxy, but Lee does not fully examine the theoretical underpinnings of this appeal (A. Lee, *Nothing to offer but fear? Non-Labor federal electioneering in Australia, 1914-1954* (PhD, Australian National University, 1997), p. 246.

The Nationalist campaign in Parkes was not just about inflation but also about 'confidence', as Lang recognised. Recent historians have argued that the interwar rejection of expansionary economic policies was not so much due to fears of inflation or a simple minded belief in their inherent ineffectiveness, as argued by historians writing during the long boom, but to the argument that their impact on business confidence would render them ineffective. Nationalist campaigners argued that increases in taxation were destroying the profitability of private industry. Government economy would restore business confidence, reduce interest rates, and enable the raising of a domestic loan and facilitate assistance from London. In a rational choice model of political behaviour the willingness of voters to accept reductions in living standards in the present will depend on voters' estimation of the likelihood that current pain will lead to future gain and how soon they think this reward will be delivered. After 1930 the political right began to stress future benefits. The suggestion that a domestic loan might be raised was significant, for previously non-Labor politicians and bankers had argued that any public borrowing took resources from the productive private sector. The hint of a new loan offered something positive to voters, but it implied that government policy must conciliate those with money to lend.<sup>93</sup>

On 26 January caucus reinstated Theodore as Treasurer and deputy-leader. The hard-core right of caucus, such as Lyons, opposed the reinstatement. The left group in caucus split, but most supported Theodore's return. Only one New South Wales left-winger, Lazzarini, opposed reinstatement. Scullin's personal support for Theodore's return was crucial at this stage in swinging the balance, but this built on the support for Theodore's return from the New South Wales left and most of the centrist/AWU group. The vote to reinstate Theodore was not a vote of individuals as Robertson argues, but was integrally related to the fiscal crisis in New South Wales, and other states.<sup>94</sup>

<sup>93</sup> A. Przeworski, *Democracy and the market: Political and economic reforms in Eastern Europe and Latin America*, Cambridge University Press, Cambridge, 1991, pp. 164-65. Lang, *Great Bust*, pp. 320-21. D. Winch, *Economics and Policy: A Historical Survey*, Collins/Fontana, London, 1972 (first ed. 1969), pp. 142, 218-19. R. Middleton, *Towards the Managed Economy: Keynes, the Treasury and the fiscal policy of the debate of 1930s*, Methuen, London, 1985, pp. 87, 149, 167. *SMH*, 10.1.31, p. 13. 13.1.31, p. 11. 26.1.31, p. 7. 15.10.30, p. 14 (Stevens). Statement by Bankers on the Financial Crisis, 19 December 1930 in *CAF*, p. 71. B. Stevens, 'Financial and Economic Outlook', pp. 22-23. *AIBR*, vol. 54, no. 12 (1930), p. 1,019. I disagree with the argument of Andrew Wells that the conservatives were unable to construct a hegemonic appeal in the interwar period. The theory of business confidence was such an appeal (A. Wells, 'A failed "passive revolution": Australian industrial relations, 1914-39', in J. Hagan & A. Wells, eds., *Industrial Relations in Australia and Japan*, Allen & Unwin, Sydney, 1994, pp. 62-63). The British Conservatives in 1931 benefited from offering a positive economic policy in protectionism which they had not offered in 1929: D. H. Close, 'The Realignment of the British Electorate in 1931', *History*, vol. 67 (1987), p. 395. A. Thorpe, *The British General Election of 1931*, Clarendon Press, Oxford, 1991, pp. 155-56, 218, 240-45. In Germany the return of many conservative voters from the Nazis to the Nationalists at the November 1932 election can be plausibly attributed to the fact that once the Nationalists threw their support behind the Papen government the non-Nazi right now had a positive program. More recently the temporary revival in the federal coalition's fortunes after the release of the 'Fightback' program points to the appeal of a positive policy. It remains a topic for further enquiry about how concern about 'confidence' was linked to business profitability, or more generally the survival of capitalism (N. Cain, *Keynes and Australian Policy in 1932*, Australian National University, Working Paper in Economic History, no. 58, Canberra, 1985, p. 11. Markwell, *Keynes and Australia*, p. 24).

<sup>94</sup> Caucus Minutes, 26.1.31, p. 411. *SMH*, 27.1.31, p. 9. Cook, Scullin Government, p. 332. Robertson, *Scullin*, pp. 301-02.

The immediate consequence of Theodore's reinstatement was the resignation of Lyons and Fenton from cabinet, which was announced in the press the day before polling in Parkes. On 31 January the voters of Parkes returned the Nationalist candidate. Labor's vote fell from 57.8% to 40.7%, and most of this went to the Nationalist. A Communist received only 0.7%, and an 'Economic Reform' candidate, who supported elective ministries, the abolition of pre-selection, greater federal government powers and cessation of the sugar bounty, received 1.8%. Federal ministers argued Labor's performance was only slightly worse than in 1928, but it revealed a significant reversal of opinion since 1929.<sup>95</sup>

## 7. Conclusions

Economic factors played a leading role in determining Lang's election victory in 1930, rather than the sectarian and class conflicts that dominated the New South Wales elections of the 1920s. Despite this the first few months of his government revealed that Labor had given little attention to economic policy. The obstacles presented to the state government by the federal government, the Loan Council and the understandable reluctance of lenders, shifted power away from politicians to unionists. Union assent was necessary to the state government's revenue initiatives and with the election won there was less need to conciliate middle-ground voters. The Parkes debacle suggested there was nothing to lose, and soon Lang would adopt key elements of the program of the union left and challenge the economic policy of the federal government.

<sup>95</sup> *SMH*, 16.12.31, p. 12. 2.2.31, p. 10.

## Chapter 4

### New South Wales Defies the Commonwealth: February 1931 to June 1931

#### 1. Introduction

Non-Labor opinion interpreted Labor's defeat in Parkes as repudiation of Theodore's return and of 'inflation'. State Labor blamed Scullin's failure to implement a bold policy. Scullin's supporters blamed the inflation bogey and Lang's wage tax. Looking to the future Theodore would have known that he was now clearly the dominant figure in the government. The left now knew how dependent they were on Theodore and that in supporting him they had passed up the opportunity to bolster the cabinet left.<sup>1</sup>

At the state level Lang's political honeymoon was coming to an end. Lang's swift implementation of election promises, such as a debt moratorium and restoration of the 44-hour week, won applause across the labour movement, and party members seemed inclined to give Lang time. But Labor MPs, besieged by anxious voters, knew that on unemployment the government seemed without answers. Incautious ministers had promised better times by the end of 1930. Lang angrily rejected backbench suggestions he return to the Loan Council.<sup>2</sup>

On January 14 the Loan Council met in the presence of Commonwealth Bank Board chair Sir Robert Gibson. With his encouragement they convened a Premiers' Conference for 6 February to develop a plan for financial reconstruction. In preparation for the Conference a committee of state Under-treasurers prepared a report on the financial position. Their report proposed an immediate reduction in public expenditure of £15m to enable balanced budgets by 30 June 1933, and identified this as essential to restoring foreign investor confidence.<sup>3</sup>

#### 2. The Lang Plan and the Premiers' Conference

The Premiers' Conference saw the presentation of the conflicting financial proposals that were to become known as the Theodore and Lang Plans. Lang's shift towards overt hostility to Theodore's moderate reflationary proposals followed a weekend of consultation with key

<sup>1</sup> *SMH*, 2.2.31, pp. 8-10. 4.2.31, p. 13. 6.2.31, p. 10. 16.2.31, p. 9. *The Sun*, 1.2.31, p. 1. *PR*, vol. 41 (1931), p. 114. *Catholic Press*, 5.2.31, p. 24. *LD*, 2.2.31, pp. 1, 4 (Martin, Graves). 18.2.31, p. 5 (conference of state and federal executives). Lang, *Great Bust*, pp. 318-20. Cook, 'Frank Anstey', p. 382.

<sup>2</sup> *AW*, 17.12.30, p. 7. *LD*, 26.11.30, p. 4. ML MSS 3021 KV 6592, Water Board Employees, Minute Book 1930-37, General Meeting, 26.11.30 (report of deputation to Ely). Martin Diary, 14.11.30, 21.11.30, 17.1.31, 27.1.31, 2.2.31, 4.2.31. An unemployed delegate at the March metropolitan ALP conference accused the government of inactivity on the unemployment problem (*SMH*, 16.6.31, p. 9).

<sup>3</sup> Loan Council Minutes, 13-14.1.31, pp. 7-8. *SMH*, 6.2.31, p. 10. Gibson to Lyons, 13.12.30 in *CAF*, pp. 83-88. Report of a Committee appointed at the instance of the Loan Council, in *CAF*, pp. 146-81. Gilbert, *Loan Council*, p. 137.

sympathisers, among them Alfred Paddison (former Labor candidate and teacher), McCauley and Anstey. To the left Theodore's modest proposals demonstrated his treachery and for Anstey vindicated his opposition to Theodore's reinstatement. They believed Theodore had reneged on his promise to challenge the banks; instead he was proposing a conference with them.<sup>4</sup>

The main points of the proposals presented by Lang to the conference on 9 February, which became known as the 'Lang Plan', were reduction of interest on all Australian government borrowing to 3%, the suspension of public debt interest to Britain lenders pending a reduction in the rate of interest, and the reform of Australia's monetary system, so that the gold standard was replaced by a currency "based on the wealth of Australia" to be known as the 'goods standard'.<sup>5</sup>

Two approaches have dominated analysis of the Lang Plan. Some, especially the labourist historians, have dismissed it as a tool in Lang's personal struggle with Theodore, the content of which was a secondary matter. Others, usually to the left of the labourists, have identified the Plan as an example of populism, which is contrasted with socialism. Both approaches demonstrate what Marc Robinson has identified as a tendency among historians to focus on the social or economic roots of Labor populism rather than its intellectual content.<sup>6</sup> Historians of the long boom tended to collapse all alternatives to purely deflationary policies under an undifferentiated label of Keynesianism. They did not identify the significant divisions between what Neville Cain has called radical and liberal alternatives.<sup>7</sup>

The implicit assumption that underlies this interpretation of the 1930-32 period as a conflict between Lang and Theodore is that both men had equal prospects of securing the supporting of the left. Lang's position as state leader was based on the support of the left. For Lang to be overthrown the left would have to ally itself with the AWU and the moderate anti-Lang MPs. This did happen after 1934 but the alliance was a negative one against Lang. Once this alliance had secured control of the NSW ALP it broke up over an issue of policy: the 'hands off Russia' resolution of 1941. The result was the formation of a new alliance of the centre and right into which most Langites were incorporated.<sup>8</sup> In 1930-32 the left was estranged from the AWU and

<sup>4</sup> SMH, 27.2.31, p. 11. 11.3.31, p. 13. LD, 16.3.31, p. 5 (Beasley, Graves). D. Day, *John Curtin: a life*, Harper Collins, Sydney, 1999, p. 317. Robertson, *Scullin*, p. 291. On the cautious nature of Theodore's proposals at the Premiers' Conference, and in particular their divergence from Keynesian arguments that public works did not have to be reproductive: McFarlane, *Irvine's Economics*, pp. 23-24. N. Cain, 'Recovery Policy in Australia: Certain Native Wisdom', *Australian Economic History Review*, vol. 23 (1983), pp. 203-04.

<sup>5</sup> Resolutions proposed by the Hon J. T. Lang, 9.2.31, CAF, p. 182.

<sup>6</sup> Robertson, *Scullin*, p. 387. Nairn, *Big Fella*, p. 222. Schedvin *Great Depression*, p. 229. P. Love, *Labour and the Money Power: Australian Labour Populism 1890-1950*, Melbourne University Press, Melbourne, 1984, pp. 114-120. M. Robinson, *Economists and Politicians: The influence of economic ideas on Labor politicians and governments, 1931-1949* (Ph. D., Australian National University, 1986), p. i-ii.

<sup>7</sup> N. Cain, *Australian Economic Advice in 1930: Liberal and Radical Alternatives*, Australian National University, Working Paper in Economic History, no. 78, Canberra, 1987. N. Cain, *The Australian Economists and Controversy Over Depression Policy, 1930-Early 1931*, Australian National University, Working Paper in Economic History, no. 79, Canberra, 1987.

<sup>8</sup> M. Hearn, *Working Lives: A history of the Australian Railways Union (NSW branch)*, Hale & Iremonger, Sydney, 1990, pp. 80-85. Markey, *Case of Oppression*, pp. 270-72, 292-95.

the federal government, and there was no prospect of the left supporting Theodore over Lang. The threat to Lang and the Inner Group came from the left: the supporters of socialisation within the ALP and the Communists. The clearest indication of implausibility of an alliance between the left and Theodore was the failure of the proposed merger of the AWU and the Miner's Federation.

The plan to merge these two unions was supported by Willis. After 1933 Willis was the first prominent unionist and Lang ally to oppose Lang, but this opposition should not be backdated. In 1931 Willis did not seek to oppose Lang, rather he wanted to strengthen his position against that of Garden and the Trades Hall group. In 1925-27 as a minister Willis had been Lang's key union ally, but since 1927 had been a part-time Legislative Councillor while Garden moved closer to Lang, and Baddeley was Lang's deputy in the Assembly. The merger of the Federation and the AWU would have created a super union of 'wonderful power' as the AWU put it. It was welcomed by opponents of Garden, such as the former organising secretary Macpherson, and viewed with suspicion by the Labor Council. An agreement was reached on terms for a merger, but was rejected by Federation members for fear of the conservatism of the AWU. Throughout Lang's term the Miners were restive. Legislation to regulate the coal industry bogged down in the Legislative Council and many doubted its effectiveness. The split between state and federal Labor reduced the likelihood that the Federation would disaffiliate from the ALP and establish a new industrial Labor party. The Inner Group conciliated the Miners by installing Keller of the Northern Miners as party president in April 1931 rather than the Labor Council president Hooke.<sup>9</sup>

The failure of the merger probably encouraged Willis to accept cabinet's offer in March of the position of Agent-General in London. Concannon assumed his position as government leader in the Council and his conciliatory style assisted the government in the difficult task of Council management. Whatever Willis's frustrations he remained identified with Lang in this period. As Agent-General he worked very closely with Lang.<sup>10</sup>

The proposals of the Lang Plan were in accordance with labour movement thinking. The goods standard proposal drew on the contrast between the level of poverty and the many resources not in use.<sup>11</sup> Labor believed that financial constraints on policy were ultimately illusory and the real wealth of Australia was defined by its natural resources. Labor politicians, even Lang, made sympathetic references to the Soviet example for demonstrating that the real resources of a

<sup>9</sup> *The Sun*, 7.12.30, p. 5 (Macpherson). NBAC, Australian Workers' Union, E154/41/1, Central Branch Annual Report to 31 May 1931, p. 13. Young, Impact of J. T. Lang, p. 43. AW, 21.1.31, p. 12. LD, 23.1.31, p. 4. SMH, 22.4.31, p. 12. 22.1.31, p. 9. 28.4.31, p. 13. 13.6.31, p. 14 (report of Miners' delegates to the ALP conference). LD, 21.7.31, p. 6 (Southern District Delegates Board). 24.7.31, p. 7 (Northern Miners Management Committee). LD, 25.4.31, p. 4. SMH, 22.4.31, p. 12. *The Sun*, 4.4.31, p. 1. Northern Miners only narrowly rejected a proposal to leave the ALP and form an 'Industrial Labor Party' (SMH, 1.4.32, p. 10).

<sup>10</sup> SMH, 10.3.31, p. 9. 13.5.32, p. 8. LD, 31.3.31, p. 5. *The World*, 1.6.32, p. 4 (Hickey MP). NSWPD, vol. 128, p. 4913. 4.8.31. Ashton, A. Morrison, 'Dominions Office Correspondence on the New South Wales Constitutional Crisis 1930-32', *Journal of the Royal Australian Historical Society*, vol. 61 (1976).

<sup>11</sup> SMH, 20.2.31, p. 12 (Donovan MP). *Socialisation Call* (hereafter SC), vol. 1, no. 1 (1931), p. 4; vol. 1, no. 2 (1931), p. 1.

country were not its credit, but their favoured example was the alleged Commonwealth Bank financing of the 1914-18 Australian military effort. Lang Labor's dismissal of financial limits was consistent with the example of many more recent left-wing regimes.<sup>12</sup>

David Clark is wrong to argue that Lang Labor calls for interest reductions and the issuing of interest-free credit expressed no more than an ideal of equality of sacrifice. The issuing of paper currency by the government as a means of finance rather than interest bearing bonds had been suggested in some Australian states in the nineteenth century. The goods standard proposal implied an expansion of the money supply far more drastic than Theodore's £18m, which Lang dismissed as 'paltry'. In the 1930s electors rejected those left parties, such as British Labour, that cleaved to fiscal orthodoxy but flocked to those parties, such as the American Democrats, or the Nazis, that promised an activist response to the crisis.<sup>13</sup>

Radical critics of inter-war Labor's preoccupation with reform of the monetary system have given little attention to what these policies would have meant in practice. Although Marx was a strong critic of monetary reformism, he did not argue it would leave the economy unaffected. Marx identified money capital as a vital component of the circuit of productive capital. Marx argued that money enables the separation of sale and purchase and thus makes crises possible. Marx's criticism of monetary reformism resembled that of conservative critics of Social Credit; that if it was not to lead to economic crisis due to its inflationary consequences it would require thoroughgoing economic controls. Marx argued that to achieve its stated goals monetary reformism would have to become socialism; the people's bank favoured by monetary reformists would have to become a central planning agency. Lang's Communist critics agreed his policies were inflationary.<sup>14</sup>

Australia's economic position was comparable to those nations, particularly in Latin America, that unilaterally rescheduled their foreign debt repayments. Lang overstated the war-related

<sup>12</sup> Lang, *Great Bust*, p. 23. Lang, *Why I Fight*, pp. 27, 125-131, 188, 256. NSWPD, vol. 124, pp. 873-75. C. E. Martin, 27.1.31. Griffith-Jones, *Finance in the Transition to Socialism*, p. 124. S. de Vylder, *Allende's Chile: The political economy of the rise and fall of the Unidad Popular*, Cambridge University Press, Cambridge, 1976, pp. 56-58.

<sup>13</sup> Clark, 'Was Lang Right?', in Mackinoly, *Wasted Years*, pp. 157-58. Parnaby, *Economic and Political Development*, pp. 225, 230, 233, 237-39. In Queensland in 1866 the colonial government was plunged into crisis following the collapse of its London bankers. It sought support from local banks, but when it found the terms of local banks unacceptable it proposed to issue paper money rather than Treasury bills. This decision attracted widespread alarm and was vetoed by the Governor (T. A. Coghlan, *Labour and Industry in Australia: From the First Settlement in 1788 to the Establishment of the Commonwealth in 1901*, vol. 2, Macmillan, Melbourne, 1969, (first ed. 1918), pp. 1, 175-77). J. T. Lang, *The Lang Plan*, no publisher given, [1931?], p. 17. LD, 11.2.31, p. 4. Temin, *Lessons from the Great Depression*, pp. 108-112. Lang and his supporters claimed lower interest rates would boost industry (SMH, 4.4.31, p. 11, 14.3.31, p. 13).

<sup>14</sup> T. Waites (Government Statistician of New South Wales), *Report on the Douglas Social Credit System*, p. 26, NSW PP, 1932-35 parliament (3rd session) (1 volume). K. Marx, *Capital: A Critique of Political Economy*, vol. 2, Penguin, Harmondsworth, 1978, Part I especially Chapter 1. K. Marx, *A Contribution to the Critique of Political Economy*, International Publishers, New York, 1970, pp. 96-98. K. Marx, *Grundrisse: Foundations of the Critique of Political Economy (Rough Draft)*, Penguin, Harmondsworth, 1973, pp. 153-56. K. Marx, *Capital: A Critique of Political Economy*, Penguin, Harmondsworth, 1981, vol. 3, p. 743. Mitchell Library, Communist International (Comintern) papers, ML MSS 5575, *Dump the Social-Fascists*, CPA leaflet May 1931, Microfilm FM4/10420.

portion of the Australian debt but the fact that governments did renegotiate war debts, notably through the moratorium on inter-allied debt repayments initiated by American President Hoover in June 1931, showed that contractual obligations were no longer sacrosanct.<sup>15</sup>

The rescheduling or repudiation of Australian debt would have reduced the balance of payments constraint on expansionary policies, which would have been a particular difficulty with the Theodore plan in the absence of real wage reductions. New Zealand Labour in government found that expansionary policies had by 1940 brought the country to the edge of a foreign exchange crisis that was only prevented by war.<sup>16</sup>

Lang knew that Australia had been off the gold standard externally since December 1929, but opposed currency depreciation because it increased debt payments. The goods standard proposal drew on proposals made in the 1920s for an international exchange standard linked to commodity prices.<sup>17</sup> This was a model of international trade in which nations would be largely self-sufficient and would secure commodities that they could not produce by barter.

The Lang Plan was a political tool but a coherent one. Had it ever been implemented at a national level the Australian economy would have moved much further in the direction followed by many European and Latin American economies in the 1930s: towards economic isolation, inflation and exchange control. Australia had to engage with the international economy to earn foreign exchange. Debt repudiation would have removed this necessity. Australia could feed itself, unlike Britain where fear of a currency collapse and consequent inability to import food contributed to Labour's electoral debacle in 1931.<sup>18</sup> Despite the collapse of agricultural prices the British Dominions refused to default, except for New South Wales, but Newfoundland was unable to pay

<sup>15</sup> B. Eichengreen & R. Portes, 'Debt and Default in the 1930s: Causes and Consequences', *European Economic Review*, vol. 30 (1986), p. 615. Lang, *Turbulent Years*, p. 97. Marichal, *Debt Crises in Latin America*, pp. 203-226. Brazil repudiated a Niemeyer advice mission (*ibid.*, pp. 220-21). H. Dalton, 'Conclusions', in Dalton, *Unbalanced Budgets*, p. 451. K. Tsokhas, 'A Pound of Flesh': War Debts and Anglo-Australian Relations, 1919-1932', *Australian Journal of Politics and History*, vol. 38, no. 1 (1992), pp. 22-23.

<sup>16</sup> M. Butlin & P. Boyce, 'Monetary Policy in Depression and Recovery, in Butlin, *Recovery from the Depression*, pp. 207-08. W. Hancock, *Survey of British Commonwealth Affairs*, vol. 2, part 1, *Problems of Economic Policy 1918-1939*, Oxford University Press, London, 1939, pp. 283-85. Martin, *Holding the Balance*, p. 212.

<sup>17</sup> SMH, 26.1.31, p. 7. N. McCauley & A. C. Paddison, eds., *The Australian Labor Year Book, 1934-5*, Labor Daily Ltd. Sydney, 1935, p. 93. The Newcastle ALP branch wanted to pay overseas debts in Australian currency (SMH, 10.2.31, p. 10). The same proposal was raised by some citizens during the Newfoundland crisis of 1933 (Newfoundland Royal Commission 'NRC', *Report*, Cmd. 4480 (November 1933), p. 181). Dyster & Meredith, *Australia in the International Economy*, p. 143. Robinson, *Economists and Politicians*, p. 7. These proposals influenced New Zealand Labour (J. A. Lee, *Socialism in New Zealand*, Whitcombe & Tombs, Auckland, 1938, pp. 77, 81). Some in business opposed depreciation as an easy way out (AIBR, vol. 56, no. 4 (1932), p. 295. Bailey, *Pastoral Banking*, pp. 249-51 (Producers' Advisory Council). G. Blainey, *Gold and Paper: A History of The National Bank of Australasia Limited*, Georgian House, Melbourne, 1958, pp. 330-31).

<sup>18</sup> C. Furtado, *Economic Development of Latin America: historical background and contemporary problems*, Cambridge University Press, Cambridge, 1976, pp. 93-99. Gilbert, *Loan Council*, p. 122. Thorpe, *British General Election of 1931*, pp. 75, 218-22. Aggarwal, *Debt Games*, pp. 387-400. E. & J. Stephens, *Democratic Socialism in Jamaica: The Political Movement and Social Transformation in Dependent Capitalism*, Macmillan, London, 1986. D. Schydrowsky & J. Wicht, 'The Anatomy of an Economic Failure', in C. McClintock & A. Lowenthal, eds., *The Russian Experiment Reconsidered*, Princeton University Press, Princeton, New Jersey, 1983. Stevens argued that Russian inability to raise loans due to its repudiation of Tsarist debts meant it could only raise foreign exchange by dumping goods produced under slave conditions (SMH, 25.5.31, p. 10).



debt interest or maintain essential government services due to a collapse in taxation revenue. Following the report of a British Royal Commission the Newfoundland parliament accepted replacement of responsible government by a commission of local and British representatives. In Newfoundland the dream of some Australian conservatives was realised.<sup>19</sup>

The Premiers conference could not agree on a plan after the Lang Plan was rejected. It commissioned Theodore to approach the Commonwealth Bank with his Plan. The Bank responded that it would co-operate only with governments subject to adequate reductions in public expenditures. The conference resolved to support an ill-defined three-year plan that would reduce interest rates together with public sector money wages and pursue co-operation with the banks to restore employment. After a fortnight adjournment, in which Theodore was unsuccessful in receiving support from the banks, Victoria and South Australia joined the Commonwealth on 26 February to support a more cautious version of Theodore's original plan. The centrist majority in federal caucus rallied behind Theodore. It endorsed his plan on 18 February federal caucus and defeated a left motion that a state of national emergency be declared. At a caucus meeting on 2 March cabinet positions were spilled and Anstey and Beasley defeated.<sup>20</sup>

Divisions within the federal government escalated rapidly. The flash point was the 7 March by-election for the safe Labor electorate of East Sydney. Labor's Eddie Ward won the by-election after he had campaigned on the Lang Plan. On 12 March he was excluded from caucus by 34 to 3, after he refused to give an undertaking to follow caucus policy. Seven MPs, led by Beasley, walked out and formed a separate group. On 14 March the metropolitan New South Wales ALP conference expelled Theodore for opposition to the Lang Plan and defiance of the authority of the state executive. On 27 March the federal ALP conference, which New South Wales Labor had boycotted, expelled the state ALP and initiated the formation of a new branch loyal to the federal party. In the battles of the late 1920s between the New South Wales and federal parties both had stepped back from the brink, but now neither would compromise.<sup>21</sup>

<sup>19</sup> Hancock, *Problems of Economic Policy*, p. 186. NRC, *Report*, pp. 50-51, 192-97. Civil disturbances in Newfoundland attracted Sydney press attention (*The Sun*, 7.4.32, p. 1, 9.4.32, p. 4). In 1948 a plebiscite was held on Newfoundland's future. At the first ballot 14% of voters supported maintenance of the Commission system and at the second they probably provided the victory margin for the entry of Newfoundland into Canada against those who wanted it to remain an independent Dominion (Department of External Affairs [Canada], *Newfoundland: An Introduction to Canada's New Province*, the Department, Ottawa, 1950, pp. 34-39. The origins of popular opposition to colonialism in the European colonies can be traced to the disastrous impact of the slump on primary production exporters (Hobsbawm, *Age of Extremes*, p. 106). Western Australia's attempted secession also reflected the impact of falling export prices on the state which led to renewed public attention to the burdens of tariffs (Matthews & Jay, *Federal Finance*, p. 158). In Britain in the early 1930s NSW occupied the bogey position that Queensland once held. *The Times* welcomed Queensland Labor's 1929 defeat as a 'wholesome lesson for sister democracies, the Commonwealth and the Empire' (*SMH*, 24.10.30, p. 10).

<sup>20</sup> Conference of Commonwealth and State Ministers held at Canberra 6, 7, 9, 10 and 13 February 1931 and at Melbourne 25 and 26 February, *Report*, pp. 76-77, *CPP*, 1929-31, vol. 2 (Hereafter *Premiers' Conference February 1931*). Caucus Minutes, 18.2.31, p. 413. Caucus Minutes, 3.3.31, pp. 418-19. *SMH*, 3.3.31, p. 9.

<sup>21</sup> AA A3264/XM, Scullin Ministry - Folder of Typed Copies of Cabinet Minutes, 1929-1931, Cabinet Meeting, 10.3.31. Caucus Minutes, 12.3.31, p. 422. *SMH*, 13.3.31, p. 9, 16.3.31, p. 10, 28.3.31, p. 14, 2.4.31, p. 12. *LD*, 16.3.31, p. 1. *AW*, 16.12.31, p. 4. Wildavsky, '1926 Referendum', in Wildavsky, *Studies*, pp. 49-50. Rawson, Organisation of the ALP, p. 124.

In state caucus Lang strove to rally MPs behind the Lang Plan. At a caucus meeting on 20 February the motion supporting the Plan was moved by the rural MP Gus Kelly and seconded by another country MP Clarence Martin. Neither were supporters of the Inner Group. Martin was concerned that the Plan had not been previously submitted to caucus, but with university qualifications in economics (a B. Ec in 1923) he was a strong critic of deflationary policies. The motion passed unanimously. At this time few MPs anticipated how serious the split in the party would become, but their concerns grew rapidly over the next month.<sup>22</sup>

### 3. New South Wales alone

#### (a) The fiscal implications of repudiation

In the seven months to 31 January New South Wales public expenditure exceeded revenue by £6.1m. Lang sought support from the state's bankers but they referred him to the Loan Council. This body refused to supply assistance previously promised to the state. The government's default saved £4.5m, but ultimately could not make up for the denial of Treasury bills.<sup>23</sup>

Labor delayed the 1930-31 budget and brought down a series of supply bills. The Legislative Council accepted these but abandoned convention to amend tax legislation. The higher wages tax, which raised £4.4m in 1930-31, partially countered the fall in other tax revenues but overall revenue fell from £44.3m in 1929-30 to £41.4m in 1930-31. Expenditure from the wages tax more than accounted for an increase in expenditure of £1.8m. The budget for 1930-31 was delivered on 17 June with an estimated deficit of £8,731,000. A report to the June 1931 Premiers' Conference estimated a NSW deficit of £10.5m, the next highest state deficit being £2.6m in Victoria.<sup>24</sup> increases in taxation (particularly those acceptable to the Council) threatened support among employed workers, but constraints on food relief expenditure threatened Labor's support among the unemployed.

From 1 April New South Wales defaulted on payment of interest to the Westminster Bank. Lang advised Scullin that the state would direct its resources to relief of the unemployed. On 30 March 1931 federal cabinet decided to pay the interest due and take legal action for its recovery. Writs were issued by Commonwealth and other states against New South Wales. Some Commonwealth payments to the state were suspended.<sup>25</sup>

<sup>22</sup> *SMH*, 21.2.31, p. 14. Martin Diary, 20.2.31, 25.3.30, 29.3.30.

<sup>23</sup> *SMH*, 17.2.31, p. 8. Loan Council Minutes, 7.2.31, p. 2, 26.2.31, 8.9.31, p. 6.

<sup>24</sup> Evatt suggested Lang's use of short-term supply bills was possibly a safeguard against dismissal, but the example of Bavin and Stevens showed office could be held without supply (Evatt, *Dominion Governors*, p. 177). *SR* 1932-33, pp. 218-19. *NSWPD*, vol. 127, p. 3374. Lang, 17.6.31. Report of the Under-Treasurers and Economists, *BOP*, p. 77.

<sup>25</sup> *SMH*, 28.3.31, p. 13. AA A3264/XM, Scullin Ministry - Folder of Typed Copies of Cabinet Minutes, 1929-1931, 30.3.31, 13.4.31. Writ of Summons to New South Wales, 13th May 1931 in *BOP*, pp. 14-20.



Apart from the moral case Lang's critics argued that repudiation would cut the state off from overseas loans, as had been the case for American states after defaults in the early nineteenth century, and they argued unskilled labourers, employed on public works, would lose the most. The Metropolitan Water Board could not raise money in London, and two hundred permanent officers were retrenched.<sup>26</sup>

It does not seem that unskilled labourers heeded the call to oppose Lang. The leadership of the Water Board union's wages division, elected on a reform ticket in 1930, and aligned with Federal Labor, argued that New South Wales should rejoin the Loan Council. But reports suggest continued support for Lang among labourers. A Federal Labor member argued that works labourers still supported Lang against their material interests. In union elections in 1931 the reform team lost ground to the old guard. Although members of State Labor, the old guard were conservative and opposed affiliation of the union to the Labor Council. The result owed more to the internal politics of the union than financial issues.<sup>27</sup>

#### (b) Reduction of interest proposals and the closure of the Government Savings Bank

Lang's first political initiative was the attempted legislative reduction of interest rates. This would reduce government interest expenditures and appeal to debtors. Labor's opponents attributed high interest rates to government extravagance but feared the popular appeal of compulsory interest rate reductions.<sup>28</sup>

The Reduction of Interest bill introduced on 17 March 1931 proposed to unilaterally reduce interest rates on government debt to 3% and restrict private interest rates to a maximum of 6% for second and subsequent mortgages. The bill was drafted hastily and statutory authorities received contradictory advice on its application. As of 30 June 1931 only 5.8% of the total £287.8m state public debt was at 3% or below. The average rate was 5%.<sup>29</sup>

<sup>26</sup> SMH, 4.4.31, p. 11 (Theodore), 26.2.31, p. 10, 25.5.31, p. 10 (Stevens), NSWPD, vol. 132, p. 9274. Stevens, 11.5.32. SMH, 2.4.31, p. 13, SMH, 22.9.31, p. 8, AW, 20.5.31, p. 3 (Boote), 27.5.31, p. 8 (Blakeley), Ratchford, *State Debts*, pp. 98-99, 103-04. AONSW, Metropolitan Board of Water Sewerage & Drainage, 11/6191, Minutes of meetings 1930-31 (all future references to Water Board Minutes 1930-31 are to this source), Meetings 11.3.31, p. 263, 17.3.31, pp. 265-66, 27.3.31, p. 280, NSWPD, vol. 128, p. 4899, Concannon, 31.7.31. Lang could only claim that the Board was responsible for its own finances (NSWPD, vol. 125, p. 2109, Lang, 24.3.31).

<sup>27</sup> SMH, 4.4.31, p. 12. Whether or not a union meeting refused to endorse the Lang Plan was disputed (SMH, 26.6.31, p. 10, LD, 27.6.31, p. 6). ML MSS 3021 Water Board Employees Association (Wages Division), Minutes 1930-37, General Meeting, 24.11.31. Union President Kirkwood was condemned by Wollongong members for his support of Scullin (LD, 3.12.31, p. 5). J. A. McCallum, 'Economic Bases of Australian Politics', in Duncan, *Trends*, pp. 48-49 (McCallum was a Federal Labor candidate in the 1932 state elections). Sheldon, *Maintaining Control*, pp. 210-14. General Secretary Macpherson, aligned with the old guard, denied that reports he opposed the Lang Plan (LD, 6.6.31, p. 7).

<sup>28</sup> SMH, 3.3.31, p. 9, 4.3.31, p. 14. A. C. Davidson, General Manager, Bank of New South Wales to J. H. Scullin, Prime Minister, 22.1.31, in RBA, *Documents*, pp. 258-59. Nicholls, *Rise of the UAP*, p. 170.

<sup>29</sup> SMH, 14.3.31, p. 13. AO 11/6191, Water Board Minutes 1930-31, Meeting 17.3.31, p. 265. *Finance Bulletin*, no. 25, 1930-31, table 53.

The parliamentary opposition largely eschewed any reference to the sanctity of contract. Along with bankers and the financial press they argued that forced reductions would drive loanable funds from New South Wales and that wages rather than interest were the crucial business cost. On 25 March the Legislative Council dealt Lang his first major defeat and suspended consideration of the bill for six months. On 23 March Game had refused a request from Lang to appoint additional Councillors on the grounds that no policy measure of the government had been rejected or vitally amended. He did not consider the reference of the government's arbitration legislation to a select committee counted as rejection. Earlier in March the High Court had ruled against the Legislative Council abolition bill. Speculation about an election alarmed backbenchers. Governor Game received a petition, organised by a committee including leading business people, calling for Lang's dismissal but he believed the government would win an election and took no action.<sup>30</sup>

Labor was soon to find that the suggestion that the state might unilaterally adjust its obligations encouraged asset holders to protect themselves. Ministers insisted Labor could be removed only by constitutional means but as Shann argued in 1929; as agents in the marketplace voters could directly express their wishes.<sup>31</sup>

The actions of a significant portion of the 1,025,109 active Government Savings Bank (GSB) account holders illustrated this principle. In early 1931 news spread of the government's failure to pay outstanding interest to the Bank and withdrawals from the Bank accelerated. The position was worsened by self-fulfilling claims that repudiation implied a run on the bank and the likely impact of the Reduction of Interest bill on bank earnings. The last straw was when the Commonwealth Bank's failure to offer support to the GSB became known. A run commenced and on 22 April the GSB closed after exhausting its cash reserves.<sup>32</sup>

Labor was unlucky; Lang had actually reduced the government's outstanding debts to the Bank, suggesting the government's failure to meet bills was not a deliberate plan. The Commonwealth Bank's failure to offer support was based on the belief that Lang would somehow force the bank to extend credit to the Government, so that Commonwealth Bank support would prop up the state government. There seems little reason to doubt Giblin's judgement, disputed by Kenneth Polden,

<sup>30</sup> NSWPD, vol. 125, p. 2089. Willis, 24.3.31. For opposition responses: NSWPD, vol. 125, p. 1925. Bate, 17.3.31; pp. 1975, 1980 Stevens, 18.3.31; p. 1911 Lang and Main, 17.3.31. Former Premier Joseph Carruthers was an exception in defending the sanctity of contract: NSWPD, vol. 125, p. 2092, 24.3.31. AIBR, vol. 55, no. 3 (1931), p. 186. SMH, 17.2.31, p. 11, 24.3.31, p. 9. A. C. Davidson, Address to the Victorian Branch of the Economic Society, 22 May 1931, in BOP, p. 65. SMH, 24.3.31, p. 9, 26.3.31, p. 13. *Attorney-General of New South Wales v Trethowan*, CLR 44 (1930-31) at 394. Martin Diary, 16.3.31, 26.3.31. B. Foot, *Dismissal of a Premier (The Philip Game Papers)*, Morgan Publications, Sydney, 1968, pp. 62-67. J. C. Watson, the first Labor Prime Minister, was a signatory. For the list: SMH, 26.3.31, p. 13.

<sup>31</sup> SMH, 1.4.31, p. 15 (McKell), E. Shann, 'Economic Control' (1929) in E. O. G. Shann, *Bond or Free? Occasional Economic Essays*, Angus & Robertson, Sydney, 1930, p. 36.

<sup>32</sup> SMH, 23.4.31, p. 9. K. Polden, 'The Collapse of the Government Savings Bank of New South Wales, 1931', *Australian Economic History Review*, vol. 12 (1972). RCMB, *Report*, p. 144-147. Government Savings Bank, *Report of the Commissioners for the Year Ended 30 June 1931*, pp. 9-10. NSWPP, 1930-32, vol. 5.

that the Commonwealth Bank's policy was partly inspired by a desire to demonstrate the consequences of Lang's policy. As long as depositors could withdraw funds there were limits to the ability of governments to extract funds from banks. In Peronist Argentina the government required pension funds to buy government bonds, but employees could not withdraw their pension entitlement.<sup>33</sup>

Negotiations with the Commonwealth Bank for a takeover of the GSB were difficult. The government legislated to establish a new division of the Bank but failed to attract depositors. In December an agreement with the Commonwealth Bank was finally reached. Some 61% of GSB deposits were under £30. Small depositors had been last to withdraw funds. To Lang's critics the collapse showed that the capitalists of Labor demonology included the little people such as depositors. The collapse warned other Dominions, such as Newfoundland, of the consequences of repudiation.<sup>34</sup>

Like more recent financial institution failures, such as those in Victoria during 1990-91, and earlier collapses such as in the 1890s, the Savings Bank closure impacted adversely on the state economy by the reduction of consumption expenditure. Nock and Kirby cash sales rose 5.6% from March to May 1930 but fell 11.5% from March 1931 to May 1931. Inter-bank clearings fell 13% from April to June 1931 compared to an increase of 12% for the same months in 1930 and 6% in 1932, despite the political crisis of that period. Caucus members feared the electoral impact, but any hint of dissent within caucus quickly got back to Lang, and discussions among some backbenchers about replacing Lang remained informal.<sup>35</sup>

Labor was fortunate at the 25 April Annandale by-election, induced by the bankruptcy of MP Stuart-Robertson. The Labor vote fell nine percentage points. Neither Federal Labor, Nationalists nor the All for Australia League ran candidates. The swing was dampened by a high informal vote, due to a protest against the Anzac Day poll and misogynist opposition to the main anti-Labor candidate: feminist independent Margaret Simpson, later vice-president of the United Associations of Women. Stuart-Robertson's plight also attracted sympathy.<sup>36</sup>

<sup>33</sup> Giblin, *Central Bank*, pp. 199-200. P. Gerchunoff, 'Peronist Economic Policies, 1946-55', in G. di Tella & R. Dornbusch, eds., *The Political Economy of Argentina, 1946-83*, Macmillan, London, 1989, p. 70. German municipal savings banks faced similar problems at this time as a consequence of their loans to cash-strapped municipal governments (James, *German Slump*, p. 101).

<sup>34</sup> GSB, *Report*, 30.6.31, p. 7. *SMH*, 23.4.31, p. 9. 4.9.31, p. 10. 5.9.31, p. 11. 7.9.31, p. 9. 8.9.31, p. 9. 2.10.31, p. 10. *AIBR*, vol. 55, no. 9 (1931), p. 759. *WCM*, vol. 8, no. 7 (1931), p. 294, vol. 8, no. 8 (1931), p. 438. *RCMB, Report*, p. 146. *NRC, Report*, p. 179.

<sup>35</sup> IRVPSF, *State Finance Victoria*, pp. 20-21. National Institute of Economic and Industry Research, 'The First Order Causes of the 1990-91 Recession', in Economic Planning Advisory Council, *Origins of the 1990-91 Recession in Australia*, Australian Government Publishing Service, Canberra, 1992, p. 32. ML MSS 4544 MLK 03410 Nock & Kirby Sales 1895-1934. Cash Sales. *AIBR*, vol. 55 (1931), p. 189. *WCM*, vol. 8, no. 6 (1931), p. 278. *SR 1932-33*, p. 245. Martin Diary, 9.11.30, 25.4.31, 26.4.31, 4.5.31, 27.8.31. *SMH*, 25.4.31, p. 11. 27.4.31, p. 9 (12 dissident MPs claimed). 30.4.31, p. 9. *LD*, 1.5.31, p. 5. *The Sun*, 24.4.31, p. 7. 26.4.31, p. 2 (24 dissident MPs claimed).

<sup>36</sup> *SMH*, 16.4.31, p. 14.4.31, pp. 8, 10. 15.4.31, pp. 13-14. 21.4.31, p. 8. 22.4.31, p. 12. 27.4.31, p. 10. *WW*, 1.5.31, p. 2. *LD*, 15.4.31, p. 7. Feminist organisations supported Simpson's campaign: ML MSS 2160 Box Y74477 United

### (c) Taxation policy and administration

The government's major revenue initiative was legislation requiring insurance companies to lodge cash deposits with the Treasury, to protect policyholders against the failure of a company. It was estimated these deposits would amount to £4m to £6m. In 1923 Queensland adopted similar legislation. Major insurance companies admitted 'mushroom' companies sold generous policies and then exhausted funds through extravagant management. About 903,000 New South Wales citizens held life and industrial assurance policies.<sup>37</sup>

The proposal had strong support across the labour movement. Its most persistent advocate was Clerks' Union secretary A. Williams, a supporter of Federal Labor. The bill's critics denounced it as a forced loan and argued government securities should be acceptable as deposits, as otherwise insurance companies would have to raise cash by selling securities on a low market. Federal Labor supported the bill in the Legislative Council but by 31 to 17 the bill was amended in May to allow securities as deposits.<sup>38</sup> The magnitude of the defeat revealed that Labor had conceded defeat in the Council, and it did not proceed with the bill.

The March ALP metropolitan conference heard the first serious discussion of taxation policy within the party. A committee on unemployment reported to the conference. Schreiber, TUSA president, presented the majority report. It considered the wage tax acceptable only as a temporary expedient that should eventually be replaced by an insurance scheme. To raise funds it suggested: a capital levy or steeply graduated tax on high incomes; a state lottery with bond loans and a tax on advertising. Ultimately unemployment could only be overcome by works financed by taxation rather than loans.<sup>39</sup> It suggested a revised wages tax:

Associations of Women Executive, 23.4.31, 14.5.31. ML MSS 1703 Box K21797, Feminist Club Minute Book 1929-32, Executive, 20.4.31. The Communist vote rose from 2.3% in 1930 to 3.3%.

<sup>37</sup> *SMH*, 2.5.31, p. 13. *AIBR*, vol. 56, no. 3 (1932), p. 238. *JID*, vol. 12, no. 10 (1931), p. 198. *NSWPD*, vol. 126, p. 2653. Stevens, 13.5.31. Leading Nationalist J. M. Dunningham blamed Jews for fraudulent companies (*NSWPD*, vol. 130, p. 6175. 15.9.31).

<sup>38</sup> *LD*, 12.12.30, p. 5. *AW*, 29.4.31, p. 21. *SMH*, 17.3.31, p. 10. 4.5.31, p. 8. *Australian Budget*, 7.11.30, p. 6. 21.11.30, p. 4. *NSWPD*, vol. 126, p. 2652. 13.5.31 Stevens; p. 2767 (Bavin, 19.5.31); p. 2768 (Jarvie); p. 2786. Meeks, 20.5.31. *AIBR*, vol. 55, no. 5 (1931), pp. 415-16. For amendment: *NSWPD*, vol. 126, p. 2851.21.5.31. Later Labor described it as a revenue measure: *LD*, 25.7.31, p. 5 (Keller).

<sup>39</sup> *SMH*, 17.3.31, p. 10. *LD*, 17.3.31, p. 5. (Report of the Unemployment Committee to the Metropolitan party conference). State conference of the Victorian ALP a month later also called for taxation to be increased to end unemployment with exemptions for money used for extension of industry and provision of unemployment (*AW*, 8.4.31, p. 18). Schreiber was the labour activist most associated with the advocacy of higher taxes to put the unemployed to work. This may have reflected the fact that TUSA was more of an interlocutor with the government on general policy than the Labor Council, but Garden's attitude may have reflected a political judgement about the popularity of taxation, as late as April 1932 he was still telling the Labor Council that the obstacle to the governments works program was the Loan Council (Labor Council Minutes, 28.4.32). Schreiber kept his union informed on the work of the unemployment committee (NBAC, Furnishing Trades Society of NSW, T11/1/5. Minute Book of General Meetings 7.3.27 to 6.8.45. Committee of Management, 16.3.31, 30.3.31).

Table 4.1 Proposed wages tax, ALP Unemployment Committee

Proposed Wages Tax, ALP Unemployment Committee  
Weekly Income (£)

|           |           |
|-----------|-----------|
| 0-1.99    | 0         |
| 2-4.14    | 2.50%     |
| 4.15-5.99 | 5%        |
| 6+        | up to 25% |

(SMH, 17.3.31, p.10. LD, 17.3.31, p.5)

A Railways Union delegate presented a minority report. It proposed a 35-hour week, no taxes on the basic wage and a more progressive tax that would peak at 50%. ARU and Miners' Federation delegates condemned the majority report as an excuse for government failure. Schreiber's response was that the only way to increase employment was to raise funds for government works, and that in the current economic climate shorter hours would benefit only current employees. Socialisation Committee secretary William McNamara dismissed the majority committee's recommendations as palliatives and proposed that the state government should implement the socialisation of industry. This was defeated 61 to 57, and then the majority report was defeated by 62 to 53. The conference agreed only to support more relief to the unemployed.<sup>40</sup>

At the Easter conference an unemployment committee was established, chaired by Graves and including Garden, Socialisation activist and bricklayers unionist John Kilburn and William Crooks from the Miners' Federation. The immediate demands of the Committee included reforms to the dole and no wages tax on incomes below £3 a week. Conference supported these.<sup>41</sup>

Taxation policy was not a priority for the government's critics. Unionists clung to the shorter hours panacea and branch activists to 'socialisation'. Conference delegates feared the electoral risk of a socialist campaign, but were uneasy with the compromises of governing capitalism. The government was left to tinker with existing taxes. In March 1931 it introduced legislation to increase stamp and death duties by around a quarter. Clarence Martin called for the virtual abolition of inheritance, to the alarm of some Labor MPs, but the opposition, despite some concerns, accepted the increases.<sup>42</sup> The new rates could not counter the fall in collections:

<sup>40</sup> SMH, 17.3.31, p. 10. 18.3.31, p. 18. LD, 17.3.31, p. 5. 18.3.31, pp. 5, 9. 19.3.31, p. 5. Communists highlighted the debate about the report as demonstrating how Labor was devoid of ideas (WW, 20.3.31, p. 1). In opposition in 1935 Labor called for shorter hours and higher wages as the solution to unemployment on underconsumptionist grounds (J. McCarthy, *The New South Wales Election 1935*, Department of Government, University of Sydney/Parliamentary Library, New South Wales, Sydney, 1998, p. 5).

<sup>41</sup> LD, 7.4.31, p. 5.

<sup>42</sup> SMH, 30.3.31, p. 12. NSWPD, vol. 125, p. 2278. Levy, 26.3.31. OYB 1931-32, p. 379. NSWPD, vol. 125, p. 2249 (Stevens, 25.3.31); pp. 2252-53 (Martin, 21.3.31); p. 2277 (Levy), p. 2259 (L. O. Martin), Martin Diary, 25.3.31.

Table 4.2 Death duty receipts 1928-32 (£)

## Death Duty Receipts 1928-32

|         | £         |
|---------|-----------|
| 1927-28 | 1,596,804 |
| 1928-29 | 1,816,927 |
| 1929-30 | 1,860,052 |
| 1930-31 | 1,496,530 |
| 1931-32 | 1,251,650 |

(OYB 1931-32, p. 374).

These initiatives exhausted Labor's immediate response to the withdrawal of financial assistance. In May Garden foreshadowed a tax of 1.25% on rents to house the unemployed, but the government refused to comment.<sup>43</sup>

Labor's tax increases led to complaints that taxation was approaching its limit. Rural meetings heard calls to boycott taxes, or withheld them for a provisional loyalist government. Years later Stevens told Boris Schedvin there was a deliberate campaign by some larger companies and financial institutions to withhold tax. In America tax boycotts had been employed against Reconstruction governments. In the early 1930s organised tax boycotts by American business taxpayers, for whom corruption in tax administration provided a pretext, forced city governments to adopt austerity programs and reduce the conditions of city employees on whose support machine politics was built.<sup>44</sup> It is difficult to verify suggestions of a tax boycott. Taxes outstanding increased but not tax prosecutions:

<sup>43</sup> SMH, 2.5.31, p. 13. NSWPD, vol. 126, p. 2498. 5.5.31. Lang.

<sup>44</sup> SMH, 11.4.31, p. 14 (F. Bland, University of Sydney Professor of Government). 24.1.31, p. 15. 24.3.31, p. 9. 17.1.31, p. 14. 2.3.31, p. 9 (Bruxner). PR, vol. 41 (1931), p. 157, 269. Schedvin, *Great Depression*, pp. 273-74 (Schedvin has no further information on this than the statement in this work, he advised me in correspondence of 28 November 1995). C. Moneyhon, *Republicanism in Reconstruction Texas*, University of Texas Press, Austin, 1980, pp. 166, 186. E. R. Fuchs, *Mayors and Money: Fiscal Policy in New York and Chicago*, University of Chicago Press, Chicago, 1992, pp. 42-56.

Table 4.3 State taxation prosecutions and tax outstanding 1930-33 (£)

## State taxation prosecutions and tax outstanding 1930-33

## Prosecutions for failure to lodge tax returns and false declarations

|      |    |
|------|----|
| 1930 | 32 |
| 1931 | 27 |
| 1932 | 29 |
| 1933 | 40 |

## State income tax outstanding at end of financial year (£)

|      |           |
|------|-----------|
| 1930 | 1,044,540 |
| 1931 | 1,205,524 |
| 1932 | 1,413,699 |
| 1933 | 1,068,541 |

(Commissioner of Taxation, *Report on Working of Income Tax (Management) Act, 1928, and Prevention and Relief of Unemployment Act, 1930-1932*, pp. 2, 5-7, *NSWPP*, 1932-35 Parliament, 4th session, vol. 1, pt. 2).

## (d) Restraining public expenditure: food relief

The government exercised tight control over departmental expenditure. In 1930-31 only three departments had higher expenditure than in 1929-30: Treasury due to the depreciation induced increase in debt payments, Mines due to extra assistance to prospecting and Public Instruction due to pay increases for teachers from an earlier award. Consolidated revenue expenditure fell more in New South Wales than elsewhere, but the real level of expenditure was obscured by the separation of the wages tax revenues.<sup>45</sup>

Table 4.4 State expenditure from consolidated revenue 1929/30 to 1930/31 (£)

## State Expenditure from Consolidated Revenue 1929/30 to 1930/31 (£)

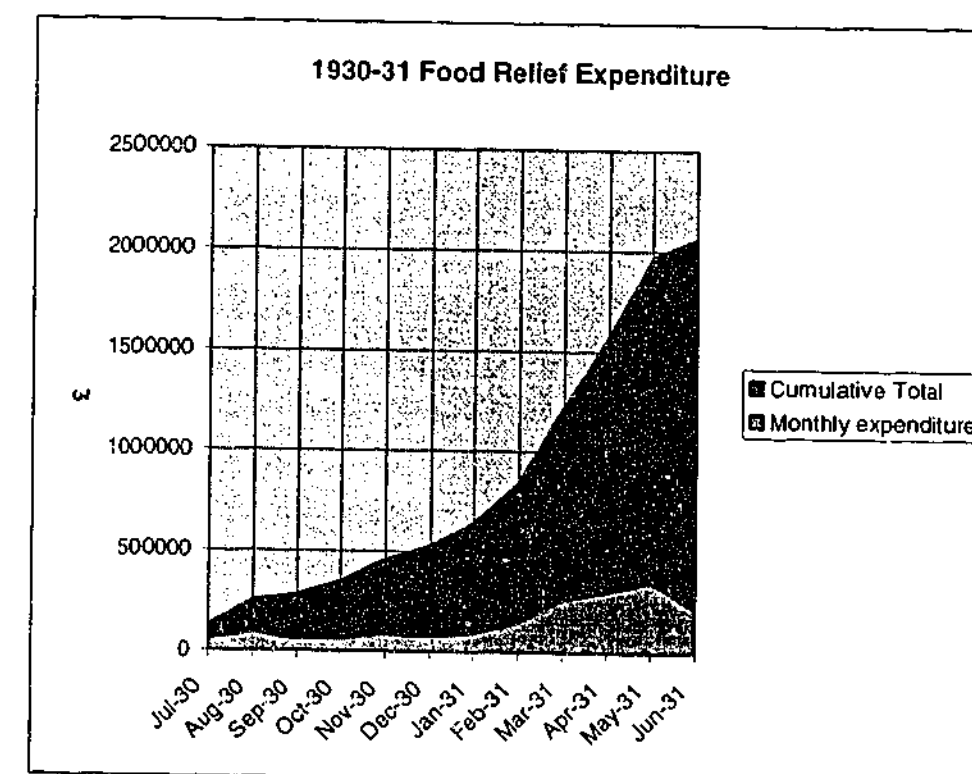
|     | 1929-30    | 1930-31    | %decline |
|-----|------------|------------|----------|
| NSW | 52,167,117 | 48,916,654 | 6.23     |
| Vic | 28,496,712 | 28,029,702 | 1.64     |
| Qld | 16,721,055 | 15,914,696 | 4.82     |
| SA  | 12,176,840 | 12,539,668 | -2.98    |
| WA  | 10,268,519 | 12,539,668 | -22.12   |
| Tas | 2,981,992  | 2,854,394  | 4.28     |

(*Finance Bulletin*, no. 22, 1930-31, table 43).

<sup>45</sup> *NSWPD*, vol. 127, p. 3375. Lang. 17.6.31; p. 3378. Bavin. 17.6.31. *SMH*, 11.4.31, p. 14 (Bland).

Labor wound back relief works expenditure, as funds were insufficient to implement its pledge of award rates on relief work. From 1 July 1930 to 31 December 1930 £497,700 was spent on public works from the Unemployed Relief Fund, but to 5 June 1931 only £35,092. Monthly dole expenditure rose from £63,551 in July 1930 to £352,325 in May 1931.<sup>46</sup>

Chart 4.1 1930-31 food relief expenditure (£)



(*NSWPD*, vol. 127, p. 3373. 17.6.31. Lang; vol. 129, p. 5774. 28.8.31. Lang SCICAB, *Minutes of Evidence*, q. 359).

Some senior bureaucrats and the parliamentary opposition identified fraud as a major contributor to the growth in dole expenditure. In opposition Labor activists had criticised the administration of food relief and Federal Labor supporters later claimed some Lang Labor supporters had encouraged false claims. In government Labor dismissed dole inspectors appointed by Bavin. Frederick Bland, University of Sydney lecturer in Government, argued that as the dimensions of fraudulent claims, described as 'imposition' became clear Labor was more willing to exclude what he described as 'politics' from the administration of relief and move against imposition. In fact Labor's administration of the dole did not follow such a clear pattern, but oscillated between

<sup>46</sup> *NSWPD*, vol. 127, p. 3373. Lang. 17.6.31. SCICAB, *Evidence*, qq. 3579-80 (R. Colvin, Treasury Accountant).

financial imperatives and the need to retain the support of the unemployed, in whose interest the Lang Plan was justified.<sup>47</sup>

By March Labor ministers complained that the public failed to report cases of imposition, but many Labor supporters would have agreed with ex-Wobbly Tom Glynn that food relief, however obtained, still ended in an empty stomach.<sup>48</sup>

Lang's election was followed by demands from unions, branches and the unemployed for a doubling, or more, of the dole. Baddeley told an unemployed deputation the day before the East Sydney by-election that the dole might be increased. In March 1931 a departmental report recommended that the single male unemployed be assigned to camps as was done in some other states. These camps were notorious for their military regimented style. The government ignored the report.<sup>49</sup>

In February 1931 the Department of Labour proposed that inspectors be appointed to investigate fraud. In March 90 inspectors were appointed. They were paid from the Unemployed Relief Fund and required no parliamentary approval.<sup>50</sup>

Ministers refused to explain how the inspectors were selected but the opposition claimed several were active in the ALP. The opposition claimed Garden nominated the inspectors and the inspectors did credit Garden for their appointment. They signed a pledge to support the Lang plan. Baddeley denied they were appointed on nomination of MPs. Branches complained they should have been consulted and that their number was excessive. The Labor Council's position was ambiguous. It referred a letter of complaint from the Unemployed Workers' Movement to the government. The Council later resolved to withdraw approval of the appointment of the inspectors until food relief regulations were liberalised.<sup>51</sup>

<sup>47</sup> *SMH*, 9.10.30, p. 12 (McDicken, Labor candidate for Concord). *SMH*, 27.7.31, p. 9. 13.3.31, p. 13. *NSWPD*, vol. 124, p. 919. 25.1.31. Baddeley, F. A. Bland, 'Unemployment Relief in New South Wales', *Economic Record*, vol. 8 (1932) p. 99.

<sup>48</sup> *LD*, 29.6.31, p. 5 (Tom Glynn). *SMH*, 13.3.31, p. 13. Despite the complaints of ministers there was a stream of complaints from members of the public about dole fraud: DLI Submissions 1932 (6/3468), 303231 [March 1932] (report from State Labor Exchange manager). DLI Submissions 1931 (6/3466), 289218, 10.2.31 (State Labor Exchange manager). A suggestion from a member of the public that informants be rewarded was rejected: DLI Submissions 1931 (6/3468), 294657, 30.7.31.

<sup>49</sup> *SMH*, 17.12.30, p. 13 (Gosling). 2.3.31, p. 8. 7.3.31, p. 15. *LD*, 7.3.31, p. 6. Bolton, *Fine Country*, pp. 106-09. G. Spenceley, 'The Broadmeadows Camp 1930-32: A Microscope on Social Control and Human Rights in the Depression of the 1930s', *Labour History*, 67 (1994). DLI Submissions 1931 (6/3466), 290531, 17.3.31, p. 7.

<sup>50</sup> DLI Submissions 1931 (6/3466), 289218, 10.2.31. *SMH*, 26.6.31, p. 11. The first Lang government had appointed industrial inspectors from a union background to the annoyance of Nationalists. The Bavin government had dismissed them but Labor offered them their jobs back (*NSWPD*, vol. 125, p. 1933. Farrer, 18.3.31. *Daily Guardian*, 7.11.30, p. 11). Bland, 'Spoils System', pp. 41-42.

<sup>51</sup> *NSWPD*, vol. 126, p. 2242. Baddeley, 30.4.31, p. 2908. Baddeley reply to Dunningham, 26.5.31, p. 3016. Baddeley to Bavin, 27.5.31. *NSWPD*, vol. 129, p. 5492. Baddeley reply to Chaffey, 20.8.31. *SMH*, 27.5.31, p. 11 (Dunningham). The appointment of the inspectors left no bureaucratic trace, not in the Department of Labour and Industry's *Industrial Gazette*, nor the PSB's listing of temporary employees, nor the surviving Department of Labour and Industry records or the records of the Unemployment Relief Council, which must have approved their appointment. *NSWPD*, vol. 126, pp. 3063-64. Dunningham, 2.6.31. *WW*, 5.6.31, p. 4. *SMH*, 1.6.31, p. 9. *LD*, 16.6.31, p. 8 (Weston), 15.6.31, p. 8 (Central and South Lidcombe). Labor Council Minutes, 14.5.31, 11.6.31. A committee

The Clerks' Union refused to admit the inspectors and claimed the positions should have gone to their unemployed members. Federal Labor called the inspectors 'communists'. The inspectors assisted Lang Labor in election campaigns, in particular by spreading rumors about the fate of the dole if Lang was defeated. Those still in employment after the 1932 election were dismissed.<sup>52</sup>

The inspectors gave special attention to women. Food relief regulations did not discriminate between single men and women but the increasing number of women seeking relief challenged stereotypes of female dependence on male breadwinners. The Department was concerned that from January to September 1931 the number of female recipients increased 70%. The appointment of several women as inspectors enabled women's claims to be investigated and prosecutions launched.<sup>53</sup>

Instructions to the inspectors suggest their main duty was to administer the income test and ensure recipients declared income such as pensions and child welfare. They also entrapped storekeepers to supply goods not listed on dole tickets. They did not enforce the work test and the secretary of the Metal Trades Employers' Association complained that one inspector told a father that his son should leave work so as to increase the family's dole. An ALP branch official was quoted as praising the inspectors for being far less intrusive than those of the Bavin government, and in particular that they did not question children. Garden claimed they were better suited to their tasks than the police. But correspondents to *Labor Daily* were critical of the inspectors and an editorial criticised them for questioning children. The Department and Minister rejected a Labor MP's complaint that inspectors were 'inquisitorial'. Complaints from unemployed organisations were met by the standard response that 'imposition' was a serious problem and that any specific allegations would be investigated. The inspector's inquisitorial role was years later cited in official Labor's criticism of Lang. The inspectors were only one initiative to reduce fraud. In June new dole cards were issued in an effort to reduce multiple claims. Baddeley claimed that 5,200 cards had not been presented in the metropolitan area.<sup>54</sup>

established by the Labor Council recommended a range of reforms to the administration of food relief (Labor Council Minutes, 2.7.31).

<sup>52</sup> *SMH*, 1.6.31, p. 9. The low membership of the Clerks' Union made the inspectors a threat to its leadership (*The Bulletin*, 3.6.31, p. 10). *SMH*, 28.5.31, p. 9. 11.9.31, p. 9. 2.6.32, p. 11. *AW*, 10.6.31, p. 7. *SMH*, *The Sun*, 18.12.31, p. 15. *AW*, 6.1.32, p. 18. 27.4.32, p. 18. *The World*, 7.6.32, p. 4. Public Service Board, *Thirty-Sixth Annual Report...[1932]*, p. 3. *NSWPP*, 1932-35 parliament, 3rd session.

<sup>53</sup> DLI Submissions 1931 (6/3467), 297052, 24.9.31. An unnamed official claimed women were less prone to fraud (*The Sun*, 16.8.31, p. 15). Employers were outraged by a woman's reported statement that she was better off without her husband, as long as she received food relief and family endowment (*Employers Review*, vol. 4, no. 2 (1931), p. 17). In Surry Hills and Redfern female inspectors were to be accompanied by an elderly male (DLI Submissions 1931 (6/3467), 294193, 26.6.31). There were six female inspectors in October 1931 (*SMH*, 1.10.31, p. 9).

<sup>54</sup> *LD*, 1.6.31, p. 5. *SMH*, 11.2.32, p. 9. *The Sun*, 10.11.31, p. 10 (Metal Trades' Employers' Association secretary). *LD*, 1.6.31, p. 6 (president of Rozelle East branch). 12.6.31, p. 5 (Garden). *LD*, 17.8.31, p. 5. 15.6.31, p. 4. Lowenstein, *Weevils in the Flour*, p. 210. DLI Submissions 1932 (6/3468), 303011, (reply to O'Sullivan MP). Calwell, *Lang Was Never Right*, pp. 18-20. *SMH*, 8.6.31, p. 7. *LD*, 13.6.31, p. 5.



Baddeley claimed in late May that the inspectors had identified 12,000 unsatisfactory cases, but he was vague on how many were prosecuted. Prosecution procedures were expedited. In October 450 reports were submitted to the police for prosecution. A later police instruction made clear that cases should be referred to the district superintendent, and that local police should not lay charges on their initiative. This suggests that local police, who were often judgmental of the unemployed, may have been keener on prosecutions than their superiors.<sup>55</sup>

In April 1931 Lang told the ALP conference that the dole would be increased by 25%. To the annoyance of unions and MPs the increase was not implemented until late July. Ministers claimed that the detection of impositions by the inspectors enabled the increase without increasing the total relief bill.<sup>56</sup>

The financial crisis that forced New South Wales to return to the Loan Council led the government to reconsider food relief. On 20 July 1931 cabinet established a committee of public servants under Baddeley's supervision to prepare a report as soon as possible on the co-ordination of relief. The report of 20 August reflected the preoccupation of senior bureaucrats with fraud. It argued that 20-25% of relief claims were false and that homeless single men should not be able to receive open orders in the metropolitan area or where there were organised camps of the unemployed. They should be sent to camps as in Victoria. Food relief should be governed by specific legislation to constrain the leniency of magistrates and relief for women should be through the child welfare department. Cabinet discussed the report on 24 August 1931. The details of the discussion are unknown, but Labor failed to implement its recommendations.<sup>57</sup>

As the Lang government's political position weakened it trumpeted the defense of food relief, in particular for single men, as its great achievement. In the 1932 election campaign Labor claimed that the coalition would end food relief to single men, and possibly women, and as under conscription (if it had been implemented) mothers' sons would be taken away to camps. Commentators agreed that in the rural area the single male unemployed supported Lang. A statistical analysis suggests that Federal Labor fared particularly poorly among the unemployed,

<sup>55</sup> NSWPD, vol. 126, p. 2996. Baddeley, 28.5.31. He claimed that 7000 removed for imposition (SMH, 26.5.31, p.9). AONSW, Police Instructions, Metropolitan and District Orders 1925-33, 3/2389.2, Instructions, 8.10.31 and 11.11.31, p. 119. DLI Submissions 1931 (6/3466), 298445, 30.10.31. Police Department, *Annual Report for the Year 1931*, p. 1. NSWPP, 1932, vol. 1. Federal Labor claimed prosecutions were delayed until after the poll (*The Sun*, 18.12.31, p. 15 (Riley Junior)).

<sup>56</sup> LD, 6.4.31, p. 1. 7.4.31, p. 5. £700,000 a year was the estimated cost of the increase (SMH, 14.4.31, p.9 (Baddeley). Cabinet Decisions, 4.6.31. SMH, 15.5.31, p. 11 (Labor Council); p. 13 (Lithgow unemployed). NSWPD, vol. 126, p. 3163. Connolly, 4.6.31. DLI Submissions 1931 (AO 6/3467) 294236, 13.7.31. NSWPD, vol. 128, p. 489. Concannon, 31.7.31.

<sup>57</sup> AONSW, Premiers' Department Correspondence 1931, 9/2017, Distribution of Food Relief and Co-ordination of Charitable Activities, Report of Committee appointed by cabinet (C. W. Tye, W. Wurth & F. Creasy, 19.8.31), pp. 1, 19-23, Item A31. Premier Stevens asked for a copy of the report in June 1932 (C. Tye to Stevens, 21.6.32 in *ibid.*). Cabinet Decisions, 24.8.31.

as Scullin admitted at the time, but that in 1932 the non-Labor promise to restore prosperity cut into Lang Labor's unemployed support.<sup>58</sup>

#### 4. Political responses to economic crisis

##### (a) The Socialisation Units

At the same time as Lang's cabinet grappled with state finances a significant challenge began to emerge within the ALP to the ruling faction. Labor's failure to reverse the pace of economic decline encouraged those within the party who called for more radical solutions. Men such as Willis, Garden and Baddeley found themselves opposed by party activists who repeated their arguments of a decade ago for a truly socialist Labor Party.

The April 1930 party conference established a Socialisation Committee to propagate the party's socialist objective by means of agitation, propaganda and the establishment of units or groups. The president of the Committee was John Kilburn, from the Bricklayers Union and the secretary was William McNamara, secretary of the party's education committee. At the branch level the Socialisation Units grew rapidly in support. By the 1931 Easter Conference 97 units had been formed by branches or groups of branches. The Inner Group realised to its surprise that a new group had emerged to potentially challenge its position. The Socialisation Committee felt that that the ALP officers were reluctant to provide organisational support to the units. Tensions were diminished with the negotiation of an arrangement in February 1931 by which the Inner Group would gain representation on the committee in exchange for accepting the continuation of McNamara in the secretary's position.<sup>59</sup>

The rise of the Units was a response to the ascendancy of the moderate left within the NSW ALP. Men like Willis, Garden and Baddeley trod the same path that a later generation of socialist and Communist union officials trod during the 1980s towards close co-operation with Labor in government and the acceptance of lower wages, whether through the Accord or the wages tax. In both eras this policy of compromise encouraged the emergence of a 'hard left' opposition among party activists.<sup>60</sup>

There were significant differences between the two periods. In the late 1930s and the 1980s militant workers could believe that industrial action offered a better road to improved wages and conditions than co-operation with Labor governments or reliance on industrial arbitration. In the

<sup>58</sup> LD, 29.5.31, p. 8 (Garden), 28.4.32, p. 6 (Dunn). SMH, 23.12.31, p. 11 (Scullin). Robinson, *State Election 1932*, pp. 46-47. I discuss the social basis of Lang support further in Chapter 5.

<sup>59</sup> Cooksey, *Lang and Socialism*, pp. 6-9, 17. SC, vol. 1, no. 1 (4.4.31), p. 4. Mitchell Library, McNamara Family papers, MSS 4430, Socialisation Committee Minutes, 14.11.30, 30.3.31, 3.4.31, MLK 03217 (all future references to 'Socialisation Committee Minutes' are to this source).

<sup>60</sup> Rizzo, *Left and the Accord*, pp. 2, 37, 107, 171-73. Scott, *Running on Empty*, pp. 191-95.



depths of the depression however, workers bargaining power was minimal. Workers looked to governments to protect them. Trade union officials employed their alliance with Lang to legitimate themselves in the eyes of workers, but the Units also looked to the true socialist Labor government that they believed would ensue if the party was converted to their view. They believed that capitalism was on the verge of collapse and could not support legislative reform.<sup>61</sup>

The analysis of the Socialisation Units by Cooksey fits within the perspective of radical history identified by Jonathon Zeitlin as 'rank and filist'. Capitalist crisis, it is argued, inevitably radicalised Labor supporters but Langist demagoguery and manipulation keep the party from reflecting this. In fact the preoccupations of the Units were largely detached from workers' immediate concerns. The Units were not interested in what a Labor government did before socialism. The Units did not take up the discontent of state employees with rationing and the wages tax and the Miners' Federation's grievances. At the 1931 Easter conference unionists, particularly Miners, criticised the unemployment committee appointed by conference. They argued that it was accountable only to conference and called for the establishment of a permanent committee of union representatives. Kilburn defended the conference committee and argued ills could not be eliminated in a moment.<sup>62</sup>

Langites and Communists challenged the Units' detachment from daily politics. Lang supporters argued that the committee was not being active in support of immediate steps to socialism such as local government reform or land nationalisation. Tom Payne, an ex-Communist Unit member, shortly to return to the Communists, argued that the Socialisation Committee had to consider the immediate problems facing the working class, by which he meant preparation for the seizure of power.<sup>63</sup>

In these months the most dramatic event within political labour was the vote of the Easter conference for the Socialisation Committee report that required the party to draft a three-year plan for socialisation. Although this proposal had been discussed within the Committee it took the Inner Group by surprise. The next day, after frantic lobbying, by the Inner Group the conference reversed its decision. The leading role in reversing the commitment to the three-year plan was taken by union leaders who disciplined their delegates.<sup>64</sup>

<sup>61</sup> SC, vol. 1, no. 1 (1931), p. 1, vol. 1, no. 4 (1931), p. 4. Kuhn, *Paradise on the Installment Plan*, p. 38.

<sup>62</sup> LD, 7.4.31, p. 5. Cooksey, *Lang and Socialism*, pp. 28, 64. J. Zeitlin, 'Rank and Filism' in *British Labour History: A critique*, *International Review of Social History*, vol. 34 (1989), pp. 42-61 and in the same issue the responses of R. Price, 'What's in a Name?' Workplace History and 'Rank and Filism', J. Cronin, 'The 'Rank and the File' and the Social History of the Working Class', and Zeitlin's reply, 'Rank and Filism' and Labour History: A Rejoinder to Price and Cronin'. T. Symonds, 'Socialists in Our Time': Communists and the New South Wales Labor Party during the Great Depression', *Marxist Interventions*, <http://www.anu.edu.au/polsic/marx/interventions> (printed 17.8.00).

<sup>63</sup> Socialisation Committee Minutes, 14.11.30, 17.7.31.

<sup>64</sup> Socialisation Committee Minutes, 27.2.31, 13.3.31, 3.4.31. SMH, 6.4.31, p. 7. 7.4.31, p. 9. LD, 6.4.31, p. 6. 7.4.31, p. 1. Cooksey, *Lang and Socialism*, p. 48.

Particularly unclear is the relationship between the Units and the parliamentary party. In December 1930 the committee claimed the support of at least ten MPs. Cooksey identifies Young MP Clarence Martin as a member of informal grouping of Party activists that operated as a faction opposed to the Inner Group within the Units. Cooksey identifies this group as advocates of 'socialism in our time' rather than the rhetorical demagoguery of the Inner Group. But Martin, although critical of the Inner Group, did not support 'socialism in our time'. He considered the three-year socialisation plan 'utterly impracticable'. At the ALP country conference in January 1931 Martin successfully argued against a resolution, inspired by the Socialisation Units, which called on Labor MPs to regularly address both branch and public meetings on socialisation in their electorates. The socialism espoused by Martin was detached from the realities of workers' experience. Macintyre and Markey have argued that the espousal of a utopian socialism could legitimate a moderate position within the ALP. Capitalism could be condemned in sweeping but moral terms.<sup>65</sup> The 'parliamentary socialism' of the unions was distinct from that of the Units. The internal dynamics of state caucus reveal, through Martin's role as a Lang critic, the ambivalent position of the Units in party factionalism.

#### (b) Dissent in state caucus and the role of Federal Labor

In May 1931 the ALP Federal executive had launched its 'official' Labor party in New South Wales. Success for the federal party required support from unionists and parliamentarians. Lang's opponents, including Federal Labor, believed that the high profile of the Units and former Communists within the Lang party would lead moderate MPs to defect. Fear of defections to Federal Labor was one factor behind Inner Group opposition to the three-year socialisation plan. The March Premiers' Conference had proposed that a loan of £6m be raised for wheat farmers but the Loan Council decided this was impossible after Lang's repudiation. Even before this Lang had rejected calls by rural MPs for New South Wales to return to the Loan Council to raise a loan for farmers.<sup>66</sup>

Federal Labor hopes for a split in state caucus centered on Bathurst MP Gus Kelly. In late April Kelly told a Bathurst meeting that citizens should sink party differences for the national good. Three days later in parliament Kelly criticised excessive salaries in the public service, in particular automatic increments, and said Lang should consider returning to the Loan Council. At the next caucus meeting Lang accused Kelly of undermining his campaign and strengthening the position of the Loan Council. Kelly protested his loyalty to the government, but said that

<sup>65</sup> Socialisation Committee Minutes, 6.12.30. Martin Diary, 16.3.31, 7.4.31, 17.5.31. SMH, 27.1.31, p. 10. Cooksey, *Lang and Socialism*, p. 19. S. Macintyre, 'Early Socialism and Labor', *Intervention*, 8 (1977), pp. 81-82. R. Markey, *The Making of the Labor Party in New South Wales 1880-1900*, University of New South Wales Press, Sydney, 1988, pp. 239-56.

<sup>66</sup> SMH, 4.3.31, p. 12. 7.4.31, p. 9. 29.5.31, p. 12 (Chifley). 22.5.31, p. 9. 8.4.31, p. 11. 13.5.31, p. 12. 21.5.31, p. 10. 29.5.31, p. 12. 20.6.31, p. 14. *The Sun*, 30.1.31, p. 7. 3.5.31, p. 1. *Farmer & Settler*, 7.4.32, p. 1. Loan Council Minutes, 25-26.2.31. Martin Diary, 27.1.30, 2.2.30.

unemployment, aggravated by the collapse of the Government Savings Bank, was worsening and the government should consider rejoining the Council. Some caucus support for Kelly came from moderate MPs Flannery, Lazzarini and Keegan but also from Socialisation Unit sympathisers Martin and Evan Davies.<sup>67</sup>

The ALP state executive drafted pledges of allegiance to the Lang plan for caucus members, and threatened to disendorse any that refused to sign. Labor Legislative Councillors rebelled and only 17 were reported willing to sign. Some MPs dawdled in signing the pledge, but by the caucus meeting of 22 May, which was attended by executive members, all had signed except Scully and Keegan due to illness.<sup>68</sup>

In June the government survived its only ministerial resignation: that of Attorney-General Lysaght on 15 June. The resignation was nominally due to cabinet's refusal to table a letter from Chief Justice Street that rejected claims by Education Minister Davies that Street had encouraged Game to refuse Labor's requests for Legislative Council appointments. Caucus opposition to aspects of a major Law Reform bill prepared by Lysaght may also have frustrated the temperamental Attorney-General. Lang promoted his favourite Lamaro to the Attorney-General's position rather than the more experienced McKell who instead took Lamaro's old portfolio of Justice. McGirr took Local Government from McKell and shed Health to Ely whose promotion had been suggested earlier in the press.<sup>69</sup>

The party executive admitted Labor's political difficulties when it refused to endorse a candidate in the June Upper Hunter by-election that followed the death of the sitting Nationalist. Labor had received 42% in 1930 but an Independent Labor candidate polled only 19 % of the vote at the by-election. Fortunately for Labor this result was overshadowed by the dispute between the Nationalists and the Country Party. The Country Party did not endorse a candidate but under pressure from local activists the party's Central Council allowed a local member to stand without endorsement and receive the assistance of parliamentarians. After the allocation of Independent Labor preferences he narrowly won. The result poisoned relations between the Country and National parties, who had broken coalition after the 1930 state election. Game accepted Lang's

<sup>67</sup> SMH, 14.4.31, p. 10. 27.4.31, p. 9. 2.5.31, p. 13. 4.5.31, p. 9. 23.5.31, p. 14. LD, 2.5.31, p. 1. 10.4.31, p. 5. Martin Diary, 1.5.31. NSWPD, vol. 126, pp. 2388-2392. Kelly, 29.4.31. For Davies' sympathy for socialisation: SC, vol. 1, no. 3 (1931), p. 4. LD, 27.1.31, p. 6. He accepted Stevens' claim he was an extremist: NSWPD, vol. 125, pp. 1363-64. Stevens, 19.2.31. Flannery told branch members that he agreed with most of Lang's program but not all of it (A. Howells, *Against the Stream: the Memories of a Philosophical Anarchist, 1927-1939*, Hyland House, Melbourne, 1983, p. 48). The PSB also disliked increments (PSB, *Report...[1931]*, p. 10).

<sup>68</sup> SMH, 30.4.31, p. 9. 20.5.31, p. 11. 21.5.31, p. 9. 23.5.31, p. 14. LD, 20.5.31, p. 6. 22.5.31, p. 9. 23.5.31, p. 5. AW, 29.7.31, p. 11. *The Sun*, 18.5.31, p. 8. Both Keegan and Scully had opposed Lang in 1927 and their illness may have been diplomatic.

<sup>69</sup> SMH, 6.1.31, p. 9. 16.6.31, p. 9. 17.6.31, p. 11. LD, 17.6.31, p. 4. Lang, *Turbulent Years*, p. 130. For an example of Lysaght's short temper from the 1902 Mt. Kembla Royal Commission (S. Piggin & H. Lee, *The Mt. Kembla Disaster*, Oxford University Press, Melbourne, 1992, p. 154). AONSW, Executive Council 1931, 9/649, Special Meeting, 17.6.31 (all future references to 'Executive Council 1931' are to this item).

argument it was a rebuff to the opposition, and this made him less likely to dismiss Lang and more sympathetic to Labor's call for more appointments to the Legislative Council.<sup>70</sup>

### (c) The crisis in non-Labor politics

The shift in non-Labor economic opinion from the budgetary orthodox of 1930 had its political parallel in a gradual shift of the Nationalists and the Country Party back to the political centre. The New South Wales Nationalists had nailed their colours to the Melbourne agreement. The result was not just electoral defeat but the election of a government that deeply alarmed Nationalist supporters, both among voters and the business community.

As in the 1940s, the Labor victories of 1929-30 impelled a renewed political involvement by business, but no unproblematic interest of capital can be read off from their class position. Businessmen were loath to enter politics directly and knew little of public opinion. The initial response of some capitalists to the Nationalist debacle was to champion a return to laissez-faire, a position represented by the Producers Advisory Council, but there was not a mass electoral base for such policies. As the Lang and Theodore plans unfolded many businessmen panicked, and with defeat of Labor as the priority they supported the electorally moderate centre of non-Labor opinion rather than the partisans of laissez-faire. The 'Group of Six', the cabal of Melbourne businessmen and Robert Menzies, who masterminded Lyons' ascension to the leadership of the federal non-Labor parties, is an example. The personal political views of Group members were on the right wing of Nationalism but they encouraged the replacement of the conservative Latham by the more electorally appealing and moderate Lyons, and over the objections of Latham insisted that financial orthodoxy was more important than reform of tariffs or industrial arbitration.<sup>71</sup>

New South Wales Nationalists were reluctant to admit that their political strategy was in error; their right wing position together with Lang's radicalism opened a void in the political centre. This void was filled by the All for Australia League (AFA). Following preliminary discussions, beginning among Rotarians, a meeting of citizens' organisations was convened by the president of the Sydney Chamber of Commerce on 28 January. It resolved an association be created to promote 'unity' among citizens to meet the crisis. The leading role of the Chamber of Commerce suggests the League was intended to be a 'front' group to rally urban public opinion to an anti-

<sup>70</sup> LD, 21.5.31, p. 5. 24.6.31, p. 1. *The Sun*, 10.6.31, p. 8. 19.6.31, p. 10. *Australian National Review* (hereafter ANR), June 1931, p. 6. SMH, 21.5.31, p. 10. 19.6.31, p. 9. 23.5.31, p. 14. Although some Labor members, such as the AWU's George Buckland, wanted Labor to contest the February by-election for the safe Country Party electorate of Clarence, Labor had not endorsed a candidate (LD, 7.2.31, p. 5). Country Party Central Council, 2.6.31, p. 5. 12.6.31, p. 6. Sir Philip Game to Dominions Secretary, 10.6.31 in Lang-Game Papers, p. 731.

<sup>71</sup> M. Simms, *A Liberal Nation: The Liberal Party and Australian Politics*, Hale & Iremonger, Sydney, 1982, pp. 14-15. Hancock, *National and Permanent*, pp. 16-17. Martin, *Menzies*, vol. 1, pp. 83-90. SMH, 18.4.31, p. 17. 8.5.31, p. 9. Latham MS NLA 1009, Series 49, Notes made on 6 April [discussion with National Union on 27 March 1931]. Hart, 'Lyons: Labor minister - Leader of the U. A. P.', in Cooksey, *Great Depression*, p. 47. Butlin, et. al. are correct to argue that historians have neglected the extent to which ex-Labor ministers constrained conservative governments (Butlin, et. al., *Government and Capitalism*, p. 80).

Labor banner, just as did the PAC in the countryside. The leading role of the Chamber was an example of how business groups, frustrated with Nationalist electoral failure, felt impelled to political activity.<sup>72</sup>

The All for Australia League was launched at a North Shore meeting on 12 February. The membership of its Council was largely drawn from business associations. It included office bearers of the Employers Federation, Retail Traders Association, Sydney Chamber of Commerce, and the Chamber of Manufacturers. The League grew rapidly to a claimed membership of 160,000 by the end of March. In March it held its first convention. Nationalists were shocked when it voted 598 to 40 to launch a political movement. Supporters of the decision argued their task was to save Australia not just the National Party and that 'working men' who had joined the League wanted it to keep separate from existing parties. Critics of the decision claimed the convention was unrepresentative.<sup>73</sup>

Academic analysts of the AFA echo contemporary Labor critics, and identify it as a right-wing organisation, upholding individualist liberalism, hostile to democracy and even fascist in its criticism of party divisions. There were elements in the policy statements of the AFA that could be interpreted in this direction, but criticism of party divisions, calls for economy, opposition to repudiation and vehement anti-communism were commonplace on the right. To explain why the AFA threatened the Nationalists we should ask what divided it from the Nationalists, rather than what it shared with them. An adequate explanation of the AFA has to take its ideology seriously. Lloyd can suggest only that the AFA entered politics because a large organisation needed something to do. AFA activists had an explanation of their own: they had their own middle policy distinct from the extremes of two major parties and that without a political organisation they would have no way of ensuring candidates it supported implemented these policies once elected. Antecedents to the AFA included Hughes' Australian Party and George Beeby's National Progressive League of 1913, which denounced machine politics and claimed the existing Liberals could not defeat Labor without a broader platform. The enthusiasm of the AFA's early meetings resembles that attracted by more recent centre parties, such as the Australian Democrats or the British Social Democrats. Like these parties the AFA recruited political amateurs. The non-legal professions were prominent in the AFA and a prominent engineer, and wartime censor, Alexander Gibson was its first president.<sup>74</sup> Among its executive members was the prominent

<sup>72</sup> *SMH*, 20.5.31, p. 11. T. Matthews, 'The All for Australia League', in Cooksey, *Great Depression*, p. 138.

<sup>73</sup> *Employer's Review*, vol. 3, no. 6 (1931), pp. 5-7. *SMH*, 17.2.31, pp. 9-10. 5.3.31, p. 10. 30.3.31, p. 12. *ANR*, July 1931, p. 5. Matthews, 'The All for Australia League', in Cooksey, *Great Depression*, p. 139. E. Campbell, *The Rallying Point: My Story of the New Guard*, Melbourne University Press, Melbourne, 1965, p. 42. AFA activists often claimed to speak for workers but few of these workers seem to have actually attended AFA meetings, or at least spoke at them, for if they had the press would surely highlighted their contribution.

<sup>74</sup> K. Seggie, *Right Wing Extremism in Australia 1919-1933* (M. A., University of New South Wales, 1979) (this is not held in the University library but in the History Department), p. 122. T. Matthews, 'The All for Australia League', in Cooksey, *Great Depression*, pp. 136-37. Nairn, *Big Fella*, p. 225. J. McCarthy, 'All for Australia: Some Right Wing Responses to the Depression in New South Wales, 1929-1932', *Journal of the Royal Australian Historical*

educationalist Peter Board, an outstanding exponent of the pupil centred 'new education' during his service as head of the Department of Public Instruction from 1905 to 1922. Board had enjoyed good relations with Labor politicians, particularly moderates like Holman. John McCarthy's analysis of UAP factionalism under the Stevens government highlights the role of those urban UAP MPs who won Labor seats in 1932 and who supported more sympathetic policies to the unemployed. Many of these MPs had been involved in the AFA, but McCarthy does not see that this fact undermines his presentation of the AFA as an extremist organisation.<sup>75</sup>

In rural areas the Producers Advisory Council functioned as a business front group. The rural protest meetings under its auspices were tightly organised. They resembled the various 'economy' campaigns of the early post-federation years, or more recently the 1980s farmer protests organised by the National Farmers' Federation in support of an economic liberal agenda. This consensus would soon be challenged just as in the cities.

On 16 November a meeting in Lockhart had established the 'Young Patriots'. It supported the merger of the Nationalist and Country Parties on a basis wide enough to secure the 'needs of electors of moderate Labour views'. The Victorian Nationalist Kent Hughes and local Nationalist MP Richard Ball addressed the meeting. Hughes was a political ally of Menzies and a member of the 'Young Nationalists', a ginger group within the Victorian Nationalists united by ambition and suspicion of Country Party 'sectionalism'. The Country Party immediately identified the Patriots as a Nationalist front. In late December the Young Patriots changed their name to the United Australia Association, pledged to support moderate and non-sectional policies and it was then that Charles Hardy, a Riverina timber merchant and war veteran, joined the movement.<sup>76</sup>

Hardy soon took a leading role within the Association as it transmogrified into the 'Riverina movement'. The response of the Country Party and the Producers' Advisory Council to Lang's

*Society*, vol. 57, pt. 2 (1971), pp. 160-171. Robertson, *Scullin*, p. 304. *AW*, 25.3.31, p. 3 (Boote). Robinson, *State Election 1930*, p. 25. Lloyd, *Development of the UAP*, pp. 77-78. *SMH*, 17.2.31, p. 8 (Gibson). 30.3.31, p. 12 (H. G. Bennett). 17.4.31, p. 12 (Gibson). *The Sun*, 31.3.31, p. 11 (Gibson). 4.4.31, p. 7. J. M. Antill, 'Gibson, Alexander (1876-1960)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 8, 1891-1939, Melbourne University Press, Melbourne, 1981, p. 305. Rydon, *NSW Politics*, pp. 110-11. J. Warhurst, '1977: Don Chipp's New Party', in J. Warhurst, ed., *Keeping the Bastards Honest: The Australian Democrats first twenty years*, Allen & Unwin, Sydney, 1997, pp. 54-56. R. Carty, 'Australian Democrats in Comparative Perspective', in *ibid.*, pp. 102-105. I. Crewe & A. King, *SDP: The Birth, Life and Death of the Social Democratic Party*, Oxford University Press, 1995, pp. 94-96. S. Gray, *Newcastle in the Great Depression*, Newcastle History Monographs no. 11, Newcastle Region Public Library, Newcastle, 1989, p. 50. Another leading figure in the League to whom the war had given status was H. Gordon Bennett, former insurance clerk, war hero, confidante of Hughes and Chamber of Manufacturers president (F. Legg, *The Gordon Bennett Story*, Angus & Robertson, Sydney, 1965, pp. 7, 140, 142, 145, 148).

<sup>75</sup> A. R. Crane & W. G. Walker, *Peter Board: His Contribution to the Development of Education in New South Wales*, Australian Council for Educational Research, Melbourne, 1957, pp. 49-50. *SMH*, 26.5.31, p. 10. P. Board, 'Party Spirit in Politics', *Australian Quarterly*, vol. 3 (1931), pp. 69-70. J. M. McCarthy, *The Stevens-Bruce Government 1932-39* (M.A., University of New South Wales, 1967), pp. 5-6, 15, 19-20, 68, 199, 203.

<sup>76</sup> Martin, *Menzies*, vol. 1, pp. 75-77. Country Party Central Executive, 19.11.30, p. 7 (Sommerland). *SMH*, 17.11.30, p. 9. *The Sun*, 21.12.30, p. 25. *Foley Mail*, 23.2.31, p. 2. A. Moore, 'Hardy, Charles Downey (1898-1941)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 9, 1891-1939, Melbourne University Press, Melbourne, 1983, p. 195. U. Ellis, *The Country Party: A Political and Social History of the Party in New South Wales*, F. W. Cheshire, Melbourne, 1958, pp. 136-37.

election had been an economic one: to enunciate an economic liberal policy and to criticise Bavin's government for its failure to break with Labor's interventionism. The Riverina movement downplayed economic issues to focus on constitutional issues: state governments were to be replaced by provincial governments, which would be constituted by the secession of rural areas from New South Wales. The Advisory Council became inactive as its former supporters flocked to the Riverina movement, and Western and Southern movements with similar objectives. The rapid growth of the country movements depressed Labor supporters, but Martin felt it mobilised non-Labor voters rather than Labor supporters. Emotions ran high in country towns and Labor supporters found anti-Labor friends unwilling to speak to them.<sup>77</sup>

Unlike the PAC and the Country Party Hardy flirted with centrist politics. He addressed an early meeting of the AFA. He praised the 'sound unionism' of the AWU and urged unionists to support it against city union domination.<sup>78</sup> This 'moderation' was compatible with insurrectionary aspirations; successful unilateral secession of the Riverina would require support, not just among the farmers to which the PAC appealed, but also from town dwellers.

## 5. New South Wales returns to the Loan Council

### (a) The May-June Premiers' Conferences

The Commonwealth government, like that of New South Wales, found its options limited and ultimately closed off by the shortage of funds. Legislation to implement Theodore's fiduciary notes plan was rejected by the Senate in April. The same month the Commonwealth Bank warned Theodore that it would soon cease financing Australian governments unless there was 'a definite change for the better in the financial position'. Theodore intended to ignore the threat but on the Loan Council Hogan and Hill, unenthusiastic about the fiduciary plan anyway, joined the non-Labor members to convene a Premiers' Conference. This conference, to which representatives of the federal opposition were invited, was to develop a strategy to balance Australian budgets by 30 June 1934. Hill and Victorian Minister J. P. Jones formed a subcommittee with Western Australia Premier William Mitchell to draft a Plan for submission to the Conference to achieve this fiscal goal. State governments faced a worse budgetary position than the Commonwealth, but their response, apart from Lang, was to plead devotion to fiscal orthodoxy to secure Bank support. The economic downturn pitched Hogan and Hill into power, but like the Democrats in many

<sup>77</sup> Country Party, Central Council, 19.11.30, p. 2 (Comments of Kelly, 1930 Independent Country Party candidate in Ashburnham). *SMH*, 17.3.31, p. 10. 13.4.31, p. 10. 9.4.31, 11.9.31, p. 10. 10.9.31, p. 7. *Albury Banner*, 6.3.31, p. 11. Martin Diary, 1.4.31, 10.4.31, 25.4.31. Howells, *Against the Stream*, p. 50.

<sup>78</sup> *SMH*, 30.3.31, p. 12. *LD*, 16.3.31, p. 6. *SMH*, 12.6.31, p. 12. AONSW, Colonial Secretary Correspondence, 5/8999, G. Ferguson Sergeant to Metropolitan Superintendent of Police 17.3.31 (Report on March 14 Riverina movement convention in Wagga), p. 3 (Hardy), Item B1924. The Communist Party took Hardy's comments on the AWU as evidence of its 'social fascist' character (Comintern FM4/10420, Central Committee. Industrial Department Circular, 1.7.31. Delegates to the March 1931 AFA convention applauded Hardy's claim he would put the welfare of farmers and their wives ahead of the constitution (*SMH*, 30.3.31, p. 12).

American states at this period, who were similarly pitched into office, they lacked any original strategies. Like Roosevelt Scullin and Theodore found their state colleagues uncooperative.<sup>79</sup>

This plan would be more than a re-run of the Melbourne agreement. Lang's election had demonstrated that fiscal soundness for its own sake had limited appeal. By May the more enlightened opponents of Labor radicalism were developing a positive alternative to Langism. A. C. Davidson, General Manager of the Bank of New South Wales, argued that costs and wages must be reduced but that government deficits could be only being reduced through a simultaneous reduction in interest rates, which would also stimulate economic recovery. Economic recovery and lower interest rates required investor confidence. He admitted farmers and workers had grounds for concern about interest rates but Lang's approach was counter-productive. A right-wing Labor protectionist such as J. P. Jones had anticipated Davidson's emphasis on the need to restore business confidence. On 20 May Lang made a major concession to his caucus critics and announced he would attend the Premiers' Conference.<sup>80</sup>

The Premiers' Conference ran from 25 May to 11 June. Lang's attendance initiated two months of bargaining between the NSW and federal governments. Lang wanted to appease caucus opinion, gain a bargaining plank against the Legislative Council, conciliate Game, and gain financial support, but his options were limited.

The committee of state ministers set up by the Loan Council co-opted the assistance of state (except New South Wales) Treasury under-secretaries and the economists Copland, Gibling, Melville and Shann. The committee report proposed a 20% reduction in adjustable government expenditure to enable lower interest rates. It noted that greater reductions were possible for New South Wales, which overspent and could contribute another £2m to £3m.<sup>81</sup>

<sup>79</sup> Sir Robert Gibson to Theodore, 2.4.31 in *BOP*, pp. 44-47. Theodore to Sir Robert Gibson, 15.4.31 in *BOP*, pp. 47-56. Resolution of the Loan Council, 25.4.31 in *BOP*, p. 57. Schedvin, *Great Depression*, pp. 242-43. Patterson, *The New Deal and the States*, esp. pp. 205-06. To use Neville Cain's terminology Theodore had adopted the 'liberal' position of 1930, but by mid 1931 liberal economists, such as Copland, had moved to the right and feared that Labor could not be trusted to implement an expansionary program. Their now more right-wing liberal position was now available to taken up by the UAP, which was looking for an alternative to the deflationary orthodoxy of Niemeyer, which NSW voters had rejected in 1930.

<sup>80</sup> Davidson, Address to the Victorian Branch of the Economic Society, 22.5.31 in *BOP*, pp. 57-72. *Premiers' Conference February 1931*, p. 27 (Jones). Hughes' Australian Party pioneered the argument that budgetary balance depended as much on the revival of business activity as the reverse (Robinson, *State Election 1930*, p. 33). *SMH*, 21.5.31, p. 9. Davidson believed that Lang was implementing a deliberate Communist plan (Anderson, *Problems and Reactions*, p. 31). This 'extremist' belief encouraged political moderation in seeking a way to undercut Lang's appeal. Davidson also advised the Graziers' Association. He encouraged them, despite their laissez-faire sympathies, to diverge from the deflationary orthodoxy of Niemeyer. Gibson and the Melbourne banks and support exchange rate depreciation (K. Tsokhas, *Business, Empire and Australian Conservative Politics, 1923-1936*, Australian National University, Working Paper in Economic History, no. 127, Canberra, 1989, pp. 15-16).

<sup>81</sup> Committee of the Loan Council to Theodore, 23.5.31 in *BOP*, pp. 72-74. Conference of Commonwealth and State Ministers held at Melbourne from 25 May to 11 June, *Record*, (hereafter *Premiers' Conference June 1931*) p. 83, 91-92, 101. The Commonwealth opposed reference of the Under-Secretaries' report to the Premiers' Conference but was overruled by the states (Loan Council Minutes, 22-23.5.31, p. 4). 'Mr. Lang and New South Wales', *Round Table*, no. 85 (1931), p. 182.

The Conference reached an agreement known as the 'Premiers' Plan'. It required a reduction of 20% in all adjustable public expenditure, including wages, salaries and pensions. This alone would not restore balanced budgets. The remaining deficit would be reduced by the conversion of government debt to lower interest rates and tax increases. Borrowing would cover the remaining gap of £13-15m. Bank rates of interest on deposits and advances would be reduced, and this would be supplemented by legislative reduction in mortgage rates. The uniform 20% reduction was a partial victory for Lang. He clashed with Giblin over the level of New South Wales expenditure, but the Commonwealth, keen to conciliate Lang, defended his efforts to reduce expenditure.<sup>82</sup> Despite this concession New South Wales still had to reduce expenditure on administration and pensions by £3.3m.

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<sup>82</sup> Report of the Premiers' Conference, 10 June 1931 in *BOP* pp. 128-36, *Premiers' Conference June 1931*, pp. 29-32.

Table 4.5 NSW under the Premiers' Plan (£m)

## New South Wales under the Premiers' Plan

|                               | £m           |
|-------------------------------|--------------|
| Before adjustment             |              |
| <i>Expenditure</i>            |              |
| Interest                      | 14.8         |
| Sinking Fund                  | 0.93         |
| Exchange                      | 2.5          |
| Unemployment Relief           | 7            |
| <u>Adjustable Expenditure</u> |              |
| Wages & Salaries              | 20.86        |
| Materials                     | 5.82         |
| Other                         | 7.65         |
| <b>Total Expenditure</b>      | <b>59.56</b> |
| Revenue                       | 48.05        |
| <b>Deficit</b>                | <b>11.51</b> |

## Proposed adjustments

|                           |             |
|---------------------------|-------------|
| <i>Expenditure</i>        |             |
| Debt conversion           | 1.3         |
| Salaries & Wages          | 1.3         |
| Other                     | 2           |
| <i>Additional Revenue</i> |             |
| Effect of Transport Act   | 1.5         |
| Decrease in deficit       | 6.1         |
| <b>Final Deficit</b>      | <b>5.41</b> |

(Commonwealth and State Budgets 1931-32: Statement of Position before and after Adjustments arising from Conference Decisions, in *BOP*, pp. 139-40).

The conference left the precise position of New South Wales unclear. The Conference unanimously resolved that the representatives bound themselves to give prompt effect to the conference, but Lang did not give a written undertaking to abide by the Plan. In a conciliatory gesture Scullin and Hogan moved without opposition for the appointment of a committee to review the legal action against New South Wales for recovery of unpaid interest and the closure of the Government Savings Bank. A conference of bankers on 18-22 June agreed that subject to measures to implement the Plan temporary assistance would be given to governments. The Loan Council met on 10 June, without New South Wales, and no assistance was granted to the state. As



late as 16 June Lang's government told the Commonwealth it did not intend to make contributions to repayment of the debt interest on which it had suspended payment.<sup>83</sup> I suggest that Lang believed that agreement to the Plan would lead the state's bankers to directly advance funds to his government and enable him to continue to abstain from the Loan Council.

**(b) The proposed £500 limit on public service salaries and the Emergency Tax bill**

Lang's consistent argument was that he had accepted the 20% reduction subject to its equitable application. On Friday 5 June he suggested that one option to achieve the reduction was to have £500 as the upper limit on all public service salaries. Such proposals for salary limits, and complaints about the privileges of high-paid public servants, had a history of support from party branches and unions, and recalled pre-Labor radicalism. Labor's campaign pledge to reverse the salary reductions of the Bavin government reflected a calculation of electoral advantage rather than labour movement sympathy for public servants. As the government's financial plight became clear party units questioned the promise.<sup>84</sup>

During the Premiers' Conference Lang had consulted with union leaders who made clear their opposition to wage reductions. Lang's only recorded response was that the highest paid not the workers would suffer. In a statement that accompanied the terms of the Plan Lang argued that to maintain consumer demand wage reductions should fall on those with a 'surplus above their immediate wants, [who] withhold that surplus from circulation or some other form of saving'. This concept of surplus was drawn from the economist John Hobson who attributed economic slumps to excessive savings by the wealthy. Lang argued when previous reductions and the wages tax were taken into account those in regular employment had already contributed 16 1/3% and those receiving over £500 would have to bear the burden. About 150 public servants received more than £1,000 and 1800 more than £500. Lang declared that the only Department that would not be able to yield 20% was Public Instruction, as Child Welfare payments and Widows' Pensions would not be reduced.<sup>85</sup>

<sup>83</sup> *Premiers' Conference June 1931*, pp. 164-67. There is no evidence that the committee was ever established. *SMH*, 23.6.31, p. 9. Schedvin, *Great Depression*, p. 268. Loan Council Minutes, 14.8.31, p. 15. Loan Council Minutes, 10.6.31, p. 5. AONSW, Treasury, Treasury Special Bundles, Financial Agreement Enforcement Act 10/10022, Under-Secretary, New South Wales Treasury to Secretary, Commonwealth Treasury 16.6.31.

<sup>84</sup> Lang, *Turbulent Years*, p. 103. *SMH*, 31.12.30, p. 10 (Yagana ALP). *The Sun*, 11.1.31, p. 13 (Goulburn ARU). *LD*, 7.4.31, p. 8 (Penshurst ALP). 18.4.31, p. 7 (Hurlstone Park ALP), 8.6.31, p. 7 (Lang). Rydon, *NSW Politics*, p. 131 (similar demands in 1914). Sawyer, *Federal Politics and Law, 1901-29*, p. 146 (wartime demands for a £300 limit on all incomes). Parnaby, *Economic and Political Development of Victoria*, pp. 362-68. B. Mansfield, *Australian Democrat: the Career of Edward O'Sullivan 1846-1910*, Sydney University Press, Sydney, 1965, pp. 114-16. In Germany at this time the Social Democrats supported special taxation on public servants in secure jobs, although parliamentary Social Democrats, conscious of the electoral power of the service, were more cautious. Nazis and Communists defended the service against pay cuts (James, *German Slump*, pp. 68-70, 218-19).

<sup>85</sup> *SMH*, 8.6.31, p. 7. 11.6.31, p. 11. Commonwealth and State Budgets 1931-32: Statement of Position Before and after Adjustments arising from Conference Decisions in *BOP*, pp. 136-51. *The Sun*, 3.6.31, p. 5. M. Bleaney, *Underconsumption Theories: A History and Critical Analysis*, Lawrence & Wishart, London, 1976, pp. 149-80.

Lang presented the reduction of interest as a victory, but the opposition seized on the reduction in public expenditure as contradicting Labor's early promises to maintain wages. The Premiers' Conference's early acknowledgement of the need to reduce interest rates pleased Labor MPs but Lang's agreement to expenditure reductions came as a shock. Martin described Lang's report to caucus on 12 June as 'awful, disconnected and meretricious'. In an attempt to avoid questions a loyalist MP moved the report be adopted. Martin and Kelly challenged this and a furious Lang accepted that the meeting continue. The £500 salary limit plan met substantial opposition from some MPs, particularly Newcastle's Hugh Connell, a former teacher and a long-standing critic of Lang, the rural MPs Kelly, Donovan, Flannery and Martin, and former Attorney-General Lysaght. Lang assured MPs no salaries would be reduced until the reduction in bond interest rates was effected. He foreshadowed further tax legislation but gave no details.<sup>86</sup>

Lang delivered the 1930-31 budget on 7 June. It did little more than describe the record of expenditure and record a deficit of £8.7m. Food relief, the largest simple expenditure item, escaped any examination, as it was not paid from consolidated revenue. It gave no details of tax initiatives. The Premiers' Plan argued that direct taxation had reached its limit in some states and recommended an increase in Commonwealth indirect tax that is less of a burden on industry. The only increase in revenue projected for New South Wales was from public transport due to new transport regulations.<sup>87</sup>

On 25 June Lang took new tax proposals to caucus. He argued that they were unrelated to the Plan, but they were clearly directed to conciliating party opinion concerned by the Plan, for they were more radical than those earlier reported as under consideration by Lang. Within caucus the former teacher Martin was concerned by the impact of the expenditure reductions on public education but welcomed tax increases as a redistributive measure. Other members were reported to be 'staggered'. Ministers justified the bill on the grounds that the government was about to exhaust its funds and that the banks had not made a clear commitment to support the state while the Plan was implemented.<sup>88</sup>

The bill proposed a new tax, additional to existing state and federal taxes, on individuals and companies for the year about to end on 30 June 1931 and a new wages tax for the year ending on 30 June 1932:

<sup>86</sup> *NSWPD*, vol. 127, pp. 3376. Lang, p. 3378. Bavin, 17.6.31. Martin Diary, 28.5.31, 2.6.31, 12.6.31. *SMH*, 13.6.31, p. 13. Donovan would years later be the Arbitration Commissioner whose ruling in 1955 that federal award for shearers be reduced as a result of falling wool prices and sparked a national shearers' strike (M. Hearn & H. Knowles, *One Big Union: A History of the Australian Workers Union 1886-1994*, Cambridge University Press, Melbourne, 1996, p. 239).

<sup>87</sup> *NSWPD*, vol. 127, p. 3375. Lang, 17.6.31; p. 3505. Bavin, 24.6.31. Report of the Premiers' Conference, 10 June 1931 in *BOP*, pp. 129, 140.

<sup>88</sup> *NSWPD*, vol. 127, p. 3568. Bavin, 26.6.31; pp. 3662-67, 26.6.31; p. 3745. Lang, 26.6.31. *SMH*, 22.6.31, p. 9 (earlier tax proposals), 26.6.31, p. 11. Martin Diary, 25.6.31.

Table 4.6 Emergency Income Tax Bill rates

## Emergency Income Tax Bill Rates

| 1931              |        | 1932              |        |
|-------------------|--------|-------------------|--------|
| Annual income (£) | Rate % | Weekly income (£) | Rate % |
| 0-259             | 5      | 0-3.99            | 0      |
| 260-311           | 10     | 4-4.99            | 5      |
| 312-363           | 15     | 5-5.99            | 10     |
| 364-519           | 20     | 6-6.99            | 15     |
| 520+              | 25     | 7-9.99            | 20     |

(NSWPD, vol. 127, p. 3663. Lang. 26.3.31)

This schedule went some way towards relieving the low paid of the taxation burden, although it still cut in below the living wage of £4/11/6.<sup>89</sup> The government was reasonably confident the Council would follow precedent and pass the bill.<sup>90</sup> Lang argued that taxing the wealthy would put money into circulation. The fact that the highest rate cut in at £520 attracted criticism but Lang argued there were too few over £1,000 to enable a steeper graduation. The opposition claimed high-income earners would dismiss domestic servants and that retail spending would fall. In combination with federal tax it was a forced capital levy.<sup>91</sup>

The AWU had been critical of the impact of the wages tax on living standards. They and other Federal Labor supporters condemned the Emergency Taxation bill as effectively a further wage cut. AWU officials argued that the bill would impact on the low paid and particularly shearers and miners whose work was intermittent and had heavy expenses. Some miners condemned the bill, but some AWU members rejected their union's opposition to the tax.<sup>92</sup>

The Legislative Council galleries were packed when the bill was defeated 17 to 45 in the early morning of 30 June 1931. The Council had not rejected a taxation bill since 1895. The abstention and negative votes of several Labor members led the Party executive to expel several MLCs.<sup>93</sup>

<sup>89</sup> NSWPD, vol. 127, p. 3666. Bavin. 26.6.31.

<sup>90</sup> LD, 27.6.31, p. 1. SMH, 27.6.31, p. 11.

<sup>91</sup> NSWPD, vol. 127, p. 3666. 27.6.31. Lang; pp. 3760-61, 3678. Bavin. 27.6.31. One paper suggested 45,000 domestics would lose jobs (*The Sun*, 26.6.31, p. 7). Foott, *Dismissal of a Premier*, p. 100. In 1933 118,029 men and 12,455 women earned over £260 a year (*Census*, pp. 145, 180).

<sup>92</sup> Communists in the Labor Council called for no taxes below £400 (Labor Council Minutes, 5.2.31). SMH, 27.6.31, p. 12. 29.6.31, p. 10. 22.8.31, p. 14. AW, 25.2.31, p. 19 (comments at AWU Convention). 1.7.31, pp. 3, 17 (Buckland). 8.7.31, p. 3 (Boote). p. 6. 5.8.31, p. 20. NSWPD, vol. 127, pp. 3704-05. Grayndler. 29.6.31. At least one Lang Labor branch expressed concern about the impact of existing wages tax on shearers (LD, 21.7.31, p. 8 (West Tamworth). NBAC, Australian Coal & Shale Employees Federation, E165, Minutes. State Mine Lodge Miners' Federation, 14.6.31 to 21.12.36, Item 33/7/1, Meeting, 14 (?) 6.31. LD, 7.7.31, p. 11. 4.8.31, p. 8 (AWU members).

<sup>93</sup> SMH, 30.6.31, p. 9. 7.7.31, pp. 8, 9. 13.7.31, p. 15. LD, 25.7.31, p. 1. *The Sun*, 29.6.31, p. 1. NSWPD, vol. 127, p. 3750. 30.6.31

Governor Game anticipated the likely defeat of the bill and feared renewed pressure to make Legislative Council appointments, a matter in which he knew any decision would make him unpopular. On 29 June Game proposed a conference of government and opposition to develop a mutually agreeable financial plan. Caucus rejected this plan. A cautious Kelly said he could not understand the proposal. Some speculated Labor might try to persuade Game to assent to the bill despite the Council vote, or that Lang might resign or be dismissed.<sup>94</sup>

Lang called special meetings of the Executive Council on 6 and 15 July, attended by the ministry, to ask Game for more appointments to the Legislative Council, but the Governor refused. Lang hoped the British Labor government would assist by instructing Game to make more appointments. Game now doubted Lang's electoral prospects but in informal discussion with ministers offered to appoint 21 new MLCs to enable passage of the Insurance and Transport bills but not extreme taxation legislation. Agent-General Willis advised that the British government was unlikely to instruct Game to comply.<sup>95</sup>

The government's immediate response to the defeat of the emergency tax bill was to legislate to continue the Salaries Reduction Act and the wages tax, with a slight increase in the tax on property income. Although there was speculation of an amended wage tax it remained unchanged for the rest of Labor's term.<sup>96</sup>

## (c) The return to the Loan Council

By 30 June it was clear to the opposition that the government would not be able to pay bills during July. The Treasury Under-secretary told Lang on 10 July that the financial position was 'extremely serious'; that it was doubtful if the Loan Council would provide any assistance for recurrent expenditure, and that despite every effort to reduce cash outgoings the overdraft would reach £3.5m by 30 September.<sup>97</sup>

The pace of the government's retreat accelerated. At the Premiers' Conference Lang had been vague on exactly when his government would implement the Plan, but eventually declared that legislation would be put into effect when the conversion of government debt was completed. Lang signed the May Premiers' Conference agreement on 7 July, although no official

<sup>94</sup> Game to Lang, 1.7.31 in Lang-Game papers, p. 648. SMH, 27.6.31, p. 11. 1.7.31, p. 13. LD, 1.7.31, p. 1. Martin Diary, 30.6.31. In 1924 the Tasmanian Governor had assented to revenue legislation, of Lyons' Labor government, rejected by the Legislative Council (W. McMinna, *A Constitutional History of Australia*, Oxford University Press, Melbourne, 1979, p. 146. Keith, *Responsible Government*, p. 489).

<sup>95</sup> Executive Council Minutes 1931. Special Meetings, 6, 15.7.31. NSWPD, vol. 128, p. 4828. 30.7.31. Lang. NSWPD, vol. 128, p. 4828. Lang. 30.6.31. SMH, 9.7.31, p. 9. 10.7.31, p. 11. 14.7.31, p. 9. Morrison, 'Dominions Office Correspondence', pp. 330-31.

<sup>96</sup> NSWPD, vol. 127, p. 3763. Concannon. 30.6.31. SMH, 14.7.31, p. 9.

<sup>97</sup> NSWPD, vol. 127, p. 3829. Stevens. 30.6.31. AONSW, Treasury Correspondence, 10/22290, Minute from the Under-Secretary of Treasury 10.7.31, Item 1931/10755.

announcement was made of this fact. He consulted local banks in search of support but they referred him to the Loan Council. On 15 July Lang requested funds from the Council to pay public service wages: £0.5m immediately and £3m over the next few months. He argued the Premiers' Conference had agreed financial assistance would be provided to state governments if they accepted the Premiers' Plan. Labor MPs were in near panic. Some wanted to install Dunn as leader and Kelly denied reports he was in contact with AWU leader Bailey. Even loyalist MPs doubted Lang's ability to survive. Ministers believed the survival of the government was in doubt and that undertakings should be given immediately to accept the Plan.<sup>98</sup>

On 17 July Kelly moved in caucus that the government immediately implement the Premiers' Plan. Lang replied that legislation would be presented as soon as it was drafted. The option of refusing all aid to Lang and forcing the collapse of the government attracted the interest of conservative Premiers and editorialists but the more moderate position of Hogan and Hill won out. On 26 July Lang telegraphed Scullin promising complete compliance and interest would be paid and demanding £0.5m immediately. Unfortunately the Loan Council was not due to meet until 5 August.<sup>99</sup>

Some caucus members hoped that compliance with the Plan would force Lang to break with his union allies, but the unions gave ground. The 24 July caucus meeting was cancelled when Lang loyalist MPs did not attend to prevent a quorum. That night the ALP executive voted 14 to 8 for the proposition that the Premier should carry on the fight for his proposals from within the Loan Council. Party President Keller issued a statement that Labor must comply to preserve arbitration, the 44-hour week, wages of the low-paid, widows' pensions and family endowment and that the alternative to compliance was a military dictatorship. Bavin denounced the executive's declaration as violating responsible government but Keller and Graves said the executive was expressing an opinion rather than instructing the government.<sup>100</sup>

Acceptance of the Premiers Plan required the government to deliver the twenty percent reductions in government expenditure. The government pressed on with its £500 proposal. The PSA believed Lang was trying to elicit a counter-proposal and escape having to admit that he could not repeal the Salaries Reduction Act as promised, but it, and some Labor MPs, feared that the Council might pass the bill to embarrass the government.<sup>101</sup>

<sup>98</sup> *Premiers' Conference June 1931*, p. 167. *SMH*, 8.7.31, p. 11. 17.7.31, p. 11. 18.7.31, p. 11. 20.7.31, pp. 9, 10. 22.7.31, p. 11. The letter from Lang to the Loan Council is reproduced in: *SMH*, 21.7.31, p. 7. In Bathurst rumors were rife that the parliamentary party would split and Kelly join Federal Labor (*The Sun*, 1.7.31, p. 6). Martin Diary, 17.6.31.

<sup>99</sup> *PR*, vol. 41 (1931), pp. 747-48. *SMH*, 18.7.31, p. 11. 20.7.31, p. 9. 23.7.31, p. 9. 27.7.31, p. 9. Martin Diary, 17.7.31. A later *Herald* editorial retreated from the position of forcing the collapse of the government: *SMH*, 23.7.31, p. 8.

<sup>100</sup> *The Sun*, 8.6.31, p. 5. *LD*, 25.7.31, p. 5. *SMH*, 27.7.31, p. 9 (Bavin). 28.7.31, p. 10 (Graves). Martin Diary, 25.7.31.

<sup>101</sup> *Red Tape*, vol. 5, no. 6 (1931), p. 3; vol. 6, no. 3 (1932), p. 124. Martin Diary, 23.7.31.

Caucus met for three hours on Wednesday 29 July to discuss the £500 bill. Ministers argued it would be better for the public service than for Bavin to come to power and implement major retrenchments, but many MPs considered it inequitable. Caucus approved the bill but many members hoped the Council would reject it. Employers condemned the proposal. The Taxpayers Association and the PSA claimed it would drive all those worth more than £500 out of the service. As parliament sat till dawn to debate the bill and other legislation tempers among Labor MPs frayed. The central problem with the scheme was that it would give only about a fifth of savings required. Ministers said that if it did not yield enough further reductions would be made. Federal Labor and the Nationalists were probably right to suggest Lang hoped that a rejection of the bill by the Council would strengthen his case for additional appointments to the Council and enable implementation of the Plan to be postponed.<sup>102</sup>

The final bill provided that salaries over £500 would be reduced to £500, or by 20% whichever was greater. Salaries under £500 were to be reduced by 20% but no officer's remuneration was to fall below £5 per week or £260 per annum. The Salaries Reduction Act was repealed, which advantaged the low-paid, but the wage tax remained. Concannon argued many low-income earners had family responsibilities, and spent more of their income with positive economic effects. Those on the dole were in the greatest need and they required support, which the bill would provide.<sup>103</sup>

The appeal to the low paid divided public service unions. Lang met the Crown Employees Protection Committee on 1 July. The details of the discussion are unknown but divisions within the Committee meant it could not reach an agreed position. It freed its members to make their own responses. The PSA and the Professional Officers Association wanted graduated schemes that preserved white-collar workers' advantage but manual unions preferred flat rate schemes. In addition to its general critique of the bill the PSA leadership argued that many low paid public servants wanted to make a contribution. The PSA and Professional Officers left the Protection Committee; the Committee continued to exist in name but it did not play an active role in the 1932 election.<sup>104</sup>

Lang supporters within the public service unions fought for the government's position. The PSA leadership's position encountered opposition from the blue-collar Botanical Gardens branch, which had earlier supported PSA affiliation to the ALP. The Teachers' Federation did not openly oppose the proposal but condemned 'sectional' taxation. ALP members in the Assistant Teachers'

<sup>102</sup> *SMH*, 20.6.31, p. 13. 26.6.31, p. 10. 14.7.31, p. 9. 30.7.31, p. 9. 1.8.31, p. 11. Martin Diary, 29.7.31. *The Sun*, 31.7.31, p. 9. *NSWPD*, vol. 128, p. 4825. Lang, 30.7.31; pp. 4827-28. Bavin, 30.7.31; p. 4921. Coates, 4.8.31; p. 4939. Concannon, 4.8.31.

<sup>103</sup> *NSWPD*, vol. 128, p. 4827. 30.7.31. Lang; pp. 4898-901. Concannon, 31.7.31.

<sup>104</sup> WUA, D56/1/3. Water Board Employees (Salaried Division), Committee of Management Minute Book 1.1.28 to 7.7.31, Executive 26.6.31. *Red Tape*, vol. 5, no. 7 (1931), p. 14. vol. 5, no. 8 (1931), p. 1. vol. 5, no. 9 (1931), p. 39. vol. 5, no. 10 (1931), p. 56. *SHT OJ*, vol. 8, no. 1 (1932), p. 13.

Association (ATA), a sub-unit of the Federation, claimed this in practice meant opposition to the £500 plan and support for a graduated scheme such as that of the PSA. The dispute split the Federation and the ATA threatened to withdraw from the union. Garden counseled against the formation of a breakaway union and this threat was not implemented.<sup>105</sup>

Both the PSA and Professional Officers briefed counsel to oppose the bill before the Legislative Council. Their arguments guided the Council in voting to substitute a graduated scheme by 20 to 28 on the morning of Wednesday 5 August. Federal Labour MLCs did not attend the vote. The same day the Loan Council met with Lamaro representing New South Wales. With the £500 bill defeated Lamaro could not explain how his state would fulfill the Premiers Plan. Council members considered that a definite indication of how New South Wales proposed to meet the Plan would be required before financial assistance was forthcoming.<sup>106</sup> Back in Sydney Lang ignored demands for a caucus meeting and when parliament resumed moved rejection of the Council's amendments. Public servants were not paid on Thursday 6 August. The crisis fulfilled coalition predictions in the 1930 election that Lang could not guarantee public service pay. 'Black Thursday' would be used against Lang in future election campaigns and rumours of non-payment persisted throughout the remainder of the government's term. The government was defeated. Without further appointments to the Council it could either resign or compromise. Caucus wanted compromise.<sup>107</sup>

The government soon compromised. Lang drafted an alternative proposal that maintained the Salaries Reduction Act reductions on below £250, and imposed higher percentage reductions on those above, as he was loath to impose reductions on those below the basic wage. The bill was introduced on 7 August but was not discussed by caucus at its weekly meeting that morning. A favourable treatment of parliamentary salaries may have reduced discontent. The bill passed both houses the same day. It provided for higher reductions on higher salaries up to 32.5% on £2,500 and over, male officers below the living wage had a reduction of 8 1/3 %. The reductions were less than 20% on incomes up to £1,000. To the displeasure of the Nationalists it retained increments for the public service. New South Wales and Victoria were the only states to adopt a graduated scale of reductions.<sup>108</sup>

<sup>105</sup> LD, 11.6.31, p. 5 (Paddison), 17.6.31, p. 7, 17.7.31, p. 6 (Sam Bendeich, a Labor candidate in the 1930 election and a Federation activist), 22.8.31, p. 6, 25.8.31, p. 5. SMH, 26.8.31, p. 12, 20.7.31, p. 15. LD, 20.7.31, p. 6 (McGuinness criticises Bendeich), 21.7.31, p. 4 (Bendeich). NBAC, Teachers' Federation of New South Wales, T15, Minutes of the Council of the Assistant Teachers' Association 1923 to 1932, Item 1/2, Meeting 24.6.31. Mitchell, *Teachers*, pp. 104-05.

<sup>106</sup> *Red Tape*, vol. 5, no. 8 (1931), p. 1. NSWPD, vol. 128, p. 4951. 4.8.31. SMH, 6.8.31, p. 9. Loan Council Minutes, 5.8.31, pp. 3, 6.

<sup>107</sup> Martin Diary, 5.8.31. NSWPD, vol. 128, p. 5054. Lang, 5.8.31. Lang, Robinson, *State Election 1930*, p. 38. Ellis, *Country Party in New South Wales*, p. 159. LD, 6.1.32, p. 1. SMH, 4.8.31, p. 7, 5.8.31, p. 11, 6.8.31, p. 10.

<sup>108</sup> SMP, 7.8.31, p. 9, 8.8.31, p. 11. NSWPD, vol. 128, p. 5139. Stevens, 7.8.31, p. 5142. Lazzarini, 7.8.31. Martin Diary, 7.8.31. Conference of Commonwealth and State Ministers held in Melbourne from the 10th to the 14th August and from the 1st to the 12th September 1931, *Record* (hereafter *Premiers' Conference August 1931*), p. 21. CPP, 1929/31, vol. 2.

On 8 August Lamaro advised the Loan Council that the salaries reduction bill had been passed and the Council agreed to assist New South Wales. On 10 August it agreed to the issue of Treasury bills of £0.5m for New South Wales and pay in all Departments was available from 11 August.<sup>109</sup>

Labor's core constituency of public sector manual workers in the public sector was shielded from the full impact of the reductions by the condition that they be offset against deductions in pay resulting from work rationing. For those employees under the Public Service Board this requirement largely eliminated the savings.<sup>110</sup> In 1931-32 the railways saved £231,757 by the impact of salaries reduction compared to £235,700 by rationing. The tramways saved £2,850. The workers most severely affected were white-collar employees, who had not been rationed. As Labor's electoral stocks diminished all Labor factions moved away from their previous appeal to white-collar workers. Their 1929-30 support of Labor was attributed to self interest and they were accused of being likely to support the All for Australia League and of fearing the impact of inflation on fixed incomes.<sup>111</sup>

When Labor candidates sought to appeal beyond manual workers their rhetoric largely omitted white-collar workers, particularly in the private sector, and appealed instead to the 'industrious class' workers, farmers, traders and manufacturers. The only non-manual unions included in a 1933 official party list of bona fide unions were the PSA, Clerks, Teachers' Federation and the Journalists, the bank and insurance employees were omitted. Within the Labor caucus of 1930-32 Labor MPs from a public service and teaching background, such as Martin and Kinsella, showed some tendency to defend white-collar public employees but the voice of affiliated unions, overwhelmingly manual workers, dominated Labor's counsels.<sup>112</sup>

To a surprising extent the government escaped being blamed by workers for pay reductions. The Communist Party believed workers were confused about sources of reductions in their pay from taxes, rationing and award adjustments and it believed that it had failed to adequately explain to workers Lang's responsibility for the pay reductions. The Labor Council condemned the

<sup>109</sup> Loan Council Minutes, 8.8.31, pp. 10-11. SMH, 10.8.31, p. 9, 11.8.31, p. 9. In September Treasury bills were issued on behalf of New South Wales to cover the bills that the Commonwealth had issued to cover its funding of the unpaid debts of New South Wales (Loan Council Minutes, 8.9.31, p. 6).

<sup>110</sup> PSB, *Report...[1931]*, p. 6. Department of Railways, *Report of the Commissioner for Railways for the year Ended 30 June 1932*, p. 6. NSWPP, 1932-35, 3<sup>rd</sup> session. Commissioner for Road Transport and Tramways (CRTT), *Report...30.6.32*, pp. 6, 8. NSWPP, 132-35, 3<sup>rd</sup> session.

<sup>111</sup> LD, 3.2.31, p. 4. LD, 11.6.31, p. 5 (Paddison), LD, 16.4.31, p. 6, 23.4.31, p. 3 (a rare defence of white-collar workers), 22.12.31, p. 4. AW, 4.2.31, p. 3 (Boote). The small amount saved by the tramways through rationing was due to the fact that rationing ceased in early 1931-32 as a result of the upsurge in tramway traffic due to the imposition of 'transport co-ordination'. This matter is discussed further in Chapter 7.

<sup>112</sup> *Finley Mail*, 6.5.32, p. 4 (H. Quilty, Labor Candidate for Corowa). McNamara Family MSS 4430 MLK 03247, Folder 2 (3), ALP (State of NSW), *Circular*, no. 16, February 1933 in, MLK 03247. The pattern persists by the 1990s manual workers were a small minority of the Victorian ALP caucus but in the budgetary crises of 1988-92 manual workers in affiliated unions fared better than teachers in non-affiliated unions (IRVPSF, *State Finance Victoria*, pp. 253-65).

reductions but refused to organise a protest demonstration. Where challenged over the pay reductions Lang Labor's response was to blame the Premiers' Conference.<sup>113</sup>

## 6. Conclusions

During the first six months of 1931 New South Wales Labor defied national economic policy. Lang's signing of the Premiers' Plan represented a major retreat by his government, but it did not of itself, despite the initial euphoria of the non-Labor parties, prevent the government from using economic regulation to defend manual wage-earners conditions. In the next six months the government would defend its ground, but the Inner Group feared that its failure to deliver on its election promises of 1930 threatened its hold on working-class opinion.

<sup>113</sup> Comintern FM4/10420, Central Committee. Industrial Department Report, 16.2.32. Labor Council Minutes, 3.9.31. Public opinion research suggests that taxpayers generally understand little of tax systems and exactly what accounts for their take-home pay (Steinmo, *Taxation and Democracy*, p. 194). I suspect that the most unpopular part of the Premiers' Plan were the pension cuts rather than wage reductions, for they violated senses of moral entitlement and Lang Labor branches and MPs gave much attention to them and organising protests against them (LD, 25.5.31, p. 5, 8.8.31, p. 10, 12.8.31, p. 1, 2.9.31, p. 4, 9.12.31, p. 7). According to *Labor Daily* AWU members employed in the state cannery refused to accept Buckland's argument that the state government was to blame for their pay reductions and most left the AWU and joined the Food Preservers (LD, 11.1.32, p. 6, 15.3.32, p. 5, 24.3.32, p. 8). Workers told the Food Preservers secretary that they were concerned about leaving the AWU and its federal award he but he assured them that as long as Labor was in power they would keep the 44 hour week and they told him that if this was assured they would support them (UMA, Food Preservers Union Minute Book 1931-35, Special Meeting [January 1932]). Support for the Food Preservers came from the local ALP branch (*ibid.*, General Meeting, 21.3.32). By April the Food Preservers had equal preference with AWU (*ibid.*, Management Committee, 4.4.32). The AWU claimed that their intervention had benefited workers and all but a few workers remained loyal to the AWU (NBAC, Australian Workers' Union, AWU Central Branch, Annual Report...31.5.32, pp. 5-6). The Redfern boilermakers rejected a motion expressing disgust with the Lang government's reduction of wages (Mitchell Library, Boilermakers and Blacksmiths Society of NSW, ML MSS 2422, Redfern branch, Box K52395, Minutes January 1930 to June 1943, Meeting 1.9.31).

## Chapter 5

### Defending the Lesser Evil: June 1931 to December 1931

#### 1. Introduction

To Lang's opponents within the labour movement his agreement to the Premiers' Plan was a confession of defeat. Copies of his 1930 policy speech were sought to show his failures.<sup>1</sup> For the first time since 1927 the alliance of Lang and the Trades Hall Reds found their hold over labour movement opinion threatened. The Inner Group concentrated power in its own hands and became more intolerant of its critics. But Lang's charismatic appeal could not entirely substitute for policy. The government had to demonstrate to its supporters it could still exercise some autonomy in policy. Lang Labor had to refute the arguments of Federal Labor, that Lang, like Scullin had been forced to compromise, and of Communists and the Socialisation Units that the impracticality of reformism had been demonstrated. The crushing defeat of Labor candidates of all factions at the December 1931 federal election demonstrated that many manual working-class voters had deserted Labor.

In this Chapter I examine the attempts of Lang's government to preserve policy autonomy and consider how voters responded to the appeals of the Labor factions and the conservative parties. I employ statistical techniques to examine the electoral behaviour of different groups. Social processes aggregate decisions that at the individual level are matters of individual choice, but in the totality, as I argued in Chapter 2, they produce predictable outcomes. On one level the social determinants of voting behaviour changed little from 1929-30 to 1931-32, but the same forces that determined long-run patterns of political alignment also operated in the short-term. The desertion of many working-class voters from Labor was impelled by the same forces that made them Labor voters in the first place.

#### 2. Labor divided

The initial response of party members to the Lang Plan was enthusiastic. The seriousness of the party split was slow to become clear and even then few Sydney and Newcastle party branches followed pro-Scullin federal Labor MPs. Some observers identified Lang's support base as desperate slum proletarians, but in 1931 he drew branch support across all suburbs.<sup>2</sup>

<sup>1</sup> Comintern FM4/10419, Politburo Minutes 13.5.31 to 12.8.32, 20.6.31.

<sup>2</sup> Martin Diary, 23.2.31, 10.3.31, 7.4.31, 14.3.31. SMH, 23.2.31, p.9 (Newcastle Electorate Council), 9.2.31, p.9 (Cook Electorate Council), 10.3.31, p. 10 (Dalley Electorate Council), 9.3.31, p.9 (Parramatta, Lang, Macquarie, South Sydney, Reid, Martin, Parkes, Barton), 15.4.31, p. 8 (Dalley Electorate Council). SMH, 3.3.31, p.9 (Macquarie District Assembly). For the few branches refusing to criticise MPs who remained loyal to Scullin: SMH, 17.4.31, p. 12 (Harris Park), 3.4.31, p. 8 (Strathfield), 21.4.31, p. 10. LD, 21.4.31, p. 6 (South Strathfield). SMH, 9.5.31, p. 14 (Adamiestown). McCallum,



Support for Scullin was stronger among rural branches, particularly those with veteran Labor MPs. There is evidence that country branches were more moderate than local union activists. Hume Weir and Wagga branches supported Scullin but labourers at the Weir construction site and Wagga railwaymen supported Lang. Nevertheless most rural branches supported Lang as even the AWU admitted.<sup>3</sup>

The AWU leadership was committed to Scullin but the union was in crisis as the pastoral industry recession and the decline of public works expenditure saw its claimed New South Wales membership fall from 15,227 in 1930 to 4,822 in 1932. In 1930 and 1931 the federal Arbitration Court ordered reductions in the wages of pastoral employees and the AWU eventually advised members to work under the revised award. Resentment at wage reductions, and opposition to the AWU's pro-Scullin position and its oligarchic structure encouraged some members to support rival unions: the Pastoral Workers' Industrial Union (PWIU), formed under Communist inspiration but with Lang Labor Senator Arthur Rae as president, and the United Labourers' Union which appealed to public works labourers.<sup>4</sup>

Rae's involvement in the PWIU discouraged Lang Labor from employing the United Labourers' to challenge the AWU in the pastoral industry. In private Communists admitted that the PWIU remained 'very weak'. The AWU in other states was displeased by the problems of the union's NSW branches and this diminished their enthusiasm for Federal Labor in the state. Many members of Federal Labor

resented the AWU's dominance of the party.<sup>5</sup> Support for Federal Labor also came from postal workers and the Enginedrivers and Firemen's Association, whose mining members were frequently in conflict with the Miners' Federation.<sup>6</sup>

Revolutionary Marxists postulate a division between ordinary union members and the trade union bureaucracy. It is more accurate to identify a three-way division between union officials, rank and file members and the lay activists. These were a small minority of union members, who attended union meetings and held honorary positions, and who were frequently unrepresentative of union members. It was less a matter of union officials manipulating union members, as Federal Labor's John McCallum argued, but rather of activists dominating a passive majority of ordinary members. The vociferous public support for Lang demonstrated that many rank and file unionists were mobilised into political activity, but many workers were disillusioned with Lang and expressed their disillusionment by voting for the anti-Labor parties, whereas party activists and union official chose voice over exit and worked to change party policy.<sup>7</sup>

More recent survey evidence suggests that the trade union affiliation to political parties is unpopular among union members. In early 1932 the Moulders' Union surveyed members on their political attitudes. 623 ballots were issued and 350 returned. They voted 180 to 165 with 5 informal not to affiliate to any political party; when asked which ALP to affiliate with they voted 186 to 64 in favour of the Lang party with 100 informal.<sup>8</sup>

<sup>3</sup> 'Economic Bases of Australian Politics', in Duncan, *Trends in Australian Politics*, pp. 56-57, 72. In 1940 Lang's support base was distinctively inner-urban (Rawson, *Organisation of the ALP*, p. 395).

<sup>4</sup> The validity of a Gwydir Federal Electorate Council motion supporting Federal Labor was disputed by Langites who claimed that many branches were not represented (*SMH*, 28.4.31, p. 13, 13.5.31, p. 12). For the support of most Hume branches for Federal Labor: *SMH*, 30.4.31, p. 10 (Lavington, Henty and Hume Weir, Albury), 2.4.31, p. 12 (Cootamundra), 9.5.31, p. 14 (Wagga). Mitchell Library, Australian Labor Party (New South Wales), ML MSS 5095, Item 463X, Australian Labor Party (New South Wales) (Federal Branch), Central Executive 2.4.31 to 2.4.36 (hereafter Federal Labor Executive), 2.4.31, 11.5.31. For Darling: *LD*, 24.9.31, p. 5 (Barrier District Assembly). Eden-Monaro: *SMH*, 26.3.31, p. 10, 30.3.31, p. 6. Calare: *SMH*, 14.4.31, p. 10, *AW*, 1.7.31, p. 17 (Hume Weir AWU supports Lang). *SMH*, 12.5.31, p. 10 (Wagga ARU supports Lang), 1.2.32, p. 13. Martin Diary, 25.4.31. Socialisation enthusiasts complained rural Labor MPs always been unenthusiastic about socialism (*Socialisation Call*, vol. 1, no. 1 (1931), p. 2) (Arthur Rae).

<sup>5</sup> Registrar of Trade Unions and Co-operative Societies, *Report...1933*, p. 36, *NSWPP*, 1934-35, vol. 1. K. Tsokhas, 'Shifting the Burden: Graziers' and Pastoral Workers in the 1930s', *Journal of Australian Studies*, 27 (1990), pp. 40-41, 51. A. Moore, 'The Pastoral Workers' Industrial Union, 1930-37', *Labour History*, 49 (1985), p. 65. Hearn, *One Big Union*, pp. 175-76. Sheldon, *Maintaining Control*, p. 187. Numerous media reports attest to disaffection among AWU members and support for rival unions: *SMH*, 1.5.31, p. 12, 21.7.31, p. 8, 5.8.31, p. 6, *LD*, 21.4.31, p. 6, 28.4.31, p. 6, 14.5.31, p. 6, 12.5.31, p. 5, 7.7.31, p. 5, 28.7.31, p. 7, 5.8.31, p. 7, 28.8.31, p. 5, 29.9.31, p. 6, 9.10.31, p. 5, 11.12.31, p. 4, 14.3.32, p. 6, 15.3.32, p. 5, 4.2.32, p. 6, *AW*, 15.7.31, p. 20, 2.9.31, p. 20. No United Labourers' records seem to have survived the union's later merger with the AWU (an earlier proposed merger collapsed in late 1930: *LD*, 4.12.30, p. 7). Its secretary Alan McNamara was a Lang loyalist into the 1940s. On their correspondence the United Labourers' had the slogan: 'The Only Rank and File Controlled Union in the Industry' (AONSW, Attorney-General's Department, Special Bundles. Demands by various organisations for the release of the Tighes Hill and Bankstown Eviction and Class War Prisoners, 5/7784.1. A. McNamara to W. McKell 8.12.31). The unions' advertising stressed its support of State Labor (*Labour Daily Year Book*, p. 55). AWU records hint at the union's difficulties: NBAC, Australian Workers' Union, E154, Railway Workers Industry Branch of New South Wales, Item 41/2, Secretary's Report (1931). NBAC, Australian Workers' Union, Railway Workers' Industrial Branch, N117, Executive Minutes 1928 to 1932, Item 1489, Executive Meeting, 10.4.31. NBAC, Australian Workers' Union, E154/41/1, Central Branch Annual Report to 31 May 1931, p. 5. Australian Workers' Union, *Official Report of the 46th Annual Convention* (1932), p. 42 (ML). Although favoured by government the United Labourers were more industrially militant than the AWU (*AW*, 12.8.31, p. 20, 21.10.31, p. 20, 30.1.32, p. 20).

<sup>6</sup> Comintern FM4/10419, Politburo 9.7.32, 12.8.32. Mitchell Library, Communist Party of Australia, ML MSS 5021 Add-On 1936, Central Committee Minutes 1932-35 Box 3 (76) Microfilm CY Reel 3381, Central Committee Plenum, 23-27.12.32. Hearn, *One Big Union*, pp. 174-79. *LD*, 16.7.31, p. 1. *SMH*, 20.7.31, p. 10, 21.7.31, p. 8, 18.11.31, p. 12, 19.11.31, p. 10. Young, *Conflict within the NSW Labor Party*, pp. 324-25.

<sup>7</sup> M. Dixon, *The Strike of Waterside Workers in Australian Ports, 1929 and the Lockout of Coal Miners on the Northern Coalfields of New South Wales* (M. A., University of Melbourne, 1957) (this dissertation is in the University under 'Dixon' and filed at Ba T Dixon but has Richter as the author on the title page), p. 157. *SMH*, 20.4.31, p. 10. Some Enginedrivers' branches supported Lang: *SMH*, 4.5.31, p. 9 (Lithgow), 16.5.31, p. 14 (Sydney). *LD*, 24.4.31, p. 5 (Bunnerong).

<sup>8</sup> Kuhn, *Paradise on the Instalment Plan*, p. 7. Tanner found a low level of activity by union members in Brunswick (Tanner, *Working Class Politics*, p. 70). *Catholic Press*, 13.11.30, p. 24, 17.12.31, p. 21. McCallum, 'Economic Bases of Australian Politics', in Duncan, *Trends in Australian Politics*, pp. 55-56. *NSWPD*, vol. 131, p. 7823. Coates, 25.2.32. The apathy of union members was stressed by Labor's opponents (Wildavsky, '1926 Referendum', in Wildavsky, *Studies*, pp. 27-20. Eggleston, *Reflections*, pp. 173-74). British evidence suggests that among trade unionists Labour voters are more radical than others and Labour members more radical still, and that union activists were a small and unrepresentative group (Minkin, *Contentious Alliance*, pp. 90-93, 296-77, 358-59). During the 1980s in Britain there was a dramatic decline in union members support for Labour, but the level of trade union affiliation to the Party remained virtually unchanged and the new Social Democratic Party attracted no organisational support even from the most right-wing trade unions (Minkin, *Contentious Alliance*, pp. 135, 220-231). Many unionists must have supported conscription during 1916-17 but outside of Western Australia unions were solid in their opposition. A. O. Hirschman, *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States*, Harvard University Press, Cambridge, Massachusetts, 1970, pp. 69-72.

<sup>9</sup> Minkin, *Contentious Alliance*, p. 563. D. Aitkin, *Stability and Change in Australian Politics*, Australian National University Press, Canberra, 1982 (first ed. 1977) p. 142. Company and loyalists unions recruited support by claiming to be non-political (SCICAB, *Report*, p. 25). The AFA defended non-political unionism (AFA, *Policy as Adopted by Convention of the League*, 8.8.31, [no publisher given], pp. 2-3). UMA, Federated Moulders Union, Box 98, Minute Book 1932-34, General meeting 29.3.1932. In April 1932 the Printers' Employees voted 1053 to 884 to affiliate to the Lang party (J. Hagan, *Printers and Politics: A History of the Australian Printing Unions 1850-1950*, Australian National University Press, Canberra, 1966, p. 251). In June 1931 the AEU Rockdale branch, in the electorate of AEU member Joe Cahill, voted 12 to 9 to support disaffiliation from the ALP, and at the next meeting voted to leave a letter from the union's Sydney district political committee on the table. Dissent from Lang came from the left and right for the branch also protested the arrest of the secretary of the Pan Pacific Trade Union Secretariat and allowed the 1932 Communist candidate to address the branch (NBAC, Amalgamated Engineering Union, E169, Item 69/5, Minutes Rockdale Branch October 1930 to December 1936, meetings, 11.6.31, 9.7.31, 12.11.31, 9.6.32).

Union activists may be more radical than union officials. General meetings of Clerks and Postal Workers overturned their leadership's support for Scullin, and many union delegates initially voted for the Three-Year socialisation plan. The radicalism of union activists was demonstrated by the ability of Communists to win more than ten percent of the vote for Labor Council positions.<sup>9</sup>

The nine federal pre-selection ballots for State Labor evidence the attitudes of party members. The Socialisation Units did not endorse candidates but encouraged voters to question candidates on their attitude to socialisation. Inner Group candidates did not sweep the field.<sup>10</sup>

**Table 5.1 State Labor pre-selections June-July 1931, Inner Group votes**

**State Labor pre-selections June-July 1931, Inner Group votes**

|              | First count<br>% | After preferences<br>% | Number of candidates | Valid Votes |
|--------------|------------------|------------------------|----------------------|-------------|
| South Sydney | 39.1             | ?                      | 6                    | 1364        |
| Lang         | 60.6             | 60.6                   | 2                    | 367         |
| Cook         | 22.8             | 56.7                   | 9                    | 1007        |
| Newcastle    | ?                | 46.5                   | ?                    | ?           |
| Dalley       | 28.8             | 52.7                   | 6                    | 742         |
| Reid         | 25.5             | 48.2                   | 9                    | 1082        |

(LD, 29.6.31, p.1. 1.7.31, p.5. 3.7.31, p.1. 4.7.31, p.1. 6.7.31, p.1).

The victory in Newcastle of Jack Kidd, secretary of the Newcastle Socialisation Unit, surprised observers. In Reid, an ARU and Unit activist campaigned as a supporter of socialisation and won 15.7%. The Reid Inner Group candidate was Joseph Gander, liaison officer for Lang at Trades Hall, who was expected to resign when Lang wished to enter federal parliament. Gander led on primaries but Wyatt's preferences elected solicitor Charles Morgan, an active Unit member, although his campaign advertising in *Labor Daily* did not mention socialisation. In Dalley the Inner Group's preferred candidate Falkingham lost to Rosevear. A record 63,066 voted in the Senate plebiscite, a turnout which reveals the extent of political mobilisation. Dunn, a conventional Langite, was first with 6,646 votes, but Rae, aligned with the Units, received 5,905.<sup>11</sup>

<sup>9</sup> SMH, 23.6.31, p. 10. LD, 23.6.31, p. 5. (Postal Workers). LD, 16.4.31, p. 1 (Clerks). SMH, 12.5.31, p. 10. (Clerks). LD, 15.4.32, p. 6 (Clerks). A ballot of Postal Workers voted to affiliate with Federal Labor 710 to 390 (SMH, 29.4.32, p. 12). Labor Council Minutes, 5.2.31 (Garden re-elected as secretary 82 to 12 for a Communist).

<sup>10</sup> LD, 17.6.31, p. 8. 30.6.31, p. 5 (Parramatta, South Sydney, Reid, Cook, Newcastle, Dalley, Barton, Lang and Parkes). SC, vol. 1, no. 2 (1931), p. 4. SC, vol. 1, no. 4 (1931), p. 2. The reports in *Labor Daily* are incomplete. Rosevear in Dalley had an absolute majority with two other candidates remaining, so his true margin after preferences would have been more substantial.

<sup>11</sup> SMH, 20.6.31, p. 13. 6.7.31, p. 5. 14.12.31, p. 6. SC, vol. 1, no. 6 (1931), p. 4. Cooksey, *Lang and Socialism*, pp. 19n, 64n. Socialisation Committee Minutes, 14.8.31. Wyatt was active in Socialisation Committee (Mitchell Library, McNamara Family MSS 4430, Public Utilities Group Ballot, MLK 03216, Official Result of the Ballot for Co-opted members of the Socialisation Committee). Wyatt received more votes than any other candidate among tramway employees (37 out of 130) (LD, 30.6.31, p. 5). Garden had earlier endorsed Falkingham for the Parkes by-election (*The*

The votes for Kidd, Morgan and Rae demonstrate that candidates aligned with the Socialisation Units could win substantial support. It would be wrong to assume that their support revealed support for the specific program of the Units. Evidence from later surveys of branch and union activists in other social democratic parties suggest few have a coherent ideological framework. Branch opinion could fluctuate. Concord branch demanded parliamentary candidates campaign for socialisation of industry but it opposed left-wing calls for a national state of emergency to be declared.<sup>12</sup>

The Reid ballot became a contest between the Inner Group and its opponents. Morgan pledged to vacate the seat for Lang if required, but local Lang loyalists condemned the conduct of the ballot.<sup>13</sup> The Newcastle ballot was recounted without changing the result, but in Reid the disputes committee ordered a new ballot on grounds of counting irregularities. Morgan, insisted the first ballot was legitimate and he refused to nominate, as did all other candidates except Gander. At the December federal election Gander won surprisingly easily.<sup>14</sup>

Morgan's downfall was an abuse of power by the Inner Group, but his initial victory, along with Kidd and Rosevear, demonstrates that the ballots were not rigged in the Inner Groups' favour as some had predicted.<sup>15</sup> Party and union activists were not blind adulators of Lang. Party processes were reasonably democratic and party activists represented a range of views.

As the split between State and Federal Labor grew there were signs of support from within the Lang party for moves to heal the breach. Support was probably strongest among rural branches and MPs. Baddeley, more inclined to consult with caucus than Lang, showed sympathy. The pro-Scullin AWU and Postal Workers championed the idea of a unity conference. Party president Graves initially

Sun, 21.12.30, p. 5). At the 1931 Easter conference Rosevear denounced the wages tax as 'vicious' (LD, 7.4.31, p. 5). LD, 17.10.31, p. 5 (Senate count).

<sup>12</sup> Minkin, *Party Conference*, pp. 88-93. SMH, 10.2.31, p. 10. Mitchell Library, Australian Labor Party (New South Wales) ML MSS 5095, Concord Branch. Minutes 11.2.22 to 2.4.31, Item 674, Meetings, 11.12.30, 19.3.31. Wollongong MP Davies argued that affiliation of Wollongong branch to the Communist-front Workers' International Relief had been rushed through a sparsely attended meeting (LD, 6.1.32, p. 6). From the perspective of the present the differences between Langites, the Socialisation Units and the Communists appear clear, but at the time I argue there was a radical public, which individuals moved among, an unemployed worker could battle police alongside Communists in the UWM, join a Socialisation Unit and cheer the 'big fella'. Jack Hughes recalls that despite the sectarianism of the CPA leadership there was much more co-operation between them and ALP members lower down against the New Guard (Hughes Transcript, p. 25). On one level Lang and Garden manipulated rhetoric to appeal to the radical public, but their ability to do so reflected the fact that in part they were part of the radical public also (Hughes Transcript, pp. 15, 28. Markey, *Case of Oppression*, pp. 250-51. Dixon, *Greater than Lenin*, pp. 42-43).

<sup>13</sup> SMH, 24.7.31, p. 9. 3.8.31, p. 10 (Bankstown). 28.9.31, p. 7 (West Bankstown). 31.8.31, p. 9 (Bankstown).

<sup>14</sup> On Newcastle: SMH, 8.8.31, p. 12. LD, 22.8.31, p. 7. On Reid: SMH, 17.8.31, pp. 9, 10. 29.3.32, p. 9. LD, 17.8.31, p. 1. LD, 15.9.31, p. 8. 30.11.31, p. 5. 17.12.31, p. 5. Branches opposing a new ballot were: Punchbowl (LD, 29.6.31, p. 7) and Guildford (LD, 29.9.31, p. 8). Outside the electorate Rozelle East was also opposed (LD, 15.9.31, p. 8). SMH, 26.8.31, p. 11. 29.8.31, p. 14. 31.8.31, p. 9. AW, 2.9.31, p. 19. In a sign of the erosion of Lang's outer-suburban support Gander running as Lang Labor lost to Morgan (official Labor) in 1940. Lang defeated Morgan in 1946 but in 1949 Lang did not contest Reid and Morgan was re-elected. He lost pre-selection to Tom Uren in 1958.

<sup>15</sup> SMH, 13.6.31, p. 14.

rejected the idea but then claimed to support it provided there was equitable representation of New South Wales. Nothing came of this.<sup>16</sup>

Federal Labor believed that it could capitalise on caucus disaffection and recruit State Labor MPs. This hope remained unfulfilled. Labor parliamentarians, whatever their private misgivings remained publicly loyal to Lang; they feared the party machine and were aware that Federal Labor was a coalition of former bitter enemies united only by dislike of Lang. The disappointment among many federal MPs, who had supported Theodore at his capitulation following the Senate's rejection of the fiduciary plan, must have impacted on likely Federal Labor supporters.<sup>17</sup>

The appeal of the Socialisation Units was a greater challenge to the Inner Group. The Units argued that the economic crisis demonstrated the bankruptcy of reformism. The Inner Group complained that the Unit's acceptance of non-party members enabled Communists to be brought into the party. Party officers demanded that the Units recognise they were subject to party rules, and not act as rivals to branches. A settlement was reached that non-party members could not vote within the Units but this had little impact on how units functioned.<sup>18</sup>

At this time a division emerged among Socialisation activists. Mainstream Unit opinion believed the transition to socialism would follow on the election of a Labor government pledged to socialism. Tom Payne, a former Communist, challenged this position. Payne led a Unit general meeting to support a report prepared by himself calling for the revolutionary overthrow of capitalism and the dictatorship of the proletariat. Unit activists wanted to co-operate with the Communists, but the Communists were not interested.<sup>19</sup>

<sup>16</sup> Unity calls from country branches: LD, 2.5.31, p. 6 (Goulburn), 5.5.31, p. 6 (June), 9.5.31, p. 7 (Wagga). Martin Diary, 22.5.31. In 1941-49 when Baddeley was again deputy Premier some cabinet colleagues felt he was too close to caucus (Clune, Labor Government in NSW, p. 36. White, C. E. Martin, pp. 185-86). LD, 31.3.31, p. 5. 17.4.31, p. 1. 18.4.31, p. 5. 8.5.31, p. 7. 13.5.31, p. 1. An AWU official believed there would be a reconciliation (AW, 3.6.31, p. 20). Tom Glynn called for a conference of rank and file members to resolve disagreements (LD, 2.9.31, p. 5).

<sup>17</sup> SMH, 17.11.31, p. 9. 18.11.31, p. 11. AW, 26.8.31, p. 6. 14.10.31, p. 16. 18.11.31, p. 7. Catholic Press, 20.8.31, p. 20. Martin Diary, 14.11.31. National Library of Australia, E. J. Holloway, MS 2098, Folder 1, E. J. Holloway, 'From Labor Council to Privy Council', p. 133. All the machine could actually do was award the title of Lang Labor candidate, the reluctance of MPs to challenge the Inner Group reflected their acknowledgment that Lang still had a strong appeal to Labor voters.

<sup>18</sup> SC, vol. 1, no. 5 (1931), p. 1. vol. 1, no. 12 (1932), p. 3. LD, 27.6.31, p. 7 (Organising Secretary J. M. Martin), 8.8.31, p. 5 (President Keller), 22.8.31, p. 5. 27.8.31, p. 6. 3.9.31, p. 1. Socialisation Committee Minutes, 3.7.31, 26.8.31, 4.9.31. ALP, Annual Report 1932-33, p. 3. Cooksey, *Lang and Socialism*, pp. 27-28. The Socialist Left in the Victorian ALP initially took the position that non-party members were entitled to participate but this policy was dropped as a result of concern about Trotskyist infiltration and the belief of unionists that faction general meetings were dominated by middle-class elements (Anderson, *Socialist Left*, pp. 24-33). The extent to which left faction members identify first with the ALP or with a broader non-party left is one factor underlying divisions between the 'hard' and 'soft' wings of the contemporary ALP left (A. Leigh, 'Factions and Fractions: A Case Study of Power Politics in the Australian Labor Party', *Australian Journal of Political Science*, vol. 35, no. 3 (2000), p. 440).

<sup>19</sup> SC, vol. 1, no. 7 (1931), p. 1. Payne's position in relation to the Communists is unclear. In February 1932 the Politburo decided to approach Payne and ask him to declare one way or other (Comintern FM4/10419, Politburo, 27.2.32). In a March 1932 Comintern discussion Payne was identified as representing the demagogic left-wing of the Units (Comintern FM4/10415, Anglo-American Secretariat, 26.3.32. Report on Australia, pp. 33-34). By March 1933 the Politburo was referring to a party faction within the Units (ML MSS 5021 Add-on 1936, Box 15 (76), Politburo Minutes 1933-38, Politburo 10.3.33). The most likely interpretation is that at some stage in late 1932 the party decided to work within the ALP, but that Payne may have been working on his own. When ALP member Stan Moran applied to join CPA in late 1930 he was told to remain in the ALP (S. Moran, *Reminiscences of a Rebel*, Alternative Publishing Co-Op, Sydney, 1979, p. 9). As a mainstream ALP supporter Rawson is more aware than Cooksey of the sympathies of Unit activists for

Langites responded to the Communists' appeal to the working class by glorifying the person of the Premier. Charisma was employed to try hold the Labor coalition together.<sup>20</sup> They denounced Communists, and the Unemployed Workers' Movement (UWM) (largely led by Communists) as violent manipulators. Previous attempts by the Labor Council to establish an unemployed organisation had been largely unsuccessful and the ALP now took the initiative against the UWM. Some ALP branches had already expressed intent to form their own unemployed organisations. In June the ALP executive established ALP relief committees. With links to Labor councilors and MPs the committees focused on charitable relief rather than advocacy. A party committee was to organise their activities and liaise with the government, and organising secretary J. B. Martin spent much of his working hours on this responsibility. Labour Exchange staff attended meetings of the Committees.<sup>21</sup>

Public resources were employed against the UWM. Baddeley claimed the unemployed were best represented through the ALP and the unions and instructed the Labour Exchange not to reply to UWM correspondence. To the annoyance of the Auditor-General the Unemployment Relief Council, whose decisions were exempt from parliamentary approval, allocated funds from the wages tax to various groups: the RSL (£500), ALP secretary Graves (£750), unemployed musicians (£2000), the Furnishing Trades Union, and an ALP relief committee.<sup>22</sup>

Some ALP members defended the UWM. Socialisation Unit activists believed that the party should not be involved in food relief. Particularly in rural areas Communist influence over the UWM did evoke resentment, and it is here that pro-Lang unemployed groups were most prominent. The effectiveness of the UWM was hampered by the Communist Party's criticism of the Movement for

the Communists (Organisation of the ALP, pp. 160-62). As leftwing socialists Unit activists sought the approval of Communists, despite the latter's derision of 'social-fascists': Socialisation Committee Minutes, 14.11.30 (public meeting moved not to clash with Communist meeting).

<sup>20</sup> The emphasis of the ALP on developing a personality cult around Lang echoes the argument of some socialists and progressives in the 1930s that the appeal of fascism showed the need for the left to develop an appeal that recognised the strength of human irrationality (D. White, *Lost Comrades: Socialists of the Front Generation 1918-1945*, Harvard University Press, Cambridge, Massachusetts, 1992, pp. 78-81, 89-116. J. E. Miller, *Governor Philip F. La Follette, The Wisconsin Progressives and the New Deal*, University of Missouri Press, Columbia, 1982, pp. 43, 125, 130-31).

<sup>21</sup> Mitchell Library, Communist Party of Australia ML MSS 5021 Add-On 1936, Unemployed Workers' Movement. Minutes 20.1.31 to 1.9.32 (hereafter UWM Minutes), 9.3.31 (Liverpool ALP). N. Wheatley, *The Unemployed Who Kicked: A Study of the Political Struggles and Organisations of the New South Wales Unemployed in the Great Depression* (M.A., Macquarie University, 1975), vol. 2, pp. 514-18, 522, 563. N. Wheatley, *The Responses of a Community to the Great Depression* (B. A. (Hons), History, University of Sydney, 1971), p. 36. SMH, 29.6.31, 13.7.31, p. 10. LD, 17.2.31, p. 6 (Ryde ALP), 11.7.31, p. 5. 2.6.31, p. 6. 6.6.31, p. 5. 8.6.31, p. 8. 17.6.31, p. 4. 1.8.31, p. 8. ALP, Annual Report 1932-33, p. 8. DLI Submissions 1932 (6/3468), 304879, 10.5.32. Labor MPs dispensed charity of their own (Cunneen, McKell, p. 104).

<sup>22</sup> SMH, 13.6.31, p. 13 (Baddeley). DLI Submissions 1931 (6/3467), 296858, [October 1931]. DLI Submissions 1932 (6/3468), 303142, 17.3.32. Auditor-General, *Report...1931*, p. 11 (unemployed musicians). SMH, 11.11.31, p. 11 (Furnishing Trades Union). DLI Submissions 1931 (6/3467), 297669 [October 1931], (RSL). DLI Submissions 1931 (6/3467), 296502 [September 1931], (Graves). DLI Submissions 1931 (6/3467), 294321 [July 1931], (Abermain ALP relief committee). Auditor-General, *Report...1931*, p. 11. To Young this is another example of corruption (Impact of J. T. Lang, p. 68). The Stevens government restored wages tax receipts to consolidated revenue so that their expenditure required parliamentary approval (F. A. Bland, 'The Financial and Economic Policy of the Stevens Government', *Economic Record*, vol. 9 (1933) p. 33).

either displaying excessive independence of the Party or alternately not engaging with the everyday demands of the unemployed.<sup>23</sup>

The government's rushed introduction in June 1931 of legislation to constrain evictions of tenants for non-payment of rent was a response to Communist anti-eviction campaigns. In an acknowledgement of its weakness among employed workers the Communists had identified evictions as a main point of struggle against Lang and argued that police enforcement of eviction orders discredited Lang outside New South Wales. Many Labor members, particularly Socialisation Unit members, had joined with UWM activists in resisting evictions of tenants for non-payment of rent.<sup>24</sup>

### 3. Government finances and the 1931-32 budget

The signing of the Premiers' Plan committed Lang's government to reduce expenditure. Nationalists hoped the Loan Council would monitor state taxation levels to prevent any adverse impact on federal tax yields and loan conversions. The Council, relieved at Lang's acceptance of the Plan, did not take up this responsibility. Lang's signing of the Plan made Legislative Councillors willing to accept some taxation increases, such as the regulation of private road transport. The Council passed legislation to reduce rents and interest rates as part of the implementation of the Plan, even when this went further than what the opposition considered the Plan required. There was a cautious revival of morale among Labor MPs who believed this legislation would be popular.<sup>25</sup>

Lang delivered the 1931-32 budget on 28 August. It predicted a deficit of £8.3m of which £4.6m was on the Consolidated Revenue Fund and £3.5m on the railways. After the £1.6m in 1930-31 debt

<sup>23</sup> LD, 17.4.31, p. 6 (Secretary of Camperdown UWM). SC, vol. 1, no. 7 (1931), p. 1. Rockdale branch believed food relief was a matter for governments not the ALP (LD, 8.8.31, p. 10). Newtown Electorate Council opposed Martin's new role (LD, 15.8.31, p. 7). For examples of opposition to the UWM among unemployed: SMH, 4.6.31, p. 9 (Lithgow). LD, 3.6.31, p. 1 (Lithgow). SMH, 8.6.31, p. 8 (Camden, Tamworth). 13.7.31, p. 10 (Maitland). (In May 1931 the Maitland UWM had wanted to affiliate to the ALP (UWM Minutes, 23.5.31).) LD, 9.6.31, p. 4 (Glebe). 17.6.31, p. 8 (Fairfield). 4.7.31, p. 8 (Weston). AONSW, Department of Agriculture, Deputations to the Minister 1931-42, 7/6462.1, Flannery MP and two from local ALP 29.1.32 (Griffith). Macpherson, Politics of the Great Depression, p. 46. Some unemployed resented Communist propaganda and claimed loyalty to Lang (AONSW, Colonial Secretary Correspondence 1931, 5/8999, T. Evers, Constable Brewerrina to Superintendent of Police Dubbo, 21.12.31. J Williams to Mark Gosling 19.11.31, Item B6185). UWM Minutes, 3.1.32. Comintern FM4/10419, Politburo, 4.7.31, 14.11.31, 28.11.31. Moran, *Reminiscences*, pp. 7, 14.

<sup>24</sup> WW, 26.6.31, p. 1. The legislation was first announced by Garden in his pre-selection campaign (SMH, 22.6.31, p. 9). Garden explained it to Council on 13 August (Labor Council Minutes, 13.8.31). Garden was the object of especial hostility from the Communists who welcomed his electoral defeat in December 1931 and regarded him as effectively a government minister (SMH, 16.6.31, p. 10. WW, 15.1.32, p. 4. Comintern FM4/10420, *Dump the Social Fascists*. Leaflet No. 3 District Committee, Communist Party of Australia; East Sydney By-election leaflet [1932]. Communist Party of Australia ML MSS 5021 Add-on 1936 CY Reel 3096. FM4/10419, Politburo, 13.5.31, 20.6.31, 4.7.31 FM4/10419. in Comintern FM4/10420. ALP branches (even Lang loyalist ones) condemned police conduct in eviction cases: LD, 10.6.31, p. 8 (Rosehill). 15.6.31, p. 8 (Auburn). 20.6.31, p. 7 (St. Leonards). 20.6.31, p. 7 (Kogarah Electorate Council). 21.7.31, p. 8 (Bankstown East). The Communists welcomed the opportunity for physical confrontation with police, but they drew on a strong working-class distrust of the police: N. Wheatley, 'Meeting them at the door: radicalism, militancy and the Sydney anti-eviction campaign of 1931', in J. Roe, ed., *Twentieth-Century Sydney: Studies in Urban and Social History*, Hale & Iremonger, Sydney, 1980, pp. 228-29. N. Wheatley & D. Cottle, 'Sydney's Anti-Eviction Movement: Community or Conspiracy?', in Hood, *Labour and Community*, pp. 191-98.

<sup>25</sup> *The Sun*, 18.7.31, p. 1. SMH, 11.9.31, p. 9. The Loan Council ignored a request from the Chamber of Manufactures and the PAC to make further financial assistance to NSW dependent on the reduction of costs, specifically wages, to the level of other states (CMNSW, *Bulletin*, vol. 2, no. 1, (15.9.31). Loan Council Minutes, 12.9.31, p. 8. The Council referred complaints from insurance companies to Lang (Loan Council Minutes, 13.8.31, p. 15). Martin Diary, 10.9.31, 18.9.31, 26.9.31, 17.10.31, 6.11.31.

interest, which the state had not paid in that year, was discounted, the deficit was £1.3m in excess of the £5.4m agreed in the Plan. Lang promised more economies and explained there had been insufficient time for Treasury to review spending. All state governments struggled to reach the Plan targets. A report to the September 1931 Premiers' Conference revealed total Australian government deficits exceeded the Plan target. The New South Wales deficit was £1.29m above the forecast and it had reduced adjustable expenditure by only 13%. From August to October 1931 expenditure exceeded revenue by £4.9m on the Consolidated Revenue Fund alone.<sup>26</sup>

Support from the Loan Council enabled state governments to carry on daily operations. However state governments were disappointed by the reluctance of the Commonwealth Bank, fearful of state deficits, to release funds to put the unemployed to work and thus reduce their food relief payments. In late June the Unemployment Relief Council had decided on a program of works that would employ 10,000 men part time for six months. Without Bank support cabinet was driven back to considering an increase in the wages tax to 10 or 12.5% on annual incomes over £300 or £400 to raise £3-4m for relief works at award rates. Some in the party and unions feared that increased taxes would cripple industry and increase unemployment. In early September TUSA resolved that unions should be consulted before any tax increases. By early October press reports suggested that the government had dropped the idea.<sup>27</sup>

The major revenue initiative in these months was an increase in the family endowment tax. The Bavin government believed family endowment was a wage, rather than a welfare policy, and reduced the tax on employers' wages bill from 3 to 1% and paid endowment to the children of the unemployed from general revenue rather than the endowment tax. Endowment claims increased as unemployment rose and the income of many federal award employees fell below the state living wage: 38,948 families received endowment in 1930-31 and 59,293 in 1931-32. A bill introduced in September 1931 increased the tax on wages to 2% and extended it to employees paid under federal wards, and those without award coverage. Employers and the opposition complained this would raise more than what was required to bring the fund into balance but the Legislative Council accepted the bill.<sup>28</sup>

The government undertook minor tax reforms. In December it reintroduced the Insurance Deposits bill that it abandoned after unacceptable amendment in May. Federal Labor now opposed the legislation and it was defeated in March 1932. Another minor initiative was the exemption of state

<sup>26</sup> NSWPD, vol. 129, p. 5776. 28.8.31. Lang, Martin Diary, 30.8.31. *Premiers' Conference September 1931*, pp. 19-21. The opposition blamed in particular railway expenditure (NSWPD, vol. 130, pp. 6888-91. Bavin, 29.9.31). AONSW, Treasury Correspondence 10/22290, Under-Secretary New South Wales Treasury to Secretary, Commonwealth Treasury, 4.8.31, Item 12056.

<sup>27</sup> SMH, 9.9.31, p. 11. 10.9.31, p. 9. 10.9.31, p. 9 (Baddeley). 11.9.31, p. 9. 12.9.31, p. 11. 7.10.31, p. 11. AW, 16.9.31, p. 6. LD, 9.10.31, p. 1 (Baddeley). *The Sun*, 9.9.31, p. 1. *Premiers' Conference September 1931*, p. 11, 17. Schedvin, *Great Depression*, pp. 273-76. Loan Council Minutes, 4.9.31, p. 3. 4.2.32, p. 11. AONSW, Colonial Secretary, Cabinet and Parliament, Unemployment Relief Council, Minutes 1930-32, 2/8176, Meeting, 30.6.31.

<sup>28</sup> Royal Commission on Child Endowment or Family Allowances (RCCE), *Majority Report*, pp. 30-31. CPP, 1929, vol. 2, pt. 1. OYB 1931-32, p. 289. NSWPD, vol. 129, pp. 5781-82. Bavin, 28.8.31. NSWPD, vol. 130, p. 6831. Lang, 29.9.31. SMH, 13.7.31, p. 8. *Employers Review*, vol. 4, no. 2 (1931), pp. 16-17.



government properties from rates. In an appeal to Catholic voters it was combined with an extension of existing exemptions for church properties.<sup>29</sup>

The government continued to explore options for private funding of public works, but publicly denied that these plans were under consideration. During the federal election campaign Lang announced agreement with a Victorian company to build an eastern suburbs railway, but the UAP federal victory ended any prospect of Loan Council approval.<sup>30</sup>

The government's most controversial revenue measure was the legalising of gambling on greyhound racing, universally known as 'tin hares'. This had been announced in September without caucus being consulted and rumours of corruption were soon widespread. Legislation to legalise gambling was one of the first bills introduced after the appointment of twenty-five MLCs in November. A Royal Commission appointed by the Stevens government revealed that licenses were granted in exchange for donations to ALP funds, depleted due to lower union affiliation fees due to unemployment.<sup>31</sup>

The alliance between a populist regime and fringe entrepreneurs, such as those in greyhound racing, has the advantage that the government could not be accused of selling out to the established business interests. The institution of political funds under the control of the party leader or favoured intermediaries persisted into the 1980s. The municipal patronage that supported the postwar machine of the Catholic Labor right was less significant in this period. Labor controlled only a few impoverished inner-city municipalities; the Sydney City Council had been gerrymandered out of Labor's reach by the Bavin government. Local political machines, heavily Catholic in composition, supported Lang on pragmatic grounds, and this support would help sustain him against union opposition in the late 1930s. Within the ALP as a whole though their significance was minimal compared to the unions.<sup>32</sup> Unionisation meant that Labor's relation with public employees was

<sup>29</sup> *NSWPD*, vol. 129, p. 5230. McKell, 11.8.31. *NSWPD*, vol. 131, p. 7929. 1.3.32 (bill defeated by casting vote of the president). *NSWPD*, vol. 131, pp. 7332-36. 1.12.31. McGirr. Churches had requested such an exemption (*SMH*, 14.8.31, p.9). The Local Government Association believed rate exemptions should be restricted to places of worship (*SMH*, 1.10.31, p. 13). Garden, probably fearful that his unique status as a Protestant minister and ex-Communist would alienate Catholics, was keen to support rating reform (*LD*, 20.7.31, p. 4. 8.7.31, p. 5. 15.12.31, p. 6). Garden told Jack Hughes it was important to keep the Catholic church on side (Hughes Transcript, p. 27). Labor governments had a tradition of concessions to churches in this area, but the Protestant Willis had opposed concessions by the first Lang government in this area (Rydon, *NSW Politics*, p. 145. I. Young, 'A. C. Willis, Welsh Nonconformist, and the Labour Party in New South Wales, 1911-33', *Journal of Religious History*, vol. 2 (1962-63), p. 311).

<sup>30</sup> AONSW 2/8043. 5 Treasury Special Bundle. State's powers in relation to revenue, 1931-2. *SMH*, 31.8.31, p.9. 14.12.31, p.9. 3.2.32, p. 14. 15.12.31, p.9. *Construction*, no. 1237 (16.12.31), p. 1. *NSWPD*, vol. 129, p. 5083. 1.9.31. Davidson. *NSWPD*, vol. 131, p. 7653. Lang. 23.12.31. *LD*, 14.12.31, p. 5. 21.12.31, p. 5. *The Sun*, 12.12.31, p. 1. *SW*, 26.12.31, p. 7. Loan Council Minutes, 2.2.32, pp. 7-8.

<sup>31</sup> *LD*, 4.4.31, p. 5. *SW*, 30.5.31, p. 3. Martin Diary, 26.9.31. Royal Commission on Greyhound Racing and Fruit Machines (RCGR). *Report*, *NSWPP*, 1932-35 Parliament, 2nd session, vol. 1. The American entrepreneur who was the guiding light behind the companies involved in this transaction had, according to the opposition, fled Florida after involvement in land scandals (*NSWPD*, vol. 131, p. 7905. Kilpatrick, 25.2.32).

<sup>32</sup> V. O. Key, *Southern Politics in State and Nation*, A. A. Knopf, New York, 1949, pp. 163, 181. M. Wilkinson, *The Fixer: The untold story of Graham Richardson*, William Heinemann Australia, Melbourne, 1996, pp. 263-75. M. Hogan, 'Municipal Labor in New South Wales', *Labour History*, 72 (1997), pp. 125, 137-38, 142-43. M. Hogan, *The New South Wales State Election 1925*, New South Wales Parliamentary Library /Department of Government, University of Sydney, 1998, p. 21. C. McConville, 'John Wren: Machine Boss, Irish Chieftain or Meddling Millionaire?', *Labour History*, 40 (1981), pp. 51-57. Fitzgerald, 'Community, politics and work', in Fitzgerald, *Minorities*, pp. 72-78.

mediated through collective organisations, rather than the individual patron-client ties of machine politics.

The fact of Lang's signing the Premiers' Plan is the central plank of left-wing critiques of this administration. Gollan argued that, despite his attacks on bondholders, Lang implemented a deflationary policy. The judgement is unfair. Lang occasionally pledged devotion to sound finance, but so did other governments that challenged fiscal orthodoxy during the 1930s. Contemporary economists, such as Douglas Copland, believed that Lang rejected financial orthodoxy. A revolutionary Marxist such as Rick Kuhn similarly identifies Lang's financial unorthodoxy, because to Kuhn it is quite compatible with objectively pro-capitalist policies. Those closer to a left reformist position, but anti-Lang position, such as Gollan, assume that Lang cannot really have been fiscally unorthodox, because this position is reserved for regimes that they politically support.<sup>33</sup>

**Table 5.2 NSW revenue and expenditure compared to Premiers' Plan 1931-32 (£m)**

**NSW revenue and expenditure compared to Premiers' Plan 1931-32**

|                          | £m    |
|--------------------------|-------|
| Taxation                 | -1.49 |
| Business Undertakings    | -1.2  |
| Other                    | -0.41 |
| Interest etc.            | -0.05 |
| Other non-adjustable     | -0.82 |
| Adjustable               | 1.91  |
| Deficit-Family Endowment | 0.7   |
| Total                    | 4.84  |

(Treasury Officers' Report to the June 1932 Premiers' Conference, in E. Shann & D. Copland, eds. *The Australian Price-Structure, 1932: Documents illustrating the phase of financial reconstruction, November 1931 to November 1932*, Angus & Robertson, Sydney, 1933 (hereafter APS), p. 17).

Over its period in government New South Wales Labor had the highest level of taxation per head. In 1930-31 NSW state taxation was £6.66 per head compared to a national average of £5.61. In 1931-32 it was £5.85 compared to a national average of £5.03. As the economy declined the wages tax became more important raising £2.3 per capita in 1931-32. The level of income tax alone in 1930-31 was exceeded only by Queensland and South Australia, which financed unemployment relief out of general income tax. New South Wales raised a larger portion of tax revenue from taxation of income

<sup>33</sup> R. Gollan, 'The Ideology of the Labour Movement', in E. L. Wheelwright & K. Buckley, eds., *Essays in the Political Economy of Australian Capitalism*, vol. 2, ANZ Book Co. Sydney, 1978, p. 215. Kuhn, *Paradise on the Instalment Plan*, p. 13n32. D. Copland, *Australia in the World Crisis 1929-1933*, Cambridge University Press, Cambridge, 1934, pp. 145-46.



(defining this as income, wages endowment taxes) than any other state: 84.6% in 1930-31 and 85.9% in 1931-32, as compared to 59.0% and 57.2% nationally.<sup>34</sup>

#### 4. The politics of austerity

##### (a) The determinants of voting behaviour

Perceptions of economic management probably dominated voters' perceptions in 1931-32, as they have in later Labor electoral debacles during economic downturns. Labor failed to deliver its promises of 1930. The conservative parties, joined by the business press, now argued that the restoration of 'confidence' offered a relatively painless road to economic recovery. The press admitted Bavin had been too gloomy in 1930.<sup>35</sup> Conservatives appealed to voters on Labor's traditional grounds of material interest. Labor had to persuade those who had voted for it in 1930 that bad as things were the conservatives would make things worse. The scale of Labor's defeat at the elections of 1931 and 1932 showed Labor failed the politics of interest.

The scale of Labor's defeat is readily apparent, but the aggregate voting figures do not reveal how different social groups voted. Australian electoral polling did not commence until the late 1940s. What we do have are electoral statistics that reveal how people in a particular area voted, and in the form of the 1933 census we have a wide range of information about the aggregate social characteristics of these areas. Multivariate regression analysis enables us to relate the voting behaviour of an area to the social characteristics of the electors in this area. I explain this procedure in detail in the appendix. The following table summarises the results of this analysis:

<sup>34</sup> *Finance Bulletin*, no. 22, 1930/31, Tables 39; no. 23, 1931/32, Table 41.

<sup>35</sup> This was the case in 1975 (T. W. Beed, 'Opinion Polling and the Election', in H. R. Penniman, ed., *Australia at the Polls: The national elections of 1975*, American Enterprise Institute, Washington, D. C., 1977, pp. 250-53. In Victoria in 1988-92 events that spoke to the financial management issue such as the State Bank crisis had long lasting effects on Labor support compared to strikes and ministerial resignations (B. Costar & N. Economou, 'Elections and Electoral Change 1982-92', in M. Considine & B. Costar, eds., *Trials in Power: Cain, Kirner and Victoria 1982-1992*, Melbourne University Press, Melbourne, 1992, p. 259. *JID*, vol. 11 (1930), p. 526. *The Bulletin*, 6.4.32, p.9. *SMH*, 20.2.32, p. 13 (Stevens). 19.5.32, p.9 (Stevens policy). *The Sun*, 31.5.32, p. 13 (Coleman). *WCM*, vol. 9, no. 6 (1932), p. 242. In May 1932 Stevens was keen to correct a media report of a speech in which he was reported to have claimed the UAP could offer only sacrifice, and insisted that instead he had urged UAP campaigners not to run this appeal (*SMH*, 3.5.32, p. 10. 4.5.32, p. 11). The argument of business groups that political radicalism reduced business activity went back at least to the Berry government in Victoria, whose example was still unfavourably recalled by some employers in 1931 (Parnaby, Victoria, pp. 48, 63, 123. *Construction*, no. 1, 189 (14.1.31), 1189, p. 11).

Table 5.3 Social determinants of electoral behaviour 1930-32<sup>1</sup>

| Social Determinants of Electoral Behaviour 1930-32 |            |       |          |        |          |       |          |        |          |        |          |  |          |  |          |  |          |  |         |  |
|--|------------|-------|----------|--------|----------|-------|----------|--------|----------|--------|----------|--|----------|--|----------|--|----------|--|---------|--|
|  | 1930 Labor |       | 1931 SLP |        | 1931 FLP |       | 1932 FLP |        | 1931 LAB |        | 1932 SLP |  | 1930 CPA |  | 1931 CPA |  | 1932 CPA |  | AP 1930 |  |
| Constant   | 119.67     | 28.00 | 16.06    | 23.80  | 48.74    | 40.76 | 2.57     | -0.43  | 0.99     | -8.77  |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.00       | 0.00  | 0.07     | 0.13   | 0.00     | 0.002 | 0.333    | 0.748  | 0.86     | 0.73   |          |  |          |  |          |  |          |  |         |  |
| Women  | -1.44      | -0.29 | -0.04    | -0.28  | -0.33    | -0.46 | -0.032   | 0.015  | -0.002   | 0.73   |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.00       | 0.03  | 0.75     | 0.26   | 0.05     | 0.084 | 0.504    | 0.482  | 0.98     | 0.15   |          |  |          |  |          |  |          |  |         |  |
| Miners   | 0.63       | 0.80  | 0.19     | 0.25   | 0.91     | 1.09  | 0.1      | 0.12   | 0.152    |        |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.003      | 0     | 0.31     | 0.165  | 0        | 0     | 0        | 0      | 0.039    |        |          |  |          |  |          |  |          |  |         |  |
| Proletarians (ex miners)                           | 0.42       | 0.4   | 0.29     | 0.16   | 0.6      | 0.504 | -0.36    | 0.06   | -0.02    | 0.01   |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.018      | 0.015 | 0.09     | 0.33   | 0.004    | 0.05  | 0.13     | 0.031  | 0.72     | 0.96   |          |  |          |  |          |  |          |  |         |  |
| Commerce & Finance                                 | -0.7       | -0.90 | -0.74    | -0.9   | -1.73    | -1.17 | 0.054    | -0.12  | -0.07    | -0.27  |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.163      | 0.057 | 0.127    | 0.067  | 0        | 0.033 | 0.43     | 0.1    | 0.69     | 0.61   |          |  |          |  |          |  |          |  |         |  |
| Public Admin & Professional                        | -2.71      | -1.91 | -0.88    | -0.67  | -2.95    | -1.8  | -0.135   | 0.07   | -0.04    | -0.04  |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0          | 0.002 | 0.16     | 0.271  | 0        | 0.009 | 0.098    | 0.47   | 0.86     | 0.94   |          |  |          |  |          |  |          |  |         |  |
| Catholics  | 0.38       | 0.241 | 0.3      | -0.23  | 0.52     | 0.628 | -0.017   | -0.02  | -0.08    | -0.72  |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.004      | 0.033 | 0.009    | 0.036  | 0        | 0     | 0.329    | 0.234  | 0.07     | 0.24   |          |  |          |  |          |  |          |  |         |  |
| Unemployed:  | 0.770      | 1.120 | -0.540   | -0.600 | 0.580    | 0.510 | 0.1000   | 0.047  | 0.110    | -0.720 |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.028      | 0     | 0.057    | 0.005  | 0.09     | 0.068 | 0.032    | 0.27   | 0.13     | 0.57   |          |  |          |  |          |  |          |  |         |  |
| Female employees                                   | 1.46       | 1.33  | 0.96     | 1.71   | 2.36     | 1.14  | 0.065    | -0.002 | 0.19     | -0.32  |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.01       | 0.012 | 0.076    | 0.002  | 0        | 0.047 | 0.381    | 0.983  | 0.35     | 0.57   |          |  |          |  |          |  |          |  |         |  |
| Agriculture  | -0.54      | -0.31 | 0.028    | -0.033 | -0.33    | -0.33 | 0        | 0.001  | -0.043   |        |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0          | 0.04  | 0.79     | 0.821  | 0.012    | 0.015 | 0.725    | 0.948  | 0.57     |        |          |  |          |  |          |  |          |  |         |  |
| Self-employed                                      | -0.66      | 0.05  | 0.48     | 0.17   | -0.56    | -0.53 | -0.04    | -0.04  | 0.012    | 0.04   |          |  |          |  |          |  |          |  |         |  |
| P-value  | 0.001      | 0.773 | 0.016    | 0.27   | 0.019    | 0.032 | 0.196    | 0.17   | 0.86     | 0.86   |          |  |          |  |          |  |          |  |         |  |
| R-Sq(adi)  | 86.70%     | 84%   | 22.30%   | 26.20% | 82.20%   | 84%   | 70.60%   | 50%    | 53.90%   | 41.40% |          |  |          |  |          |  |          |  |         |  |

<sup>1</sup> SLP is State (Lang) Labor. FLP is Federal Labor. LAB is the total vote for both Labor groups in 1931. AP is the Australian Party. This party ran no candidates in mining electorates in 1930, and only one in a rural electorate. Mining and agriculture have been excluded from the regression.

The influence in the 1970s of a simplistic Marxism that drew sweeping conclusions as to true and false interests and correct class-consciousness led to a reaction in which historians stressed the fluidity of interests and the extent to which they are constructed by institutions. This approach goes too far in rejecting the concept of objective interest. The issue is not that one cannot identify likely objective interests for workers: higher wages, less unpleasant work, more leisure and freedom from relations within the labour process that involve the attribution of a sense of personal inferiority. For such interests to be a driving force in history we need only assume that some workers act on these needs and that the rest will not actively oppose them.<sup>1</sup>

The problem with traditional Marxist concepts of interests, and also with those of neo-classical economics, is their failure to consider that people realise their interests only under uncertainty. Any form of collective action by workers necessarily implied a view of what the world was like and what it could be like. Perceptions of the future played a major role in structuring class identity. The segmenting of the workforce into those with prospects and those without was a key control strategy by employers.<sup>2</sup>

The worldview of Labor's critics reflected their view of human nature and its potential. They believed that human beings were naturally unequal. Stevens argued that the flaws of the current economic system were problems of human nature. A CSR manager argued that workers abdicated the task of organisation and supervision.<sup>3</sup> Liberals and conservatives believed certain economic laws were immutable. Labor radicals and moderates believed the Soviet experience demonstrated

<sup>1</sup> F. Bongiorno, *The Peoples' Party: Victorian Labor and the Radical Tradition 1875-1914*, Melbourne University Press, Melbourne, 1996, p. 9. J. Zeitlin, 'From labour history to the history of industrial relations', *Economic History Review*, 2nd ser. vol. 40, no. 2 (1987), p. 178. For defenses of 'human nature': J. Ashworth, *Slavery, Capitalism and Politics in the Antebellum Republic*, vol. 1, *Commerce and Compromise, 1820-1850*, Cambridge University Press, Cambridge, 1995, pp. 1-7. G. Cohen, *Karl Marx's Theory of History: A Defence*, Clarendon Press, Oxford, 1978, pp. 150-60. Macintyre, *The Labour Experiment*, p. 6. E. O. Wright, *Classes*, Verso, London, 1985, p. 249. Svensen has stressed the extent to which employers have objective interests (S. Svensen, *Industrial Warfare: the Great Strikes 1890-94*, Ram Press, Wollongong, 1995, pp. 14-23. Collier, *Scientific Realism*, pp. 78-79. I. Turner, 'History as a Science', *Science Review*, 12 (1949), p. 54.

<sup>2</sup> J. M. Keynes, *The General Theory of Employment Interest and Money*, Macmillan, London, 1936, pp. 148-50, 162-3, 315. A. Fitzgibbon, *Keynes's Vision: A New Political Economy*, Clarendon Press, Oxford, 1988. Herbert Spencer argued that humans, particularly women, were too swayed by 'proximate evils' and this was a force contributing to the growth of state intervention, as only a few had foresight to predict the negative consequences of state intervention (H. Spencer to J. S. Mill, 1867 quoted in E. Halevy, *The Rule of Democracy 1905-1914*, Ernest Benn Ltd., London, 1934, p. 509n2). British research in the 1970s found that Labour voters, much more than Conservative voters, justified their votes in terms of class interests rather than statements about the economic system (B. Sarvik & I. Crewe, *Decade of dealignment: The Conservative victory of 1979 and electoral trends in the 1970s*, Cambridge University Press, Cambridge, 1983, pp. 138-140). M. Nolan 'Female White Collar Factories? Braverman and Inter-war Victoria', *Labour and Industry*, vol. 5, no. 1-2 (1993).

<sup>3</sup> *The Bulletin*, 25.5.32, p. 8. *SMH*, 16.1.31, p. 12 (Stevens). 22.8.31, p. 10. 29.8.31, p. 9. Prominent clergyman made similar arguments: *SMH*, 25.10.30, p. 14 (Catholic Archbishop Kelly). Gray, *Newcastle in the Great Depression*, p. 70 (Anglican Archbishop of Newcastle). R. W. Harman 'People and Work in Factories', (in 1930-32 he was manager of CSR's Research Department) in A. G. Lowndes, ed., *South Pacific Enterprise: The Colonial Sugar Refining Company Ltd.*, Angus & Robertson, Sydney, 1956, p. 258. Merritt, *Voluminous Squatter*, p. 89. J. Spierings, 'An Exacting Science: The University and the Beginnings of Economic Policy Making', *Arena*, 86 (1989), p. 132. (D. Copland). Eggleston, *Reflections*, pp. 53-55. Hamlet, *Devil's Own Mess*, pp. 67-69, 133. *NSWPD*, vol. 125, p. 1435. 24.2.31. Foster. Referring to the Holman-Reid debate on socialism in 1904 Evatt perceptively noted: 'it was very difficult for any debater to call sentiment in aid while denouncing socialist ideals' (Evatt, *Holman*, p. 127).

socialism was viable. Their critics argued production for use actually meant a regression to slavery as in Russia.<sup>4</sup>

1930-32 was a period of electoral upheaval that ended with the crippling of political labour. A wide range of voters believed that Labor would make them worse off, yet this belief necessarily involved a series of assumptions about what governments could achieve, or not achieve, to improve their position. In extreme circumstances voters acted on beliefs that were long held. These beliefs both rationalised their own position and acted as the filter through events were interpreted and future interests evaluated. The responses of voters differed according to whether they were employed in the public or private sectors, or as unpaid workers in the domestic economy.

#### (b) Public sector workers

The PSA and the Teachers' Federation had campaigned against Bavin in 1930, but Lang had now legislated for greater salary reductions than Bavin had implemented and in August 1931 been unable to pay their salaries.

In the Federation factionalism was organised. A group of Labor supporters built up the Assistant Teachers' Association (ATA) as a rival to the power of the Federation leadership. Lang's signing of the Premiers' Plan broke up this grouping. Most supported the Socialisation Units and some later joined the Communists. ATA president Alfred Paddison diverged from his comrades and supported Lang. In September 1931 Paddison was able to persuade the Assistants not to condemn the Lang government's salary cuts.<sup>5</sup>

For most teachers disillusionment with Lang impelled a rightward shift. Known Labor supporters lost ground in union elections. The Federation president, Arthur McGuinness, identified with the 1930 anti-Bavin campaign, did not contest re-election in 1933. The new president, Charles Currey, was a traditional liberal. He defended teachers against claims of communist sympathies, but believed the Federation was a professional association, not a union, and was a personal friend of Bavin. Currey wanted the Federation to oppose Lang's £500 salary limit plan. The Federation kept a low profile in the 1932 state election campaign. After the election the Federation council

<sup>4</sup> *AW*, 7.1.31, p. 7 (Boote). Labor Council of New South Wales, *Industrial Peace and the Working Class*, the council, 1928, p. 3. J. Hamlet, *Australia in the Devil's Own Mess*, H. Goron, Sydney, 1932, pp. 67-69. *The Bulletin*, 29.10.30, p. 9. *SMH*, 25.10.30, p. 12. 24.4.31, p. 10. 7.4.31, p. 8. 5.3.32, p. 8. 9.2.31, p. 8. *Construction*, no. 1246, 17.2.32, p. 9. Earlier critics of Australian socialism, such as Max Hirsch, had raised similar concerns (Lovell, *Marxism and Australian Socialism*, pp. 194-96). The Department of Labour advised Baddeley in response to a suggestion from a member of the public that although imposing a policy that no wage-earner receive more than the basic wage would increase employment by making the distribution of income more equal it would destroy incentives and reduce taxation revenues (DI1 Submissions 1931 (AO 6/3467), 295554, 18.8.31).

<sup>5</sup> NBAC, Teachers' Federation of NSW, T15, Minutes of the Council of the Assistant Teachers' Association 1923 to 1932, Item 15/2, Meeting 16.9.31.

resolved, against Paddison's opposition, to accept wage reductions, so long as they were through the arbitration. The appearance of former teacher Labor MPs such as Peter Loughlin and Robert Gillies in the ranks of the UAP in 1932 was symbolic.<sup>6</sup>

The challenge from the right was weaker among the lower-paid members of the PSA. Once the alarm of the £500 plan was past the PSA leadership returned to an implicitly pro-Labor position. Before the 1931 federal election the union issued a statement that the industrial policies of both Labor parties were closest to its own. PSA conferences applauded Labor ministers for their defense of the public service.<sup>7</sup>

In the case of the police Labor sought to conciliate their union, the Police Association. Immediately after Lang's election there were reports that the government would hold an inquiry into the police force, with special reference to their conduct in the coal lockout and timber workers strikes. Unions and party branches championed this proposal. Responsible Minister Colonial Secretary Mark Gosling, an uncritical acolyte of Lang, assured his 'brother unionists' of the Police Association there would be no inquiry.<sup>8</sup>

Many Labor supporters resented the exclusion of the police from Bavin's public service pay reductions and welcomed police pay cuts under the Premiers' Plan.<sup>9</sup> Police Association branches condemned the cuts and some police felt the Association had failed to defend their interests. The Association executive rejected a motion that it convene a protest meeting. An Association deputation to Chief Secretary Gosling offered to accept a smaller reduction that preserved their margin over other public employees. Gosling replied that this was financially impracticable.<sup>10</sup>

Gosling arranged a meeting between Association officers and Lang. The Association secretary told executive members that Lang was agreeable and approachable and that there were enemies

<sup>6</sup> Mitchell, *Teachers*, pp. 111-12. NBAC, Teachers' Federation of NSW, Z237, Minutes of Executive 1929 to 1936, Item 67, Meeting 15.6.31; Item 51, Council Minutes 1926 to 1936, Meeting 4.6.32. A teacher delegate at a Labor conference complained that most teachers were reactionary and too few were recruited from workers' families (LD, 28.3.32, p. 5). Lang remembered how the teachers in 1926 had opposed him in caucus (Lang, *I Remember*, p. 306). For many older teachers, such as Lycas, pupil teaching had provided social mobility without the critical content of university education.

<sup>7</sup> SMH, 22.1.31, p. 8. 17.12.31, p. 9. *The Sun*, 1.5.31, p. 9. *Red Tape*, vol. 5, no. 7 (1931), p. 3. vol. 6, no. 3 (1932), p. 117.

<sup>8</sup> Martin Diary, 1.5.31. SMH, 8.10.30, p. 8. 12.12.30, p. 13. LD, 14.11.30, p. 6 (Cardiff ALP). 11.11.30, p. 6. *Truth*, 2.11.31, p. 1. *Daily Pictorial*, 1.11.30, pp. 6, 7. NBAC, Miners' Federation, E165/13/3, Southern District Management Committee, 12.12.30. Labor Council Minutes, 13.10.30. A. Piddington, *Political Revelations and the Kisch Case* (MS, n. d.), (Rare Books Library, Fisher Library), University of Sydney, pp. 123, 128, 131. Police Association Executive, 18.11.1930, *Police News*, vol. 10, no. 12 (1930), pp. 31-32. Police Association Executive, 5.3.1931, *Police News*, vol. 11, no. 4 (1931), p. 36. The first policeman to take up the idea of a union was Ted Larkin who was elected to state parliament for the ALP in 1913 (S. Brien, *Serving the Force: 75 Years of the Police Association of New South Wales*, Focus Publishing, Sydney, 1996, pp. 11-12).

<sup>9</sup> *Railroad*, vol. 12, no. 9 (1931), p. 9. LD, 15.6.31, p. 8 (Canterbury ALP). See correspondence in LD, 12.2.31, p. 7. 4.7.31, p. 7. 25.8.31, p. 8. 8.7.31, p. 4. The exemption of police from rationing was a sore point with tramway workers (LD, 28.8.31, p. 1).

<sup>10</sup> SMH, 4.8.31, p. 7. LD, 28.8.31, p. 1. 30.9.31, p. 5. *The Sun*, 10.12.31, p. 21. *Police News*, vol. 11, no. 9 (1931), p. 4. *Police News*, vol. 11, no. 10 (1931), p. 1. Police Association Executive 15.12.1931, *Police News*, vol. 12, no. 1 (1932), p. 37.

of the Premier who wanted him to make no concessions to the police. Lang told the deputation that the pay cut could not be rescinded but suggested police be allowed access to arbitration, an option the government would take up in 1932. The government approved some promotions previously blocked for economy reasons.<sup>11</sup>

The major obstacle to determining the electoral behaviour of public employees is that the 1933 census employed a single category of 'public administration and professional'. About 40% of this category were white-collar public employees. Survey data from the late 1940s suggests that professionals were overwhelmingly anti-Labor, and that the tendency of Catholics to disproportionately favour the ALP was strongest among white-collar workers. Those professionals who did vote Labor did so not because of class, but for ethno-cultural reasons: Catholicism.<sup>12</sup> Their vote was less likely to change due to economic circumstances.

Despite 'black Thursday' on 6 August 1931 when public servants went unpaid I suggest that public servants feared what the state-level conservatives would do to the public service. The press and business groups called for retrenchment. Public employees' livelihood did not depend on capitalist employers but political decisions. As Childers argues, with reference to German public servants, public employees are most likely to vote as a bloc, precisely because there is a direct linkage between political outcomes and their welfare. The 'reform' campaigns of the early 1900s had led to the first major shift of public servants to the ALP.<sup>13</sup> In 1931 the presence of the Catholic Lyons made the federal conservatives more attractive to white-collar Catholics. I argue this is why negative correlation between the Public Administration and Professional enrolment and the total Labor vote increases in 1931 but reduces substantially in 1932.

### (c) Private-sector workers

Geoffrey Bolton refers to the 'swinging voters of the lower middle class' in his discussion of Western Australian depression politics. But white-collar workers could not be the arbitrators of interwar elections, there were too few and their allegiance was overwhelmingly non-Labor.

<sup>11</sup> Police Association Executive, 26.11.1931, *Police News*, vol. 12, no. 1 (1932), p. 30. Police Association Special Executive, 21.12.1931, *Police News*, vol. 12, no. 1 (1932), p. 34. Police Association Executive 15.12.1931, *Police News*, vol. 12, no. 1 (1932), p. 36. Police Association Special Executive, 2.12.1931, *Police News*, vol. 12, no. 1 (1932), p. 34.

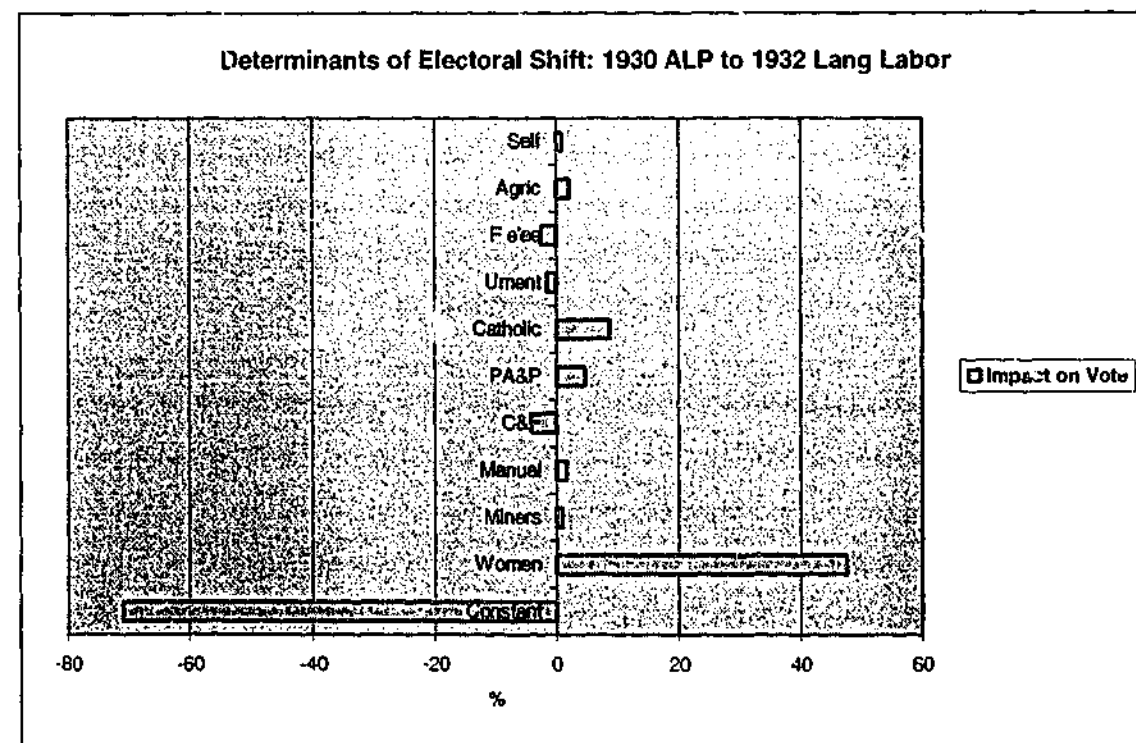
<sup>12</sup> D. A. Kemp, *Society and Electoral Behaviour in Australia: a study of three decades*, University of Queensland Press, Brisbane, 1978, pp. 200-02. Even in middle-class suburbs Catholic professionals socialised largely among their co-religionists (J. McCalman, *Journeys: The Biography of a Middle-Class Generation 1920-1990*, Melbourne University Press, Melbourne, 1993, pp. 140-41).

<sup>13</sup> For media and business calls for retrenchment: SW, 18.7.31, p. 6, 9.5.31, p.p. 6, 10, *Truth*, 18.1.31, p. 10, 19.7.31, p. 10. *Co. merce*, vol. 4, no. 3 (1931), p. 80 (Associated Chambers of Commerce annual meeting calls for inquiry into alleged overstaffing). A. C. Davidson, General Manager, Bank of New South Wales to J. H. Scullin, Prime Minister, 22.1.31, in RBA, *Documents*, pp. 258-59. The Registrar-General complained of false reports of overstaffing in the *Sydney Morning Herald* and accused the paper of a pattern of hostility to the service (ACNSW, 9/2035, Premier's Department Correspondence 1931, B152, Registrar-General to Under-Secretary, Department of Justice, 15.1.31). Caiden, *Career Service*, pp. 231-32. T. Childers, *The Nazi Voter: The Social Foundations of Fascism in Germany, 1919-1933*, University of North Carolina Press, Chapel Hill, 1983, pp. 168-78, 240. Rickard, *Class and Politics*, pp. 91, 195.

Interwar politics was competitive because the right had a stronger hold on its smaller core constituency than Labor had on its, and because Labor did poorly among women outside paid employment.<sup>14</sup>

In 1930-32 there were substantial shifts in electoral behaviour among all social groups. This is apparent from the fall in the constant in Table 5.3. An increase in the regression coefficient is a sign that the group resisted the trend against Labor. The following graphs reveal the extent to which contribution that different groups made to the overall shift against Labor deviated from the overall shift (represented by the change in the constant) against the ALP. These contributions depend not only on the changing regression coefficient but the representation of each group in the electorates, miners are particularly loyal to Labor, but they are only a small portion of the electorate.

**Chart 5.1 Determinants of electoral shift: 1930 ALP to 1932 Lang Labor**



Recent heavy Labor electoral defeats have been due to a particular alienation of manual workers, while non-manuals, particularly in higher-status occupations, have resisted the anti-Labor trend.<sup>15</sup> This was certainly not the case in 1931-32; male manual workers remained the core of Labor support, as their strong correlation coefficients show. But the 1932 election is hardly a case of

<sup>14</sup> Bolton, *Fine Country*, p. 249. Sarlvik, *Decade of dealignment*, pp. 78-80, 135. More recent research shows that Labor voters are less supportive of radical positions than conservative voters are of conservative positions (M. Goot, 'Party Dominance and Partisan Division 1941-1972', in Hazlehurst, ed., *Australian Conservatism*).

<sup>15</sup> J. Hagan & C. Clothier, *The New South Wales Election 1988*, Department of Government, University of Sydney/Parliamentary Library of NSW, Sydney, 2000, pp. 30-31. Scott, *Running on Empty*, p. 127.

class polarisation compared to 1930, with the Labor vote stripped to its core, the differential loyalty of manual workers added about 1.7% to the final Lang vote. The loyalty of Catholics was far more electorally significant, worth about 8.6% to the Lang vote.<sup>16</sup>

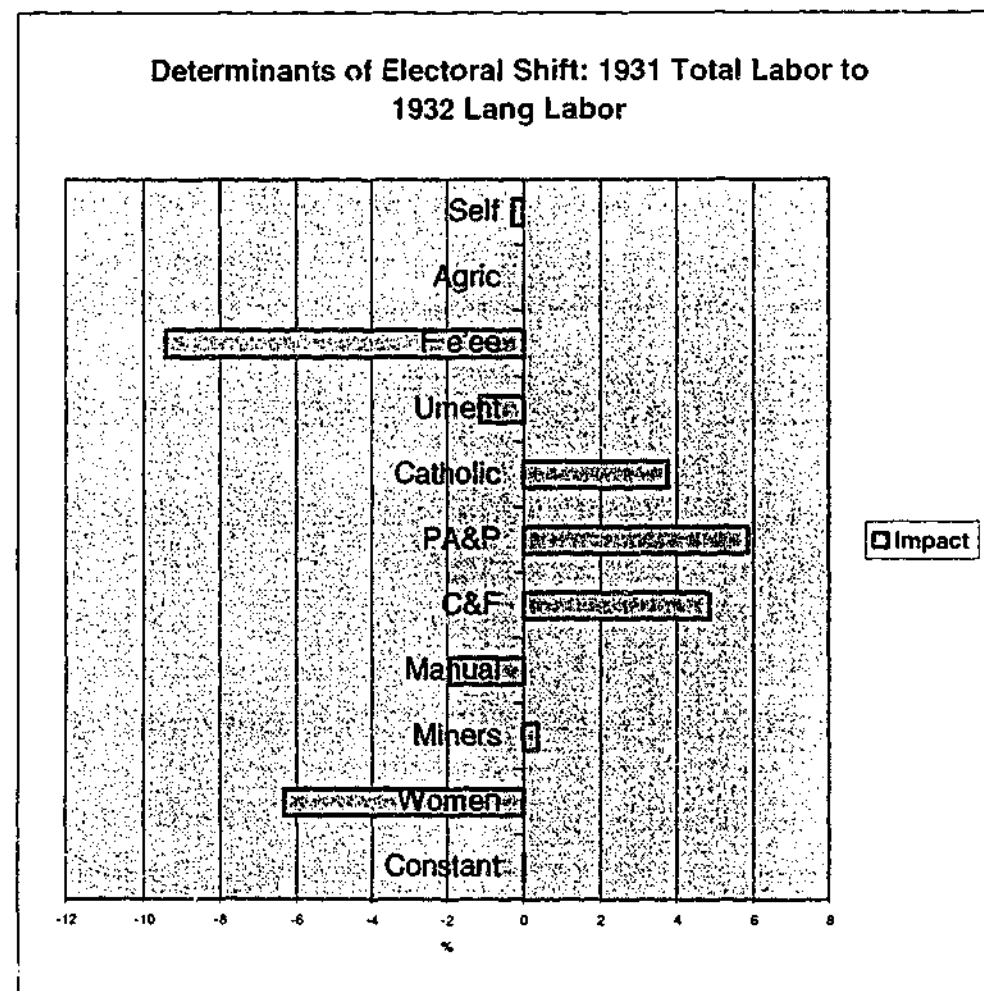
The relatively low level of class polarisation is more apparent when we compare the Lang Labor vote in 1932 with the total Labor vote in 1931. With Labor discredited and deeply divided and facing the popular Lyons one might have expected 1931 to be a less class polarised election than 1932, but in fact in 1932 Lang Labor was much more successful in rallying white-collar support than that of manual workers.<sup>17</sup>

<sup>16</sup> The presence of a strong divergence between manual and non-manual voting behaviour was confirmed by surveys in the late 1940s: Alford, *Party and Society*, p. 184. L. C. Webb, 'The Australian Party System', in Hughes, *Readings in Australian Government*, p. 337. J. Hill, *From Subservience to Strike: Industrial Relations in the Banking Industry*, University of Queensland Press, Brisbane, 1982, p. 162. In 1917 despite the heavy swing against the ALP, and the leading position of unions within the party after the expulsion of the conscriptionists, relative support for Labor increased only slightly among manual workers (P. Thornton-Smith, *The 1917 Federal Election: A Case Study of Politics in the Great War* (Ph. D., University of Melbourne, 1987, p. 636).

<sup>17</sup> Tariff protection may have bolstered Labor's vote in 1931 (particularly Federal Labor in Newcastle), when manufacturers still feared free-traders among the conservative parties, but in 1932 it was not an issue. Lang Labor usually championed tariff protection but showed occasional expressions of doubt, which may have been encouraged by Beasley being a member for a waterfront electorate (*LD*, 2.5.31, p. 5). Anstey raised in cabinet the negative impact of higher tariffs on customs revenue (Cook, 'Memoirs of the Scullin Labor Government', p. 371).



Char' 5.2 Determinants of electoral shift: 1931 total Labor to 1932 Lang Labor



It is among private sector workers that we have to look for the basis of Labor's defeat. Employment in the private sector created the basis for class solidarity against employers, but it also created the possibility of solidarity with employers; what Michael Mann calls a segmental loyalty. This solidarity could be against manual workers' class assertion, but it could also be against the state sector, and Labor as the defender of the state sector. From this perspective class differentiation was by function and status rather than relations of exploitation. To Labor's vision of a society divided between producers and parasites the right opposed their view of social production as a hierarchical process, in which all classes shared common interests. In 1931-32 this appeal was powerfully conveyed to manual workers with some success. The term 'working class' implies that there is a non-working class; just as the party name 'Labor' implied that that its opponents did not labour, much to the annoyance of Labor's critics. Non-Labor felt that Labor unfairly appropriated the banner of 'labour' and obscured its nature as a socialist party; by this

deception Labor encouraged a false class-consciousness. The right has favoured the term 'middle class' which implies classes are divided by function and status.<sup>18</sup>

Non-manual workers' loyalty to their employers was not irrational. They did have a privileged position, relative to manual workers, and all workers had a privileged position compared to the unemployed. Scholars have frequently attributed non-manual workers' and petty bourgeoisie loyalty to capitalism to irrational psychological disturbance, when there are solid economic reasons for this loyalty.<sup>19</sup>

Many observers, not associated with the labour movement, agreed there was a dichotomy between white and blue-collar workers. A parliamentary committee distinguished between employees and those 'persons who are really the representatives of the employers...[such as] managing directors, technical experts etc.' Arbitration judges identified the relations between white-collar workers and management as those of confidence and trust. Manual workers considered non-manual workers snobbish. In the industrial upheavals of the late 1920s employers could usually rely on the loyalty of their clerks.<sup>20</sup>

The keenness of non-Labor observers to insist on the dichotomy between non-manual and manual workers betrayed unease this might not always be the case. In 1929-30 there was widespread concern among white-collar employee organisations with the threats to arbitration at both the state and federal levels and the pursuit by employers of greater control over the labour process, and the threat this posed to co-operation between labour and capital.<sup>21</sup>

Despite the economic upheavals of the period non-manual workers remained in a privileged labour market position. Some were subject to arbitrary treatment in their salary levels or promotion opportunities but the relationship between supervisor and employer remained

<sup>18</sup> Mann, *Sources of Social Power*, vol. 2, p. 511. *SMH*, 19.10.31, p. 8. 19.11.31, p. 8. 11.9.31, p. 6. 24.10.30, p. 9. 4.4.32, p. 12. 21.4.32, pp. 4, 9. 30.4.32, p. 14 (Stevens). J. G. D. Hughes, 'The Prospects of Nationalism in Australia', *Australian Quarterly*, 10 (1931), p. 74. *The Bulletin*, 18.5.32, p. 8. J. Brett, *Robert Menzies' Forgotten People*, Pan Macmillan, Melbourne, 1992. Rickard, *Class and Politics*, pp. 299-301. J. H. Goldthorpe, D. Lockwood, F. Bechhofer & J. Platt, *The Affluent Worker in the Class Structure*, Cambridge University Press, Cambridge, 1969, p. 120. At the 1932 Graziers' Association conference a resolution was proposed that all speakers refer to Labor as the 'socialist party' (NBAC, Graziers' Association of NSW, E256, Local Secretary's Circulars, Box 1334, Agenda of 15th Annual Conference 29.3-1.2 1932, res. 233). Economic crises can lead, despite the nominally socialist agenda of a governing party, to a retreat to self-reliance and group loyalty (D. E. McHenry, Jr., *Limited Choices: The Political Struggle for Socialism in Tanzania*, L. Reiner Publishers, Boulder, Colorado, 1994, pp. 11, 161).

<sup>19</sup> Mann, *Sources of Social Power*, vol. 2, pp. 558, 562-63.

<sup>20</sup> SCICAB, *Report*, p. 23 (Labor boycotted this committee). *Australian Timber Workers Union v. Timber Merchants and Sawmillers Association* 27 CAR (1929) 580 at 633 per Lukin. J. N. Masson, *Surviving the Dole Years: The 1930s - A personal story*, University of New South Wales Press, Sydney, 1993, p. 13. Howells, *Against the Stream*, pp. 5-6, 12. SCICAB, *Evidence*, q. 862 (F. Corke, Timber Merchants Association). W. Lowenstein, *Weevils in the Flour*, p. 77.

<sup>21</sup> *The Australian Banker*, vol. 4, no. 10 (1929), p. 1 vol. 4, no. 12 (1929), p. 1. vol. 6, no. 4 (1931), p. 2. (April), p. 2. SCICAB, *Evidence*, q. 1507 (C. West, Commercial Travellers Association). There was a history of conflict between the United Bank Officers' Association and the Bavin government over the conditions of Government Savings Bank employees (Hill, *Subservience to Strike*, p. 63).

personal. An implied contract between white-collar workers and their employers meant they were paid more, even if they started on low pay, and less likely to be dismissed. Their oligopolistic employers had a degree of choice in how they treated their employees.<sup>22</sup> Like manual state employees white-collar workers were partially exempt from market disciplines. Their labour-power was partially decommodified. Manual workers' experience of authoritarian supervision, danger, and hard physical exertion on work that was inherently uninteresting contributed to their different visions of interest. Non-manual workers could validly feared organised labour's strategy of decommodification would leave them worse off, that they would exchange the protection of their employers for the mercies of a state influenced by manual workers' unions. In 1930-32 white-collar workers benefited by the partial decommodification of their labour-power, but under postwar full employment they fell behind as manual workers were less inhibited about exploiting their market position to win higher pay.<sup>23</sup>

In 1933 the average male manual employee income was £142.7, whereas in the non-manual sector it was £261.5, for women it was £79.1 and £118.5. The unemployed were largely drawn from manual workers. In 1932 103 industrial workers were killed across Australia and 5,899 were incapacitated for over fourteen days, official statistics recorded no injuries among non-manual workers.<sup>24</sup>

<sup>22</sup> D. Lockwood, *The Blackcoated Worker: A Study in Class Consciousness*, Clarendon Press, Oxford, 1989 (first ed. 1958), pp. 44-53. L. Layman & G. Reekie, 'Working for Elders', in B. Gammage & P. Spearitt, eds., *Australians, 1938*, Fairfax, Syme & Weldon Associates, Sydney, 1987. J. Gunn, *Taking Risks QBE 1886-1994: A history of the QBE Insurance Group*, Allen & Unwin, Sydney, 1995, pp. 123-24, 144. G. Blainey, *A History of the AMP 1848-1998*, Allen & Unwin, Sydney, 1999, pp. 201-06, 270-72. Resnick & Wolff, *Knowledge and Class*, pp. 164-68. Gibson-Graham, *End of Capitalism*, pp. 186-88.

<sup>23</sup> Lockwood, *Blackcoated Worker*, pp. 15, 198. J. Rickard, 'The middle class: what is to be done', *Historical Studies*, no. 76 (1981), pp. 452-53. For an unconvincing revival of the false consciousness argument: Buckley, *False Paradise*, p. 196. Recent interest in 'the body' has given little attention to the physiological experience of the labour process. For exceptions: C. Nyland, *Reduced worktime and the management of production*, Cambridge University Press, Cambridge, 1989. Snooks, *Portrait of the Family*, pp. 100-103. Socialisation Units argued that prior to 1929 white-collar workers had low work intensity (SC, vol. 2, no. 1 (1932), p. 3). Tanner, *Working Class Politics*, pp. 62-64. Lockwood, *Blackcoated Worker*, pp. 44-53. Goldthorpe, *Affluent Worker in the Class Structure*, pp. 56-57, 66-67.

<sup>24</sup> *Census*, pp. 1738-55. *Labour Report 1932*, p. 112.

Chart 5.3 Male unemployed by occupational groups, 1933 (%)

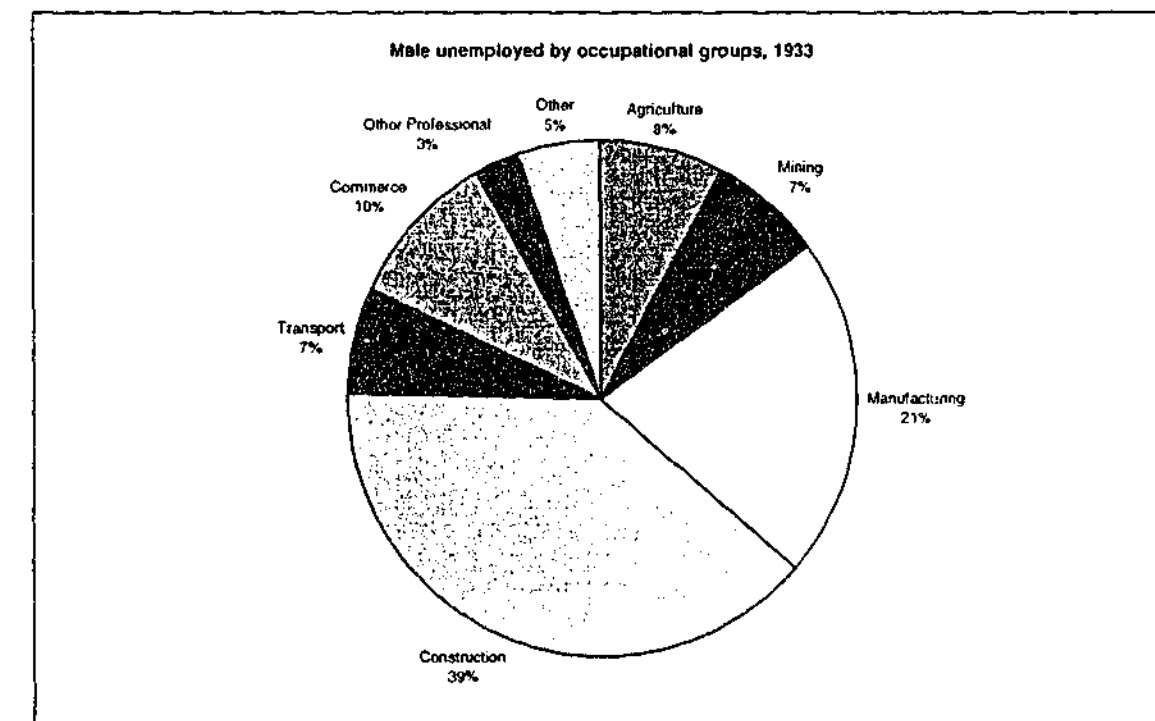
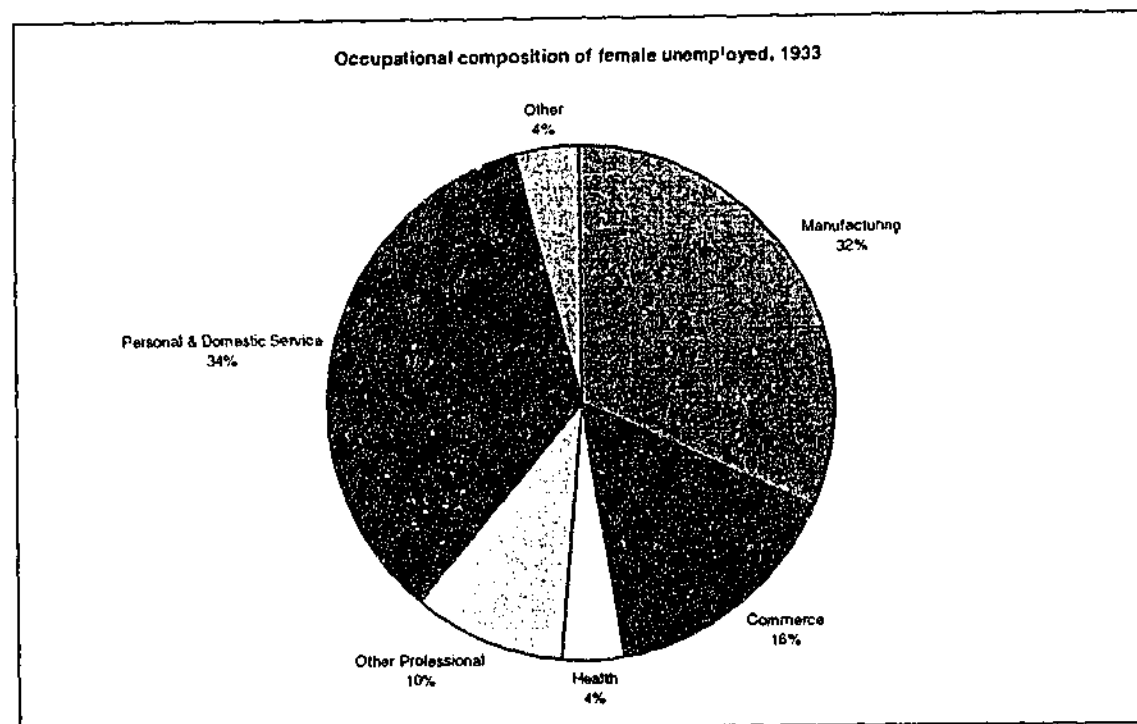


Chart 5.4 Female unemployed by occupational groups, 1933 (%)



(Census, pp. 1247-1265, 1269-85).

#### (d) Capitalist decision-making and workers' interests: theory

The concept of a unified national community, in which workers and capitalists shared common interests, was crucial to non-Labor political discourse. It underpinned the call of the Premiers' Plan to equality of sacrifice. The success of this appeal has been paralleled more recently as economic liberalism and retrenchment became ascendant ideologies in the capitalist world.

I identify two competing explanatory models of the relation between economic management and electoral behaviour: the 'hegemonic' and the 'structural' model. The first attributes the success of conservative campaigns against economically unorthodox governments to propaganda campaigns.<sup>25</sup> The structural model argues that as capitalists make the decisions to invest and employ it is in the interest of voters to support pro-business policies.<sup>26</sup> This model is inconsistent

<sup>25</sup> For arguments and evidence that recent conservative state governments have sought to create such panics to legitimate economic liberalism: M. Laffin & M. Painter, 'Introduction', in Laffin, *Reform and Reversal*, pp. 9-10. D. Hayward, 'A Financial Revolution?: The Politics of the State Budget', in B. Costar & N. Economou, eds., *The Kennett Revolution: Victorian Politics in the 1990s*, University of New South Wales Press, Sydney, 1999. This analysis is frequently associated with the argument that Labor governments, by retreating before the clamour of economic orthodoxy end up legitimating it, a position first formulated in response to the 1975 Federal Labor government budget (B. Catley & B. McFarlane, *Australian Capitalism in Boom and Depression: Options for the 1980s*, Alternative Publishing Co-operative, Sydney, 1981, pp. 147-151).

<sup>26</sup> This interpretation can justify a left-wing critique of social democracy, but it can also legitimate a right-wing argument for Labor governments to appease business. From the left: F. Block, 'The Ruling Class Does Not Rule: Notes on the Marxist Theory of the State', *Socialist Revolution*, no. 33 (1977), pp. 16-19. B. Head, 'State and Economy: Theories and problems', in B. Head, ed., *State and Economy in Australia*, Oxford University Press,

with Marxism. In Marx's view capitalists have no discretion in their investment decisions. Competition forces over investment and a declining rate of profit. A consistent Marxist would reject the structural model as attributing economic recessions to capitalist malice, or subjective capitalist sentiment, rather than inherent contradictions of capitalism.<sup>27</sup> The neo-classical economist Snooks argued in 1975 the new left had not developed an alternative model of Australian capitalism to that of orthodox economics. The popularity of the structural determination model demonstrated that Snooks had been correct.<sup>28</sup>

The microeconomic foundation of the structural model is the argument that oligopolies restrict investment and output to maintain profits. Structural theorists cannot explain why the state does not counter such restriction by public spending, unless by the tautology that the state sustains capitalism because it is a capitalist state.<sup>29</sup> This tautology was apparent in Tim Rowse's response to Snooks, in which the economy was collapsed into the political characterised by eternal class struggle.<sup>30</sup>

Melbourne, 1983. D. McEachern, *Business Mates: The Power and Politics of the Hawke Era*, Prentice Hall, Sydney, 1991, pp. 136-54. P. Wilenski, 'Dilemmas of Democratic Socialism', in B. O'Meara, ed., *The Socialist Objective: Labor and socialism*, Hale & Iremonger, Sydney, 1983, pp. 44-63 (an early anticipation was Andrew Thompson in his 1905 work *A Criticism of the Labor Party's Socialism from a Working Class Point of View*, in Lovell, *Marxism and Australian Socialism*, pp. 282-83). From the right: F. Gruen, 'Economic barriers to socialism in Australia' in O'Meara, *Socialist Objective*. B. Catley, *Globalising Australian Capitalism*, Cambridge University Press, Melbourne, 1996, p. 95. E. Charles, 'Wran in Government', in E. Charles, H. Nelson & K. Turner, eds., *The Wran model: Electoral Politics in New South Wales 1918 and 1984*, Oxford University Press, Melbourne, 1985, p. 45 (Neville Wran). W. G. Spence however argued that profits and capital inflow did not suggest a negative response by investors to Labor rule (Lovell, *Marxism and Australian Socialism*, pp. 157-58).

<sup>27</sup> Marx, *Capital*, vol. 1, p. 381. G. Snooks, *Marx and Australian Economic History: a Critique of a Debate*, Flinders University, Discipline of Economic History, Working Papers in Economic History no. 5, Adelaide, 1983, pp. 21-22. Marx himself has two different theories of over investment, one is the familiar falling rate of profit theory, the other is a wage-push theory that attributes economic downturns to the rise in wages and consequent fall in profits and investment at the crest of a boom (P. Sweezy, *The Theory of Capitalist Development*, Monthly Review Press, New York, 1970 (first ed. 1942), pp. 147-55. M. C. Howard & J. E. King, *A History of Marxian Economics*, vol. 2, 1929-1990, Macmillan, London, 1992, pp. 11, 111). One of the first formulations by the left of the structural model was by those within the Comintern who interpreted the American recession of 1937-38 as a capitalist conspiracy, to justify their continued support of Roosevelt, it was opposed by the former Party leader William Foster as non Marxist (H. Klehr, *The Heyday of American Communism: The Depression Years*, Basic Books, New York, 1984, pp. 218-19). G. Snooks, *Depression and Recovery in Western Australia 1928/29 - 1938/39: A Study in Cyclical and Structural Change*, University of Western Australia Press, Perth, 1974, p. 16. Keynes, *General Theory*, p. 162.

<sup>28</sup> G. Snooks, 'Orthodox and Radical Interpretations of the Development of Australian Capitalism', *Labour History*, 28 (1975), pp. 9-11. The Marxist Wells reaches a similar conclusion (Wells, *Marxist reappraisal*, pp. 15, 407).

<sup>29</sup> C. Sardon, *Marx and Keynes on Economic Recession: The Theory of Unemployment and Effective Demand*, Wheatsheaf Books, Brighton, 1987, pp. 27-33. P. Baran & P. Sweezy, *Monopoly Capital: An essay on the American Economic and Social Order*, Penguin, Harmondsworth, 1968, pp. 115, 166. Tom Glynn argued that bosses restricted output to raise prices (*LD*, 7.12.31, p. 4). Under the neo-classical assumptions of perfect competition a fall in expected demand will not affect real output (Y.-K. Ng, *Business confidence and depression prevention: a micro-macroscopic perspective*, Department of Economics, Monash University, Clayton, 1987, pp. 1-3). M. Kalecki, 'Political Aspects of Full Employment' (1943), in M. Kalecki, *Collected Works*, vol. 1., Oxford University Press, Oxford, 1990, pp. 350-51. M. Dobb, 'Full Employment and Capitalism' (1950), in M. Dobb, M. (1955) *On Economic Theory and Socialism: Collected Papers*, Routledge & Kegan Paul, London, 1955, pp. 215-24. When the Australian left discovered Kalecki during the Fraser years they interpreted his concept of the political trade cycle in structural terms, and ignored the fact that Kalecki made clear that he believed that governments could counter investment strikes (M. Beresford & B. McFarlane, 'Economic Theory as Ideology: A Kaleckian Analysis of the Australian Economic Crisis', in P. Boreham & G. Dow, eds., *Work and Inequality*, vol. 1, *Workers. Economic Crisis and the State*, Macmillan, Melbourne, 1980, pp. 227-30). One of the few writers on the left to identify the left's confusions on this issue: R. Brenner, *The Economics of Global Turbulence: A Special Report on the World Economy* (special issue of *New Left Review*, 229 (1998), pp. 14-15, 97). Financial capitalists would be likely to oppose inflation as it reduces their returns (R. Pollin, 'Can domestic expansionary policy succeed in a globally integrated environment? An examination of alternatives', in Baker, *Globalization and Progressive Economic Policy*, p. 442).

<sup>30</sup> T. Rowse, 'Facts, Theories and Ideologies: A Comment on Graeme Snooks', *Labour History*, 28 (1975). To Marx class struggle was not the fundamental motor of history, rather it was an effect of more fundamental processes

I will argue that both models are unsatisfactory because they give insufficient attention to the position of the voter as a person making choices in circumstances of inevitable ignorance about economic processes and the future actions of employers.

(e) Concepts of investment and productive labour in Labor discourse

The political left has frequently ignored the dual nature of investment, as source of short-term demand and in the long-run increased output. In the short-run investment finances itself by employing unused resources but in the long run it requires the sacrifice of current consumption. Labor's denial of the significance of investment meant it blamed profits for workers inability to buy back their own product. Early Australian socialists estimated the portion of the workers product appropriated by capitalists at over two-thirds; in Marxist terms they ignored the role of constant capital.<sup>31</sup>

**Table 5.4 NSW factories – percentage of items of outlay on value of output 1930-32**

**NSW Factories - Percentage of Items of Outlay on Value of Output 1930-32**

|   | 1930-31 | 1931-32 |
|---|---------|---------|
| Wages                                     | 21.27   | 19.88   |
| Materials, fuel & Light                   | 58.2    | 59.24   |
| Profits, miscellaneous expenses & charges | 20.53   | 20.88   |

(*Production Bulletin*, no. 25, 1930-31, table 122. *Production Bulletin*, no. 26, 1931-32, table 125).

The first ALP national platform called for 'securing of the full results of their industry to all producers'. Ironworkers' union secretary Colin Tannock understood capitalist production as the theft of workers' produce by parasitic capitalists. Verity Burgmann argues that their perception of capitalist production as theft was common within the labour movement and that historians have downplayed this for political reasons. This may be the case but the equation of capitalist

(Cohen, *Karl Marx's Theory of History*, pp. 148-49). To write Australian history as a history of class conflict is non-Marxist.

<sup>31</sup> Przeworski, *Capitalism and Social Democracy*, pp. 212-13. D. Lovell, *Marxism and Australian Socialism: Before the Bolshevik Revolution*, Australian Scholarly Publishing, Melbourne, 1997, p. 53. Victorian Socialist Party, *What is Socialism?* (1907) in R. N. Ebbels, ed., *The Australian Labor Movement 1850-1907*, Cheshire-Lansdowne, Melbourne, 1965 (first ed. 1960), p. 197. Australian Socialist League Platform (1894), in *ibid.*, p. 187. Socialist Federation of Australia Platform (1902), in *ibid.*, p. 199. International Socialist Party West Sydney manifesto (1910) in Lovell, *Marxism and Australian Socialism*, p. 276. Marx noted this error in the work of the 'Ricardian Socialists' such as Thomas Hodgskin (K. Marx, *Theories of Surplus-Value*, vol. 3, Progress Publishers, Moscow, 1971, pp. 276, 294). Lenin criticised it in populists (V. Lenin, *A Characterisation of Economic Romanticism*, in V. Lenin, *Collected Works*, vol. 2, 1895-97, Progress Publishers, Moscow, 1960, p. 148).

production with theft employs Marxist language to non-Marxist ends, frequently the case with labour movement discourse. To Marx capitalists were not parasites but expressions of social relations; they could not be eliminated without the means of production ceasing to be capital. All Labor factions saw finance as an unnecessary burden on production but moderates believed industrial capitalists were productive.<sup>32</sup>

In Chapter 4 I have explained how Labor's vision of an ideal economy underlay its theories of the 'money power'. Labor's economic vision shaped its electoral appeal. Labor saw the work of non-manual workers as basically unproductive, and this was particularly the case for those whose duties were a product of the market economy: the supervision of production, commerce and finance, rather than manual production. Labor socialists, like those in other countries, believed that public ownership would reduce the distribution and advertising costs of competitive enterprise.<sup>33</sup>

Public sector manual employees complained about excessive supervisory staff. Labor's view of white-collar workers resembled the structuralist Marxist distinction between those who undertake the 'work of co-ordination and unity of the labour process', which would be required in a socialist economy, and those who carry out 'the work of control and surveillance' which is specific to capitalism.<sup>34</sup> These understandings both reflected and reinforced the separation of most white-collar workers from the working class.

<sup>32</sup> ALP Federal Platform, in Ebbels, *Labour Movement*, p. 222. *NSWPD*, vol. 131, p. 7945. Tannock, 1.3.32. V. Burgmann, *'In Our Time': Socialism and the Rise of Labor 1885-1905*, George Allen & Unwin, Sydney, 1985, pp. 6, 15-18. F. Bongiorno, 'Marxism and the Victorian Labour Movement, 1870-1914', in C. Ferrier & R. Pelan, eds., *The Point of Change: Marxism/Australia/History/Theory*, Australian Studies Centre, Department of English, University of Queensland, 1998, pp. 64-65. Lovell, *Marxism and Australian Socialism*, p. 182. K. Marx, *Theories of Surplus-Value*, vol. 3, Progress Publishers, Moscow, 1971, pp. 265, 296, 315. Foote, *Political Thought*, pp. 9-10. The distinction between producers and parasites echoed Saint-Simon rather than Marx (L. Kolakowski, *Main Currents of Marxism*, vol. 1, *The Founders*, Oxford University Press, Oxford, 1978, p. 356). *AW*, 3.9.30, p. 3 (Boote). Labor Council, *Industrial Peace and the Working Class*, pp. 1-3, 20. In its use of Marxian concepts to challenge Marxian goals this form of left labourism resembled Russian populism (A. Walicki, *The Controversy Over Capitalism: Studies in the Social Philosophy of the Russian Populists*, University of Notre Dame Press, Notre Dame, Indiana, 1989 (first ed. 1969), pp. 132-39). For British parallels: S. Macintyre, *A Proletarian Science: Marxism in Britain, 1917-1933*, Lawrence & Wishart, London, 1986 (first ed. 1980), pp. 160-69.

<sup>33</sup> E. Bellamy, *Looking Backward*, Dover Publications, New York, 1996 (first ed. 1888), pp. 51, 110, 153. D. Halle, *America's Working Man: Work, Home, and Politics among Blue-Collar Property Owners*, University of Chicago Press, Chicago, 1984, pp. 206-11. Marx, *Capital*, vol. 1, p. 667. *Common Cause*, 29.7.1921 quoted in Gollan, *Coalminers*, p. 161. Day, Curtin, p. 169. Bongiorno, *People's Party*, pp. 203-06. The Management Committee of the Northern Miners identified 20% of the population as parasites and eighty percent as producers (*LD*, 24.7.31, p. 7). Labor critics of industrial efficiency focused on distributive costs (*SMH*, 29.9.30, p. 10 (C. E. Martin), 13.12.30, p. 16 (C. E. Martin), 24.11.31, p. 13 (W. Davies), 24.2.31, p. 8 (Canterbury ALP Socialisation Unit on the bread in Just. y). Lang, *Why I Fight*, p. 342. *NSWPD*, vol. 126, p. 1366. McClelland, 19.2.31). Fiddington was concerned with the issue ('I. Roe, *Nine Australian progressives: vitalism in bourgeois social thought, 1890-1960*, University of Queensland Press, Brisbane, 1984, p. 224-25). *NSWPD*, vol. 124, p. 228, C. Martin, 4.12.30. N. Thompson, *The Market and its Critics: Socialist Political Economy in Nineteenth Century Britain*, Routledge, London, 1988, pp. 65, 220-221. Fitzpatrick, *Public enterprise does pay*, p. 31. For similar American Communist arguments (A. Kraditor, *'Jimmy Higgins': The Mental World of the American Rank-and-File Communist, 1930-1958*, Greenwood Press, New York, 1988, pp. 185, 245). A belief in the excessive level of distribution costs and the virtues of economies of scale was not restricted to the left (Extract from the Annual Report of the Tariff Board for the Year ended 30 June 1930, in *CAF*, pp. 50-51. The Country Party's agrarianism saw agricultural labour as truly productive.

<sup>34</sup> *LD*, 17.9.31, p. 5 (ARU). Buckley, *Amalgamated Engineers*, p. 259. For similar resentments in British nationalised industry (Lockwood, *Blackcoated Worker*, p. 101). In Weimar Germany: H. Speier, *German White-Collar Workers and the Rise of Hitler*, Yale University Press, New Haven, 1986, pp. 59-60. G. Carchedi, *On the Economic Identification of Social Classes*, Routledge & Kegan Paul, London, 1977, pp. 58-65. Marx, *Capital*, vol.



The political divide between manual and non-manual workers in Australia resembled that in Germany or Britain, whereas in the United States the occupational cleavage was much less significant, skilled manual workers and lower level clerical employees being similar in their voting behaviour. 'Middle class' in the American context was much less invested with implications of superiority to manual work.<sup>35</sup>

#### (f) Capitalist decision-making and workers' interests: evidence

During the 1932 election Lang's opponents argued New South Wales factories had closed due to Langism, that Victoria had reaped the benefits of the Scullin tariff and that industry would return after Lang's defeat. Employees told workers Lang's re-election would endanger their employment. Labor believed fear of wage-reductions would keep workers loyal, but after the election Lang Labor blamed the employers' campaign for much of its defeat.<sup>36</sup>

Popular accounts and memoirs have stressed the extent of support for Lang among workers and the unemployed. Historians have been doubtful and pointed to the loss of 'safe' Labor electorates in 1932.<sup>37</sup> The UAP's electoral appeal in 1932 focused on the industrial working class. Stevens admitted there were too many coal miners and clerks and that it would take time to reduce unemployment in the building trades. UAP advertising showed images of factories re-opened and asked electors to vote for work and wages.<sup>38</sup>

3, pp. 507-08. N. Poulantzas, *Classes in Contemporary Capitalism*, New Left Books, London, 1975, pp. 180-81 228-29. For an earlier version of this argument: H. McQueen, 'Class and Politics II', *Labour History*, 31 (1976), p. 93. An early anticipation is: T. Mann, *Socialism*, (1905), in Ebbels, *Labour Movement*, p. 180. A British survey of the political attitudes of white-collar and blue-collar workers employed in British manufacturing plants found that Conservative voters placed less emphasis on material interest in justifying voting decisions and more on a hostility to planning and nationalisation (J. H. Goldthorpe, D. Lockwood, F. Bechhofer, J. Platt, *The Affluent Worker: Political Attitudes and Behaviour*, Cambridge University Press, Cambridge, 1971, pp. 20-24). Charles Hardy complained there were too many supervisors in the railways (Deniliquin meeting, p. 2).

<sup>35</sup> J. Sperber, 'The Social Democratic Electorate in Imperial Germany', in D. Barclay & E. Weitz, *Between Reform and Revolution: German Socialism and Communism from 1840 to 1990*, Berghahn Books, New York, 1998, pp. 187-189. J. Kocka, *White-Collar Workers in America 1890-1940: A Social-Political History in International Perspective*, SAGE Publications, London, 1980, pp. 26-33, 243-44.

<sup>36</sup> Robinson, *State Election 1932*, pp. 44-45. For other examples of this technique: Thorpe, *British General Election of 1931*, pp. 205, 251. D. Barnes, *Farmers in Rebellion: The Rise and Fall of the Southern Farmers' Alliance and People's Party in Texas*, University of Texas Press, Austin, 1984, p. 156. LD, 19.5.32, p. 1. 20.5.32, p. 1. 2.6.32, p. 5. NSWPD, vol. 133, pp. 14-17, 51-53. Baddeley, Davies, Stanley, 23.6.32. Lang attributed the 1932 defeat to the employers' campaign: M. Latham, 'The Forgotten Lang', *The Hummer*, no. 24 (1992), p. 7 (citing recollections of Lang's son). Lang, *The Turbulent Years*, pp. 163-65. The small size of many factories probably increased employers' influence. In 1930-31 44% of the metropolitan factory workforce were in establishments with less than 50 employees (OYB 1931-32, p. 49-50).

<sup>37</sup> C. Baker, *Depressions: 1890s, 1930s: A Social History*, Oxford University Press, Melbourne, 1982, p. 74 (this is a lower secondary textbook). J. Waten, *The depression years 1929-1939*, Cheshire, Melbourne, 1971 (no pagination). D. McWilliams, 'Unemployed', in L. Fox, ed., *Depression Down Under*, Hale & Iremonger, Sydney, 1989, p. 18. Peter, *Social Aspects*, p. 425. A union journal admitted some workers might have preferred wage cuts to the dole (Railroad, vol. 13, no. 6 (1932), p. 21).

<sup>38</sup> Stevens, *Policy of the Stevens Government*, pp. 18-19. UAP leaflet, NSW Election 1932, p. 17. Labor's losses in Sydney in June 1932 far exceeded the five Sydney seats that H. R. Lee of the Mines & Metals Association identified as likely Labor losses in January 1932 (UMA, North Broken Hill, Committee of Representatives of Barrier Mines, Item 10, Memos 117-125. May 1931 to January 1932, H. R. Lee, N.S.W. Political Position, p. 4). This suggests that the extent of disaffection among urban working-class voters apparent in June developed closer to the election, perhaps in response to the employers' campaign.

Kemp argues that the fact the acceptance of managerial authority in Australia is materially based, rather than on loyalty to management as an end in itself, renders it vulnerable to challenge but in 1931-32 the climate of uncertainty strengthened material justifications of managerial authority. Manufacturers welcomed employees' more deferential attitude. Economic crisis encouraged co-operation at enterprise level. Financial sector unions watched in vain as managers convened meetings of staff that voted to accept pay reductions in exchange for job security.<sup>39</sup>

The 1932 election might seem an example of the structural model in action: workers fearing capitalists would disinvest swung their support to the party of capital. There is, however, little evidence that capitalists disinvested in response specifically to Lang.

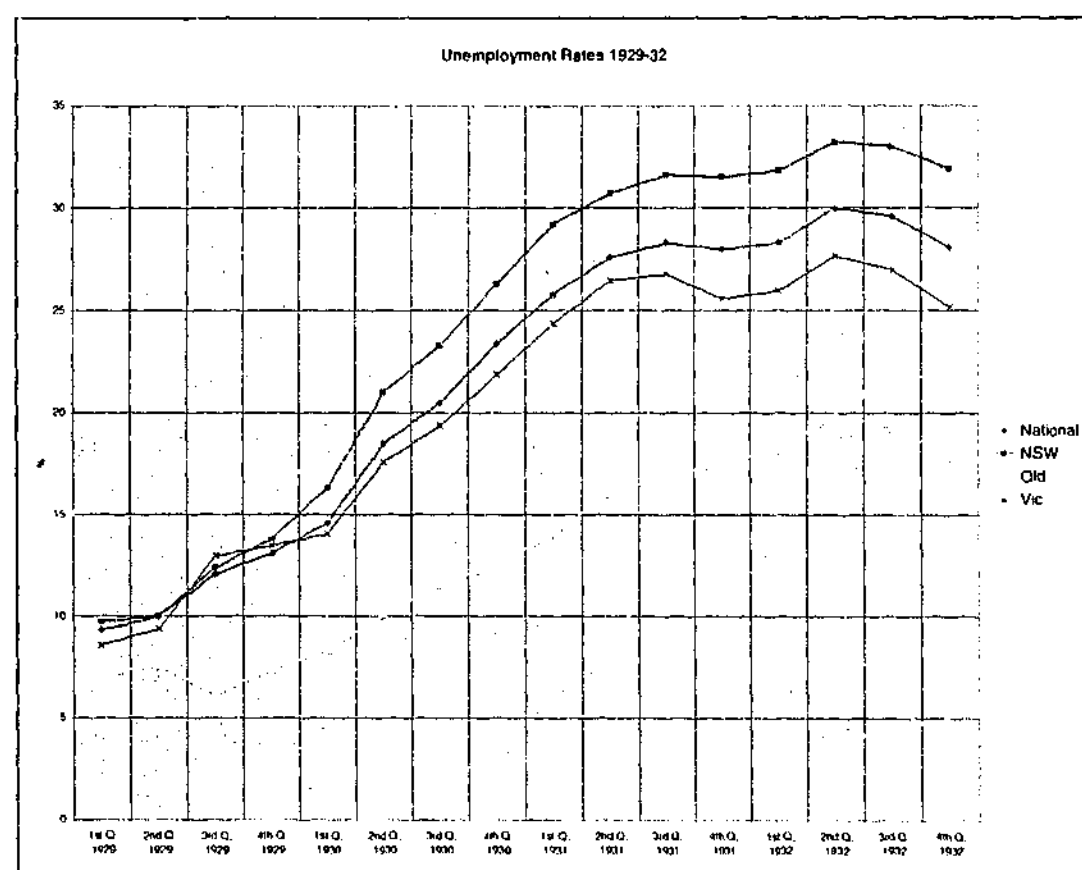
When Lang was elected New South Wales unemployment was 2.9 percentage points above the national level, when he left office it was 3.3 percentage points above. This was hardly a dramatic change and real wages for the employed were significantly above those of other states.<sup>40</sup> The level of unemployment in New South Wales changed only slightly relative to other states:

<sup>39</sup> Kemp, *Politics and Authority*, p. 380. SMH, 7.1.32, p. 6. Lowenstein, *Weevils in the Flour*, p. 132. Spenceley, *Bad Smash*, p. 66. LD, 15.2.32, p. 6 (NSW Insurance Officers Association). Hill, *Subservience*, pp. 69-70. G. Gleghorn, *Life in general: a short history of organised insurance workers in Australia*, Australian Insurance Employees' Union, Melbourne, 1992, pp. 25-26. *The Australian Banker*, vol. 7 (1932), p. 2.

<sup>40</sup> *Labour Report 1932*, p. 101). For a defense of Lang's economic record on these lines SMH, 31.3.32, p. 9 (ACTU secretary, C. Crofts). D. Deane, *A Study of the New South Wales Australian Labor Party Defeat in the 1932 New South Wales Legislative Assembly Election* (B. A. (Hons), Adelaide, 1966 (Matheson Mf 4272)), p. 75 notes the failure to defend Labor's economic record. On the few occasions when government members argued that NSW not proportionately worse off than other states the opposition argued that as the richest state it should be better off (NSWPD, vol. 131, p. 7808. Concannon and Shakespeare, 25.2.32. Robinson, *State Election 1932*, p. 42). The Department of Labour considered that the worst of the slump had passed by early 1932 (NSWIG, vol. 41, no. 4 (30.4.32), p. 63; no. 5 (31.5.32), p. 778).



Chart 5.5 Unemployment rates 1929-32 (%)



(Labour Report 1932, p. 101).

Lang's opponents and some historians cite the flow of bank deposits to Victoria and the inverse relation between stock prices and Labor's political fortunes. The economic significance of these statistics, at a time when most firms financed themselves by accumulated profits, is minimal. The financial press admitted that it would have an impact only when bank advances were diminished and that this stage was not reached. The political rhetoric of capitalists can be quite different from economic actions: Chifley's nationalisation of the banks had little impact on the share market due to the government's compensation offer.<sup>41</sup>

Corporate records shed little light on investment decisions. The managers of Broken Hill South told shareholders that restoration of 'confidence' was crucial to economic recovery, but their justification for investment decisions gave no attention to confidence and was a response to the availability of funds accumulated in the 1920s. Moods of panic struck individual businessmen but they did not necessarily guide investment decisions. Snooks' analysis of Hume Enterprises,

<sup>41</sup> Moore, *Secret Army*, p. 247. J. B. Were & Co. *The House of Were 1839-1954*, the Co., Melbourne, [1954?], p. 419. In arguing that the stock market reflects the thinking of capitalists Connell takes the rhetoric of the business press too seriously (R. W. Connell, *Ruling Class Ruling Culture: Studies of conflict, power and hegemony in Australian life*, Cambridge University Press, Cambridge, 1977, p. vii). Employers made a similar argument: *Construction*, no. 1, 183, (3.12.30), p. 7. There is evidence the level of industrial disturbance in NSW discouraged new investors in the 1920s (Forster, *Industrial Development*, pp. 40, 55).

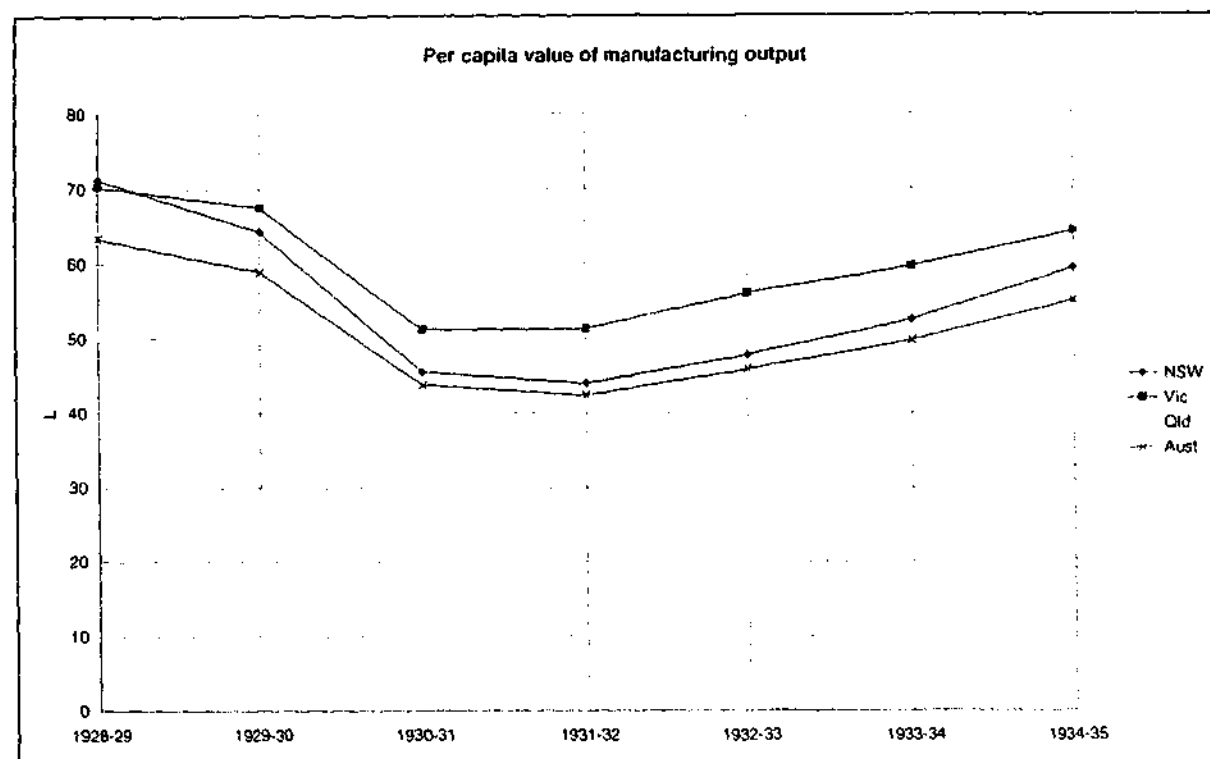
which had plants across Australia, found little relation between profit levels and investment, which seemed to reflect long-run corporate strategies, in a largely uncompetitive environment.<sup>42</sup>

Critics of the structural model argue there is little evidence that the political environment has much impact on investment levels.<sup>43</sup> New South Wales conforms to this pattern. Local manufacturers failed to replace depreciating plant and machinery, so that the value of fixed capital fell gradually, but this was the same in all states. From 30 June 1930 to 30 June 1932 the value of plant and machinery in all Australian factories fell 4.8%, 4.4% in Victoria and 6.1% in New South Wales. This might seem (weak) evidence of a Lang effect, but over the next three years, NSW continued to lag in investment, the value of plant and machinery rose only 0.4%, compared to 1.4% in Victoria and 2.2% nationally. Lang's term coincided with structural shifts that advantaged Victoria but they continued long after his dismissal; at the most Lang might have accelerated this shift slightly in 1931-32. From 1930 Victoria had more factories than New South Wales even if they were smaller, less capital-intensive and with worse-paid workers. At the level of public perceptions the greater number of Victorian factories and the relatively greater number of manufacturing workers made it look as though New South Wales was lagging.<sup>44</sup>

<sup>42</sup> UMA, Broken Hill South, 4/9/13, Speeches of Sir Colin Fraser at the 1930 and 1931 General Meetings of Broken Hill South shareholders. Comments of Sir David Gordon (Acting Chairman of Directors) at 1932 General Meetings of Broken Hill South shareholders. Broken Hill South, University of Melbourne Archives 4/19/13. For an example of panic: Mitchell Library, Australian Consolidated Industries, ML MSS 5146, Australian Glass Manufacturers, S. G. Garnsworthy Diaries 1903-62, MLK 4408, Box 1, Directors Meetings 1903-45, Notes by S. G. Garnsworthy. Snooks, *Hume Enterprises*, pp. 245-69, 366. For a general analysis of investment determinants that comes to similar conclusions: G. D. Snooks, *Longrun dynamics: a general economic and political theory*, St. Martin's Press, New York, 1998.

<sup>43</sup> D. King & M. Wickham-Jones, 'Social Democracy and Rational Choice Marxism', in T. Carver & P. Thomas, eds., *Rational Choice Marxism*, Macmillan, London, 1995, pp. 272-228. T. Mayer & M. Chatterji, 'Political Shocks and Investment: Some Evidence from the 1930s', *Journal of Economic History*, vol. 45 (1985), pp. 913-24. The only Australian attempt I am aware of to test the business confidence argument came to a similar conclusion: B. Taylor, *The Dunstan Depression? 1965 to 1968* (B. Ec (Hons), School of Social Sciences, Flinders University, 1970) (Matheson Mf 4275). Butlin shows the absence of evidence to support claims by pastoralists that 1884 land legislation led to a reduction in pastoral investment (Butlin, *Investment in Australian Economic Development*, p. 91). <sup>44</sup> *Production Bulletin*, no. 25, 1930-31, table 94; no. 26, 1931-32, table 97, table 133; no. 27, 1932-33, table 101; no. 28, 1934-35, table 105. Tariff increases led to an influx of new factories, but they were poorly capitalised, and many failed as costs and wages rose after the worst of the depression (K. Sheridan, *A History of Lincoln Mills (Australia) Ltd., 1922-1962* (M. Ec, Australian National University, 1966), pp. 36, 43). It is plausible Lang's NSW would have seemed a unfavourable environment for such new marginal entrepreneurs.

Chart 5.6 Per capita value of manufacturing output 1928/29 to 1934/35 (£)

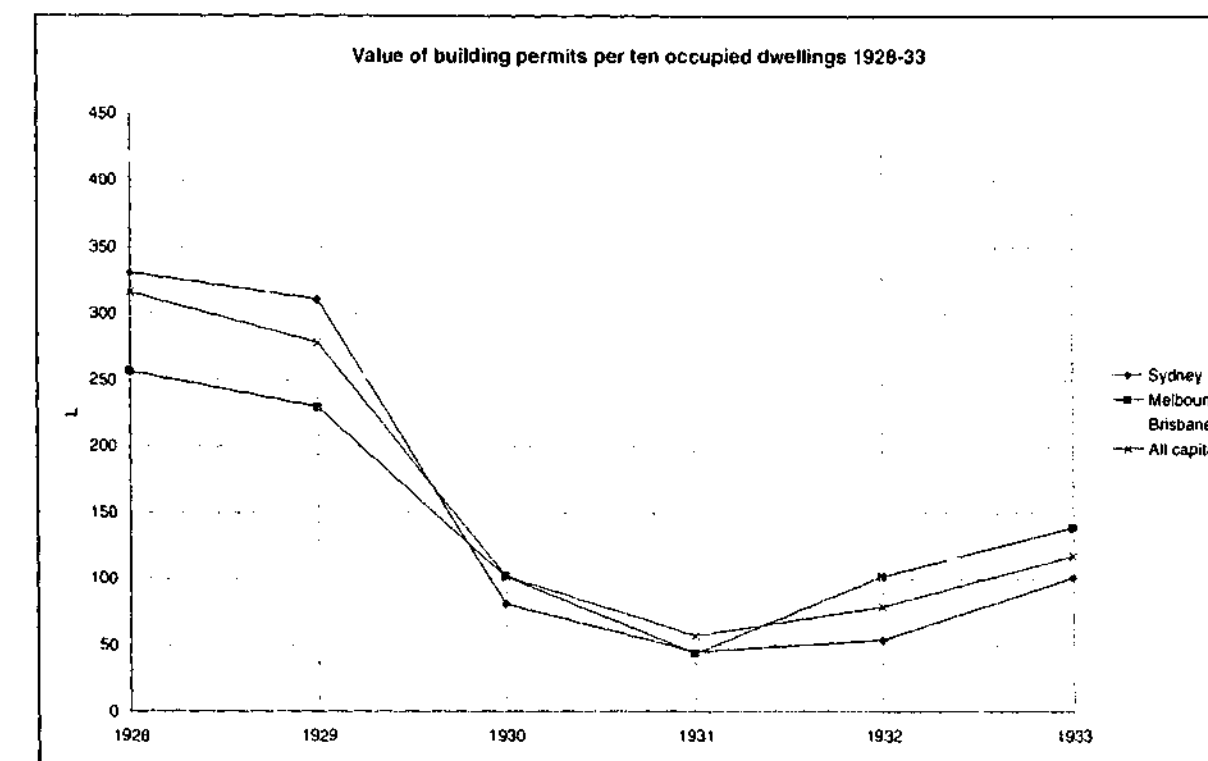


(Butlin, *Gross Domestic Product*, table 87).

Even the fall in NSW property investment, despite legislation such as the Moratorium and Ejectments Postponement Acts, was little more dramatic than in other states.<sup>45</sup>

<sup>45</sup> The opposition and employers overstated its decline: *Construction*, no. 1240, (6.1.32), p. 11. *AIBR*, vol. 56 (1932) pp. 276-77. *NSWPD*, vol. 128, pp. 4212-13. Stevens, 9.7.31. Property investment fell off sharply during enforcement crisis: *SMH*, 6.2.32, p. 10. 23.3.32, p. 8.

Chart 5.7 Value of building permits per ten occupied dwellings 1928-33 (£)



(Commonwealth Grants Commission, *Report on the Application made in 1933*, p. 173, *CPP*, 1932-34, vol. 4, pt. 1).

In 1933 the Commonwealth Grants Commission estimated that per capita production in New South Wales fell 25.7% from 30 June 1930 to 30 June 1932, compared to 22.1% in Victoria and 23.1% nationally over the same period.<sup>46</sup>

Workers lack the resources of capitalists. Confronted with a threat by their employer to close his factory they would be likely to play safe. It might be economically irrational for capitalists to implement a threat to close a factory, but the threat itself is costless. An American study in the 1980s found that although few firms actually implemented threats to close if their staff unionised, this threat discouraged unionisation.<sup>47</sup>

Although the evidence for the dependence of investment levels on capitalist confidence is weak it was rational for workers to think otherwise. In particular workers' awareness of employers'

<sup>46</sup> CGC, *Report*, p. 178.

<sup>47</sup> J. Crotty, G. Epstein & P. Kelly, 'Multinational corporations in the neo-liberal regime', in Baker, *Globalization and Progressive Economic Policy*, pp. 132-33. Environmental regulation has provoked a similar response (E. Goodstein, 'Malthus redux? Globalization and the environment', in *ibid.*, pp. 311-12).

failure to replace capital stock could lead them to fear for their future employment.<sup>48</sup> The shift of manual workers away from Labor in 1931-32 can be plausibly attributed to the employers' campaign against the Premier.

What requires explanation in the NSW economy is not so much positive action by capitalists as a failure to respond to opportunities. By 1932 New South Wales revenue deficits had reached a level where they should have had a substantial stimulatory impact on the state economy.

**Table 5.5 NSW national income and budget deficits (£m)**

**NSW National Income and Budget Deficits (£m)**

|         | National Income | Deficit |
|---------|-----------------|---------|
| 1929-30 | 235             | 4.3     |
| 1930-31 | 180             | 8.7     |
| 1931-32 | 170             | 14.2    |

(Stevens, *Financial Statement*, p.2. CGC, *Report*, p.3).

The failure of investors to respond could reflect pessimistic expectations resulting from the political context. Early critics of Keynes argued unbalanced budgets would alarm investors and counter their stimulatory impact.<sup>49</sup> Some economists argue investors are rational to fear budget deficits, as they imply higher future taxes to pay debt interest, and higher inflation as workers seek higher wages to compensate for taxation and governments employ inflation to reduce the real value of debt. These arguments are derived from the 'rational expectations' school of macroeconomics, but they resemble Marxist arguments that classes may act in their collective, rather than their individual interests, and that capitalists might oppose stimulatory policies because of their impact on working-class assertiveness.<sup>50</sup>

<sup>48</sup> This is Marxian unemployment resulting from too slow growth of capital stock, relative to the labour force, rather than demand deficiency resulting from low investment (J. E. King, *Labour Economics: An Australian Perspective*, Macmillan, Melbourne, 1990, pp. 189-193. M. Moroshima, *The Economics of Industrial Society*, Cambridge University Press, Cambridge, 1984, pp. 189-90). High immigration in the 1920s meant that throughout the interwar period the potential workforce increased faster than the population (Butlin, *Government and Capitalism*, p. 77). It is on this basis that contemporary economic orthodoxy identifies higher investment as the key to economic development (McKinsey, & Co., *Lead Local Compete Global: Unlocking the Growth Potential of Australia's Region*, McKinsey & Co., Canberra, 1994, pp. 20-21).

<sup>49</sup> M. Kalecki, 'Three Ways to Full Employment' (1944), in Kalecki, *Collected Works*, pp. 371-72. Middleton, *Managed Economy* pp. 92-95, 149, 167. S. Howson & D. Winch, *The Economic Advisory Council 1930-1939: A Study in Economic Advice during Depression and Recovery*, Cambridge University Press, Cambridge, 1977, pp. 93, 122-23. Even Keynes himself was concerned by this (Markwell, *Keynes and Australia*, pp. 21-2). See in particular his advice to Roosevelt: J. M. Keynes to Franklin Roosevelt, 1.2.38 and 25.3.38, in J. M. Keynes, *Collected Writings*, vol. 21, *Activities 1931-1939 World Crisis and Policies in Britain and America*, Macmillan, London, 1982, pp. 434-40). A comparison can be made with Chile in 1970-73. Many on the left were surprised when Allende's election in 1970 did not lead to mass dismissals, but business did fail to invest in response to the government's expansionary fiscal policy, which led to a rapid rise in inflation (Vylder, *Allende's Chile*, pp. 62-64, 91-92). Strachey hinted at this insight (J. Strachey, *A Programme for Progress*, Gollancz, London, 1940, pp. 208-12). The report of the unemployment committee to the 1932 ALP metropolitan party conference accused employers of deliberately dismissing workers to damage the government (*SMH*, 19.2.32, p. 10).

<sup>50</sup> Bureau of Industry Economics, *State Economic Performance 1981-82 to 1991-92*, Australian Government Publishing Service, Canberra, 1994 (Occasional Paper 19), p. 23. C. Walsh, 'State Decision Making: The Economic,

**(g) The fusion of the right**

By early 1931 the political right had shifted its appeal substantially; from the defence of budgetary orthodoxy for its own sake to the argument that the restoration of business confidence would ensure economic recovery. This was an appeal that would have a powerful impact on workers, but political success for the right required the formation of a united front, and the final ditching of the economic liberalism that Bruce had flirted with disastrously in the late 1920s. At the federal parliamentary level this was accomplished remarkably quickly. Lyons attended his last Labor caucus meeting on 19 February and on 17 April Latham resigned as Nationalist leader and nominated Lyons as his successor. A meeting on 18 and 19 April of representatives of the Nationalists, the Victorian and NSW branches of the AFA and its South Australian equivalent the Citizens' League resolved to form the 'United Australia Movement' by amalgamation of the Nationalists, the AFA and the Citizens' League.<sup>51</sup> This aspiration was slow to be implemented in NSW, where the AFA was strongest and where the Country Party faced a significant rival in the Riverina movement.

The established conservative parties feared that their rivals on the right would utilise the call of unity against Lang to enforce co-operation on their terms. The AFA and the Riverina movement rode a wave of anti-political sentiment. They appealed to voters panicked by Langism, who blamed the established parties for his election. Their hostility to politics discouraged the grind of organisation necessary to political efficacy, as the recent travails of the anti-political One Nation Party demonstrate.

The Riverina movement certainly had many of the characteristics of a fascist movement, but as the Communist Party recognised its support reflected real rural discontent. The Country Party could not adequately respond to this because of its narrow focus on economic liberalism championed by FSA activists. The Country Party knew that farmers alone were too few to elect MPs on their own; electoral success for the party depended on appealing to a generalised sense of rural grievance. The Country Party feared popular reaction against Lang would swamp its liberal program. As in the 1990s the commitment of mainstream rural conservatism to economic

Financial and Institutional Environment', in R Blandy & C. Walsh, eds., *Budgetary Stress: The South Australian Experience*, Allen & Unwin, Sydney, 1989, p. 301. N. Norman, *Refocusing Fiscal Reform*, Business Council of Australia, Melbourne, 1995, p. 69. M. Miller, R. Skidelsky & P. Miller, 'Fear of deficit financing - is it rational?', in Dornbusch *Public Debt Management*, p. 297. A. Glyn, 'Internal and external constraints on egalitarian policies', in Baker, *Globalization and Progressive Economic Policy*, pp. 396-97. J. Pincus, 'Australian Budgetary Policies in the 1930s', in Butlin, *Recovery from the Depression*, pp. 191-92. The argument was employed by the Kennett government against those who pointed to the deflationary impact of its deficit reduction strategy (*Victorian Parliamentary Debates*, vol. 414, pp. 1572, 1557. Stockdale, 10.11.93). T. Battin, *Abandoning Keynes: Australia's Capital Mistake*, Macmillan, London, 1997, pp. 214, 229-30. Strachey, *Programme for Progress*, pp. 49-50, 98-100. Ashworth, *Commerce and Compromise*, pp. 82-84.

<sup>51</sup> Hart, 'Lyons: Labor Minister - Leader of the UAP', in Cooksey, *Great Depression*, pp. 49-50.

liberalism generated a radical right response.<sup>52</sup> Even some Country Party members were attracted to the AFA's anti-political appeal, which echoed the themes of the early Country Party. The Party leadership rejected this and attacked the AFA as a city manufacturers front.<sup>53</sup>

The Riverina movement occupied the political terrain the AFA might have filled in rural areas. AFA rural meetings were poorly attended. Hardy championed co-operation with the AFA and this encouraged their struggle against the Nationalists. He appealed to Labor moderates, and condemned Lang's arbitration bill but not industrial arbitration as such.<sup>54</sup>

Hardy sought to attract Labor moderates to an anti-Lang banner. This implied a differentiation from the Country Party's espousal of laissez-faire policies on tariffs and arbitration. Labor defectors to the right, such as Hughes, Holman and Lyons considered the Country Party reactionary. In 1932 Lang's former deputy Peter Loughlin joined the UAP and defeated the Country Party and Labor to win Goulburn in 1932.<sup>55</sup> Some Labor moderates flirted with Hardy. Albury MP John Fitzgerald declared support for Hardy's goal of regional division. In Bathurst a member of Federal Labor chaired a Hardy meeting. Hardy sought a broad base of support. A Catholic priest addressed one Riverina movement meeting.<sup>56</sup>

Hardy's constitutional reform proposals sought to appeal to centre opinion. The AFA wanted a constitutional convention to consider readjusting the federal balance and possibly abolition of the states. In April 1931 Lyons had expressed sympathy for the Riverina movement's constitutional

<sup>52</sup> Comintern FM4/10420, Organisation Department, Organisation Letter 1 (4.9.31), 4 (1.10.31). Aitkin, *Country Party*, pp. 3-6. In Germany peasant discontent with the bias of the German Nationalists to the Junkers encouraged the growth of the Nazis and splinter parties (Abraham, *Collapse*, pp. 70-71, 81).

<sup>53</sup> Country Party, Central Council, 8.5.1931, pp. 2-3 (Sommerland sympathises with AFA but Tout of the Graziers' Association dissents). Country Party, Central Council, 2.6.1931, p. 3 (Sommerland). Country Party, Central Executive, 9.4.1931, p. 2. Country Party, Central Council, 2.6.31 (Tout), p. 2. Country Party, Central Council, 2.6.31 (Drummond), p. 4. *SMH*, 30.4.31, p. 10 (Drummond). *SMH*, 27.5.31, p. 12 (Trethowan). Call for end to pre-selection, and party domination were long-standing themes of centre politics advocates, from before the World War, such as George Beeby (Rydon, *NSW Politics*, p. 110).

<sup>54</sup> *SMH*, 15.4.31, p. 13 (Hardy). 22.5.31, p. 10 (9 attend meeting in Goulburn). 1.6.31, p. 10 (200 AFA members claimed in Lithgow). AONSW, Colonial Secretary Correspondence AO 5/8999, Item B1924, Sergeant G Ferguson Sergeant to Metropolitan Superintendent of Police, 17.3.1931 [Report on March 14 Riverina movement convention in Wagga], p. 15; *SMH*, Transcript of Riverina movement Albury meeting 27.3.31, pp. 2-4, 10.

<sup>55</sup> Evatt, *Labour Leader*, pp. 396, 408. *The Sun*, 14. 10. 30, p. 9 (Loughlin criticises J. T. Reid, Country Party Young MP). Martin Diary, 14.9.30. There was history of conflict between Loughlin and the Country Party. In 1930 he supported Nationalists in Yass and Goulburn but allocated his own preferences to Labor's Martin in Young giving the seat to Labor (Country Party, Central Council, 19.11.1930 (comments of Bruxner and Reid). When Loughlin joined the UAP in April 1932 he called for the Country Party to fuse with the UAP (*SMH*, 7.4.32, p. 9).

<sup>56</sup> *The Sun*, 30.5.31, p. 7 (Fitzgerald). Fitzgerald was one of the few state Labor MPs to receive favourable coverage in the *Catholic Press*. 12.10.1931, p. 18. He was an old friend of Loughlin (Young, *Impact of J. T. Lang*, p. 38). Martin considered Albury a stronghold of Federal Labor sympathy (Martin Diary, 17.4.31). At the 1931 federal election Lang Labor polled exceptionally poorly in Albury. Vernon Goodin, teacher, state MP for The Murray and Wagga Wagga resident, who led the caucus rebellion against Lang in 1926, and who later joined the AFA was active in the Riverina New State Movement during his parliamentary service (W. Eather, 'Fighting the Battle of the People': The Wagga Branch of the Australian Labor Party 1891-1982' (1999) (Paper presented at the Sixth Biennial National Labour History Conference, University of Wollongong, 1-4 October 1999), p. 30). M. Griffen, president of the Bathurst ALP chaired a Hardy meeting (*SMH*, 14.8.31, p. 10). Some AFULE members complained that some in the Bathurst Federal Labor branch had never voted Labor (NBAC, E99/2/6, AFULE Reports of Annual Delegates meetings 30.9.1930 to 1.10.1932, Meeting 20-30.9, 1, 2.10.1931, p. 81). AONSW, Colonial Secretary Correspondence AO 5/8999, Item B1924, Sergeant G Ferguson Sergeant to Metropolitan Superintendent of Police, 17.3.1931, Report on Deniliquin meeting 25.3.1931, p. 12. *Finley Mail*, 30.3.1931, p. 3.

reform objectives. In developing his proposals Hardy relied on the Sydney barrister Richard Windeyer. He had contested the 1929 election for the 'Australian Peoples' Party', which was sympathetic to Hughes and proposed the replacement of state governments by provinces.<sup>57</sup>

The Country Party believed Hardy's plan for regional subdivision was too close to Labor's model of provinces subordinate to the federal government. Hardy was unclear. In one version his plan gave provinces almost the rights of sovereign states, including autonomy in industrial legislation.<sup>58</sup> On another occasion he proposed that federal parliament would determine a living standard throughout Australia. Sydney press support for Hardy came from the same sources, such as *The Sun*, that supported Hughes in 1929. Distrust of Hardy by the rural elite reflected resentment at his ambition; 'prominent citizens' in Wagga believed Hardy merely wanted a political career.<sup>59</sup>

A Riverina movement conference on 29 May decided to remain non-political but to permit the support of candidates. In mid June a conference of the country movements agreed on unity of action. The conference revealed that the country movements were in retreat. It adopted a policy that clearly distinguished its plan for regional government from Labor's unificationism. Delegates showed little enthusiasm for co-operation with the AFA and suggested the League and the country movements operate separately. When Labor rebels failed to appear the movements faced limited options. With surprising speed they conceded defeat. In August the four country movements agreed to unite as the United Country Movement and chose the Country Party, now renamed the United Country Party, as their political vehicle, Hardy was shunted off to be chairperson of the Movement. The policy of the reformed Party supported new states, review of

<sup>57</sup> AFA, *Policy*, p. 4. U. Ellis, *A History of the Australian Country Party*, Melbourne University Press, Melbourne, 1963, p. 175. Carboch, 'Fall of the Bruce-Page Government', in Wildavsky, *Studies*, pp. 182-83. J. M. Bennett, 'Windeyer, Richard (1868-1959), William Archibald (1871-1943)', in J. Ritchie, ed., *Australian Dictionary of Biography*, vol. 12, 1891-1939, Melbourne University Press, Melbourne, 1990, p. 539. George Beeby's son was a candidate for the Australian People's Party.

<sup>58</sup> U. Ellis, *The Country Party: A Political and Social History of the Party in New South Wales*, F. W. Cheshire, Melbourne, 1958, pp. 142-49, 183. Page and Bruxner supported the formation of a new state in the New England region, but this plan was not seen as part of a more general recasting of constitutional arrangements (*ibid.*, pp. 130-35). AONSW, Colonial Secretary Correspondence AO 5/8999, Item B1924, Transcripts of shorthand notes of speeches at Wagga 14th meeting, pp. 4-6, 15; Transcript of Riverina movement Albury meeting 27.3.31, p. 5 (Hardy). Supporters of the movement insisted that each level would hold functions appropriate to its level (J. Lorimer, 'The Riverina Movement', *Australian Quarterly*, no. 10 (1931), pp. 58-63). Windeyer was careful to insist that the metropolitan, and presumably Labor dominated, NSW that would remain after regional excision would have its industrial powers constrained by federal legislation (*SMH*, 8.4.32, p. 8). Ellis, *Country Party*, pp. 142-44. Carboch, 'Fall of the Bruce-Page Government', in Wildavsky, *Studies*, p. 245. *The Sun*, 2.3.31, p. 7 (praise of Riverina movement).

<sup>59</sup> AONSW, Colonial Secretary Correspondence AO 5/8999, Item B1924, Sergeant G Ferguson Sergeant to Metropolitan Superintendent of Police, 11.3.1931. Ferguson to Metropolitan Superintendent of Police, 11.3.1931. Jupp likens Hardy to radicals in the Victorian Country Party who supported control of parliamentarians by the party machine (*Party Politics*, pp. 152, 161). Hardy did oppose the leadership of the party, but challenged this not in the name of the party organisation, which was dominated by the FSA, but rather in the name of himself as the representative of anti Lang opinion.

tariffs and arbitration and the reduction of interest by means that did not reduce confidence. In the merger discussions Hardy stressed the importance of electoral unity to defeat Lang.<sup>60</sup>

The Country Party had seen off a major challenge. This might seem to provide evidence in support of Aitkin's presentation of the Party as uniquely connected to an ideal of 'countrymindedness'. To Aitkin this cultural base accounts for the durability of the Party. But 'countrymindedness' was not a universal belief but a ruling idea. Both Marxists and public-choice theorists correctly argue that the rural population was divided. The Sydney media were keen to present the absorption of the country movements into the Country Party as a harmonious process, but many were disillusioned by the Movement's political turn.<sup>61</sup> Hardy's political ineptitude did not remove the base of the country movements, any more than Pauline Hanson's destroyed the base of One Nation.

The AFA leadership fought harder than Hardy. The NSW Nationalists were caught off-guard by the rapid emergence of Lyons as federal non-Labor leader, the leading role of the 'group' in this process shifted the centre of power in federal non-Labor politics back to Melbourne, and Bavin complained he had to follow developments from the newspapers.<sup>62</sup> The NSW Nationalists reconciled themselves to Lyons' federal role but resisted the state-level implications. To the League, the formation of the federal UAP implied either the formation of a new centre party, or at the least equal status for the League with the Nationalists in the formation of a new party in NSW.<sup>63</sup> Gibson's ambit claim was for the Nationalists to dissolve and their members join the AFA as individuals, but he soon dropped this to propose the formation of a joint committee. The Nationalist most resistant to dealing with the League was Parkhill, and Bavin followed his lead. However Parkhill and the National Association more generally were unpopular with the League, even its most conservative members.<sup>64</sup> The Nationalists were willing to form a committee with the League to co-ordinate the federal campaign, but they resisted the League's demands that the committee determine UAP policy. A compromise was reached that candidates would support the policy enunciated by Lyons. The Nationalists then sought to bring the Country Party into the committee to balance the AFA. The Country Party feared that joining the committee would

<sup>60</sup> SMH, 30.5.31, p. 14 (this report is notably uninformative, but the fact that Western delegates were most unenthusiastic about co-operation with the AFA suggests that small farming and more urbanised areas such as the Riverina may have been more sympathetic). Latham MSS NLA 1009, Series 49, Item 156, Country Movements. Platform...June 1931 (this document refers to a County of Cumberland movement, but I have found no other references to it). SMH, 19.6.31, p. 10. 15.8.31, p. 13. Ellis, *Country Party*, pp. 148-52.

<sup>61</sup> Aitkin, *Country Party*, pp. 14-15, 95-112, 177-79. A. Moore, 'The Old Guard and 'Countrymindedness' during the Great Depression', *Journal of Australian Studies*, 27 (1990), p. 54. C. Leithner, 'Rational Behaviour, Economic Conditions and the Australian Country Party', 1922-1937', *Australian Journal of Political Science*, vol. 26, no. 2 (1991), p. 257. For media presentations of harmony: SMH, 25.8.31, p. 10. 26.8.31, p. 12. 27.8.31, p. 10. 12.9.31, p. 12. Dissent in Nowra however (SMH, 15.8.31, p. 13). Martin Diary, 10.9.31.

<sup>62</sup> Bavin to Latham, 21.4.31 Latham MSS NLA: 1009, Series 49, Item 14.

<sup>63</sup> Latham MSS NLA 1009, Series 49; Item 106, Notes made on 6 April 1931 [29.3.31]; Item 136, Statement by Latham, 24.4.31.

<sup>64</sup> Latham MSS NLA 1009 Series 49; Item 53 N. Cowper to Bavin, 5.3.31; Item 106 Notes made on 6 April [29.3.31, 1.4.31, 3.4.31].

compromise its stand on tariffs and arbitration. The Nationalists refused to join a committee on their own. AFA president Gibson stood his ground and broke off negotiations with the Nationalists after they rejected the joint committee.<sup>65</sup>

Under the banner of anti-Lang unity the Nationalists sought to force the AFA to capitulate.<sup>66</sup> The National Association reformed its executive to increase representation from women and rural members. On 21 July it called nominations for state electorates. The party sought to compete with Lang in public rallies and in August brought 50,000 to the Domain. The press wanted unity against Lang and it publicised complaints by former AFA supporters that the League was undemocratic and inactive. It would be expected that enthusiasm for the AFA would decline. Centrist parties formed in times of political polarisation may attract great initial enthusiasm but few enthusiasts put in the hard work of party organisation.<sup>67</sup>

In contest with the Nationalists the AFA legitimated itself by claiming to represent a distinctive constituency. It began by claiming that it could uniquely appeal to workers and moderate Labor supporters, but in its last month the League placed more emphasis on an appeal to the middle class. Under attack from the Nationalists for dividing the anti-Lang campaign the AFA replied that Federal Labor should be brought into the anti-Lang front. Former ALP members in the League championed its independence.<sup>68</sup>

Denunciation of the AFA by Lang Labor reflected the fear that some Labor voters were attracted to its appeal. The metropolitan conference of 1931 initiated an Australian Labor Army (ALA) to campaign against the AFA. It sold badges, held rallies and by mid April claimed 40,000

<sup>65</sup> Latham MSS NLA 1009, Series 49, Item 130, Conference at Sydney, 25.4.31. SMH, 5.5.31, p.9. 26.5.31, p.9 (Gibson statement). 1.7.31, p. 14. Latham MSS NLA 1009, Series 49, Item 71 S. Snow to Latham, 29.5.31. Thirteen years later the new Liberal Democratic party similarly sought a joint council to control both it and the Democratic Party (the renamed UAP) (D. Clune, *The New South Wales State Election 1947*, NSW Parliamentary Library/Department of Government, University of Sydney, 1998, p. 15).

<sup>66</sup> SMH, 25.6.31, p.9. 14.7.31, p.9. 22.7.31, p. 11. 8.7.31, p.9 (Sane Democracy League advertisement, this body was a business front group that produced anti-Labor publicity). 15.7.31, p. 10. 25.7.31, p. 11. 3.8.31, pp. 9, 10.

<sup>67</sup> For examples of media hostility to the AFA: SMH, 20.5.31, p. 11. 4.6.31, p. 4. 5.8.31, p. 4. 16.3.31, p. 8. 26.6.31, p. 6. 17.3.31, p. 7. 2.7.31, p. 4. 18.7.31, p. 5. 25.9.31, p. 10. *The Sun*, 13.7.31, p. 7. 26.9.31, p. 3. For contemporary comments on the media turn (*The Bulletin*, 10.8.31, p. 10. D. R. Hall, 'Historical Development of Australian Political Parties Since 1920', in Duncan, *Trends in Australian Politics*, p. 23 (Hall was a former Labor and Nationalist minister now close to Federal Labor). The Nationalists signed up many members, they claimed 7000 members in the middle class suburban electorate of Martin, but only about 10% turned out to vote in the pre-selection (*The Sun*, 16.8.31, p. 2. 19.8.31, p. 11). In September 1930 1434 votes were cast in the Nationalist pre-selection for Martin (Evatt, *Holman*, p. 410). Rickard notes the questionably high membership claimed by some anti-Labor parties in the early post-federation period (Rickard, *Class and Politics*, p. 182). Warhurst, '1977', in Warhurst, *Bastards*, pp. 56, 61-62. I. Ward, 'Party organisation and membership participation', in *ibid.*, pp. 113-117, 120-22. R. Smith, 'The Australian Democrats in NSW Politics', in *ibid.*, pp. 228-233. Crewe, *SDP*, pp. 232-34.

<sup>68</sup> A. J. Gibson, *The All for Australia League: Its real significance* [no pagination, no publisher]. SMH, 7.6.31, p. 5. 24.3.31, p. 13. 10.4.31, p. 10. 10.7.31, p. 12. 22.7.31, p. 12 (Mutch). 1.8.31, p. 5 (Bennett). 19.8.31, p. 12. *The Sun*, 15.8.31, p. 7 (Gillies). 22.10.31, p. 19. Latham MSS NLA 1009, Series 49, Item 98, A. J. Gibson to Scullin, 3.11.31. In South Australia Labor Premier Hill strongly supported the Premiers' Plan. The Citizens' League, the local equivalent of the AFA, strongly supported co-operation with Hill's supporters (J. Lorie, 'Non-Labor in South Australia', in Mackinoly, *Wasted Years*, pp. 148-156). A meeting of commercial travellers applauded a call by a League leader for co-operation with Hill (*Australian Traveller*, vol. 27, no. 7 (1931), p. 35). Nicholls, *Rise of the UAP*, pp. 182-84.



members. The Army's activities were soon wound down, as the Inner Group feared it would escape their control.<sup>69</sup>

Federal Labor echoed the AFA's centrist appeal. It denounced socialistic experiments and called for honesty, tariffs, credits to industry and reduction of interest rates, encouragement of small business, and accused Lang Labor of Communist sympathies. In October the AWU launched a daily paper in Sydney, *The World*, to defend Federal Labor against the *Labor Daily*.<sup>70</sup>

Federal Labor tended to concede 'industrial areas' to the Lang party. Federal Labor was unclear on its potential constituency, but showed interest in white-collar workers. Some older members with labour movement experience complained that the party attracted 'young typists' and 'city clerks'. Percy Coleman, MP for Reid, had been secretary of the Clerks' Union. Officials of the Clerks, Postal Workers and Railway Officers were active in Federal branches. Coates, the party's Legislative Council leader, was a former commercial traveller.<sup>71</sup> Despite Lang's own racism, the AWU and Federal Labor accused the Lang party of being unreliable on the issue of white Australia.<sup>72</sup>

Federal Labor sought the support of manufacturers. In August the party set up a committee to work on employment generation. It supported a proposal by the Chamber of Manufacturers for a round table conference to discuss measures to rehabilitate New South Wales industry. The conference did not go ahead when State Labor, TUSA and the Labor Council refused to attend.<sup>73</sup>

At the 1931 federal election Federal Labor made a respectable showing. It won three seats with 16.3% of the vote compared to 24.9%, and four seats, for the Lang party. Federal Labor benefited

<sup>69</sup> The Labor Council resolved that any unionist joining the AFA be declared a scab but rejected a Communist proposal that unions be required to expel them (Labor Council Minutes, 26.3.31). Martin Diary, 29.3.31. LD, 19.3.31, pp. 1, 5, 6, 21.3.1931, p. 4. LD, 26.3.31, p. 5, 30.3.31, p. 7, 15.4.31, 9.6.31, p. 7, 1.9.31, p. 7, 25.11.31, p. 4. Lowenstein, *Weevils in the Flour*, p. 103. Comintern FM4/10419, Politburo, 20.6.31. Federal investigators felt that by May enthusiasm for the ALA had waned and it was of political effect only (Australian Archives, New Guard and 'The Association', A367/1 C94121, Public Attitudes in NSW (May 1931)).

<sup>70</sup> AW, 19.8.31, p. 6. SMH, 15.8.31, p. 7 (Colbourne), 1.12.31, p. 7 (Arthur Griffith), 17.2.32, p. 12.

<sup>71</sup> SW, 3.1.31, p. 18. *The World*, 4.11.31, p. 4. LD, 30.11.31, p. 6. SMH, 15.6.31, p. 10. The president of the white-collar Railway Officers Association was a member of Federal Labor, but was criticised by some members of the union executive for being insufficiently critical of railways commissioner Cleary (SMH, 29.6.31, p. 13). Veteran Labor women's activist Kate Dwyer was a lone voice in calling on Labor to publicise its achievements for workers of all descriptions to counter the impact of the snobbish atmosphere of office work on young workers (LD, 25.1.32, p. 7).

<sup>72</sup> Robinson, *State Election 1932*, pp. 37, 47. Unlike Lipset I believe 'working-class authoritarians' are more likely to be found on the right than the left of the labour movement (S. M. Lipset, *Political Man: The Social Bases of Politics*, John Hopkins University Press, Baltimore, Maryland, 1981, pp. 113-14). German research in the early 1930s found that Communist voters were more socially liberal than Social Democrats or adherents of any other party, but they were inclined to value strong leadership (E. Fromm, *The Working Class in Weimar Germany: A Psychological and Sociological Study*, Berg Publishers, Warwickshire, 1984, pp. 120-22, 170-76, 200, 230). A correspondent to *Labor Daily* complained that Scullin was too weak and Labor needed Lang and Hughes, who was still a labour man at heart (LD, 25.5.31, p. 7).

<sup>73</sup> AW, 19.8.31, p. 6. SMH, 12.9.31, p. 11. 19.9.31, p. 13. Chamber of Manufacturers of NSW, *Bulletin*, no. 3, (15.10.31). C. Hall, *The Manufacturers: Australian Manufacturing Achievements to 1960*, Angus & Robertson, Sydney, 1971, pp. 447-52.

by tactical voting by UAP supporters and personal votes for its MPs. In the Senate Lang Labor won 30.8% to Federal Labor's 15.1%.<sup>74</sup>

There were significant differences in the support bases of the two Labor parties. As table 5.3 shows the Lang Labor vote was strongly correlated to social variables, with an R-sq value of 84%, but for Federal Labor the R-sq value is only 22.3%. Federal Labor was a 'catch-all' party with a volatile support base that drew on centrist opinion.

This is apparent even from a visual examination of the distribution of electoral support for the two parties. ALP support in 1930 and Lang Labor support in 1931 and 1932 was linked to unemployment and manual workers, but the Federal Labor vote was more indeterminant. The correlation coefficient between the 1930 Labor vote and the 1931 Lang Labor vote is 0.91, but it is only 0.47 between the 1930 Labor vote and the 1931 Federal Labor vote. The correlation coefficient between 1931 and 1932 Federal Labor support was 0.59 compared to 0.92 for Lang Labor in 1931 and 1932. Compared to Lang Labor Catholics, women, agricultural breadwinners, white-collar workers and self-employed, made up a higher portion of the 1931 Federal Labor electorate. Manual workers made up a higher portion of Lang Labor's constituency, but the two groups (which overlapped) that were particularly hostile to Federal Labor were miners and the unemployed. It is not surprising that the unemployed might have blamed Scullin for their plight. Those unemployed who stuck with Labor were mostly Langite, but the portion of unemployed in the total Labor vote fell from 1930 to 1931.<sup>75</sup>

<sup>74</sup> Garden's defeat in Cook was a result of tactical voting (encouraged by *The Bulletin*); the UAP polled less than the Nationalists in 1929 (*The Bulletin*, 16.12.31, p. 14). Only in Hume did Federal Labor outpoll Lang Labor in the Senate. This reflected the popularity of long serving local Labor MP Parker Maloney. The Lang Labor candidate was associated with the Socialisation Units and this may have counted against him (SC, vol. 1, no. 7 (1.10.31), p. 4). Kidd's failure in Newcastle reflected the local popularity of the long-serving Watkins, but his association with the Socialisation Units may have cost him votes. Known radical candidates could cost Labor votes, as demonstrated by the particularly heavy swing in Broken Hill in 1917 against the radical Labor candidate (Thornton-Smith, 1917 Federal Election, p. 586). Although Garden was a member of the Inner Group the public perception of him as a radical contributed to his defeat in Cook, and in particular may have cost him Catholic votes.

<sup>75</sup> Graphs of German Communist and Social-Democratic support in Germany against manual workers show a somewhat similar pattern although the Social Democratic vote has a stronger social base (Weitz, *Creating German Communism*, pp. 247-49). Communist support was strongest among the unemployed (Childers, *Nazi Voter*, p. 183). Women were also more likely to support the Social Democrats than the Communists (H. Boak, 'National Socialism and Working Class Women', in C. Fischer, ed., *The Rise of National Socialism and the Working Classes in Weimar Germany*, Berghen Books, Providence, Rhode Island, 1996, p. 168).

Chart 5.8 1930 ALP vote and manual workers

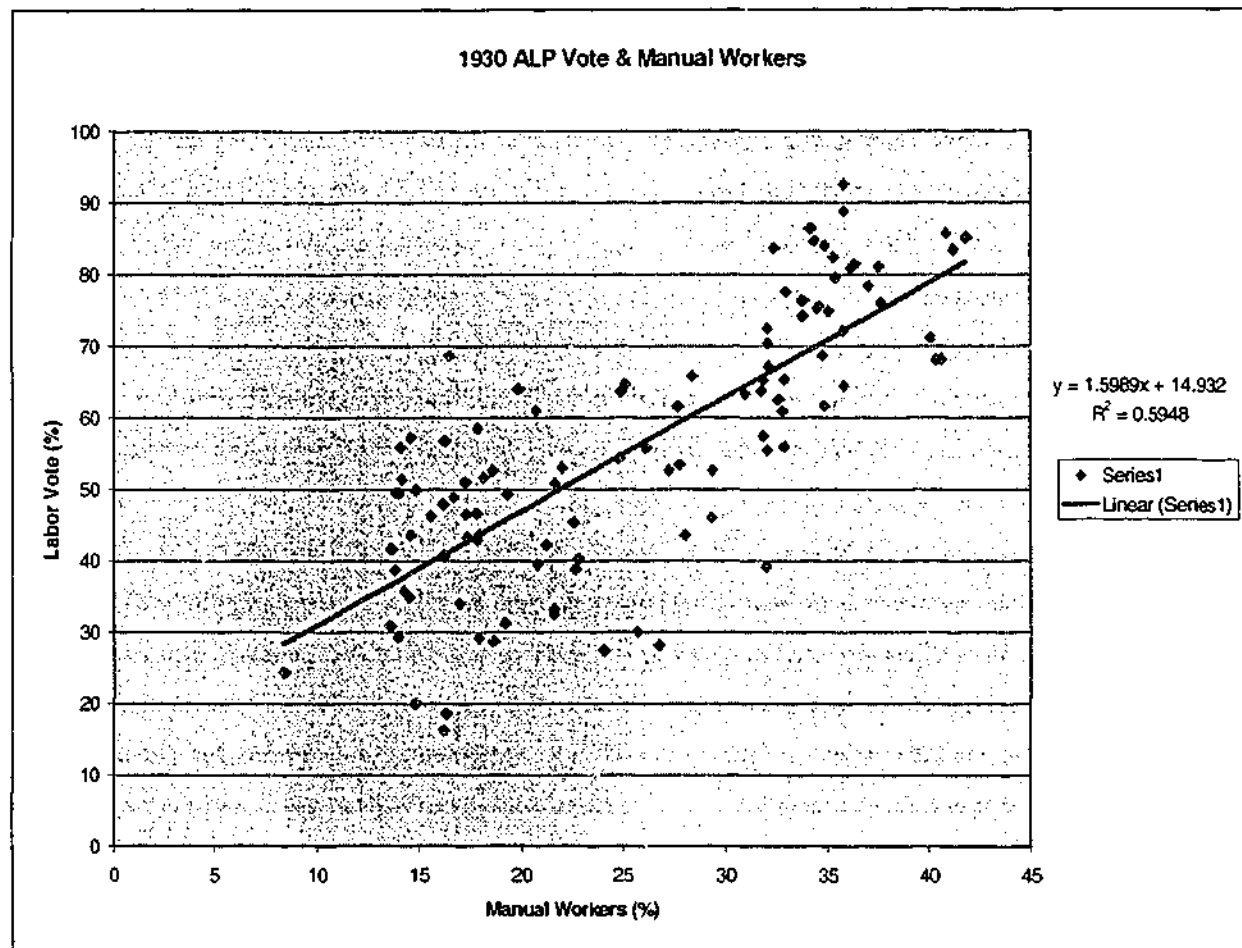


Chart 5.9 1931 Lang Labor vote and 1931 unemployment

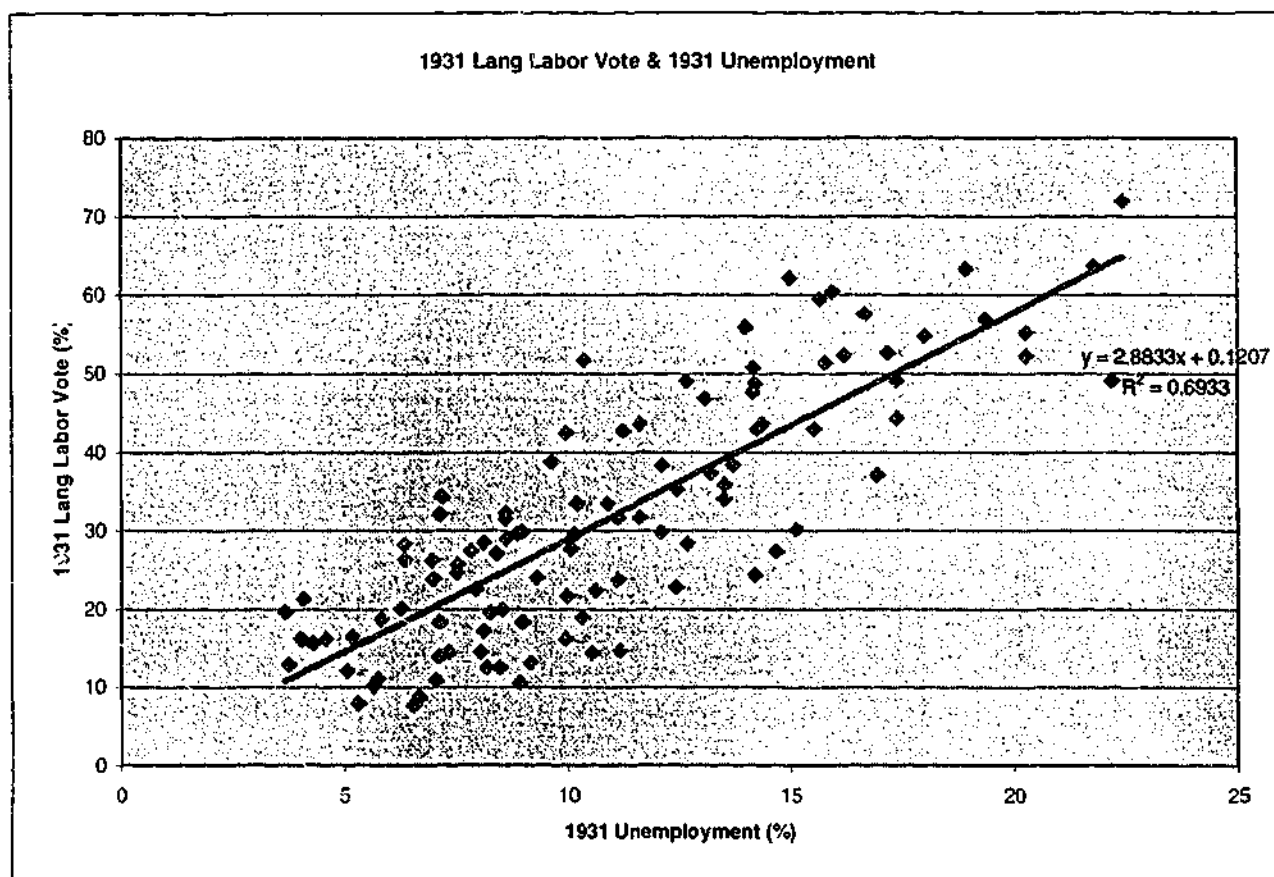


Chart 5.10 1931 Federal Labor vote and 1931 unemployment

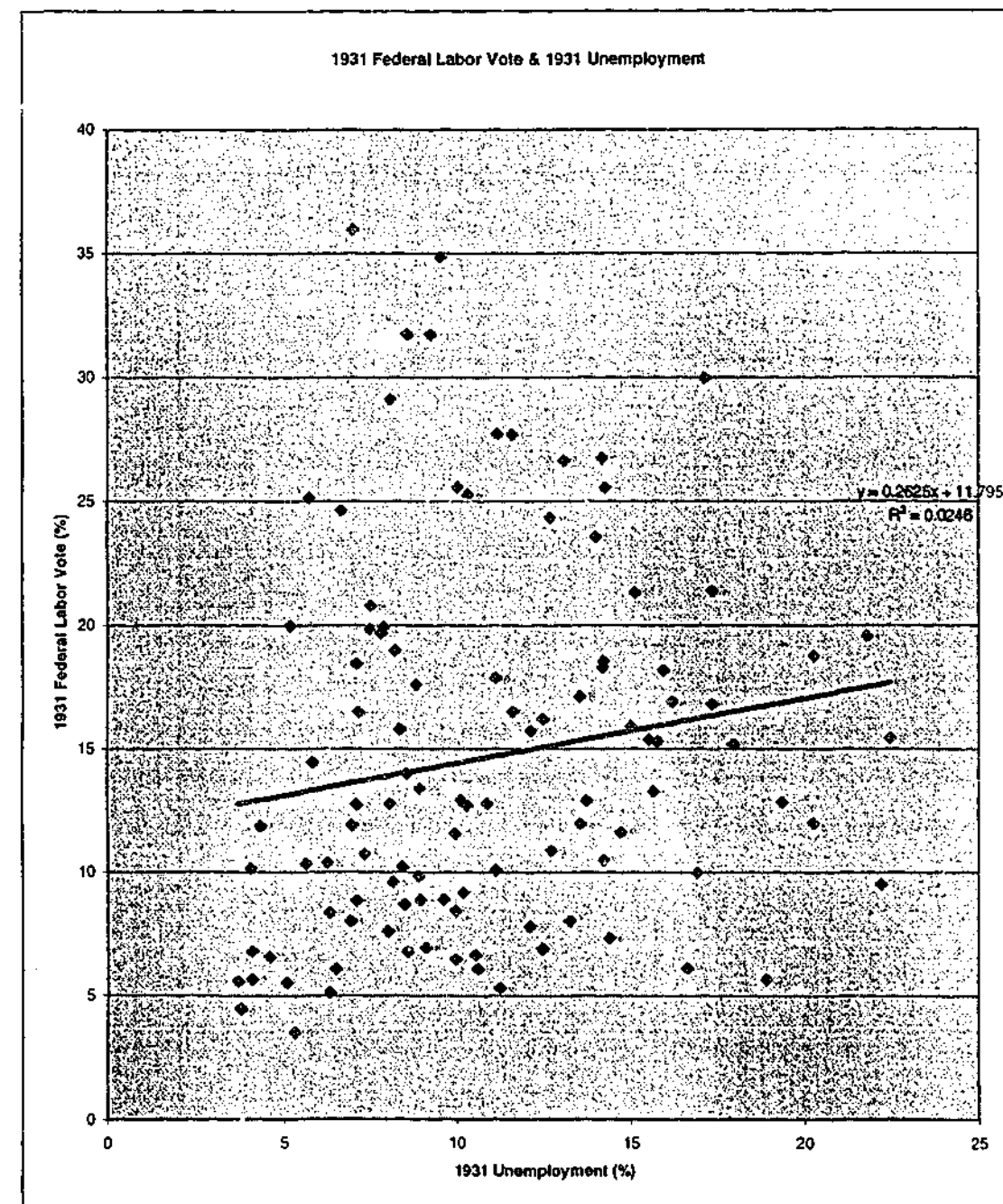


Chart 5.11 1931 Lang Labor vote and manual workers

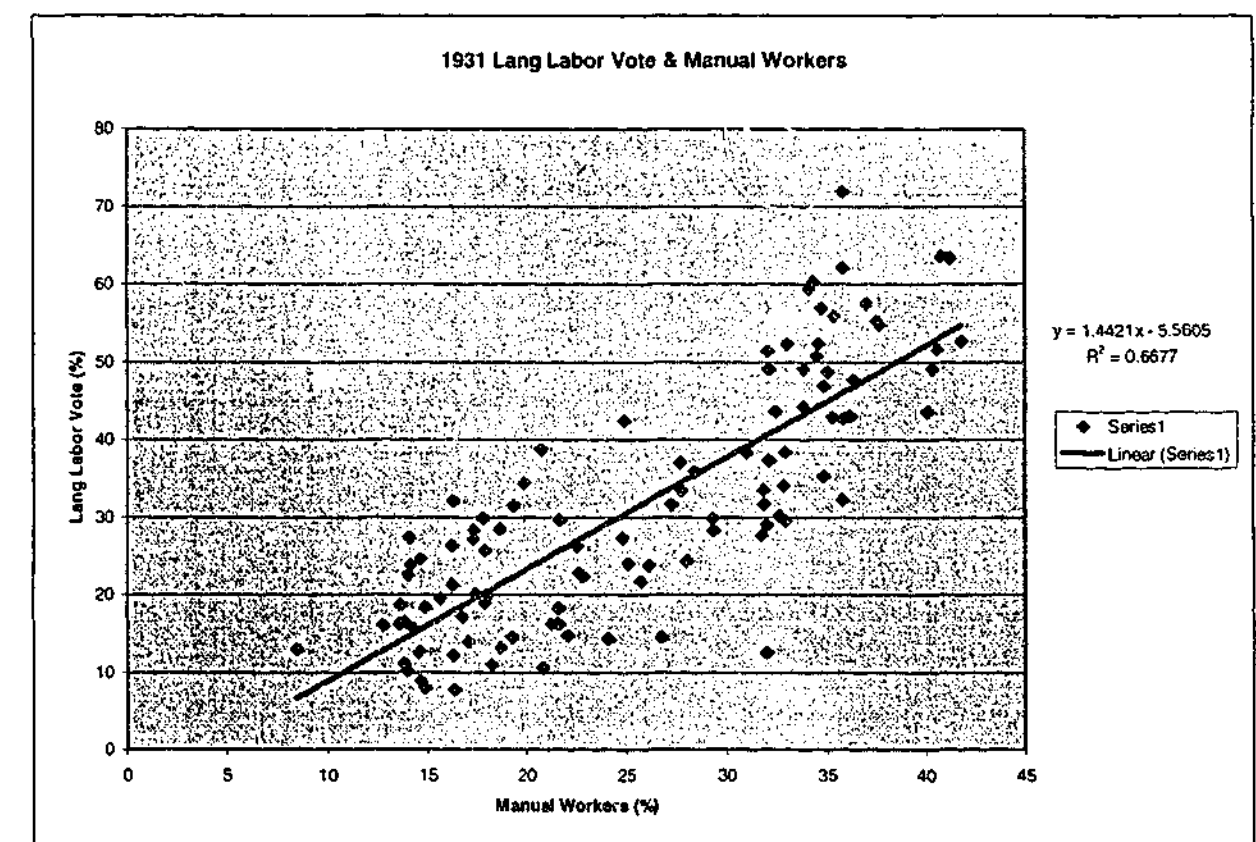
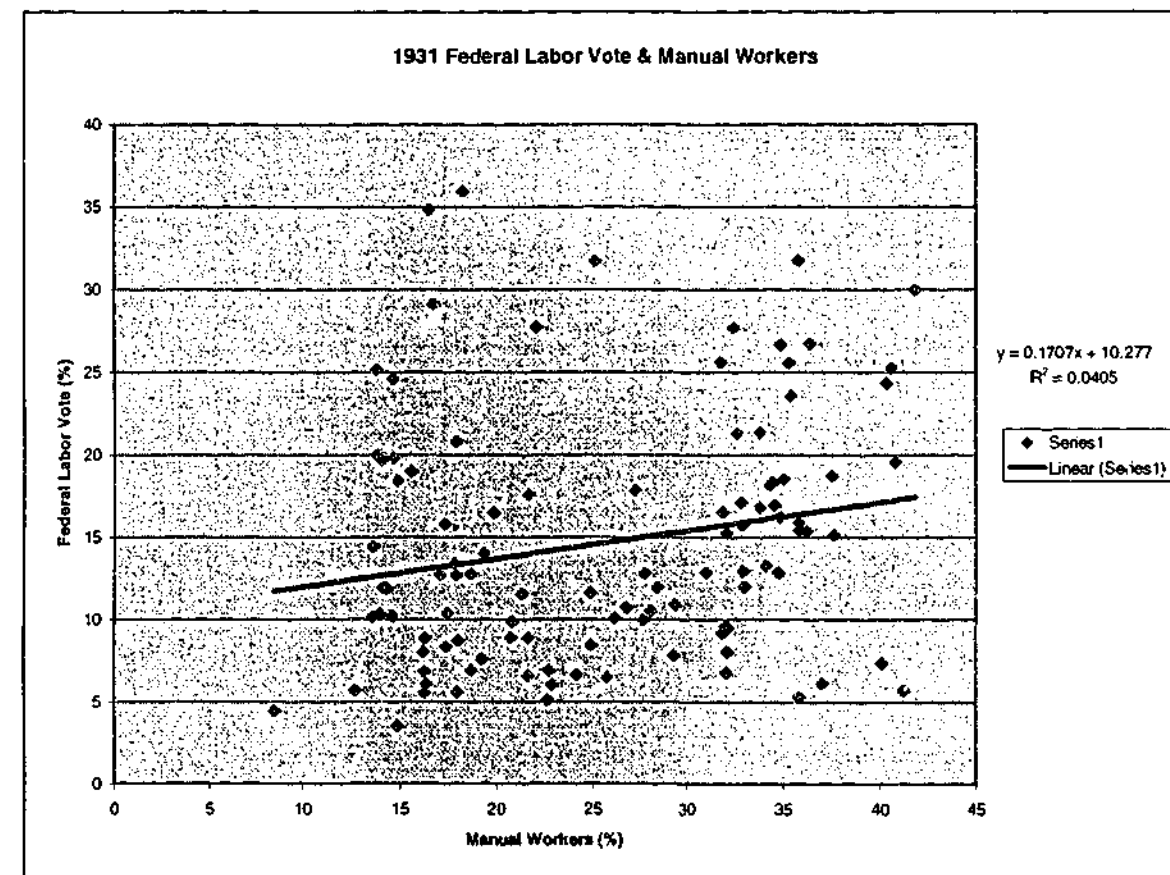


Chart 5.12 1931 Federal Labor vote and manual workers



Communists and Langites were probably right to suggest that Lang's appeal boosted the total Labor vote which at 45.9% in the Senate was second only to Queensland and far exceeded that in the other two Labor states: Victoria at 34.4% and South Australia at 34.2%. Compared to other states the Communist Party did worse in New South Wales, its candidates received on average 627 votes compared to 1,180 in Victoria. The party admitted Lang's perceived radicalism had dampened its appeal, an argument it repeated after the 1932 election.<sup>76</sup>

A faith in consensus and rationality underlay the All for Australia League program. It argued class conflict was artificially encouraged by a class-based political system. A federal bureau of industrial co-operation possibly constituted as a form of 'industrial parliament' would boost industrial efficiency by encouraging co-operation in industry. The League saw policy problems as resolvable by science. An Economic Advisory Council would consider the relation between

<sup>76</sup> B. Head, 'Economic Crisis and Political Legitimacy: the 1931 Federal Election', *Journal of Australian Studies*, no. 4 (1978), p. 26. *LD*, 29.1.32, p. 5 (Lang Labor Parkes candidate). *WW*, 25.12.31, p. 1. 17.6.32, p. 10. Comintern FM4/10415 Anglo-American Secretariat, 26.3.32 Emery Report on Australia, pp. 16-18. Comintern FM4/10419, Politburo, 14.5.32, 11.6.32. Confirmation that Labor did better in NSW would require an analysis of all Australian electorates, but a fact in support of this argument was that the worst result for Lang Labor was the loss of East Sydney on a swing of 20.1% (assisted by Federal Labor preferences) but Labor lost Batman in Victoria on a swing of 26.6%.

finance, arbitration and tariff revision and develop a 'scientific' tariff. Elective ministries, initiative and recall and proportional representation would reduce the role of class in politics.<sup>77</sup> The AFA's emphasis on science and rationality linked it to mainstream Australian intellectual liberalism, exemplified in groups such as the Australian Institute of Political Science, and it shared common ground with some further to its left such as Ernest Burgmann, although he made no comment on the League. The AFA's closest sibling is not fascism but the Australian Democrats.<sup>78</sup>

The policies of the AFA were no more vague and unclear, than other political platforms of the time.<sup>79</sup> Their platform of co-partnership and profit sharing represented a coherent response to the needs of workers, not just white-collar ones, disenchanted with the left. By mid-1931 the AFA's espousal of co-partnership and profit sharing alarmed some employers. As the AFA contested the Nationalists it grew more radical, one member argued that property yielding an unearned increment should be seized by the state.<sup>80</sup>

Those prominent within the AFA were drawn from a professional white-collar background but the potential constituency of a centre politics was not restricted to professional and white-collar workers. In 1930 the electorate of Hughes' Australian Party was biased towards women and Protestants but it was not distinctively middle class. As in Germany popular resentment of left parties and trade union activity provided a base for political forces that claimed to transcend capital and labour, but this resentment included many workers.<sup>81</sup> As Michael Mann has argued

<sup>77</sup> AFA, *Policy*, pp. 4-5, 10, 12, 17, 20. Feminists had often supported proportional representation (M. Sawyer & M. Simms, *A woman's place: Women and politics in Australia*, Allen & Unwin, Sydney, 1993, pp. 18-19). Labor instead wanted an electoral system that encouraged voting for groups rather than individuals, an approach shared by American radicals. The Labor government introduced regulations that local government candidates be grouped on the ballot to encourage ticket voting (Valelly, *Radicalism in the States*, pp. 20, 51. *SMH*, 12.11.31, p. 7. *LD*, 12.11.31, p. 4). It's effectiveness was the object of debate: *SMH*, 7.12.31, p. 9. 4.1.32, p. 6). The League's position on tariffs may reflect a sensitivity to consumer interests.

<sup>78</sup> S. Alomes, 'Intellectuals as Publicists 1920s to 1940s', in B. Head & J. Walter, eds., *Intellectual Movements and Australian Society*, Oxford University Press, Melbourne, 1988, pp. 77-80. For Burgmann's support of planning: Gray, *Newcastle*, p. 71. To Burgmann's right the Bishop of Bathurst praised the AFA and called for a 'controlled individualism' ('The Present Political Atmosphere in New South Wales', *Australian Quarterly*, vol. 4 (1931)). An interesting figure in this context was the editor of the *Newcastle Morning Herald* K. S. McGill who was sympathetic to the AFA, while opposing the New Guard and published articles by Burgmann critical of capitalism (Hempenstall, *Meddlesome Priest*, pp. 138-39. Gray, *Newcastle*, pp. 55-56, 71). H. Sugita, 'Ideology, internal politics and policy formation', in Warhurst, *Bastards*, pp. 136-37.

<sup>79</sup> For examples of derision of the AFA: D. R. Hall (a Federal Labor supporter), 'Historical Development of Australian Political parties Since 1920', in Duncan, *Trends in Australian Politics*, p. 23. Williams (a eulogist of Latham), *John Latham*, pp. 15-17.

<sup>80</sup> Labor's arbitration bill proposed to remove the provisions that favoured profit-sharing and co-partnership (UMA, North Broken Hill, Committee of Barrier Mines, Box 55, Item 9 Wages and Conditions January to April 1931, Notes re Bill. AFA, *Policy* p. 23. *Employers' Review*, vol. 3, no. 11 (1931), p. 17. *SMH*, 2.9.31, p. 12 (H. Whiddon). One observer admitted that Australia welfare work had been paternalistic and had drawn the line at profit-sharing (F. Mauldon, 'Cooperation and Welfare in Industry', in Copland, *Economic Survey of Australia*, p. 187). A survey of Victorian employers in 1943 found two-thirds supported profit-sharing and about half works councils but there was strong opposition to any further level of worker participation (J. R. Hay, 'The Institute of Public Affairs and Social Policy in World War II', *Historical Studies*, 79 (1982), pp. 205-06). There has always been the potential for opposition to large-scale capital to surface among non-Labor parties for surveys suggest voter distrust of 'big business' as well as trade unions (Kemp, *Foundations for Australian Political Analysis*, p. 251). The AFA's policy themes were taken up by non-Labor splinter groups of the early 1940s (Hancock, *National and Permanent*, p. 14).

<sup>81</sup> A party's membership does not necessarily reflect its electorate (Childers, *Nazi Voter*, p. 13). Crewe, *SDP*, pp. 149, 279-80. Minkin, *Contentious Alliance*, pp. 221-22, 656. R. Hamilton, *Who Voted for Hitler?*, Princeton



historians have been prone to blame the middle-class for radical right movements with little empirical evidence, when in fact the radical right has a much broader social base. It was not white-collar unions that were associated with the AFA and the New Guard but the loyalist Railway Service Association. Protestants disproportionately deserted Lang from 1930 to 1932. Some manual workers have agreed with the deference of white-collar workers, and preferred to leave management to managers and government to the businessman's party.<sup>82</sup> A New Zealand author has identified the 'independent working-class'; they regarded themselves as working-class rather than middle class but were concerned with respectability and critical of those who relied on government aid.<sup>83</sup> Lang Labor's poor performance at the local government elections of December 1931 and January 1932 was plausibly attributed to many workers' fear of higher rates to pay for Labor's municipal program. In part the conflict between State and Federal Labor was between respectability and larrikinism, with the young and single men particularly more likely to support Lang. In weaker form it resembled the different support bases of Communists and Social Democrats in Germany at the time.<sup>84</sup>

University Press, Princeton, New Jersey, 1982, pp. 911, 264, 388, 610. Martin is right to speculate the appeal of Lyons began with the middle classes but extended into some workers (A. W. Martin, 'The Politics of the Depression', in R. Manne, ed., *The Australian Century: Political Struggle in the Building of a Nation*, Text Publishing, Melbourne, 1999, p. 113).

<sup>82</sup> Mann, *Sources of Social Power*, vol. 2, pp. 575-76. S. Perlman, *A Theory of the Labour Movement*, Augustus M. Kelly, NY, 1949 (first ed. 1928), pp. 295-301. Tanner, *Working Class Politics*, p. 120. McCalman, *Struggletown*, pp. 200-01. The AFA's strongest support basis was Newcastle a bastion of working-class Protestantism (Gray, *Newcastle in the Great Depression*, p. 50). The AFA was also impressively active in the disproportionately Protestant Illawarra (J. Hagan, 'Politics in the Illawarra', in Hagan & Wells, *History of Wollongong*, p. 168). In 1927 Evatt's campaign to retain Balmain as an anti-Lang independent Labor candidate had been assisted by local Orangemen (I. Young, 'Catholics and the New South Wales Labor Party, 1919-39', *Australasian Political Studies Association News*, vol. 6 (1931), p. 7). G. E. Patmore, *Scabs, Loyalists and Cuckoos: A Study of the NSW Branch of the National Union of Railwaymen, 1917-1946* (B. Ec (Hons), Industrial Relations, University of Sydney, 1978), pp. 44-45. William Skelton, Railway Service Association leader, and former 'Protestant Labor' MP defended the 'British ideal' of improving workers' conditions by organisation while recognising rights of the employer, and defended payment by results on the grounds that some men used their god-given abilities better than others (*SMH*, 18.3.32, p. 11. *SCICAB, Evidence*, q. 1042). Before 1914 some Protestant groups supported calls to form a Protestant workers' party that would combine labourist welfare plans with measures to increase co-operation between labour and capital (Rydon, *NSW Politics*, pp. 51, 58). J. C. Watson argued union opposition to payment by results reflected interests of lazy and incompetent (*SMH*, 18.3.31, p. 7). Such rhetoric reflected the claim of the working-class conservative to be socially superior (McCalman, *Struggletown*, p. 201).

<sup>83</sup> K. Watson, 'An Independent Working Class?' in J. Martin & K. Taylor, eds., *Culture and the Labour Movement: Essays in New Zealand Labour History*, Dunmore Press, Palmerston North, 1991, pp. 184-88. A similar point can be made about the Nazis: their emphasis on rewarding capacity and their anti-egalitarianism was compatible with the aspirations of many in the working class (W. Brustein, 'Blue-Collar Nazism: The German Working Class and the Nazi Party', in Fischer, *National Socialism and the Working Classes in Weimar Germany*, pp. 148-50, 154-55). The failure of historians to recognise the political significance of working-class conservatism is an example of how, as Wells argues, both the old and new lefts confused levels of analysis (Wells, *Marxist reappraisal*, p. 57). The failure to adequately theorise the middle-class was another aspect of this, for if they had investigated more closely what made the middle-class distinctive they would have realised that similar factors operated for many workers.

<sup>84</sup> *SMH*, 7.12.31, p. 9. 8.12.31, p. 9. 4.1.32, p. 6, 9. *The Sun*, 3.1.32, p. 7. *LD*, 12.1.32, p. 5. *SMH*, 7.12.31, pp. 5-6. Macpherson, *Politics of the Great Depression*, p. 54. The AWU journal echoed non-Labor themes in alleging that dole imposition and fraud were rife and it later supported early initiatives of the Stevens government against fraud (*AW*, 20.1.31, p. 11. 1.6.32, p. 7). On larrikinism: Metcalfe, *Freedom and Dignity*, pp. 73-88. An AWU organiser found single men stronger for Lang (*AW*, 18.11.31, p. 20). Eather, 'Fighting the Battle of the People', p. 30. Howells, *Against the Stream*, pp. 45-46. An area that requires further research is the extent to which crime overlapped with politics. The prostitution entrepreneur Kate Leigh provided assistance to Lang Labor election candidates. On the fringes of Labor and Communist politics there were men available to disrupt meetings or assault strikebreakers and Labor moderates (*Truth*, 25.1.31, p. 17. 15.5.31, p. 1. 24.5.31, p. 1. *SMH*, 6.4.32, p. 12. *SW*, 19.9.31, p. 10. Young, *Impact of J. T. Lang*, p. 70). The propensity of Labor voters at the local level to support conservative 'independents' is analogous to workers supporting their employers rather than employees of other employees (E. Eklund, 'The "Place" of Politics: Class and Localist Politics at Port Kembla, 1900-30', *Labour History*, 78 (2000). P. Sheldon, 'Local Government to 1947', in J. Hagan & A. Wells, eds., *A History of Wollongong*, University of Wollongong Press, Wollongong, 1997, p. 113). D. Geary, 'Unemployment and Working-

In this period the anti-Labor political landscape was transformed by the rapid growth of the New Guard after its launch on 22 July. By September 87,000 had applied for membership and in Sydney it had 36,000 members. The Guard's growth was impressive. Moore argues that its capacities have been overstated, and its rapid growth led to organisational difficulties, but this was the price of success not evidence of failure.<sup>85</sup> Historians have examined the Guard's paramilitary activities at length but I am interested in what its mushroom growth reveals about public opinion and the Right's prospects of constructing an electoral majority.

Historians have rejected the claim of Guard commander Eric Campbell that the New Guard enjoyed significant working class support, and have argued its economic liberalism repelled workers. Moore argues its working-class support was restricted to members of the loyalist Railway Service Association. This begs the question of why workers supported loyalist unionism. Recent historians have shown Nazism was a cross-class movement that attracted significant working-class support.<sup>86</sup> The white-collar resentments that early historians identified Nazism as representing were not restricted to white-collar workers but appealed to many manual workers. At the local level unemployment divided working-class communities, and young unemployed men were to many seen as a threat. German Nazi paramilitaries presented themselves as defenders of the respectable against crime and violence that characterised the most depressed working class areas and Communist strongholds.<sup>87</sup>

The Guard diverged from the Nazis or the contemporary radical right in championing economic liberalism: government should be restricted to the protection of property rights and the administration of justice, state enterprises corporatised and ninety percent of public servants

Class Solidarity: The German Experience 1929-33', in R. Evans & D. Geary, eds., *The German Unemployed: Experiences and Consequences of Mass Unemployment from the Weimar Republic to the Third Republic*, Croom Helm, London, 1987. E. Rosenhaft, *Beating the Fascists? The German Communists and Political Violence 1929-1933*, Cambridge University Press, Cambridge, 1983.

<sup>85</sup> In September 1931 the police estimated that there were about 36,000 in the metropolitan area and that 87,000 had applied for membership (*New Guard Movement (copy of Police Reports in regard to, and its objects)*, (hereafter *New Guard Police Reports*) Commissioners Minute of 18th September 1931, p. 1. *NSWPP*, 1930-32, vol. 5. Moore, *Secret Army*, pp. 139, 148. The Guard's per capita membership far exceeded that of Oswald Mosley's Union of Fascists (J. McCarthy, Review of K. Amos, *The New Guard, Historical Studies*, 68 (1977), p. 414).

<sup>86</sup> Campbell, *Rallying Point*, pp. 10-11, 25-66, 92, 99, 126-27, 166-67, 173. H. McQueen, 'New Guard' (1975) in *Gallipoli to Petrov: Arguing with Australian History*, George Allen & Unwin, 1984. K. Amos, *The New Guard Movement 1931-1935*, Melbourne University Press, Melbourne, 1976, p. 44. Moore, *Secret Army*, p. 145. D. Muhlberger, 'A "Workers" Party or a "Party Without Workers": the Extent and Nature of the Working-Class membership of the NSDAP, 1919-1933', in Fischer, *National Socialism and the Working Classes*, pp. 108-110. G. Mai, 'National Socialist Factory Cell Organisation and the German Labour Front: National Socialist Labour Policy and Organisations', in *ibid.*, p. 121). The American radical right in the 1930s seems to have had its main base among conservative manual workers and there is no evidence it did distinctively better among white-collar workers (Kocka, *White-Collar Workers*, pp. 240-41).

<sup>87</sup> E. Rosenhaft, 'The Unemployed in the Neighbourhood: Social Dislocation and Political Mobilisation in Germany 1929-33', in Evans, *German Unemployed*, pp. 200-01, 204-07, 222-23. The extent of violence directed against non-Labor electoral campaigns (and in this period against Federal Labor) contributed to a vision of the inner city as a zone of 'basher-gangs' and 'hoodlums' (Robinson, *State Election 1930*, p. 46. Robinson, *State Election 1932*, p. 31).

should be dismissed. It accused the Bavin government of compromising with socialism, and considered democracy reliant on a false doctrine of human equality. The AFA and the Guard diverged substantially on economic policy, but at the level of their membership this was probably insignificant. The frequent muddling of the two organisations in recollection suggests this.<sup>88</sup>

I would agree that compared to the Nazis, or the contemporary far right, the Guard's laissez-faire approach, is likely to have restricted its appeal to workers, but we should not overstate this. The Guard's economic program was probably not its major attraction, and when Campbell spoke it was his anti-Communist rhetoric not economic opinions that attracted applause.<sup>89</sup> The anti-Nationalist orientation of the AFA may have alienated those particularly concerned with the threat of Lang and communism.<sup>90</sup>

The reluctance of left-wing historians to admit the political strength of the New Guard reflects a tendency to see political parties, and ultimately the state, as the direct agent of class interests. In fact the 'state' is a set of institutions, not a coherent whole, it does not come into existence to serve functional needs, the state and capital are mutually dependent on each other, and the balance of this dependence is inherently indeterminant.<sup>91</sup> Moore finds the Guard's support base among small capitalists susceptible to pressure from organised labour, and the 'lower middle class', and 'young turks' in the ruling class. The Old Guard he regards as the expression of the 'colonial banking-pastoral alliance'. Moore argues that if there had been a Nazi party in New South Wales 'monopoly capital' would have named its leadership. In this model popular support for the right is identified as the result of deception not the calculation of economic interest. The

<sup>88</sup> Speech by Campbell, 16 September 1931, pp. 13-15 in *New Guard Police Reports*. SMH, 23.7.31, p. 10 (Campbell). *The New Guard*, vol. 1, no. 3 (1931), p. 12, vol. 1, no. 4 (1932), pp. 3-5. P. Mitchell, 'Australian Patriots: A Study of the New Guard', *Australian Economic History Review*, vol. 11, no. 2 (1969), p. 163. A police informant in the New Guard claimed that Campbell had discussed the formation of the Guard with Niemeyer. This could be a complete fantasy but it may reveal those whom Campbell regarded as role models (Mitchell Library, McNamara Family ML MSS 4430, Folder 2 (3), Statutory Declaration by Henry Symonds-Poynton, 14.5.32). Campbell argued there was substantial overlap between the membership of the Guard and the League (Campbell, *Rallying Point*, pp. 42-43). Gray, *Newcastle*, p. 54.

<sup>89</sup> Speech by Campbell, 16 September 1931, pp. 13-15 in *New Guard Police Reports*. A. Moore, *The Right Road: A History of Right-wing Politics in Australia*, Oxford University Press, 1995, p. 45. H-G. Betz, *Radical Right-Wing Populism in Western Europe*, St. Martin's Press, New York, 1994, pp. 107, 151-52, 166-67. Compare to Nazi championing of rights of welfare clients (D. Crew, 'A Social Republic? Social Democrats, Communists and the Weimar Welfare State, 1919 to 1933', in D. Barclay & E. Weitz, *Between Reform and Revolution: German Socialism and Communism from 1840 to 1990*, Berghon Books, New York, 1998, p. 239). In Wollongong two leading New Guard activists later became enthusiasts for Henry George, and one eventually joined the ALP, and the other Douglas Credit (L. Richardson, *The Bitter Years: Wollongong During the Great Depression*, Hale & Iremonger, Sydney, 1984, pp. 188-90). Hamilton argues that the Nazis' 'socialism' alienated the bourgeoisie without attracting workers, but the point is that the Nazis' advocacy of an activist economic policy won the support of workers who were not going to support the left (Hamilton, *Who Voted for Hitler*, pp. 389-90. Childers, *The Nazi Voter*, p. 247). There was nothing in the New Guard to correspond to the aggressively workerist appeal often employed by the Nazis (J. W. Flater, 'How Likely Were Workers to Vote for the NSDAP?', in C. Fischer, ed., *The Rise of National Socialism and the Working Classes in Weimar Germany*, Berghon Books, Providence, Rhode Island, 1996, pp. 36-38).

<sup>90</sup> Amos argues the opposite that the growth of the Guard was a response to the AFA's pursuit of merger with the Nationalists, but the serious pursuit of merger was after the period of the Guard's rapid growth. It is more likely to have been the opposite (K. Amos, *The New Guard Movement 1931-1935*, Melbourne University Press, Melbourne, 1976, pp. 52-53).

<sup>91</sup> M. J. Webber & D. L. Rigby, *The Golden Age Illusion: Rethinking Postwar Capitalism*, Guildford Press, New York, 1996, p. 90. J. Elster, 'Marx, revolution and rational choice', in M. Taylor, ed., *Rationality and Revolution*, Cambridge University Press, Cambridge, 1988, pp. 226-27.

AFA is dismissed as a 'front group' and the Old Guard's support found in station hands and soldier settlers.<sup>92</sup> This approach is most developed in Drew Cottle's interpretation of inter-war politics as conflict between the comprador bourgeoisie and 'the people'. Moore sees a division between the ruling class and the New Guard, but many Nationalist politicians and editorialists were sympathetic to Campbell.<sup>93</sup>

To Moore the failure of an Australian fascism to appear can only reflect ruling class acceptance of democracy and their belief that Lang could be removed by constitutional means. Moore does not provide an effective challenge to Hirst's argument that the Old Guard had no distinct agenda of their own as distinct from the New Guard who were fascists. Moore does not refer to the explicitly anti-democratic arguments common in the business press.<sup>94</sup>

The adoption of Lyons as leader by the federal UAP symbolised an intention by the new party to distance itself from the last year of the Bruce-Page government, and in particular the attempt to abolish federal arbitration. Lyons insisted arbitration was safe with him. For private-sector white-collar workers 1929-32 was an instructive experience. Wages were cut, despite a Labor government, but employers had not exploited their market power to the same extent that they did against manual workers, whose wages decreased compared to white-collar workers.<sup>95</sup>

Within industry the share of wages and salaries going to male production workers, fell, to the benefit of manual women, and non-manual men and women. To use the terminology of Poulantzas white-collar workers were an allied class, rather than a supporting one, in that they gained real advantages at the expense of capital.<sup>96</sup>

<sup>92</sup> Moore's approach can be traced to Maoism and ultimately back to the Comintern (N. Poulantzas, *Fascism and Dictatorship: The Third International and the Problem of Fascism*, NLB, London, 1974, pp. 83-84). Moore, *Secret Army*, pp. 74-75, 92, 139, 145, 151. Buckley, *False Paradise*, p. 118. European evidence suggests that radical right-wing support is not a mindless protest but is associated with a high level of interest in politics (Betz, *Right Wing Populism*, pp. 61, 64-65). Rickard stresses the extent to which colonial governments in their response to industrial disputes responded not just to employers but to broader middle-class opinion (Rickard, *Class and Politics*, p. 23).

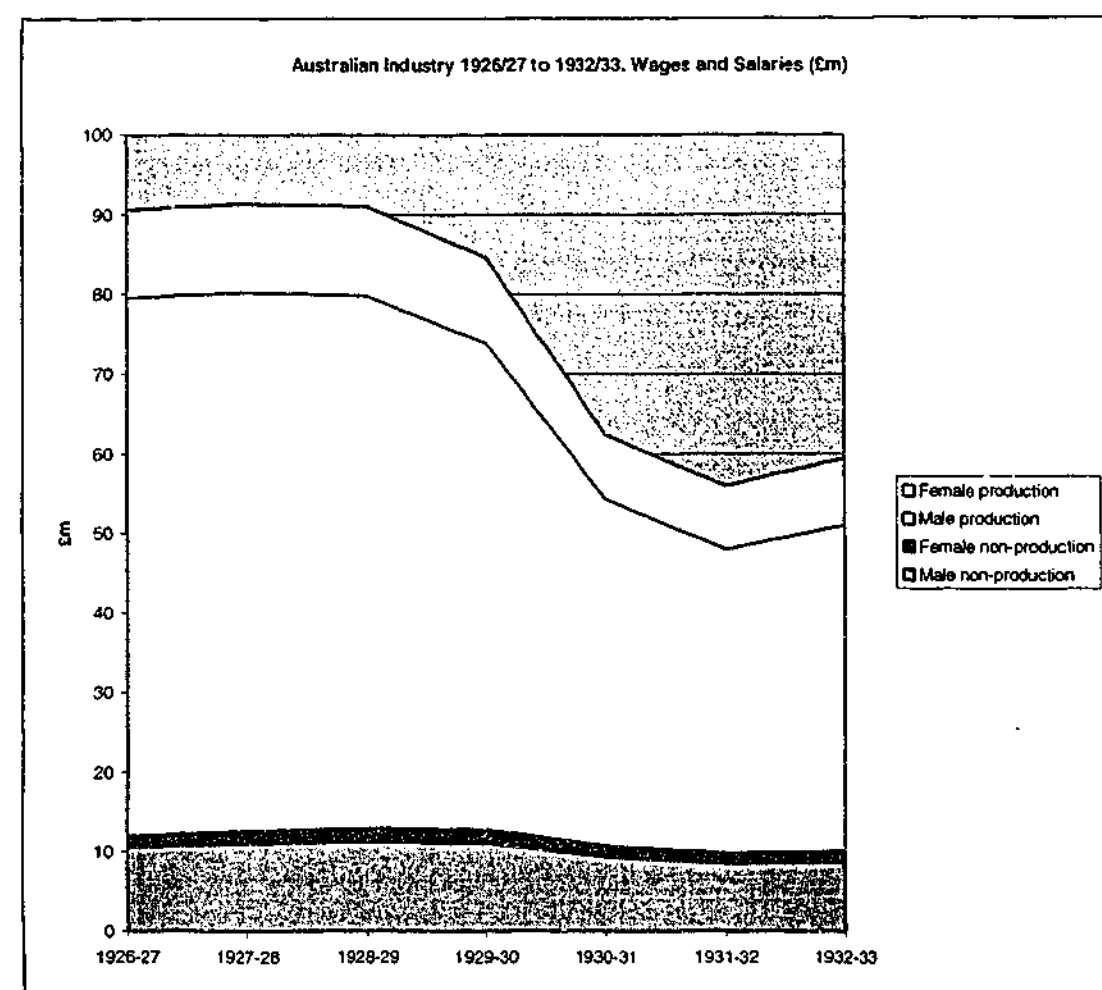
<sup>93</sup> D. Cottle, 'A Comprador Countryside: Rural New South Wales, 1919-1939', in Cottle, *Capital Essays*. In Germany big capitalists, a tiny minority of the population, distrusted the Nazis but this did not stop the Nazis winning mass support from the upper ranks of the bourgeoisie and newspapers (Hamilton, *Who Voted for Hitler*, pp. 192-93). Commonwealth government reports of 1931 present the Guard as impatient but inspired by the worthy motive of resistance to Communism (AA A367/1 C94121, New Guard and 'The Association' Public Attitudes in NSW (May 1931)).

<sup>94</sup> Moore, *Secret Army*, pp. 139, 150-51, 158. J. Hirst, 'Communism and Australia's Historians', *Quadrant*, April 1990. For examples of business hostility to democracy: *Pastoral Review*, vol. 41 (1931), p. 116, p. 324, 577, 1098. *Construction*, no. 1, 192 (4.2.31), p. 14. *JID*, vol. 11 (1930), p. 526. The status of Australia as a monarchy meant that the Australian right could not follow the example of its German counterparts and demand a stronger executive to overrule parliamentary logrolling (James, *German Slump*, p. 75).

<sup>95</sup> SMH, 12.12.31, p. 13. Blainey, *Gold and Paper*, p. 339. Hill, *Subservience to Strike*, pp. 76-79. Australia was the opposite of Germany where radical factions of capital won out over moderates (Abraham, *Collapse*, pp. 12-13, 250-51).

<sup>96</sup> N. Poulantzas, *Political Power and Social Classes*, NLB, London, 1973, pp. 243-44.

Chart 5.13 Australian industry 1926/27 to 1932/33. Wages and salaries (£m)



*Production Bulletins*; 1927-28, table 168, 1928-29, table 156, 1929-30, table 106, 1930-31, table 109, 1931-32, table 112, 1932-33, table 113)<sup>97</sup>

The depression years saw concerted appeals by the non-Labor parties to women. Political radicalism was linked to male sexual aggression, women as the weaker sex required the protection of the state rather than the spurious equality of Soviet-style divorce at will. Labor's moves to regulate domestic service employment threatened the sanctity of the home.<sup>98</sup> These appeals were supplanted by appeals to housewives, a cross-class category that rose to prominence with the decline of domestic service during the 1920s, as household managers who knew the evils

<sup>97</sup> Non-production workers are defined as managers, overseers, accountants and clerks.

<sup>98</sup> Foley, *Women's Movement*, pp. 58, 62, 70-71. Some UAP campaigners in 1931 raised the spectre of the nationalisation of women (*LD*, 24.12.31, p. 4). For an example of female fears of the 'horrors of Russia' (Anonymous to Game [November 1931?], Lang-Game papers, p. 467. UAP, *Speakers Notes for Women*, in NSW Election 1932, p. 3. J. Castle, 'The Australia Women's Guild of Empire', in E. Windshuttle, ed., *Women, Class and History: Feminist perspectives on Australia 1788-1988*, Fontana/Collins, Melbourne, 1980, p. 301 (Adele Pankhurst Walsh). *New Guard*, vol. 1, no. 3 (1931), p. 7. *SMH*, 3.10.31, p. 10. 15.12.31, p. 8. 23.2.32, p. 8 (Walsh). SCICAB, *Report*, p. 24.

of debt, and the impact of the national sales tax on prices. Women in paid employment were reminded of the burden of Labor's wage tax.<sup>99</sup>

In the 1930 election women were clearly much less likely to vote Labor than men. From this low level Labor support among women held up better in 1931-32 than among men. Conservative electoral appeals sought to recast masculinity, in a more feminine mode, by appealing to men as providers.<sup>100</sup>

The early 1930s were a time of sexual tension and conflict within the domestic economy. Financial constraint caused domestic conflict. Investment in household equipment per household more than halved from 1927 to 1932, and as a result married women experienced more fatigue and less leisure. Men did not share a fair burden of domestic work. Many men reacted negatively to unemployment and the burden of emotional work fell heavily on women. Women had to negotiate the sexual demands of husbands and rates of pregnancy termination, particularly by married women, rose.<sup>101</sup>

The response of some women was to seek paid employment. Increased employment opportunities for women opened up in the 1930s, and as in the 1890s, women voted with their feet on the value of domestic life. In 1911 women had made up 19.7% of the workforce, in 1921 19.9% and in 1933 21.5%. Paid employment offered the possibility of income, even if much of it might go to sustaining the family. The factory offered a women's social space for young women. Social relations within a factory were less gendered than domestic labour, and in factories with their larger workforces women were less subject to the kind of direct control exercised in smaller white-collar workplaces, where welfarism had been largely phased out by the late 1920s. Women in the paid workforce still did a disproportionate share of domestic work but they escaped the home environment for some hours in the day. Working-class women rejected those middle-class feminists who argued that they should leave the paid workforce.<sup>102</sup> Occupational distinctions

<sup>99</sup> M. Gilding, *The Making and Breaking of the Australian Family*, Allen & Unwin, Sydney, 1991, pp. 61-63. National Library of Australia, W. M. Hughes MSS NLA 1538, Series 28 Elections 1913-51, Folder 12 Elections 1930, Nationalist Leaflet [1930] *SMH*, 2.10.30, p. 8. 23.10.30, p. 5. 23.10.30, p. 8. 10.11.30, p. 6 (Ada Holman). 22.1.31, p. 10. 11.4.31, p. 13 (Enid Lyons). *ANR*, June 1932, p. 7.

<sup>100</sup> M. Lake, 'The Politics of Respectability: Identifying the Masculinist Context', in Magery, *Debutante Nation*, p. 64. *The World*, 10.6.32, p. 5 (UAP advertisement). Women similarly resisted the anti-Labor tide at the 1917 federal election (Thornton-Smith, 1917 Federal Election, p. 636).

<sup>101</sup> *SMH*, 29.9.30, p. 5. 4.10.30, p. 7. Director-General of Public Health, *Report... 1931 and 1932*, pp. 31-32. NSWPP, 1932-35 Parliament (4th session, vol. 1). McCalman, *Struggletown*, pp. 196-98. Maccarone, Impact of the Great Depression on the Labour of Australian Women, pp. 7, 12, 46-47. Lazarus, Australian Family During the Great Depression, p. 22. Potts, Great Depression Revisited, p. 271. Snooks, *Family in the Total Economy*, pp. 57-60, 246. P. Grimshaw & J. Lack, 'Households', *Australians*, pp. 198-200. K. Reiger, *Family Economy*, McPhee Gribble, Melbourne, 1991, p. 6. Peter, Social Conditions, p. 137. Lowenstein, *Weevils in the Flour*, pp. 133-34. The financial pressure placed on married women by unemployment may have made them more susceptible to UAP promises to restore jobs, as may have occurred with German working-class women (Boak, 'National Socialism and Working Class Women', in Fischer, *Working Classes and National Socialism*, pp. 176-79).

<sup>102</sup> W. Vamplew, ed (1987) *Australians: Historical Statistics*, Fairfax, Syme & Weldon, Associates, Sydney, 1987, p. 147. S. Magery, 'Sexual labour: 1880-1910', in S. Magery, S. Rowley & S. Sheridan, eds., *Debutante Nation: Feminism Contests the 1890s*, Allen & Unwin, 1993, p. 97. C. Trioli, Brunswick During the Interwar Years: A Social, Political and Economic Study 1920-1939 (Ph. D., University of Melbourne, 1994), p. 93. G. Karskens,

were less significant among women in the paid workforce. Female clerks were paid only slightly more than textile and clothing workers. With piecework some young women could come close to the pay levels of male tradesmen, and some even left clerical work for factory work.<sup>103</sup>

Many women in paid employment were too young to vote, but analysis suggests those who could vote were much more likely to support Labor than their sisters at home. The level of Labor support among paid women dropped significantly in 1932. It is likely that women workers proved particularly susceptible to the employers' campaign against Lang. They were younger on average than male workers, were subject to a form of quasi-patriarchal authority in the factory, and fearful of maintaining their jobs in a climate of male hostility. Even though many women workers were too young to vote fears for their employment may have influenced their parents' voting behaviour, as juveniles gave much of their income to their families.<sup>104</sup>

Labor's industrial arbitration bill introduced in February 1931 enabled industrial tribunals to consider claims for equal pay and whether persons of any sex should be excluded from any industry. It further provided that female rates of pay would not be awarded as to result in women being employed in preference to males. The UAP argued equal pay provisions in the bill would evict women from the workforce. Feminists admitted that many women feared equal pay would lead to their displacement.<sup>105</sup>

<sup>103</sup> 'Spinning Yarns: An Oral History of Working Life at Bonds Cotton Spinning Mill, Pendle Hill, 1923-1988', in Shields, *All Our Labors*, pp. 21-23, 28-29. B. Kingston, *My Wife, My Daughter and Poor May Ann: Women and Work in Australia*, Nelson, Melbourne, 1975, pp. 58-59, 96. M. Nolan, 'Making Clerks and Re-Shaping the White-Collar Workforce in the Twentieth Century', *Labour History*, 63 (1992), pp. 175-77. For an example of paternalism: NBAC, New Zealand Loan & Mercantile Finance Co Ltd. Sydney Office, N2, Item 9, General Letter Books 1928-39, p. 718. Manager Sydney to Chief Inspector, Melbourne 27.5.32, (Suggestion that medical expenses be paid for a female employee whose parents were dead). L. Gill, *My Town: Sydney in the 1930s*, State Library of New South Wales, Sydney, 1993, p. 14. On the tyranny of the male shop-walker over female retail employees (G. Reekie, 'The Sexual Politics of Selling and Shopping', in Magery, *Debutante Nation*, p. 66. Maccarone, *Labour of Australian Women*, p. 12.

<sup>104</sup> *Labour Report 1932*, p. 156. Tanner, *Working Class Politics*, pp. 14, 61. In a traditional Marxist model young women who engaged in paid employment were exploited at work, and at home they would have been required to engage in domestic labour, but to many women this apparent double shift of distributional exploitation was desirable because it provided an escape from the inequalities of recognition associated with the domestic environment. The household and capitalist modes of production were in conflict.

<sup>105</sup> Paid employment by women is usually associated with less traditional views (Sasson, *One Hundred Years of Socialism*, p. 434). One Labor MP claimed that 'girls were hysterical' at factories in his electorate after the managers election address. (NSWPD, vol. 133, p. 15. Lazzarini, 23.6.32). In Mudgee employers personally lobbied the wives of employees (LD, 2.6.32, p. 6). The Australian Women's Guild of Empire campaigned among young female workers and the Communist Party was traumatised by an episode in which Arnott's employees chased Communist speakers away (*Working Woman*, 1.9.31, p. 3. SMH, 10.8.31, p. 9, 15.8.31, p. 14. AONSW, Police Department, 10/1829, Item 13074, New Guard etc. Folder, *Arnott's Red Spark*, vol. 1, no. 3 (October 1931) (Arnott's Group, Young Communist League). Comintern FM4/10420, Report of the No. 1 District Committee Women's Department (21-22.11.31). Lady Game congratulated the Young Women's Christian Association for its anti-communist work (SMH, 21.10.31, p. 5). An anti-communist group, predominantly women, was formed to campaign against Communist appeals to the young (SMH, 7.11.31, p. 13, 16.12.31, p. 5). Tanner, *Working Class Politics*, p. 27. K. Tsokhas, *Work Practices in the Clothing Industry, 1929-1965*, Australian National University, Working Paper in Economic History no. 123, Canberra, 1989, pp. 3-4.

<sup>106</sup> NSWPD, vol. 125, p. 1761. Baddeley, 10.3.31. SCICAB, Report, p. 26. UAP Leaflet, NSW State Election, p. 22. ML MSS 2160, United Associations of Women, Box Y790, Council of Action for Equal Pay, *Can Girls Hold Their Place in Industry?* (leaflet No. 1), Box Y790, United Associations of Women. Labour market deregulation can assist women to enter the paid workforce and can create a material basis for women to support conservative parties, although this is challenged by the dependence of many women on public employment in social services (Sasson, *One Hundred Years of Socialism*, pp. 653, 687). There was a record of union support for equal pay to exclude women: E. Ryan & A. Conlon, *Gentle Invaders: Australian Women at Work*, Penguin, Melbourne, 1989 (first ed.

Women who worked at home were particularly likely to support the non-Labor parties. Their own experience, producing use-values in a hierarchical environment, not for monetary remuneration, encouraged them to oppose labourism, which was based on a different mode of production. The ideology of political conservatism can be seen as defending the values of the home, against the masculine world of paid work and working-class identification.<sup>106</sup> At the same time the non-market nature of women's domestic labour made them susceptible to ideologies that criticised market relations. They were impelled towards a familial mode of society, that which counterpoised the sphere of 'social welfare' to wages and profits and proposed a materialist welfare state. These were the social reform ideologies of organised feminism, still echoed in the tendency of women to be more progressive on some policy issues than men, such as the environment and capital punishment, but more hostile to unions and supportive of the monarchy.<sup>107</sup> Feminists called for an end to the combat between capital and labour, and the war between anarchy and greed. Even the president of the far-right Australian Women's Guild of Empire believed the current economic system did not provide for 'mutual inspiration and health' and supported profit sharing.<sup>108</sup>

Lang Labor sought the maternalist ground. It stressed its support of the home through the moratorium, its record in child endowment and widows pensions, and claimed that the UAP in government would consign mothers' unemployed sons and daughters to forced labour. Despite these appeals the overall image of Lang Labor was masculine: Scullin was presented as weak and effeminate and the 'Lyons male' as secondary to his wife.<sup>109</sup>

(1975), pp. 116-117. But Nolan argues there was little competition between men and women in the sex-segregated white-collar workforce and argues there was a general acceptance that single women needed paid employment (Nolan, 'Making Clerks', pp. 79-80). Labor women in NSW had a history of opposing proposals for regulation of female employment that they regarded as likely to be used to exclude women (K. Deverall, 'A Bid for Affirmative Action: Annie Golding and the New South Wales Public School Teachers' Association, 1900-15', *Labour History*, 77 (1999) p. 123.

<sup>106</sup> Later research has shown that entry into the paid workforce made women more likely to vote Labor (Aitkin, *Stability and Change*, pp. 320-22). Brett, *Robert Menzies' Forgotten People*, pp. 51-59. In Broken Hill women resisted the labour movement's appeal to shop at the local co-operative store preferring to stick with local shopkeepers they knew, this has plausibly been interpreted as a defence of their autonomy (B. Ellem & J. Shields, 'Making A "Union Town": Class, Gender and Consumption in Inter-War Broken Hill', *Labour History*, 78 (2000), pp. 131-32).

<sup>107</sup> M. Lake, *Getting Equal: The History of Australian Feminism*, Allen & Unwin, Sydney, 1999, p. 52. Sawyer, *Woman's Place*, pp. 33-35, 41. Women were active in opposition to a plan to allow the unemployed to cull possums (ML MSS 2160, United Association of Women, Box Y74477, Executive 21.5.31). The issue pitted urban against rural Labor MPs (SMH, 30.5.31, p. 13. NSWPD, vol. 125, p. 1936. Keast, 18.3.31; vol. 127, p. 3742. Tonge, 29.6.31..

<sup>108</sup> SMH, 18.9.31, p. 10 (Lucy Gullet, feminist independent candidate at the 1932 state election). 12.9.31, p. 5 (Bessie Rischbieth, president of the Australian Federation of Women Voters). Muscio deprecated partisan politics and believed women could bring reason rather than passion and prejudice to political life: M. Muscio, 'Reflections on Party Politics', *Australian Quarterly*, no. 3 (1929). SMH, 4.4.31, p. 6 (Muscio). Survey data suggests that women are more attracted to consensual models of decision making (Sawyer, *Woman's Place*, pp. 25, 47). The Women Voters conference heard a Douglas Credit speaker (SMH, 16.9.31, p. 5). The Women's Guild president's comments was at a conference called by the organisation to support industrial peace and endorsed by the United Associations of Women (United Association of Women, Box Y74477, Executive, 5.11.31. SMH, 1.12.31, p. 6).

<sup>109</sup> Lang, *Great Bust*, p. 191. NSW Election 1932, p. 85 (ALP Kogarah women's leaflet), pp. 82, 68 (ALP leaflets). LD, 4.6.32, p. 8. SC, vol. 1, no. 3 (1.6.31), p. 2. LD, 14.4.31, p. 5. 16.4.31, p. 4. 24.4.31, p. 5. 1.5.31, p. 7 (cartoon). 2.7.31, p. 1 (cartoon showing Scullin as female typist on Gibson's lap). A Lang Labor poster in 1932 called Stevens 'the girlfriend' (*Truth*, 12.6.32, p. 23). Langite iconography echoed Communist depictions (J. Damousi, *Comrades*



In 1930 Hughes saw the potential of feminism as a base for centre politics. His Australian Party polled well among women and he stressed maternalist issues such as equal guardianship of children, and female representation on government boards.<sup>110</sup>

Women were slow to express an interest in the AFA, although feminist groups were early critics of the Lang Plan. Feminists were alarmed by the spectre of civil disturbance associated with the organisation of private citizens and the widespread wearing of badges and concerned by the absence of any provision for women in the structure of the AFA and the absence of women on its executive.<sup>111</sup>

The AFA's turn towards electoral politics reassured women. By late July it had a women's organisation and its August convention was notable for the high involvement of women. Like the Australian Democrats the League began as a male dominated organisation, but its novelty and lack of structure made it attractive to women seeking an avenue for political involvement.<sup>112</sup>

The AFA's electoral appeal was never tested, but Federal Labor appealed to the values of the maternalist welfare state as part of its centre party appeal. In 1931 and 1932 Federal Labor drew support much more evenly from men and women than Lang Labor. A 1932 Federal Labor candidate was Gertrude Melville, who unlike other Labor women was active in the National Council of Women. She challenged Lang's claims to be a protector of women and the family and argued that only pressure from Labor women, such as herself, had led the first Lang government to legislate in this area.<sup>113</sup>

*Come Rally: Socialism, Communism and Gender in Australia 1890-1950*, Oxford University Press, Melbourne, 1994, pp. 87-89. German Communists portrayed Social Democrats as passive supplicants of employers (Weitz, *Creating German Communism*, p. 195).

<sup>110</sup> Robinson, *State Election 1930*, p. 38.

<sup>111</sup> *SMH*, 17.2.31, pp. 9-10 (NCW president Florence Muscio president at an anti-repudiation meeting), 19.2.31, p. 10 (Women's Christian Temperance Union anti-repudiation meeting), 28.3.31, p. 8 (Gladys Marks), 3.6.31, p. 6. ML MSS 1703, Feminist Club, Box K21797, Executive, 2.12.30, 20.6.31, 11.8.31. ML MSS 2160, United Association of Women, Box Y74477, Executive, 26.3.31, 2.4.31, 16.4.31.

<sup>112</sup> *SMH*, 28.7.31, p. 10. 5.8.31, p. 13. 10.8.31, p. 10. Annandale by-election candidate Margaret Simpson was now a member (*SMH*, 22.9.31, p. 8). Florence Muscio was an executive member (*SMH*, 10.7.31, p. 5). Muscio was a League representative in discussions with the Nationalists (*SMH*, 17.10.31, p. 13). Sawyer, *Woman's Place*, pp. 40, 57. M. Sawyer, 'Topsy-turvy land - where women, children and the environment come first', in Warhurst, *Bastards*, pp. 239-42. Florence Muscio was a pioneer in social work education and the widow of Bernard Muscio the industrial psychologist (W. M. O'Neil, 'Muscio, Bernard (1887-1926)'; M. Foley & G. Fullon, 'Muscio, Florence Mildred (1882-1964)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 10, 1891-1939, Melbourne University Press, Melbourne, 1986, p. 651). Foley, *Women's Movement*, pp. 356-60. Some of the early supporters of industrial psychology in Australia, such as Tasman Lovell, first professor of Psychology at the University of Sydney, appear later in the AFA (K. Blackburn, 'The Quest for Efficiency and the Rise of Industrial Psychology in Australia, 1916-29', *Labour History*, 74 (1998)).

<sup>113</sup> Robinson, *State Election 1932*, p. 40. Kingston, *My Wife, My Daughter*, pp. 11-12 (Kingston cites Melville's recollections from the 1954 publication *Golden Jubilee Souvenir of the Labor Women's Central Organising Committee*, this has been mislaid by the Mitchell Library). L. Ritter, 'Melville, Gertrude Mary (1884-1959)', in J. Ritchie, ed., *Australian Dictionary of Biography*, vol. 15, 1940-1980, Melbourne University Press, Melbourne, 2000, p. 349).

The AFA's appeal to women was a problem for the Nationalists who had a high female membership. The National Association had equal representation of women on its forty-member council, although there were only two on the 14-member executive. Some Nationalist women resented the lack of recognition of women's work in the party.<sup>114</sup>

A range of women's and welfare organisations supported proposals for Preston Stanley to run for the Senate either for the UAP or as an independent. In June the United Associations of Women resolved to support a women's group at the next state elections. At the June 1932 elections three women were officially endorsed and another female independent and Melville were offered support.<sup>115</sup>

The new attractiveness of the AFA to those politically disenfranchised, such as feminists and centre politics proponents, was due to its declining significance in the male and politicized public sphere. Lyons had for a time believed the best way to rally moderate Labor support was to remain independent of the Nationalists but once he decided to work with the Nationalists he threw his prestige behind the cause of a fusion in New South Wales on Nationalist terms. Until the Australian Democrats, Australian centre parties have not survived the defection of their founders. For a time the AFA had cherished the illusion that Lyons was on their side, but once he opted for fusion with the Nationalists the AFA could not hold their supporters to a strategy of independence. Lyons could appeal to AFA and New Guard members over the heads of their leadership.<sup>116</sup>

At the local level some AFA branches moved to co-operation with Nationalists, and Nationalists believed that this development would force the hand of the AFA and educate its members. Financial pressure was exercised from the League's business backers to co-operate with the Nationalists.<sup>117</sup> As the initial spasm of enthusiasm for the AFA ebbed its financial resources would have declined, making it vulnerable to such pressure, unlike the popular New Guard.

<sup>114</sup> Irving, Nationalist Party, pp. 236-57. *The Sun*, 12.10.30, p. 2. National Association of NSW, *Constitution and Rules*, the Association, Sydney, 1929, Rule 14. *SMH*, 25.6.31, p. 9 (Preston Stanley).

<sup>115</sup> *SMH*, 12.5.31, p. 10. 24.6.31, p. 11. In 1931 Muscio campaigned for the Nationalist Parkhill, the AFA candidate in Newcastle and the Independent in Hunter, a former ALP member supported by former AFA members (*LD*, 11.1.32, p. 6). Robinson, *State Election 1932*, pp. 18-19. A sign of Preston Stanley's unpopularity in some circles is that Grace Scobie, one of the 1932 feminist independents, had campaigned for her male opponent in 1927 (*The Sun*, 5.6.32, p. 19).

<sup>116</sup> *SMH*, 14.7.31, p. 9. 16.9.31, p. 10. D. Jaensch, 'The Liberal Movement and the New LM', in Warhurst, *Bastards*, pp. 47-48. Hart, 'Lyons: Labor Minister - Leader of the U. A. P.', p. 50. Campbell admitted Lyons' appeal to New Guard members (Campbell, *Rallying Point*, p. 143). The AFA's ability to maintain an independent position would have been undermined by the fact that leading employer figures, such as McDonald of the Employers' Federation continued to remain active in its counsels (*SMH*, 17.10.31, p. 13).

<sup>117</sup> *ANR*, May 1931, p. 25. *SMH*, 14.7.31, p. 9 (Mudgee, Manly), 19.8.31, p. 12 (Vaucluse), 25.9.31, p. 10 (Blackheath). *SW*, 24.10.31, p. 7. Years later surviving League activists gave similar explanations (Mathews, 'All for Australia League', p. 145). The only extant AFA accounts do not distinguish between membership fees and donations (Mitchell Library, Voltaire Molesworth ML MSS 71, Box 7 (10), Miscellaneous Cuttings envelope 1919-32, AFA 1932 Income and expenditure account from 16.2.31 to 9.4.32. This shows a total income of £6765/4/3 of which £6304/0/10 was memberships and donations).



The League was willing to support Lyons in the federal sphere. Preliminary agreement for the next federal election was agreed on 13 and 14 October at a conference between the Nationalists, AFA, Producers' Advisory Council and United Country Movement, presided over by Graziers' Association president Frederick Tout. The conference called for a 'systematic revision of the tariff' and 'improvements in the existing arbitration system'. A twenty member advisory council was established to co-ordinate the federal election campaign. On 16 October AFA and Nationalist negotiators reached agreement on the formation of the UAP and the fusion of Nationalist and League branches in each electorate. A fortnight later the AFA council ratified this decision. Some delegates complained that this move would lose the support of moderate Labor. The council tried to save face by insisting that Federal Labor be asked to subscribe to a common platform.<sup>118</sup> The tariff policy represented a clear shift towards the political centre, but this was not surprising, protectionism and devaluation are the forms of economic intervention closest to classical liberalism.<sup>119</sup>

On 17 November the AFA state council approved terms for the formation of the New South Wales UAP. The new party advocated 'scientific revision' of the tariff. It supported the determination of the basic wage and hours by a federal tribunal and for other industrial conditions to be set by bodies representing employers and employees and based on conciliation. This rejected Labor's version of conciliation committees where the chair (usually an ex-unionist) had a casting vote. This arbitration policy resembled that of the AFA. It was the manufacturers program for arbitration reform, not that of the mercantile sector. The new party accepted much of the short-term AFA policy, but it deleted structural changes, such as elective ministries and the abolition of pre-selection, that the League supported. Joint committees were to be formed in each electorate to encourage the formation of UAP branches from Nationalist and AFA members.<sup>120</sup>

The most dramatic indication of Lang's political resilience was on 19 November when Game announced the appointment of 25 new Labor MLCs, drawn from a union background. Game advised London that although he believed public opinion had turned against Lang the government remained united and that if he delayed further he would have to appoint more than 25. Game told

<sup>118</sup> *SMH*, 14.10.31, p. 11. 15.10.31, p. 9. 17.10.31, p. 13. 22.10.31, p. 9. Graziers' supported the cause of non-Labor unity and deprecated the Country Party's hostility to the UAP (*PR*, vol. 41, (1931), p. 748).

<sup>119</sup> P. Gourevitch, *Politics in Hard Times: Comparative Responses to International Economic Crises*, Cornell University Press, Ithaca, 1986, p. 47. The leading role of pastoral capital, through the person of Tout, in fostering conservative unity is significant. Manufacturing capital pursued its own self-interest with such persistence that it disqualified itself from a hegemonic role, but pastoralists, as Tsokhas shows, were willing to sacrifice their narrow interests in the cause of conservative politics as a whole, over issues such as tariffs and trade preference. An advantage of the depreciation of the Australian exchange rate was that it fostered an accommodation between exporters and manufacturers (K. Tsokhas, *Conflicts, Compromises and Interests: Grazier Organizations and the Political Economy of the United Australia Party*, Australian National University, Working Paper in Economic History, no. 112, Canberra, 1988).

<sup>120</sup> Latham MSS NLA 1009, Series 59, Item 177. Resume of Meeting held Kembla Building, 19.11.31. *SMH*, 21.10.31, p. 11. 21.10.31, p. 11. 18.11.31, p. 11. AFA, *Policy*, p. 21. In April 1932 the NSW Chamber of Manufacturers resolved to assist employers to transfer to the federal jurisdiction (*LD*, 8.4.32, p. 5). The references in the October and November statements to a 'scientific tariff' and its 'systematic revision' were cited by Country Party and farmer organisations critical of the Lyons' government's protectionist orientation: Latham MSS NLA 1009: Series 50, UAP Leaflet [August 1933], Item 111, Extract from *The Land*, 21.10.31, Item 219, Latham to Nock, 31.8.33, Item 238.

ministers this did not imply any promises about future appointments. The appointments gave Federal Labor the balance of power and it promised not to vote for 'extreme' legislation.<sup>121</sup>

## 5. Conclusions

In some aspects the record of Lang's government in these months demonstrated the success of his brinkmanship. Lang evaded significant aspects of the Premiers' Plan, but continued to receive financial support from the Loan Council. The Legislative Council appointments improved the government's parliamentary position. Lang's challenges from the left were largely held at bay. But in calling a federal election in December 1931, after the Lang group in federal parliament voted with the opposition in November 1931, Scullin had called Lang's bluff. The election result revealed how limited was Lang's hard-core support. Lang supporters took consolation in State Labor's ability to outpoll Federal Labor in heartland Labor areas, but it was clear that Lang had lost support not only from white-collar workers but many manual workers as well.<sup>122</sup> The UAP knew it could win a state election whenever it was called. The forcing of an election in New South Wales was a priority of the Lyons government.

<sup>121</sup> Morrison, 'Dominions Office Correspondence', pp. 333-34. Game to Thomas, 19.11.31, Lang-Game Papers [unpaginated but after p. 488]. Executive Council, Special Meeting 20.11.31. *The World*, 21.11.31, p. 2. *SMH*, 26.11.31, p. 10. *AW*, 25.11.31, p. 18.

<sup>122</sup> *LD*, 31.12.31, p. 6.

## Chapter 6

### Radicalisation and Defeat: January to June 1932

#### 1. Introduction

The period up to the electoral vindication of the Stevens government in June 1932 was one of limited political polarisation. Opinion divided around Lang rather than on class lines.<sup>1</sup> In the run-up to the election Lang Labor and the conservatives responded to core supporters rather than to swinging voters. For Lang Labor this was apparent in the party's verbal commitments to socialisation and the government's introduction of radical taxation legislation in May. On the right rural secessionist sentiment grew and many UAP supporters were attracted to the New Guard's advocacy of an extra-legal challenge to Lang.

#### 2. Parties: the politics of polarisation

##### (a) The Labor parties

The federal elections left the morale of Lang Labor party members low, and MPs feared for their electoral prospects. The conflict between Lang and the federal government re-energised Lang supporters. Party membership increased. Union activists were vociferous in their support for Lang and hostile to UAP supporters in the workplace. In parliament Lang's aggressive style bolstered Labor morale.<sup>2</sup>

During these months the major point of conflict within the ALP was the ruling of Party President Keller at the 19 January executive meeting that members of communist auxiliaries, such as the Unemployed Workers' Movement, could not be members of the ALP. His justification was that these auxiliaries were being used by Communists to undermine the ALP. Party secretary Graves wrote to affiliated unions and branches advising that auxiliary members could not be members of the ALP or union conference delegates, but that an opportunity was to be given to those who joined auxiliaries in innocence to resign. The ban was unpopular in parts of the labour movement,

<sup>1</sup> This was also apparent during the constitutional crisis of 1975 (D. Kemp, 'Partisan Polarization in the Australian Electorate 1974-75', *Australian Journal of Politics and History*, vol. 32, no. 2 (1986), pp. 217-27).

<sup>2</sup> Martin Diary, 13.1.32, 26.2.32. UMA, North Broken Hill, Committee of Barrier Mines, Box 55, Memos 117-125 May 1931 to January 1932, Item 10, H. R. Lee, (Secretary Australian Mines and Metals Association, New South Wales), New South Wales Political Position (7.1.1932), p. 3. LD, 4.2.32, p. 6. 8.2.32, p. 6. 18.2.32, p. 6. LD, 1.4.32, p. 7 (Narrenderra). LD, 5.4.32, p. 8 (Auburn). LD, 9.5.32, p. 8 (Darling Harbour). LD, 29.4.32, p. 1 (Bourke)). UMA, Food Preservers Union, Executive Minute Book 1930-37, General Meeting, 15.2.32, 18.4.32.

particularly, but not exclusively, in mining areas. Many Socialisation Units activists were involved in these auxiliaries and opposed the ruling.<sup>3</sup>

The Inner Group's position also seemed vulnerable to the Socialisation Units. Many branches declared their support for socialisation. The February metropolitan conference rejected the revolutionary Payne report, adopted by an earlier general meeting of the Units, but instructed Lang to make socialisation the main issue at the next state election. Even the country conference urged MPs to be more active in campaigning for socialism.<sup>4</sup>

The Easter conference confirmed the policy that future elections be fought on socialisation. But this was a concession by the Inner Group, which had organised to dominate the conference. The ban on auxiliary organisations was upheld 76 to 42. In principle this posed a major challenge to the labourist rule that the ALP keep out of union affairs. It was received with hostility by unions. The Inner Group retreated and effectively exempted unions, unlike rank and file party members, from complying with the policy. No action was taken against Lang Labor Senator Arthur Rae, a member of several auxiliary organisations. Tom Payne, the former Communist who strove to convert the Socialisation Units to a revolutionary position, convened a conference of some party members opposed to the ban. Many felt he should not split the party at such a critical time. Unions and the Socialisation Committee shunned the conference, and few attended to hear Payne announce his decision to rejoin the Communist Party.<sup>5</sup> This lack of interest in enforcing ban on front organisations meant that suggestions that the ARU might disaffiliate came to nothing.<sup>6</sup>

<sup>3</sup> LD, 20.1.32, p. 6. SMH, 28.3.32, p. 8 (Kidd). Mitchell Library, Boilermakers and Blacksmiths Society of NSW, ML MSS 2422, Redfern branch, Box K52395, Minutes January 1930 to June 1943 (A portion of Graves' letter is pasted on the inside cover of this volume). SMH, 21.3.32, p. 16 (Newcastle-Kurri Kurri-Cessnock regional ALP condemns exclusion). SMH, 7.1.32, p. 3. LD, 6.1.32, p. 6 (14 leave Wollongong branch when branch supports exclusion of auxiliary members). F. Moore, P. Gorman & R. Harrison, *At the Coalface: The human face of coal miners and their communities: An Oral History of the early days*, Construction Forestry Mining and Energy Union (Mining Division), Sydney, 1998, p. 69. Mitchell Library, ML MSS 5095, Australian Labor Party, Box 674, Concord Branch minutes, 16.4.31 to 18.5.33, Meeting 31.3.32. Bulli miners recognised the UWM as the only unemployed organisation on the south coast (WUA, Miners' Federation, Bulli Lodge, General Meeting, 6.6.31).

<sup>4</sup> Mitchell Library, McNamara Family MSS ML 4430, MLK 03216, ALP, *Metropolitan Provincial Conference Agenda* (1932). SMH, 3.2.32, p. 17. 15.2.32, p. 9. 17.2.32, p. 11. 25.3.32, p. 5. LD, 15.2.32, p. 8. 17.2.32, p. 5. 20.2.32, p. 9. 25.3.32, p. 5.

<sup>5</sup> SMH, 18.3.32, p. 11. 29.3.32, p. 9. LD, 28.3.32, p. 5. SMH, 28.3.32, pp. 7-8. LD, 28.3.32, p. 5. 9.4.32, p. 4. SMH, 23.3.32, p. 16. Martin Diary, 30.3.32, 31.3.32. University of Melbourne Archives, Operative Painters and Decorators Union of Australia (New South Wales Branch), Minutes 1919-57, 1/3/12 28.9.31 to 19.9.32, Management Committee, 22.2.32 (that unions can send anyone they like to conference). Unions ignored the policy (UMA, Federated Moulders Union, Box 98, Minute Book 1932-34, General Meeting, 2.2.32 (votes to send letter to wastepaper basket). SMH, 9.4.32, p. 17 (Stockton-Borehole Lodge Miners' Federation wants Northern Miners to leave ALP). LD, 29.3.32, p. 5. 9.4.32, p. 4. SMH, 9.5.32, p. 9. ARU conference in April 1932 voted to remain affiliated with ALP but instructed members to retain membership of banned organisations (SMH, 21.4.32, p. 9). LD, 6.4.32, p. 5 (ARU state council and Kurri Kurri ALP). ML MSS 5095, Box 693, Dulwich Hill Branch, Minutes 25.8.31 to 13.7.43, Meeting 2.4.32.

<sup>6</sup> SMH, 6.4.32, p. 11. In January 1932 ARU state council voted that the question of ALP affiliation be put to conference and that in the meantime affiliation fees not be paid (NBAC, E89/3/3, Australian Railways Union, Minutes of Council and Executive 1928-33, State Council, 14-15.1.32, p. 8). Young, *Impact of J. T. Lang*, p. 91. In April 1932 the ARU State Council resolved to ask the ALP if its affiliation to Communist auxiliaries meant it could not be affiliated to the ALP (NBAC, Australian Railways Union, E89/3/3, State Council 4-4.4.32, p. 13).

Contrary to John Ward's interpretation, Lang's position of power within the ALP had strengthened by the time of his dismissal. Branches and unions rallied to the Premier. As in 1925-27 Lang used the resources of government to appeal to Labor supporters and reinforce his position, in 1925-27 against the right and in 1932 against the left. The Inner Group used the crisis to urge party members to rally behind Lang and isolate those who wanted Labor to adopt an explicitly socialist position, but there were limits to how far they were prepared to challenge the mood of party activists.<sup>7</sup>

With Lang's election as leader out of their hands worried backbenchers could only grumble within the ALP. Party loyalty counted against following Lyons' example. Nor was there any guarantee that the opposition would electorally support Labor rebels. Rumours of bribery had circulated since mid 1931. Some MPs were offered bribes of at least £1,000 each to cross the floor. In the government's last days speculation of Labor desertions was rife. Stevens claimed that 12 Labor MPs had offered him support prior to Lang's dismissal and according to another report some MPs had offered Stevens support, after Lang's dismissal, in exchange for postponing the election.<sup>8</sup>

Caucus members were also concerned by the reports of corruption associated with the 'tin hares' affair. Since the government had legalised gambling on greyhound racing, the responsibility for granting licenses lay with Colonial Secretary Gosling. Licenses were allocated almost exclusively to companies associated with one William Swindell. The head of the Colonial Secretary's department was concerned by the rapidity of decisions. Harold McCauley, Lang's private secretary, and shadowy 'fixers' who since mid-1931 had been marketing their ability to secure favours from the government and Legislative Council members, undertook the liaison with Swindell. In February one of the fixers, a Redmond Barry, sold his story to the opposition who demanded a Royal Commission.<sup>9</sup>

<sup>7</sup> Ward, 'The Dismissal', in Radi, *Jack Lang*, p. 176. ML MSS 5095, Box 693, Dulwich Hill Branch, Minutes 25.8.31 to 13.7.43, Meeting 8.3.32. Labor Council Minutes, 4.2.32, 7.4.32, 14.4.32, 12.5.32. UMA, Food Preservers Union General Meeting, 18.4.32. For loyalty appeals: LD, 15.2.32, p. 5. LD, 26.3.32, p. 5 (Keller).

<sup>8</sup> SW, 21.10.31, p. 3. SMH, 5.1.32, p. 9. 1.2.32, p. 10. 14.12.31, p. 9. 8.6.32, p. 7 (Stevens). *The Sun*, 4.6.32, p. 7 (Windeyer). Martin Diary, 20.1.32. LD, 12.2.32, p. 7 (C. Martin). 15.2.32, p. 4 (Flanagan). Carr, McKell Second Interview, p. 22. Martin Diary, 25.1.32. Observers stressed need to be generous to any rebels (R. Wilson, 'Communism and New South Wales', *Australian Quarterly*, no. 10 (1931), p. 111. SMH, 2.7.31, p. 9. Country Party, Central Council Minute Book 1931 to 1932 (vol. 7), 16.7.31 (Bruxner). ALP, *Annual Report 1932-33*, p. 5. A later report identified country MPs and ex-ministers as anxious to overthrow Lang but claimed their views never openly expressed in caucus (SMH, 1.2.32, p. 10). Young, Conflict within the NSW Labor Party, pp. 352-54. According to Irvine Young: 'O'Dea [later Sydney Lord Mayor] informed the writer that McKell had sought his advice concerning the advisability of overthrowing Lang. A reluctant Sir Bertram Stevens confirmed that McKell and C. A. Kelly had made indirect representations in this regard' (Young, *Impact of J. T. Lang*, p. 78n6). Kelly told C. E. Martin that Stevens had been 'involved in endeavours to buy over certain Labour chaps, Jack Bailey and J. C. Watson' (Martin Diary, 1.8.32). Drummond told Don Aitkin in 1960 that on 13 May an unnamed Labor MP told him that sufficient MPs would cross the floor to defeat Lang in opposition to the mortgages tax on condition they received electoral immunity, when Drummond told Stevens he put him off until he saw the governor (D. Aitkin, 'Writing Political Biography', in D. Dufty, G. Harman & K. Swan, eds., *Historians at work: investigating and recreating the past*, Hicks Smith & Sons, Sydney, 1973, pp. 87-83). McKell's admirers seem unaware of these suggestions.

<sup>9</sup> Martin Diary, 20.1.32, 21.1.32, 22.1.32. Royal Commission on Greyhound Racing (RCGR), *Report*, p. 5-7, 11, 33-34, NSWPP, 1932-35 Parliament, 2nd session, vol. 1. On the New South Wales institution of the 'fixer' (Parker, 'Government of New South Wales', p. 130. Lang, *I Remember*, p. 114. Stevens, *Statement regarding Ministers and a*

Many Labor MPs had links to local business interests whose license applications had been rejected. Most active was Botany MP Bob Heffron. Backed by local branches he took up the cause of a local company whose license application had been rejected in favour of a Swindell company. *Labor Daily's* accusation that those who raised this issue were undermining Lang was resented within caucus. At a special caucus meeting in February Heffron was placated with the suggestion that another company might be licensed in his electorate, but the additional license went to another of Swindell's companies rather than to the company supported by Heffron.<sup>10</sup>

The Legislative Council appointments of November 1931 left Federal Labor with the balance of power in the Council. This was a poisoned chalice. With the Scullin government gone Federal Labor now had to choose between Lang Labor and the conservative opposition. It came under strong pressure to compromise with Lang from the Victorian ALP. Apart from AWU federal secretary Ted Grayndler Federal Labor Councillors lacked union experience. Joseph Coates who led Federal Labor in the Legislative Council was a weak parliamentary performer. From February the government sought to wear down elderly Councillors by keeping the Council sitting to dawn. Aided by frantic phone calls and early morning dashes from the north shore the opposition held its numbers in the Council. Federal Labor remained central to the government's legislative plans.<sup>11</sup>

In February the government reintroduced its radical arbitration legislation, which had earlier been amended unacceptably by the Council. The government hoped that its provision for the restoration of rural awards would lead Federal Labor to support the bill.<sup>12</sup> New South Wales and interstate unions demanded Federal Labor support for the bill. In late February a deputation from the ALP federal executive attended Sydney to discuss the bill with the local Federal Labor executive. They particularly stressed the restoration of rural awards, but in response the local Federal Labor executive stressed the importance of not putting New South Wales industries at a competitive disadvantage. Another federal executive delegation visited Sydney a month later and

*High Public Official*, Ordered by the Council to be Printed. 15 March 1932, NSWPP, 1930-32, vol. 5. A neglected aspect of this matter is that Barry was marketing his ability to assist in the Legislative Council well before the appointment of the 25 Labor MLCs. A plausible interpretation is that Swindell and his allies pursued a dual strategy of direct payments to the ALP and individual offers to non-Labor Councillors. Swindell had migrated from the USA in the late 1920s.

<sup>10</sup> RCGR, *Report*, pp. 22-34. SMH, 29.1.32, p. 12. 13.2.32, p. 13. 17.2.32, p. 11 (concern also from Martin and Evan Davies). (Davies' brother had unsuccessfully applied for a license in Wollongong: RCGR, *Report*, p. 39). LD, 13.2.32, pp. 1, 6. 16.2.32, p. 5. 17.2.32, p. 6. 18.2.32, p. 6. LD, 22.2.32, p. 6 (Daceyville branch). Martin Diary, 15. 16.1.32. Gosling told caucus members the license was not granted to the Mascot company because Eric Campbell was a shareholder, although he never checked this (RCGR, *Report*, pp. 23-24). Heffron had a later reputation for taking dramatic action and then retreating from it (Young, *Impact of J. T. Lang*, p. 211n36). Baddeley supported an unsuccessful application on behalf of the Bellbird miners lodge to run greyhound racing with a view to assist labour movement and charitable institutions (RCGR, *Report*, p. 49). A backbencher who made representations on behalf of Heffron's favoured company was McDicken, who was a Federal Labor candidate in 1935 (RCGR, *Report*, p. 22).

<sup>11</sup> *The Bulletin*, 2.12.31, p. 13. SMH, 28.12.31, p. 7. 3.3.32, p. 9. LD, 6.4.32, p. 5. *The Sun*, 9.3.32, p. 9. 13.3.32, p. 7. 14.3.32, p. 7.

<sup>12</sup> SMH, 24.11.31, p. 10. 10.12.31, p. 15. 18.12.31, pp. 10, 13. 12.3.32, p. 14 (Victorian ALP). UMA, Amalgamated Food Preservers Union (New South Wales branch), Minute Book 1931-35, Management Committee 7.3.32.

heard the NSW executive, including AWU Central branch secretary George Buckland, defend the party's actions.<sup>13</sup>

The actions of Labour Minister Baddeley in removing AWU nominees from conciliation committees led the AWU to take a more hostile attitude to the bill.<sup>14</sup> Grayndler voted consistently with the government but the rest of the Federal caucus defeated several controversial clauses in the legislation. These included: that the Industrial Commission could rule that employers engage labour only through union offices, that the Commission have only one member (universally understood to be Albert Piddington), and that the definition of employees subject to the state arbitration system include managerial personnel. Federal Labor voted with the government to include rural employees under the system, deregister loyalist unions and introduce (qualified) preference to unionists.<sup>15</sup> Some members of the Federal Labor organisation, particularly Organising Secretary A. J. Macpherson, opposed Coates' position. At the branch level some Federal Labor supporters moved back to the Lang party.<sup>16</sup>

The local AWU, through the person of Federal Labor caucus secretary John Higgins, continued to back Coates' leadership. A caucus meeting on 27 April, at which Federal Executive members were present, replaced Coates as caucus chair, nominally on the grounds of workload. Coates remained leader but the new secretary was James Lyons, a grazier who had been expelled from the ALP in 1926 for voting against the abolition of the Council.<sup>17</sup>

Lang responded with hostility to the Council's amendments of the arbitration bill but TUSA was reported to favour compromise. The matter was referred to a caucus committee on 28 April. By early May the government believed it could restore many of the contentious points if it resubmitted the bill. This optimism reflected an accurate judgement that Federal Labor was internally divided.<sup>18</sup>

<sup>13</sup> SMH, 12.3.32, p. 14. 23.2.32, p. 9. The Sun, 23.2.32, p. 7. LD, 28.4.32, p. 1. There is no record of these discussions in the minutes of the Federal Party in NSW: Federal Labor Executive, 7.3.32, 27.3.32, 4.4.32.

<sup>14</sup> AW, 9.3.32, p. 3. The Sun, 4.3.31, p. 9. SMH, 4.3.32, p. 9. 5.3.32, p. 13. SMH, 5.3.32, p. 13 (Buckland).

<sup>15</sup> On the Industrial Commission membership (NSWPD, vol. 131, pp. 7736-37. Keegan, 21.2.32). NSWPD, vol. 131, p. 7841. 25.2.32 (engagement through union offices defeated). On employee definition (NSWPD, vol. 131, p. 7737, 7743. Coates, 21.2.32. Rural employees included but with a narrower definition (NSWPD, vol. 131, p. 7815. Concannon. Coates, 25.2.32). Loyalists deregistered (NSWPD, vol. 131, p. 7848. 25.2.32). Modified preference to unionists (NSWPD, vol. 131, p. 7956-67. 1.3.32).

<sup>16</sup> LD, 28.4.32, p. 1. Federal Labor Executive, 23.5.32. ML MSS 5095, Box 693, Dulwich Hill Branch, Minutes 25.8.31 to 13.7.43, 19.4.32 (that branch secretary pass onto to Head Office names of Federal Labor members interested in joining the State branch). Unions condemned the failure of Federal Labor to support the bill (NBAC, Milk and Ice Carters and Dairymen's Employees Union of NSW, T25, Item 1/3, Minutes 28.1.31 to 20.12.39, Meeting 23.3.32). On Coates' conservatism: M. Perks, 'Coates, Joseph Farrer (1878-1943), in *Australian Dictionary of Biography*, vol. 8, p. 38.

<sup>17</sup> LD, 26.2.32, p. 6. 28.4.32, p. 1. SMH, 9.3.32, p. 13. 10.3.32, p. 9. The World, 6.5.32, p. 6. In January the AWU decided to amalgamate its railway and general branches in NSW a decision which Lang supporters claimed would lead to the neglect of the interest of construction workers (LD, 28.1.32, p. 5).

<sup>18</sup> NSWPD, vol. 132, p. 8789. Lang, 18.3.32. SMH, 15.4.32, p. 13. 29.4.32, p. 11. The Sun, 14.4.32, p. 21. The Furnishing Trades discussed the fate of the bill in March 1932 (NBAC, Furnishing Trades Society of NSW, T111/5, Minute Book of General Meetings 7.3.27 to 6.8.45, Committee of Management, 5.3.32). UMA, North Broken Hill, Committee of Barrier Mines 1929-1931, Box 55, Item 11, Memos 126-133. February 1932 to September 1932. H. R. Lee to Vaughan, 4.5.32.

## (b) Non-Labor

The rallying of Labor opinion around Lang was duplicated on the right. The June election saw the return of a conservative coalition government little different in personnel from that of Bavin. During these months the UAP saw off its challengers from the right and left of non-Labor politics.

After the federal election the Country Party was unable to reach agreement with Lyons and the UAP. Lyons formed an all UAP government. Hardy had been elected to the Senate in December 1931 but the UAP had a Senate majority in its own right. During the election campaign the UAP had highlighted its commitment to protectionism and arbitration, the two areas where it feared a Labor scare campaign.<sup>19</sup> Lyons initiated minor tariff revisions but, despite the hopes of mercantile interests and the Country Party, he made clear tariffs would not be drastically reduced.<sup>20</sup> Country Party activists were concerned about the tariff, but most rural voters were not farmers and tariffs were less important to them. Lyons was a popular figure. Page's anti-Lyons position attracted opposition even in his own electorate. Some UAP members believed that as a 'new' party they were morally entitled to challenge the Country Party. The press accused the Country Party of disrupting anti-Lang unity. By late April the UAP had received nominations for most state electorates.<sup>21</sup>

The Country Party sought to trump the UAP by advocating more drastic action against Lang. Hardy, marooned on the Senate cross-benches, led the way. He revived the secessionist rhetoric of the Riverina movement and denounced state Nationalists from rural electorates, in particular

<sup>19</sup> Latham MSS NLA 1009, Series 50: UAP leaflet No. 8, Item 69; UAP Leaflet, Item 75, Statement by the Political Committee of the NSW Chamber of Manufactures, 3.12.31, Item 454. Latham MSS NLA 1009, Series 51: List of headings for speech. Latham's suggestions, Item 8A. G. A. Maxwell, one of Hughes' Nationalist supporters in 1929, attributed the scale of the UAP victory to its commitment on tariffs and arbitration, and opposed any coalition with the Country Party, on the grounds that voters distrusted the Country Party's commitment in these areas (Latham MSS NLA 1009, Series 51: Maxwell to Lyons, 28.12.31, Item 190; Maxwell to Latham, 28.12.31, Item 187). P. Cochrane, *Industrialization and Dependence: Australia's Road to Economic Development*, University of Queensland Press, Brisbane, 1980, p. 133.

<sup>20</sup> J. A. Lyons, Speech opening the Premiers' Conference, 28 January 1932, in APS, pp. 12-13. *Commerce*, vol. 5, no. 1 (1932), p. 15. *Pastoral Review*, vol. 42 (1932), p. 199. Manufacturers alarmed by even minor tariff adjustments: Mitchell Library, Australian Consolidated Industries, ML MSS 5146, Australian Glass Manufacturers, Crown Crystal Glass Pty. Ltd. Minutes 1926-73, MLK 4766 Directors Meetings Minutes 1926-39, Meeting 1.3.32. Hardy complained that the UAP had accepted high tariffs to win such 'half way industrial' electorates as Maribyrnong and thus an absolute majority in its own right (Latham MSS NLA 1009, Series 51, [Statement by FSA, June 1933], Item 119).

<sup>21</sup> SMH, 28.1.32, p. 8. SMH, 29.2.32, p. 9 (Berry meeting). SMH, 21.4.32, p. 8. 23.4.32, p. 13. 26.4.32, p. 5. Page accused the *Herald* of deliberately misreporting him at this time (Page, *Truant Surgeon*, p. 219). An example of the Country Party's potential problems on the North Coast was the Clarence by-election of February 1931. Both Page and Byron MP Missingham were concerned that the victorious Country Party candidate had been a member of the National Association, until shortly before his election (Country Party Central Council, 11.2.31, p. 4). Labor's better electoral performance in rural areas in 1931 bolsters the view that the anti-tariff cause did not strike a chord among most rural voters, both in 1931 and earlier, despite party fears (Evatt, *Holman*, p. 149. *The Sun*, 30.5.31, p. 5).



Lewis Martin in Oxley whose electorate overlapped with Page's federal electorate.<sup>22</sup> Within the state Country Party Hardy was distrusted but the UAP threat concerned activists. They looked to Michael Bruxner, a long-term advocate of Country Party political independence. He had been the dominant figure in the parliamentary party for some time and on 26 April he replaced Buttenshaw as leader.<sup>23</sup>

Bruxner avoided Hardy's personal abuse but argued the UAP were merely renamed Nationalists with a negative anti-Labor policy, and only his party had a positive policy of 'new states'. The economic liberalism the Country Party had championed in 1931 was ditched. The Party now insisted if Lang could not be removed then 'loyal' areas should secede. As late as April Page and Bruxner argued that the party should oppose any candidate who did not support new states and the party executive, despite misgivings from some, agreed. Lyons made clear his opposition to secessionist plans, to which the conservative Latham had been more sympathetic.<sup>24</sup>

The ambition of former Nationalists was bolstered by their final victory over the AFA. Some former League members resented the dominance of former Nationalists within the new party. The Nationalists interpreted the November agreement to mean that Nationalist branches call meetings of electors opposed to Lang and form UAP branches out of these meetings, although it was 'most desirable' that the AFA be notified of the details of these meetings. Former AFA president Gibson complained that the Nationalists were not permitting the new party's committee of management to function and he called on AFA members, particularly women, to mobilise for the founding convention of the UAP.<sup>25</sup> Tensions within the UAP were aggravated by the February 6 East Sydney federal by-election. This followed the death of the UAP member who had won the seat in December. Some AFA sympathisers considered the 25-year-old UAP candidate had been imposed by the Nationalist organisation. The 1.9% swing to Lang Labor gave its candidate a narrow victory, but was well below Labor expectations, despite this some press comment blamed the loss on dissension in the UAP.<sup>26</sup>

<sup>22</sup> *The Sun*, 20.4.32, p. 9. *SMH*, 23.4.32, p. 17. Martin was cheered by a meeting in his electorate (*SMH*, 2.5.32, p. 10). There was a history of conflict between Page and Martin (*The Sun*, 6.1.32, p. 9). The Country Party's putative Oxley candidate was also 'L. Martin' (*SMH*, 21.4.32, p. 4).

<sup>23</sup> *SMH*, 23.7.4.32, p. 11. Central Council, 4.2.32, p. 7. *NSWPD*, vol. 132, p. 8841. Bruxner, 27.4.32. Aitkin, *The Colonel*, pp. 140-41.

<sup>24</sup> Hardy's admirers claimed he had revitalised the party and attacked the 'Page group' (*SMH*, 7.3.32, p. 10). For Bruxner on positive policy: *SMH*, 5.4.32, p. 9. Country Party Central Council, 12.6.31, p. 3. 16.7.31, p. 4. Country Party Central Executive, 21.4.32, pp. 1-6. Ellis, *Country Party*, pp. 153-55. Page, *Truant Surgeon*, pp. 209-211. *Commonwealth Parliamentary Debates* (hereafter *CPD*), vol. 128, p. 932. 14.6.31. Latham).

<sup>25</sup> Latham MSS NLA 1009, Series 51: Unity Negotiations, Item 1; Memo to branches from National Association, 12.1.32, Item 2. *The Sun*, 12.1.32, p. 9. *SMH*, 6.2.32, p. 14. 25.2.32, p. 14. *SMH*, 8.2.32, p. 3 (Gibson refers to a United Advisory Council which met on 21 January, a meeting of the executive of the two organisations which met on 1 February and refers to Nationalists not permitting committee of management of the UAP to function), compare to my discussion of the PAC. With the East Sydney by-election in mind Latham counseled the National Association to be conciliatory: Latham MSS NLA 1009, Series 51: Latham to Bavin, 20.1.32, Item 194; Horsfield to Latham, 22.3.32, Item 207. Similar complaints about conduct of UAP members during formation of Liberal party (Hancock, *National and Permanent*, pp. 25, 39, 48).

<sup>26</sup> *LD*, 5.2.32, p. 5. *SMH*, 8.2.32, p. 9. *ANR*, Feb 1932, p. 7. *AW*, 10.2.32, p. 11. *The Bulletin*, 10.2.32, p. 10. Bavin had wanted the UAP to endorse Courtney, the Catholic who had contested the 1931 by-election. Parkhill did not and may have supported an attempt to draft Kingsford-Smith (*LD*, 20.1.32, p. 6. 22.1.32, p. 9). Bavin's support for Courtney

On 29 March, just before the founding convention of the New South Wales UAP, Bavin announced his resignation as Nationalist leader due to ill health. The convention was lively, compared to those of the National Association, but former Nationalists had the numbers. Gibson's address to the convention was the swansong of the AFA. He described the UAP as the party of the middle class, which had always saved the nation in times of stress, but he stressed that the new party must offer workers a fair deal and take away the shackles imposed on them by their own organisations. Ex-Nationalists ran a successful ticket to maximise their representation on the UAP council. On the crucial issues of pre-selection and representation of MPs on the UAP council the former AFA members were defeated. Against feminist opposition the convention resolved that where separate women's branches existed women could not join any other branch except as associates. After the conference a group of Nationalist women complained that the ex-Nationalist ticket had been unfair to the AFA and they demanded that more former AFA members be co-opted to the UAP council. The convention voted to have an executive committee representing the parliamentary leadership and the party organisation to determine policy. After the convention Gibson pleaded for AFA members to rally behind the UAP but many AFA supporters resented the dominance of former Nationalists.<sup>27</sup> The spirit of the League and of the Australia Party persisted within the UAP. Former League and Australian Party members were frequent critics of the Stevens government, particularly after 1935; despite Stevens' moderation they claimed the party was failing to protect all classes equally. Compared to its Nationalist predecessor the NSW UAP had a more vigorous internal life.<sup>28</sup>

Stevens' election policy ignored feminist concerns, such as jury service and guardianship rights, and after the election the UAP commended women for having withdrawn from considering their needs in the crisis. Lang did relatively better among women than in 1930 but women did shift to the UAP from the total Labor vote in 1931. The campaign against Lang as a Communist probably accounted for this along with the impact of the employers' campaign on female employees.<sup>29</sup>

was an example of his distaste for the Protestant sectarianism rife in NSW non-Labor politics. His record in this area won Catholic approval and his replacement by Stevens may have contributed to Lang's rallying of Catholic support (*SMH*, 22.1.32, p. 10. 4.2.32, p. 10. 10.2.32, p. 7. 11.2.32, p. 5. 13.2.32, p. 13. *Catholic Press*, 11.2.32, p. 21. 7.4.32, p. 21). The deceased UAP member was from the distinctively middle class occupation of commercial traveller and his campaign had been assisted by his fellow travellers (*Australian Traveller*, vol. 27 (1931), p. 22).

<sup>27</sup> *SMH*, 1.4.32, pp. 9-10. 2.4.32, p. 4. 4.4.32, p. 4. 7.4.32, p. 9. *ANR*, 23.4.32, pp. 7-15. Similar complaints were heard at the formation of the Liberal party about the domination of former UAP members (Clune, *State Election 1947*, p. 17). The issue of preselection was a constant point of dissension within the UAP (D. Clune, *The New South Wales State Election 1941*, NSW Parliamentary Library and Department of Government, University of Sydney, 1995, p. 3). Feminists were hostile to separate women's sections of organisations seeing them as a device to marginalize women from decision making (*SMH*, 17.3.32, p. 10 (women PSA members oppose establishment of a separate branch)). UAW Executive 13.11.30 (opposition to a separate women's branch of the Sane Democracy League). R. Markey, 'Female Industrial Organisation in the NSW Public Service Association (PSA), 1899-1999', in Hood, *Labour and Community*, p. 127. Deverall, 'A Bid for Affirmative Action', p. 124.

<sup>28</sup> Robinson, *State Election 1932*, p. 15. McCarthy, *State Election 1938*, p. 10. Clune, *State Election 1941*, p. 3. The greater strength of social liberals within the NSW Liberal Party, compared to other states, is a continuance of this tradition.

<sup>29</sup> *ANR*, June 1932, p. 7. *The Bulletin*, 15.6.32, p. 32. Robinson, *State Election 1932*, p. 40.



The old Nationalist machine was gratified by the election of Stevens as parliamentary leader of the UAP on 5 April with 16 votes to 4 for Martin and 2 for Jarvie, an obscure backbencher. The party voted narrowly to adopt the Labor principle of elective ministries. Weaver was elected deputy. His aggressive style made him popular with party activists. Unlike Stevens he championed an aggressive approach to the Country Party and was a vigorous critic of the AFA.<sup>30</sup>

### 3. New South Wales finances and the Premiers' Conference

The financial position of New South Wales remained dire. Despite the transport regulation legislation railway revenues continued to fall and tramway revenue rose only slightly, depreciation of the £A increased the interest burden (apparent as Gross Exchange in the following table). Departments were instructed by Treasurer Lang to minimize their expenditures, but these reductions were outweighed by higher family endowment expenditures.<sup>31</sup>

<sup>30</sup> *SMH*, 21.7.31, p. 7. 25.3.32, p. 5. 28.3.32, pp. 7, 9. 6.4.32, p. 11. *LD*, 30.3.32, p. 5. 28.4.32, p. 1. *The Sun*, 26.2.32, p. 15. For examples of Weaver encouragement of UAP branch formation in rural areas (*SMH*, 18.1.32, p. 9. Country Party. Central Council, 4.2.32, p. 7).

<sup>31</sup> AONSW, Police Department, 9/6079, Wilcannia Police Station. District Circulars 1931-37, p. 32A, M. Gibson, Inspector First-Class to all Police Stations 12.1.32, Wilcannia Police Station. District Circulars 1931-37, p. 32A AO 9/6079. As federal award wages fell family endowment was paid to many more workers and it increasingly became an unemployment relief measure (Stevens, *Financial Statement*, p. 16).

**Table 6.1 NSW government changes in revenue and expenditure  
June-December 1930 to June-December 1931 (£m)**

**Change in revenue from June-December 1930 to June-December 1931**

|                  | £          |
|------------------|------------|
| Governmental     | -773,282   |
| Railways         | -125,914   |
| Tramways         | 7038       |
| Other Roads      | -16,463    |
| Harbour Trust    | -20,375    |
| Hunter Water     | -24,382    |
| Main Roads       | -279,322   |
| Family Endowment | -55,758    |
| Total Revenue    | -1,287,796 |

**Change in expenditure from June-December 1930 to June-December 1931**

|                        | £         |
|------------------------|-----------|
| Government Departments | -733,284  |
| Gross Exchange         | 2,005,264 |
| Overseas interest      | 826,529   |
| Australian interest    | 398,661   |
| Railways               | 3,477     |
| Tramways               | 134,662   |
| Other road transport   | -94,462   |
| Harbour Trust          | -42,317   |
| Hunter Water Board     | -7,050    |
| Main Roads             | -753,364  |
| Family endowment       | 341,962   |
| Total expenditure      | 2,080,038 |

(*SMH*, 9.1.32, p.13).

The initial response of Lang's ministers to Lyons' victory was to implausibly insist that government deficit was largely due to seasonal factors, and that New South Wales remained committed to the Premiers' Plan. They argued the state was being singled out for its financial position. Their fears of federal action were justified. In January the Lyons cabinet established a subcommittee to consider action against Lang's government.<sup>32</sup>

<sup>32</sup> *SMH*, 29.12.31, p. 7. 5.1.32, p.9. 6.1.32, p. 11. 11.1.32, p.9. 13.1.32, p. 13. *LD*, 6.1.32, p. 6. For concern among public servants (*SMH*, 5.1.32, p.9). Australian Archives, A3259/XM Volume 1 Part 1 Lyons Ministry Minutes of Cabinet Meetings 1932. 7.1.32. One economist categorised Queensland and New South Wales as the deviants from the Plan (T. Hytten, 'Australian Public Finance Since 1930', *Economic Record*, vol. 11 (1935), pp. 123-24.

**Table 6.2 1931-32 deficits under the Premiers' Plan and predicted deficits, February 1932 (£m)**

| 1931-32 deficits under Premiers' Plan and predicted deficits (February 1932) |              |                   |          |                                  |
|--|--------------|-------------------|----------|----------------------------------|
|  | £m           | £m                | £m       |                                  |
|  | Plan deficit | Predicted deficit | Increase | Per capita predicted deficit (£) |
| Commonwealth   | 1.15         | 1.15              | 0        | 0.17                             |
| NSW  | 6.11         | 9.37              | 3.26     | 3.60                             |
| Victoria   | 0.82         | 1.55              | 0.73     | 0.85                             |
| Queensland   | 1.87         | 2.32              | 0.45     | 2.45                             |
| Sth Australia  | 1.49         | 1.5               | 0.01     | 2.58                             |
| Western Australia  | 1.23         | 1.92              | 0.69     | 4.38                             |
| Tasmania   | 0.18         | 0.25              | 0.07     | 1.10                             |

(Premiers' Conference February 1932, p. 22. 1933 populations).

A campaign against Lang gratified all the factions, political and economic, of the anti-labour coalition. Policy-makers now realised that budgets could not be balanced without an economic revival. Business took up this call and argued that the reductions in federal award wages should be extended to state award employees in all states. Non-Labor state governments, particularly in Western Australia and Queensland who faced elections in 1932 and 1933, feared the electoral consequences of tampering with state industrial systems. If state award wages were to be cut they wanted NSW to go first and argued that its high wages impacted on their own cost structures. The NSW Country Party could be offered lower wages, if not lower tariffs. *Jobson's Investment Digest*, no voice of radicalism, agreed with Lang that New South Wales was being singled out for budgetary shortfalls shared by other states, although not to the same extent.<sup>33</sup>

Since his election Lang had compromised with the federal government, but remained surprisingly credible with labour movement opinion. His continued verbal espousal of the 'Lang plan' infuriated critics as much as his defaults. As Giblin argued the pursuit of New South Wales reflected a fear of what Lang might do in the future.<sup>34</sup>

The final crisis of Lang's government commenced at the Premiers' Conference of 28 January to 5 February, interspersed by meetings of the Loan Council. Lyons' opening address to the

<sup>33</sup> The electorally doomed South Australian government sought the solace of virtue and was the staunchest defender of Plan targets (Loan Council 4.2.32, p. 11). Copland & Shann, Memorandum on the Premiers' Plan and Wage Rates, December 1931, in *APS*, p. 37. Copland identified the NSW 'political situation' as the main obstacle to a general reduction of wages (D. B. Copland, 'The National Income and Economic Prosperity', in Copland, *Economic Survey of Australia*, p. 263). *JID*, vol. 13, no. 5 (1932), p. 1; vol. 5, no. 10 (1932), p. 81. *NSWPD*, vol. 132, p. 8569. Lang, 15.3.32. *Premiers Conference February 1932*, pp. 12, 18. Nicholls, *Rise of the UAP*, p. 256.

<sup>34</sup> Mitchell, who argued the Commonwealth case before the High Court on the Enforcement legislation, was clear that he believed that Lang must be forced to abjure the Lang Plan altogether or cease to be Premier (NLA, Sir John Latham NLA MS 1009, Series 53, Folder: 4E, E. Mitchell to Latham, 3.2.32, item 1009). Giblin, *Central Bank*, pp. 123-24. R. C. Mills & F. Bland, 'Financial Reconstruction: An Examination of the Plan Adopted at the Premiers' Conference, 1931', *Economic Record*, vol. 7 (1931), pp. 172-74.

conference focused on costs: interest rates had been reduced but not wages, particularly in New South Wales where the hours of work at 44 were lower than other states.<sup>35</sup>

On the evening of the 28th Lang advised Lyons his state would be unable to meet overseas interest payments due in February. The Premiers conference the next day sought the views of federal cabinet, which referred the matter to the Loan Council. Lang told the Council that New South Wales had to pay £956,673, of which the Council must supply £0.5m. The Council entered open session as a Premiers' Conference and heard statements. Lang argued that all states had financial problems meeting deficits. His government was seeking to further reduce expenditure, particularly on education, but the limit on reductions on health and police services had been met. The government would not reduce family endowment payment and it expected the recently proclaimed transport regulation legislation would reduce losses. The other Premiers, except for Victoria (whose Labor government after internal conflicts within the ALP had moved to the left), pledged support for the Premiers' Plan but Western Australia, Tasmania and Queensland excused their failure to meet Plan targets. The conference reconvened as the Loan Council, and heard the Premiers declare they would not accept their states bearing the burden of the failure of NSW to reduce costs and its persistence with the 44-hour week. The Premiers rejected Lang's request despite his offer to pay tomorrow the £458,963 the state had available. Lyons told the Council that cabinet would consider the matter. Cabinet considered providing the money subject to the placing of a receiver in the NSW Treasury but after a final meeting on Saturday morning it decided not to grant financial support. Lyons told the Loan Council that Lang's administration had broken previous undertakings to meet Plan targets and that it would do so again. Lang left the conference after Lyons' statement. He refused to pay the £458,963 and argued his offer was conditional on Loan Council support. The Scullin government had immediately met unpaid NSW interest but now Lyons announced that bondholders would have to wait for the federal government to recover their interest from NSW. On 3 February the Commonwealth issued a writ against NSW, but Lyons and Stanley Bruce (who had returned to parliament at the 1931 election and was now assistant Treasurer) publicly disagreed as to whether the state could be excluded from participation in the allocation of loan funds, with Bruce arguing this was not legally possible. Bondholders, the Premiers and the federal Labor opposition in Canberra were alarmed by the temporary default that resulted. On 9 February the Commonwealth relented and paid the interest. New South Wales proceeded to default on further interest payments, and its total default by the time of Lang's dismissal was £4,301,827.<sup>36</sup>

<sup>35</sup> Speech by J. A. Lyons in opening the Premiers' Conference, 28 January 1932, in *APS*, pp. 4-13.

<sup>36</sup> *CPD*, vol. 133, pp. 112-15. *Premiers' Conference February 1932*, pp. 11-12. Loan Council Minutes, 28.1.32 to 5.1.32. Conference, p. 18. *SMH*, 3.2.32, pp. 13-14. 4.2.32, p. 9. These are minutes not verbatim records and some additional detail is in *SMH*, 30.1.32, p. 13. 1.2.32, pp. 9-10. 2.2.32, pp. 9-10. 3.2.32, pp. 13-14. 4.2.32, p. 9. 'New South Wales versus the Commonwealth', *Round Table*, no. 87 (1932), pp. 636-37. Lang, *Turbulent Years*, pp. 127-30. The defaults in interest from New South Wales were met by issue of Treasury bills (Loan Council Minutes, 20.4.32, p. 2). *CPD*, vol. 134, p. 815. Lyons, 17.5.32. Lyons' difficulty in chairing meetings concerned his colleagues throughout his term (Martin, *Menzies*, vol. 1, p. 247).

#### 4. The enforcement crisis

Lang's default initiated the final phase of the government. The Lyons government passed five Financial Agreement Enforcement Acts. The first on 11 March required NSW taxpayers to pay a range of state taxes to the Commonwealth and required banks to transfer state government accounts to the Commonwealth. Subsequent Acts extended the scope of the first. The High Court upheld the validity of the first act on 6 April. The state government defied the federal legislation. It withdrew funds from banks, operated on a cash basis and refused the Commonwealth access to taxation records. On 12 May both houses of the state parliament passed a capital levy that the government claimed would pay off the state's public debt. Lang was dismissed by the Governor on 13 May on the grounds that a Treasury circular directing public servants to evade the federal legislation constituted an illegal evasion of the enforcement acts.

Lang's default and struggle with the federal government had already led to calls from the press and some business groups for Lang's dismissal. Game was inclined to accept the 'best responsible opinion' that opposed dismissal. Those in this group had no sympathy for Lang but they feared that Lang would employ vice-regal intervention as a rallying cry. Their reference point was the 1926 Canadian election, won by Liberal leader Mackenzie King after a campaign in which he accused the Governor-General of political bias.<sup>37</sup>

The government's shift to operating on a cash basis was more clearly illegal than Lang's evasion of the federal enforcement acts, and the Auditor-General advised Game of this. Up until Lang's dismissal there were recurrent press reports that the government intended to retrospectively amend the state Audit Act to validate these breaches. Such legislation never appeared, probably because it might have been defeated in the Council. Game would cite Lang's breach of federal legislation as the reason for his dismissal, but he failed to act on the likely breaches of state legislation. It appears likely that the ability of the state government to validate breaches of state law dissuaded Game from such action. This was a political judgement and Game's dismissal of Lang was dependent on the judgement that Lang could not win an election. The New South Wales political crisis did not end with Lang's dismissal but only with the June election that politically vindicated Game's action. Berridale Keith, the leading authority on vice-regal powers, argued in April that Game was now entitled to demand from Lang compliance with Commonwealth legislation and dismiss him if this was not forthcoming, a stronger position than he had held previously.<sup>38</sup>

<sup>37</sup> Moore, *Secret Army*, p. 218 (R. G. Casey). *SMH*, 9.2.32, p. 9 (Keith). Evatt, *Dominion Governors*, pp. 55-64. 'New South Wales versus the Commonwealth', *Round Table*, no. 87 (1932), p. 638. Game told Piddington he was inclined to leave the matter to the Courts (Piddington, *Political Revelations*, pp. 26-27).

<sup>38</sup> *SMH*, 1.2.32, p. 10 (Menzies calls for dismissal). 3.2.32, p. 12. 16.4.32, p. 13 (Keith). 22.4.32, p. 9. 23.4.32, p. 13. 25.4.32, p. 5. 26.4.32, p. 9. 30.4.32, p. 13. 2.5.32, p. 9. Evatt, *Dominion Governors*, pp. 170-72. In the British context

Research in the 1970s found that non-Labor voters were more likely than Labor voters to believe that laws should be obeyed if they were considered unjust. Lang's legislative record posed moral dilemmas. Hardy and Campbell both argued that the state constitution did not legitimate unjust acts. Many who called for Lang's dismissal held a similar view, which could be traced back to British Conservative arguments at the time of the Home Rule crisis.<sup>39</sup>

The legislation failed to recover the defaulted interest from New South Wales. The growth of the states' default far outstripped the recovery of revenues. In the end £612, 414 was recovered. The utility of the legislation for Lang's opponents was that Lang's efforts to evade the legislation had the inevitable by-product of destroying his government's ability to function. The clear objective of federal policy was not default recovery but to force an election.<sup>40</sup>

Lyons wrote to Lang on 14 March 1932 advising that £835,332 was due to the Commonwealth and that action would be taken under the enforcement act. Prior to this the state government had already withdrawn funds from banks and lodged them as cash at the Treasury. Lang's immediate reply was a telegram that action be held up pending determination of challenges to the Act. The matter was discussed between Lamaro, Lang and Gosling on 17 and 18 March and it was decided that in view of the legal challenges to the Act no further reply would be sent.<sup>41</sup>

Once the High Court had upheld the legislation by a four to two majority the federal government issued a proclamation on 7 April that required state income tax to be paid to the Commonwealth. Lang retaliated by closing the Tax Office the next day so that the issue of tax assessments ceased. The office was secured by timber-workers. A disputed number of taxpayers were pleased to express their anti-Lang views by paying to the Commonwealth, but others continued to pay to the state despite threats of penalties by Lyons. Some businesses had already refused to pay tax on political grounds and some may have taken the opportunity not to pay. Total tax collections fell £3,197,756, or 33.4% and income tax £2,772,335 or 44.8% from 1930-31 to 1931-32, but as the

Keith took the electoral success of the 'National government' in 1931 as vindicating a royal political role he had earlier considered perilous (A. B. Keith, *The King and the Imperial Crown: The Powers and Duties of His Majesty*, Longmans, Green & Co., London, 1936, p. 137).

<sup>39</sup> Kemp, *Politics and Authority*, pp. 92, 131-32. AONSW, Colonial Secretary Correspondence, 5/8999, G. Ferguson Sergeant to Metropolitan Superintendent of Police 17.3.31 [Report on March 14 Riverina movement convention in Wagga], p. 4 (Hardy), Item B1924, *New Guard Police Reports*, p. 12 (Campbell). *SMH*, 9.3.32, p. 10 (New Guard petition). *The Sun*, 4.1.32, p. 4. *JID*, vol. 13 (1932), no. 1, p. 1. This conservative populism went back at least to Dicey (Evatt, *Dominion Governors*, pp. 103-04). I disagree with Alistair Davidson's identification of an undemocratic legalism as constraining democracy in the interests of conservatism in Australia, for it has been the right both in 1930s and more recently that has counterpoised the people to the established constitutional and executive procedures (A. Davidson, 'Big Brother is Watching You', in V. Burgmann & J. Lee, eds., *Staining the Wattle*, McPhee Gribble/Penguin Books, Melbourne, 1988. P. O'Brien, 'Progress through reason versus Progress through Power - Citizens' Referenda and the Poverty of Positivism', in O'Brien, *The Executive State*, pp. 10-11).

<sup>40</sup> *CPD*, vol. 134, p. 815. Lyons, 17.5.32. AONSW, Treasury, Special Bundle, Financial Agreement Enforcement Act 10/10022, Commonwealth Enforcement Act 1932. Memo by Expenditure Accountant Treasury 26.5.32 (the state figures were £56,696). Sawyer, *Federal Politics and Law 1929-49*, p. 52.

<sup>41</sup> Auditor-General, *Special Report*, pp. 2-3. AONSW, Treasury, Special Bundle, Financial Agreement Enforcement Act, 10/10022, J. T. Lang to J. A. Lyons, 14.3.32. Note by Hay (?) 18.3.32 on J. A. Lyons to J. T. Lang, 14.3.32.

Auditor-General noted this fall reflected economic factors, and disruptions from non-issue of assessments as well as deliberate non-payment. In the next financial year tax revenues increased only £459, 470.<sup>42</sup>

If the federal government was to effectively collect state taxation it needed access to state tax records. On 2 May federal officers attended the tax office and requested access to the records. The Taxation Commissioner evaded their requests. Moore argues strongly that the federal government planned to storm the tax office with the support of conservative paramilitary forces.<sup>43</sup>

The first months of 1932 were a period of frantic activity for the New Guard. Several sources suggest Campbell planned a coup, but these plans attracted opposition from within the Guard and were not implemented. Dissent grew within the Guard concerning Campbell's dictatorial leadership and violent propensities. The Guard was not a viable military force but fascist parties have never won power by armed means, their asset, particularly in Germany, was their popular support that forced conservative elites to accommodate them.<sup>44</sup>

Some radical historians, such as Andrew Moore, have been reluctant to admit the extent of popular support for the New Guard and for violence against the left rather depicting non-Labor political activists as passive agents of the ruling class. But the Guard did attract substantial popular support. While the wheels of the enforcement legislation ground slowly it was seen to be doing something. After de Groot's 'opening' of the Harbour Bridge his public appearances attracted applause particularly from women. Applause for de Groot's appearance on newsreels led Gosling to ban public exhibitions of the film. Even usually moderate UAP MPs praised the Guard. The Commonwealth Investigation Service concluded in March that a 'great majority' of the public believed that the Guard had the backing of the Commonwealth and that the Guard encouraged this. Support for the Guard was despite its violent harassment of Labor and Communist supporters. In Germany rank and file Nazi supporters, not the Nazi leadership who were preoccupied with more important targets, led the outburst of violence against labour organisations immediately after Hitler's ascension to power. There were several mob attacks on Communist campaigners during the 1931 federal election campaign. The New Guard aggressively sought to disrupt Labor and Communist meetings. If the federal government had made an attempt to storm the Taxation Office and large-scale street fighting had developed it is

<sup>42</sup>SMH, 8.4.32, pp. 9, 10, 9.4.32, pp. 9, 13, 12.4.32, p.9, 13.4.32, pp. 11, 12, 30.4.32, p. 8. Auditor-General, Report...1932, p. 22. The Sun, 8.4.32, p.9. LD, 9.4.32, p. 1. Lang, *Turbulent Years*, p. 143. By 10 April about £20,000 of state income taxation received by Commonwealth (SMH, 11.4.32, p.9). SR 1933-34, p. 154.

<sup>43</sup>SMH, 3.5.32, pp. 8-9, 4.5.32, p. 11. LD, 3.5.32, p. 1. SW, 7.5.32, p. 10. Truth, 8.5.32, p. 1. Moore, *Secret Army*, pp. 191-206.

<sup>44</sup>LD, 11.5.32, p. 1. SMH, 16.2.32, p. 5. Australian Archives, New Guard and 'The Association', A367/1 C94121, Inspector Investigations branch Longfield Lloyd to Director, Commonwealth Investigations Service 14.3.32, 16.3.32. ML MSS 4430, McNamara Family ML MSS 4430, MLK 03247, Folder 2 (3), Statutory Declaration by Henry Symonds-Poynton, 14.5.32. NLA, J. A. Lyons NLA MS 4851, Box 1 Folder 4 Correspondence 1932, R. Vernon, President and G. Treloar, Campaign Director Civic Legion to J. A. Lyons 7.4.32.

likely that a significant minority of the public, and a larger portion of strong UAP supporters, would have rallied to the New Guard's cause, rather than to the Old Guard, of which they knew nothing.<sup>45</sup>

The anti-Labor political leadership kept its public distance from the Guard. Bruce complained about its 'stupid' actions. They were more confident that Lang's days were numbered and would have feared the impact of the Guard's antics on moderate opinion, particularly Catholics and Federal Labor supporters. The most popular Catholic publication, *Freeman's Journal*, considered the Guard as provocative as the Communists and condemned its parliamentary admirers.<sup>46</sup>

The likelihood of conflict around the tax office demonstrated the government's success in holding the loyalty of state employees. Only one senior public servant, Colonel Beardsmore, Lands Department accountant and a Gallipoli veteran, ordered subordinates to pay revenue to the Commonwealth. Lang believed it crucial to avoid another 'black Friday' as in August 1931 when public servants had gone unpaid. The government was successful in continuing to pay public employees, but its failure to pay child endowment was politically costly, although food relief was made available to those in need. The Stevens government resumed payment of child endowment and attached correspondence to the first payment blaming Lang for its cessation. These issues probably contributed to Lang's loss of support among women.<sup>47</sup>

The Public Service Association leadership echoed Lang in denouncing the enforcement act as a perversion of the Constitution. The March PSA conference unanimously resolved to 'support the government in its determination to maintain the essential services of government'. The Association's secretary O'Sullivan explained that the conference motion meant complete loyalty to the state government. The PSA council declared in late April that public servants should obey instructions of their departmental superior and not act independently in the crisis. In May Lyons announced he would legislate to protect state public servants against victimisation by the state government for not following orders. The PSA condemned the attachment by the Commonwealth of state superannuation accounts. The white-collar Railway Salaried Officers, who processed

<sup>45</sup> For anti-Communist violence: AONSW, Colonial Secretary Correspondence 1931, 5/8999, B6263, Acting Metropolitan Superintendent to Commissioner of Police 16.12.31. ML MSS 4430, MLK 03247, New Guard Folder, J Adams, Lane Cove Socialisation Unit to W. McNamara secretary Socialisation Committee 13.1.32. McNamara Family ML MSS 4430, MLK 03247, Folder 2 (3), Statutory Declaration by Henry Symonds-Poynton, 14.5.32. SMH, 15.4.32, p. 10 (Daniel Levy MP). AONSW, Police Department, 9/6079, Wilcannia Police Station. District Circulars 1931-37, p. 40. Commissioner Childs to all Police Stations, 24.3.32, (film ban). Australian Archives, New Guard and 'The Association', A367/1 C94121, Memo for the Acting Attorney-General Canberra by H. E. Jones director Commonwealth Investigation Service 11.3.32. T. W. Mason, *Social Policy in the Third Reich: The Working Class and the 'National Community'*, Berg, Providence/Oxford, 1993, p. 75. On support for de Groot: SMH, 24.3.32, p. 11. 5.4.32, p. 10. 8.4.32, p. 10. LD, 28.3.32, p. 4. 8.4.32, p. 8. *Labor Daily* accused the Guard of targeting women (LD, 9.1.32, p. 1). A women's auxiliary of the Guard was formed in April (SMH, 8.4.32, p. 10).

<sup>46</sup> SMH, 11.5.32, p. 11. SMH, 23.3.32, p. 7. Moore, *Secret Army*, pp. 164-65. *Freeman's Journal*, 19.5.32, p. 21. The anti-Lang *Catholic Press* likened the police offensive against the New Guard to Hughes' wartime raids on Irish nationalists (*Catholic Press*, 12.5.32, p. 21).

<sup>47</sup> LD, 14.5.32, p. 1. *The Bulletin*, 18.5.32, p.9. *Daily Telegraph*, 17.5.32, p. 1. SMH, 1.2.32, p. 10. 7.5.32, p. 13. Lang, *Turbulent Years*, pp. 143-44, 152-53). DLI Submissions 1932 (6/3468), 304519, 28.4.32. ML MSS 5095, Australian Labor Party, Item 689, Darlington Branch Minutes 7.10.31 to 26.10.33, Meeting 18.5.32 (Stuart-Robertson MP).



railway revenue, took a similar position, and also praised the government's record of transport co-ordination.<sup>48</sup> Some evidence of differential white-collar public sector responses to Labor is apparent from the membership trends of the PSA and the Teachers' Federation, membership of both rose during 1931 in response to Labor's encouragement of union membership, but by the end of 1932 Federation membership was below its level of 1930, whereas Association membership had risen further.<sup>49</sup>

Labor's appeal was a negative one: that a non-Labor government would implement redundancies and wage cuts. State public servants would have been alarmed when the Lyons government in April introduced legislation (later dropped) to facilitate dismissals of redundant Commonwealth public servants. In the 1932 election Labor claimed a UAP victory would mean drastic wage reductions and retrenchments. The UAP argued it would ensure public servants were paid and maintain their industrial rights. Lang's government could offer few positive benefits. Cabinet resolved to improve superannuation benefits and introduce appeal boards for teachers and public servants.<sup>50</sup>

In the case of the police force Labor pursued a similar policy to the public service. It is well known how the government promoted the ambitious William MacKay from Superintendent of the Detective Branch to acting metropolitan superintendent in March with a mandate to pursue the New Guard. This was only one aspect of the government's strategy to mollify the police force.<sup>51</sup>

The reductions in police pay legislated under the Premiers' Plan might have seemed to endanger the police's loyalty to the government. Fortunately for Lang the non-Labor parties were unwilling to appeal to the material interests of police, and even Campbell only hinted at the issue of police pay.<sup>52</sup>

Labor offered police inclusion within the arbitration system. When first introduced the Industrial Conciliation and Arbitration (Amendment) bill specifically excluded police from its definition of employees. In February the bill was reintroduced with the police defined as employees. Concannon admitted that the government intended to grant award coverage to police and that 'the Government intends that this right shall be given to the police force by the Government'. The bill

<sup>48</sup> *SMH*, 20.2.32, p. 13; 19.3.32, p. 13; 13.4.32, p. 12; 16.4.32, p. 16; 7.5.32, p. 13; *LD*, 13.4.32, p. 6; 16.3.32, p. 5; 12.4.32, p. 1. *Red Tape*, vol. 11, no. 3 (1932), pp. 115-19; vol. 11, no. 4 (1932), p. 14. The editor of *Red Tape*, George Weir, was an ALP member and later a state MP. The Railway Officers shifted towards a more assertive attitude to management during the depression and in particular response to Cleary (M. Hearn, 'A Good Man for the Department': The Ethos of the Railway and Tramway Officers Association of New South Wales, 1913-1939', *Australian Historical Studies*, 112 (1999), pp. 74-78).

<sup>49</sup> Registrar of Trade Unions, *Report...1931*, p. 30; *Report...1931*, p. 30; *Report...1932*, p. 28; *Report...1933*, p. 36.

<sup>50</sup> *LD*, 4.4.32, p. 4; 20.5.32, p. 4; *SMH*, 29.4.32, p. 11; 30.3.32, p. 11; 10.5.32, p. 9. ALP leaflet, NSW Elections 1932 p. 65. Stevens, *Policy of the Stevens Government*, pp. 29-30. UAP, *Speakers Notes*, No. 2 June 1, 1932 (2), p. 6 at NSW Election 1932, p. 2.

<sup>51</sup> F. Cain, 'MacKay, William John (1885-1948)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 10, 1891-1939, Melbourne University Press, Melbourne, 1986, p. 296. *LD*, 30.3.32, p. 1.

<sup>52</sup> Speech by Campbell, 16 September 1931, p. 12 in *New Guard Police Reports*, *SMH*, 12.3.32, p. 14 (Campbell).

enabled the Industrial Commission to require employers engage labour through union offices. The application of this clause to the police caused controversy. Concannon admitted that if an order was made aspirant policemen would have to apply to the Police Association but that this did not mean that all of those referred would have to be employed.<sup>53</sup>

The Police Association welcomed Labor's initiative. Following the death of their founding secretary Bertram Fortescue the Association appointed as their secretary C. J. Cosgrove, a prison officer who was vice-president of the PSA. As secretary, Cosgrove pursued close links with the PSA. He was a former Queensland policeman where Labor in government had encouraged police unionism. Cosgrove welcomed the inclusion of police in the arbitration bill. He rejected any suggestion of strike action by police, as raised by some non-Labor MPs, and declared that the Association was opposed to strikes in any form. The Association journal reminded members that the union had opposed the Victorian police strike and that union rules specified non-partisanship. Cosgrove would have remembered that past expressions of sympathy by the Association for Labor government proposals had led to protests by police at this alleged deviation from political neutrality.<sup>54</sup>

Association office bearers strongly supported access to arbitration. Cosgrove admitted to the union's April 1932 conference that some police feared arbitration meant affiliation with outside organisations, but insisted this was not the case. It was an age of extremists and not all extremists were in the ALP. They had reached the limit of what concessions they could expect from government, and arbitration was a wall around their rights of emancipation. Niemeyer and the Premiers' Plan were not part of the arbitration court. The Police Association conference voted unanimously to support arbitration. The Association office-bearers, conference, and McKay declared that their loyalty was to the state government of the day.<sup>55</sup>

After telling police at the 1932 Association conference that they should not expect too much Gosling offered police a few tokens. An extra day's pay was granted to metropolitan policemen in token of their work at the Harbour Bridge opening, and he promised amendment of the workers compensation legislation to cover travel by police to and from work. Police would also have been pleased when the government decided to give police exclusive responsibility for the investigation of illicit drugs and end the involvement of the Pharmacy Board. Gosling also won police approval

<sup>53</sup> *NSWPD*, vol. 131, pp. 7828-31, 7837-38. Concannon, 25.2.32.

<sup>54</sup> *Police News*, vol. 12, no. 1 (1932), p. 1; vol. 12, no. 2 (1932), p. 4; vol. 12, no. 4 (1932), p. 43. *Red Tape*, vol. 11, no. 2 (1932), p. 101. J. Fleming, 'Shifting the emphasis: the impact of Police Unionism in Queensland, 1915-1925', *Labour History*, 68 (1995), *SMH*, 27.2.32, p. 14. *LD*, 27.2.32, p. 4. *NSWPD*, vol. 131, p. 7829. Farrer, 25.2.32, pp. 7831-32. B. Howe, 'The Blue Coated Workers' Union' (unpublished 1988 MS held at NSW Police Association library, 154 Kent St, Sydney) p. 11. Brien, *Serving the Force*, pp. 28-29.

<sup>55</sup> *Police News*, vol. 12, no. 4 (1932), pp. 17, 32. *SMH*, 12.4.32, p. 10. The Stevens government rejected allowing police access to arbitration (Brien, *Serving the Force*, p. 52).

for his willingness to accept the results of internal appeals against police disciplinary procedures, rather than overrule them on the advice of the Commissioner like his ministerial predecessors.<sup>56</sup>

The other non-financial benefit that Labor could offer the Association was compulsory unionism. This was a long-standing demand from the Association. Gosling claimed to support compulsory unionism but said it would have to wait passage of the new arbitration bill through the Council. Labor MPs supported the Association's demand for a closed shop. The bill never passed the Council but when in April 1932 a government circular implemented compulsory unionism police were puzzled that they had not been included. Labor may have preferred to placate police management, which was opposed to compulsory unionism.<sup>57</sup>

I have discussed in Chapter 5 how Lang in 1932 had most success in recruiting 1931 Federal Labor voters from those employed in the 'Public Administration and Professional' category. The support for Lang from the PSA during the enforcement crisis bolsters my argument that public servants (including police) rallied to Lang in 1932. I disagree with those who argue Lang alienated public servants through the salary limit plan and 'black Thursday'. Some disillusioned admirers of the AFA may have returned to Labor. Notable was the political failure of the *Catholic Press*, the Catholic paper closest to the Church hierarchy. It admired the AFA but rallied to Scullin in 1931, but although it championed Federal Labor in 1932, Catholics were particularly unlikely to vote for Federal Labor.<sup>58</sup>

Despite the tightening federal grip on New South Wales, Lang Labor believed it had an electoral weapon in the controversial proposals discussed by the April 1932 Premiers' Conference. The

<sup>56</sup> *Police News*, vol. 12, no. 4 (1932), pp. 6, 7, 10. Cabinet Decisions, no. 1, 116 (15.2.32). An inquiry in July 1931 had supported the transference of investigatory responsibilities from the Pharmacy Board (AONSW, Colonial Secretary's Department, Police Offences (Drug Act) Amendments 1928-34 AO 5/5413, A. Gates to M. Gosling, 28.7.31 (file 7507).; Memo by Under-secretary Colonial Secretary's Department to M. Gosling, 17.6.31 (approved by Gosling, 17.6.31). The delay in acting on the report is curious. Minister McGirr was a pharmacist and the party, particularly under Lang, was generally sympathetic to the protection of pharmacists against chain store competition. If McGirr did delay implementation of the report the government's eventual action was a sign of its desire to conciliate the Police. The same caucus meeting that approved the restriction on the Pharmacy Board also appointed committee to consider restricting sale of patent medicine to chemists and legislation to this effect was introduced in May (*SMH*, 5.3.32, p. 13. *NSWPD*, vol. 132, pp. 9124-25. Wall. 10.5.32) For Lang's support of pharmacists: P. Sekules, *The First Fifty Years: An historical review of the Pharmacy Guild of Australia 1928-78*, the Guild, Canberra, 1978, pp. 16-23). Labor had a record of support for police appeal rights (Brien, *Serving the Force*, pp. 12-15).

<sup>57</sup> Police Association Executive 28.7.31, *Police News*, vol. 11, no. 9 (1931), p. 30; vol. 12, no. 5 (1932), p. 47. *SMH*, 5.4.32, p. 10 (Knight MP). A similar failure under earlier and subsequent Labor governments (Howe, *Blue Coated Workers' Union*, pp. 31-32. Brien, *Serving the Force*, p. 99).

<sup>58</sup> *Catholic Press*, 2.7.31, p. 21. 16.7.31, p. 21. 10.12.31, pp. 20-21. 17.12.31, p. 21. Deane, Analysis of the NSW ALP Defeat, pp. 44, 139-40. McCarthy, Stevens-Bruener Government, p. 50. My estimate of Catholic voting supports Peter's observation that the fall in the *Catholic Press* circulation and the increase in the largely non-political *Freeman's Journal* may have been in response to the former's anti-Lang position (Peter, *Social Conditions*, p. 222). The total Labor vote in 1931 was more Catholic than in 1930 but less than would have been expected compared to previous Labor debacles. There are two estimates of Catholic voting in 1917 but neither is strictly comparable with each other or my work (G. Withers, 'The 1916-17 Constitution Referenda: A Cliometric Re-Appraisal', *Historical Studies*, 78 (1982), p. 41. Thornton-Smith, 1917 Federal Election, p. 856). Nicholls is correct to argue that in 1931 the Protestant/Catholic split declined in political significance but Lang's recovery of support in 1932 suggests that he is wrong identify anti-Communism as the crucial factor, rather it was Lyons' appeal as a Catholic (Nicholls, *Rise of the UAP*, pp. 278-80). Federal Labor did not secure the Catholic realignment against Communism (and by implication Labor) that probably occurred in NSW in the late 1940s (J. Warhurst, 'Catholicism, Communism and the Australian Party System: a study of the Menzies years', *Politics*, vol. 14, no. 2 (1979), pp. 230-33).

February Conference deferred consideration of employment policy to the April Conference. A committee of businessmen and economists was formed under the chairmanship of businessman Wallace Bruce to draft proposals.

The report of the committee defined the solution to unemployment as bringing Australian costs, principally wages, in line with the fall in export incomes. It rejected an activist financial policy, although further currency devaluation was recommended. It complained that state industrial tribunals had failed to follow the lead of the Commonwealth Arbitration Court in reducing real wages. The report called for unemployment funds to be directed towards employment, particularly in rural development. Farmers in exchange for board and lodging might employ single men. In some areas families might be set up on blocks of five acres set aside by farmers. Families would grow their food and work for the farmer, with the long-run objective of creating a 'land-owning peasantry'.<sup>59</sup>

Lyons ignored the rural settlement proposals at the April conference, and he interpreted the report merely as supporting rural public works. Lang's only role in the conference was to deliver a statement denouncing the wage-reduction recommendations of the Bruce committee and describing its rural employment plans as a new feudalism. Lang's concerns about wages were shared in milder forms by some non-Labor Premiers.<sup>60</sup>

Garden was the first to argue that the Bruce committee's report meant that the male basic wage would be cut forty percent to £2/11/6. On his return to New South Wales Lang denounced the experts' plan at public meetings.<sup>61</sup> In rhetoric that would dominate Labor's election campaign the report was presented as legitimating a slave basic wage of £2/11/6.<sup>62</sup> The labour movement took the report more seriously than mainstream conservatives and it believed, or hoped, that the 1932 election would be a referendum on the Bruce report.<sup>63</sup>

Lang mounted a skillful defensive campaign against the enforcement legislation, but seems to have had no long-term plan apart from hoping that Lyons would crack. Lang hoped the High

<sup>59</sup> 'Report by the Wallace Bruce Committee', in APS. Gibling was a member of the committee but had doubts about the final report (J. A. Lyons MS NLA 4851, Box 1 Folder 4 Correspondence 1932, Confidential note by Gibling in F. Grant Private Secretary to Minister for Trade and Customs to H. Threlfall, Private Secretary to Prime Minister 27.4.32, J. A. Lyons NLA MS 4851). Keynes reviewed report (Article reviewing the Wallace Bruce Report, 25 May 1932, in APS, pp. 79-85). It is indicative of the rural bias of policy makers that there was no suggestion of supporting secondary industry. Schemes providing some subsidy of rural employment were established in South Australia and Tasmania (Snooks, 'Government Unemployment Relief', in Butlin, *Recovery from the Depression*, p. 322).

<sup>60</sup> *SMH*, 15.4.32, p. 9. 18.4.32, p. 9. *Premiers' Conference April 1932*, pp. 13-14, 15-16.

<sup>61</sup> *SMH*, 15.4.32, p. 10 (Garden). 22.4.32, pp. 9-10 (Lang). Labor Council Minutes, 14.4.32. The plan was denounced by Labor MPs: *NSWPD*, vol. 132, p. 9279. Tonge; p. 9295. Heffron, 11.5.32; p. 9301.

<sup>62</sup> *LD*, 14.4.32, p. 1. *NSWPD*, vol. 132, p. 9295. Heffron, 11.5.32. Robinson, *State Election 1932*, pp. 23, 28. Labor also argued that the lower exchange rate recommended in the experts plan meant a lower standard of living (*NSWPD*, vol. 132, p. 9335. Concannon, 12.5.32).

<sup>63</sup> Lang, *Turbulent Years*, pp. 161-62. NBAC, Amalgamated Engineering Union, S35, Box 4, Monthly reports 1928-34, July 1932, p. 5. Labor made similar use of the Bruce committee bogey in the 1932 Victorian election (L. Louis, *Trade Unions and the Depression: A Study of Victoria, 1930-32*, Australian National University Press, Canberra, 1968, pp. 194-203).

Court would invalidate the enforcement legislation on the assumption that McTiernan would join Evatt and Gavan Duffy in opposition. McTiernan had served in Lang's 1925-27 government but opposed the Premier in the party crisis of 1927. In the High Court's decision handed down on 6 April only Gavan Duffy CJ and Evatt J found the enforcement act unconstitutional. On 22 April Gavan Duffy CJ joined the majority in denying NSW leave to appeal to the Privy Council on the grounds that an immediate decision was required. McTiernan's vote outraged Labor but left it without a strategy.<sup>64</sup> Lang underestimated Lyons and saw Bruce as the villain. In early March and early May Lang offered, as he had done at the Premiers Conference, to pay a portion of the outstanding debt in exchange for budgetary support for the remainder. This was unacceptable to Canberra.<sup>65</sup>

Whatever strategy Lang had, caucus was not informed, and MPs felt they were mere onlookers. Lang distrusted caucus, and when he failed to attend meetings, MPs were left in the dark. Lang's supporters in the party, and even some who secretly opposed him, believed that as in the past, he had something up his sleeve. Many hoped that the Privy Council would overturn the High Court's invalidation of the 1930 legislation that sought to abolish the Legislative Council. Many caucus members believed Lang could always confound his opponents. The decision was not handed down until after Lang's dismissal and it confirmed the High Court decision.<sup>66</sup>

The extent to which cabinet functioned is unclear. Cabinet records disclose that only on 9 May was the crisis formally discussed when Lang led a consideration of procedures to be followed for collection of expenditure. There is some evidence from press reports that cabinet did discuss the position when minutes do not record this. The fact that at some cabinet meetings no decision was made on nearly all agenda items suggests that cabinet may have discussed the crisis informally.<sup>67</sup> Much cabinet time was absorbed by the government's ambitious legislative program. The long

<sup>64</sup> *New South Wales v. Commonwealth* [No. 1], (1931) 46 CLR 155. *New South Wales v. Commonwealth* [No. 2], (1931) 46 CLR 235. *New South Wales v. Commonwealth* [No. 3], (1931) 46 CLR 246. Lang, *Turbulent Years*, pp. 141-42.

<sup>65</sup> J. A. Lyons NLA MS 4851, Box 1, Folder 4 Correspondence 1932, Hugh Campbell-Jones to Martin Threlfall (Private secretary to the Prime Minister) 12.5.32. Campbell-Jones was managing editor of *Truth*, and obviously a frustrated would-be politician, who mistook the willingness of Bavin and Lang to talk to him for something more significant, but his correspondence (curiously unused by previous historians) sheds some light on the period. *LD*, 20.2.32, p. 5. *SMH*, 7.3.32, p. 9. Schedvin, *Great Depression*, p. 352. In London Agent-General Willis unsuccessfully sought a years moratorium from holders of NSW stock (*SMH*, 3.2.32, p. 13).

<sup>66</sup> *NSWPD*, vol. 132, p. 8859. Cahill, 27.4.32. Booth, p. 8867. 27.4.32. *SMH*, 9.5.32, p. 10 (Shannon). Martin Diary, 6, 8.4.32. UMA, North Broken Hill, Committee of Barrier Mines 1929-1931, Box 55, Item 11, Memos 126-133. February 1932 to September 1932, H R Lee to Maughan, 4.5.32 *SMH*, 22.4.32, p. 9. Martin Diary, 2.2.32, 10.2.32, 28.4.32. The appointment of the 25 MLCs in November would have bolstered Lang's image as a miracle worker, for earlier caucus and the ministry had not believed that Game would give in (*SMH*, 5.10.31, p. 7). Lang disliked Holman but like Holman Lang's ability to pull rabbits out of a hat mollified party critics (Evatt, *Holman*, pp. 215-20). The Privy Council decision was: *Attorney-General of New South Wales v. Trethowan*, CLR 47 (1931-32) at 97.

<sup>67</sup> Subjects for cabinet, 1.148. 9.5.32. *SMH*, 2.5.32, p. 9. Cabinet Minutes, 29.3.32. The federal cabinet minutes of the same period are similarly unrevealing (Moore, *Secret Army*, p. 195).

hours of parliament kept ministers and caucus busy. Lang seems to have focused exclusively on the crisis, sometimes not sleeping until 4 am and not rising until noon.<sup>68</sup>

At the policy level cabinet and the government continued to reflect labour movement priorities. Much time was devoted to Baddeley's coal and industrial legislation but the deputy Premier was overruled on William McKay's promotion where Lang relied on McKell's advice. Baddeley remembered McKay's role at Rothbury. Lang consulted with Lamaro and Gosling but neither would have disagreed with him. The 'legal sub-committee of the government', mentioned in *Labor Daily*, was probably Lang and Lamaro.<sup>69</sup>

Party officers and leading unionists worked closely with Lang in public meetings and campaign activity, around the theme of 'Lang is Right'.<sup>70</sup> They knew little more about Lang's plans than anyone else. In terms of tactical maneuvering the initiative lay with Lang.

The Commonwealth kept to its pursuit of Lang despite some business fears that Lang's response to the crisis would be draconian tax legislation; shares were sold due to this fear, and share registrations transferred to Victoria, but many investors believed Lang's downfall was inevitable and the stock market held up relatively well.<sup>71</sup> Despite the negative impact of the crisis most commentators believed that economic circumstances were improving in New South Wales.<sup>72</sup>

The Bank of New South Wales continued to honour Treasury cheques presented for cash. In 1975 banks made clear they would not co-operate with Whitlam's plans to govern without supply. Whitlam sought much more from the banks than Lang, but the banks' different conduct in 1932 suggests that they felt more politically vulnerable.<sup>73</sup>

Some historians have suggested Lang courted his dismissal. No attention has been given to the constant press speculation that Lang would ask Game for a dissolution, either in June or some months later, and fight on a platform of anti-bank sentiment, radical financial measures, or the findings of an inquiry into the New Guard. In May 1927 Lang used the promise of an imminent

<sup>68</sup> *SMH*, 15.2.32, p. 9. 16.2.32, p. 9. J. A. Lyons NLA MS 4851, Box 1, Folder 4, Correspondence 1932, Hugh Campbell-Jones to Martin Threlfall (Private secretary to the Prime Minister) 12.5.32. Lang said in March 1932 that his workload prevented him seeing deputations (*NSWPD*, vol. 131, p. 8143. Lang, 3.3.32).

<sup>69</sup> MI, MSS 4603 MLK 03985, Transcript of third interview by R. J. Carr with Sir William McKell (1981), pp. 59-60. McKell may have overstated his role, but Lang's reliance on his advice is an example of how personal dislikes rarely affected Lang's use of people. *The Sun*, 30.3.32, p. 9. Lang, *Turbulent Years*, pp. 121-22, 130. *LD*, 8.4.32, p. 1.

<sup>70</sup> *LD*, 8.4.32, pp. 1, 6. 11.4.32, p. 7. 14.4.32, p. 6. 16.4.32, p. 6. *SMH*, 29.4.32, p. 12. 22.4.32, p. 7.

<sup>71</sup> *JID*, vol. 12, no. 5 (1932), pp. 81-82. *AIBR*, vol. 56, no. 3 (1932), p. 192; no. 5, *Commerce*, vol. 5, no. 5 (1932), p. 137. *WCM*, vol. 9 (1932), p. 241. Langites claimed business were concerned that Lang might rally support and introduce radical tax measures (*LD*, 20.2.32, p. 1).

<sup>72</sup> *Australian Traveller*, vol. 28, no. 2 (1932), p. 17; no. 3 (1932), p. 17. *AIBR*, vol. 56, no. 3 (1932), p. 276. Department of Railways, *Report of the Commissioner for Railways for the year Ended 30 June 1932*, p. 6. *NSWPP*, 1932-35, 3<sup>rd</sup> session. McLaurin, writing a few years later, claimed that investment fell during this period, if it did (and monthly figures to confirm this are not available) it would be a response to the uncertainty of the enforcement crisis rather than Lang's policies (McLaurin, *Economic Planning*, p. 101).

<sup>73</sup> Moore, *Secret Army*, Folder, *Bank of New South Wales*, p. 740. Kelly, *November 1975*, pp. 173-77. G. Sawyer, *Federation under Sirain: Australia 1972-1975*, Melbourne University Press, Melbourne, 1977, pp. 212-217.

election to persuade the Governor to allow him to reconstitute cabinet. The election was delayed for five months in which Lang employed the threat of an imminent election, the date he alone would set, to force the ALP federal executive to accept his terms.<sup>74</sup>

The party officers saw a silver lining in the cloud of Labor's federal December rout. This was the combined New South Wales senate vote for both Labor parties of 45.9%. If Lang had been able to transfer the entire 1931 Labor vote to his cause in 1932 he would still have lost but not by a landslide. At the 1927 election the Labor and Independent Labor vote was 45.6% and Lang was back in power in three years. As I have shown in Chapter 5 Lang's failure to rally 1931 Federal Labor supporters was most acute among women and manual workers. By March Lang supporters interpreted the upsurge of branch activity as evidence Labor had made up the margin from the federal election. Even caucus critics of Lang felt that by late April there were signs of a revival in Labor's fortunes. As in 1975 the enthusiasm of Labor supporters led to an overestimation of Labor's support, even some Communists in 1932 believed Lang would win the election. Labor's performance in 1932 was worse than most expected at the start of the campaign.<sup>75</sup>

The possibility of an election explains some government initiatives, or reports of them. An electoral redistribution was rumoured.<sup>76</sup> The corruption around tin-hares licenses bolstered party funds for an early election. In March Lang introduced legislation, never shown to caucus, that intervened in a commercial dispute between Smiths Newspapers, publishers of *Smith's Weekly* and Associated Newspapers, publishers of *The Sun*, to the advantage of the former. The legislation failed in the Council but its introduction probably contributed to *Smith's* near neutrality during the June election.<sup>77</sup>

### 5. The mortgages tax

Business was right to predict that the government would adopt radical taxation measures. The extra-parliamentary party demanded these. The February metropolitan conference and the Easter conference heard reports from an unemployment committee chaired by United Labourers' Union

<sup>74</sup> Nairn, *Big Fella*, pp. 150-60. J. M. Ward, 'The Dismissal', in Spearitt, *Jack Lang*, SMH, 4.4.32, p. 9. 8.4.32, p. 9. 13.4.32, p. 11. 14.4.32, p. 9. 30.4.32, p. 14 (Davies). 25.4.32, p. 5 (Grant). 28.4.32, p. 9. 2.5.32, p. 9. 7.5.32, p. 13. 18.4.32, p. 9. 23.4.32, p. 13. 9.5.32, p. 9. LD, 3.5.32, p. 6. 14.5.32, p. 1. *The Sun*, 12.4.32, p. 7. 1.5.32, p. 1. *Construction*, 1.2.37 (4.5.32), p. 4. *The Bulletin*, 18.5.32, p. 9. Martin Diary, 12.4.32. The opposition called up the spectre that if the Council was abolished parliament would be extended: SMH, 15.4.32, p. 10 (Levy). On Lang's conduct in 1927: Federal Executive, 22-24.6.27, pp. 115-25.

<sup>75</sup> SMH, 9.1.32, p. 10 (Keller). LD, 16.1.32, p. 5. 9.3.32, p. 8. WW, 4.6.32, p. 2. F&S, 16.6.32, p. 1. Martin Diary, 21.4.32, 18, 23, 28, 30, 31.5.32, 1, 3, 7, 8, 10, 11.6.32. Robinson, *State Election 1932*, p. 49. G. Duthie, *I Had 50,000 Bosses: Memoirs of a Labor Backbencher 1946-1975*, Angus & Robertson, Sydney, 1984, pp. 318-39. Kelly, *November 1975*, pp. 110, 145, 172, 200-01.

<sup>76</sup> *The Land*, 15.1.32, p. 3. *The Sun*, 8.1.32, p. 10. SMH, 9.1.32, p. 11.

<sup>77</sup> Martin Diary, 20.3.32. NSWPD, vol. 132, p. 8748. Lang, 17.3.32. B. Griffen-Foley, *The House of Packer: the making of a media empire*. Allen & Unwin, Sydney, 1999, pp. 11-19. R. B. Walker, *Yesterday's News: a history of the newspaper press in New South Wales from 1920 to 1945*, Sydney University Press, Sydney, 1980, p. 52. NBAC, Colonial Sugar Refining Co. Ltd., Deposit 142, Item 142/2665, Minter Simpson Correspondence 1931-1937, Minter Simpson to CSR, 18.3.32. Lang, *I Remember*, pp. 389-91. *Turbulent Years*, pp. 162-63.

secretary, and staunch Langite, Alan McNamara. The reports called for a capital levy or a steeply graduated super tax, a betterment tax on land whose value was increased by public works, taxes on advertising and petrol utilities, the flotation of new loans, a state monopoly of insurance, along with a thirty-five hour week and a 25% increase in wages. Several works that could be undertaken with these funds were listed. Despite the opposition of Socialisation activist Kidd the metropolitan conference approved the report by a large majority.<sup>78</sup>

The initial focus of government policy was on the wages tax, which it believed many employers were not remitting. In February there were press reports the wages tax would be increased to 2s or 2.5s in the pound. The suggestion of a doubled tax concerned caucus but Lang believed workers had benefited by the government delay of any revision of the basic wage. The metropolitan conference resolved that the basic wage be exempt from the wages tax despite an attempt by Schreiber to have the matter delayed until the unemployment committee reported. The Easter conference made a similar decision. Lang was concerned to placate party opinion, and in discussion with the party executive during the metropolitan conference he stressed that the government's revenue needs made taxation necessary on the basic wage, but offered to set the tax for those on the basic wage at 6d and introduce a graduated scale after Easter up to 2.75s in the £ for annual incomes over £500 and possibly even higher. In mid-February the government decided to postpone any changes to the wages tax due to the uncertain financial position. In March legislation altered the collection of the wages tax to a pay as you go system.<sup>79</sup>

The government seemed to have returned to a similar approach to taxation policy as it took in second half of 1931; fearful of increasing the wages tax it tinkered. In May it introduced legislation to change the collection of family endowment payments in a way that would have increased revenue, but this had not been considered by the time of the dismissal.<sup>80</sup>

The government reintroduced similar legislation to that defeated in 1931 that required insurance companies to make cash deposits. In a desperate ploy it called a snap vote on the legislation in the Council at 6 am on 2 March after a night of debate on the arbitration bill when some opposition Councillors had left for home. The ploy failed on the president's casting vote. The federal government quickly legislated to pre-empt state legislation.<sup>81</sup>

<sup>78</sup> SMH, 19.2.32, p. 10. 26.3.32, p. 11. LD, 26.3.32, p. 5. Martin Diary, 27.3.32. On McNamara's enthusiasm for Lang: Hughes Transcript, p. 44. Markey, *Case of Oppression*, p. 266.

<sup>79</sup> LD, 15.2.32, p. 6. 28.3.32, p. 5. SMH, 10.2.32, p. 13. 13.2.32, p. 9. 16.2.32, pp. 1, 9. F&S, 20.2.32, p. 2. *The Sun*, 14.2.32, p. 1. 16.2.32, p. 7. 15.2.32, p. 7. Branches demanded that any increases be on a graduated scale (LD, 1.3.32, p. 6 (Wickham)). NSWPD, vol. 132, pp. 8651-52. Lang, 16.3.32. Lang, *Turbulent Years*, p. 145.

<sup>80</sup> NSWPD, vol. 132, p. 9161. Lang, 10.5.32.

<sup>81</sup> *The Sun*, 2.3.32, p. 1. SMH, 3.3.32, p. 9. NSWPD, vol. 131, p. 7191. Robson, 1.3.32, p. 7193. CPD, vol. 133, pp. 669-71. Bruce, 4.3.32.



In 1931 Labor had retreated and returned to the Loan Council rather than attempt a truly radical taxation policy, but this line of retreat was closed and the government's position in the Legislative Council was stronger. By April rumours were rife that the government intended to a radical tax measure. In May this eventuated as the mortgages tax.<sup>82</sup>

The mortgages tax was a form of capital levy: a one off tax levied on wealth owners to reduce public debt. Many European countries had accumulated large public debts during the Great War and the real value of these debts was increased by post-war deflation. In Britain Labour policy supported a capital levy but party leaders feared its opponents would present the levy as a confiscation of personal savings and Labour governments ignored the policy. In some European countries levies were implemented with varying success. Observers agreed that the major problem with capital levies was the likelihood of capital flight (and this would be a greater problem at the sub-national level), with negative economic and revenue consequences. Success required rapid, possibly arbitrary, implementation, and some doubted that a capital levy could be effectively implemented in a democracy.<sup>83</sup>

Lang later claimed to have rejected a capital levy in 1930 on grounds it would drive business into bankruptcy. In November 1931 the Department of Labour advised Baddeley that such measures were useful only when the finances of a state were disorganised and the currency depreciated. By late February the option had been raised at the metropolitan conference and was under government consideration.<sup>84</sup>

The bill focused on a particular form of wealth: mortgages over property. The first public suggestion they be targeted was by Donald Grant in late April. Most of these mortgages, Stevens estimated 80 to 90%, were held by insurance companies, banks and trustee companies. The tax was drafted in great secrecy and no rumours about its content leaked out. The opposition claimed cabinet or caucus had not approved the bill prior to its introduction on 11 May. The Martin diary shows no indication caucus was consulted. Baddeley claimed cabinet had been consulted.<sup>85</sup>

<sup>82</sup> SMH, 4.4.32, p.9. 7.4.32, p.9. 8.4.32, p.9. 23.4.32, p. 13.

<sup>83</sup> B. Eichengreen, 'The capital levy in theory and practice' in Dornbusch, *Public debt management*. B. Sabine, *A History of Income Tax*, George Allen & Unwin, London, 1966, pp. 164-166, 199, 214. J. R. Hicks, U. K. Hicks & L. Rostas, *The Taxation of War Wealth*, Clarendon Press, Oxford, 1942, pp. 188, 192-93, 200, 269, 278. H. Dalton, *The Capital Levy Explained*, Labour Publishing Company, London, 1923, especially pp. 51, 63, 89-91. H. Dalton, *Principles of Public Finance*, George Routledge & Sons, London, 1936 (first ed. 1922), pp. 269-74. A. Auerbach, 'Taxation of Wealth', in J. Eatwell, M. Milgate & P. Newman, ed., *The New Palgrave Dictionary of Economics*, Macmillan, London, 1987, vol. 4, p. 607. Leaning, 'Australia, New Zealand and a Note on the United States of America', in Dalton, *Unbalanced Budgets*, p. 407. A tax on income or profits that was set at such a level that it required the taxpayer to diminish his stock of capital to pay it had the impact of a capital levy, and the Fisher land tax of 1910 was accused of having this effect by some landowners (RCT, *Fourth Report*, p. 213). In 1961 the Liberal Party believed Labor was committed to a capital levy (Hancock, *National and Permanent*, p. 195).

<sup>84</sup> Lang, *Great Bust*, p. 340. DLI Submissions 1931 (6/3467), 299118, 24.11.31 (response to motion from Fairfield ALP supporting capital levy). LD, 20.2.32, p. 1.

<sup>85</sup> LD, 25.4.32, p. 6 (Grant). NSWPD, vol. 132, p. 9271. Stevens, 11.5.32. NBAC, New Zealand Loan & Mercantile Finance Co., Sydney Office, NZ, Item 7 General Letter Books 1928-39, p. 654. Sydney Manager to Chief Inspector, Melbourne, 13.5.32 (citing advice of Clifford Minter). NSWPD, vol. 132, p. 9276. Stevens, Baddeley, 11.5.32. Baddeley denied this (*ibid.*).

The bill sought effectiveness through being draconian. Institutions (excluding the Crown, hospitals, friendly societies or trade unions), or individuals, who lent money in exchange for security over property, would have to pay 10% of the value of this security within fourteen days. The Taxation Commissioner could grant extensions, subject to the consent of the Treasurer. The tax was the first charge on the mortgage and if not paid within the due time the entire mortgage vested in the crown. Lang estimated it would raise £7m, which would be applied to meeting the demands of the federal government. The registration of mortgages made them a form of wealth that this was easy to identify. Since 1929 the number of mortgages on land had fallen sharply but those on crops, wool and livestock had increased.<sup>86</sup>

The opposition branded the tax a capital levy. They argued that Lang had underestimated the amount that would be raised and suggested it would raise £10m to £15m. Labor's justification for the bill was explicitly political. Council leader Concannon argued that few supporters of the government would come under the bill. The bill's critics feared that Labor might appeal to the many against the few. Buttenshaw, for the Country Party, held it unfair for a small portion of the community to bear such a burden. But most preferred to argue that contrary to appearances, the little people would be affected. Stevens claimed Swiss voters had rejected a capital levy because of its effect on business confidence, even although 99.4% were not directly affected. Others arguments were that industry would be affected as overdrafts to employers were secured by mortgages and those storekeepers who supplied goods to farmers on mortgages would have to cease trading. Some attention was given to small mortgagors, who already bore a heavy tax burden, and who it was argued were specifically attracted to the higher rates of interest on mortgages. But the major argument of the bill's critics was its impact on the 800,000 insurance policyholders. It was argued that insurance companies would have to borrow funds and sell government securities to pay the tax, with a consequent fall in their returns.<sup>87</sup>

The government's efforts to secure passage of the Mortgages Tax bill refute the suggestions, made by some in the opposition and Berridale Keith, that it was intended to be rejected by the

<sup>86</sup> NSWPD, vol. 132, pp. 9265-66. Lang, 11.5.32. Total private wealth in New South Wales was estimated in 1925 as £1,132m or £498 per capita (OYB 1931-32, p. 472). An unknown number of mortgages were unregistered (OYB 1931-32, pp. 470-71).

<sup>87</sup> NSWPD, vol. 132, p. 9266. Fitzsimmons, 11.5.32; pp. 9270-9276. Stevens, 11.5.32; p. 9306. L. Martin, 11.5.32; p. 9281. Buttenshaw, 11.5.32; pp. 9353-57. Farrer, 12.5.32; p. 9342. 12.5.32. Concannon. Levy argued there might be a case for a capital levy but the mortgages tax was not truly a capital levy but rather an arbitrary imposition on a particular group in the community (NSWPD, vol. 132, pp. 9288-90. Levy, 11.5.32). Braddon argued that it was not a capital levy in European sense as they were levied over a longer period (NSWPD, vol. 132, p. 9398. Braddon, 12.5.32). Stevens had earlier argued that New South Wales would require £15m to clear all liabilities (SMH, 25.4.32, p. 5). Total state taxation in 1931-32 was £14.9m (SR 1934-35, p. 156). JID, vol. 13, no. 5 (1932), p. 182; no. 6 (1932), p. 202. SMH, 13.5.32, p. 8 (chair of AMP). Daily Telegraph, 1.6.32, p. 5 (UAP advertisement). These criticisms of the levy echoed earlier complaints, both in NSW and elsewhere about the high taxes of Labor governments reducing savings required for investment, and even earlier when Reid introduced income tax (NSWPD, vol. 127, p. 3679. Bavin, 26.6.31. SMH, 13.10.30, p. 8. SW, 1.8.31, p. 1. WCM, vol. 6 (1932), p. 242. J. P. Smith, *Taxing Popularity: The Story of Taxation in Australia*, Federalism Research Centre, Australian National University, 1993, p. 27. Costar, Labor, Politics and Unemployment, p. 5. Matthews, Employers, p. 206.



Council, possibly as an election trigger.<sup>88</sup> The government was able to split Federal Labor. In one of the most extraordinary nights in Australian parliamentary history the bill was approved in the early hours of 13 May. While debate proceeded in the Council ministers lobbied Federal Labor members. Even before this non-Labor MLCs feared Federal Labor could not rely to solidly oppose the bill. The government mobilised every vote. Even 81-year-old John Hopher, a Reid appointee to the Council, was carried into the chamber to vote in his first appearance for years. Coates admitted he believed the bill would pass. The second reading was carried by 48 to 43. Six federal Labor members voted for it, but Simon Hickey broke with Lang Labor to oppose the bill, and described it as the 'last straw'. The circumstances of the bill's passage remain mysterious. *The Bulletin* accused some members of being drunk. We know that Lang, thanks to Swindell, had access to a substantial personal political fund, and it is certainly possible that bribery may have played a role, but the climate of political polarisation placed Federal Labor under great stress. During the 1932 election campaign the six announced their support for the election of Lang. While the Council considered the mortgage tax the Assembly debated Council amendments to the government's arbitration legislation. At 6:30 am the mortgages tax bill was returned with minor amendments from the Council. These were approved by the Assembly, which rose at 6:45 am. That afternoon Lang was dismissed.<sup>89</sup>

These desperate hours revealed something of Lang's political acuity and its limits. Lang was a master at the application of intense political force. Against the odds he persuaded Game to appoint the 25 new members to the Legislative Council and finally broke Federal Labor, but these victories failed due to the structural constraints that enmeshed the government.<sup>90</sup>

## 6. Conclusions

In 1930 Lang had argued that New South Wales could restore prosperity by reentering the loan market. This policy had promised benefits to virtually all voters, but with the mortgages tax the

<sup>88</sup> *NSWPD*, vol. 132, p. 9271. Stevens, 11.5.32, p. 9283. Buttenshaw, 11.5.32. NBAC, New Zealand Loan & Mercantile Finance Co., Sydney Office, NZ, Item 7 General Letter Books 1928-39, p. 654., Sydney Manager to Chief Inspector, Melbourne, 13.5.32 (citing advice of Clifford Minter). Evatt, *Dominion Governors*, p. 70 (citing Keith).

<sup>89</sup> *The Sun*, 12.5.32, p. 1. *SMH*, 13.5.32, pp. 9-10. 25.5.32, p. 12. 2.6.32, p. 12. *Daily Telegraph*, 13.5.32, p. 1. 16.5.32, p. 5. *LD*, 25.5.32, p. 6. *The World*, 1.6.32, p. 4. *The Bulletin*, 18.5.32, p. 10. *NSWPD*, vol. 132, p. 9390. Coates, 12.5.32. NBAC, New Zealand Loan & Mercantile Finance Co., N2, Item 4, Superintendent's Special Letter Books, 1927-34, letter 930: Sydney Manager to Superintendent, Melbourne, 12.5.32 (citing advice from Braddon and Kater MLCs) (letter 930) *NSWPD*, vol. 132, p. 9402. 12.5.32 (Council approves tax bill); p. 9458 (Assembly approves tax bill). Lang, *Turbulent Years*, p. 145-51. Hickey's memoirs reveal little of his political career but they do indicate a dislike of Lang, who defeated him in a surprise vote in 1916 for the position of caucus secretary (S. Hickey, *Travelled Roads*, F. W. Cheshire, Melbourne, 1951, p. 48. Lang, *I Remember*, p. 79). A Catholic, but a supporter of temperance, Hickey had a record of involvement in the textile industry and held shares in Bonds (*The Bulletin*, 24.6.31, p. 13). According to Radi, Lionel Ryan, one of the Federal Labor defectors, had 'something of a reputation as a fixer' (H. Radi, 'Legislative Councillors', in Radi, *Jack Lang*, p. 107).

<sup>90</sup> A comparison can be drawn with how Roosevelt eventually broke the resistance of the Supreme Court, which in 1937 reversed its previous opposition to much New Deal legislation. This case demonstrates that institutional constraints can often be overcome with sufficient determination, and puts the Scullin government's caution into perspective (A. Fenna, 'Political Alignments, Political Economy and Political Change in Australia 1890-1940', *Australian Journal of Political Science*, vol. 31, no. 1 (1996), pp. 76-77. A. J. Badger, *The New Deal: The Depression Years, 1933-1940*, Hill & Wang, 1989, pp. 263-67).

government had come to preach the virtues of self-reliance and making the rich pay. Labor had adopted the strategy that Macintyre argues had always been possible in theory: increasing taxation to a level sufficient to provide adequate relief work. The Inner Group had mobilised against the Socialisation Units but the government was now supporting legislation that would have led to a large-scale transference of private property to the state, as the property of many mortgagors would have been confiscated due to failure to pay the tax.<sup>91</sup> Concannon provided the most coherent presentation of this position. He argued that 'we live to-day under extraordinary circumstances...in times of revolutionary alteration of the social system'. It would have been better if government works had been financed out of revenue, and if debts were not renegotiated then self-reliance was the only way. His comments recalled a strong tradition within the ALP, by both radicals and moderates, of opposition to government borrowing.<sup>92</sup>

On the day that the tax was passed by the Legislative Council federal parliament approved legislation that nullified the tax on the grounds that it endangered national economic stability. This legislation was almost certainly unconstitutional, but Lang used it as an excuse for downplaying the mortgages tax in the 1932 election campaign, contrary to the expectations of Labor MPs.<sup>93</sup> Instead the centerpiece of Labor's policies was the promise to raise £21m by anticipating three years of revenue from the wages tax by the issuing of debentures for this value. Lang's use of the term 'hypothecating' for this process proved as unfortunate as Theodore's use of 'fiduciary'. This policy drew on Labor concepts of the 'money power' and it also reflected more specific proposals from party branches and members for dole tickets or statutory authority debentures to be declared currency.<sup>94</sup>

Labor oscillated between a redistributive appeal and a growth centered one. With its promise to make the rich pay the mortgages tax was an example of the former. It reflected a trade-unionist approach, which was even more apparent in many of Labor's industrial proposals, such as the restriction of overtime or the reduction in the paid workforce by exclusion of married women from the teaching service. This approach reflected a belief that resources and opportunities were limited and Labor's role was to equitably redistribute them. The growth-centered appeal was

<sup>91</sup> Macintyre, *Winners and Losers*, pp. 70, 74. NBAC, CSR Deposit 142 CSR Ltd. Item 2665 Minter Simpson Correspondence 1931-1937, Minter Simpson to CSR, 13.5.32. *JID*, vol. 13, no. 11 (1932), p. 202.

<sup>92</sup> *NSWPD*, vol. 132, p. 9341. Concannon, 12.5.32. For an example of hostility to government borrowing: *CPD*, vol. 132, p. 873. 26.10.31. Rae, H. F. Pook, *Depression and Government in Victoria 1929-32: A Study in Labor Politics* (M. A., University of Melbourne, 1978), pp. 103-05, 117. For earlier ALP hostility: Sawyer, *Federal Politics and Law, 1901-29*, p. 128 (1913 federal ALP election policy). Evatt, *Holman*, p. 119 (1903 NSW ALP election platform).

<sup>93</sup> *CPD*, vol. 134, pp. 737-41. Lyons, 13.5.32. Financial Emergency (State Legislation) Act No. 11 of 1932. This Act outlawed not only the mortgages tax but any form of capital levy (s. 4). ML MSS 5095, Australian Labor Party, Item 689, Darlington Branch Minutes 7.10.31 to 26.10.33, Meeting, 18.5.32 (Stuart-Robertson MP).

<sup>94</sup> Robinson, *State Election 1932*, p. 28. *SMH*, 26.3.32, p. 11 (S. A. Rosa). *LD*, 21.7.31, p. 8 (Hurstville South). *LD*, 25.8.31, p. 6. 28.8.31, pp. 4, 8. Some American states experimented with, or proposed, devices similar to state currencies during this period (D. Maurer, 'Relief Problems and Politics in Ohio', in J. Braeman, R. Brenner & D. Brody, eds., *The New Deal*, vol. 2, *The State and Local Levels*, Ohio State University Press, Columbus, 1975, pp. 86-87. Miller, *La Follette*, p. 66). Even under Bavin contractors had been willing to take payment in securities that would mature in three years (Loan Council Minutes, 5-6.8.30, pp. 3-4). *SMH*, 2.6.32, p. 15 (C.A. Kelly, Bathurst MP). 10.6.32, p. 15. Section 115 of the Commonwealth Constitution not only prohibited a state from coining money but disbarred a state from making anything other than gold or silver coin legal tender for payment of debts.

apparent in Labor's 1930 election campaign promises to re-enter the loan market or the debentures plan of 1932. But particularly in 1932 it was not credible that the private sector would accept Labor's appeal for funds, or Labor's debentures. In principle a growth agenda could be less controversial, as it offered something for everybody, but such was the public suspicion of financial manipulation, that Lang might have been better advised in 1932 to promise government jobs paid for by higher taxes.<sup>95</sup>

Lang's increasing radicalism throughout the term of the government saw Labor place more and more emphasis on an appeal, that defined Lang Labor as more than just a political party but a social movement. Lang's signing of the Premiers' Plan only briefly delayed this trend. The personality cult around the Premier was employed as a tool of party management, but even in 1932 Lang recognised the need for union assent to his taxation policies. The government was not a passive agent of the party conference, but as Minkin argues there is a large gap between this approach and one of entirely ignoring party conferences. Contemporary press comment admitted that at this time party conference resolutions were meaningful. Lang was not a charismatic dictator ruling without restraint. As Holman contended in 1930, Lang's position of dominance within the parliamentary party should not obscure that he was dependent in policy terms on the dominant group. Irvine Young describes Lang as an unrestrained dictator but then claims that Garden could have broken Lang at any time, but Garden knew Lang was central to Labor's electoral appeal. Dixon is correct that the Trades Hall Reds were deradicalised but their position, together with that of TUSA, remained distinctive enough to make a real difference in Labor policy.<sup>96</sup>

A trade union movement that prioritised keeping Labor in office endorsed the government's retreats. The 'Inner Group' was not a passive tool of the Premier. To a degree the links between unions and the ALP in 1930-32 were more formalised than under the Accord. TUSA, with its mixture of party and union officials, resembled the advisory committees linking the ALP and the ACTU, which have an intermittent existence since 1938, most recently as the Australian Labor Advisory Council. But under the Accord this body played little role, particularly compared to the high profile of TUSA. By the time of Lang's dismissal the party and the unions were probably keener to pursue a compromise with the federal government than the Premier, or so Graves later suggested to Young.<sup>97</sup> Yet the federal government allowed Labor no room to compromise. The 1931 election had revealed to the non-Labor parties that the electoral tide was emphatically in

<sup>95</sup> Perlman, *Theory of the Labour Movement*, pp. 6-8. Miller, *La Follette*, pp. 59, 67, 88-89, 131, 134-35. L. Thurow, *The Zero-Sum Society: Distribution and the Possibilities for Economic Change*, Penguin Books, Harmondsworth, 1981.

<sup>96</sup> Minkin, *Party Conference*, pp. 22-27. *Truth*, 3.4.32, p. 12. *The Sun*, 1.2.30, p. 3 (Holman). Young, *Impact*, pp. 62, 87. Dixon, *Reformists and Revolutionaries*, pp. 232, 315-17, 328, 334, 364. Dixon's emphasis shifted from the 1965 Ph. D. to *Greater than Lenin?* in 1975.

<sup>97</sup> L. Crisp, *The Australian Federal Labor Party 1901-1951*, Hale & Iremonger, Sydney, 1978 (first ed. 1955), pp. 182-204. G. Singleton, *The Accord and the Australian Labour Movement*, Melbourne University Press, Melbourne, 1999, pp. 102, 108, 151. Young, *Conflict within the NSW Labor Party*, p. 356.

their favour. The integration between industrial and political labour was uniquely close in New South Wales, but as in the Accord period this did not mean that the electoral loyalty of rank and file workers could be relied on. Labor governed within a capitalist economy, and as Lang appealed to class feeling employers mobilised workers under the banner of the enterprise. Labor's vote held up best among voters who stood outside of the capital/labour polarity: women at home, the unemployed, self-employed and state employees. But institutional factors were also crucial here. Finance capital was integrated under the leadership of the Commonwealth Bank; the Constitution upheld its hegemony by preventing state governments from currency creation. Industrial capitalists will hesitate before allowing political judgments to influence their search for profit but finance capital could achieve its political goals with ease.<sup>98</sup>

In Chapters 3 to 6 I have focused on how Labor raised funds through taxation and how electors responded to the party's record. In the next three chapters I consider aspects of what Labor did with taxation revenue, particularly how Labor in government was distinctive as an employer, and Labor's regulation of the economy.

<sup>98</sup> Glasberg, 'Bank Hegemony and Class Struggle', in Davis, *Fire In the Hearth*, p. 196.

## Part 3 Public Policy

### Chapter 7

#### Aspects of Economic Regulation

##### 1. Introduction

Capitalist production required that the state uphold property rights to separate workers from the means of production. If the law had been restricted purely to upholding property rights, and enabling the holders of property rights to make contracts, then Australian society would have been characterised by what Weber called 'formal rationality'. Labor's opponents frequently evoked the principle that contract relations were preferable to legislation as an ideal, even if modified in practice by electoral expediency. Property rights were not defined by legislation but by the common law, the result of myriad judicial decisions. Classical liberals, like Hayek, regard the common law as congruent with laissez-faire. Their focus on the common law echoed the hostility to any suggestion that money could be created at will, an attitude expressed in the Senate's rejection of Theodore's financial legislation. The definition of a property rights under economic liberalism was narrow, and did not include a workers' right to a job, or indigenous property rights.<sup>1</sup>

Courts and parliaments both evolved from advisory bodies to absolute monarchs, and as inheritors of this power stood in potential conflict. The rationalisation and secularisation associated with capitalism meant that, as Joseph Schumpeter argued, voters did not feel obliged to accept the outcomes of market exchanges, in particular those between labour and capital, and they sought to have parliaments legislate to adjust the outcomes of these exchanges. The early triumph of bourgeois parliamentarianism in Britain meant that there had been no need for the British bourgeoisie to develop natural law doctrines that limited state powers. Legal radicals such

<sup>1</sup> Weber, *Economic History*, p. 307. Weber, *Theory*, p. 172. Marx, *Capital*, vol. 1, pp. 248-57. C. E. Lindblom, *Politics and Markets: The World's Political-Economic Systems*, Basic Books Inc., New York, 1977, p. 48. K. Hancock, 'Labour Market Deregulation in Australia', in S. Richardson, ed., *Reshaping the Labour Market: Regulation, Efficiency and Equality in Australia*, Cambridge University Press, Melbourne, 1999, pp. 76-80. NSWPD, vol. 130, p. 6640. 24.9.31. Stevens, NSWPD, vol. 132, pp. 9292-93. Levy, 11.5.32. Martin, *Menzies*, vol. 1, pp. 81, 96, 99, 106. F. A. von Hayek, *Law, legislation and liberty: A new statement of the liberal principles of law and political economy*, University of Chicago Press, Chicago, 1973, vol. 1, pp. 84-85. G. de Q. Walker, *The Rule of Law: Foundation of Constitutional Democracy*, Melbourne University Press, Melbourne, 1988, pp. 375-76. Select Committee on the Central Reserve Bank Bill (SCCRB), *Progress Report*, p. 3; *Report*, p. xii. CPP, 1929-31, vol. 1 (Senate). For recent use of formal and substantive equality: R. Hunter, 'Equality and inequality in Australia', in G. Patmore & D. Glover, eds., *New Voices for Social Democracy*, Pluto Press, Sydney, 1999, pp. 120-22; L. Behrendt, 'Charting democracy and Aboriginal rights in Australia's psychological terra nullius', in *ibid.*, pp. 202-09.

as Albert Piddington, NSW Industrial Commissioner 1926-32, identified the rule of law with parliamentary sovereignty. Many liberals and conservatives believed, that as Aristotle had first argued, that the rule of law and popular sovereignty were in conflict. Industrial action by workers even more directly challenged property relations. In 1930-32 the contradiction between popular sovereignty and the rule of law was particularly acute.<sup>2</sup>

In this Chapter I review Labor's attempt to constrain the exercise of property rights in the interests of substantive rationality. My major focus is on industrial arbitration but I also examine Labor's exercise in state protectionism and the regulation of public utilities.

##### 2. Institutions of economic regulation

###### (a) Minister and Department

The key minister in the development of Labor's policy of economic regulation was Jack Baddeley, first national president of the Miners' Federation and in 1930-32 deputy Premier and Minister for the two portfolios of Labour and Industry and Mines. Baddeley carried a heavy workload and supplied industrial expertise that Lang lacked.<sup>3</sup>

Historians have neglected Baddeley. He refused to follow his fellow miner Willis into opposition to Lang. Not until 1938 did Baddeley declare he would follow the Miners' Federation in repudiation of Lang, but his political divergences from the Federation, after 1934, should not obscure his willingness to work closely with the Federation on coal industry policy. Often abrasive in personal style, Baddeley was willing to challenge Departmental advice.<sup>4</sup>

<sup>2</sup> Dicey, *Law and Public Opinion*, pp. 305-06. Schumpeter, *Capitalism, Socialism and Democracy*, pp. 417-18. F. Neumann, *The Rule of Law: Political Theory and the Legal System in Modern Society*, Berg Publishers, Warwickshire, 1986, pp. 36, 76, 185 (this work is a publication of Neumann's 1936 doctoral dissertation completed under Harold Laski's supervision). Aristotle, *Politics*, IV vi, p. 255. Royal Commission of Inquiry into Bread Prices into the County of Cumberland (RCBP (1)), *Report*, p. 12 (Piddington), NSWPP, 1930-32, vol. 5.

<sup>3</sup> For an example of Baddeley correcting Lang's initial advice to a union on an industrial matter: NBAC, E99/2/6. AFULE, Minute Book of Executive and General Committee 8.6.30 to 15.5.32. Secretary's Report to General Executive 15.2.31. For examples of his workload see: AO 6/3749, Daily Sheet 1932 and LD, 3.11.31, p. 6. Baddeley was always readily available to consult with unions. The Baking Trades' records of their response to the government's ill-fated cheap dole bread plan of August 1931 show meetings between the union and Baddeley, but Gosling (the minister responsible for the proposal) evaded a meeting until Voight and Labor Council assistant secretary Robert King 'used their influence' (NBAC, Baking Trades Employees' Federation, T13/2/2, Minutes of General Meetings 18.12.30 to 15.6.32, General Meeting, 19.8.31).

<sup>4</sup> Young, *Impact*, pp. 115, 252. Young, *Conflict within the NSW Labor Party*, p. 272. F. Farrell, 'Baddeley, John Marcus (1881-1953)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 7, 1891-1939, Melbourne University Press, Melbourne, 1979. C. Fisher, *Coal and the State*, Methuen Australia, Sydney, 1987, pp. 133-38. Baddeley came to Australia aged two, after a journey back to England in the 1920s, he worked on changing his accent to make it more cultivated: *Daily Guardian*, 2.11.30, p. 13. *The Bulletin*, 16.6.32, p. 10. For his politely patronizing treatment of Communist women in a deputation: ML MSS 5021 Add-On 1936, Communist Party of Australia, Box 4, CY Reel 3096, 10th Congress 4-8 April 1931, Report and Discussion of Work Among Women (Comments of Comrade Ford). For direction to the Labour Exchange to change its food relief policies on the northern coalfields: DLI Submissions 1931 (6/3467), 294196, July 1931. Baddeley upheld labourist prejudices, he overruled Gosling to insist that southern Europeans would not be eligible for food relief (DLI Submissions 1931 (6/3466), 292722, 20.5.31).

## (b) Industrial arbitration

Industrial awards, split fairly evenly between the state and federal arbitration systems, covered the working conditions of almost all industrial workers. Debates about industrial arbitration spoke to fundamental questions about the rule of law and property rights. This period saw the High Court confine the jurisdiction of the federal arbitration court, stretching constitutional interpretation to defend common law, despite the increasingly conservative orientation of the Arbitration Court. Elsewhere courts have been similarly prone to confine industrial regulation.<sup>5</sup> Some New South Wales courts were similarly hostile to Lang's legislation that constrained the exercise of property rights, such as tenant protection and moratorium legislation.<sup>6</sup>

The original rationale for industrial arbitration was to force labour and capital to negotiate to reduce the cost of strikes rather than regulate the outcomes of negotiations between the parties. For a long period most labour historians argued that arbitration merely ratified labour market outcomes, or even reduced wages by discouraging militancy. Whereas conservatives feared industrial arbitration was a threat to the rule of capitalist law, radicals argued the content of legal forms upheld capitalist property relations.<sup>7</sup> The consensus of recent historical opinion is now that industrial arbitration did have a significant independent impact on wage levels.<sup>8</sup>

<sup>5</sup> Gregory, 'Sharing the Burden', in Butlin, *Recovery from the Depression*, p. 221. Peter, Social Aspects, p. 46. M. Brown, 'State Capital Differences in the Basic Wage', *Economic Record*, vol. 36, 1960, p. 91. L. Bennett, 'The Federal Conciliation and Arbitration Court in the late 1920s', *Labour History*, 57 (1989). L. Bennett, *Making Labour Law in Australia: Industrial Relations, Politics and Law*, The Law Book Co., Sydney, 1994, p. 64. B. Kercher, *An Unruly Child: A history of law in Australia*, Allen & Unwin, Sydney, 1995, pp. 174-75. Fitzpatrick, *British Empire*, p. 319. Key cases in the High Court's offensive against arbitration were: *Caledonian Collieries Ltd. v. Australasian Coal and Shale Employees Federation (No.s 1 and 2)* at 42 CLR (1928-30) at 527 and 558. *ARU v. Victorian Railways Commissioners* 44 CLR (1930-31) 319. Isaacs CJ dissent in the first two cases is a powerful critique. When Starke J of the High Court complained that the Arbitration Court had built up a mass of technicalities in relation to industrial matters, Beeby J of the Arbitration Court replied that most of these were due to the efforts of the High Court to reduce its jurisdiction (*SMH*, 2.10.31, p.9). Doubts were expressed by non-Australian liberals as to what extent arbitration tribunals were real courts (Bryce, *Modern Democracies*, p. 216) but the argument was revived emphatically by the 'new right' of the 1980s: J. Stone, 'Introduction' and P. Costello, 'Legal Remedies Against Trade Union Conduct in Australia', in H. R. Nicholls Society, *Arbitration in Contempt*, the Society, Melbourne, 1986. For American parallels: M. Dubofsky, *The State and Labor in Modern America*, University of North Carolina Press, Chapel Hill, 1994, pp. 45-48, 247. H. J. Laski, *The State in Theory and Practice*, George Allen & Unwin, London, 1935, pp. 173-83. In the other labourist democracy of the 1920s Weimar Germany property rights were constitutionally obliged to serve the 'common good', and economic freedom was to be exercised in accordance with justice and labour power was identified as entitled to special protection (Extracts from the Weimar Constitution of August 1919 (ss. 151, 153, 157), in O. Kirchheimer & F. Neumann, *Social Democracy and the Rule of Law*, Allen & Unwin, London, 1987, p. 198).

<sup>6</sup> The impact of Lang's legislation on property rights, such as the moratorium, alarmed many lawyers (R. E. Tebbutt, *The Moratorium Act*, Law Book Co, Sydney, 1931 (2nd ed.), p. 28. Harvey J of the Supreme Court complained that since 1926 a 'headlong rush' of legislation had undermined the 'higher maxims of law and commerce' and that this legislation was frequently inconsistent (Address by Harvey J at retirement of Street CJ, Memoranda, p. vi in *State Reports (New South Wales)*, 1933). Harvey J may have been the justice who reportedly described a Lang measure as 'rubbish' (*The Bulletin*, 21.10.31, p. 13). Lukin J, better remembered for his performance on the Arbitration Court in the timber workers' case, denounced the extraordinary results of the Moratorium Act (*SMH*, 12.12.31, p. 13). Labor's legislative innovations led to a report that the Legal Book Co would publish *Lang's Law* with full explanation of relief and moratorium acts (*The Sun*, 4.10.31, p. 2). This book did not eventuate but they did publish a guide to the moratorium act. There was a similar process in Germany as the increasing supplanting of general law by individual bureaucratic decisions, associated with social democracy, saw a reaction by the judiciary under the banner of the rule of law (F. Neumann, 'Rechtsstaat, the Division of Powers and Socialism' (1934), in Kirchheimer & Neumann, *Social Democracy and the Rule of Law*, p. 72).

<sup>7</sup> M. Bray & M. Rimmer, 'Voluntarism or compulsion? Public inquiries into industrial relations in New South Wales and Great Britain, 1890-4', in Macintyre, *Foundations of Arbitration*, pp. 59-63. In its critique of arbitration the left echoed the revolutionary Marxist denial of the autonomy of the legal form: Cohen, *Karl Marx's Theory of History*, pp. 217-34. E. B. Pashukanis, *The General Theory of Law and Marxism* (1924) in P. Beirne & R. Sharlett, eds., *Pashukanis:*

By 1930 some employers and lawyers believed arbitral tribunals had gone beyond settling industrial disputes to become quasi-legislative bodies with potentially serious implications for managerial prerogative. Beeby J of the Commonwealth Arbitration Court, a former Labor and Nationalist minister, admitted industrial tribunals exercised quasi-legislative powers, but only to prevent industrial disputes. Unions should not try to use tribunals as a vehicle for fundamental economic change, which was a legislative responsibility.<sup>9</sup>

Whatever the doubts that liberals had about industrial arbitration they were aware of its electoral popularity. For Bavin and Latham legal principle and political practicality could be fused by the conviction that industrial tribunals were to make law, but law to counter organised labour's challenge to property rights. Radical analyses liken the ability of capitalists to make new law through their commands to employees as resembling feudalism. Some liberals had once agreed, but by 1930 most Australian liberals defended employers property rights and consequent rights of command.<sup>10</sup> What made Piddington distinctive was that he remained loyal to the radical liberalism that lawyer politicians, such as Bavin and Latham had once upheld. Only Isaacs, now a minority of one on the High Court in his battle to defend arbitration, remained from this generation at the national level. Labor's enthusiasm for Piddington was the last echo of Labor admiration for liberal radicals such as Higgins, Lilley or Higinbotham.<sup>11</sup> Labour also wanted to employ state power but against capitalist property relations. Labour wanted law without lawyers. *Labor* was more cautious; it knew the value of industrial tribunals as a curb on union ambitions that might empty state treasuries or alarm swinging voters. When Labor restructured the NSW

*Selected Writings on Marxism and Law*, Academic Press, London, 1980, pp. 63-68). The result of such a position is that law is defined as an essentially conservative agency and social change only being possible through anarchic mass initiative or dictatorial power (R. Schlesinger, *Soviet Legal Theory: Its Social Background and Development*, Kegan Paul, Trench, Trubner & Co., London, 1945, p. 203). Reformist Marxists in the 1920s, such as Renner, argued that the same legal form could fulfill different purposes depending on the balance of class power (Renner, *Institutions of private law*, p. 259), this view echoed Fitzpatrick's analysis of arbitration that I discussed in Chapter 1. In Weimar this led Rudolph Hilferding to claim that the level of wages now depended on the ballot box (Abraham, *Collapse*, p. 234).

<sup>9</sup> T. Sheridan, 'Of Mind-sets and Market Forces: The Contribution of Historical Research to Industrial Relations', in G. Patmore, ed., *History and Industrial Relations*, p. 45. For evidence of impact on wages: C. Forster, 'The economy, wages and the establishment of arbitration', in Macintyre, *Foundations of Arbitration*. Richards, 'Wages and the Wage Share'. Recent industrial disputes have demonstrated the autonomy of different components of the state apparatus: B. Dabscheck, 'The Australian Waterfront Dispute and Theories of the State', *Journal of Industrial Relations*, vol. 42, no. 4 (2000).

<sup>10</sup> R. Menzies, 'The Distribution of the Industrial and Trade and Commerce Powers', in G. Portus, ed., *Studies in the Australian Constitution*, Angus & Robertson, Sydney, 1933, pp. 61-65. Royal Commission of Inquiry on Allegations Concerning the Industrial Commissioner, *Report, NSWPP*, 1927, vol. 2 (1st session, 28th Parliament). The arbitration judiciary claimed to uphold managerial prerogative but employers argued that by the late 1920s it had substantially disagreed: H. B. Higgins, *A New Province for Law and Order*, Constable & Co., London, 1922, p. 13. *AEU v MTEA*, 960-61 (Beeby J). Anderson, *Fixation of Wages*, pp. 27-28 (Anderson was an employers' industrial officer).

<sup>11</sup> Renner, *Institutions of private law*, pp. 276-77. Marx, *Capital*, vol. 1, pp. 280, 344. Pashukanis, *Law and Marxism*, p. 95. K. Orren, *Belated Feudalism: Labor, the Law and Liberal Development in the United States*, Cambridge University Press, Cambridge, 1991, pp. 33-36.

<sup>12</sup> For the liberal critique of the dependence associated with wage labour (H. Spencer, *The Principles of Sociology*, Williams and Norgate, London, 1896, vol. 3, pp. 485, 516, 563, 564. J. S. Mill, *The Principles of Political Economy*, Penguin, Harmondsworth, 1970 (first ed. 1848), pp. 126-29. For Australian concerns about the status of labour: Atkinson, 'The Australian Outlook', pp. 35-36. Foenander, *Industrial Peace*, p. 255. Royal Commission into the Coal Industry (RCCI), *Report*, pp. 115, 121 (1890 comments of Samuel Griffith). *NSW PP*, 1929-30, vol. 3. Rickard, *Class and Politics*, pp. 276-79.

industrial arbitration system in 1926 Lang's first preference for Industrial Commissioner was Beeby. The unions however insisted on Albert Piddington, barrister and former Interstate Commission, who was viewed with deep suspicion by employers and conservative politicians as biased.<sup>12</sup> In 1930-32 the Lang government sought to construct an industrial arbitration system that centered on Piddington as sole Industrial Commission with a minimum of legal constraint.<sup>13</sup>

Labor's 1926 legislation established an industrial tribunal system with minimal legal involvement. Industrial disputes went to conciliation committees with equal number of union and employer representatives. Non-legal commissioners, who had a casting vote, chaired the Committees. Labor favoured former union officials as conciliation commissioners, whom employers considered biased. The Industrial Commission heard appeals from conciliation committees and set the state basic or 'living' wage. The Commission comprised a President, and eight other members drawn equally from employers and employees. Conciliation committees awarded margins for skill above the living wage. In 1929 the Bavin government removed the casting vote of committee chairs, but Committees remained the major forum of industrial adjudication: in 1931 they made 88 % of award variations. A Deputy Commissioner exercised the powers of the Commission on delegation. In 1930 this was Edward Kavanagh MLC, former clothing trades unionist and TUSA officer-bearers who represented the moderate pro-arbitration unionists that rallied to Lang in 1926.<sup>14</sup>

As Industrial Commissioner Piddington opposed wage reductions on underconsumptionist grounds and defended the sanctity of the living wage. Employers considered him biased and subservient to Labor government policy.<sup>15</sup> In 1927 the Bavin government restructured the Industrial Commission to comprise three legally qualified members. Piddington remained President, but was frequently outvoted by new appointees Street and Cantor JJ.<sup>16</sup>

<sup>12</sup> Renner, *Institutions of private law*, pp. 72, 114-15. On Piddington's appointment: Piddington, *Political Revelations*, p. 108. M. Graham, A. B. Piddington: *the last radical liberal*, University of New South Wales Press, Sydney, 1995, pp. 125-26.

<sup>13</sup> R. Morris, 'From the Webbs to Scullin: the appearance of industrial relations as a branch of knowledge in Australia', *Labour History*, 64 (1993), p. 85. A. D. Flanders, 'The Tradition of Voluntarism', *British Journal of Industrial Relations*, vol. 12 (1974), pp. 351-52. Halevy, *Rule of Democracy*, p. 477.

<sup>14</sup> *OYB 1931-32*, pp. 744-46. Grant, *Employers, Unions and Arbitration*, p. 259. UMA, North Broken Hill, Item 7, Conciliation and Arbitration Amending Bill. Criticism and Objections by Interstate Conference, p. 1 (this is a critique of the Scullin government's proposed industrial legislation that draws on NSW experience). *Labour Report 1931*, p. 42. This distrust of committee chairs coexisted uneasily with a preference by employers for the informal and practical style of conciliation committees (*Construction*, no. 1256, 29.6.32, p. 1). *SMH*, 23.5.31, p. 13.

<sup>15</sup> For examples of Piddington's approach: *Re Standard of Living and Non-Rural Living Wage for Adult Males*, NSWIG, vol. 36, no. 5 (30.11.29) Piddington P at 625. *In re Club and Boarding House Employees (State) Conciliation Committee*, IAR (NSW), 1930, vol. 29 at 426. In his broad equitable approach Piddington anticipated later legal reformers whose work is criticised by contemporary liberals (Walker, *Rule of Law*, p. 387). His long and discursive judgements that drew on sociology, economics and international treaties, were criticised by employers (Royal Commission of Inquiry on Allegations Concerning the Industrial Commissioner (RCIAC), *Report*, p. 7. NSWPP, 1927, vol. 2). Graham, *Piddington*, p. 129. *SMH*, 24.1.31, p. 9 (McDonald, Employers Federation of NSW). Non-lawyer Nationalist MPs accused Piddington of bias but lawyer MPs were more cautious: NSWPD, vol. 125, p. 1368 (Levy) and p. 1375 (Foster), 19.2.31. A Royal Commission rejected claims of bias by Piddington (RCIAC, *Report*, p. 14).

<sup>16</sup> Piddington, *Political Revelations*, p. 120. Graham, *Piddington*, pp. 151-54. Cantor had often represented unions before his appointment and Labor bitterness at his perceived shift, often expressed in anti-Semitic terms, persisted into the 1940s (Clune, 'McKell Style', in Easson, *McKell*, p. 147).



In 1926-27 the Lang government, despite substantial union opposition, accepted the Legislative Council's insistence that the Industrial Commission determine the living wage as being that required by a family of husband and wife alone, in exchange for the Council accepting child endowment. In 1929 the Bavin government excluded the first child from endowment and required the male living wage to be set for a husband, wife and child. In 1930 the state living wage was £4/2/6 for men and £2/4/6 for women. By 1930 the labour movement had reached a consensus around the (relative) virtues of arbitration. Rising unemployment meant the percentage of wages disputes across Australia resolved in workers' favour fell from 96% in 1927 to zero in 1930. Lang's policy speech in 1930 pledged to 'restore arbitration'.<sup>17</sup>

### (c) Workers' compensation

Legislative reforms from the 1890s onward removed common law restrictions on workers' ability to sue their employers for workplace injury, but this was ineffective if employers could not pay claims. In 1926 Lang government legislation required employers to insure against workers' claims. Labor established the Government Insurance Office (GIO) to prevent private insurers taking undue advantage of this opportunity. The 1926 legislation reduced legal involvement in compensation disputes by referring unresolved cases to a Workers' Compensation Commission with a judicial chair and representatives of employers and employees. In 1932 99.75% of claims were settled by agreement. Unions condemned amendments to the system in 1929, that reduced workers' entitlements, but in addition the 1926 reform opened up new conflicts. Insurers, including the GIO, had an interest in defeating claims and could afford better legal representation than workers. Some unionists considered the Commission biased and the employee representative ineffective. The Crown Solicitor represented the GIO in compensation disputes, but was uninterested in assisting workers.<sup>18</sup>

<sup>17</sup> F. Jelly, 'Child Endowment', in Radi, *Jack Lang*, pp. 90-95. G. Anderson, 'Industrial Tribunals and Standards of Living', in F. W. Eggleston, et. al., *Australian Standards of Living*, Melbourne University Press, Melbourne, 1939, pp. 97-97. Anderson, *Fixation of Wages*, pp. 550-54. *Labour Report 1931*, pp. 48, 97. Robinson, *State Election 1930*, p. 15.

<sup>18</sup> Labor governments have frequently created specialist tribunals to take responsibilities from courts (Bennett, *Making Labour Law*, p. 69). Workers' Compensation Commission, *Sixth Annual Report*, p. 75, *NSWPP*, 1932-35 Parliament, 2<sup>nd</sup> session, vol. 1. *OYB 1931-32*, pp. 759-60. G. Cass, *Workers' benefit or employers' burden: a history of workers' compensation in New South Wales, 1880-1926*, Industrial Relations Research Centre, University of New South Wales, Sydney, 1983, pp. 59, 63-64. Lang, *I Remember*, pp. 229-35. Gunn, *Taking Risks*, pp. 116-18. AONSW, Attorney-General. Correspondence 1931, 13/10441.3, Item 1328, Crown Solicitor to Attorney-General 16.2.31). As Premier, Lang ordered the Railway Commissioners to drop an appeal against a compensation case on the request of the Timber Workers union (NBAC Z138/168 Timber Workers, Minutes 1941-43, Management Committee, 19.2.32). Before the first world war barristers who appeared for injured workers were regarded with hostility by other barristers (W. Sheppard, 'The influence of the bar in the twentieth century', in J. M. Bennett, ed., *A History of the New South Wales Bar*, Law Book Co., Sydney, 1969, p. 125).

#### (d) Regulation of industry

Previously I have shown that in 1931-32 many workers concluded their material interests were best served by co-operation with their employers, and that for public employees this meant disproportionate support for Labor. In a shrinking economy the public and private sectors were in competition. Measures Labor took to bolster its public sector base alienated private sector workers. Labor's attempt to appeal to working-class consumers by price regulation similarly undermined its appeal to workers in regulated industries. The highly capitalised sectors of the economy with large workplaces and strong trade unions were the heartland of political labour, but these were the industries where overcapacity was most evident, such as railways and coal.

From their inception Australian railways contributed more to the economy than they received in income. In the 1920s their financial position was worsened by excessive expenditure on uneconomic rural lines. Road transport became a major competitor: trucks ran on publicly financed roads and ease of entry meant strong price competition and lower wages compared to the railways and an incentive for better customer service.<sup>19</sup>

Even Nationalist governments were concerned about the budgetary implications of railway losses. A 1929 public inquiry defined transport as a utility that should be worked under unified public control. In 1930 the Bavin government imposed new taxation on bus services considered competitive to trams and this forced many bus services to close.<sup>20</sup>

The industry that attracted most political attention was coal. In 1930 coal production was the lowest since 1909. Employers' attempts to reduce costs culminated in the lockout of 1929-30. Analysts identified the unreliability of coal supply and excessive costs as a burden on industry. The industry was a target for what would be now be called 'microeconomic reform'.

<sup>19</sup> Schwartz, *Dominions of Debt*, pp. 29-30. T. Hyten, 'The Finances of Australian Railways in Relation to State Budgets', *Economic Record*, vol. 6 (Transport Supplement), pp. 30-31. Stevens, *Financial Statement*, p. 24. There were persistent union and ALP branch demands for taxes to internalise railway externalities: *The Ironworker*, vol. 4, no. 1 (1930-31), p. 17. *SMH*, 31.12, p. 10 (Narromine). NBAC, AFULE, E99/2/6, Annual Delegates Meeting, 27-30.9.1.10.32. Secretary's report, p. 4. Commissioners of Railways and Tramways, *Report for the Year Ended 30 June 1930*, pp. 3-6. *NSWPP*, 1930-32, vol. 4. M. Bray & M. Rimmer, *Delivering the Goods: A History of the NSW Transport Workers' Union 1888-1986*, Allen & Unwin, Sydney, 1987, pp. 79-82. Stevens, *Financial Statement*, p. 24. G. Wotherspoon, *An Historical Review of Rail Freight and Road Freight in New South Wales: Some Aspects of their Development, Competition and Regulation*, pp. 71-78, *Report of the Commission of Inquiry into the New South Wales Freight Industry* (1980), vol. 3. *NSWPP*, 1978-81 parliament, 2nd session, vol. 1.

<sup>20</sup> S. A. Maddocks, *Report on Transport and Traffic Control Abroad*, p. 19 *NSWPP*, 1929-30, vol. 1. See also his later comments: *SMH*, 13.12.30, p. 15. Maddocks sought UAP endorsement in 1932 (Robinson, *State Election 1932*, p. 14). Even the British Economic Mission a critical analyst of Australian economic policy, supported the elimination of 'undue competition' (*Report*, p. 31). A. G. Whitlam, 'Legislation for co-ordination of transport', *Economic Record*, vol. 6 (1930) (Transport Supplement), pp. 165-68. Aitkin, *The Colonel*, pp. 117-19. *SMH*, 10.1.31, p. 17 (closures and owners complaints).

Conservative politicians insisted costs must fall and productivity (despite coal oversupply and industry overcapacity) increase.<sup>21</sup>

### 3. Industrial relations

Labor's legislative agenda was dominated by the ambitious Industrial Conciliation and Arbitration Amendment bill (hereafter 'Arbitration bill') introduced in February 1931. In March the Legislative Council referred it to a committee, which Labor and unions boycotted. The committee report condemned the bill and suggested instead a general suspension of industrial awards. The bill was reintroduced after the appointment of 25 Lang Labor MLCs in September 1931. Federal Labor opposed portions of the bill and its fate was unclear when Lang was dismissed. Labor was successful in restoring the 44 hour week. Bills were also proposed, but not passed, to tighten health and safety regulations, reduce shopping hours and reform workers' compensation. Despite Legislative Council obstruction Labor was able to significantly influence industrial regulation by non-legislative action.<sup>22</sup>

In industrial policy ministers declared they would follow the consensus of trade union opinion. A TUSA subcommittee advised the government on arbitration legislation and the 44-hour bill. Baddeley promised to consider suggestions by employers but complained that unlike workers employers had not had to struggle for the good things of life. This statement demonstrated Baddeley's own abrasive style; another example was his refusal to advise employers of routine matters such as ministerial visits to regional centres.<sup>23</sup>

Garden was a member of the TUSA committee on industrial legislation, but it was TUSA president Schreiber who was probably the dominant figure in TUSA's legislative work. Unlike Garden he had a record of arbitration experience and contributed to the preparation of the 1926 legislation. The status of TUSA rose throughout 1930-32. A visit to TUSA was an early

<sup>21</sup> Department of Mines, *Annual Report...1930*, p. 1 *NSWPP*, 1930-32, vol. 5. RCCI, *Report*, p. 104. *JID*, vol. 11, no.3 (1930), p. 57. *NSWPD*, vol. 126, p. 2817. Bavin, 20.5.31. Nationalist MP Fitzsimmons was slightly critical of coal owners (*NSWPD*, vol. 126, p. 2883. 21.5.31).

<sup>22</sup> SCICAB, *Report*, p. 5. *SMH*, 10.4.31, p. 10. 23.4.31, p. 9. *LD*, 30.4.31, p. 5. On the boycott: UMA, Food Preservers Union, Management Committee 13.4.31. Labor Council Minutes, 9.4.31.

<sup>23</sup> Baddeley tells deputation from Bread Carters' Union wanting licensing sellers of bread that he will have to consult with all workers in industry and if unanimous will give consideration (*SMH*, 13.11.30, p. 10). UMA, 1/3/12, Operative Painters and Decorators Union, General Meeting 3.8.31. In anticipation of a Labor victory union activists had begun to consider industrial legislation before the election, although it is unclear to what extent the TUSA committee had been formally established before Lang's election (*SMH*, 5.11.30, p. 13. *LD*, 7.11.30, p. 1. 18.11.30, p. 5. NBAC, T12, Hotel, Club & Restaurant Employees Union, Minutes 1932 to 1935, T12/1/3, General Meeting, 2.12.30. NBAC, Baking Trades Employees Federation, T13/2/2, Minutes of General Meetings 18.12.30 to 15.6.32, General Meeting 19.11.30). (It is indicative of the blurred lines between TUSA and the Labor Council that these minutes have 'Labor Council' crossed out and replaced by 'TUSA'). On 12 November 1930 Baddeley suggested the formation of a committee representing TUSA, the Labor Council and the ALP executive to advise on legislation (DLI Submissions 1931 (6/3465), 285775, Notes of deputation received by the minister from the ARU 12.11.30). *LD*, 11.11.30, p. 6. 25.2.31, p. 1 (Baddeley). UMA, North Broken Hill, Box 4 Item 6, General Correspondence of R. N. Kirk, Sydney agent, Kirk to Secretary, North Broken Hill 12.10.31. Baddeley's attitude to employers was a payback for the Bavin government's close consultation with employers and ignoring of unions during the preparation of its legislation (Matthews, *Employers Associations*, p. 286). In 1936 the first New Zealand Labour government similarly ignored employers' views and took union advice in the preparation of industrial legislation (Martin, *Holding the Balance*, p. 198).

assignment for the new Under-secretary of Labour and Industry in April 1932. Unions not previously involved joined.<sup>24</sup> In September 1931 Communists and Labor moderates on the Labor Council combined to recommend that affiliated unions withdraw their officials from TUSA because it had usurped the role of the Council. Only three of 44 unions supported the resolution, and many praised TUSA's work on industrial legislation and the maintenance of the living wage.<sup>25</sup>

#### (a) Defending the living wage

The central issue of Depression industrial relations policy was wage levels. Deflation meant constant money wages translated into rising real wages. Employers called for money wage reductions to follow prices and then real wage cuts. Unions opposed wage reductions, disputed the validity of official price indices and proposed wage increases to boost demand and shorter hours to spread work. The public rhetoric of unions obscured private doubts. Unions knew public and private employers were in financial difficulty. They opposed wage cuts but showed little interest in increasing wages. Labor's critics alleged a government plan to bankrupt industry by increasing wages. In private, however employers identified maintenance of the living wage as the new government's likely priority.<sup>26</sup> If Labor had wanted to force employers to increase wages it could have increased the size of the family unit for which the living wage was set. Instead the

<sup>24</sup> According to Bavin, Schreiber was the leading figure in the committee and other members were Bryant, Voight, Hooke and Garden (NSWPD, vol. 125, p. 1769, 10.3.31). Hooke claimed that he, Tannock and Schreiber had prepared the bill with the assistance of parliamentary draftsmen (Hooke Transcript, p. 34). By 1936 Bryant, who represented the Labor Council Industrial Arbitration Department, was TUSA president (O. Schreiber, *The Forty Hour Week and Other Labor Questions*, Trade Union Secretaries Association, Sydney, 1936, p. 32). Schreiber reported regularly to the Furnishing Trades on the preparation of the arbitration act (NBAC, Furnishing Trades Society of NSW, T11/1/5, Minute Book of General Meetings 7.3.1927 to 6.8.45, Committee of Management, 27.10.30, 24.11.31, 17.12.30). Labor Council Minutes, 20.11.30. Grant, Employers, Unions and Arbitration, p. 256. SMH, 15.4.32, p. 13 (Belmore visit). Martin's complaints that Belmore misled him over the possibility of a job in the Department after Martin's electoral defeat suggests that Belmore was politically astute (Martin Diary, 23.8.32, 26.8.32). ML MSS 3021, KV 6592, Water Board Employees, Minute Book 1930-37, General Meeting, 15.5.31. The AWU recognised TUSA as the body which made submissions to the government on industrial legislation (NBAC, Australian Workers Union, N117, item 1488, Central Branch Executive Minutes 1928-32, Executive, 28.4.31). The AEU apparently complained about the role of TUSA but was then granted a representative on the committee (NBAC, Trolley, Draymen and Motor Drivers Union of NSW, Z274, Item 74, Minutes of General Meetings 1925-36, General Meeting 17.11.30 (citing correspondence from the AEU)).

<sup>25</sup> Labor Council Minutes, 24.9.31, 1.10.31, 8.10.31, 22.10.31. SMH, 26.9.31, p. 7. Earlier Hooke had refused to give reports from TUSA to the Labor Council as he considered TUSA to be a separate body from Council (Labor Council Minutes, 23.4.31). The Federal Labor sympathising *Catholic Press* accused TUSA of a power grab, like its Victorian equivalent the Trades Hall Council Salaried Officers Association (*Catholic Press*, 22.1.31, p. 25, 5.2.31, p. 25, 23.4.31, p. 21, 17.12.31, p. 20). Employers denounced TUSA and its influence on policy and accused of it of controlling the state (SMH, 9.10.31, pp. 8, 10). The Communists accused it of allocating government jobs to union officials WW, 19.7.31, p. 2). For union support: LD, 9.10.31, p. 5, 14.10.31, p. 1, 15.10.31, p. 11, 19.10.31, p. 5, 30.10.31, p. 8. Mitchell Library, Federated Shipwrights and Ship Constructors Association of Australia, ML MSS 3024 Add-On 1017, MLK 51 General Meeting Minutes 1921-40, General Meeting, 12.10.31. Mitchell Library, Blacksmiths Society of Australia, ML MSS 2422 Add-On 873, Item K48971, NSW Branch Minutes 9.2.22 to 14.12.32, General Meeting, 21.10.31. UMA, Australian Theatrical and Amusement Employees, NSW Branch Minutes 1924-37, Committee Meeting, 11.11.31. NBAC Z138/168 Timber Workers, Minutes 1941-43, Management Committee, 9.10.31. NBAC, Furnishing Trades Society of NSW, T11/1/5, Minute Book of General Meetings 7.3.27 to 6.8.45, 26.10.31. NBAC T25/1/3 Milk Carters Minutes 1931-39, Executive 14.10.31.

<sup>26</sup> Macintyre, *Winners and Losers*, pp. 56-57. Labor Council Minutes, 17.9.31. UMA, Broken Hill South, Broken Hill Mining Managers Association Conference Reports 28.1.24 to 9.12.36, Conference, 3.1.31, pp. 1, 3. UMA, North Broken Hill, Box 4 Item 6, General Correspondence of R. N. Kirk, Sydney agent. Kirk to Secretary, North Broken Hill 4.12.31 enclosing W. Beckett KC, *The National Peril and the Curse of Communism*, the author, [1931], p. 8. in Kirk Correspondence, 4.12.31. NSWPD, vol. 125, p. 1363. Stevens, 19.2.31. E Davies agreed (1363-4). NSWPD, p. 1772. Bavin, 10.3.31.

Arbitration bill reduced the family unit to a husband and wife. This apparent anomaly makes sense when linked to other parts of the legislation, and to Labor's legislative program. The government proposed to restore child endowment for the first child and the Arbitration bill provided that declarations of the living wage would only become effective when approved by the government. The government clearly believed Piddington could be relied upon not to reduce the living wage, despite the change in the family unit, and the result of the overall legislative package was presented in *Labor Daily* as a 5s increase in the family wage. The Arbitration bill provided that the Commission would set the female living wage at a percentage of its choosing of the male living wage, despite this theoretical discretion cabinet assumed it would be set at 80% of the male level; it was currently set at 54% following Commonwealth Arbitration Court policy.<sup>27</sup>

The Industrial Commission could adjust the living wage at least every six months. In December 1930 the Employers' Federation asked the Commission to reduce the living wage in accordance with lower prices. The Commission unanimously ruled review of the living wage required a full Commission inquiry. This decision bought unions time, but in April employers returned to argue that local wages were uneconomic compared to other states. Unions and government were concerned, and cabinet arranged for representation at the hearing. Employers failed again: the Commission ruled that as the Arbitration bill would alter its structure and powers it was inappropriate to make a decision. Peter Sheldon argues the government had intimidated Street and Cantor JJ and certainly their actions contrasted with their willingness to reduce the living wage in 1929 in accordance with Bavin government legislation.<sup>28</sup>

To maintain wage levels Labor had to ensure the Commission held its ground. As the Arbitration bill was delayed the case for the Commission proceeding under its current powers strengthened. Labor admitted the bill was becalmed by appointing a replacement Deputy Commissioner when Kavanagh's term expired, even though the bill abolished this position. Piddington was a stickler for procedure and by August apparently believed there should be a living wage inquiry, at which he would have presumably been outvoted. Labor disabled the Commission. It appointed Street to a vacancy on the Supreme Court. With only two members the Commission was inoperative and unable to review the living wage. For the rest of Lang's term there was occasional speculation the

<sup>27</sup> Sheldon, *Wages and the Depression*, pp. 113-14. NSWPD, vol. 125, pp. 1762-63. Baddeley, 10.3.31. Feminists congratulated the government on increasing the basic wage for women to 80% (ML MSS 2160, Box Y74477, United Associations of Women, Minutes 1930-32, Executive 26.2.31). In 1926 Piddington as Industrial Commissioner following the introduction of a wage-unit of husband and wife declared a living wage that was a shilling higher than the existing living wage which had been set for a man, wife and two children in August 1924. To the embarrassment of the Bavin government its two appointees took the view in 1929 that a reduction in money wages was required and the government hastily legislated to increase the wage unit (Anderson, *Fixation of Wages*, p. 550. OYB 1931-32, pp. 763-64).

<sup>28</sup> Industrial Arbitration Act 1926 s.1 (7) (b). *In re Adult Male and Female Living Wage*, IAR, NSW, vol. 29, 1930 at 611. SMH, 18.12.30, p. 16, 21.4.31, p. 9. Counsel for TUSA was Holman. DLI Submissions 1931 (6/3466), 291487, 13.4.31. *Employers Review*, 30.4.31, pp. 12-13. Sheldon, *Wages and the Depression*, pp. 111-113. *In re Standard of Living and Non-Rural Living Wage for Adult Males NSWIG*, vol. 36, no. 5 (1929). The DLI admitted that manufacturers might be correct to identify a discrepancy in wages but that costs were influenced by other factors such as obsolete machinery and extravagant overheads (DLI Submissions 1931 (6/3466), 291051, 30.3.31).

vacancy would be filled by a Labor supporter, such as Clive Evatt, but nothing eventuated. The Department of Labour disapproved of Labor's sabotage of the Commission and considered a living wage inquiry appropriate, although it was sceptical about the employers' push for wage reductions.<sup>29</sup>

#### (b) Reforming industrial arbitration

Until the late 1920s the Labor Council and Miners' Federation opposed industrial arbitration. They believed workers and employers should collectively bargain and reach informal agreements that did not renounce future industrial action. Until the 1929-30 coal lockout, miners worked under an 'island' tribunal, established by the Hughes Nationalist government, which comprised employer and employee representatives and an independent chair without a casting vote. In the preparation of the 1926 legislation Baddeley opposed conciliation committee chairs having a casting vote and that they did in the final legislation was a victory for TUSA.<sup>30</sup> By 1930 Baddeley had reversed his position. The Arbitration bill provided for chairs to have a casting vote. A later bill, drafted by Baddeley, to regulate the coal industry proposed an island system of industrial tribunals whose chairs held a casting vote. Ministers and rural Labor MPs argued the casting vote strengthened conciliation and committee chairs, having heard evidence, were better equipped than the Commission to arbitrate. Labor MPs with industrial experience in poorly organised sectors insisted some employers would not negotiate in good faith without the threat of intervention from Committee chairs. A few Labor MPs presented the bill as a strategy of socialisation.<sup>31</sup>

<sup>29</sup> Sheldon is probably wrong to argue that Piddington was determined to avoid an inquiry (Sheldon, *Wages and the Depression*, p. 111). Lang, *Turbulent Years*, p. 167. *SMH*, 3.10.31, p. 12. Kavanagh was initially appointed for a further month, but then Magrath was appointed for a term of 3 months from 24 June 1931 (Executive Council 1931, Meeting 19, 2.6.31, Meeting 21, 16.6.31). In November Magrath's term was extended for a further 5 years (Executive Council 1931, Meeting 42, 17.11.31). Piddington, *Political Revelations*, pp. 128-30. In December the Supreme Court found that the deputy Commissioner had automatically been deprived of his jurisdiction by Street's appointment (*SMH*, 17.12.31, p. 10). Labor ordered the railways to desist from a legal challenge to Piddington continuing to hear a case (*SMH*, 13.10.31, p. 9, 16.10.31, p. 9). The High Court confirmed that the Industrial Commission could not decide even matters referred to it before Street's resignation in *Magrath v Goldsborough Mort* (1931-32) 47 CLR at 121. For speculation on appointments: *SMH*, 10.10.31, p. 11, 6.11.31, p. 9. The records record cabinet considering the appointment of a 'Commissioner for Labour' in September 1931 and then it being removed from the list (Subjects for Cabinet Consideration, no. 1067). NBAC Z138/168 Timber Workers, Minutes 1941-43, Management Committee, 9.10.31. *NSWPD*, vol. 131, p. 7433. Concannon, 3.12.31. It was reported in late April 1932 that the vacancy would soon be filled (*SMH*, 23.4.32, p. 13). UMA, Amalgamated Food Preservers Union (NSW branch), Minute Book 1931-35, Management Committee, 7.3.32. *SMH*, 24.11.31, p. 10. In late February the press reported unions believed the Council would accept a proposal to have an employees representation on the Commission and that lobbying for the position had begun with the president and secretary of TUSA mentioned as possibilities (*SMH*, 27.2.32, p. 14). In December 1931 the opposition identified Schreiber as a possible appointment (*NSWPD*, vol. 131, p. 7272. Farrer, 1.12.31). DLI Submissions 1931 (6/3466), 291051, 30.3.31. DLI Submissions 1931 (6/3467), 299030, [mid November 1931]. There was press speculation that employers' desire to have the basic wage reviewed might be used as a lever by the government on the Arbitration bill (*The Sun*, 29.9.31, p. 11).

<sup>30</sup> Labor Council, *Industrial Peace*, pp. 23, 31. WUA, NSW Chamber of Manufacturers D14, Item 2/23, Secretary's Information files, Commonwealth Industrial Conference, December 1928, p. 58 (Garden). Grant, Employers, Unions and Arbitration, pp. 227, 255-56. Gollan, *Coalminers*, pp. 169-70, 188-90. Sawyer, *Federal Politics and Law 1901-29*, pp. 193, 198-99.

<sup>31</sup> *NSWPD*, vol. 125, p. 1366. McClelland, 19.2.31; Willis, 18.3.31. For weak sectors: *NSWPD*, vol. 125, p. 1437. Tonge, 24.2.31. For the bill as socialisation: *NSWPD*, vol. 125, p. 1381, 19.2.31. Flanagan, p. 1823. Connors, 11.3.31. The argument that some employers will not negotiate in good faith with the possibility of being forced to arbitration remains a contemporary topic of debate (Senate Economics References Committee (SERC), *Report on Consideration of the Workplace Relations and other Legislation Amendment Bill*, Australian Government Publishing Service, Canberra, 1996, pp. 79-80).

The bill proposed to reduce the Industrial Commission to one member, who would not require legal qualifications. Provisions in the bill made clear that Piddington would be this member. Federal Labor, apart from Grayndler, opposed the plan for a sole Commissioner and it failed in the Legislative Council.<sup>32</sup>

Labor's bill proposed to bring industrial magistrates under the jurisdiction of the Commission and separate them from the general magistracy. The government was pleased with the work of the Chief Industrial Magistrate Prior, whose record of activism within the PSA probably counted in his favour.<sup>33</sup>

Labor's appointments to arbitration positions were drawn from the two elements of the left: the Garden group and TUSA, and appointed on the basis of trade union recommendations. Edward Magrath MLC, appointed deputy Industrial Commissioner in June 1931 was a printing union official, former TUSA president and close Schreiber ally. Jack Hooke, Labor Council president, Albert Sherwin from the Hotel Employees and Sam Bird, ALP secretary, were appointed committee chairs. Employers claimed Bird made biased and hasty decisions. In November 1931 the AWU alleged Baddeley instructed Bird not to sign an award giving preference to AWU members.<sup>34</sup> The Minister appointed employer and employee representatives on Committees. To change their membership Baddeley dissolved several committees and reconstituted them with new members, first to exclude loyalist union representatives, and then replaced 12 AWU representatives by members of the United Labourers'.<sup>35</sup>

The extent to which the decisions of arbitration tribunals impacted on wages depended on the effectiveness with which they were enforced. In November 1930 TUSA complained the

<sup>32</sup> *LD*, 25.2.32, p. 5. *NSWPD*, vol. 131, pp. 7736-37. Keegan, 21.2.32.

<sup>33</sup> *NSWPD*, vol. 125, p. 1758. Baddeley, 5.3.31. H. Golder, *High and Responsible Office: a History of the NSW Magistracy*, Sydney University Press, Sydney, 1991, pp. 141-42. An example of Prior's attitude is his condemnation of an employer seeking to avoid industrial obligations by establishing a mock partnership (*LD*, 3.3.32, p. 6). Like Piddington Prior was favoured by Labor for inquiries and chaired a Royal Commission into the meat industry whose findings, discussed in Chapter 9, supported government and union calls for greater regulation. He was also suggested as a possible appointment to the Industrial Commission (*SMH*, 18.2.31, p. 15, 23.4.32, 13.6.32, p. 10).

<sup>34</sup> Hooke Transcript, p. 36. Cabinet Decisions, 15.6.31. DLI Submissions 1931 (9/3466), 291450, 13.4.31. *SMH*, 14.4.31, p. 10, 2.6.31, p. 9. *Employers' Review*, vol. 3, no. 10 (1931), p. 2. Young, Impact of J. T. Lang, p. 200. Ministers defended the right of Hooke to remain politically active on the grounds his position was not judicial (*NSWPD*, vol. 127, p. 3791, 30.6.31. Baddeley). Baddeley announced the government would make Magrath senior chair of conciliation committees on passage of the Arbitration Bill (*SMH*, 2.6.31, 9). DLI Submissions 1932 (6/3468), 299320 13.11.31. AW, 18.11.31, pp. 7, 18, 20. Patronage appointments bolstered Federal Labor's suspicion of lay tribunals: *The Sun*, 24.2.31, p. 11, 26.2.31, p. 9.

<sup>35</sup> *SMH*, 3.12.31, p. 9, 4.2.31, p. 17. *Catholic Press*, 10.3.32, p. 20. DLI Submissions 1931 (6/3466), 287981, 7.1.31; 287987, 27.1.31. DLI Submissions 1932 (6/3468), [no number], 2.6.32. *NSWPD*, vol. 132, pp. 8561-62. Coates, 15.3.32. NBAC, E154/41/2, Australian Workers' Union. Railway Workers' Industrial Branch. Secretary's Report [1932] E154/41/2, no pagination. NBAC, E154/41/1 Australian Workers Union. Central Branch Annual Reports 1905-32, to 31.5.32, pp. 7-8. The Stevens government quickly legislated to prevent dissolution of a Conciliation without a recommendation from the Industrial Commission (McCarthy, *State Election 1935*, p. 11). Where loyalists or the AWU were not involved Baddeley was cautious. To resolve disputes between the ARU and craft unions over representation on conciliation committees he proposed the establishment of a committee of Chapman, Graves and Hooke to resolve these issues (DLI Submissions 1930 (6/3465), Notes of deputation received by the minister from the ARU 12.11.30).



Department of Labour was lax in law enforcement and Baddeley promised to overhaul administration. Numbers of proceedings against employers increased. Baddeley on occasion pressed the Department for further action on suspected breaches and employers claimed the Department undertook unnecessary prosecutions.<sup>36</sup> Baddeley ended the previous policy of automatic exemption from prosecutions for first offences, or honest inadvertence, and although prosecution did not become automatic first offenders were scrutinized.<sup>37</sup>

Table 7.1 DLI proceedings against employers, 1928-32

| DLI Proceedings against employers 1928-32 | 1926 | 1927 | 1928 | 1929 | 1930 | 1931 | 1932 |
|---|------|------|------|------|------|------|------|
| Recovery of wages                         | 333  | 435  | 775  | 781  | 836  | 870  | 977  |
| Breach of award                           | 1622 | 993  | 1246 | 702  | 560  | 857  | 973  |
| Failure to keep time and pay sheets       | 410  | 150  | 109  | 100  | 59   | 125  | 129  |

(NSWIG, vol. 39, no. 2 (28.2.31), p. 265; vol. 43, no. 2 (28.2.33), p. 275).

Households were substantial employers of paid labour in the form of domestic service and produced a wide range of commodities. Both Niemeyer and Piddington knew family enterprises were more flexible due to their exemption from industrial regulation. Employers were at least accustomed to regulation of manual workers' wages but opposed extension of the scope of arbitration to a wider range of workers or to cover matters broader than wages and hours.<sup>38</sup>

In 1926 Labor included agricultural workers under the state award system (pastoral workers had federal award coverage). This meant substantial increases in their wages. In 1929 agricultural workers were again excluded from the state system. There was a history of some Labor members fearing that regulation of rural workers conditions would alienate farmers. In 1930 the coalition campaigned against Labor's promise to restore arbitration coverage for agricultural workers.<sup>39</sup>

The issue of rural awards divided the AWU from its moderate Labor allies. Rural Labor MPs were active in caucus consideration of the arbitration bill.<sup>40</sup> The Arbitration bill made a

<sup>36</sup> The view of contemporary observers is that arbitration inspectorates have been poorly resourced and reluctant to litigate: Bennett, *Making Labour Law*, pp. 146-164. SERC, *Report*, p. 130. Historians have stressed the extent to which arbitration judgements could be evaded: Tanner, *Working Class Politics*, p. 61. Peter, *Social Aspects of the Depression*, p. 47. Fitzpatrick, *British Empire*, p. 339. Fitzpatrick, *Short History*, p. 153. On the previous blanket exemption policy: DLI Submissions 1930 (6/3465), 287162, 12.12.30. *SMH*, 7.11.30, p. 12. *LD*, 7.11.30, p. 1. DLI Submissions 1932 (6/3468), 302127, 7.3.32. *Employers Review*, vol. 3, no. 6 (1931), p. 9.

<sup>37</sup> DLI Submissions 1932 (6/3468), 305251, 19.5.32.

<sup>38</sup> RCBP (1), *Report*, p. 21. Niemeyer, Statement to the Melbourne Conference, in *CAF*, p. 24. Macintyre, *Succeeding Age*, p. 56. SCICAB, *Report*, p. 5. WUA, D14/28/1 NSW Chamber of Manufacturers, Circulars - General and Industrial 1926-34 D14/28/1. G. Anderson, 'Trade Unions', in Copland, *Economic Survey of Australia*, p. 154.

<sup>39</sup> *OYB 1931-32*, pp. 772, 743. Bayley, *History of the FSA*, pp. 120-22. National Association/Country Party, *Vital Issue*, pp. 82-84. Cosgrove, The 1927 State Election, p. 33. Markey, *Making of the Labor Party*, p. 222. Lovell, *Marxism and Australian Socialism*, p. 272. Robinson, *State Election 1930*, pp. 42-43. The increase in employers' bargaining power as a result of higher employment was particularly apparent in the agricultural sector. By 1929 pastoralists reversed their acceptance of arbitration (Carboch, 'Fall of the Bruce-Page Government', in Wildavsky, *Studies*, pp. 200-02).

<sup>40</sup> For early examples of conflict between the AWU and Labor MPs on the issue of rural awards (J. Hirst, *Adelaide and the Country 1870-1917: Their Social and Political Relationship*, Melbourne University Press, Melbourne, 1973, pp.

concession to farmers, as had the 1926 legislation, and left to Conciliation Committees the extent to which the 44-hour week and living wage would apply in agriculture. These provisions were apparently welcomed by country Labor MPs. Strong support for the restoration of rural awards came from country Labor branches, which supports the argument I shall develop in Chapter 9 that such branches were often to the left of their MPs. The strongly unionised timber workers were exempt from these limitations. Opponents of this measure predicted dire employment consequences and portrayed the relation between agricultural worker and farmer as familial, rather than economic.<sup>41</sup>

The arbitration legislation of the Bavin government excluded workers in managerial positions, except on the railways, and those receiving more than £15 weekly or £750 annually from access to arbitration. Awards for public servants were restricted in their scope. Arbitration judges, public inquiries and employers, sought to divide manual workers from non-manual and supervisory employees, particularly by exempting them from arbitration coverage or union preference arrangements.<sup>42</sup>

Labor's explicit appeal to private sector non-manual workers was a feature of 1929-30 election campaigns, but it was short lived. Labor tended to identify the petty-bourgeoisie, such as farmers, as the natural ally of manual workers rather than non-manual workers. Industrial legislation was a partial exception to this pattern. The Arbitration bill removed all restrictions on the workers to whom arbitration could apply. Baddeley could suggest only mine managers as an example of those who might seek award protection.<sup>43</sup>

Federal Labor supported a broader definition of employees, including agricultural workers, than the non-Labor parties, but still wanted to exclude directors, managers and executive officers.

204-06). According to Bavin the TUSA committee had prepared the bill and then many of the features were rejected by caucus, the government's deference to TUSA was in exchange for acceptance of the wage tax by the unions. Stevens claimed the bill had been disputed in caucus and the 'extremists' had won (*NSWPD*, vol. 125, p. 1364. Stevens, 19.2.31; pp. 1769-70. Bavin, 10.3.31). Media reports hinted at caucus divisions: *SMH*, 19.2.31, p. 10. 21.2.31, pp. 10, 13.24.1.31, p. 9. *Journal of the Retail Traders' Association* (hereafter *JRTA*), vol. 12, no. 8 (1931), p. 7. The available Martin diaries do not shed any light on this matter.

<sup>41</sup> Anderson, *Fixation of Wages*, p. 82. *SMH*, 16.12.30, p. 11. 23.2.32, p. 9. *NSWPD*, vol. 125, pp. 1763, 1767. Baddeley, 10.3.31. *NSWPD*, vol. 132, p. 7812. Trethowan, 25.2.32. If there was anything familial about the relation between the rural labourer and farmer, it may have been a result of the fact that low rural wages meant it was difficult for rural workers to establish families of their own (Rural Reconstruction Committee (RRC), *A General Rural Survey*, the Commission, Canberra?, 1944, p. 48).

<sup>42</sup> *NSWPD*, vol. 125, p. 1759. Baddeley, 10.3.31. Some employers felt £750 was too high (SCICAB, *Evidence*, q. 1082 (J. P. Caddy). SCICAB, *Report*, p. 25. *Evidence*, q. 792 (T. Saddler, insurance industry representative). *ATWU v. Timber Merchants*, p. 633. RCCI, *Report*, p. 17. In 1910 Liberals against Labor opposition legislated to establish a separate industrial tribunal for clerical workers (Rydton, *NSW Politics*, p. 62). The High Court ruled in 1929, in a notably unclear judgement, that state education systems did not constitute an industry for the purposes of the federal arbitration system, although it admitted that coverage was not restricted to manual workers alone. With Higgins retired Isaacs J was a lone dissenter (*Federated State School Teachers' Association v. Victoria* CLR 41 (1928-29) at 569). Countries with social insurance systems and other forms of industrial regulation usually had separate schemes for manual and non-manual workers, and in Germany this was demanded by white-collar workers (Drake, *Socialism and Populism in Chile*, p. 30. Kocka, *White Collar Workers*, p. 139).

<sup>43</sup> For the appeal to non-manual workers: *LD*, 2.9.30, p. 5. 2.10.30, p. 5. 11.10.30, p. 9. 18.10.30, p. 8. *NSWPD*, vol. 125, p. 1758. Baddeley, 10.3.31. The PSA had supported such an extension of coverage (*Red Tape*, vol. 4, no. 11 (1930), p. 257).



Lang Labor was willing to concede directors but argued managers of small companies were employees.<sup>44</sup> To the opposition and employers the inclusion of managerial employees within industrial arbitration, together with compulsory unionism, implied their subordination to manual workers.

The Arbitration bill gave to Conciliation Committees the right to determine what was an 'industrial matter' on which they could rule. Unions welcomed this but employers argued it gave the Committees unlimited power to intervene in any aspect of a firm's operations and negated any benefit from the bill's removal of penalties for lockouts and strikes.<sup>45</sup>

When the Industrial Commission was established in 1926 it inherited the powers of its predecessor, the Board of Trade, to inquire into monopolisation. The Arbitration bill went further and gave Committees and the Commission a general power to investigate business conduct. Labor's attitude to industrial efficiency was ambiguous. The Labor Council had argued that rationalisation could only benefit workers under socialism. But with employers pleading inability to pay and blaming workers for inefficiency Labor had an interest in showing that employers were responsible for inefficiency. Some MPs believed investigations would flush out concealed profits but a few went further to suggest that many companies were poorly managed. Baddeley hinted at this interpretation, but pressed by the opposition as to the consequences of a finding of poor management, he could only suggest only it would be up to the company's board. Public inquires, arbitration judges and some Nationalist politicians in the 1920s had been concerned with the quality of management. Piddington's service as Interstate Commissioner in 1913-20 gave him a strong background for this work, but in the climate of 1930-32 the bill's opponents rejected the proposal as giving an unqualified individual power to interfere in business.<sup>46</sup>

<sup>44</sup>LD, 26.2.32, p. 6. NSWPD, vol. 131, pp. 7815-16. Concannon and Coates. 25.2.32. Concannon argued unionism proved 'manhood' and thus made a better employee.

<sup>45</sup>NSWPD, vol. 125, p. 1763. Baddeley. 10.3.31. NSWPD, vol. 125, p. 1799. 11.3.31. UMA, North Broken Hill, 559. Committee of Barrier Mines 1929-1931, Wages and Conditions January-April 1931, Notes re Bill. SCICAB, Evidence, q. 1236 (T. Owen, Lake George Mines); q. 1245 (G. Todner, Australian Iron & Steel); q. 3225 (J. King, Country Traders Association). NBAC, E99/2/6 AFULE reports of Annual Delegates Meetings, Meeting 20-30.9, 1, 2.10.31. Secretary's report, p.9. Hooke claimed that Schreiber had told him that after the bill had been prepared by TUSA a clause was added to make strikebreaking a crime, according to Hooke there was no prospect of parliament accepting this and this served to sabotage the bill. This story does not refer to any part of the legislation as introduced to parliament. The only interpretation I can give is that Hooke has recalled in a confused form divisions within the labour movement over the legislation and whether to compromise with Federal Labor, and it plausible that Garden and Schreiber would have been on opposite sides in any debates about this issue (Hooke Transcript, pp. 34, 91A). Hooke considered Garden was a bad industrial negotiator because he always overestimated the strength of his position (Hooke Transcript, p. 89).

<sup>46</sup>Labor Council, *Industrial Peace*, p. 22. RCCI, Report, pp. 150-52, 168-75. UMA, Broken Hill South, Broken Hill Mining Managers Association, Minutes 1930-35, 21.7.30. NSWPD, vol. 125, pp. 1360-61. Baddeley. 19.2.31; p. 1505. Howe. 25.2.31; p. 1759-60. Baddeley. 10.3.31. SMH, 29.9.30, p. 10 (C. E. Martin). 13.12.30, p. 16 (C. E. Martin). Lang, *Why I Fight*, p. 342. SCICAB, Report, pp. 23-25. Monopolies Act No. 54 of 1912 s.8. Industrial Arbitration (Amendment) Act No. 14 of 1926. s.4 (1). It was mining MPs, in the later debate on proposed legislation to regulate the coal industry, who were most specific in their criticisms of capitalist efficiency and pointed to the wasting of coal and the loss of markets through poor quality output (NSWPD, vol. 129, p. 2823. Knight. 20.5.31; p. 3808. Baddeley. 30.6.31. NSWPD, vol. 132, p. 8825. Rees. 27.4.32. Nyland, 'Worktime in the 1920s', pp. 39, 50. Anderson, *Fixation of Wages*, pp. 446-68. RCCI, Report, p. 172. The legislation of the Bavin government that established the Unemployment Relief Council sought to establish trade advisory committees of employers and employees to examine conditions of trade and industry with a view to increasing production (Prevention and Relief of Unemployment Act, No. 34 of 1930 s.7).

Despite these radical initiatives, Labor's principal concern in extending the scope of industrial regulation was with nominally independent contractors such as contract drivers, timber cutters and commercial travellers. Employer critics of this proposal argued that the wage relationship was not appropriate to workers whose activities could not be closely supervised.<sup>47</sup> After Federal Labor secured the Legislative Council balance of power this argument took second place to concerns about the employment implications of regulation.

Commercial travellers raised the most controversy. In the late 1920s employers forced many travellers off wages and onto commission systems. The depression led to an influx of unemployed into the industry. In 1926 70% of Commercial Travellers' Association members who voted in an internal ballot opposed the pursuit of an industrial award for commercial travellers, but by 1929 72% were in favour. The Association's NSW president, Charles West, denounced extreme reactionaries as well as unreasonable extremists and moved to register a travellers association for industrial purposes.<sup>48</sup> Despite this the Association opposed the Arbitration bill. West rejected its provisions for compulsory unionism and accepted the Select Committee's argument that the definition of commercial travellers as employees would impose unreasonable constraints on employers. Discontent among travellers led to the formation of a rival body, the Commercial Travellers' Guild, which admitted women as members, unlike the Travellers' Association, and sought industrial registration.<sup>49</sup>

In the Legislative Council Federal Labor leader Coates, himself a commercial traveller, successfully moved commercial travellers be excluded from the definition of employee under the bill. He claimed to be acting in support of the Commercial Travellers' Association but was challenged by government members who argued for support of the Travellers' Guild.<sup>50</sup> Federal

<sup>47</sup>Such contracting was particularly widespread in transport (Bray, *Delivering the Goods*, pp. 124-25). J. A. Ferguson, Counsel for Employers Federation and Metal Trades Employers Association: NSWPD, vol. 125, p. 1931. 18.3.31. SCICAB, Report, p. 11.

<sup>48</sup>*Australian Traveller*, vol. 27, no. 6 (1931), pp. 1, 24a; vol. 27, no. 8 (1931), p. 4. CTA members contested elections for UAP (*Australian Traveller*, vol. 28, no. 1 (1932), p. 22; no. 7 (1932), p. 12. John Ross, a leading member of the parliamentary UAP rebel group that wanted the Stevens government to be more sympathetic to the unemployed and urban consumers, was a former commercial traveller (McCarthy, Stevens-Bruxner Government, p. 68). SCICAB, Evidence, qq. 2264-65 (C. West, CTA). The CTA allowed members who became employers to retain membership and thus could not register as a union. West was a sponsor of the March 1931 petition calling for the Governor to prevent repudiation (SMH, 26.3.31, p. 13). The Chamber of Manufacturers advised those in search of dependable travellers to contact the CTA (CMNSW, *Bulletin*, no. 9 (1.5.31)).

<sup>49</sup>SCICAB, Evidence, qq. 2273-2312 (West). West's testimony before the Committee was noticeably less critical of employers than his comments in the *Australian Traveller*, he appears to have been overawed by the Committee and followed its leading questions. SCICAB, Evidence, qq. 1057, 1675 (J. Wilkins, Commercial Travellers and Salesmen's Association). A correspondent to *Labor Daily* who denounced the CTA as reactionary and announced they were working to form a union and may have been associated with this organisation (LD, 21.7.31, p. 6). The Guild struggled to attract members and had only 14 in November 1931 (NSWIG, vol. 40, no. 6 (25.11.31), p. 1049). The CTA's exclusion of women was shared by the German white-collar nationalist employees association the DHV.

<sup>50</sup>NSWPD, vol. 131, pp. 7817-18. Coates. 25.2.32; pp. 7819-20. Kavanagh. 25.2.32. Kavanagh could not have been pleased with the failure of the government to reappoint him deputy Industrial Commissioner and his critique of Coates showed how Federal Labor was well to the right of even moderate Labor opinion. Despite Labor sympathy for the Guild the Shop Assistants, Insurance Officers Association and Clerks opposed registration of the Guild on grounds that commercial travellers should join their unions (*The Sun*, 18.8.31, p. 10). On Kavanagh's moderation: B. Unsworth, 'Kavanagh, Edward John (1871-1956)', in B. Nairn & G. Serle, eds., *Australian Dictionary of Biography*, vol. 9, 1871-1939, Melbourne University Press, Melbourne, 1983, p. 537.

Labor took a similar approach to taxi drivers. It had initially considered them employees, but after receiving a deputation of drivers supported their exclusion from the category of employees on the grounds this would safeguard their employment.<sup>51</sup> As the 1932 election demonstrated Federal Labor spoke for many workers who trusted their employers more than Labor governments.

Labor entered controversial ground by including domestic service as an industry for which the Industrial Commission under the Arbitration bill could make awards. Baddeley argued those who employed only one servant would have no difficulty obtaining an exemption but that many servants in large houses deserved better conditions. Domestic service was traditionally an unpopular employment but its numbers increased during the depression due to higher unemployment and rising real incomes for some employed.<sup>52</sup>

Labor had in the past supported the inclusion of domestic servants under industrial law, without success, and there had been intermittent attempts at unionisation. The suggestion of regulating domestic service divided women on class lines. Labor women argued regulation would establish service as a honourable occupation that trained women for marriage and motherhood and that unionisation of domestic servants was a logical extension of existing unionisation of hotel and boarding house employees.<sup>53</sup>

The proposal to extend arbitration coverage initiated a major mobilisation by Labor's opponents in defence of the sanctity of the home against interfering union officials. In 1941 Labor's proposal was still recalled by the UAP in its election campaign.<sup>54</sup> Labor's apparent loss of electoral support in 1932 among women in paid employment discussed in Chapter 5, which

<sup>51</sup> *The Sun*, 23.2.32, p. 7. NSWPD, vol. 131, pp. 7737, 7743. Coates, 21.2.32, 7743; pp. 7825-26. Keegan, 25.2.32. In rural areas the issue of whether independent contractors were employees for the purpose of workers' compensation was an object of longstanding controversy (Cass, *Workers' Benefit*, p. 64).

<sup>52</sup> NSWPD, vol. 125, p. 1767, 10.3.31. Baddeley, *SMH*, 13.6.31, p. 12, 17.1.32, p. 12. *The Sun*, 17.5.31, p. 6. Snooks, *Family in the Total Economy*, pp. 104-08. D. Cottle, 'The Rich in the Depression: Domestic Service in Woollahra During the Depression Years, 1928-1934', in D. Cottle, ed., *Capital Essays*. ML MSS 2160 Box Y90. United Associations of Women, Domestic Workers' Folder, World's YWCA Executive Committee, *Household Employment as an Occupation for Women*, p. 17. Kingston, *My Wife, My Daughter*, pp. 30-32.

<sup>53</sup> Rydon, *NSW Politics*, p. 77. Sawyer, *Federal Politics and Law 1901-29*, p. 45. Kingston, *My Wife, My Daughter*, pp. 51-53. E. Ryan, *Two-thirds of a Man: Women and Arbitration in New South Wales 1902-08*, Hale & Iremonger, Sydney, 1984, pp. 21-24. Matthews, *Employers' Associations*, pp. 156-67. Merritt, *Making of the AWU*, p. 215. Deverall, 'A Bid for Affirmative Action', p. 123. ML MSS 2160 Box Y90, United Associations of Women, Domestic Workers' Folder, Report of Conference on Household Employment as an Occupation for Women (Melbourne, 1936), pp. 14-15. *LD*, 8.9.30, p. 8. *The Sun (Women's Supplement)*, p. 1, 7.12.30. *LD*, 14.1.31, p. 6. The Hotel employees planned to cover domestic servants: NBAC, Hotel, Club & Restaurant Employees Union, Item 1/3, Minutes 1932 to 1935, Executive, 9.3.31. Labor MLC Catherine Green proposed unemployed women be offered work at award rates caring for the mothers of newborn babies (*LD*, 15.2.32, p. 6). Labor women activist Kate Dwyer seems to have been more hostile to domestic service (*LD*, 8.9.30, p. 8, 13.3.31, p. 10, 15.2.32, p. 6. *SMH*, 7.11.30, p. 12). Among Labor's ranks only Socialisation Unit members admitted the burden of unpaid domestic labour (*LD*, 28.3.31, p. 9). Domestic service was a favoured solution by conservatives to female unemployment (C. Fox, *Fighting Back: The Politics of the Unemployed in Victoria in the Great Depression*, Melbourne, 2000, pp. 121-230). In 1938 Baddeley argued for training and industrial regulation to lift the status of domestic labour (Select Committee on the Employment of Youth (SCEY), *Report*, p. xxxi. NSWPP, 1940-41, vol. 1).

<sup>54</sup> SCICA's *Report*, p. 24. *SMH*, 17.9.31, p. 8. Hamlet, *Australia in the Devil's Own Mess*, p. 137. UAP leaflet, 1932 Leaflets, p. 22. P. Hansen, 'Winning in 1941', in Easson, *McKell*, p. 75. For earlier panics about unionism among domestic servants: P. Hamilton, 'Domestic dilemmas: Representations of servants and employers in the popular press', in Magery, *Debutante Nation*, pp. 80-83. It was not just domestic employees who sought to hamper union entry: *LD*, 3.12.30, p. 6 (Illawarra TLC complaints about Australian Iron & Steel).

would include domestic servants, suggests that this legislative initiative failed to attract domestic servants.<sup>55</sup>

### (c) Working hours and rationing

The restoration of the 44-hour week to state award employees was a key Labor election promise. The Bavin government accepted Labor's mandate and legislation effective from December 1930 restored the 44-hour week, which had been one of the most popular reforms of Lang's first government.<sup>56</sup>

The legislated reduction in working hours meant that by the end of 1931 New South Wales had the shortest full-time working hours for both men and women. In 1929 New South Wales had the shortest hours for women but Queensland, after fourteen years of Labor governments, had the shortest hours for men.<sup>57</sup>

Labor was much slower in responding to the demands of the Shop Assistants Union, whose membership, 40% female, complained about their long hours. In November 1930 TUSA called for reform of shop trading hours, and this was supported by Labor MPs, particularly Stuart-Robertson, a former Shop Assistants Union official. The Union urged 5:30 PM closing on weekdays and 12 noon on Saturdays. In February 1931 Stuart-Robertson sought to encourage action by introducing a private members bill to end late night shopping.<sup>58</sup>

Cabinet resolved to prepare a bill in March 1931, and caucus established a committee to consider legislation. A bill was ready in April but was not introduced to parliament until September. It proposed to abolish late shopping in Sydney and Newcastle, increase penalties for breaches of the Act and increase registration fees for shopkeepers. The opposition and retailers condemned it as likely to cost jobs. The bill evoked division within caucus and it was deferred. Despite pressure from TUSA the bill never progressed beyond its second reading, and fell off the agenda altogether. In May 1932 Baddeley said an early closing bill would be introduced once caucus discussed it.<sup>59</sup>

<sup>55</sup> Helen Pfeil argues that although domestic servants were sensitive to mistreatment by employers, domestic employment was not automatically perceived as degrading (H. Pfeil, 'I was mad on housework: Some maid's perspectives on domestic service, c1908-1920', in Griffiths, *Work Organisation Struggle*, pp. 202-08).

<sup>56</sup> Industrial Arbitration (Eight Hours) Further Amendment Act No. 53 of 1930.

<sup>57</sup> *Labour Report* 1932, pp. 70, 72.

<sup>58</sup> Registrar of Friendly Societies and Trade Unions, *Report...1931*, p. 30. *LD*, 7.11.30, p. 4. *SMH*, 4.11.30, p. 10, 25.3.31, p. 13, 16.9.31, p. 5. NSWPD, vol. 125, pp. 1416-18. Stuart-Robertson, 24.2.31.

<sup>59</sup> Cabinet Decisions, 30.3.31, 29.7.37, 20.4.31. NSWPD, vol. 130, pp. 6064-65. Baddeley, 9.9.31; pp. 6067-68. Stevens, 9.9.31. *SMH*, 12.9.31, p. 12. Martin Diary, 14.9.31. NSWPD, vol. 132, p. 9029. Baddeley, 4.5.32. Tobacconists also demanded early closing for shops along with other reforms to protect them against what they saw as unfair competition from shops (*SMH*, 15.10.31, p. 10). The RTA formed a committee to take action on the proposed early closing bill (*JRTA*, vol. 12, no. 8 (1932), p. 19). When Stuart-Robertson introduced his bill comments by Labor MPs were however uniformly supportive (NSWPD, vol. 125, pp. 1416-27, 24.2.31).

The government's lack of interest in the area is striking. Markey interprets the willingness of the Labor Party in the 1890s to take up the cause of early closing as evidence of the party's shift away from workers to a populist appeal to white-collar employees and he argues that early closing was unpopular in working class areas. In 1931 correspondents to *Labor Daily* disagreed on the legislation. The lack of interest in the legislation revealed the low status of the Shop Assistants within the labour movement and the political influence of shopkeepers and working class consumers. Labor warred with the big city retailers but smaller shopkeepers, often dependent on working-class clientele, frequently former workers or workers' widows, were either sympathetic to Labor in some industrial-mining areas or tended to define their role as mediating between labour and capital. In some country towns shopkeepers were prominent in the ALP.<sup>60</sup>

The government was more supportive of the Shop Assistants where there was less potential impact on consumers. The Union criticised 'cash and carry shops', which employed less staff and allegedly evaded awards. To the delight of the Union these stores were denied the right to receive dole coupons. The union welcomed preference for coupons being given to shops that employed union labour.<sup>61</sup>

Federal Labor's opposition to extension of industrial regulation reflected the fear of many workers that attacks on their employers would leave them worse off. The debate about work 'rationing', the proportionate reduction of hours and pay, exemplified this.

Before 1929 rationing required award variation. In 1929 when the Bavin government legislated to restore the 48-hour working week it included a provision that enabled rationing without award amendment. Labor claimed private sector rationing was often inequitable and workers were paid for a few disconnected hours in a whole day. During the 1930 election Labor criticism of rationing led some retailers to threaten staff would be dismissed if Labor won.<sup>62</sup>

<sup>60</sup> Markey, *Making of the Labor Party*, pp. 223-24. A correspondent to *Labor Daily* argued that the early closing bill would ruin small shopkeepers (LD, 16.6.31, p. 7). For support of the bill: LD, 18.9.31, p. 4, 26.9.31, p. 4, E. Eklund, 'The "Anxious Class" Storekeepers and the Working Class in Australia, 1880-1940', in Hood, *Labour and Community*, pp. 78-82. M. Solling & P. Reynolds, *Leichhardt: On the Margins of the City: A social history of Leichhardt and the former municipalities of Annandale, Balmain and Glebe*. Allen & Unwin, 1997, p. 131. After 1941 NSW Labor was reluctant to legislate on shop trading hours despite union demands due to their political sensitivity of the and when it did eventually legislate it encountered much bad publicity (Clune, *Labor Government in NSW*, p. 162. T. Matthews, 'The Campaign in the State', in J. Power, ed., *Politics in a Suburban Community: The N.S.W. State Election in Manly, 1965*, Sydney University Press, Sydney, 1968, pp. 17-19). Lang Labor publicity in the 1931 federal election appealed to the specific category of 'small shopkeepers' on underconsumptionist grounds (LD, 19.12.31, p. 7).

<sup>61</sup> Kingston, *Basket*, p. 86. LD, 1.9.31, p. 1, 24.8.31, p. 8 (Douglas Park), 3.2.32, p. 5. SMH, 4.11.31, p. 10, 29.4.32, p. 11, 30.00.11, 9.12.31. DLI Submission 1932 (6/3468), 304022, 19.4.32. Labor Council Minutes, 1.10.31. Complaints that employers forced to pay dues of non financial members to keep dole: NSWPD, vol. 132, p. 8873. Jarvie, 27.4.32. SMH, 22.4.32, p.9 (Jarvie).

<sup>62</sup> Employers argued rationing was inefficient, compared to pay reductions, and that resort to it demonstrated benevolence to employees and was an charity gesture: AIBR, vol. 54 (1930), p. 840. *Employers' Review*, vol. 3, no. 3 (1930), p. 16. SMH, 15.10.31, p. 8 (Water Board complains rationing inefficient). *Construction*, no. 1216 (22.7.31), p. 4. NSWPD, vol. 124, p. 653. Willis, 18.12.30, LD, 22. 10. 30, p. 6. 31.12.30, p. 5. 6.1.31, p. 1. *Truth*, 2. 11. 31, p. 18. *The Sun*, 22.10.30, p. 14. 30.12.30, p. 5. The Newcastle State Electorate Council of the ALP called in January 1931 for legislation against attempts by employers or others to exercise undue influence on voters, which suggests such influence may have been exercised even in 1930 (AO 9/2019, Premier's Department Correspondence 1931, Item A233, J. O'Reilly, Secretary Newcastle SEC to Lang, 21.1.31).

As initially presented to parliament the Lang government legislation restoring the 44-hour week did not remove employers' discretion to ration staff. After representations from TUSA this 'error' was corrected, in what the press claimed was a trade-off for accepting the wages tax. The corrected bill still allowed the Crown to ration without award amendment. Ministers insisted private sector rationing would be possible by award amendment but that employers should not have unrestrained powers. It seems that many employers were unaware rationing was still possible, and employer associations, with a political point to make, probably little interest in enlightening their members. Once the bill was law the Department of Labour enforced the prohibition of informal rationing.<sup>63</sup>

The opposition and employers predicted the restriction of rationing would cost thousands of jobs. After the bill took effect from 23 December 1930 employers claimed that thousands of shop assistants were dismissed.<sup>64</sup>

The dismissals embarrassed Labor and perhaps contributed to the poor Labor performance in the Parkes by-election. Baddeley refused requests from employers to amend the legislation. Retailers organised ballots of staff, which voted overwhelmingly to support rationing. In a poorly unionised industry the Union was in an awkward position.<sup>65</sup> It accepted rationing in principle but argued many employers favoured juveniles over adults family breadwinners. The Retail Traders Association (RTA) twisted the knife by declaring it was the unions' responsibility to approach relevant Conciliation Committee in support of award amendment. Committees did grant many applications for rationing, on occasion against union opposition, subject to conditions such as minimum work hours and unbroken shifts.<sup>66</sup>

<sup>63</sup> NSWPD, vol. 124, p. 665. Willis, 18.12.30. SMH, 16.12.30, p. 11. LD, 19.12.30, p. 7. *The Sun*, 31.12.30, p. 5 (quoting a 'city industrial officer'). *Employers' Review*, vol. 3, no. 10 (1931), p. 2. P. Minns, *Short Time or No Time: A Study of Work Rationing in Sydney During the Great Depression, 1929-1935* (B. Ec (Hons) (Industrial Relations), University of Sydney, 1983) (held in Australian Centre for Industrial Relations Research & Training (ACIRRT) Library, University of Sydney), pp. 36-38. Industrial Arbitration (Eight Hours) Amendment Act No. 22 of 1930, s. 8. Industrial Arbitration (Eight Hours) Further Amendment Act No. 53 of 1930, s. 4 (b). In the first reading Baddeley simply advised the bill would restore all conditions lost as a result of Bavin's legislation, and the opposition took this to mean rationing would be outlawed (NSWPD, vol. 124, p. 576. Baddeley, Bavin, 17.12.30). At the second reading he criticised rationing but provided no explanation of why its abolition was not in the bill, and finally introduced the provision in committee (NSWPD, vol. 124, pp. 692-93, 738-39. Baddeley, 18.12.30).

<sup>64</sup> NSWPD, vol. 125, p. 576. Bavin, 17.12.30. Stevens, p. 731. SMH, 30.12.30, p. 7. 5.1.31, p.9. JRTA, vol. 12, no. 7 (1931), p. 6. *The Sun*, 1.1.31, p. 7. 4.1.31, p. 5. AIBR, vol. 54, no. 1 (1930), p. 17 claimed 26,000 likely job losses. Reported Shop Assistants Union membership fell from 1930 to 1931 by a lesser percentage (5.7%) than overall union membership (7.4%) but these figures are unreliable (Registrar of Trade Unions and Co-operative Societies, *Report, 1931*, p. 28; *Report, 1932*, p. 28).

<sup>65</sup> N. Masson, *Surviving the Dole Years: The 1930s - A Personal Story*. University of New South Wales Press, Sydney, 1993, p. 13. SMH, 1.1.31, p. 7. 2.1.31, p. 6. 3.1.31, p. 11. 6.1.31, p.9. *The Sun*, 22.12.30, p.9. LD, 6.1.31, p. 1. LD, 30.6.31, p. 5. (the reports of the Shop Assistants Union for the period have been lost by the Mitchell Library). On low Shop Assistants' membership: SCICAB, *Evidence*, q.2920 (J. Bennett, Retail Traders Association claims only 10% of shop assistants in the state were union members).

<sup>66</sup> LD, 16.1.31, p. 7. 25.5.31, p. 4. 1.7.31, p. 6. JRTA, vol. 12, no. 7 (1931), p. 7; vol. 12, no. 12 (1931), p.9. vol. 13, no. 4 (1931), p. 8. *Employers' Review*, vol. 3, no. 5 (1931), p. 7. DLI Submissions 1931 (6/3467), 294283, 24.7.31. LD, 13.6.31, p. 5. LD, 1.7.31, p. 6. For examples of rationing see NSWIG, vol. 39, no. 3, p. 529 and vol. 39, no. 6 (30.6.31), p. 1018.

As I have argued Labor's interest in wooing white-collar employees was short-lived. Commercial and financial employees showed the biggest relative shift against Lang from 1930 to 1932. Retail employees probably shared in this shift, indeed the Labor vote probably had further to fall among retail employees, who with their low pay and history of supporting industrial regulation, were probably the strongest Labor supporters among white-collar workers. The rationing debate can only have encouraged a shift against Labor.<sup>67</sup>

The rationing issue was most acrimonious in the retail sector. Retailers resented Labor sympathy for their rivals: barrowmen (many of whom were unemployed), chemists, tobacconists and hairdressers. Retail employers were accustomed to paternalist control over a disproportionately female workforce and although welfarism was in decline they probably particularly resented restriction of managerial prerogative.<sup>68</sup>

### (c) Union preference

Registration as an incorporated association under the Trade Union Act 1881 was a requirement of union participation within the arbitration system. The Arbitration bill sought to deregister a range of loyalist unions, established to cater for strikebreakers after the 1917 general strike, along with several company unions. Federal Labor supported this.<sup>69</sup>

The ideal of compulsory unionism was popular with Federal Labor. As Communists noted, union officials in both Labor parties had a vested interest in maintaining union memberships.<sup>70</sup>

<sup>67</sup> Rickard, *Class and Politics*, p. 300.

<sup>68</sup> Gregory suggests that rationing was rare in the private sector but this ascertain is called into question by the fact that two-thirds of male employees in the 1933 census were below the basic wage (Gregory, 'Sharing the Burden', in Butlin, *Recovery*, pp. 231-33 J. Lee, 'Depressions', in Davison, *Companion*, p. 184). From May 1931 to May 1932 about half of all metal workers employed by members of the Metal Trades Employers Association in New South Wales were rationed to an average of 26 hours per week (T. Sheridan, *Mindful Militants: The Amalgamated Engineering Union in Australia 1920-72*, Cambridge University Press, Cambridge, 1975, p. 113). For rationing in the metal trades: *SMH*, 9.1.31, p. 11. Rationing was most likely to be pursued by employers where it helped them hold onto key employees and hence less required among the unskilled and replaceable (Minns, *Short-Time or No-Time*, pp. 7-19). For Labor and retailers' rivals and buskers: *NSWPD*, vol. 124, pp. 130-31, 3.12.30. Gosting (told Police Commissioner to give them latitude). *NSWPD*, vol. 125, p. 1418. Flanagan, 24.2.31, p. 1700. McDicken, 5.3.31, *LD*, 21.2.31, p. 1. AONSW 5/8952, A 3984, Colonial Secretary Correspondence, W. J. Roberts to B. Olde MP 19.5.31, *JRTA*, vol. 13, no. 12 (1932), p. 8 (RTA annual report); vol. 14, no. 1 (1932), p. 4. *Construction*, no. 1246, 17.2.32, p. 8. Opposition members claimed many barrowmen were fraudulently registered as unemployed: *NSWPD*, vol. 132, p. 8657. Henry, 16.3.32). *SMH*, 15.10.31, p. 10, 3.11.31, p. 9. Hairdressing employers and employees met at Trades Hall to demand protection against unfair competition from shopkeepers (*SMH*, 15.10.31, p. 10). G. Reekie, 'Humanising Industry': Paternalism, Welfarism and Labour Control in Sydney's Big Stores, 1890-1930', *Labour History*, 53 (1987).

<sup>69</sup> *NSWPD*, vol. 131, p. 7848, 25.2.32. For the AWU the memory of the employer-sponsored Machine Shearers' Union encouraged them to support action against loyalist unions: *NSWPD*, vol. 131, p. 7938, 1.3.32. Grayndler.

<sup>70</sup> Bavin government amendments to the Railways Act made it more difficult for the railway unions to prosecute workers for the recovery of unpaid dues (*LD*, 19.11.31, p. 5). *Red Leader*, vol. 1, no. 28 (4.3.32), p. 1. The Communist Party was also critical of the ARU's vendetta against the 1917 loyalists (Comintern FM4/10417 Politburo, 27.2.32. Central Committee, Industrial Department 22.8.32). Left unions opposed the NSW legislation for compulsory unionism in 1953 (N. Balnave, 'Legislating for Compulsory Unionism: The New South Wales Experience', *Labour History*, 72 (1997), p. 152).

Lang Labor proposed three forms of union encouragement: 1) requiring employers to hire unionists in preference to non-unionists, regardless of any differences between the applicants, so-called 'absolute preference'; 2) requiring employers to dismiss non-unionists and 3) removing from employers altogether discretion on whom they employed. Unlike the post-1941 Labor government Lang's government pushed aggressively for compulsory unionism as well as preference.<sup>71</sup>

Federal Labor supported absolute preference but feared further measures of union support would be employed to victimize Lang's opponents. Only Grayndler agreed unions be able to demand the dismissal of non-members. Against Grayndler's vote the Legislative Council also resolved that unions could not refuse applications for membership.<sup>72</sup>

The Arbitration bill proposed to grant conciliation committees the right to prescribe that labour be engaged only from union offices. Concannon argued that prior to 1927, when the Industrial Commission had this power, only ten out of 300 awards contained this provision. Once again Grayndler was the only Federal Labor member to support this clause and it was defeated.<sup>73</sup>

The Arbitration bill proposed the abolition of private employment agencies and the granting of a monopoly to the State Labour Exchange. As in Britain it appears that private agencies, often run by women, were most active in the clerical and domestic area where employers argued the personal attributes of employees were most important. Labor cited malpractice and overcharging by private agencies as an argument for their abolition. The AWU complained that the unemployed were referred to government construction works while private employers were free to employ whoever they chose.<sup>74</sup> The proposal also drew on British and European arguments for

<sup>71</sup> *LD*, 17.6.31, p. 4. Labor's interest in control over employers' hiring decisions would have been encouraged by the level of sectarian discrimination in employment. Business journals encouraged employers to hire returned servicemen (*Employers Review*, vol. 3, no. 8 (1931), p. 18. *Commerce*, vol. 4, no. 3 (1931), pp. 83, 92). In appeal to servicemen agencies run by RSL and other returned soldiers groups were omitted from the abolition proposed by the Arbitration bill (*LD*, 11.3.32, 6). The New Guard wanted the Metal Trades Employers to give preference to their members (Sheridan, *Mindful Militants*, p. 113). (This suggests that the Guard had some working class-members). Clune, Labor Government in NSW, p. 29. From the viewpoint of maintaining membership preference alone would not have been sufficient as workers once employed could let their membership lapse. Even where implemented it did not generate anything like 100% membership (R. M. Martin, 'Trade Unions and Labour Governments in Australia: A Study of the Relation between Supporting Interests and Party Policy', in Hughes, *Australia's Government*, p. 399. Balnave, 'Legislating for Compulsory Unionism', p. 149).

<sup>72</sup> *NSWPD*, vol. 131, pp. 7988-89. Coates, 1.3.32, p. 7940. Grayndler, 1.3.32, pp. 7956-67, 1.3.32. Coates. The argument against a right to join was that unqualified members would join: *NSWPD*, vol. 131, pp. 7969-70. O'Reilly, 1.3.32. Concannon offered to allow those excluded from a union to appeal to a Conciliation Committee: *NSWPD*, vol. 131, p. 7972, 1.3.32. The ability of unions to insist on the dismissal of non-members would have been a powerful weapon against strike breakers (SCICAB, *Report*, p. 23). Grayndler's divergence from Federal Labor was shared by the Clerks' Union secretary A. E. Williams who supported the bill and believed it would drastically increase Clerks' Union membership (*The Sun*, 10.2.31, p. 15. *SMH*, 11.2.32, p. 5. *LD*, 11.2.32, p. 5. When legislated for in 1953 almost doubled membership of Clerks (Balnave, 'Legislating for Compulsory Unionism', p. 155). A correspondent to *Labour Daily* suggested the unemployed might not feel unions would treat them as equitably as a cabinet minister (*LD*, 10.1.31, p. 4).

<sup>73</sup> *NSWPD*, vol. 125, p. 1762. Baddeley, 10.3.31. *NSWPD*, vol. 131, p. 7839. Concannon, 25.2.32, p. 7841, 25.2.32. *SMH*, 24.2.32, p. 11. *LD*, 24.2.32, p. 6.

<sup>74</sup> W. Beveridge, *Unemployment: A problem of Industry (1909 and 1930)*, Longmans, Green & Co., London, 1931, p. 240 (this work comprises a reprint of Beveridge's 1909 *Unemployment: A Problem of Industry*, with a second part written in 1930. They are numbered consecutively and I shall call the first *Unemployment (1909)* and the second



the 'organisation' of the labour market by the compulsory notification of vacancies. In a demonstration of Australian statism the State Labour Exchange supported the abolition of private agencies, unlike the British Department of Labour.<sup>75</sup>

When the bill was blocked Baddeley reduced the fees that employment agencies could charge by regulation. Together with the delicensing of boiler inspectors this demonstrated how executive power to promulgate regulations could overcome parliamentary obstacles. The number of agencies declined from 94 in May 1930 to thirteen in June 1933.<sup>76</sup>

In the public sector Labor held the rights of managerial prerogative and electoral victory led to expectation that the government would enforce compulsory unionism in the public sector. Officials from the Clerks' Union and the PSA toured government departments urging workers to join or face dismissal. Lang's position, advised shortly after the election, was that union preference would be dealt with in the Arbitration bill. Other ministers were more willing to anticipate legislation. In November 1930 Works Minister Davidson commanded that all Works Department employees be union members and Public Instruction Minister Davies ordered Teachers' Federation members receive preference in appointments and promotions.<sup>77</sup> With the Arbitration bill becalmed in the Council there were union complaints that the government had failed to enforce union preference in the public sector. TUSA demanded action and Cabinet resolved in November 1931 that all ministers were to enforce compulsory union membership on their employees. In March 1932 Lang as Transport Minister, issued an order, reluctantly accepted by Railways Commissioner William Cleary, that all railway employees become members of bona

*Unemployment (1930)* (p. 240 is in the 1930 section). SCICAB, *Evidence*, qq. 2789, 2871 (F. Begg, employment agent). A non-Labor MLC described some private employment agencies as 'dens of infamy' (LD, 11.3.32, p. 6 (Wall)). Some offers of employment to women concealed an intent of sexual exploitation (SW, 20.12.30, p. 3). NSWPD, vol. 125, p. 1479. Heffron, 25.2.31; p. 1767. Baddeley, 10.3.31. AW, 2.9.31, p. 20. The old Labour Bureau facilitated casualisation by proving a reserve of unskilled labour (T. Endres & M. Cook, 'Administering 'the Unemployed Difficulty': The NSW Government's Labour Bureau 1892-1912', *Australian Economic History Review*, vol. 26, no. 1 (1986), p. 62).

<sup>75</sup> The proposal went back at least the Webbs and the Minority Poor Law report (J. Harris, *Unemployment and Politics: A Study in English Social Policy 1886-1914*, Clarendon Press, Oxford, 1972, p. 288). It was in conformity with International Labor Organisation policy, adopted in 1919 (NSWIG, vol. 41, no. 5 (31.5.32), p. 78). DLI Submissions (6/3468), 301628, 8.1.32). British advocates of compulsion cited the failure of the British labour exchanges, constituted on a voluntary basis, to cover more than a third of vacancies (W. Beveridge, *Full Employment in a Free Society*, George Allen & Unwin, London, 1944, pp. 81-82. Lowe, *Adjusting to Democracy*, p. 141). The Commonwealth Development and Migration Commission had recommended in 1928 the compulsory notification and tighter control of private agencies (Memorandum by the Prime Minister's Department, 4.5.29 in RBA, *Documents*, d. 137, p. 181). For support of the abolition of the exchanges: DLI Submissions 1931 (6/3466), [late April], 293053; [August 1931], 294049. Lowe, *Adjusting to Democracy*, pp. 47, 188. The fact that most vacancies were not advised to the British labour exchanges was significant as it provided a justification for maintaining a seeking work test as a condition for receipt of the dole or unemployment insurance, whereas unions wanted the only requirement to be that the recipient accepted work when offered to him or her (R. Skidelsky, *Politicians and the Slump: The Labour Government of 1929-1931*, Penguin, Harmondsworth, 1970 (first ed. 1967), pp. 113-15, 123-25, 133-35, 144-47).

<sup>76</sup> *Employers' Review*, vol. 4, no. 5 (1932), p. 7. DLI Submissions 1932 (6/3468), 300068, 23.12.31. The agencies tried to evade the regulations see DLI Submissions 1932 (AO 6/3468), 302091, 29.1.32. OYB 1931-32, p. 736.

<sup>77</sup> NSWPD, vol. 124, p. 462. Bavin, 16.12.30. SMH, 21.11.30, p. 5. 27.11.30, p. 15. 5.12.30, p. 12. 12.12.30, p. 11 (Lang). LD, 27.11.30, p. 5. NSWPD, vol. 124, p. 86. 2.12.30. Davidson. The instruction by Davies followed a request from the Teachers' Federation, but was opposed by some Federation members (NBAC 2237/51, Teachers' Federation, 1926-36 Council Meetings, 1.11.30. SMH, 2.4.31, p. 11). Anstey did not support compulsory unionism in his department (P. Love, Frank Anstey: a Political biography (Ph. D., Australian National University, 1990), p. 395.

fide unions by 31 March. Legal action by loyalist unions failed, but many reluctant unionists preferred to join the AWU, rather unions affiliated to Lang Labor.<sup>78</sup>

Union density in NSW fell less than in any other state and the encouragement of public sector unionism contributed to this.<sup>79</sup>

Table 7.2 Selected public sector union memberships 1930-32

| Selected Public Sector Union Memberships 1930-32 |        |        |        |
|--|--------|--------|--------|
|  | 1930   | 1931   | 1932   |
| Police Association                               | 3,255  | 3,399  | 3,344  |
| Professional Officers                            | 891    | 858    | 879    |
| Teachers' Federation                             | 7,357  | 8,488  | 6,320  |
| PSA  | 5,869  | 6,825  | 7,286  |
| SHT Officers                                     | 198    | 189    | 191    |
| ARU  | 17,693 | 14,239 | 16,739 |
| Locomotive Enginemen                             | 3,787  | 3,799  | 3,979  |
| Railway Salaried Officers                        | 2,524  | 2,404  | 2,319  |
| Tramway Employees                                | 5,521  | 5,480  | 5,873  |

(Registrar of Trade Unions, *Report...1931*, p. 30; *Report...1932*, p. 28; *Report...1933*, pp. 36-38).

At the same time as Labor sought to bolster the financial position of unions through compulsory unionism it sought to enlarge their competence. The Arbitration bill proposed to remove restrictions on unions' ability to raise levies and undertake political expenditures.<sup>80</sup>

#### (d) Workers compensation, health and safety

Reforms to workers compensation demanded by unions and party conferences went beyond reversing the Bavin reforms. They included a state monopoly in insurance (in effect in Queensland since 1916), increases in benefits, changes to medical examinations of injured workers and a workers' representative on the GIO. There were efficiency arguments for a state monopoly, but it also might treat injured workers more generously.<sup>81</sup>

<sup>78</sup> AW, 2.9.31, p. 20 (AWU). Mitchell Library, Blacksmiths Society of Australia, ML MSS 2422 Add-On 873, K48972. Sydney. Sub-branch, Meeting, 13.5.31. Cabinet Decisions, 18.11.31. LD, 19.1.31, p. 5. 3.3.32, p. 6. 7.5.32, p. 5. In December the Speaker advised parliamentary staff they had to join a union (LD, 18.12.31, p. 9). SMH, 19.11.31, p. 9. 3.2.32, p. 9. 31.3.32, p. 9. 2.5.32, p. 9. 7.5.32, p. 13. Hearn, *Working Lives*, pp. 48-49. A meeting of railway unions resolved the Premier be asked to alter the instructions to exclude loyalist unions. UMA, Federated Moulders Union, Box 98, Minute Book 1932-34, General Meeting 15.3.32. Another option for opponents of the legislation was to form and register a non-political union, fear of nurses being forced to join the Health Employees Association led to formation of the New South Wales Nurses Association (M. Dickenson, *An Unsentimental Union: The NSW Nurses Association 1931-1992*, Hale & Iremonger, Sydney, 1993, pp. 38-40).

<sup>79</sup> *Labour Report 1932*, p. 115.

<sup>80</sup> UMA, North Broken Hill, Committee of Barrier Mines, Box 55, Item 9 Wages and Conditions January to April 1931, Minter Simpson & Co. to Secretary, Committee of Representatives of Barrier Mines, 12.3.31, p. 3. SCICAB, *Report*, p. 23. There was a history of Labor Council interest in media (M. Goot, 'Radio LANG', in Radi, *Jack Lang*).

<sup>81</sup> Considine, 'WorkCare', in Considine, *Trials in Power*, pp. 66-67. LD, 11.11.30, p. 5. *The Ironworker*, vol. 4, no. 1 (1930-31), p. 14. SMH, 19.3.31, p. 9. LD, 19.3.31, p. 5 (metropolitan conference). Subjects for Cabinet Consideration, no. 964 (18.11.31). There were complaints of excessive compensation claims in coal (RCCI, *Report*, p. 19).



In March 1931 cabinet discussed amendments to compensation legislation. In August a cabinet sub-committee was established to consider amendments and it reported in November. By January 1932 the government had decided on a state monopoly but was undecided on whether to abolish legal representation before the Compensation Commission. Unions resented the delay but by May the bill was ready for introduction.<sup>82</sup>

In August 1931 cabinet agreed to enlarge its trading powers of the GIO, a decision that reflected Labor's enthusiasm for state enterprise rather than the workers' compensation issue. Legislation was ready by May but did not appear by Lang's dismissal.<sup>83</sup>

Labor governments had often linked support for arbitration reforms with reforms to occupational health and safety. The government's major health and safety initiative was on boilers, a longstanding topic of labour movement concern. In November 1930 a resolution of the ALP executive, moved by Engine-drivers' union member Frederick Roels, requested the government to legislate to require a certificate for all attending boilers or steam machinery.<sup>84</sup>

The government went further and in April 1931 it introduced a bill to restrict boiler inspections exclusively to Department of Labour inspectors and remove the right of licensed private inspectors to conduct inspections. Federal Labor claimed many licensed inspectors were unionists who would lose their jobs. Treasury feared the cost. Government ministers argued most licensees were consulting engineers and only 15 of 178 made more than four inspections in the past four years. Employers formed a committee to campaign against the bill. The government made some concessions but Federal Labor voted down the bill's key components in December 1931. The Department advised Baddeley in September that some of the Council amendments conflicted with the policy as determined by cabinet, but he needed no encouragement and ordered regulations be prepared to withdraw certificates. In January 1932 the plan appears to have been put on hold, when Baddeley minuted it could not go ahead unless it was revenue-neutral. It is

<sup>82</sup> NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, November 1931 Report, pp. 3-4. Cabinet Decisions, 30.3.31, 24.8.31. LD, 21.7.31, p. 5. 8.1.32, p. 5. SMH, 8.1.32, p. 9. Lang told the 1932 January-February Premiers Conference that a bill was being drafted (*Premiers' Conference February 1932*, p. 11 in CPP, 1932-34, vol. 4, pt. 1). *Construction*, 1241, 13.1.32, p. 1. Labor Council Minutes, 3.3.32. TUSA enquired in April 1932 (LD, 20.4.32, p. 6). SMH, 11.5.32, p. 11. One criticism of the Arbitration bill was that the broad definition of industrial matter would enable the Industrial Commission to invade the terrain of the Workers' Compensation Commission (SCICAB, Report, p. 25).

<sup>83</sup> AO 9/2021, Premier's Department Correspondence, A408, Minute for Cabinet, 19.2.31. Cabinet Decisions, 23.2.31. Cabinet Decisions, 24.8.31. SMH, 3.5.32, p. 9.

<sup>84</sup> Ryan, *Two-thirds of a Man*, pp. 16-17. M. Quinlan, 'Occupational Health and Labour History', *Labour History*, 73 (1997), p. 17. Cass, *Workers' Benefit*, p. 24 raised at first intercolonial trade union conference in 1879. Markey, *Case of Oppression*, p. 41. DLI Submissions 1930, 288531, 1.12.30. The DLI believed that the bill should await a comprehensive machinery inspection bill (DLI Submissions 1930, 288531, 1.12.30). LD, 22.11.30, p. 5.

likely this change of approach by Baddeley reflected Lang's instructions to reduce Departmental expenditure, that I have discussed in Chapter Six.<sup>85</sup>

#### 4. Non-industrial economic regulation

Industrial legislation confined the ability of employers to transform human labour power into capital. Another way of having the same effect was to reduce the extent to which employers were required (or were allowed to) to maximise profits. Such initiatives reduced the extent to which the means of production functioned as capital in the Marxist sense. In principle public ownership could ensure that means of production would not be used as capital, that is production for profit rather than production for use. The ability of public ownership to secure this goal was restricted by the need to pay interest on public borrowings, compete in a competitive market and the desire of some public sector managers to (partially) emulate the private sector. These forces encouraged state enterprises to operate in a state capitalist manner, as supported by contemporary advocates of 'corporatisation'. The Lang Plan tackled the first of these constraints, but Labor also reduced the competitive pressures on state enterprises and limit management autonomy.<sup>86</sup>

##### (a) State trademarks

The labour movement welcomed higher wages for state award employees in New South Wales, but feared this advantage would be undercut by interstate competition. Unions and Labor MPs demanded protection of local manufacturers.<sup>87</sup>

Manufacturers complained that they could not compete with Victorian goods. Many consumer goods, such as shoes, were produced under federal awards, but employers complained of higher taxes, hostile unions and expensive raw materials produced under state awards. Labor and some employers claimed that in Victoria the award was poorly enforced and there was outwork and

<sup>85</sup> The bill made rapid progress to parliament. It was first raised in cabinet on 2 February 1931 and was approved for submission to caucus on 2 March (Cabinet Decisions, 2.2.31, 2.3.31). NSWPD, vol. 127, p. 3851. Baddeley, 1.7.31, vol. 130, p. 6228. Concannon, 16.9.31. NSWPD, vol. 130, p. 6954. Keegan MLC, 1.10.31; p. 6956. 1.10.31. Concannon, NSWPD, vol. 131, p. 7389. 2.12.31. A correspondent to *Labour Daily* agreed with Federal Labor's critique (LD, 23.6.31, p. 8). The Boilermakers' society resolved that certificates should be restored to its members (General Meeting, 6.10.31). DLI Submissions 1931 (6/3467), 295532, 11.8.31 (Treasury on cost) :297913, 29.9.31; :299480, 3.11.31. DLI Submissions 1932 (AO 6/3468), 301217, 12.1.32. *Employers' Review*, vol. 3, no. 9 (1931), pp. 12-13.

<sup>86</sup> On production for use: NSWPD, vol. 125, p. 1381. Flanagan, 19.2.31.

<sup>87</sup> AONSW 9/2035, B245, Premier's Department Correspondence 1931. Deputation from trade unions to Davidson 22.1.31. DLI Submissions 1931 (6/3467), 295872, 12.8.31. NSWPD, vol. 128, p. 4798. Clementson, 30.7.31. Employers had moved interstate to escape Victorian factory regulation in the late nineteenth century (B. Kingston, *Glad, Confident Morning 1860-1900*, Oxford University Press, Melbourne, 1989, pp. 248-49). Schreiber met with employers to discuss the problem of Victorian competition, and the Furnishing Trades resolved to negotiate with employers, subject to the retention of 44 hours and no dilution with 'the rates to be subject to revision if necessary' (NBAC, Furnishing Trades Society of NSW, T11/1/5, Minute Book of General Meetings 7.3.27 to 6.8.45, Committee of Management, 27.4.31, 11.5.31).

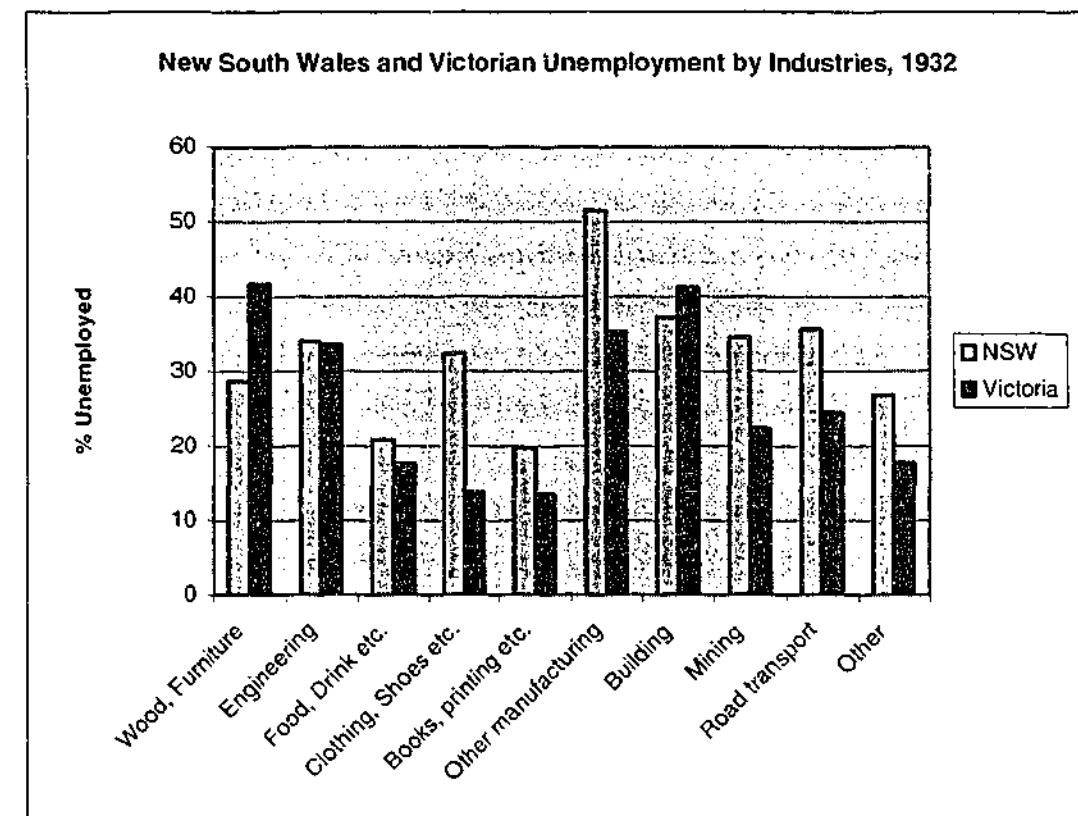
sweating particularly among Southern Europeans. Victorian manufacturers had for years promoted their products as cheaper than NSW.<sup>88</sup>

Sydney clothing prices were generally slightly below Melbourne's but the discrepancy was slight and does not suggest 'interstate dumping'. A comparison of employment and value added in shoes and general manufacturing does not suggest a shift of economic activity southwards, but 1932 unemployment was higher in the NSW clothing and shoe industries than in Victoria (1931 figures are not available). Throughout the Depression New South Wales added more value in manufacturing than Victoria, and although the gap closed this shift was mostly in 1929-30. Indeed New South Wales made up ground on Victoria in its levels of clothing, textiles and footwear production.<sup>89</sup>

<sup>88</sup> Tsokhas, *Work Practices in the Clothing Industry*, pp. 11-12. NSWPD, vol. 130, p. 6120. 10.9.31. Baddeley, *Labour Report 1930*, pp. 137, 147. *Labour Report 1932*, pp. 146, 156. SCICAB, *Report*, p. 14. SMH, 29.7.31, p. 10. A. Trengrove, 'What's Good for Australia!' *The Story of BHP*, Cassell Australia Ltd., Sydney, 1975, p. 148. Some Victorian manufacturers sought to escape federal coverage so they could better compete with NSW (Frances, *Politics of Work*, p. 153). SCICAB, *Evidence*, q. 1958, 1993 (D. Johnstone, New South Wales Shoe Manufacturers Association). *The Age*, 18.5.31 quoted in NSWPD, vol. 130, pp. 6122-23. Baddeley, 10.9.31. WUA, D14/2/23 NSW Chamber of Manufacturers Secretary's Information Files, 'Sydney as a Manufacturing Centre: general arguments' (31 December 1928), p. 4. The more modern character of some Victorian factories, such as Pelaco increased their competitive ability against producers outside Victoria (B. Ellem, *In Women's Hands? A History of Clothing Trades Unionism in Australia*, University of New South Wales Press, Sydney, 1989, pp. 124-25). In 1930 NSW clothing trade unionists felt their Victorian colleagues were deficient in their duties (*ibid.*, p. 165). Some employers sought federal awards (NBAC, Furnishing Trades Society of NSW, T111/1/5, Minute Book of General Meetings 7.3.27 to 6.8.45, Committee of Management, 29.6.31).

<sup>89</sup> *Labour Report 1931*, p. 30. OYB 1934-35, p. 48. *Victorian Year Book 1934-35*, p. 464. Victorian ministers complained about the 10% preference extended by the NSW government to local producers (*Premiers' Conference August 1931*, p. 15).

Chart 7.1 NSW and Victorian unemployment by industries, 1932 (%)



(*Labour Report 1932*, p. 100).

In September 1931 Baddeley introduced legislation to enable regulations that goods indicate their manufacturer and place of manufacture. He admitted unemployment was inevitable under the current economic system but claimed the bill would assist in its reduction. The legislation, and subsequent regulations, enlarged the definition of 'factory' to cover any workplace, even a solitary outworker, where clothing, textiles or furniture was being made. This was an attempt to reduce evasion of industrial regulation.<sup>90</sup>

Campaigns to encourage consumers to eschew imports were a minor aspect of inter-war economic nationalism. Labor movements often attempted consumer boycotts but these struggled to hold long-term support. In 1906 Deakin's federal government legislated to allow unions to

<sup>90</sup> Factories and Shops (Amendment) Act No. 55 of 1931. NSWPD, vol. 130, p. 6120-24. 10.9.31. Baddeley. Baddeley drew on International Labor Organisation publications to detail the exploitation of home workers (NSWPD, vol. 125, p. 1760. Baddeley, 10.3.31). Executive Council 1931, no. 43, 24.11.31. The extension to single home workers was opposed by the Department (DLI Submission 1931 (6/3467), 299481, 16.11.31). Labor's pursuit of outwork demonstrated a less deferential attitude to the sanctity of the home compared to other governments: R. Hunter, 'Women workers and the liberal state: Legal regulation of the workplace, 1880s-1980s', in D. Kirby, ed., *Sex, Power and Justice: historical perspectives on law in Australia*, Oxford University Press, Melbourne, 1995, pp. 228-30. The Department and Baddeley agreed that NSW should advise the Commonwealth government it supported ratification of International Labor Organisation conventions as in almost cases NSW legislation was more advanced (DLI Submissions 1932 (6/3468), 303975, 6.5.32).

register 'union labels' that would indicate goods made by unionists but the legislation was overturned by the High Court.<sup>91</sup>

Peak manufacturing and retail groups vehemently opposed the trademarks legislation. The Shoe Manufacturers' Association supported it, but the Chamber of Manufacturers called instead for uniform national industrial regulation. The 1931 national conference of Chambers of Manufacturers condemned the NSW legislation but also 'interstate dumping'. The Retail Traders' Association accused some manufacturers of supporting the legislation, and some retailers boycotted these manufacturers who supplied trademarked goods.<sup>92</sup> To the annoyance of the Retail Traders some non-member retailers called on customers to resist the 'Victorian shoe menace'. Overall most retailers opposed the legislation. Labour and Industry inspectors claimed in April 1932 that more than 90% of retailers were failing to comply.<sup>93</sup>

Once the bill was law retailers sought to delay its operation until they cleared goods in stock. The Department was sympathetic, but Baddeley believed retailers were stalling. When he commanded that no further exemptions be granted after 23 February 1932 the Department complied. At the lower ranks of the Department there was more support. Inspectors in April 1932 claimed that the Act it had already reduced unemployment in shoe manufacture by about 6,000 and wanted it strictly enforced and extended to furniture. Baddeley argued in January 1932 that the boot trade was up 10 to 15%.<sup>94</sup>

#### (b) Transport

State railways were a response to notable examples of market failure: the inability of colonial entrepreneurs to operate railway systems. Once established state railways developed their own dynamic and were not necessarily subject to purely commercial criteria. Andrew Wells argues that prior to the administrative reforms of the 1880s nineteenth century railways did not operate

<sup>91</sup> Bassett, *State in New Zealand*, p. 174. Tomlinson, *Government and the Enterprise*, p. 91. A. Markus, *Fear and Hatred: Purifying Australia and California 1859-1901*, Hale & Iremonger, Sydney, 1979, pp. 58-60. J. S. Roberts, 'Drink and the Labour Movement: The Schnapps Boycott of 1909', in R. Evans, *The German working class, 1888-1938: the politics of everyday life*, Croom Helm, London, 1982. A grocer complained unionists brought cheap goods produced by juvenile labour (*SMH*, 18.10.30, p. 12). P. McCarthy, 'Labor and the Living Wage', *Australian Journal of Politics and History*, vol. 13 (1967), p. 79. D. Plowman & G. Smith, 'Moulding Federal Arbitration: The Employers and the High Court 1903-1935', *Australian Journal of Management*, vol. 11, no. 2 (1986), p. 211. *Union Label Case* 6 CLR (1908) at 469. The younger and more liberal Bavin appeared for the state registrar of trade marks in support.

<sup>92</sup> *JRTA*, vol. 13, no. 5 (1931), p. 10. *Commerce*, vol. 4, no. 12 (1931), pp. 308, 326. CMNSW, *Bulletin*, vol. 2, no. 1, (15.9.31). See also: SCICAB, *Evidence*, q. 1445 (H. York, Lustre Hosiery Ltd). Leading soft goods retailer Sir James Murdoch complained about interstate dumping (*AIBR*, 21.10.31, p. 847). The Queensland government refused a request from local unionists and the 'Queensland Preference League' to introduce stamping (*SMH*, 2.12.31, p. 12). Its response to interstate competition was to legislate to allow variation of awards to meet interstate competition (DLI Submissions 1932 (6/3468), 301654, 25.1.32).

<sup>93</sup> *JRTA*, vol. 12, no. 8 (1931), p. 15. For such advertisements: *LD*, 13.2.31, p. 5. *The Sun*, 19.8.31, p. 23. DLI Submissions 1932 (6/3468), 303741, 7.4.32.

<sup>94</sup> *Manufacturers' Bulletin*, vol. 2, no. 9 (1932), p. 7. DLI Submissions 1931 (6/3467), 299359, 17.11.31. DLI Submissions 1932 (6/3468), 302654, 2.3.32; 303741, 7.4.32. *SMH*, 22.1.32, p. 11. Schreiber reported to his union on stamping (NBAC, Furnishing Trades Society of NSW, T11/1/5, Minute Book of General Meetings 7.3.27 to 6.8.45, 5.3.32).

as 'state capitalist corporations' and that if colonial governments had followed socialist economic policies their 'ownership of land and communications would have provided very powerful means at their disposal'. The rise of political labour challenged the reform of state enterprises on state capitalist lines that began in the 1880s. Economists and business supported exemption of railways from political control or even industrial arbitration, and their arguments anticipated concepts of 'government failure'.<sup>95</sup>

Three statutory Commissioners appointed by the state government administered the railways. Until 1930 the tramways were operated by the railways but in 1930 they were transferred to 'transport trusts' in Sydney and Newcastle. These included business and local government representatives, but both were chaired by the Commissioner of Road Transport and Tramways, Samuel Maddocks, who was clearly their dominant figure. The Treasurer usually carried the additional title of Minister for Railways, but this was not a ministerial department.<sup>96</sup>

The administrative reforms of 1930 were a response by the Bavin government to public transport losses. In 1929 the government encouraged the early retirement of James Fraser, Railways Chief Commissioner since 1917, and replaced him by William Cleary, general manager of Tooth's brewery. His appointment coincided with reduction in loan expenditure, which forced retrenchments, regression and the rationing of railway staff. These policies made Cleary unpopular but to many rail workers his greatest sin was not being a railwayman. Labor's vote in railway towns held up well in 1927, reflecting workers' approval of Lang's reforms and increased in 1930.<sup>97</sup>

<sup>95</sup> Butlin, *Investment in Australian Economic Development*, pp. 302-03. Wells, *Constructing Capitalism*, pp. 106-09. *Commerce*, 1.10.31, p. 248. E. Shann, 'The Control of Gold' (1930) in Shann, *Bond or Free?*, p. 66. Thorpe shares with Wells an emphasis on the potential autonomy of state power and argues that early colonial Australia was characterised by a state mode of production (Thorpe, *Colonial Queensland*, pp. 46, 94, 103).

<sup>96</sup> *OYB* 1931-32, pp. 216. Commissioner for Road Transport and Tramways (CRTT), *Report...30 June 1931*, p. 5. *NSWPP*, 1930-32, vol. 1. Aitkin, *The Colonel*, pp. 118-23.

<sup>97</sup> NBAC, E99/2/6 AFULE Reports of Annual Delegates Meetings, Meeting, 30.9, 1-3, 10.30. Secretary's Report, p. 10. *OYB* 1931-32, p. 216. *Railroad*, vol. 12, no. 5 (1931), p. 8. NBAC, Amalgamated Engineering Union, E209, Item S35. AEU Monthly Reports, Box 4, 1928-34, September 1931, p. 7. *LD*, 17.9.31, p. 5. *Railroad*, vol. 11, no. 11 (1930), p. 1. *NSWPD*, vol. 123, pp. 330-31. Clementson, 9.12.30. *NSWPD*, vol. 131, p. 8296. Cahill, 8.3.32. Palmore, Scabs, Loyalists and Cuckoos, p. 46. J. Gunn, *On Parallel Lines: A history of the railways of New South Wales*, Melbourne University Press, Melbourne, 1989, pp. 275, 319, 326. Aitkin, *The Colonel*, pp. 190-91. Lang, *Great Bust*, pp. 184-85. The ARU, ALP branches and country conference complained about the reliance of railways on exams rather than practical experience and alleged favouritism to university graduates (*Railroad*, vol. 12, no. 12 (1931), p. 9. *LD*, 9.1.32, p. 7 (West Tamworth), 25.3.32, p. 9. 1.4.32, p. 4). Hearn, *Working Lives*, p. 42. Country Party, Central Council, 19. 11. 30. NBAC, Australian Federated Union of Locomotive Enginemen (NSW), E99, Item 3/8, Minute Book Executive and General Committee 8.6.30 to 15.5.32, General Committee, 26.4.31 (Narrabri branch opposes Chifley censure). 1925 vote is the total of first preference votes for Labor candidates.

Table 7.3 Labor support in railway towns 1925-32 (%)<sup>98</sup>

| Labor Support in Railway Towns 1925-32 (%) | 1925 1927 1930 |      |      | 1932       |               |
|--|----------------|------|------|------------|---------------|
|  |                |      |      | Lang Labor | Federal Labor |
|  |                |      |      |            |               |
| Werris Creek                               | 67.1           | 62   | 77.3 | 61.3       | Uncontested   |
| Narrabri                                   | 58.3           | 57.1 | 65.5 | 53.1       | Uncontested   |
| Narrabri West                              | 80.9           | 79.8 | 87.8 | 71.7       | Uncontested   |
| Junee                                      | 58.4           | 60.7 | 68.7 | 59.8       | 1.4           |
| Harden                                     | 56.6           | 57.4 | 68.2 | 51.9       | 2.6           |

An ALP committee representing rail and tram unions, but none from private transport, recommended in 1930 that road transport be nationalised and placed under the control of a directorate representing government and employees. The Bavin government tried to make Labor's transport policies an issue in the 1930 campaign but private transport operators were more preoccupied with the Bavin government's policies of transport regulation.<sup>99</sup>

Once Labor was elected transport unions demanded an inquiry into transport policy and administration with union representation. As in other policy areas Lang distrusted the suggestion of a roving public inquiry and kept review of transport policy under tight control. After an acrimonious dispute Cleary, reluctantly released Charles Goode, an area commissioner at Goulburn, to assist the government on transport co-ordination. He had been regressed from chief traffic manager to area Commissioner as a result of the Commissioners' displeasure with contracts he had agreed to in his previous position, to which suggestions of corruption were attached. The ARU condemned Goode's selection and called for an inquiry representing unions and railway management.<sup>100</sup>

Labor MPs claimed the Catholic Goode had been a victim of sectarianism and praised his expertise, particularly in goods traffic where railways had lost ground, although some had private doubts about his selection. Goode was an enthusiast for transport co-ordination. In February 1932 he estimated railway losses resulting from road competition at 40% higher than did Cleary. In May 1931 the Crown Solicitor reported there was no evidence of corruption against Goode and his regression violated natural justice. A later Royal Commission had access to further evidence and found Goode acted corruptly. No copy of his report has survived. Lang said in early February

<sup>98</sup> The Federal Labor vote in Junee is for a candidate who styled himself 'independent Federal Labor'. The 1925 vote is the total of first preference votes for Labor candidates under the proportional representation system in effect for the 1920-25 elections.

<sup>99</sup> *Report of a Committee appointed by the Metropolitan Provincial Conference to Report to the ALP General Conference on the Nationalisation of Road Transport Conveying Passengers and Goods*, (April 1930), p. 26. Aitkin, *The Colonel*, pp. 117-24. Robinson, *State Election 1930*, pp. 31-32.

<sup>100</sup> NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, January 1931, p. 6. Executive Council 1931, Special Meeting, 13.1.31, *SMH*, 21.11.30, p. 16. 12.12.30, p. 11.10.1.31, p. 14. 16.1.31, p. 11. LD, 10.1.31, p. 5 (ARU). NBAC, E89/3/3, ARU State Council, 17.3.31, p. 6.

that Goode's duties had concluded, but not until May did cabinet approve legislation for caucus consideration.<sup>101</sup>

This State Transport (Co-ordination) bill introduced in June 1931 disappointed some caucus members in its preparatory nature, but was the first phase of a two-stage plan. It sought to end 'wasteful' competition between road and rail. A Transport Co-ordination Board (TCB) would implement this policy and draft further legislation to incorporate the management of all public transport in one corporate body.<sup>102</sup> The bill provided all activities of the existing public transport agencies were to be subject to ministerial control. Motor truck operators had to reapply for licenses and pay a tax. In the Assembly the opposition condemned the bill and claimed it would install political control in the interests of unions and destroy road transport. The bill passed the Legislative Council without significant amendment.<sup>103</sup>

The members of the Board from railway management were: Goode as Chief Commissioner, Fraser, recalled from retirement, and Charles Hodgson, senior metropolitan area commissioner. Fraser had been Chief Commissioner during the 1917 general strike but now attracted Labor sympathy for his displacement by the outsider Cleary. Lang found Fraser compliant with government policy in 1925-27. Despite press predictions ARU secretary Edward Chapman was not appointed to the Board. The employees' representative was Frank Miller, Amalgamated Road Transport Union secretary. Miller was a leading labour movement moderate who had defended the government's transport plans prior to the passage of the bill. Railway and tramway unions, who wanted a representative with public transport experience, condemned his appointment.<sup>104</sup>

<sup>101</sup> Martin Diary, 1.5.31. *NSWPD*, vol. 127, p. 3579. 24.6.31. Butler, Non-Labor governments were, with some justice, often accused of prejudice against Catholics in the railways (J. Gunn, *Along Parallel Lines: A history of the railways of New South Wales*, Melbourne University Press, Melbourne, 1989, p. 309. Aitkin, *The Colonel*, pp. 192-93. Lang, *Great Bust*, p. 182). Conference of Australian Railways and Transport Authorities, Sydney, February 15th to 23rd 1932 (CARTA), *Report of Australian Railways and Transport Authorities*, p. 74, in *Premiers' Conference...April 1932. Railways-Case of Mr. C. J. Goode*, pp. 3-4, 9. *NSWPP*, 1930-32, vol. 4. Royal Commission of Inquiry into the Conduct of Charles Joachim Goode while in the employ of the Railways Commissioners as Goods Superintendent, *Report*, pp. 6-7. *NSWPP*, 1932-25 parliament, 2nd session, vol. 1. M. H. Ellis, *The Red Road: The Story of the Capture of the Lang Party by Communists Instructed from Moscow*, Sydney and Melbourne Publishing Co. Sydney, 1932, p. 242. At a February 1932 national conference of railway administrators Goode dissented from all other railways commissioners in refusing to criticise political interference in railway administration (CARTA, *Report*, p. 101). Goode was assisted by W. N. Corry (*SMH*, 23.3.32, p. 13). *SMH*, 5.2.31, p. 9. Cabinet Decisions, 4.5.31.

<sup>102</sup> Martin Diary, 9.5.31, 1.9.31. *NSWPD*, vol. 127, pp. 3417-22. Lang, 18.6.31. State Transport (Co-ordination) Act No. 32 of 1931, ss. 4 (1) (2) and 10 (2).

<sup>103</sup> *NSWPD*, vol. 127, pp. 3447-3455. Stevens, 21.5.31. In April 1932 a Labor MP claimed £50,000 had been offered in bribes to defeat the legislation (*SMH*, 30.4.32, p. 14. Flanagan). The opposition was concerned about the transport deficit and after Lang's defeat Bruxner admitted his general agreement with the co-ordination aspects of the legislation (Aitkin, *The Colonel*, pp. 178-89).

<sup>104</sup> In August caucus resolved that cabinet should consult caucus before appointments to the Transport Co-ordination Board (Martin Diary, 20.8.31. *SMH*, 22.8.31, p. 13). Cabinet Minutes, 31.8.31. Executive Council 1931. Meeting 32, 1.9.31. *SMH*, 22.8.31, p. 13. 1.9.31, p. 7. 2.9.31, p. 13. 28.11.31, p. 14. *LD*, 19.5.31, p. 1. On Miller: Bray, *Delivering the Goods*, p. 75. In May he withdrew from the pre-selection contest for Lang Labor endorsement for Lang (*SMH*, 30.5.31, p. 14). The ARU may have suffered for Chapman (recruited from England in 1924) keeping clear of personal involvement in ALP politics. The ARU disaffiliated from the Labor Council, nor was the union represented among Lang MLCs (S. Finch, *The effect of political involvement on union activities and local organisation: a study of the New South Wales Branch of the Australian Railways Union, 1920-60* (B. Ec (Hons), Industrial Relations, University of Sydney, 1977 (held in ACIRRT), pp. 34-35. Hearn, *Working Lives*, p. 18). *Railroad*, vol. 12, no. 9 (1931), p. 7. NBAC, E89/3/3. Australian Railways Union, Minutes of Council and Executive 1928-33, State Council, 18.9.31, 4.4.32, p. 15. Lang,



The impact of the transport regulation imposed under the legislation was draconian. Of the 224 bus services in metropolitan Sydney 125 were classified by the TCB as competitive with trams and subject to special charges. Bus owners ceased 108 services, withdrew more than 400 buses and locked out 4,000 employees. In Sydney and Newcastle from 30 June 1931 to 30 June 1932 buses in service fell from 566 to 298 and passengers halved. Opposition was strongest in the rural outskirts of Sydney where many farmers used trucks.<sup>105</sup>

Labor argued that the Co-ordination Board's powers to grant exemptions from the Act would ensure it operated fairly, but the Board was swamped by requests for exemptions and information and struggled to develop consistent rules.<sup>106</sup> Critics accused it of inconsistency, bureaucratic delays and condemned the behaviour of Board inspectors. In private Labor MPs were concerned by the outcry, but Martin felt it ebbed quickly. With one exception Labor MPs publicly defended the legislation. The TCB supplied Labor MPs with information for public debates.<sup>107</sup> The Chamber of Manufacturers encouraged members to advise employees the bill was a favour to the railway unions. Transport co-ordination was welcomed by government transport workers due to its employment benefits. Tramway work rationing ceased, but rationing remained on the railways, where on 30 June 1932 3,245 staff were still in excess.<sup>108</sup>

The impact of transport co-ordination on private transport workers embarrassed the ALP affiliated Transport Workers' Union. This union had traditionally recruited commercial carriers but in 1930 many bus employees joined as result of employers' demands for pay cuts and concerns about transport regulation. Before the release of the co-ordination legislation union officials had defended the government bona fides but called on the government to confine TCB

*Turbulent Years*, pp. 45-46. Gunn, *On Parallel Lines*, p. 327. The Communist Party recalled Fraser's record in 1917 (WW, 11.9.31, p. 4).

<sup>105</sup> CRTT, *Report...1932*, pp. 3-4. SMH, 26.10.31, p. 9. 2.11.31, p. 9. SW, 14.12.31, p. 6. The fall in recorded passengers was 54% but figures for July-September 1931 were not available (OYB 1931-32, p. 249). SMH, 18.6.31, p. 4. 6.11.31, p. 9. 9.12.31, p. 5. 22.12.31, p. 9. 5.1.32, p. 10. 9.1.32, p. 13. 25.1.32, p. 9. *The Sun*, 5.11.31, p. 15. One complaint was that transport regulation favoured Chinese and Maltese cultivators who lived closer to the city (*The Sun*, 6.11.31, p. 7). But supporters of regulation claimed tram workers had made their industry one fit for 'white men' rather than the underpaid juveniles in the bus industry (LD, 26.10.31, p. 5. 2.11.31, p. 6).

<sup>106</sup> NSWPD, vol. 128, p. 4808. Butler, 30.7.31. AONSW 10/2644, Ministry of Transport Correspondence 1931, Items 2072, 2354. For a description of the office and the complexity of the forms: SMH, 30.3.32, p. 12. Despite Maddock's political disagreement with Labor he backed the legislation. He believed that the withdrawal of bus services after the passage of the Transport Co-ordination Act was motivated by opposition to the legislation, rather than financial imperatives (Transport Advisory Committee, *Report*, p. 5. NSWPP, 1932-35, 2<sup>nd</sup> session. Maddocks also strongly defended the conduct of Transport Trust staff against complaints by bus drivers (AONSW 9/2019, Premier's Department Correspondence 1931, Item A293. S. Maddocks to Under-secretary Premier's Department, 13.10.31). After Lang's defeat Maddocks was the leading figure in transport policy development.

<sup>107</sup> Martin Diary, 6.11.31, 12.11.31. SMH, 24.10.31, p. 14. 19.12.31, p. 16. 8.1.32, p. 9. 18.1.32, p. 10. 29.1.32, p. 11. 30.3.32, p. 12. The Labor MP who did express concern about the impact of transport regulation in his electorate was McDicken from Concord, he was defeated in 1932 and contested Concord for Federal Labor in 1935: NSWPD, vol. 132, p. 8437. McDicken, 9.3.32. For debate assistance: AONSW 10/2347, Ministry of Transport Correspondence 1932, item 110 (Davies, Ryde MP) 25.1.32.

<sup>108</sup> WUA, D14/28/1 NSW Chamber of Manufacturers' Circulars - General and Industrial 1926-34, Circular, 2.5.31. *Railroad*, vol. 11, no. 11 (1930), p. 1; vol. 12, no. 7 (1931), p. 6. Commissioner for Road Transport and Tramways, *Report...year ended 30 June 1932*, p. 7. NSWPP, 1932-35, 3<sup>rd</sup> session. Commissioner for Railways, *Report...1932*, p. 7.

duties to reform of railway administration and establish a representative committee to review transport co-ordination.<sup>109</sup>

In the aftermath of the closure of bus services meetings of bus workers saw violent disagreements, as members rejected union advice to trust the TCB and Miller and voted to hear addresses from bus owners' representatives. A union vice-president broke ranks to denounce the government and support employers. Communists and the UWM condemned the government. The ARU blamed the TCB and Miller, accused bus companies of misleading their workers, and argued socialism was the only solution. Labor MPs expressed sympathy but offered no solution.<sup>110</sup>

Some union members still argued Lang could be trusted but he evaded a meeting with the union and when approached informally referred the union to Miller. All he offered was a pledge that new 'feeder' bus services terminating at railways would employ only union members and be under award rates. Lang failed to answer subsequent correspondence from the union. The union remained affiliated to the ALP but it refused requests for donations during the 1932 election. Some bus workers campaigned for the UAP during the 1932 election. Many joined an employer sponsored 'non-political' union, established in 1933. Labor's state intervention benefited government workers but the fate of the busmen provided evidence for earlier revolutionary socialist critiques that state socialism could 'succeed' only by the creation of a privileged caste of workers.<sup>111</sup>

Transport regulation strengthened the financial position of the railways and tramways and their ability to offer more favourable conditions to their workers, but for this potential to be put into practice management would have to agree. From Lang's election Cleary felt the government snubbed him. The TCB asserted authority over the Railways Commissioners, by seeking control over staff matters and minor administrative details. As Railways Minister in September 1931 Lang ordered an inquiry into aspects of railway efficiency.<sup>112</sup> William Rogers, a former employee

<sup>109</sup> Bray, *Delivering the Goods*, pp. 81-2, 120. SMH, 12.5.31, p. 10. LD, 19.5.31, p. 6. NBAC 2274/74 Motor Drivers Union Minutes 1925-36, General Meetings, 4.5.31, 9.6.31.

<sup>110</sup> SMH, 3.11.31, pp. 9-10. 4.11.31, p. 11. 13.11.31, p. 13. 16.11.31, p. 9. 17.11.31, p. 10. LD, 5.11.31, pp. 4-5. *The Sun*, 2.11.31, p. 1. NBAC 2274/74 Motor Drivers Union Minutes 1925-36, General Meeting, 8.12.31, 4.1.32. Miller had earlier accused a union executive member of leaking information to bus employers (Executive, 14.5.31). Speakers' Notes on Langism [1932] Comintern FM4/10417. The Labor Council refused to endorse demands for the repeal of the Transport Act by the UWM (Labor Council Minutes, 19.11.31). *Railroad*, vol. 12, no. 9 (1931), p. 17; vol. 13, no. 1 (1932), p. 15. McDicken was the most critical of Labor MPs and felt the TCB should have done something to provide employment (SMH, 2.11.31, p. 9).

<sup>111</sup> NBAC 2274/74 Motor Drivers Union Minutes 1925-36, General meetings, 27, 29.10.31, 1.4.32, 2.5.32. It was presumably in response to the demands on Miller that the government decided in November 1931 that he would be required to give full time attention to his duties (Executive Council 1931, Meeting 41, 10.11.31). Robinson, *State Election 1932*, p. 43. NBAC, Trolley, Draymen and Motor Drivers Union of NSW, T29, Item 12, Papers on the Motor Bus Employees Association; R. Moore to secretary, ARTWU, 31.10.33, E. Beeby to secretary, ARTWU, 3.11.33, MBEA Circular. Lovell, *Marxism and Australian Socialism*, p. 165.

<sup>112</sup> SMH, 24.9.31, p. 9. 26.9.31, p. 13. 30.9.31, p. 11. LD, 24.9.31, p. 1. For complaints by Cleary of the government's attitude: *Australian Traveler*, vol. 27, no. 8 (1931), p. 39. SMH, 3.3.32, p. 9. 4.3.32, p. 9. 7.3.32, p. 9. In 1928

of the Indian and South Australian Railways and Clyde Engineering, undertook the inquiry for the Board. A series of reports by Rogers condemned railway management. Government ministers criticised current levels of railway losses and blamed Cleary. His response that public servants were often better representatives of the people than politicians and complaints that the Co-ordination Act legitimated political interference did not endear him to Labor.<sup>113</sup>

The final stage in Labor's program was the creation of a Ministry of Transport to control all public transport services. Cabinet endorsed legislation in February 1932.<sup>114</sup> Lang's argument for the bill stressed the administrative economies that would result from the creation of the Ministry. Federal Labor accepted the bill. It abolished the existing transport authorities and placed all transport services under a board of commissioners subject to a new Minister for Transport, James McGirr. Goode was Chief commissioner and seven Assistant Commissioners were each responsible for a functional area, and included Miller as commissioner for staff matters and Rogers for railway workshops and rolling stock. Cleary and Maddocks were not appointed but were offered compensation. Business groups hailed Cleary as a political martyr and some members of the public suggested he would be an ideal non-political leader for the state UAP.<sup>115</sup>

The financial effectiveness of the legislation was debated. Motor transport lobbyists claimed it could not stem railway and tramway losses. Government ministers and the TCB argued total revenue would increase around £2m in a full year. The net loss on the railways fell from £4.5m in 1931-32 to £2m in 1932-33, in part due to transport regulation. Metropolitan trams recorded a net improvement of £320,000 and Newcastle trams £32,000. Passenger miles rose 12%. The government suggested freight rates might be reduced but not until the desperate circumstances of the 1932 campaign did Lang promise this.<sup>116</sup>

Commissioner Fraser had to endure a Country Party minister similarly going behind his back: Lang, *Great Bust*, p. 183. Gunn, *Parallel Lines*, p. 325.

<sup>113</sup> NSWPD, vol. 131, p. 7076, 24.11.31; pp. 8308-09. Flanagan, 8.3.32, 18.6.31, p. 8, 7.3.32, p. 9, 8.3.32, p. 9. SMH, 23.3.32, p. 13. *Railways. Reports by W. B. Rogers and New South Wales Government Railways...Correspondence respecting Report by Mr. W. B. Rogers, NSWPP, 1932-35, 2<sup>nd</sup> session. CARTA, Report, p. 81. Cleary remained a supporter of the principle of transport co-ordination (ibid., p. 86).*

<sup>114</sup> From early in the government's term there had been reports that the government planned to create a Ministry of Transport and that Lang was keen to shed the responsibility of Minister for Railways. The string of intractable grievances and the close contact with unions that the position involved would not have been to Lang's taste (SMH, 6.1.31, p. 9, 9.1.31, p. 11). Cabinet Decisions, 29.2.32. NSWPD, vol. 132, p. 8419, 9.3.32. Lang, A transport committee continued to exist within the party and made recommendations to party conferences but the ARU seems to have preferred to communicate directly with the government (SMH, 29.3.32, p. 5).

<sup>115</sup> SMH, 22.3.32, p. 11, 30.3.32, pp. 8, 10. PR, vol. 42 (1932), p. 200. Kavanagh, Bavin, p. 217. Executive Council 1932, Meeting 12, 22.3.32, Special Meetings, 22.3.32, 23.3.32. Ministry of Transport Act No. 3 of 1932.

<sup>116</sup> SMH, 20.6.31, p. 17, 2.9.31, p. 7, 3.11.31, p. 9, 5.11.31, p. 9, 26.12.31, p. 6, 19.3.32, p. 13. Stevens, *Financial Statement*, p. 23. Department of Railways, *Annual Report of the Commissioner...30 June 1932*, p. 6. NSWPP, 1932-35, 3rd session. OYB 1931-32, p. 237. CRTT, *Report...1932*, p. 4 (the Newcastle figure is for gross revenue improvement).

Robinson, *State Election 1932*, p. 28. The Stevens government dismantled the unified system but when McGirr was Premier in 1950 he restored an integrated system that included an employee representative (Gunn, *On Parallel Lines*, pp. 396-98).

### (c) State enterprise

The state's financial crisis made it difficult to establish new state enterprises, rather than bolster the old. The depression affected state enterprises with their consumer focus. In November 1930 Works Minister Davidson brought to cabinet concerns that government departments were not purchasing supplies from the Works Department quarry. Cabinet instituted a departmental inquiry into state enterprises representing Public Instruction, Labour, Agriculture and Works and a corresponding cabinet committee.<sup>117</sup>

The May 1931 committee report recommended closer co-ordination between state industries and criticised the railways for not granting freight concessions to state enterprises or preference to their products. Labor maintained the policy, introduced by Lang in 1925 and continued by Bavin, of a 10% preference to state industrial undertakings. Ministers complained Labor local governments did not implement a similar policy.<sup>118</sup> In June 1931 on Lang's instructions absolute preference was granted to the cannery of the Irrigation Commission subject to 'reasonable' prices. Business groups viewed this activity with concern. Labor's defence of state enterprise was exemplified by case of the Newcastle municipal abattoir. A Royal Commission appointed by the Bavin government, had criticised the abattoirs commercial activities as ultra vires. Labor legislation clarified its powers.<sup>119</sup>

The proposal for the extension of state enterprise that received the most attention within the labour movement was the extraction of oil from coal or shale. Labor governments hoped this would provide jobs in mining regions. The state government established a committee chaired by Lithgow region Labor MP Knight to investigate the development of shale oil.<sup>120</sup> The 1931

<sup>117</sup> Fitzpatrick, *Australian Capitalism*, Essay 9, p. 15. Subjects for Cabinet Consideration, no. 861. Cabinet Decisions, 8.12.30. SMH, 8.11.30, p. 13. LD, 8.11.30, p. 1. The quarry, and three other construction enterprises, had been established by the McGowan government in 1912 and came under the Works department. It recorded a profit of only 0.5% in 1930 and was in a weaker financial position than the other enterprises (Auditor-General, *Report...30 June 1930*, pp. 173-89).

<sup>118</sup> DLI Submissions 1931 (6/3466), 292261, 6.5.31. LD, 8.11.30, p. 1. The committee report does not seem to have survived. AONSW, Inquiry into industrial and other undertakings 1933, 4/7409.2, Minute for Cabinet: Preference to State Industrial Undertakings and Day Labor vs. Contract [1932]. LD, 11.2.31, p. 6. SMH, 12.3.31, p. 9, 18.6.31, p. 11. Similar proposal made by later socialists (R. Murray, 'Ownership, Control and the Market', *New Left Review*, 164 (1987), p. 109).

<sup>119</sup> AONSW, Government Stores Department, AONSW 10/25147 State Contracts Control Board (SCCB) Minutes 1930-1934, 9.6.31. On the general opposition of private business in this period to state enterprise competition: R. M. Hartwell & J. Lane, *Champions of Enterprise: Australian Entrepreneurship 1788-1990*, Focus Books, Sydney, 1990, p. 163. For specific complaints: SMH, 12.3.31, p. 9. JRTA, vol. 13, no. 11 (1932), p. 10. Royal Commission of Inquiry, Newcastle District Abattoir Board, *Report*, pp. 23, 27. NSWPP, 1929-30, vol. 4. NSWPD, vol. 125, p. 2137. McGirr, 24.3.31. Newcastle District Abattoirs and Sale-Yards (Amendment) Act No. 18 of 1931. Labor had campaigned in support of the abattoir at the 1930 election and the Opposition admitted it was a popular cause on the north coast (LD, 1. 10. 30, p. 6, 17. 10. 30, p. 5. NSWPD, vol. 125, pp. 2137-38. Vincent, 24.3.31). Presumably as a result of farmer support the Legislative Council reluctantly accepted the legislation: NSWPD, vol. 126, p. 2737, 19.5.31).

<sup>120</sup> SMH, 28.11.30, p. 12, 11.4.31, p. 14. Willis complained that coal owners failed to develop the production of oil with consequent negative consequences for Australian trade (NSWPD, vol. 124, p. 209. Willis. The Communist Party considered oil from coal plans were part of a strategy to make Australia an imperialist war base (*Australia's Part in the*

metropolitan ALP conference resolved that the oil industry only be developed under full state control, despite Baddeley's argument this was financially impracticable and the government could offer only limited support. The Scullin government provided funds to investigate shale oil production but it proved impossible to produce oil at competitive prices and in April 1932 the Lyons government withdrew support.<sup>121</sup>

It was not until May 1932 that Labor actually proposed legislation for the establishment of a state enterprise: a cement works. Land had been reserved for this purpose in 1925. Davidson who believed cement companies colluded in tendering and that existing contracts, which expired in 1935, locked the government into high prices despite falling costs. The bill had not progressed far by Labor's dismissal but the parliamentary debate was notable for the enthusiastic support it received from moderate Labor MPs despite opposition portrayals of it as a sop to the Socialisation Units.<sup>122</sup>

#### (d) Coal

The industry to which Labor gave the most attention was coal. This reflected more than the electoral weight of miners. The goldfields were more electorally important to the Western Australian Labor Party than the coalfields to New South Wales Labor, but Western Australian Labor gave little attention to gold industry policy and considered rural development the solution to unemployment. The Miners' Federation, more than any other union, was concerned with industry policy and questioned managerial prerogative.<sup>123</sup>

Labor's approach to the coal industry drew on the many aspects of miners' experience. Miners' labour at the coalface produced a product ready for immediate use but mining employers expropriated a portion of the reward from the miners' labour. The concept of surplus value

*World Revolution: Theses of the Central Committee Plenum, Communist Party of Australia, June 28th and 29th, 1930.* Communist Party of Australia, Sydney, 1930.

<sup>121</sup> SMH, 16.3.31, p. 9. *Chemical Engineering and Mining Review*, vol. 23 (1930-31), p. 135. Baddeley had made a similar argument shortly after Labor's election (SMH, 16.12.30, p. 11). Baddeley did promise the Federation to recommend that the government fund further research on oil from coal (NBAC, E165, Australian Coal and Shale Employees Federation, Item 14, Minutes of Central Council meetings 4.3.30 to 2.2.32, Central Council meeting, 1-4.12.31). N. McCauley & A. Paddison, eds. *The Australian Labor Year Book 1934-35*, Labor Daily Ltd., Sydney, [1935], pp. 154-55. OYB 1934-35, pp. 116-17. A. G. L. Shaw & G. R. Burns, *The Australian Coal Industry*, Melbourne University Press, Melbourne, 1947, pp. 48-51. Baddeley told the 1932 metropolitan conference that government considering financial assistance after federal government withdrew (LD, 19.2.32, p. 9). For complaints of conservative bias and oil company conspiracies: LD, 15.3.32, p. 5. 8.4.32, p. 5. P. Macpherson, *Politics of the Great Depression: Lithgow, New South Wales, 1929-33* (B. A. (Hons), History, Monash, 1976), p. 59. In answer to a question from Knight Lang promised to consider requiring government vehicles to use only oil produced from shale (NSWPD, vol. 131, pp. 8139-40, 3.3.32). The Miners' Federation offered to establish structures to reduce industrial disputes on any shale oil projects: SMH, 3.5.32, p. 8.

<sup>122</sup> AONSW 9/2021, Premier's Department Correspondence 1931, Item A477, Minute for Cabinet, 2.3.31. Cabinet Decisions, 5.11.30, 7.11.30, 16.2.31, 29.3.32. NSWPD, vol. 124, p. 966. 29.1.31. Davidson, Knight. NSWPD, vol. 132, pp. 9,099-100. Henry, 5.5.32; p. 9,100. Connoily, 5.5.32; p. 9,105. Flannery, 5.5.32. A Labor MP earlier accused the Bavin government of favouritism in granting cement contracts: NSWPD, vol. 125, pp. 1712-13. Flannery, 5.3.31. Even non-Labor governments were concerned about the absence of competition in the sector and encouraged new entrants (Forster, *Industrial Development*, pp. 68-71).

<sup>123</sup> Snooks, *Depression and Recovery*, pp. 113-114.

seemed particularly apposite to miners. Despite this other aspects of mining labour encouraged individualism and co-operation with employers. Miners were contract rather than wage employees as it was impracticable for employers to supervise their work. The industry was chronically prone to overproduction and workers and employers would benefit by reducing supply. Miners' industrial policies combined elements of all these strategies.<sup>124</sup>

The coal industry strategy of the Bavin government, and the Nationalist opposition, was to reduce miners' wages and costs. Labor Party policy was public ownership of mines under joint management.<sup>125</sup> This was financially impracticable and Labor sought to control the industry by regulation rather than direct ownership.

Labor's strategy for coal industry reform was expressed in the Coal Industry bill. Even more than the Arbitration bill this was Baddeley's pet project. He drafted it himself, combining the recommendations of the 1929 Davidson Royal Commission into the coal industry with his 'practical good sense' as a former miner. Baddeley considered the likely response of the Legislative Council and did not include provisions for a 6-hour day and a guaranteed minimum wage, as he believed they would not pass the Council. He discussed the bill with the Miners' Federation executive and accepted their recommendations, such as reduction of allowable profits from ten to eight percent.<sup>126</sup>

Like Davidson Baddeley proposed a three-member board to regulate the industry. Davidson believed the heritage of bitterness in the industry meant board members should be drawn from outside the industry. Baddeley disagreed and argued Board members should be coal industry experts. The Board would have an independent chair and representatives of employers and employees. The press at first suggested Willis was a likely chair, and complained he would not be impartial. The strong position of worker representatives on the proposed Board contrasted with the other contemporary Labor essay in coal industry regulation, the Queensland coal board, established in 1933. This was dominated by employer representatives. In Queensland, employers

<sup>124</sup> Mauldon, *Social Economics*, p. 75. F. Mauldon, *The Economics of Australian Coal*, Melbourne University Press, Melbourne, 1929, pp. 159-61. L. Richardson, *Coal, Class and Community: the United Mineworkers of New Zealand, 1880-1960*, Auckland University Press, Auckland, 1995, p. 105. Fisher, *Coal and the State*, pp. 31, 47, 55. RCCI, Report, p. 137. B. Supple, *The History of the British Coal Industry*, vol. 4, 1913-1946: *The Political Economy of Decline*, Clarendon Press, Oxford, 1987, pp. 680-81.

<sup>125</sup> NSWPD, vol. 128, p. 5128. 7.8.31. Stevens, ALP, Policy, p. 13.

<sup>126</sup> NSWPD, vol. 121, p. 2081. 20.5.31. Baddeley. He also sought advice from Wallsend MP and former miner Cameron (LD, 21.7.31, p. 5). Cabinet Decisions, 14-15.1.31. There was a caucus committee, and the bill was discussed by caucus (Martin Diary, 7.3.31, 14.3.31). LD, 24.8.31, p. 6. The 1932 metropolitan conference supported a thirty hour week in coal to make up for jobs lost due to mechanisation (LD, 28.3.32, p. 5). Baddeley consulted closely with the Federation during his first term as minister (Gollan, *Coalminers*, p. 180). Cabinet decided to it would only purchase coal from the Rothbury mine only if the Federation approved (Cabinet Decisions, 2.3.31).

drove the process of coal industry regulation and had nothing to fear from the Queensland ALP, in NSW they had preferred to cut costs by reducing wages.<sup>127</sup>

The powers of the Board proposed by Baddeley included those proposed by Davidson: fixing prices to ensure a fair return for labour and adequate profits, acting as an industrial tribunal, and being able to close mines, but it went further and unlike the Queensland legislation included a general power to instruct companies on any aspect of their operations. Baddeley argued that the Board not owners would control the industry. Communists denounced the bill as a social fascist measure that guaranteed owners' profits, but Baddeley agreed with press comments the bill was a step to socialisation of industry.<sup>128</sup>

A key objective of the bill was to control coal supply. Like early mining unionists Baddeley defended the Vend, the nineteenth-century cartel of coal owners. He continued his policy of 1925-27 and refused new mine licenses to reduce supply.<sup>129</sup> The Miners' Federation claimed small mines did not meet award conditions, but some coalfields ALP members argued that small mines, which honoured award conditions, should not be closed. Unemployed miners could establish small mines and potentially undercut the overcapitalized large mines, just as the unemployed entered the road transport industry and undercut railways. Non-Labor MPs whose electorates included small mines argued the bill favoured the big mines of the lower Hunter.<sup>130</sup>

The Coal bill anticipated much of the 1946 federal-state legislation, when Baddeley was again Mines Minister that established the Joint Coal Board and the Coal Industry Tribunal. Baddeley's 1931 plan did not have a separate industrial tribunal. The Board and Tribunal were highly successful in restructuring the industry but were established in a time of coal shortage. The UWM complained it was unclear how the Coal bill would assist unemployed miners in the present. The Davidson Commission had been repudiated as biased by the Federation and although critical of employers' industrial tactics Davidson largely agreed with them on costs. The Coal Board would undertake research on oil from coal and if it found miners surplus it could transfer them to other

<sup>127</sup> NSWPD, vol. 127, p. 3811. Baddeley, 30.6.31. SMH, 5.2.31, p.9. 6.2.31, p.9. Catholic Press, 19.2.31, p. 25. B. Bowden & M. Barry, 'The Greatest Curse...Was Unrestrained Competition': Regulating Competition in the Queensland Coal Industry, 1900 to the 1930s', *Labour History*, 75 (1998), pp. 208-10.

<sup>128</sup> RCCI, Report, pp. 326-28. NSWPD, vol. 126, pp. 2803-04. Baddeley, 20.5.31. SMH, 12.5.32, p. 5. 16.3.31, p. 9. LD, 21.7.31, p. 5. *Chemical Engineering and Mining Review*, vol. 23 (1930-31), p. 205. *Red Leader*, 1 (23) 29.1.32, p. 2. 1 (28) 4.3.32, p. 1. Comintern FM4/10417 Speakers' Notes on Langism [1932]. Opposition claimed the bill was effectively nationalisation on the cheap: NSWPD, vol. 132, p. 8936. Wrench, 3.5.32. Some opposition members regarded Davidson's proposals as excessively interventionist: NSWPD, vol. 132, p. 8817. Farrer, 27.4.32, p. 8918. Brooks, 3.5.32.

<sup>129</sup> NSWPD, vol. 126, p. 2803. 20.5.31. Baddeley, SMH, 7.11.31, p. 16. The Vend was dissolved following a High Court case in 1912 (RCCI, Report, p. 139). There was a Labor tradition of distrust of excessive competition (McCarthy, 'Labor and the Living Wage', pp. 76-77).

<sup>130</sup> LD, 21.7.31, p. 5. See comments of the Miners' Federation Northern District president T. Hoare on small mines (LD, 7.11.31, p. 6). NBAC, E165/14, Miners' Federation Central Council meetings 4.3.30 to 2.2.32, Meeting 23-24.4.31. According to Baddeley there were 118 small mines (NSWPD, vol. 126, p. 3814. Baddeley, 30.6.31). A Labor MLC argued small mines should be allowed to remain open if they meet regulations (NSWPD, vol. 132, p. 8924. Davoren, 3.5.32). Richardson, *Coal, Class and Community*, pp. 215-25. NSWPD, vol. 129, Carter, p. 5523. 20.8.31. Chaffey, 24.9.31, p. 6662. The Queensland Coal Board was also biased in favour of bigger mines (Bowden, 'Regulating Competition in the Queensland Coal Industry', p. 210).

occupations. Baddeley intended that the Board instruct mine operators to enable work to be shared across collieries and pool profits to assist more expensive mines.<sup>131</sup>

The provisions of the bill were largely congruent with international trends in coal industry regulation, towards price-fixing and output regulation. This was not a difficult objective to achieve but their impact on efficiency was questionable. In the 1930s governments across the world moved away from the interest in coal industry rationalisation they had shown in the 1920s for fear of increasing unemployment.<sup>132</sup>

NSW produced 74% of Australian coal output in 1930-31 but without Commonwealth legislation to control interstate prices the efficacy of the Coal bill was doubtful. Cabinet approved the bill in March 1931 contingent on the passing of federal legislation. The Scullin government agreed to introduce such legislation but its Senate prospects were doubtful and after Scullin's defeat it was ruled out altogether.<sup>133</sup> In the crisis months of early 1932 Lang Labor's support increased among miners while declining among other manual workers, but disillusion with both Labor parties impelled a growth in Communist electoral support.

The bill passed the Council with only minor amendments but Lang was dismissed before it went to the Governor. The political implications of the bill were probably limited. It gave the government something to offer to miners and ministers visited lodges to explain the bill. The safety reforms of Lang's first government gave Lang a stock of goodwill among miners and the failures of the Scullin government to end the 1929-30 lockout counted against Federal Labor.<sup>134</sup>

## 5. Conclusions

Lang's policies benefited workers in full time employment. Prices were slightly higher in NSW: Sydney retail and housing prices fell 17% from 1929 to 1931 compared to 21% in Melbourne and

<sup>131</sup> LD, 21.7.31, p. 5. Rechter, *Strike of Waterside Workers*, pp. 198, 228. RCCI, Report, pp. 201. NSWPD, vol. 126, p. 2806. Baddeley, 20.5.31. NSWPD, vol. 127, pp. 3812-14. Baddeley, 20.6.31. LD, 21.7.31, p. 5 (Baddeley). In 1941 Fitzpatrick argued that there was no way of determining what industry could afford to pay, and even if there was there was no process for more profitable industries making up wages that less profitable industries could not pay (B. Fitzpatrick, *The basic wage: what is it's basis?*, Research Group of the Left Book Club of Victoria, Melbourne, 1941, p. 4).

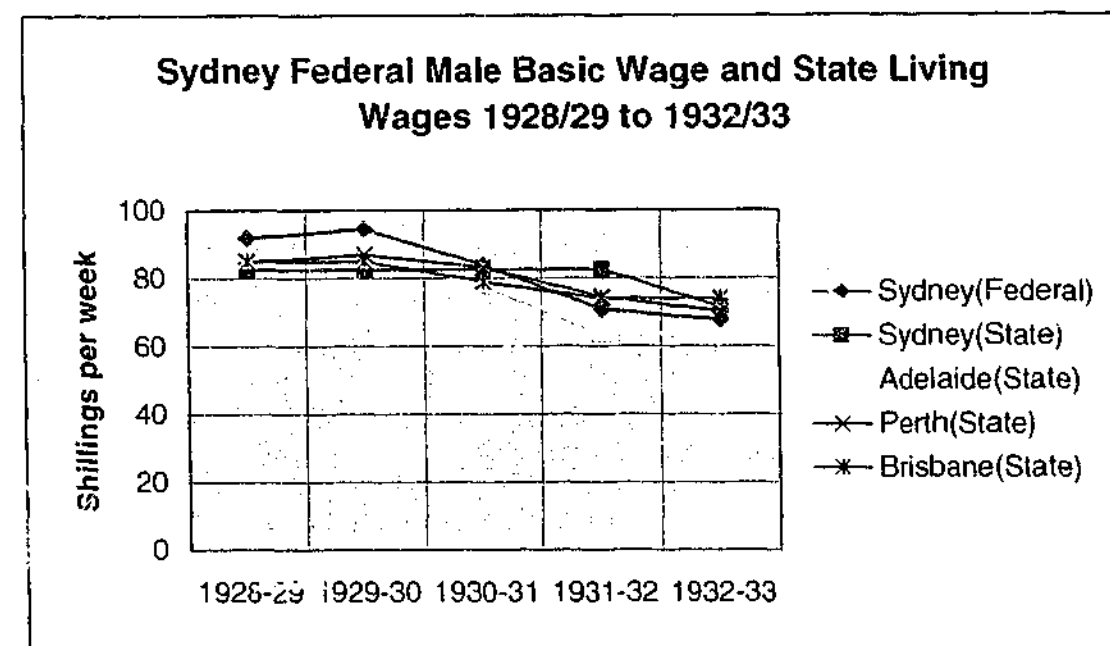
<sup>132</sup> Shaw, *Coal Industry*, pp. 71-79. F. Mauldon, 'Report of the Royal Commission on the Coal Industry', *Economic Record*, vol. 6 (1929), p. 242. Supple, *Political Economy of Decline*, pp. 310-11. Tomlinson, *Government and the Enterprise*, p. 128. Arbitration judges, particularly Beeby J, had been interested in the encouragement of rationalisation: C. Nyland, 'Scientific Management and the 44-Hour Week', *Labour History*, 53 (1987). The Labor MP with the most awareness of European socialism, C. E. Martin, supported the encouragement of larger mines, and bigger productive units more generally, by pointing to the French and German experience of rationalisation (NSWPD, vol. 126, pp. 2882-83. Martin, 21.5.31). In Germany Social Democrat support for rationalisation contributed to the hostility of the unemployed to Social Democrats and growing support for the Communists (Weitz, *Creating German Communism*, pp. 120-21).

<sup>133</sup> *Production Bulletin*, no. 25, 1930-31, table 69. Cabinet Decisions, 23.3.31. SMH, 14.3.31, p. 14. NSWPD, vol. 132, p. 8491 (Flannery KC for coal owners) 10.3.32.

<sup>134</sup> NSWPD, vol. 132, p. 9024. 4.5.32. SMH, 6.5.32, p. 8. Moore, *At the Coalface*, pp. 24, 26, 48, 50, 95, 132. WUA, Miners' Federation, Bulli Lodge minutes 21.6.27 to 29.9.31, Special Meeting, 4.8.31, (McGirr). As a backbencher after his resignation former General-General Lysaght embarrassed the government by claiming the bill raised false hopes: *The Sun*, 30.6.31, p. 10.

19% in Brisbane, but this did not counter the higher money wages received.<sup>135</sup> As Sheldon argues the NSW example demonstrates that wages did not respond solely to market forces, but the compliance of tribunals with market forces reveals that arbitration alone was not enough to maintain wages. Political mobilisation was crucial. This argument recalls Fitzpatrick's emphasis on the relation between arbitration in practice and the broader context of working-class political influence.<sup>136</sup> All the states with industrial tribunal systems maintained wages to a greater extent than under the federal system. On the railways this was estimated to cost in 1931-32 £1m in NSW and £483,000 in Queensland and £160,000 in Western Australia.<sup>137</sup> Over the Lang period the NSW living wage moved well above that of other states; whereas before Lang's election it had lagged behind.

Chart 7.2 Sydney federal male Basic Wage and state Living Wages 1928/29 to 1932/33 (s)



(Brown, 'Differences in the Basic Wage', p. 83).

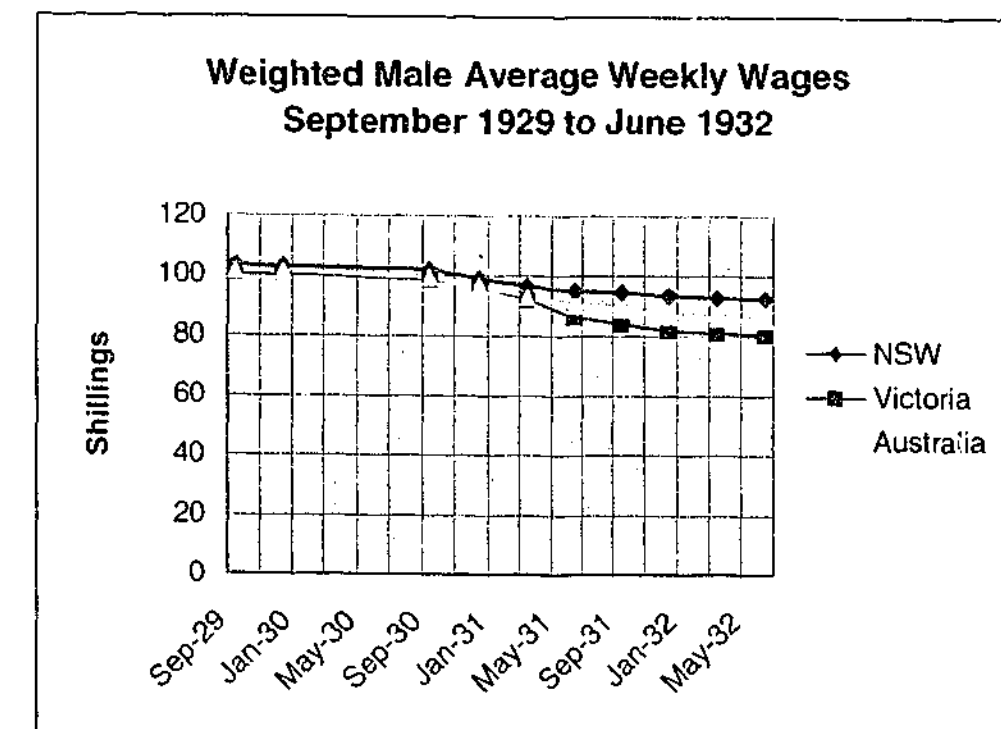
The higher basic wage together with higher margins and direct political intervention in the determination of state sector wages meant that on average NSW workers enjoyed higher wages.

<sup>135</sup> *Labour Report* 1931, p. 18 (This is the 'all groups' index: food, groceries and housing). The argument that higher prices neutralized NSW wages was made by Communists and employers (*Working Woman*, 1.5.32, p. 2. *Employers' Review*, vol. 4, no. 7 (1932), p. 5. *SMH*, 7.8.31, p. 8).

<sup>136</sup> Sheldon, *Wages and the Depression*, pp. 188-89. Fitzpatrick, *Short History*, pp. 153-54. Fitzpatrick, *British Empire*, p. 322.

<sup>137</sup> CARTA, *Report*, p. 107.

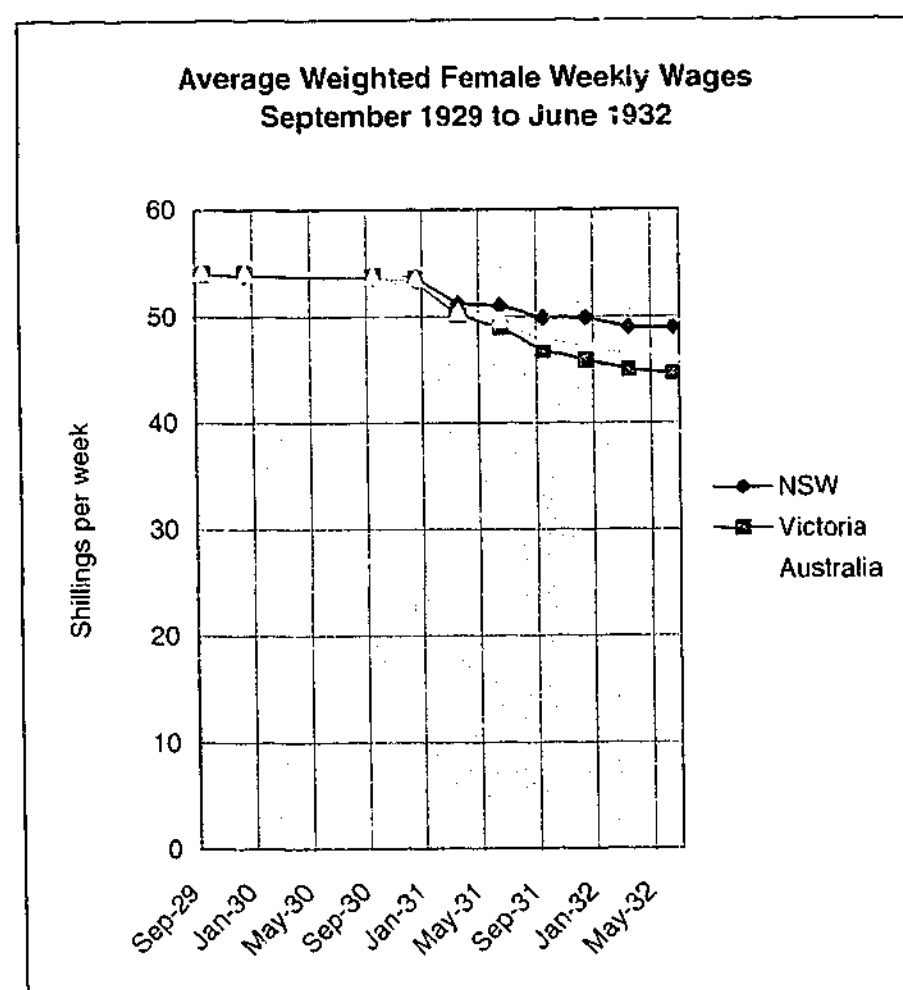
Chart 7.3 Weighted male average weekly wages September 1929 to June 1932 (s)



(*Labour Report* 1932, p. 62).



Chart 7.4 Average weighted female weekly wages September 1929 to June 1932 (s)



The Select Committee on the Arbitration bill identified a range of occupations, including carters, agricultural implement makers, bedstead makers, electricians and ironworkers whose hourly pay rate in NSW was around 40% above that of Victoria. Employers attributed this not only to the higher living wage but more generous margins granted by NSW conciliation committees since 1926.<sup>138</sup>

Recent economic historians have stressed the impact of wage regulation on employment, echoing the argument of some in the 1930s that parliament could not violate economic laws. This conclusion is challenged by those such as Macintyre who argue that 'returns to labour and capital should not be understood as proportions fixed in accordance with economic laws but as the outcome of bargaining and contestation'. In the circumstances of the 1930s it is arguable, as Maurice Dobb contended in 1937, that workers' income gains were dependent on reductions in

<sup>138</sup> SCICAB, *Report*, p. 16; *Evidence*, q. 1042 (H. R. Lee). The study of the everyday decisions of tribunals is a neglected field of historical inquiry. The NSW Industrial Commission transcripts have survived and constitute a largely unused source.

capitalists income. David Pope, the most articulate exponent of the argument that wage levels contributed to unemployment, admits that capacity utilisation and production levels remain the major determinant of employers' labour requirements during this period, and that the apparent relation between real wages and employment disappears once wages are adjusted for productivity.<sup>139</sup>

Higher real wages might have seemed a boon for Labor. The employed were a majority and in recent years conservative parties have found that rising real wages can outweigh electoral costs of rising unemployment. However a government of the left, as John Strachey argued, usually evokes higher expectations in voters. Labor had promised to solve unemployment and it failed. Public sector workers welcomed Labor's defence of their wages and employment security, but they were a minority of the working class. As David Potts has argued, most workers remained employed and they had still something to lose.<sup>140</sup> Many private sector workers feared Labor's policies threatened their employment security. Like the federal coalition after 1993 the non-Labor parties shifted their position on industrial arbitration after 1929 towards a more moderate position. This would have reduced workers' fears of wage cuts, which Labor in government had presided over anyway. Labor's loss of employee support was highest among private-sector white-collar employees that had rallied to Labor in 1929-30. Aspects of the Arbitration bill suggested that Labor wanted to retain their support, in particular the extension of the scope of industrial regulation. But overall Labor's rhetoric was directed towards manual workers and agricultural breadwinners.

There is little evidence that Labor's initiatives to encourage employment had a significant impact. Baddeley and Departmental inspectors linked growing levels of clothing and textile employment to the state trademarks legislation. This is implausible. Employment in clothing and textiles was rising across Australia as a consequence of tariff increases and devaluation and it continued to rise after the Stevens government suspended operation of the Act.<sup>141</sup>

Labor's record in government constrained the UAP government after 1932. Fear of the consequences of another Lang government reinforced Stevens' inclinations to the middle ground. Bavin believed public policy should not be based on an emotional reaction to unavoidable hardships, but Stevens was more cautious. Despite the scale of Lang's defeat in 1932 editorialists and business commentators were perturbed by his ability to poll almost half a million votes. In

<sup>139</sup> Forster, 'The economy, wages and the establishment of arbitration', in Mitchell, *Foundations of Arbitration*, p. 203. *SMH*, 22.7.31, p. 10, 10.3.31, p. 8. Macintyre, *Labour Experiment*, pp. 45-46. M. Dobb, 'The Economic Basis of Class Conflict' (1937) in his *On Economic Theory and Socialism: Collected Papers*, Routledge & Kegan Paul, London, 1955, p. 98. Pope, 'Wage Regulation', p. 121.

<sup>140</sup> Sasson, *One Hundred Years of Socialism*, pp. 532-33. Strachey, *Programme for progress*, p. 236. D. Potts, 'Unemployed Workers in Adelaide: Assessing the Impact of the 1930s Depression', *Historical Studies*, 74 (1980), p. 127. Potts, 'Unemployment in Australia', p. 397.

<sup>141</sup> *SMH*, 22.1.32, p. 11 (Baddeley). DLI Submissions 1932 (6/3468), 303741, 7.4.32. *Commerce*, vol. 5 (1932), p. 245.

government the conservatives avoided fulfilling Labor's dire prophecies of the 1932 campaign. Retrenchments were restricted to the railways. Even the cuts in the state basic wage that followed the reconstitution of the Industrial Commission were less than those in the federal basic wage. The reforms of the Stevens government to arbitration did not implement the radical change many employers demanded.<sup>142</sup> *Labour's* political influence was not equivalent to the electoral success of *Labor*, although the two were closely related.

<sup>142</sup> *NSWPD*, vol. 124, p. 133. Bavin, 3.12.30. Robinson, *State Election 1932*, p. 51. Stevens, *Financial Statement*, p. 27. C. Forster, 'Wages and wages policy: Australia in the Depression, 1929-34', *Australian Economic History Review*, vol. 30, no. 1 (1990), p. 35. Brown, 'Differences in the Basic Wage', p. 83. Matthews, *Business Associations and Politics*, p. 294. McCarthy, *State Election 1935*, pp. 10-14. J. McCarthy, 'After Lang', in Radi, *Jack Lang*, pp. 181, 189. Extract from Report of Council of Chamber of Manufacturers of New South Wales for 1932-33, in Copland, *Cross-Currents*, pp. 435-36. The Stevens government was concerned about responses to the reduction in the living wage and UAP canvassers in 1935 were advised to argue that the Industrial Commission was independent of the government and that if wages were increased by direct government intervention industry would leave the state (AO 5/3481A, Department of Labour & Industry, State Elections 1935 Coogee. *Political Points for the Use of UAP Canvassers and Campaign Workers*, (1935), p. 6). State expenditure provided a 'social wage' to use a more recent term. J. Nimmo's attempts to estimate the outcomes of tax, government services and wages on workers incomes suggest that the differential performance of Labor states lay rather in increases in social benefits (J. F. Nimmo, 'The Australian Consumption Standard', in F. W. Eggleston, et. al., *Australian Standards of Living*, Melbourne University Press, Melbourne, 1939, p. 184). Employers in the 1930s may have been able to force workers to increase their work intensity, but would workers have blamed conservative governments for this?

## Chapter 8

### State Employment

#### 1. Introduction

Labor's policies of economic regulation that I reviewed in Chapter 7 had as one of their objectives the isolation of the public sector from competition. The relative growth in state employment during the Depression reflected the ability of the state to extract resources by coercion from the private sector and the ability of the federal government to put unemployed resources to work by monetary expansion via Treasury bills.

In this Chapter I review aspects of how Labor required the public sector to act differently from the private sector as an employer, not only within the established public sector, but also on relief works for the unemployed. I also review measures taken by the government (and some proposed but not taken) to encourage the private sector to either employ more workers and to alter the conditions on which they employed workers.

With the introduction of the mortgages tax the government had adopted the view that the solution to unemployment lay in an extension of public sector employment. The pursuit of full employment through the expansion of public sector employment undermines the labour market as an organising principle. Ultimately it would result in an economy in which workers were political subjects rather than economic actors.<sup>1</sup> Well before this point was reached in NSW voters (particularly private sector and domestic workers) reacted against this. But the halting of Labor's initiatives should not obscure the fact that they happened in the first place. The process by which the capitalist sector was preserved as the dominant sector in the labour market was not automatic; it proceeded by a process of challenges and responses within structural limits, that could conceivably have been overcome, even if the outcomes may not have been desirable, as Soviet workers might have attested.

<sup>1</sup> G. Esping-Andersen, *The Three Worlds of Welfare Capitalism*, Polity Press, Cambridge, 1990, pp. 155-57. Christian, 'Labour in a non-capitalist economy: the Soviet counter-example', Roe, ed., *Unemployment*. Pastoralists complained that the fact that every government employee had a vote led to slackness and lack of discipline (*PR*, vol. 42 (1932), p. 98).

## 2. The institutions and ideologies of employment policy

In the state election campaign Labor's extravagant promises of job creation focused on the loan market. The rapid defeat of this hope required Labor to develop a new employment policy. Slowly Labor moved towards proposing job creation financed by taxation, rather than loans, as its economic strategy. This approach was congruent with aspects of how bureaucrats visualised the economy, not as an autonomous separate entity that had to be placated or managed, but rather as a field for administrative actions.

The Bavin government established an Unemployment Relief Council (URC) comprising the Treasurer, and Ministers of Local Government and Labour and Industry together with five appointed members. Most unions refused the government's offer of two representatives on the Council. The AWU accepted two places but withdrew following the Council's decision that full award wages not be paid for relief work.<sup>2</sup>

Labor legislated to reduce the Council back to three ministers. Treasurer Lang did not attend meetings and Treasury representatives restricted their role to advising the (un)availability of funds. The Department of Local Government lacked policy capacity. The Labour and Industry Department drove employment policy; the Committee secretary C. Tye was a Department officer and Baddeley was the government's leading figure in employment policy. The Department, rather than the Treasury, was the closest approximation to an economic policy advisor to the government, and it monitored overseas developments in employment policy.<sup>3</sup>

As Minister Baddeley eschewed the optimism of Lang and Theodore, he told the 1932 party conference that 'we have never deluded the people that we could emancipate them under the present system. We are endeavouring, step by step, to alter that system'. During the long boom some historians argued that the socialist rhetoric of most left parties in the inter-war period served to obscure their absence of any policies to tackle unemployment before the socialist millennium, and that in government they had no short-term alternative to economic orthodoxy. But Baddeley did argue that although 'under [the] present social system it is impossible to place every person in work' it was still a 'social necessity' that work be provided as far as possible.<sup>4</sup>

<sup>2</sup> Bavin, *Policy*, p. 11. NBAC E154/41/1, AWU Central Branch, Annual Reports 1905-32; Annual Report 1930, pp. 12, 15-16; Central Branch Annual Report 1931, p. 12. AONSW 2/8176, Colonial Secretary, Unemployment Relief Council Minutes 1930-32, C. Tye [Report of activities of URC for new government], 4.11.30.

<sup>3</sup> NSWPD, vol. 124, p. 651. 18.12.30. Willis. NSWPD, vol. 125, p. 2053. 19.3.31. In a further manifestation of Labor's mistrust of advisory committees it wound up the women's advisory committee also (AONSW 2/8176, Unemployment Relief Council Minutes 1930-32, C. Tye [Report of activities of URC for new government], 4.11.30. DLI Submissions 1931 (6/3466), 29/4956, 13.7.31 (German inquiry into unemployment received). On the low status of the Local Government Department: Aitkin, *The Colonel*, p. 105. D. Coward, *Out of sight: Sydney's environmental history, 1851-1951*, Department of Economic History, Australian National University, Canberra, 1988, p. 242.

<sup>4</sup> LD, 26.3.32, p. 5 (Baddeley). AONSW 2/8176, Unemployment Relief Council Minutes 1930-32. Baddeley to Lang, 8.1.31. Labor pessimism about the possibility of capitalist employment was widespread. In 1936 Curtin argued in the future

The policy of the Labour Department to unemployment was an example of a distinctive 'social administrative' approach to employment, which British social policy historians have identified as highly significant before the adoption of orthodox post-war Keynesianism. It is best represented by the economist and bureaucrat William Beveridge. This empirical and inductive approach identified the unemployed as an aggregate of distinct groups whose plight could reflect personal deficiencies, economic fluctuations, structural change, general depressions or economic inflexibility. The political implications of this approach were indeterminate. Beveridge in the early 1930s highlighted the negative consequences of market rigidities. But if it was admitted that economic rigidities could not, or should not be removed, then these approach suggested full employment required an expansion of state employment and planning, and by the 1940s Beveridge took this position. On the democratic left it was not until the 1950s that Keynesian budgetary policies were seen as alternative rather than complementary to economic planning. Within the Marxist tradition there was a tradition of 'disproportionality theories' that attributed capitalist crises to the unplanned nature of capitalist production. A significant group of 1930s British social democrats, such as Hugh Dalton and Evan Durbin, remained sceptical of underconsumptionist theories and defended physical planning.<sup>5</sup>

The two most influential studies of the economic ideology of Australian labour neglect the extent to which a vision of capitalist production as anarchic and unstable influenced labour movement thinking. Peter Love and Rick Kuhn focus on the influence of 'money power' and underconsumptionist theories within the labour movement. Rick Kuhn is intent on refuting the class harmony implications of underconsumptionism. To him the true Marxian theory of crisis is that of the law of the falling rate of profit. Kuhn does not consider how some aspects of labour movement discourse are closer to a disproportionality model of crisis. Love and Kuhn focus on Labor at the federal level, but the economic regulatory powers of Australian government were mostly located at the state level. As I have argued in Chapter 5 Labor's political strategies were closely linked to perceptions of how the

unemployment would grow steadily under capitalism (J. Curtin, 'The Social Service State', in G. Portus, *What the Census Reveals*, F. W. Preece, Adelaide, 1936, p. 165). Watts, *Unemployment Relief*, pp. 83-84. The classic work of the long boom on these lines was Skidelsky's *Politicians and the Slump*, but it was anticipated by Adolph Stummthal (*The Tragedy of European Labour 1918-1939*, Gollancz, London, 1944), and ultimately by those Depression-era socialists such as Oswald Mosley and Henri de Man whose criticism of social democratic inaction ultimately led them to fascism (White, *Lost Comrades*). In 1938 Baddeley chaired a parliamentary committee on youth unemployment and wrote its report. It is striking for its rejection of the usual Labor palliatives of work-sharing and shorter hours on the grounds that the total quantum of labour required by an economy is not static. The report called for the state to directly employ those that private industry could not absorb (SCEY, *Report*, pp. xii-xv).

<sup>5</sup> Beveridge, *Unemployment* (1909), p. 3. Harris, *Beveridge*, pp. 99, 321, 427-32, 439-40. Harris, *Unemployment*, p. 6. Beveridge, *Unemployment* (1930), p. 369. Beveridge, *Full Employment*, pp. 150-59. D. Winch, *Economists and Policy: A Historical Survey*, Collins/Fontana, London, 1972 (first ed. 1969), pp. 354-56 (this work is a statement of the Keynesian triumphalism of the 1960s). P. Smyth, *Australian Social Policy: The Keynesian Chapter*, University of New South Wales Press, Sydney, 1994, pp. 81-88. Sweezy, *Theory of Capitalist Development*, pp. 156-61. M. C. Howard & J. E. King, *A History of Marxian Economics*, vol. 1, 1883-1929, Princeton University Press, Princeton, New Jersey, 1989, pp. 169-71, 187-88. H. Dalton, 'Conclusions' in Dalton, *Unbalanced Budgets*, p. 458. E. Durbin, *Purchasing Power and Trade Depression: A Critique of Under-Consumption Theories*, Jonathon Cape, London, 1934 (first ed. 1933), pp. 17-18, 23, 173-74. E. Durbin, *The Politics of Democratic Socialism: An Essay on Social Policy*, Routledge & Kegan Paul, London, 1957 (first ed. 1940), pp. 137-38, 299-300. The work of historical sociologists such as Goran Therborn or Francis Castles represents a contemporary version of this tradition (G. Therborn, *Why Some Peoples Are More Unemployed Than Others: The Strange Paradox of Growth and Unemployment*, Verso, London, 1986. F. Castles & K. Mumford, 'Policy Options for Full Employment: Which Way Forward for Australia', *Australian Journal of Political Science*, vol. 27, no. 3 (1992)).

economy functioned. Industrial relations scholars, such as Chris Fisher and Bradley Bowden, have analysed labour's attitude towards the organisation of production and in particular how competition led to overcapitalisation and cut-throat competition that drove down wages. The 'miners' political economy' that Fisher identifies makes no appearance in the work of Love and Kuhn.<sup>6</sup>

The role of the Department in forming employment policy was bolstered by its responsibility for the State Labour Exchange (SLE). The Exchange dispensed food relief in Sydney, Newcastle and the northern and southern coalfields. It had officers at Sydney, Newcastle and Broken Hill and agencies in most country towns. Its youthful, and politically astute, manager Charles Bellemore (43 in 1930) was highly influential in employment policy and became Departmental Under-secretary in April 1932.<sup>7</sup> As an employment agency the Exchange mainly provided domestic servants and unskilled labourers. From 1931 discouraged skilled workers became much more willing to register as labourers with the Exchange. In May 1931 91.3% of new male registrants sought labouring work, and 68.8% of new women registrants domestic service.<sup>8</sup>

<sup>6</sup> Nor did unions restrict themselves to protectionism and 'money power' theories. The Engineers' Union demanded a coal by-products plant, rigorous state preference by government and councils and an 'Economic Council' of government members to make sure all money spent in productive industries (NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, December 1930, pp. 10-11). Kuhn, *Paradise on the Instalment Plan*, pp. 17-18. Love, *Labour and the Money Power*. B. Bowden, *Driving Force: The history of the Transport Workers' Union of Australia 1883-1992*, Allen & Unwin, Sydney, 1993, p. xvi. Fisher, *Coal and the State*, pp. 45-49. Note also the planning approach favoured in the early New Deal (M. Bernstein, *The Great Depression: Delayed Recovery and Economic Change in America, 1929-1939*, Cambridge University Press, Cambridge, 1987, pp. 186-88).

<sup>7</sup> Rydon, *NSW Politics*, p. 127. In Britain the interest of the Board of Trade in unemployment policy began as result of its responsibility for collecting unemployment statistics (Harris, *Beveridge*, pp. 143-44). For a list of agencies: NSWIG, vol. 40, no. 2 (31.8.31), pp. 204-210. For evidence of Bellemore's importance see the recommendation to grant him an allowance for extra work: DLI Submissions 1931 (6/3466), 291994, 31.3.31; (6/3468), 294204, 1.10.31. Bellemore appointed Labour Exchange agents on suggestions from ALP branches (NBAC Z138/168 Timber Workers, Minutes 1941-43, Management Committee, 1.5.31).

<sup>8</sup> *Labour Report 1931*, pp. 114-15. *Labour Report 1932*, p. 109. NSWIG, vol. 39, no. 6 (30.6.31), p. 917. NSWIG, vol. 40, no. 6 (31.12.31), p. 1,003.

Table 8.1 State Labour Exchange operations 1929-32

State Labour Exchange Operations 1929-32

|         | Males      |                     |                    |
|---------|------------|---------------------|--------------------|
|         | Registered | Sought by Employers | Sent to employment |
| 1928-29 | 71,236     | 33,208              | 32,262             |
| 1929-30 | 106,561    | 52,159              | 52,108             |
| 1930-31 | 304,086    | 107,350             | 125,062            |
| 1931-32 | 194,903    | 56,636              | 58,580             |

|         | Females    |                     |                    |
|---------|------------|---------------------|--------------------|
|         | Registered | Sought by Employers | Sent to employment |
| 1928-29 | 5,471      | 8,727               | 6,533              |
| 1929-30 | 7,967      | 6,821               | 5,801              |
| 1930-31 | 20,454     | 5,792               | 4,771              |
| 1931-32 | 16,221     | 3,812               | 3,476              |

(OYB 1931-32, p. 735).

### 3. Incentives to private employers

#### (a) Industry assistance

The ideal of small-scale settlement influenced Labor's agricultural and land policies but had little impact on employment policy. Labor ministers gave only a polite hearing to proposals to settle the unemployed on smallholdings. Public Instruction Minister Davies showed interest in providing training in agricultural work to young male unemployed. He suggested bush-training camps for this purpose but none were actually established.<sup>9</sup> Only once did Labor take up proposals to settle the unemployed on the land. With little enthusiasm the government granted land to the United Associations of Women to train unemployed women as farmers. The Associations complained Lands Minister Tully believed women were only suited for domestic work, but the failure of this venture suggests caution was warranted.<sup>10</sup>

Labor eschewed settling the unemployed on the land but apart from Baddley's initiatives in coal and state trademarks the government's 'industry policy' was restricted to agriculture. The loans of the Rural Industries Board (RIB), which I discuss in Chapter 9, subsidised agriculture. In 1930-31 these advances were 9.7% of loan expenditure. In March 1931 farmers, unlike other self-employed, were permitted to receive food relief, the cost being born by the Board.<sup>11</sup>

<sup>9</sup> ML MSS 3739, MLK 03010, National Council of Women, Executive Minutes 1928-33, 28.5.31. *The Bulletin*, 9.9.31, p. 9. *SMH*, 22.10.30, p. 9. 13.1.31, p. 10. 12.3.31, p. 10. 26.3.31, p. 10. 2.4.31, p. 12. 27.1.32, p. 8. URC, *Report...1932-33*, p. 16, in *NSWPP*, 1934-35, vol. 3.

<sup>10</sup> ML MSS 2160, Box Y74477, United Association of Women, Minutes 1930-32, 6.8.31. *LD*, 29.1.32, p. 5. *LD*, 5.11.31, p. 6. *Working Woman*, 1.2.32, p. 4. *The Sun*, 28.1.31, p. 17. Foley, *Women's Movement*, p. 354.

<sup>11</sup> *SR 1930-31*, p. 153. *SMH*, 11.3.31, p. 11. Department of Agriculture, *Report...30 June 1931*, p. 14. *NSWPP*, 1930-32, vol. 1. Cabinet Minutes, 14.3.32 on further funds.

Under the Bavin government the URC had considered direct assistance to industry, although members were concerned it would be difficult to identify these companies that deserved assistance. Two plans were considered: a subsidy to banks to bolster their lending capacity, and the provision of advances to businesses to prevent dismissals. By November 1930 an accountant had been appointed by the URC to develop the second suggestion. Tye admitted this would be difficult to implement but was enthusiastic. Following Labor's election he submitted a proposal to Baddeley and Lang. He argued that unemployment was no longer temporary in character, and the wages tax should be maintained to build up a permanent fund for use in bad years. It was an anomaly that the rural sector was assisted by the RIB, but not industry, which provided most employment. He proposed that £1-2m be deposited in banks to improve their liquidity, and that by unspecified means these funds be restricted to the facilitation of industry. Business members of the URC argued that this would encourage unsound business practices and any boost in economic activity would be at the expense of other enterprises. The government did not take up Tye's proposals, but he resubmitted a similar proposal in January 1932.<sup>12</sup>

Labor MPs sought government assistance for businesses in their electorates but ministers rejected these on the grounds it had no funds. Calls from Labor MPs and party conference for the government clothing factory to extend its operations, or new government factories to be established, were rejected on the grounds they would take work from existing factories. Unlike Britain, where business sought out public financial support, Australian industry already had tariffs, and did not request public financial support. Australian capitalists probably feared government advances, particularly from Labor governments, would come with unacceptable strings. Tye remained secretary of the URC under Stevens but the URC continued to reject any direct assistance to industry.<sup>13</sup>

<sup>12</sup> AONSW 2/8176, Unemployment Relief Council Minutes 1930-32, Meeting 14.7.30. C. Tye (Report of activities of URC for new government), 4.1.30; C. Tye, Act for the Prevention and Relief of Unemployment, 19.11.30 (a note on this report notes that it was to be referred to Kitching and through him to Lang and Baddeley). C. Tye, URC Financial position as at 20th January 1932, 27.1.32 (in the meantime he supported advances to settlers arguing that it increased the value of the national asset in land and production). The so-called 'experts' report of 1932, suggested that governments investigate providing loans to selected businesses ('Report by the Wallace Bruce Committee', in APS, pp. 72-73). Newcastle bishop supported wage subsidy scheme (*Newcastle Morning Herald* (hereafter NMH), 1.6.32, p. 5). Manufacturers complained there was money for land settlement but none for secondary industry (*Manufacturers' Bulletin*, vol. 2, no. 9 (19.2.32), pp. 1-2). Banks provided only a small portion of funding for industry and Tye's proposals probably suffered through their novelty (Forster, *Industrial Development*, p. 207).

<sup>13</sup> DLI Submissions 1931 (6/3466), 289103, 6.2.31. AONSW, Premiers' Department Correspondence 1932, 9/2047, Item A76, Lang to O'Sullivan MP 18.1.32, 6/3466, (1931) 289103, 6.2.31 Cameron MP proposal. SMH, 17.3.31, p. 10. A Booth & M. Pack, *Employment, Capital and Economic Policy Great Britain 1918-1939*, Basil Blackwell, London, 1985, p. 82. URC, *Report...1932-33*, p. 16. Similar proposals rejected in Queensland by Labor and non-Labor governments (Costar, *Labor, Politics and Unemployment*, pp. 199-200).

## (b) Contract compliance

As well as being major employers Australian governments had always been major purchasers of goods and services from the private sector. If the state's purchasing decisions were not commercially guided, then they could influence suppliers away from the objective of cost minimisation.

Workers outside of the public sector sought to secure the benefits that workers employed in state enterprises, such as railway workshops, that made goods in-house for the public sector, already secured. Minimum wage rates for public works contractors began in 1894. In February 1931 cabinet agreed successful tenderers must employ only union labour and that if their workers were under a 48-hour week federal award then they should work only 44 hours without wage reduction.<sup>14</sup>

Government purchases were approved by the State Contracts Control Board (SCCB), which comprised comptrollers of stores from various departments and statutory authorities. The SCCB never acted on a strict cost-minimisation basis, and had an imprecise policy of favouring reasonably priced Australian or British products, or even those of state enterprises.<sup>15</sup>

Employers immediately opposed the new tender requirements. Meetings in March 1931 resolved that tenderers refuse to complete the part of tender documents that dealt with labour conditions. Employers called for unity. The Chamber of Manufacturers president declared: 'If one or two of us black-leg we shall never get anywhere'. Resistance was effective. In Newcastle no timber merchant would agree to the conditions and contracts could be filled only in Sydney. Capitalists put their collective interest ahead of their individual interest.<sup>16</sup>

The business campaign was passively assisted by the SCCB, which demanded, and was granted, discretionary powers in applying the conditions subject to the provision of a report. This was not

<sup>14</sup> K. McIntosh, J. Shaunes & R. Wettinall, *Contracting Out in Australia: An Indicative History*, Centre for Research in Public Sector Management, University of Canberra, Canberra, 1997. AONSW, SCCB, 10/25417, Minutes 24.2.31. Cabinet Decisions, 16.2.31. The instructions on overseas purchasers and state preference may have been made at the cabinet meeting of 23 February 1931, they are not in the records of cabinet decisions but there are referred to in the minutes of 24 February 1931. Contracting out on cost minimisation grounds is associated with lower wages and staffing levels (Industry Commission, *Competitive Tendering and Contracting Out by Public Sector Agencies*, Australian Government Publishing Service, Melbourne, 1996 (Report no. 48), pp. 169-75).

<sup>15</sup> AONSW, SCCB, 10/25417, Supplementary Business Paper, 20.1.31, Meeting 28.7.31. (Scullin to Lang, 21.7.31 attached). For an example of the lowest tenders being accepted see AONSW, SCCB, 10/25417, Minutes 6.1.31, 13.1.31, 1.6.31. AONSW, Government Stores Department, 10/25416 State Contracts Control Board (SCCB) Minutes 1927-30, Minutes Book 1930, 25.5.30, 15.7.30. Lang's first government had increased preference to Australian manufacturers (Forster, *Industrial Development*, pp. 18-19). Cabinet resolved in February 1931 that no purchases of goods produced outside Australia would be made without cabinet approval (Cabinet Decisions, 16.2.31).

<sup>16</sup> Chamber of Manufacturers NSW, *Bulletin*, no. 7, 10.3.31. JRTA, vol. 12, no. 9 (1931), p. 8. SMH, 12.3.31, p. 9. 23.9.31, p. 11. Mitchell Library, Allen Taylor & Co., ML MSS 2051, Box 1506, Minute Books, Directors meetings 1929-51, Book , Directors Meeting 8.3.1932. Books of Directors' Meetings 1929-51, Directors' Meeting, 8.3.32. The Newcastle Trades Hall complained the government was not granting tenders to local firms, but Davidson responded that local firms were resisting the employment of union labour (LD, 24.7.31, p. 6). The unity of employers in a crisis contrasts with the calmer atmosphere of the late 1930s when the Chamber of Manufacturers bewailed the willingness of members to settle with unions and encourage leap-frogging wage claims (Hagan, *History of the ACTU*, p. 67).



enough for the SCCB, which argued that given the hostility of suppliers to the legislation an excessive number of reports would be required. The government gave further ground and agreed that a report would be required only when the tender was over £50. Cabinet gave further discretion to ministers in applying the policy. Even after this the SCCB was reluctant to apply the policy even in unambiguous circumstances. This pattern of bureaucratic resistance has occurred elsewhere when governments have implemented tender requirements.<sup>17</sup>

A refusal to accept contract conditions was only one business strategy. Firms could sign the conditions and then employ a subcontractor that ignored the terms. Labor failed to develop a structure to effectively monitor the behaviour of firms. Davidson said it was up to unions to ensure compliance with the policy, but when unions, particularly Timber Workers, brought breaches of the policy before the SCCB it failed to act and at most referred the matter back to the company in question. By the completion of this procedure the goods had often been supplied and consumed. Relations between unions and ministers soured. In 1932 only six tenders were refused for a total of £226. Davidson said in August 1931 that an 'infinitesimal' number of tenders had been cancelled. The Stevens government cancelled the labour conditions requirement in tenders and abolished preference to state enterprises.<sup>18</sup>

Apart from the attempt to enforce wages and conditions the government also penalised political opponents. Advertising was removed from anti-Lang newspapers and known political opponents, even milk carters, were denied licenses or government contracts.<sup>19</sup>

#### 4. Non-relief state employment

In government the party of labour became a major employer. Compared to private employees public sector workers were disproportionately male and non-manual. In 1932 of 90,508 state employees, 12,505 or 13.8% were female. The railways accounted for this masculine bias. Of the 23,013 employees under PSB jurisdiction 9,605 or 41.7% were female. The 1933 census found 23.2% of NSW employees were female. As an employer of women the public sector offered better career opportunities for women than the private sector. About one in three public employees were non-manual compared to about a quarter in the private sector.<sup>20</sup>

<sup>17</sup> Cabinet Decisions, 16.3.31. AONSW, SCCB, 10/25417, 24.2.31, 12.5.31. R. Collingham & F. Campbell, 'Labour's Plans for Construction', in M. Mackintosh & H. Wainwright, eds., *A Taste of Power: The Politics of Local Economics*, Verso, London, 1987, pp. 247-51. The Australian award system meant it was easier to set definite wage levels, whereas in Britain the issues of what wages to take as fair wages for the purposes of governments was disputed with purchasing Departments tending to seek the lowest level possible (Lowe, *Adjusting to Democracy*, p. 121).

<sup>18</sup> SMH, 23.9.31, p. 11. NBAC 2138/168 Timber Workers, Minutes 1941-43. Committee of Management, 1.4.32, 11.3.32. The Labor Council requested that contracts not be granted to companies of whose actions it disapproved (Labor Council Minutes, 28.4.32). Where electrical manufacturers stated they were unable, rather than unwilling to verify that their employees were union members Davidson agreed to accept the word of the union (LD, 9.7.31, p. 4). Auditor-General Report... 1932, p. 61. NSWPD, vol. 128, p. 5079. Davidson, 6.8.31. AONSW, SCCB, 10/25417, 5.7.32.

<sup>19</sup> The Railways Commissioners were instructed not to give briefs to the New Guard supporter Samuel Lamb KC (NSWPD, vol. 131, p. 7685, 23.2.32. Lang). Advertising Inquiry, p. 6. NBAC T25/1/3 Milk Carters Minutes 1931-39, Management Committee, 20.4.32.

<sup>20</sup> OYB 1931-32, p. 732. Census, pp. 130, 135. B. Kingston, *My Wife, My Daughter, and Poor Mary Ann*, Nelson, Melbourne, 1975, p. 78. B. Berzins, *North Coast Women: A History to 1939*, Royal Australian Historical Society, Sydney,

The rightward shift of non-Labor politics in the late 1920s was apparent in the Bavin government's attitude to the public sector. It amended arbitration law to remove the condition that public sector awards be as favourable as those for comparable private sector work. The Public Service (Salaries Reduction) Act 1930 sought to establish the public sector as a leader in wage reductions, but federal award coverage of many state employees, particularly railway workers, constrained the government.<sup>21</sup>

#### (a) The bonus system

Once an employer has purchased labour-power he or she has to ensure the worker does the work for which he or she was hired. The BHP General Manager complained in 1920, that the Arbitration Court fixed wages and hours but could not 'fix the amount of work the men shall do for the wage shall do for the wage paid, or during the time worked'. Many employers also gained a 'psychic income' from the position of power, often cast in paternal terms, that they held in the production process. Of workers involved in industrial disputes in Australia in 1931 38% struck over matters of managerial prerogative.<sup>22</sup>

Public and private sector managers at this time generally adopted different techniques for transforming labour-power into labour. Most private workplaces were small. Supervisory personnel or owners exercised largely unconstrained common law powers of dismissal. Few workers developed a workplace organisation that effectively challenged managerial prerogative. Where private employers lost the power to 'hire and fire', they demanded its return.<sup>23</sup>

Public sector employment comprised two groups in which managerial styles were quite divergent. Unskilled labourers engaged in public construction works, including relief workers, were subject to authoritarian and often brutal supervision by foremen. Assistant Labour Minister Ely told unionists he would sack departmental officers who gave workers a bad time, and did so on at least one occasion.

1996, p. 82. R. M. Campbell, 'The Employment of Married Women', *Economic Record*, vol. 2 (1926), p. 271. The estimate of the non-manual workforce is based on taking all as non-manual public sector workers all employees under PSB jurisdiction, the police, all Departmental employees exempt from PSB jurisdiction and all Commonwealth government employees. The total workforce non-manual portion is taken as employees in the Commerce and Finance and Public Administration and Professional categories (Census, pp. 1261, 1265, 1287, 1283, 1285).

<sup>21</sup> SCICAB, *Final Report*, pp. 26-27. The royal commission into the coal industry stressed that the public sector should not be a pace setter (RCCI, *Report*, p. 335). *Premiers Conference February 1930*, p. 22. (Bavin). The 48 hour week legislation of the Bavin government also deleted from industrial legislation the prohibition on industrial tribunals taking into account the non-wage benefits of public employment in the determination of public sector wages. The Lang government restored this prohibition: Industrial Arbitration (Eight Hours) Amendment Act, s. 10. Industrial Arbitration (Eight Hours) Further Amendment Act 1930, s. 8 (c).

<sup>22</sup> Marx, *Capital*, vol. 1, p. 284. Hagan, *History of the ACTU*, p. 35. For an example of employers' appeal to legitimate authority see the justification of authority over apprentices as akin to a family in *Construction*, no. 1205, 13.5.31, p. 1. A. Merritt, 'The Historical Role of Law in the Regulation of Employment - Abstentionist or Interventionist?', *Australian Journal of Law and Society*, vol. 1, no. 1, (1982), pp. 57-59. I take disputes categorised under 'Trade Unionism' and 'Employment of particular classes or persons' as pertaining to employer authority (*Labour Report 1931*, p. 97).

<sup>23</sup> Anderson, *Fixation of Wages*, pp. 485-91. C. Wright, *The Management of Labour: A History of Australian Employers*, Oxford University Press, Melbourne, 1995, pp. 18-19. P. Cochrane, 'Job Security: The Frontier of Control', *Arena*, 64 (1983), p. 120. Miners at one lodge demanded that the manager show civility to members (NBAC E165/33/5 Minutes Vale of Clwydd Lodge (no. 2) 10.6.27-22.5.33, Meeting February 1930). Walker, *Coaltown*, p. 49. RCCI, *Report*, pp. 140, 155.

Labor's proposal to merge the Water Board into a directly elected Greater Sydney Council may have reflected Davidson's frustration with his inability to influence its authoritarian employment practices.<sup>24</sup>

Within the permanent public sector employees' labour was partly decommodified. The far greater employment security of manual work in the public sector, apart from works labouring, meant it was keenly sought by working class families. For white-collar workers public sector appeal rights contrasted with the paternalist and arbitrary style that financial employers adopted towards their clerical staff.<sup>25</sup> Private white-collar unionisation was extremely low but well over half of public sector salaried employees were union members.<sup>26</sup> Public servants had more autonomy from managerial control than in the private sector. The fact that rationing was not introduced among public sector white-collar workers and the fact that in some cases, such as the Lands Department, the work of the Department was reduced by the depression, suggests that in some cases their work intensity declined. In Education, the increased pupil numbers, as students stayed on rather than risk unemployment, increased work intensity.<sup>27</sup>

Public sector managers generally faced workplaces too large to be effectively supervised by one person. In 1930-31 the 75 NSW government factories had 228 workers on average compared to 16 in private factories.<sup>28</sup> Their strategy was to develop bureaucratic forms of management. This was a 'high trust' strategy. If workers rejected this ideology of trust they had more scope to resist the commodification of their labour power.

<sup>24</sup> Sheldon, *Managing Control*, p. 194. Costar, *Labor, Politics and Unemployment*, pp. 264, 292. The unwillingness of the Water Board to consult with staff concerned some Board members, for example see the comments of S. A. Lloyd, Australian Party candidate in 1930 and later UAP MP (AONSW 11/6192, Metropolitan Water Sewerage and Drainage Board, Minutes 1931-32, 9.12.31). LD, 15.11.30, p. 6. 17.11.30, p. 6. NSWPD, vol. 126, p. 2363. 29.4.31, pp. 2640-41, 13.5.31. SMH, 16.1.32, p. 12. Cabinet Decisions, 7.4.31, 18.5.31. Cabinet Decisions, 11.12.31, 12.11.31. In 1902 the Labor conference resolved the Water Board should be elected by adult suffrage (Rydon, *NSW Politics*, p. 10). The wages division of the Water Board employees union wanted the Board to be restructured, and to include an employee representative (ML MSS 3021, KV 6592, Water Board Employees (Wages), Minute Book 1930-37, General Meeting, 26.11.30). Labor's proposed Greater Sydney Council would have incorporated the Water Board. The Salaried Division however did not want to come under the GSC and wanted rather restructuring or some form of commission, they were able to get cabinet to consider it after Davidson rejected it, perhaps as a result of intervention by Concannon (WUA, D56, Metropolitan Board of Water, Sewerage and Drainage Employees Association (Salaried), Item 1/4, Minute Book 1.7.31 to 13.11.35, Committee of Management, 11.2.32, 17.3.32, 21.4.32). The Wages division provided advice on the reconstitution of the Board (ML MSS 3021, KV 6592, Water Board Employees (Wages), Minute Book 1930-37, Executive 8.1.32). In May Davidson said that the fate of the Board depended on the fate of the GSC legislation but if that was not passed a bill would be brought down to restructure the Board (NSWPD, vol. 132, pp. 9031-32, Davidson reply to Shannon, 4.5.32).

<sup>25</sup> Tenner, *Working Class Politics*, pp. 59, 61-3. McCalman, *Struggletown*, p. 124. L. Thornwaite, 'Regulating State Employment; the Origins and Development of the Public Sector Appeal Systems in NSW, 1880-1980', *Labour History*, 68 (1995), pp. 140-43. *Red Tape*, vol. 5, no. 10 (1931), p. 50. It was by the drift of labour to the public sector that the public and private sectors were in competition. An earlier example of competition between modes of production was the flight from wage labour to petty commodity production on the goldfields.

<sup>26</sup> In 1930 the PSA, Teachers' Federation and Professional Officers claimed a total of 14,117 members, out of a workforce of 23,027. OYE 1931-32, p. 732 (categories of teachers, other PSB and Departmental not under PSB). Registrar of Trades Unions, *Report 1931* p. 30. In 1930 FCU had 4,348 members, the Bank Officers 5,838, Journalists 761 and the Shop Assistants Union 6,700. Statistics for employment in this sector are scarce but the 1933 census found that 37,059 shop assistants and 37,237 general clerks (Registrar of Trades Unions, *Report...1931*, p. 30. *Census*, pp. 1558, 1562.).

<sup>27</sup> DPL, *Report...1931*, p. 4. For complaints of overstaffing: SMH, 22.1.31, p. 8 SW, 21.1.31, p. 12. For earlier suggestions of worker autonomy, such as staff leaving work early or excessively long lunch breaks: RCPUS, *First Sectional Report*, p. xci.

<sup>28</sup> OYE 1931-32, p. 43.

This problem was acute in the railway workshops where workers, particularly those with craft skills, controlled their own work through their monopoly of knowledge and work norms that limited output. The undeveloped state of Australian manufacturing made the contracting out their work impracticable, but public sector managers also had a vested interest in keeping work within the public sector and thus sought techniques that would enable greater work discipline within the public sector. Railway management and conservative politicians supported bonus pay systems that linked pay, above a guaranteed minimum, levels of work output within a given period. Unionists condemned such schemes as a 'speed-up' that promoted shoddy work. For supporters and opponents the bonus system was more than just a management tool but an expression of conflicting cultural values: individual enterprise versus collective endeavour.<sup>29</sup> Despite union criticism many workers participated in the bonus system. Unable to enforce a worker boycott unions looked to Labor. Before its defeat in 1927 Lang's government planned the abolition of bonus systems.<sup>30</sup>

### (b) Rationing

Bonus systems sought to increase the intensity of work. The decline in demand for some public sector services, such as transport, meant less work had to spread among the same number of employees. In the private sector employers took advantage of the commodified status of labour-power to dismiss workers. The railways and tramways were largely constrained from such action and reduced working hours and wages by rationing.

Table 8.2 Railway staff employed on working expenses

| Railway Staff Employed on Working Expenses |           |          |        |
|--|-----------|----------|--------|
|  | Full Time | Rationed | Total  |
| 30/6/1930                                  | 9,221     | 26,852   | 36,073 |
| 30/6/1931                                  | 3,052     | 34,146   | 37,198 |
| 30/6/1932                                  | 13,270    | 23,713   | 36,983 |

(Department of Railways, *Annual Report of the Commissioner...1932*, p. 7. NSWPP, 1932-35, 3rd session).

<sup>29</sup> McCalman, *Struggletown*, p. 202. McCalman, *Journeys*, pp. 209-10. E. Olssen, 'Railway Workers and Scientific Management', in Martin, *Culture and the Labour Movement*, pp. 129-30. L. Taksa, 'All a Matter of Timing: Managerial Innovation and Workplace Culture in the New South Wales Railways and Tramways prior to 1921', *Australian Historical Studies*, 110 (1998). Royal Commission of Inquiry into the Effects of the Working of the System known as the Job and Time Cards System (RCTCS), *Report*, p. xi, NSWPP, 1918, vol. 6, p. xi. Royal Commission of Inquiry into the Administration, Control and Economy of the Railway and Tramway Service of NSW (RCRTS), *Report*, pp. xiv-xv, NSWPP, 1922, vol. 3. Sheldon, 'Public vs. private employers', p. 54. G. Patmore, 'Systematic Management and Bureaucracy: The NSW Railways prior to 1932', *Labour & Industry*, vol. 1, no. 2 (1988), pp. 312-16. Anderson, *Fixation of Wages*, pp. 450-53. For criticism and defence of bonus systems: see SMH, 10.6.31, p. 11. NSWPD, vol. 124, p. 267. Howe, 5.12.30; p. 1, 124. Foster, 10.2.31. The Arbitration bill sought to outlaw the use of bonus systems in all industries without union approval (NSWPD, vol. 125, p. 1766. Baddeley, 5.3.31). For criticism of fast workers: UMA, 1/13/11, Operative Painters and Decorators, Minute Book 3.2.30 to 21.9.31, Management Committee, 15.6.31. NBAC 21/38/168 Timber Workers, Minutes 1941-43, Management Committee, 20.3.31, 27.3.31).

<sup>30</sup> W. B. Rogers, Report respecting Bonus Payment System at Eveleigh Locomotive Workshops and Clyde Wagon Repair Sliding, p. 1. (February 1932). NSWPP, 1930-32, vol. 4 (Eveleigh, December 1931 299. of workers did some work under the system). Patmore, 'Systematic Management', p. 316. Hagan, *History of the A.C.T.U.*, p. 85.

Unions publicly condemned rationing throughout this period, but rail workers accepted it in ballots organised by the Commissioners.<sup>31</sup> Like the wages tax rationing evoked quasi-voluntary compliance. It attracted most opposition where it seemed arbitrary, particularly among heavily rationed permanent way workers, required to move around the state from job to job.<sup>32</sup> Workers generally preferred rationing to any scheme of rotating employment, which would have shared work between employed and unemployed workers. In July 1931 unemployed painters persuaded their union to support a plan for union members in the public sector to resign after a month's employment and be replaced by unemployed unionists. The government rejected the plan, due to the opposition of other construction unions, and the actions of some Painters' Union members who defied union policy to lobby the Education Minister.<sup>33</sup>

Government interventions in employment decisions tended to be at the margin, such as when Lang intervened to prevent the dismissal of railway juniors on turning eighteen. Even after rationing Labor maintained public sector employment. Hours worked in NSW railway workshops fell 4% from December 1930 to December 1931, compared to 13% in railway workshops nationally.<sup>34</sup>

The maintenance of public sector employment outside of the PSB was purchased at the price of continued rationing. Labor ministers defended rationing as a necessary evil given the shortage of funds although they, including Lang, admitted its negative impact on maintenance. Labor ministers persistently upheld the authority of managers to ration or transfer staff.<sup>35</sup> Cabinet did decide that no worker be rationed so as to receive less than the living wage.<sup>36</sup>

Ministers also upheld managerial authority in the controversial area of railway medical examinations. Traffic staff that failed these were demoted. Unions and Labor MPs complained the tests were too rigorous, but ministers did not act on these complaints. After the passage of the Ministry of Transport Act the Transport Co-ordination Board relaxed the administration of the tests.<sup>37</sup>

<sup>31</sup> Prior to amendment of the ARU Federal Award in March 1931 majority approval of employees in permanent way and signaling was required before they could be rationed (Railways Commissioners, *Report...30.6.1930*, p. 7. CRTT, *Report...30.6.31*, pp. 12-14). SCICAB, *Evidence*, q. 402 (W. Fletcher, Railway Service Association). NBAC, E89/3/3. Australian Railways Union, Minutes of Council and Executive 1928-33, Special State Council, 17.3.31, member fined for supporting rationing. *Railroad*, vol. 11, no. 11 (1930), p. 1. The ARU complained many of those who voted for rationing were not union members (*LD*, 16.1.31, p. 5).

<sup>32</sup> *Railroad*, vol. 11, no. 12 (1930), p. 5. *LD*, 6.11.30, p. 1. AONSW 9/2005 A1809, Premier's Department Correspondence. ARU Deputation, p. 3. *NSWPD*, vol. 125, 27.11.30, p. 48. Vincent Hearn, *Working Lives*, p. 47.

<sup>33</sup> UMA, 1/3/11, Operative Painters and Decorators Union, Minute Book 3.2.30 to 21.9.31, General Meeting, 16.3.31, 19.3.31, 20.7.31, 3.8.31. Management Committee, 23.3.31 (note Bellemore attended), 7.9.31, 9.10.31. Ely told the union that the government would follow the policy of the majority of unions (General Meeting, 3.8.31). *LD*, 30.7.31, p. 5. Rotation among painters at the State Abattoir led to a strike: *NSWPD*, vol. 128, p. 4443. Ely, McDicken, 21.7.31. *Construction*, no. 1216 (22.7.31), p. 4.

<sup>34</sup> *NSWPD*, vol. 129, p. 5366. Lang, 18.8.31. *SMH*, 12.11.31, p. 10. Hearn, *Working Lives*, p. 48. CARTA, *Report*, p. 100.

<sup>35</sup> *SMH*, 12.12.30, p. 11 (Lang). *LD*, 13.3.31, p. 1. Cabinet Decisions, 16.2.31. *NSWPD*, vol. 125, p. 1552. 26.2.31. Connell. *NSWPD*, vol. 125, p. 1607. 3.3.31. DLI Submissions 1931 (6/3466), 288899, 2.1.31. *LD*, 21.7.31, p. 1. 31.7.31, p. 1 (Davidson).

<sup>36</sup> Cabinet Decisions, 27.4.31. 295480, 27.8.31. AONSW 9/2005 A1809, Premier's Department Correspondence. ARU Deputation, p. 8. Some workers felt this was not met (*SMH*, 19.9.31, p. 14. *LD*, 12.2.31, p. 7).

<sup>37</sup> *NSWPD*, vol. 124, p. 333. Clementson, 9.12.30. NBAC AFULE (NSW) E99/3/3 Minute Book of Executive and General Committee 8.6.30 to 15.5.32, General Committee 16.8.31, General Committee 15.5.32. Secretary's Report. Generally Labor governments tended to uphold managerial authority in state enterprises: Sheldon, 'Public vs. private employers', p.

The main focus of union activity was the abolition of the bonus system in the railway and tramway workshops. Lang told railway unionists shortly after his election he supported the abolition of the bonus system. From early in the government's term ministers made clear that they preferred to legislate for changes to state employment conditions, except for wages and working hours, rather than to implement them by direct commands to state managers. Labor's attempts to legislate for the abolition of the bonus system were dashed when the Legislative Council rejected the Arbitration bill in 1931.<sup>38</sup>

By June 1931 unions were threatening strike action in the railway and tramway workshops. Baddeley discussed the matter with them and Cleary, who according to Baddeley, made an undertaking to consult with employers that the Minister considered satisfactory. Baddeley said the matter would be considered by the next cabinet meeting, but if it was it was not recorded in the minutes. The system survived and unions continued to demand its abolition.<sup>39</sup> Questioned about the bonus system Lang repeated advice from the Commissioners. The most vociferous critic of the system was Labor MP John Flanagan, a former tramway worker, who in February 1931 moved for the establishment of a parliamentary committee to investigate the operations of the system. The Labour Department advised Baddeley in September 1931 that action on the bonus system should be postponed pending passage of the Arbitration bill or a report from the Select Committee and he agreed.<sup>40</sup>

Worker discontent with Labor's performance may have been responsible growing interest in the Communist Party at the Eveleigh workshops. In November 1931 Lang instructed the new Transport Co-ordination Board to review aspects of railway operations. The same William Rogers, whose critical reports legitimated Cleary's removal, prepared the reports. Rogers was a former business associate of Flanagan. Rogers found the bonus system uneconomical, poorly audited and arbitrary in its operation, and argued that the solution to any fall in efficiency that might result from abolition of the system was better supervision.<sup>41</sup>

55. J. Angel. *The State Industrial Undertakings of New South Wales* (B. A. (Hons), Government, University of Sydney, 1957), pp. 6, 9.

<sup>38</sup> *Red Tape*, vol. 4, no. 12 (1930), p. 297 (on 44 hour week implementation). AONSW 9/2005 A1809. Premier's Department Correspondence. ARU Deputation, pp. 6-8. Cabinet Decisions, 18.11.30. *SMH*, 12.12.30, p. 11. NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, December 1930, pp. 10-11; January 1931, p. 6; September 1931, p. 17 (citing correspondence from Lang of 9 June 1931); December 1931, pp. 5-6.

<sup>39</sup> *SMH*, 10.6.31, p. 11, 11.6.31, p. 10. NBAC, AEU, E209, Item S35, Monthly Reports, Box 4, 1928-34, September 1931, pp. 9-10. ML MSS 2422 Add-On 873, K48972, Blacksmiths Society, Sydney Branch Minutes 1925-36, 23.12.31, 20.1.32.

<sup>40</sup> *NSWPD*, vol. 130, p. 6469. Lang, 23.9.31. *NSWPD*, vol. 124, pp. 1119-26. Flanagan, 10.2.31. The Legislative Assembly voted on 24 March to establish the Committee (p. 2113). DLI Submissions 1931 (6/3467), 296572, 18.9.31.

<sup>41</sup> A correspondent to *Labor Daily* complained the workshops were a hotbed of Communism where hard work was discouraged (*LD*, 17.8.31, p. 8). Communists attracted audiences up to 100 for its speakers at Eveleigh (Comintern FM4/10420, Agit Prop Department Report to No. 1 District Conference, 22.11.31.). In May 1930 it had only one member at Eveleigh (Central Executive, Minutes 1926-19300, Meeting, 4.5.30. CPA ML MSS 5021 Add-On 1936 Box 3 (76) CY Reel 3381). The Eveleigh ARU sub-branch however saluted Lang in adulatory terms in March 1932 (*LD*, 3.3.32, p.9). Rogers, *Report Respecting Bonus Payment System*, p. 6. Workers could manipulate the system by hoarding work (ML MSS 2422 Add-On 873, Blacksmiths' Society NSW Minutes 1922-32, 7.10.31).

Labor MPs seized on the report, even though their complaints that the scheme was uneconomic suggested that rather than a burden to workers it actually was exploited by them. Cleary condemned the report as wrong and inaccurate. Despite Cleary's protests the bonus system in tramway and railway workshops was abolished by order of the Co-ordination Board in April 1932, to the delight of unions.<sup>42</sup>

The Holman Labor government had established the Newcastle State Dockyard in 1914. Its manager was an enthusiast for piecework, whose performance was praised by non-Labor parties and employers. The Dockyard was overcapitalized and made a loss, despite tax exemptions. Private operators resented its 'unfair competition'. The Bavin government had tried to sell it but had not been able to find a buyer.<sup>43</sup> Following Labor's election Davidson responded to union requests and appointed the Director of Public Works to enquire into the dockyard. Unions gave evidence to the inquiry complaining about excessive administrative staff. The inquiry reported in January 1932. As a result Davidson dismissed the general manager and replaced him by a committee of the Director, the acting manager and an employee representative. Davidson foreshadowed that the committee would have to put the Dockyard on a 'business basis'. Unions welcomed the General Manager's demise, but were curiously reticent, and there is the suggestion that in exchange for keeping the Dockyard open they might have been willing to accept staff reductions, for these did follow.<sup>44</sup>

### (c) Appeal rights

There were Labor voices in favour of a radical reforming of public administration. Some activists wanted to mobilise low paid public sector employees against their superiors. Some Party members wanted promotion and appointment in the public sector to be by party allegiance. There was an Australian precedent for such actions in the mass dismissals of public servants by Graham Berry's populist Victorian liberal government in 1878. The dismissals were principally to pressure the Legislative Council to pass legislation for payment of MPs, but some Berry supporters considered senior public servants a privileged conservative elite.<sup>45</sup> The £500 salary proposal of 1931 conformed

<sup>42</sup> Critics of the ALP pointed to the prevalence of piecework systems in the Soviet Union: Ellis, *Red Road*, p. 10. *SMH*, 7.9.31, p. 10 (Tom Walsh). The Communist Party argued the bonus system was only abolished because it operated unsatisfactorily (Comintern FM4/10417, Central Committee Industrial Department 22.8.32). *SMH*, 5.3.32, p. 13. 8.4.32, p. 9. *LD*, 8.4.32, p. 5. *NSWPD*, vol. 132, p. 8807, 26.4.32. McGirr, NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, June 1932, pp. 3-4.

<sup>43</sup> Hagan, *History of the ACTU*, p. 31. *Commerce*, vol. 3, no. 4 (1930), p. 117. National Association/Country Party, *Vital Issue*, pp. 148-49. *NSWPD*, vol. 124, p. 1129. Stevens, 10.2.31; vol. 132, p. 9029. Butenshaw, 4.5.32. *NMH*, 7.1.32, p. 7. 8.1.32, p. 7.

<sup>44</sup> *NSWPD*, vol. 125, p. 2109. Connolly, 24.3.31. UMA, Federated Storemen's & Packers Union, National Office, Box 10.1, NSW Records, Annual Report 1930-31, p. 6. Subjects for Cabinet Consideration, no. 899. Cabinet Decisions, 23.3.31. *NSWPD*, vol. 130, p. 6788. Davidson, 29.9.31. *NSWPD*, vol. 131, p. 7045. Davidson, 24.11.31. Cabinet Decisions, 23.11.31. *LD*, 7.1.32, p. 6. *SMH*, 7.1.32, p. 7. 8.1.32, p. 8. NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, April 1932, p. 13. In May the local RSL complained returned soldiers being disproportionately dismissed (*SMH*, 3.5.32, p. 9). The president of the Enginedrivers' and Fireman's Association, Hugh Sutherland, a Federal Labor supporter, complained Labor governments had undermined the Dockyard by encouraging the Railways to deal with metropolitan companies in the electorates of ministers (*NMH*, 8.1.32, p. 7). There was a history of worker discontent at Walsh Island (ML MSS 2422 Add-On 873, Blacksmiths' Society NSW Minutes 1922-32, 7.10.31).

<sup>45</sup> *LD*, 16.4.31, p. 6. Parnaby, *Economic and Political Development of Victoria*, pp. 362-68.

to the expectations of party activists but in the context of Labor's overall record it was an aberration. Within financial constraints Labor sought to appeal to all public servants.

As I have discussed in Chapter 6 at the time of Lang's dismissal legislation was pending to improve appeal rights in the public service and teaching.<sup>46</sup> This was an initiative in the labourist mainstream and was implemented by the McKell government in 1944. Despite PSA demands Labor did not appoint a union representative to the PSB, although in June 1932 the teacher and Labor activist Paddison claimed Labor had intended to appoint PSA president Flynn to the Board.<sup>47</sup>

Labor's reluctance to radically politicise public employment was apparent in relief works. Here Lang's government did not favour the pro-Lang United Labourers' over the AWU. This contrasts with Queensland and Western Australia where preference to the AWU was employed to defeat rivals of the union.<sup>48</sup>

### (d) Married women teachers

The principal exception to this pattern of maintaining public sector employment was the proposal made in November 1930 by Public Instruction Minister Davies to dismiss female teachers whose husbands earned over £5 a week. Davies claimed this initiative would open up positions for young unemployed Teacher's College graduates, and it won support from College graduates. He also believed that it should be extended to the entire public service.<sup>49</sup> Davies' proposal won support from ALP branches and unions and echoed the widespread belief that women were taking men's jobs. The Director of Public Instruction was personally opposed to the employment of married women by the Department.<sup>50</sup>

<sup>46</sup> *NSWPD*, vol. 126, p. 2686, 14.5.31. Stuart-Robertson, *Red Tape*, vol. 6, no. 3 (1932), p. 124. *The Sun*, 4.10.31, p. 6. Cabinet Decisions, 9.5.32. Thornwaite, 'Regulating State Employment', p. 145. The government did not agree with all respects for changes to regulations. It refused to accept proposals from the Teachers' Federation to change policy on the handling of complaints against teachers. Ministry of Education AONSW, Subject files Office 1930-32 20/12907, 1931. 46697. Although composition of appointment committees was improved (*SMH*, 18.6.31, p. 6).

<sup>47</sup> ALP policy provided for such an appointment (*Policy*, p. 14). *SW*, 8.11.30, p. 8. *Red Tape*, vol. 4, no. 6 (1930), p. 139; vol. 5, no. 4 (1931), p. 82; vol. 6, no. 3 (1932), pp. 115, 122. Lamaro expressed sympathy for the idea but did not think it would solve the service's problems (*Red Tape*, vol. 6, no. 3 (1932), p. 116). NBAC Z237/51, Teachers' Federation, 1926-36 Council Meetings, 4.6.32 (Paddison).

<sup>48</sup> *AW*, 15.7.31, p. 20. 5.8.31, p. 20. 12.8.31, p. 6. 29.6.64, 26.6.31. *SMH*, 30.10.30, p. 10. Costar, Labor, Politics and Unemployment, pp. 250-51. B. Penrose, 'Communist Opposition to AWU Leadership in Queensland in the 1930s', in Ferrier, *Point of Change*, pp. 84-95. Pervan, 'Leadership Influence', pp. 41-44. The most the United Labourers' could claim in terms of government support were cases where it successfully arranged for men made redundant by the completion of one public works project to be transferred to another (*LD*, 3.9.31, p. 5).

<sup>49</sup> *SMH*, 24.12.30, p. 9. *NSWPD*, vol. 130, p. 6104. Davies, 10.9.31.

<sup>50</sup> *LD*, 12.2.31, p. 7. 20.1.31, p. 8. 14.1.31, p. 6. 10.1.31, p. 4. 17.3.31, p. 10. 9.1.32, p. 7. 10.2.32, p. 5. ML MSS 5095/674, Concord Branch minutes, 16.4.31 to 18.5.33, Meeting 18.2.32. *SMH*, 17.3.31, p. 10. *LD*, 10.2.32, p. 5. for support by ALP branches and conferences. Clerks' Union secretary A. E. Williams wanted all married women in the public service with husbands earning above the basic wage to be dismissed from the service (*SMH*, 17.3.31, p. 10). UMA, Federated Moulders Union, Box 98, Minute Book 1932-34, Special meeting, 31.3.31 for an expression of concern about women being employed in the public service. Married working-class women were placed under social pressure to leave paid workforce (Arnot, *Working Class Women in Brunswick During the Great Depression*, p. 27). M. Thobald & D. Dwyer, 'An Episode in Feminist Politics: The Married Women (Lecturers and Teachers) Act 1932-47', *Labour History*, 76 (1999), p. 63. In 1903 the Labor Council had called for the dismissal of married women teachers (Markey, *Case of Oppression*, pp. 74-75). Other sections of the bureaucracy were more resistant. The Department of Labour rejected calls for employed girls living at home to be removed from the workforce (DLI Submissions 1931 (9/3466), 288788, 29.1.31. The PSB believed that



Davies had been Public Instruction Minister in Lang's loyalist cabinet of 1927. Davies had worked as a miner in his native Wales and in NSW, been a lay preacher, and was a union official when elected to parliament in 1917. A miners' MP, Davies was a staunch supporter of Lang.<sup>51</sup>

Many teachers opposed the presence of married women as colleagues. The 1930 Teachers' Federation conference voted only 122 to 98 to support the cause of the married teachers. Later comments by Agriculture Minister (and former teacher) Dunn suggest he supported their dismissal. Mining regions were characterised by low levels of female participation in the paid workforce and a highly patriarchal environment. It is likely Davies' fellow miners in Cabinet supported him. Defence of the teachers from the left came from Communists, the ARU and a few labor activists such as ex-Wobbly Tom Glynn.<sup>52</sup> One Labor champion of women's entry into the professions was Chief Secretary Gosling, who was probably among cabinet opponents. The Feminist Club supported the measure, but other feminist organisations, such as the United Associations, campaigned against the proposal. The opposition said little but comments by former Public Instruction Minister David Drummond seemed sympathetic to the teachers' cause.<sup>53</sup>

Despite Davies' enthusiasm permanent married teachers were not dismissed during the government's term, although some temporaries were dismissed. The matter was stood over by cabinet on 2 March 1931. As feminists feared, the issue reappeared in early 1932 when another class of Teachers' College graduates sought employment. In January Davies offered to release married women teachers from bonded obligation to teach for three years after graduation in an effort to encourage voluntary

departure.<sup>54</sup> Reports that cabinet was considering the matter reappeared in the press, which suggests that cabinet was divided on the issue, but Davies reaffirmed his intention to legislate to dismiss married teachers. No action was taken before government's dismissal. The Stevens government legislated to remove married teachers, and 135 were dismissed in 1932, even though UAP MPs had given assurances of support to the UAW in March.<sup>55</sup>

Fears about the cost of redundancy payments were a factor in discouraging Labor from dismissing the teachers, but the government's failure to implement Davies' proposal does suggest that to a limited extent socialist ideology that supported the right of all women to paid employment, best articulated then and later by the Communists, had some impact on government policy.<sup>56</sup>

#### (e) Wages

During this period the Commonwealth Arbitration Court adopted 'capacity to pay' rather than need as the criteria for the federal basic wage, which fell in both nominal and real terms. As employers, Labor governments oscillated between sympathy for union claims, and a concern for their budgetary implications, combined with a desire to uphold the authority of the arbitration system. In 1930 unions called for the state government to be a model employer. The 1930-32 Labor government, like the Whitlam government, showed more sympathy for public employees than many other Labor governments.<sup>57</sup>

Once elected Lang's government demonstrated that its wages policy would seek to defend manual workers' conditions. The Railway Commissioners were instructed to withdraw their submission, with other states railways administrations, to the Commonwealth Arbitration Court for the reduction of federal awards. Once the 44-hour week was restored for state award employees the railways were instructed to grant a 44-hour week to federal award employees on 48 hours with no loss of pay. The government refused to fund the extra costs of £165,000 per annum.<sup>58</sup> The federal basic wage was cut

governments should avoid inquiring into the circumstances of their employees (AONSW, Premiers' Department Correspondence 1930, 9/2003, A1363, Premiers' Department Minute, Employment of Females in Government Departments, 26.10.30).

<sup>51</sup> LD, 26.1.31, p. 1. *The Bulletin*, 3.12.30, p. 14. 'Davies, William James (1882?-1956)', ADB, vol. 8, p. 235 this entry was written by ADB staff when the allocated author did not submit. Richardson, *Bitter Years*, pp. 116-17. Years later as a federal MP Davies was a strong defender of Evatt during the ALP split (R. Murray, *The Split: Australian Labor in the Fifties*, Cheshire, Melbourne, 1970, p. 282).

<sup>52</sup> SMH, 23.12.30, p. 9. 16.3.31, p. 4 (M Simpson, UAW and independent candidate in Annandale by-election). 24.12.31, p. 9. *Working Woman*, 15.12.31, p. 4. 15.1.31, p. 3. LD, 3.1.31, p. 4 (Glynn). *Railroad*, vol. 13, no. 4 (1932), p. 21. *Education*, vol. 12, no. 3 (January 1931), p. 89. In 1930 50.5% of the Teachers' Federation membership were women (Registrar of Trade Unions, *Report*, 1930, p. 30). In 1940 Dunn revealed himself particularly concerned about displacement of men by women from the workforce (SCEY, *Evidence*, q. 62). In 1940 however a parliamentary committee chaired by Baddeley argued women should not be excluded from the workforce but that women should not be able to displace men solely by reason of their lower wage rates (SCEY, *Report*, p. xxx). The prominent Labor backbencher, and former teacher, Connolly, supported dismissal of the married teachers (NSWPD, vol. 132, p. 8838. Connolly, 27.4.32). Theobald & Dwyer ('An Episode in Feminist Politics', p. 62) misapply the social progressivism of later Communist miners' leaderships to Davies and his colleagues. Walker, *Coaltown*, pp. 17, 19, 29. One observer suggested industrial regions were most hostile to women's involvement in politics (*Truth*, 12.6.32, p. 12).

<sup>53</sup> SMH, 19.12.30, p. 10 (Gosling). 23.12.30, p. 8. 27.12.30, p. 9 (Drummond). 29.12.30, p. 4. 14.1.31, p. 8 (National Council of Women). 9.2.32, p. 7. *Construction*, 1.187, 31.12.30, p. 11. 26.1.32, p. 7 (Drummond ML MSS 1703 Box K21797, Feminist Club Minute Book 1929-32, Executive, 3.1.31. SMH, ML MSS 3739, MLK 03010, National Council of Women, Executive Minutes 1928-33, 15.1.31. ML MSS 2160, Box Y74477, United Association of Women, Minutes 1930-32, Executive 22.1.31. 4.2.31. Drummond corrected interpretations of his comments in correspondence to the United Associations of Women to the position that it would have been best if teachers had been required to resign on marriage, but given they had been permitted to remain in the service they were entitled to insist on their statutory rights (A. B. Piddington, *The Martyrdom of Women* (speech to Legislative Council 29 March 1932), Government Printer, Sydney, 1932, p. 6).

<sup>54</sup> A meeting of Teachers' College graduates in March 1932 strongly supported the legislation (SMH, 29.3.32, p. 10). Submissions for Cabinet, 2.3.31. ML MSS 2160, Box Y791, United Associations of Women, Information File Married Women Teachers, President, United Associations Married Women Teachers Proposal subcommittee to Mrs. A C Wheat, Public School South Strathfield 30.3.31. SMH, 15.1.32, p. 9 (Davies).

<sup>55</sup> SMH, 16.1.32, p. 11. NSWPD, vol. 131, p. 7851. Davies, 25.2.32. Department of Public Instruction, *Report...1932*, p. 3. ML MSS 2160, Box Y791, United Associations of Women, Information File Married Women Teachers, Report of Deputation by M. Rhodes to Dunningham, 8.3.32.

<sup>56</sup> NSWPD, vol. 131, p. 8140. Davies, 3.3.32. Markey, *Case of Oppression*, pp. 201-02. For arguments that critique early feminist counterpoising of male class interests to those of women: D. Fieldes, 'Everybody Was "Girls" in the Minds of the Management': the Fight for Equal Pay in the Australian Insurance Industry, 1973-75', *Labour History*, no. 73 (1997), pp. 187-89. M. Nolan, 'Sex or Class? The Politics of the First Equal Pay Campaign in Victoria', in R. Frances & B. Scates, eds., *Women, Work and the Labour Movement in Australia and Aotearoa/New Zealand*, Australian Society for the Study of Labour History, Sydney, 1991, pp. 101-03.

<sup>57</sup> P. G. Macarthy, 'Labor and the Living Wage', *Australian Journal of Politics and History*, vol. 13, 1967, p. 75. P. G. Macarthy, 'The Living Wage in Australia - the Role of Government', *Labour History*, no. 17, 1970, pp. 14-15. NBAC, Amalgamated Engineering Union, E209, Item S35, AEU Monthly Reports, Box 4, 1928-34, June 1931, p. 6.

<sup>58</sup> SMH, 6.10.30, p. 11. 7.1.31, p. 3. LD, 6.1.31, p. 1. 7.1.31, p. 3. SCICAB, *Report*, p. 17. LD, 6.11.30, p. 1. 7.11.30, p. 4. Railways Commissioners, *Report...1932*, p. 8. This contrasts with the Hogan government (S. Petzall, *The Political and Industrial Role of the Melbourne Trades Hall Council, 1927-1949* (Ph. D., La Trobe University, 1978), p. 54) and in South Australia (SMH, 6.10.30, p. 11).

by 10% in February 1931 and fell below the state living wage. Most public transport employees were under federal awards (84% of tram workers). On the request of the unions Labor required the railway and tramway Commissioners to pay federal award employees at state award rates where the state award was higher. The Railways Commissioners estimated that in 1932 higher wages and family endowments added £2m to their operating costs, which were the highest of all states, up from fourth highest in 1929. Railways operating expenses in NSW fell 18% from 1928-29 to 1931-32, compared to a national fall of 26%.<sup>59</sup>

Some manual public employees successfully resisted the imposition of the salary reductions under the Premiers' Plan.<sup>60</sup> The major dispute over the issue was at the state coal mine, a railways' subsidiary. The Communist Party was strong in the local lodge and miners struck when the Commissioners sought to reduce pay. State Mine employees received comparable wages to local mines but had better leave conditions, and more regular work.<sup>61</sup> After negotiations in which Lang's ability to instruct the Railway Commissioners, as provided for in the Transport Co-ordination Act, was significant, the miners were exempted from the cuts in exchange for lifting their 'darg', their informal daily output limit, by one skip.<sup>62</sup>

The Bavin government exempted those state employees whose hours were increased by its 48-hour working week legislation from its reductions in public service pay. In March 1931 cabinet decided in this exemption should continue even after their hours of work were restored to 44. After the salary reduction legislation of the Premiers' Plan the Railways Commissioners sought reversal of this decision but Cabinet refused.<sup>63</sup>

## 5. Relief works

### (a) Debates about relief

During the 1920s unemployment had a low profile in public policy. Relief works were initiated on ad hoc basis to deal with seasonal factors. Governments, particularly non-Labor ones, identified the

<sup>59</sup> SMH, 31.1.31, p. 7, 28.11.31, p. 13, LD, 7.1.31, p. 5, 28.8.31, p. 1, UMA, Federated Moulders Union, Box 98, Minute Book 1932-34, General Meeting, 2.3.31, *Report of the Commissioner...1932*, p. 8, *Commissioner for Tramways...1932*, p. 7, 14-15, CARTA, *Report*, pp. 79, 83, 92.

<sup>60</sup> SMH, 3.9.31, p. 14, 5.12.31, p. 17, 16.12.31, p. 13, 18.12.31, p. 13 (Works Department Enginedrivers). No reductions for silo operators (NBAC, E154/41/1 Central Branch Annual Reports 1905-32, Annual Report...31.5.32, p. 6).

<sup>61</sup> Comintern FM4/10415, Situation and Tasks of the Militant Minority in Australia (Draft Statement of Red International of Labour Union, 15.10.32), p. 1, SMH, 1.8.31, p. 12, 14.8.31, p. 10, NSWPD, vol. 125, p. 1761, 10.3.31, Baddeley, Department of Mines, *Report...1931*, p. 64, NSWPP, 1932-35, 1st session, vol. 1, OYB 1933-34, p. 345.

<sup>62</sup> SMH, 29.8.31, p. 7, 1.9.31, p. 7, 5.9.31, p. 12, 10.9.31, p. 10, LD, 29.8.31, p. 1, 4.9.31, p. 8, *Labour Report 1931*, p. 90, NSWPD, vol. 130, p. 6381, Lang, 22.9.31, NSWPD, vol. 131, pp. 7310-11, Bavin, 1.12.31, Communists hoped to use Labor's wage reductions at the state mine as evidence for their anti-Lang campaign (Comintern FM4/10420, Central Committee, Industrial Department, 16.2.32). Bavin complained that the 'darg' meant men left work at mid-day (NSWPD, vol. 130, pp. 6890-91, Bavin, 29.9.31). At the state clothing factory however there appears to have been a policy of compelling workers to undertake a greater variety of tasks to keep them fully employed (Tsokhas, *Work Practices in the Clothing Industry*, p. 9). This may reveal a gender divergence in the treatment of state employees, but more work is required on this topic.

<sup>63</sup> Cabinet Decisions, 3.2.31, Subjects for Cabinet, Item 1039, 10.8.31, AONSW, 9/2016, Premier's Department Correspondence 1930, Item A4, Minute to cabinet 24.7.31 Lang.

unemployed with the 'unemployable' who survived on charitable relief. In June 1927 unemployment was estimated at only 6,500. In the cities the government employed the Benevolent Society to give relief to the unemployed and in the country the police. Expenditure on the unemployed was minimal: £27,972 in 1923-24. It was symptomatic of official unease with the problem that unemployment relief in NSW in the interwar years was not granted under any explicit legislative power.<sup>64</sup>

By mid-1930 21% of union members were unemployed. Despite this many commentators, anticipating more recent allegations of welfare dependence, and echoing earlier debates about the Poor Law, feared even briefly unemployed men, in receipt of something for nothing, in the form of charitable relief, would degenerate and become unemployable.<sup>65</sup> After Labor's election editorialists, magistrates and sometimes the opposition were keen to cite any evidence of the unemployed living in luxury on the dole and not seeking work with emasculating effects.<sup>66</sup> Within the labour movement the perception of the unemployed as work-shy was rare, but Labor ministers claimed the detection of false claims for food relief would enable relief to the deserving to be increased.<sup>67</sup> Labor's proposal to abolish private employment agencies was linked to this. It was a condition of receiving food relief that 'available' work had to be accepted. A system of universal notification of vacancies would have reduced the arbitrary element in the assessment of this test.<sup>68</sup>

The support from the labour movement for 'unemployment insurance' can best be understood as a demand that the dole be paid without a work test as entitlement, and funds for this be raised by higher taxation, particularly on companies. Unemployment insurance schemes (in the true sense of word) elsewhere failed to cope with the depression as their funds were soon exhausted.<sup>69</sup> Labor's proposal to abolish private employment agencies was also linked to this concern.

<sup>64</sup> OYB 1930-31, p. 363, Peter, Social Conditions, pp. 60-62, NSWIG, vol. 38, no. 6 (31.12.29), p. 885, Walker, 'Lang's Dole', pp. 70-71, Stevens, 'Treasurer's Problems', p. 23, RCBP (1), *Report*, p. 5. This was the pattern in most other states (Bland, 'Unemployment Relief in Australia', p. 33). An example of official attitudes to the unemployed was the denial of voting rights to recipients of aid from public charitable institutions except as hospital patients. In an example of Bavin's residual liberalism his government removed this restriction. (National Association/Country Party, *Vital Issue*, p. 57).

<sup>65</sup> Dicey, *Law and Public Opinion*, p. 211, SMH, 16.1.31, p. 5, 21.9.31, p. 10, 3.2.31, p. 4, ACW, 19.2.32, p. 9, *Construction*, 1215 (15.7.31), p. 5, *Australian Traveller*, vol. 27, no. 8 (1931), p. 4 (Gibson), DLI Submissions 1931 (6/3468), [July 1931], 294340, [July 1931], (6/3468), 296852, 21.10.31, 300220, 14.12.31, Heffron, Bavin, *Policy*, p. 12, M. Dean, 'Administering Asceticism: Reworking the Ethical Life of the Unemployed Citizen', in M. Dean & B. Hindess, eds., *Governing Australia: Studies in Contemporary Rationalities of Government*, Cambridge University Press, Melbourne, 1998, pp. 96-98. Contemporary descriptions of inner-city areas resemble more recent preoccupations with welfare dependence and social exclusion (Solling, *Leichhardt*, p. 193).

<sup>66</sup> SMH, 30.12.30, p. 7, 26.1.31, p. 8, 18.2.31, p. 12 (Bavin), 14.9.31, p. 9, *Employers Review*, vol. 4, no. 2 (1931), pp. 16-17, NSWPD, vol. 126, p. 3006, Bavin, 27.5.31, NSWPD, vol. 128, p. 4726, Sanders, 29.7.31).

<sup>67</sup> An ALP branch president in Dorrigo complained that some of the unemployed enjoyed being on the dole, but utterances such as this were very rare among ALP activists (SMH, 26.9.31, p. 14), *Labour Weekly*, 27.5.32, p. 2, LD, 15.6.31, p. 4, SMH, 13.6.31, p. 13, Labor MPs and police accused Communists of encouraging false dole claims: NSWPD, vol. 126, p. 3066, Baddeley, 2.6.31, SMH, 18.5.31, p. 9).

<sup>68</sup> AONSW, 5/227, Colonial Secretary's Office, Unemployed Food Relief Instructions for Guidance of Issuing Officers (15.6.31), para. 1, 25.

<sup>69</sup> Lowe, *Adjusting to Democracy*, p. 139, SMH, 22.11.30, p. 15, 13.3.31, p. 13 (Dunn), 17.3.31, p. 10 (unemployment committee at March 1931 metropolitan conference), SMH, 2.10.31, p. 9 (Labor Council), *Railroad*, vol. 12, no. 1 (1931), p. 12, R. Evans, 'Introduction: The Experience of Unemployment in the Weimar Republic', in Evans, *German Unemployed*, pp. 4-10. The extent to which 'unemployment insurance' actually meant taxes on capital was clearest in Communist use of the term: *Manifesto of the Communist Party of Australia* [1930] and *Communist Party's Election Manifesto...June 11th [1932]* in Fred Farrall, *Papers* UMA 2/2/2 NSW Communist party. For similar use by American Communists: Klehr, *Heyday*, pp. 283-84. In Victoria leading Labor left-winger Maurice Blackburn had a similar definition (Pook, *Depression and Government*, p. 135).

The Unemployed Relief Council, established by the Bavin government, implemented a relief works financed by the wages tax. These works were not to replace the normal paid employment that the unemployed had previously enjoyed. Bavin argued that 'independent, honest workers' would be not be satisfied with charitable relief. Relief work was an end in itself. The legislation entitled the government to set wages for relief works and a rationed basic wage of £3.44 for 40 hours work was applied. After their stint of relief employment workers were excluded from receipt of the dole for three weeks.<sup>70</sup>

The other extreme to the Bavin government's position would have been made to make the state an employer of last resort, that would provide all unemployed workers with jobs of equivalent status to 'normal' jobs. I have argued in earlier chapters that Labor moved towards this position over its period in government.

#### (b) Numbers in relief works

The coalition did not extend relief works to a level sufficient to impact on the unemployment level. By the time of Labor's election about 20,000 were employed on relief works, but although the URC had committed £2m in grants, the wages tax had raised only £0.4m.<sup>71</sup>

The leading role of public corporations in Australian infrastructure meant Australian governments escaped the problems of co-ordination and implementation that provided ready excuses for the opponents of works programs in Britain. Labor relied heavily on the Sydney Water Board, which could borrow independently of the Loan Council, and which had began relief works in August 1930, and reduced railway works despite the complaints of rural unions and Labor branches and MPs.<sup>72</sup>

In December 1930 the government defined all Board construction as relief works. The inability of the Board to secure loans led it to cease all loan financed construction works from 17 March 1931 and

<sup>70</sup> Bavin, *Policy*, pp. 12, 15. *NSWPD*, vol. 124, p. 654. Farrer, 18.12.30. *AW*, 21.1.31, p. 11. This policy was similar to other states: Fox, *Fighting Back*, pp. 161-62. Watts, *Unemployment Relief*, p. 131. Bland, 'Unemployment Relief in Australia', p. 32. Beveridge insisted on the need to preserve a distinction between those contributing to the community, i.e. taxpayers, and those who were supported by the community, that is those on relief work and he criticised union demands that relief workers be paid normal wages. To make relief work equivalent to normal employment was to leave workers with no incentive to leave relief employment (Beveridge, *Unemployment* (1909), pp. 148, 156-57, 232).

<sup>71</sup> *SMH*, 13.11.30, p. 10 (Baddeley). *SMH*, 15.12.30, p. 9 (Tully). AONSW 2/8176, Unemployment Relief Council Minutes 1930-32, C. Tye [Report of activities of URC for new government], 4.11.30.

<sup>72</sup> Skidelsky, *Politicians and the Slump*, pp. 123-28. Metropolitan Water Board, *Report...30 June 1931*, p. 3. *NSWPP*, 1930-32, vol. 5. *SR 1930-31*, p. 153. *LD*, 25.11.30, p. 6 (Ely). 6.12.30, p. 9. *LD*, 26.3.31, p. 1 (RWIB complaints). *The Sun*, 30.4.31, p. 13. *NSWPD*, vol. 124, p. 371. Lang, 10.12.30. Martin Diary, 1.5.31. To Labor's right Charles Hardy demanded that wages tax revenues be spent in the areas they were raised (*SMH*, 13.4.31, p. 10). Despite these rural concerns however with the exception of the Harbour Bridge the country districts did better in 1930-31 compared to 1929-30 in terms of works expenditure but all fell drastically (*SMH*, 6.10.31, p. 9).

rely on wages tax funding. By July 1932 nearly 12,000 relief workers had worked for varying times on Board works.<sup>73</sup>

Annual loan expenditure fell sharply:

Table 8.3 NSW annual loan expenditure 1929-35 (£)

#### NSW Annual Loan Expenditure 1929-35

|         | £          |
|---------|------------|
| 1928-29 | 16,743,136 |
| 1929-30 | 10,004,328 |
| 1930-31 | 6,152,467  |
| 1931-32 | 4,032,067  |
| 1932-33 | 4,910,836  |
| 1933-34 | 7,798,094  |
| 1934-35 | 10,607,075 |

(*SR 1930-31*, p. 153. *SR 1934-35*, p. 160).

For a time the shift to revenue funding enabled more works employment but funds were soon exhausted. By January 1932 the unemployment relief fund was £350,000 in debt and with food relief expenditure of £400,000 per month further relief expenditure was impracticable. Total works employment fell to 9,683 by Lang's dismissal, compared to 15,998 in November 1930.<sup>74</sup> Food relief came to dominate the expenditure of unemployment relief funds.

Table 8.4 Expenditure of Unemployment Relief moneys 1931-32 (£)

#### Expenditure of Unemployment Relief Moneys 1931-1932 (£)

|         | Food Relief | Cash Payments | Grant     | Loans   | Administration | Total     |
|---------|-------------|---------------|-----------|---------|----------------|-----------|
| 1930-31 | 1,837,886   | 101,858       | 1,763,307 | 609,723 | 44,310         | 4,357,084 |
| 1931-32 | 5,070,732   | 130,943       | 419,333   | 347,280 | 137,164        | 6,105,452 |

(*OYB 1931-32*, p. 737).

#### (c) Allocation of work

The Labour Exchange allocated relief work. Men over 21 received a number on registration and every fortnight, under the 'rotary system' certain numbers were called for employment. Receipt of food

<sup>73</sup> Sheldon, *Managing Labour*, pp. 203-04. Water Board, *Report...1931*, p. 3. Some works were undertaken out of revenue, according to the Water Board Employees Association in March 1931 there were about 5,000 men on relief works, thus some of the Water Board works must have been from revenue (*LD*, 21.1.31, p. 8). In March 1931 there were 4605 men employed by the Water Board on relief jobs (Water Board, *Report...1931*, p. 20).

<sup>74</sup> AONSW 2/8176, Unemployment Relief Council Minutes 1930-32, C. Tye, U R C Financial position as at 20th January 1932, 27.1.32. *NSWPG*, vol. 39, no. 6 (30.6.31), p. 916. vol. 40, no. 6 (31.12.31), p. 1,001. vol. 42, no. 1 (31.7.32), p. 43. AONSW 5/3481. Department of Labour & Industry, *Election Propaganda 1935* J. Dunningham, Minister for Labour & Industry to J T Reid MLA [May 1935]: claims that there were only 661 employed at the relief works at the time of Lang's dismissal.

relief was dependent on accepting employment.<sup>75</sup> In theory men were allocated to works regardless of skills, union membership or political affiliation.

Some left-wing regimes have utilised employment programs for political mobilisation and party building by granting preference to supporters of the ruling party. Effective in the short term, such policies may be politically costly in the long run, as the unfavoured majority rallies behind the conservative opponents of patronage. During Lang's term there was persistent pressure from party branches for political preference in relief employment. Baddeley told branch deputations he could not abandon the rotary system without 'direction from the Party'. Despite this some MPs were able to exercise influence on the allocation of names for relief work, to the approval of some party branches, but to the anger of unions and the unemployed.<sup>76</sup> Government policy was that workers for non-relief work would be engaged through the unions but even here there were persistent complaints this policy was not followed.<sup>77</sup>

Unions mounted the most persistent challenge to the allocation of relief work. The AWU (Railway branch) and Water Board Employees Union argued that as their areas of employment were now categorised as relief works, their unemployed members should have preference for relief employment. Water Board employees complained they were dismissed when loan-financed works ceased and were replaced by relief employees whose employment was financed by the wages tax. This did sometimes occur, but the AWU complained that the Water Board favoured its former employees over former railway labourers.<sup>78</sup>

<sup>75</sup> OYB 1930-31, p. 583. SCBP (1), Report, p. 4.

<sup>76</sup> C. Graham, *Peru's ATRA: parties, politics and the elusive quest for democracy*, L. Rienner Publishers, Boulder, 1992, p. 195. Valey, *Radicalism in the States*, pp. 53, 58-68. Sindler, *Huey Long's Louisiana*, pp. 81, 146. Badger, *New Deal*, pp. 210-11. Wheatley, *Unemployed Who Kicked*, vol. 1, p. 300. DLI Submissions 1931 (6/3468), [August 1931], 295505, (reply to deputation from Surry Hills ALP). Later comments in which Baddeley referred to caucus having made a decision, suggest that at some stage the issue was discussed formally within the parliamentary party (LD, 21.2.31, p. 7. AW, 25.2.31, p. 20). LD, 19.1.31, p. 5 (a motion at Rozelle East branch condemning MPs who selected men for relief works over the SLE is rejected by a 'large majority'). For other branches supporting the idea: LD, 21.2.31, p. 8 (Guildford), 28.5.31, p. 7 (Auburn). Bourke branch however complained of interventions by (local MP) Davidson: LD, 19.10.31, p. 8 (Bourke). Pyrmont branch voted against demanding ALP members have preference in relief (DLI Submissions 1932 (6/3468), 301225, 1.2.32). For complaints by unions and unemployed groups of political interference: SMH, 6.2.31, p. 12. 7.2.31, p. 17. 4.11.31, p. 10. 29.4.32, p. 12. LD, 23.2.31, p. 7. WW, 17.4.31, p. 6. The Painters Union complained that some workers were taking work without going through the union books and that Davidson and Davies were failing to go through the union books (UMA, 1/3/11, Operative Painters and Decorators Union, Minute Book 3.2.30 to 21.9.31, Management Committee, 24.1.31, 9.3.31). When the opposition raised concerns by unions Lang evaded an answer: NSWPD, vol. 125, p. 1794. Lang, 11.3.31. The Department of Labour was concerned that some Departments were not going through the Labour Exchange to recruit workers (DLI Submissions 1931 (6/3467), 2.11.31, 297589).

<sup>77</sup> UMA, 1/3/11, Operative Painters and Decorators Union, Minute Book 3.2.30 to 21.9.31, Management Committee, 9.3.31 (comments of A. Middleton). UMA, 1/3/12, Operative Painters and Decorators Union Minute Book 28.9.31 to 19.9.32 (UMA 1/3/12), Management Committee, 7.3.32, General Meeting, 9.5.32. The Furnishing Trades declared their support for the rotary system (NBAC, T11/1/5, Minutes 7.3.27 to 6.8.45, General Meeting, 8.12.30).

<sup>78</sup> LD, 21.3.31, p. 8. AW, 27.5.31, p. 20. 3.6.31, p. 20. 2.9.31, p. 20. 11.11.31, p. 20. For examples of unions' resentment of what they considered Water Board Employees poaching of their unemployed members: ML MSS 2422 Add-On 873, K48972, Blacksmiths Society, Sydney Branch Minutes 1925-36, 18.3.31, 15.4.31, 25.11.31. NBAC Z138/168 Timber Workers, Minutes 1941-43, Management Committee, 19.6.31. The Water Board union had initially been loath to organise relief workers but eventually did so for fear they might be organised by another union and undermine its position in the industry (Sheldon, *Maintaining Control*, p. 207). NSWPD, vol. 126, p. 2953. Foster (the Nationalist MP), 27.5.31. When after the fall of Lang it became possible for governments to raise loan funds for relief, they largely substituted for the full-time works employment of the 1920s (G. D. Snooks, 'Government Unemployment Relief in the 1930s: Aid or Hindrance to Recovery?', in Butlin, *Recovery from the Depression*). The two factions of the Water Board employees blamed each other for the failure to secure preference (LD, 9.12.31, p. 6).

Twice Ely announced that the government would replace the rotary system through the Labour Exchange with allocation of labour through the unions, and some in the press took this as inevitable, but this did not occur. Baddeley continued to defend the rotary system and Lang advised the AWU that preference to unionists was government policy only where practicable.<sup>79</sup>

#### (d) Wages

Labor had justified the increase in the wages tax on the grounds that the extra revenue would enable the restoration of award wages and conditions for relief workers. The AWU had greeted this pledge with enthusiasm, and the restoration of award wages, after a three-month delay, meant substantial pay increases. Disagreement soon developed over the application of the principle. Labor did not delete legislative provisions that enabled below award relief wages. Baddeley instead gazetted new conditions which applied award rates for pay levels but excluded a range of extra entitlements such as holiday pay, dirt and wet money and eligibility for workers' compensation.<sup>80</sup>

The failure of the government to fully restore award conditions bolstered the AWU's criticism of Lang. Perhaps because of this the government was unsympathetic and in March 1931 cabinet resolved to take no action on their complaints. Water Board employees did better. They initially condemned the government's policies, but lobbied through TUSA and by May declared their satisfaction with adjustments made by the government.<sup>81</sup> The Labour Department opposed the granting of the AWU's request on grounds of the extra cost and the government's difficult financial position. The government eventually responded to the AWU's complaints, perhaps due to the improved financial position after rejoining the Loan Council, and in December 1931 Baddeley issued a proclamation restoring full award entitlements.<sup>82</sup> The Stevens government reversed this policy but despite this the AWU accepted representation on the Unemployment Relief Council after its reconstitution by the Stevens government.<sup>83</sup>

<sup>79</sup> SMH, 24.12.30, p. 9. 6.2.31, p. 12. LD, 28.11.30, p. 1. 20.1.31, p. 5. 21.2.31, p. 7. AW, 27.5.31, p. 20. 3.6.31, p. 20. *The Bulletin*, 7.1.31, p. 10.

<sup>80</sup> LD, 1.1.31, p. 5 (Knight). Lang, *Great Bust*, pp. 339-40. AONSW 9/2005 A1809, Premier's Department Correspondence, ARU Deputation, AW, 21.1.31, p. 11. NSWPD, vol. 124, p. 639. Baddeley, 17.12.30. For an example of the conditions applicable: NSWIG, vol. 39, no. 6 (30.6.31), pp. 906-07. On their exclusion from workers compensation: NSWPD, vol. 128, p. 5027. Baddeley, 5.8.31. Baddeley claimed, but the AWU denied, that it had endorsed his decision (AW, 25.2.31, p. 20).

<sup>81</sup> AW, 11.3.31, p. 20. 15.4.31, p. 20. 3.6.31, p. 20. 16.9.31, p. 20. 23.9.31, p. 20. Cabinet Decisions, 2.3.31. ML MSS 3021, KV 6592, Water Board Employees (Wages), Minute Book 1930-37, General Meeting, 28.1.31, 15.5.31, Committee of Management, 13.3.31. The United Labourers declared that they would not countenance any undermining of award conditions but insisted that despite this relief workers were receiving more for 35 hours work than the federal basic wage for 48 hours which demonstrated the state government was preferable to the Commonwealth (LD, 9.11.31).

<sup>82</sup> DLI Submissions 1931 (6/3467), 294801, 13.7.31. AW, 9.12.31, p. 19. Baddeley made a submission to cabinet on the topic of award conditions for public works (Cabinet Decisions, 10.8.31) and in December he made a statement that the government had decided not to depart from its policy of award rates and conditions (SMH, 5.12.31, p. 13).

<sup>83</sup> NBAC, N117, Australian Workers' Union, Item 1489, Railway Workers Industry Branch, Minute Book 1928 to 1932, Annual General Meeting, 30.7.32. URC, Report...1932-33, pp. 5, 7. The Stevens government also reduced employee representation to one, compared to three employers. It had been a two: two split in 1930.



The debates about relief work policy had limited impact on the levels of Labor support. In those polling booths that consisted largely of public works labourers the vote for Lang in both 1930 and 1932 was very high, but the swing against Lang was higher on the Water Board's Nepean Dam.<sup>84</sup>

Table 8.5 Labor and Communist votes at works' sites 1930-32 (%)

Labor and Communist votes at Works' sites 1930-32

|                | 1930 Labor | 1930 Communist | 1932 Lang Labor | 1932 Federal Labor |
|----------------|------------|----------------|-----------------|--------------------|
| Hume Reservoir | 90.1       | 3.5            | 84.6            | Uncontested        |
| Nepean Dam     | 90.7       | Uncontested    | 70.9            | 6.9                |

(e) Type of work

Non-Labor governments, particularly in first years of the Depression, came close to regarding relief works as an end in themselves; the requirement to undertake them would winnow out the work shy, and the jobs themselves would be psychologically beneficial. Some of the relief projects organised by the Bavin government, such as shifting sand, were close to the 'make-work' exercises, such as stone-breaking, often used by British poor law administrators. Labor believed relief works should be real jobs, but it lacked ideas as to where these jobs could be, apart from the nineteenth century staple of public infrastructure.<sup>85</sup>

The government was not entirely consistent. Work was offered to all registered unemployed, even if they lacked labouring experience and were hence less productive. The short duration of relief employment, usually 14 days on and off, led the Water Board and the Board union to complain that workers were stood down just as they learnt how to work effectively. Eventually the Board was permitted to maintain up to 35% of relief workers for each job's duration.<sup>86</sup>

From within the ALP calls came for relief work to be for a minimum of four weeks. The focus of relief works on unskilled labour did little for skilled workers, even though Labor had promised in the 1930 election campaign to provide for the skilled unemployed.<sup>87</sup>

Labor's suspicion of make-work exercises was apparent in the requirement that loans by the URC to councils be employed for 'reproductive' works; those that would pay interest and provide for a

sinking fund. Across Australia Labor governments favoured 'reproductive' works, even where the expense of raw materials and machinery meant fewer were employed than on simpler schemes. This emphasis on reproductive works was from a Keynesian viewpoint incorrect as it ignored the extent to which the mere paying of an income by increasing aggregate demand would increase overall employment.<sup>88</sup>

(f) Work for the dole

The most controversial aspect of relief works were the various proposals that circulated under the title of 'work for the dole'. One reason for the popularity of this slogan was that it could cover a multitude of proposals.

Local governments, whose expenditure was constrained by debt and declining rates income, and with a conservative small businessmen and farmer membership, clearly saw in food relief expenditure a potential financial resource. This may account for the limited take-up of Labor's offer to lend funds to councils. In 1929-30 £182,657 was advanced to councils to assist the unemployed, but in 1930-31 this fell to only £10,100. Local government, together with the parliamentary opposition, was a persistent voice supporting work for the dole. By February the government had to admit that its offer of loans to councils had received little acceptance and proposed a more elastic approach.<sup>89</sup>

The conservative press gave extensive coverage to any examples of the unemployed as being able to work in exchange for sustenance. These reports have been cited as evidence that in Macintyre's words: 'the popular insistence on a right to work closed off an acceptance of the right to support'.<sup>90</sup> Contemporary media reports are misleading as they categorised a multitude of proposals under the rubric of work for the dole. Some unemployed may have found the dole degrading but others supported relief work because it paid more.<sup>91</sup> Press reports rarely defined exactly what the unemployed were asking for. Unions demanded work at award rates or full maintenance. The

<sup>84</sup> SMH, 2.12.30, p.9, 19.1.31, p. 11 (Baddeley). Snooks, *Depression and Recovery*, p. 99. E R Walker, *Unemployment Policy With Special Reference to Australia*, Angus & Robertson, Sydney, 1936, pp. 155-56. Walker admitted it was harder to maintain discipline on unproductive works (*ibid.*, p. 152). British observers such as Beveridge and the Webbs were keen to distinguish counter-cyclical works from relief works (Beveridge, *Unemployment (1909)*, p. 153. Skidelsky, *Politicians and the Slump*, p. 49).

<sup>89</sup> AIBR, vol. 56, no. 2 (1932), p. 193. SR 1930-31, p. 153. For examples of local councils supporting work for the dole: SMH, 19.1.31, p. 12, 20.1.31, p. 15, 2.4.31, p. 11, 21.4.31, p. 14, 22.6.31, p. 10, 14.9.31, p. 10, 21.9.31, p. 10. AONSW, Premiers' Department Correspondence 1931, 9/2017, Item A31, Notes of deputation received by Minister for Labour and Industry from Local Government Association regarding grants to councils 26.2.31; Shire Clerk, Goobang, to Under Secretary Premier's Department 23.10.31; Town Clerk, Municipality of Ermington and Rydalmere 30.9.31 to Lang.; Shire Clerk, Shire of Waradgery to Lang 20.11.31; J. Allen, secretary Graziers' Association to Lang, 18.6.31 in SWPD, vol. 125, p. 1355-56. Vincent, 19.2.31. ALP candidates in the municipal elections opposed council support of these schemes: LD, 4.11.31, p. 4 (Wagga).

<sup>90</sup> SMH, 20.1.31, p. 15 (Kyogle), 26.1.31, p. 8 (Albury), 8.6.31, p. 8 (Dubbo, Wellington and Warren), 21.9.31, p. 10 (Moama), 27.6.31, p. 11 (Riverstone). The Sun, 17.4.31, p. 6 (Wagga). Macintyre, *Winners and Losers*, pp. 64-66.

<sup>91</sup> Recent historians have criticised the previous assumption that unemployment was necessarily demobilising and that the unemployed were guilty at receiving support without work: C. J. Fox, *Unemployment and the Politics of the Unemployed: Victoria in the Great Depression* (Ph. D., University of Melbourne, 1984), p. 408. Potts, *Great Depression Revisited*, pp. 250-59. L. Cohen, *Making a New Deal: Industrial Workers in Chicago 1919 - 1939*, Cambridge University Press, Cambridge, 1990, p. 270-71.

<sup>84</sup> The fall in numbers at identifiable railway works camps booths from 1930 to 1932 is too great to make comparisons meaningful. The fall at Nepean might reflect a change in the composition of the workforce from long-term works' labourers to unemployed drawn from other backgrounds.

<sup>85</sup> Coghlan, *Labour and Industry*, vol. 2, p. 1074. Endres, 'Unemployed Difficulty', p. 69. Mansfield, *Australian Democrat*, pp. 175, 201. Harris, *Unemployment*, p. 149. Lang, *Great Bust*, p. 340.

<sup>86</sup> LD, 21.3.31, p. 8. NSWPD, vol. 129, p. 5363. Baddeley, 18.8.31. Water Board, *Report... 1931*, pp. 3, 16.

<sup>87</sup> SMH, 17.3.31, p. 10 (unemployment committee at the March 1931 metropolitan conference). ALP leaflet 1930, No. 7 (Labor will make provision for skilled workers). AONSW 9/2035, B245, Premier's Department Correspondence 1931. Deputation from trade unions to Davidson 22.1.31.



unemployed were less ambitious, but they wanted more than the dole. A group of rural unemployed wanted a minimum of one day of work at award rates, which would have amounted to 19s9d compared to a value for food relief for the single unemployed of 5.7s. Such proposals had to be distinguished from work for the value of food relief, which some employers supported, which would provide only a few days in the month and leave recipients worse off after work expenses.<sup>92</sup>

In November 1930 Baddeley directed that Landon, the current chair of conciliation committees, work with a statistician to consider research and data on unemployment.<sup>93</sup> Landon considered several overseas enquiries into unemployment and reported in early January. He identified a vigorous public works policy as the central element of any strategy together with the encouragement of rural development and closer settlement. In the longer term he supported unemployment insurance and recommended government committees to plan for future depressions and study the incidence of seasonal trends. In forwarding Landon's report to Baddeley Department of Labour Under-secretary Kitching emphasised the need for relief works as an alternative to the 'vicious dole'. He stressed the level of dole fraud and that local governments had declared themselves willing to work with the government. Kitching argued most dole recipients wanted work to the dole and proposed departmental committees investigate the application of dole expenditure to reproductive works and rural development.<sup>94</sup>

Baddeley wrote in January to Treasurer Lang. He drew attention to Landon's support of an active works policy, stressed the growing burden of food relief and argued that food relief expenditure if supplemented by wages tax receipts would enable central and local government works to be proceeded with. An attached statement on unemployment referred to problems of imposition and dole coupon trafficking. It repeated Landon's conclusions with special reference to the public works policy, and argued the dole was demoralising and the unemployed preferred work. It estimated 70,000 could be employed for lengthy periods on reproductive water, sewerage and irrigation works.<sup>95</sup>

From early in their term Labor ministers made clear that they were opposed to the dole system but argued that it could not be replaced by productive work without more funds; and that Labor would not force the unemployed to work for rations. In January 1931 Gosling and Ely were reported as working on a plan to give at least a day's work instead of the dole to the unemployed. On 16 March 1931

cabinet decided to postpone any move to replace the dole by relief work until a committee of public servants, including the under-secretaries of Labour, Treasury and the Colonial Secretary's Department, under the supervision of Ely, reported.<sup>96</sup>

It was around that time that the Moss Vale shire introduced a scheme that involved the substitution of paid work for the dole, by which the shire received wages tax funds and supplemented these from local sources. The 'Moss Vale scheme' became a focus of debate. There are conflicting reports as to what wages were paid. One report said pro-rata award wages were to be paid but another that payment would be based on the basic wage, although it seems the former was the case. Bellemore and other Department of Labour officials championed the scheme without formal government endorsement.<sup>97</sup>

In a discussion at the Labor Council several delegates condemned the 'contemplated action' of the government to have the unemployed to work for one day instead of rations. A delegate warned the government would be held responsible for Bellemore's actions. Participants in the Communist organised May Day march denounced the scheme.<sup>98</sup> On 23 March 1931 cabinet approved a submission from Baddeley on the Moss Vale scheme. Press reports that cabinet had approved the scheme were contradicted by Lang who said that it merely under consideration but that if adopted would be applied across the state.<sup>99</sup>

Some reports suggested that the unemployed at Moss Vale supported the scheme and in particular payment in cash, but meetings of unemployed in other rural areas opposed the scheme.<sup>100</sup> The Moss Vale unemployed were willing to work on a local park but were unhappy about roadwork, to which they were allocated after rain made work on the park impossible. The men may have regarded road construction as a government rather than community responsibility and they soon turned against the scheme. On May 11 they refused to report for work and asked for food relief instead. Baddeley personally directed that they be given food relief and declared that when the job finished there would be no extension of the scheme. In July 1931 Baddeley publicly declared his rejection of the Moss Vale scheme and advised Bellemore he was 'not all satisfied' with the scheme. Baddeley was particularly concerned to reject proposals for short-term projects suggested by some councils. For the

<sup>92</sup> *Labour Report 1930*, p. 146. Bulli Lodge minutes 21.6.27 to 29.9.31, Wollongong University Archives, 25.11.30. AONSW, Premiers' Department Correspondence 1931, 9/2017, Item A31, E. Campbell, Secretary Gilgandra unemployed Association to J Clark MP 16.11.31. *SMH*, 3.10.31, p. 12. *Construction*, 1288 (14.10.31), p. 3.

<sup>93</sup> DLI Submissions 1930 (6/3465), 286553, [November 1930].

<sup>94</sup> DLI Submissions 1931 (6/3466), 288518, 8.1.31. Landon's positive proposals resembled those of the June 1928 Development and Migration Commission report on Unemployment and Business Stability (Memorandum by the Prime Minister's Department, 4.5.29 in RBA, *Documents*, p. 181). The NSW ALP conference in 1928 proposed the formation of a Joint Industrial Council representing government, employers and employees to inquire into unemployment, and formulate plans for its reduction (C. E. Martin, 'Unemployment: Some Recent Suggestions', *Economic Record*, vol. 5 (1929), pp. 127-28).

<sup>95</sup> AONSW 2/8176, Unemployment Relief Council Minutes 1930-32, Baddeley to Lang, 8.1.31, Statement re unemployment, 8.1.31. British public servants were similarly preoccupied with perceived dole fraud (Skidelsky, *Politicians and the Slump*, p. 244).

<sup>96</sup> *LD*, 15.11.30, p.9 (Ely). *NSWPD*, vol. 124, p.915. 28.1.31. Lang. *The Sun*, 27.1.31, p.9. *SMH*, 28.1.31, p. 11. Cabinet Decisions, 16.3.31.

<sup>97</sup> *SMH*, 29.9.31, p.9. *The Sun*, 22.3.31, p. 1.

<sup>98</sup> Labor Council Minutes, 16.4.31., *LD*, 17.4.31, p. 5. *NSWPD*, vol. 126, p. 2722. Sanders, 19.5.31.

<sup>99</sup> Cabinet Decision, 23.3.31. *SMH*, 25.3.31, p. 13. 25.3.31. *NSWPD*, vol. 125, p. 2199. Lang, 28.4.31. Citing local council records Leonard reports that a council deputation interviewed state cabinet on 24 March 1931 (S. Leonard, 'The Moss Vale Unemployment Relief Scheme: A Community in Operation', in Hood, *Labour and Community*, p. 118).

<sup>100</sup> *SMH*, 29.9.31, p.9. 25.3.31, p. 13. Wagga unemployed supported a similar scheme (*SMH*, 16.9.31, p. 11). *SMH*, 9.5.31, p. 13 (26 to 9 against among Nowra unemployed) (a later report suggested two meetings at Nowra gave different verdicts: *SMH*, 14.5.31, p. 13). *SMH*, 27.7.31, p.9 (309 to 169 against scheme among Wagga unemployed, a ballot held of 720 registered men). 6.10.31, p. 7 (Sutherland unemployed reject scheme). 30.1.32, p. 13 (Yass unemployed rejected scheme by 36 to 4). 12.5.31, p.9 (Berrima unemployed reject scheme).

rest of Labor's term he refused requests from councils to implement relief work at the basic wage rate. Communists argued that the opposition of workers had defeated the scheme.<sup>101</sup>

The Moss Vale debacle did not end cabinet interest in substituting work for food relief. At an unknown date (probably in early May 1931) the sub-committee under Ely's supervision had reported. It argued that the £2.4m spent on food relief should be transferred to the unemployment relief fund and if supplanted by £1.6m from the wage tax it could provide employment for one week in four for 100,000 unemployed at the award rate. Their local expenditure would boost the economy leading to further employment. On 18 May cabinet formed a subcommittee of Gosling, Davies and Ely would consider work for the dole plans and general plans to provide work for the unemployed. The work of the committee was overshadowed by the growing fiscal crisis. It debated a scheme to employ 40,000 men at £4 a week, which Gosling believed would lead to the employment of another 20,000 or 30,000 men as a result of their expenditure. The plan would require about £1.5m, but at this stage, as Gosling later recalled, Treasury Under-secretary Chapman told the ministers that there was not £50,000 available, much less £1.5m, and in Gosling's words: 'there we stuck'.<sup>102</sup> In late June the URC was discussing works program and believed that wages paid would increase demand. The stabilisation of the financial position after the return to the Loan Council permitted a small increase in relief works funding in November.<sup>103</sup>

Cabinet discussed food relief in country districts early in August 1931 and Baddeley arranged that three Labour Exchange officers would report. Nothing resulted from this initiative but by late September 1931 a caucus committee had developed a scheme for the payment of wages taxes revenues to enable local councils to provide work for single men two days a fortnight at award rates and with more days for married men.<sup>104</sup> In February 1932 Baddeley had Conciliation Commissioners Landon, Morgan and Bird (the former ALP secretary) assigned to work with Kitching on a scheme to replace the dole by productive works for urgent submission to cabinet.<sup>105</sup> The fate of this committee remains unclear but on 14 March 1932 Baddeley made a submission to cabinet on work in lieu of food relief. Three days later he submitted to Lang a proposal from his Department, he noted that the Departmental proposal proposed to pay the basic wage, but insisted that in any plan implemented by the government full award conditions must apply.<sup>106</sup>

<sup>101</sup> DLI Submission 1931 (6/3466), 292620, 28.5.31; (6/3468), 294671, 22.7.31. The instructions were passed on through Gosling to the police (SMH, 12.5.31, p.9). SMH, 16.7.31, p. 10 (Baddeley). 20.11.31, p.9 (Baddeley). WW, 29.1.32, p. 1. 19.2.32, p. 1.

<sup>102</sup> AONSW, Premiers' Department Correspondence 1931, 9/2017, Item A31, Ely, Scheme to replace dole by productive relief work. Cabinet Decision, 18.5.31. *Australian Traveller*, vol. 27, no. 8 (1931), p. 38 (Gosling).

<sup>103</sup> AONSW, 2/8716, Colonial Secretary, Unemployment Relief Council, Meeting, 30.6.31. LD, 20.11.31, p. 7.

<sup>104</sup> DLI Submissions 1931 (6/3467), 8.9.31, 297100, Baddeley to Gosling, 8.9.31 (not mentioned in cabinet records). SMH, 29.9.31, p. 10. Martin served on the committee and was alarmed by the increase in the dole (Martin Diary, 26.9.31). At some stage caucus proposed to Baddeley that work for the dole would be acceptable proving that the unemployed received double the value of food relief in work (DLI Submissions 1932 (6/3468), 302490, 25.2.32).

<sup>105</sup> DLI Submission 1932 (6/3469), 301442 [February 1932]. For the detaching of Landon, Morgan and Bird for unemployment work and their payment out of the unemployment fund see DLI Submissions 1932 (6/3468), 301964.

<sup>106</sup> Cabinet Decisions, 14.3.32. AONSW, Premiers' Department Correspondence 1931, 9/2017, Item A31, Baddeley to Lang, 17.3.32.

Despite these plans Labor's rhetoric in its final months largely centered on defence of the dole. The suspension of interest payments was justified as a means of maintaining social payments, rather than financing works. In the 1932 campaign Lang promised that the issue of debentures anticipating wages tax revenues would enable a works program that would absorb the unemployed but Labor's election campaign gave more attention to defence of food relief and allegations that the conservatives would send the unemployed to work camps. The coalition campaigned strongly that it could provide jobs and the recovery in employment after 1932 was considered by the UAP to be a major electoral asset.<sup>107</sup> An ecological regression of Lang Labor electoral support suggests that the unemployed were less pro-Lang in the 1932 election, relative to other groups, than they had been in 1930. The unemployed who believed that governments could do something about unemployment were likely to shift their support to the Coalition, those with lesser expectations and who prioritised the defence of food relief were likely to stick with Lang. Among Lang Labor's shrunken electoral ranks the unemployed, particularly single males, were prominent but this does not mean that most unemployed voted for Lang in 1931-32. Unemployed voters were *underrepresented* among those who rallied to Lang in June 1932 after supporting Federal Labor in December 1931.<sup>108</sup>

## 6. Conclusion

Labor's wage policy in the state sector contributed to the maintenance of overall wage levels in NSW and complemented the manipulation of the industrial arbitration system I have discussed in Chapter 7. State employment was a crucial pillar of the labourist edifice. But Labor resisted calls for a radical transformation of authority relations within the sector. The £300 salary limit plan was an aberration. Labor preferred to work with the established leadership of the white-collar public sector unions rather than encourage their challengers, such as the blue-collar members of the PSA or the radicals of the Assistant Teachers' Association. Nor did the government support the attempts of the ALP-affiliated Clerks' Union to recruit members in the public sector. The Labor leadership, and Lang in particular, believed with good reason that there were votes to be won among non-manual state employees, and the PSA in particular was clearly sympathetic to the ALP. But Labor saw public servants and teachers as allies of the working class rather than as part of the working class. Many manual working-class Labor supporters regarded public servants as a privileged minority. Among manual state employees Labor was willing to intervene directly in the exercise of managerial discretion as demonstrated by the abolition of the bonus system.<sup>109</sup>

<sup>107</sup> Note the comments of coalition campaigners and advertisements in 1935 SMH, 2.5.35, p. 12, 3.5.35, p. 12, 8.5.35, p. 9, 12, 9.5.35, p. 16. AONSW, Department of Labour and Industry, State Elections 1935, Points for Policy Speech April 1935, J. G. D. Arkins [Election Notes]. Lang Labor blamed the party's disappointing performance in 1935, when only four seats were regained, on the fears of the unemployed: LD, 8.5.35, p. 4, 13.5.35, pp. 1, 6.

<sup>108</sup> SMH, 28.5.32, p. 13. AW, 1.6.32, p. 4. *The World*, 27.5.32, p. 4. *Truth*, 29.5.32, p. 1. *JID*, vol. 13, no. 11 (1932), pp. 201-02. Touring Australia in 1934-35 the German Communist Egon Kisch found Balmain unemployed expected a Lang victory at the 1935 state elections would mean higher dole payments rather than more jobs: E. Kisch, *Australian Landfall*, Macmillan, Melbourne, 1969 (first ed. 1937), p. 238.

<sup>109</sup> The use of government authorities to initiate gains for workers that were later extended to all workers began in the nineteenth century (Butlin, *Investment in Australian Economic Development*, p. 404).

It was in the wages policy that Labor was most willing to challenge market forces and managerial prerogative. Manual state sector employees were particularly favoured by Labor and their position advanced substantially relative to manual workers in the private sector. In 1928 a boilermaker in manufacturing industry had a weekly award wage of 123.5s and the weekly wage of a train driver was between 111s and 135s. In 1931 however a boilermaker's award wage had fallen to 92.25s, while a train drivers wage was in the range 106.5 to 130.5s. From June 1927 to February 1932 the weekly pay rate for a NSW railways fitter fell 2%, compared to 21% in private Sydney shops and 19% in the Victorian railways.<sup>110</sup>

Labor rejected the proposals of Tye for subsidies to the private sector to boost employment. Baddeley's preferred option was an expansion of state employment. This strategy reflected a socialist belief that unemployment was an inevitable result of an unplanned economy. For Baddeley this was informed by the miners' critique of overproduction and managerial ineptitude in their industry. The government's coal bill sought to reorganise the industry to reduce overproduction by controlling the entry of small producers who sought to undercut overcapitalised large mines. In transport Labor sought to restrict competition. This strategy forced small employers, and their employees, out of these industries. Labor looked to their absorption through state employment, but the Loan Council and the understandable caution of lenders meant that this required higher taxation. The state bureaucracy was sympathetic to the project of expanding state employment but diverged from Labor in their clear preference for the payment of below-award wages. Union leaders were generally tolerant of higher taxes but although workers were willing to accept higher taxes in the interests of the unemployed by 1932 many workers were convinced that restoration of business confidence would be more effective in reducing unemployment.

The development of Labor's employment policy did not reflect the playing out of an essentialist logic by which the state constrained the working class, or even as the survival of the married women teachers showed, an unfolding of patriarchal power. Both Baddeley and his Department shared a similar logic of governance in a statistical and empirical approach to the employment problem.

<sup>110</sup> OYB 1931-32, p. 769. CARTA, Report, p. 95.

## Chapter 9

### Agriculture and Land Settlement

#### 1. Introduction

In 1930 Labor campaigned heavily on agricultural and land settlement policy. Labor won country support comparable to William McKell in 1941. In the mythology of the NSW Labor right McKell is considered as establishing a tradition of a Labor focus on agricultural policy with beneficial electoral consequences. In eighteen months of power Lang's government made agricultural policy, as much of a priority as did McKell. Although McKell's admirers neglect Lang's work in this area the fact that in 1932 Labor lost every rural electorate might seem to vindicate their argument that rural electors are best won by a strategy of moderation. The full story is more complex.<sup>1</sup>

Historians have given little attention to the development of Labor agricultural policy. The progressive liberalisation of agricultural marketing under the Hawke-Keating governments attracted little academic analysis compared to other examples of Labor's adoption of economic liberalism.<sup>2</sup>

There were two competing traditions in Labor agricultural policy. To one working farmers *were* workers, and had no inherent conflicts of interest with other workers. Labor policy expressed this sentiment when it called for co-operation 'between the primary producer and the producer in the industrial sphere'. This approach argued that high urban wages were good for farmers as they increased demand for their produce. This appeal held that farmers, like their fellow workers, should look to the state for assistance. I call this approach 'state corporatism': it sought to create its own producer organisations. It was congruent with Lang's own commitment to unlimited parliamentary sovereignty and a populist perspective that regarded the democratic state as representative of the people, and viewed with suspicion social organisations that claimed to speak for interest groups.<sup>3</sup>

<sup>1</sup> M. Goot, 'Rewriting Electoral History: The myth of McKell', in M. Easson, ed., *McKell: The Achievements of Sir William McKell*, Allen & Unwin, 1988. J. Hallam, *The Untold Story: Labor in Rural NSW*, George Allen & Unwin, Sydney, 1983. Hallam does acknowledge Lang's interest in agricultural policy.

<sup>2</sup> G. Cockfield, 'The Vision Rational: Rural Policy in the 1990s', in A. Hede & S. Prasser, ed., *Policy-making in Volatile Times*, Hale & Iremonger, Sydney, 1993. Workers have received far more academic attention than peasants or farmers, and Australia has been no exception (Mann, *Sources of Social Power*, vol. 2, p. 692).

<sup>3</sup> ALP, *Policy*, p. 10. LD, 24.5.32, p. 10. An early Australian left analysis of agricultural policy argued that subsidies to farmers gave government a right to monitor farming methods (M. J. Coppel, *Food and Health: A Study of Nutrition in Australia*, Research Group of the Left Book Club of Victoria, Melbourne, 1941, p. 59). This distrust of independent

In another view farmers were *not* workers. Some would argue from this that Labor should not seek farmers' votes, as they were mean-spirited 'cockies' or as in more recent Labor practice, competitors for scarce government funds. In 1930-32 however it was mostly Labor moderates who believed farmers were not workers and they believed Labor should woo farmers by distancing the party from the influence of urban labour. In political strategy this implied that Labor should accept the legitimacy of producer organisations and try to detach them from the Country Party. I call this approach 'pluralist corporatism'. Larger farmers dominated producer organisation, not the battling farmers whose support Labor sought, and as in the United States pluralist corporatism bolstered the existing power structures in rural areas.<sup>4</sup>

Country Labor MPs supported the ideology of pluralist corporatism for pragmatic electoral reasons but rural branch members having decided to join a *Labor* party were more likely to defend the identity of farmers and workers.<sup>5</sup> In the party battles of 1925-27 rural branches were not as pro-Lang as those in Sydney and the coalfields but were still far more pro-Lang than country MPs.

The two approaches to agricultural policy were also echoed within the machinery of government between Agriculture Minister William Dunn and Health Ministers James McGirr and William Ely. The affable Dunn was personally popular and regarded by farm groups as a competent administrator. The Department of Agriculture tended to see itself as the voice of producer groups. The Health Department had responsibility for the regulation of the meat and dairy industries and favoured a statist approach. Health Ministers McGirr and Ely were Lang loyalists representing Sydney constituencies, but Ely had once farmed and McGirr was a former country pharmacist and rural MP.<sup>6</sup>

The 1927 party rules sought to conciliate Lang's rural critics by the establishment of separate country and metropolitan provincial conferences, each of theoretically equal status. Attendance at country conference was often low, which the party blamed on transport costs. Despite this Irvine Young was wrong to consider country conference irrelevant. It provided an informal forum for country MPs and branch members and the Labor's 1930 agricultural policy was based on its suggestions. There was more formal discussion of rural policy within the NSW ALP as a result of

interest groups is characteristic of populism: Mavrogordatos, 'Civil Society under Populism', in Clogg, *Greece, 1981-89*, pp. 48-57.

<sup>4</sup> G. Lawrence, *Capitalism and the Countryside: the Rural Crisis in Australia*, Pluto Press, Sydney, 1987, pp. 9-10, 193-196. Badger, *New Deal*, p. 158.

<sup>5</sup> I have taken this suggestion from N. Wiseman, *Social Democracy in Manitoba: A History of the CCF-NDP*, University of Manitoba Press, Winnipeg, 1983, p. 95. It is significant that the two country Labor MPs keenest to express identity of farmers and workers were novice MPs Keast and Martin.

<sup>6</sup> *The Land*, 3.6.32, p. 3. 17.6.32, p. 15. Department of Agriculture, *Report...30 June 1930*, p. 5. *NSWPP*, 1930-32, vol. 1. Department of Agriculture, *Report...30 June 1931*, p. 6. *NSWPP*, 1930-32, vol. 1. Ely blamed 'middlemen' for forcing him off the land (*LD*, 1.4.32, p. 6).

country conference than among Queensland Labor, where agricultural policy development was left to MPs and party conference agendas were dominated by the AWU's industrial concerns.<sup>7</sup>

## 2. Agricultural policy institutions

Agricultural policy debate centered on the issue of 'organised marketing'. During the world war state-operated pools were introduced to organise the supply of food to Europe. Farmers frequently found their administration insensitive to their concerns, but they welcomed the higher prices and the guaranteed returns associated with the pools. Commodity prices fell with the restoration of trading patterns after the war but many farmers blamed lower prices on the abolition of the pools. In the post-war years Labor lost support to the Country Party whose emergence had been encouraged by the pools. Labor hoped that by championing pools it could recover support from the Country Party, and divide the Country Party from the relatively more free-market Nationalists.<sup>8</sup>

There were significant obstacles to Labor's project of wooing farmers. Farmers might distrust private traders but wanted marketing organisations under their control rather than the potentially inefficient state monopolies favoured by Labor.<sup>9</sup> Condemnation of 'middlemen' by Labor and farmers obscured a division that reflected the two forms of agricultural corporatism. In a state corporatist strategy organised marketing would remove middlemen and benefit both producers and consumers, under pluralist corporatism middlemen might lose out, but prices to consumers would be increased.<sup>10</sup>

The marketing policies of Lang's first government exemplified the moderate Labor appeal to producers, inspired by the Queensland Labor example. In September 1926 the government convened a 'conference of producers and consumers' at Bathurst. The conference comprised producers' delegates elected from local meetings, and consumers' representatives elected from

<sup>7</sup> ALP, *Executive Report 1930-31*, p. 4. At the 1932 country conference quorum was only 15 (McNamara Family ML MSS 4430, MLK 03216. ALP (State of NSW). Standing Orders for 1932 Annual Country Provincial Conference. Young, Conflict within the NSW Labor Party, pp. 269-70, 291. Murphy, 'Agriculture: 1932-57', in Murphy, *Labor in Power*, p. 195. Following concern about the level of country organisation the 1932 party conference which voted to support an organising campaign linking unions and branches (*LD*, 30.3.32, p. 5).

<sup>8</sup> Smith, *Marketing*, pp. 9-14, 45, 51. Graham, *Country Parties*, pp. 96-103. B. Pinkstone, *Global Connections: A History of Exports and the Australian Economy*, Australian Government Publishing Service, Canberra, 1992, pp. 81, 92-97. Wadham, *Land Utilization*, pp. 159-61. J. Rydon, 'The Conservative Electoral Ascendancy Between the Wars', in Hazlehurst, *Australian Conservatism*, pp. 56-57. Sawyer, *Federal Politics and Law 1901-29*, pp. 200, 208, 234-35, 306. *NSWPD*, vol. 125, p. 1451. O'Hearn, 24.2.31.

<sup>9</sup> Some Labor supporting farmers opposed co-operative marketing because they feared the conservatism of their fellow farmers (AONSW 7/7462.1, Agriculture. Deputations to the Minister, Flannery MLA and Representatives of local ALP, 29.1.32, p. 3). Ellis, *Country Party in New South Wales*, p. 23 (1906 FSA platform). Country Party. Central Council, 19.11.30, p. 2 (Comments of Waterford, Namoi candidate).

<sup>10</sup> Watson, 'Rural Policies', in Head, *Whitlam to Fraser*, p. 169. ALP 1931, *Federal Policy*, p. 7. *NSWPD*, vol. 136, p. 3232. Concannon, 20.12.32. Rural Reconstruction Commission (RRC), *Commercial Policy in Relation to Agriculture*, the Commission, Canberra, 1946 (10<sup>th</sup> report), p. 18. Davidson, *European Farming*, p. 302. E. Sieper, *Rationalising Rustic Regulation*, Centre for Independent Studies, Sydney, 1982, p. 55. L. Robbins, *The Great Depression*, Books for Libraries Press, 1971, first ed. 1934), p. 137. Thornton, *Socialism at Work*, p. 110. *NSWPD*, vol. 124, p. 231. Martin, 4.12.30.

various associations and unions. Producers outnumbered consumers two to one. Conference working groups generally supported collective marketing by boards with producer majorities.<sup>11</sup>

The conference led to the 1927 Marketing of Primary Products Act. This legislation allowed growers of a commodity, by a two-thirds majority (a requirement inserted by the Legislative Council) at a ballot, to establish a compulsory pool that would purchase all the produce of the sector from farmers and sell it to the public. Each pool would have a five-member board, of which three, including the president, were producers' representatives. The boards could not expend money for political purposes or affiliate to any organisation that supported a political party. The two-thirds majority requirement crippled the legislation. Nine ballots (two for wheat) were held and only one recorded a majority against, but ballots of butter, millet and wheat producers (despite the belated support of the FSA for the latter) failed to gain the required percentage. Boards were established only for rice, eggs and honey.<sup>12</sup>

Producer interest in organised marketing grew in the late 1920s, as a result of falling international commodity prices, and falling consumer demand. Producers sometimes increased production in response to falling prices, and growing unemployment led some unemployed to take up small-scale agriculture, with their developmentalist focus Australian governments encouraged increased agricultural production.<sup>13</sup> In the 1930 election campaign Labor made general appeals to farmers as a whole, but particularly dairy and wheat farmers.

The public sector also provided direct financial assistance to agriculture through the Rural Industries Branch (RIB), a division of the Agriculture Department, established in 1919 to assist farmers through the drought of that year. The Branch did not advance money direct to farmers but paid storekeepers who had supplied goods to farmers on credit. To secure assistance farmers were required to grant the Branch a lien over next year's crop, although only in extreme cases was this lien extended to the property itself.<sup>14</sup>

No other industry received direct government financial support, as did agriculture through the RIB. A correspondent to *Labor Daily* complained that it supported farmers rather than

<sup>11</sup> Shogren, 'Agriculture 1915-29', in Murphy, *Labour in Power*, pp. 187-91. A.G. Whitlam, 'Marketing Organisation', in Copland, *Economic Survey*, p. 117. R. C. Mills, 'Conference of Producers and Consumers', *Economic Record*, vol. 2 (1926), pp. 276-77. The Queensland Council of Agriculture, peak council of state-sponsored marketing boards, appeared in the state Industrial Court to oppose AWU wage claims (Fitzgerald, *Labour in Queensland*, pp. 94-100).

<sup>12</sup> Rural Reconstruction Commission, *A General Rural Survey*, the Commission, Canberra, 1944, p. 272. Wool was excluded and provision was made in other legislation for dried fruit and fresh milk (Smith, *Marketing*, p. 80). Marketing of Products Act No. 34 of 1927 s. 7 (1) and (2), s.8. *SMH*, 13.5.31, p.9. Graham, *Country Parties*, p. 243.

<sup>13</sup> DPI, *Report...1932*, p. 6. C. P. Kindleberger, *The World in Depression 1929-1939*, University of California Press, Berkeley, 1973, p. 83. Butlin, *Government and Capitalism*, p. 81.

<sup>14</sup> *NSWPD*, vol. 125, p. 1670. Buttenshaw, 4.4.31. *NSWPD*, vol. 128, p. 4328. Dunn, 15.7.31; p. 5027. Dunn, 5.8.31. *RCW, Second Report*, p. 103, *CPP*, 1934-37, vol. 4, pt. 1. AONSW 77462.1, Agriculture. Deputations to the Minister, Wheatgrowers Association 12.1.32. *SMH*, 19.11.30, p. 13.

agricultural labourers. Policy-makers justified direct support for agriculture on the grounds it was necessary to keep farmers on the land and boost export income.<sup>15</sup>

### 3. The pattern of land settlement

Land settlement policy had the potential to divide Labor. Party moderates were aware that encouraging more people on the land was a popular cause, but many Labor activists, although supporting closer settlement, believed expansion of private freehold was undesirable. In practice they argued farmers who nominally owned land found themselves in bondage to banks. Labor attitudes were also influenced by radical advocacy of land nationalisation and support for co-operative farming measures. Labor MPs were aware that farmers preferred freehold and feared the electoral consequences if Labor ceased freehold sales. Australian farmers attachment to land was economic, rather than sentimental, and many hoped to profit through land sales. The Holman Labor government had been forced to back down on plans to cease freehold land sales as a result of backbench opposition, in particular from Dunn.<sup>16</sup> Labor's Lands Minister in 1930-32 was William Tully. His electorate was dominated by the railway town of Goulburn. Tully had supported Lang in the party struggles of 1926-27. He was not a personal devotee of the Premier, such as McGirr, but his approach was statist, speaking for small settlers (or so he thought) as well as for potential settlers.

In the late nineteenth century NSW parliaments had legislated constantly on land policy leading to a wide variety of tenures by 1930 most land suitable for cultivation had been alienated.<sup>17</sup> Freehold tenure dominated the agricultural eastern and central divisions of the state, but leasehold dominated the pastoral western division:

<sup>15</sup> *LD*, 11.12.30, p. 8. A. C. Davidson, General Manager, Bank of New South Wales to J. H. Scullin, Prime Minister, 22.1.31, in RBA, *Documents*, pp. 258-59. Blainey, *Gold and Paps*, p. 339. This conviction revealed a lack of attention to how fixed capital depreciated in industry. In vain the Tasmanian Premier argued it was vital for his state to keep tin miners on their mines as to keep farmers in the field (*Premiers' Conference June 1931*, p. 24 (McPhee)).

<sup>16</sup> Hirst, *Adelaide and the Country*, pp. 22-23. Dicey identified this as a problem of collectivism (*Law and Public Opinion*, pp. lxxv-vi). Love, *Labour and the Money Power*, p. 43. Evatt, *Holman*, pp. 207-220. Childe, *How Labour Governs*, pp. 23-24. Rydon, *NSW Politics*, pp. 71-73. Graham, *Country Parties*, p. 80. Queensland Labor in government had the granting of freehold title ceased (C. Hughes, 'Land Settlement', in Murphy, *Labour in Power*, pp. 226-27).

<sup>17</sup> C. J. King, *An outline of closer settlement in New South Wales*, Department of Agriculture, Sydney, 1958, pp. 187, 240. Bland, *Shadows and Realities*, p. 239. Roberts, *Land Settlement*, p. 409. Department of Lands, *Report... 30 June 1930*, p. 3 *NSWPP*, 1930-32, vol. 1.



Table 9.1 Land tenure in NSW as of 30 June 1931 (acres)

## Land Tenure in NSW as of 30 June 1930 (acres)

|               | Western Division | Rest of state |
|---------------|------------------|---------------|
| Freehold      | 2,128,947        | 92,087,501    |
| Leasehold     | 77,206,107       | 11,522,444    |
| Not alienated | 983,654          | 14,107,847    |

(OYB 1930-31, p. 328).

## 4. New South Wales agriculture in 1930

In 1930 Labor party officials believed rural voters were more likely to change their vote than those in Sydney and the agricultural focus of its campaign pleased country Labor candidates. Labor argued Australian farmers could never compete against other countries that would lower their wages more, and instead they should look to the home market of well-paid regularly employed workers in secondary industry that Labor would establish. 'Organised marketing' would protect the farmer as arbitration did the wage earner and eliminate unproductive middlemen. To develop policy Labor would hold another conference of producers; a 'farmers parliament'.<sup>18</sup>

The burden of falling export wheat prices due to world overproduction fell particularly heavily on new, frequently heavily indebted farmers, in marginal country such as western NSW. The Scullin government encouraged farmers to grow more wheat to boost export income but legislation for a guaranteed price and a national compulsory wheat pool failed in the Senate.<sup>19</sup>

<sup>18</sup> SMH, 22. 10. 30, p. 10. ALP Leaflet 1930, No. 3. LD, 24.9.30, p. 14 (Lang's rural policy speech). Martin Diary, 23.9.30. W. F. Dunn, *Second Producers' and Consumers' Conference*, Government Printer, 1931, p. 2.

<sup>19</sup> RCW, *Second Report*, pp. 17-21. G. Whitwell & D. Sydenham, *A Shared Harvest: The Australian Wheat Industry, 1939-1989*, Macmillan, Melbourne, 1992, pp. 15-16. E. Dunsdorfs, *The Australian Wheat-Growing Industry 1788-1948*, University of Melbourne Press, Melbourne, 1956, p. 425. R. F. I. Smith, 'The Scullin Government and the Wheatgrowers', *Labour History*, 26 (1974), pp. 52-56. Schedvin, *Great Depression*, pp. 146-49.

Table 9.2 Weighted average prices per bushel, Australian wheat (s)

## Weighted Average Prices Per Bushel Australian Wheat (s)

|         |     |
|---------|-----|
| 1928-29 | 4.5 |
| 1929-30 | 4.2 |
| 1930-31 | 2.2 |
| 1931-32 | 3.1 |
| 1932-33 | 2.5 |

(Royal Commission on the Wheat, Flour and Bread Industries (RCW), *First Report*, p. 119, CPP, 1932-34, vol. 4, pt. 2).

In the 1930 election campaign Labor believed Senate rejection of the wheat pool would alienate wheat farmers from the Coalition. Many wheat farmers were unhappy with the Senate vote but this did not automatically imply they would support Labor, the party of high wages and tariffs.<sup>20</sup>

Labor struggled to explain its home market policy. Lang explained that wheat surplus to the requirements of the home market would be sold at world prices. Critics argued the home market was limited and that Labor would have to directly subsidise exports. Labor incautiously reminded voters of high wheat prices that had coincided with Labor governments, as in 1925-27 when farmers received 7.5s a bushel for wheat. Labor did not explicitly promise these prices but it could hardly complain some voters took it as a promise.<sup>21</sup>

The dairy industry relied on family labour and was particularly prone to overproduction as output could be increased without additional labour having to be hired. Most milk was made into butter, which had a national price support scheme.<sup>22</sup>

The original impetus for state government regulation of the dairy industry, which began in 1886, was public health. Milk quality was still an issue in 1930. Urban growth and improved refrigeration meant that by 1930 only a quarter of Sydney's milk supply was from metropolitan dairies. Country milk was delivered to Sydney by milk distributing companies who took delivery of milk from farmers at the farm gate or at railway stations. Prior to the establishment of the

<sup>20</sup> LD, 22. 9. 30, p. 6. 26. 9. 30, p. 5. 30. 9. 30, p. 6. LD, 10.9.30, p. 5. 22.9.30, p. 6. 26.9.30, p. 5. 30.9.30, p. 6. 4.10.30, p.9. 11.10.30, p. 6. Trethowan, a Country Party MLC Trethowan paid tribute to the federal government's wheat proposals and condemned Nationalist actions (FSA, *Proceedings of the 37th Annual Conference*, p. 39).

<sup>21</sup> SMH, 24. 9. 30, p. 14. Sydney Mail, 8.10.30, p. 6. The Sun, 11.10.30, p. 11 (ALP advertisement). LD, 20. 10. 30, p. 7. NSWPD, vol. 124, pp. 25. Dunn, 26.11.30; p. 218. Chaffey, 4.12.30.

<sup>22</sup> Metropolitan Milk Board, *Report...30 June 1931*, p. 2. NSWPP, 1930-32, vol. 5. Department of Agriculture, *Report...30 June 1931*, pp. 21-22. A sign of the extent to which dairying relied on family labour was that the value of fixed capital fell more proportionately than any other agricultural industry (*Production Bulletin*, no. 26, 1931-32, tables 57, 62. Contemporary observers noted that farmers failed to replace machinery (Peter, Social Aspects, p. 52). Smith, *Marketing*, pp. 113-15, 205. Brigden, *Australian Tariff*, pp. 68-73.

Metropolitan Milk Board in 1929 prices to farmers were settled by negotiations between the country milk suppliers association and distributing companies.<sup>23</sup>

The Metropolitan Milk Board was a deformed child of Lang's first government. Several inquiries had recommended the establishment of a regulatory agency for the milk industry but it was the Lang government that introduced legislation after the Bathurst conference. The Bavin government modified Labor's bill. The Board would regulate the control and supply of milk within the metropolitan area, declare a minimum price for the producer and regulate milk retail prices. The bill altered Labor's proposals in not enabling the board to engage in the wholesale or retail distribution of milk, and in creating an unwieldy nine-member board. Four members were to be elected by producers and there were five government appointees. These five appointees included a chairman, two representatives of consumers and two non-voting advisory representatives of the distributing companies. The ability of the Board to effectively regulate the industry was constrained by a legislative requirement that it had to consider the costs and profits of existing agencies. The Board raised hopes among producers, but failed to deal with the resistance of distributing companies and milk overproduction. From 1928-29 to 1931-32 milk production rose 19.8%.<sup>24</sup>

In its first declaration of prices on 15 August 1930 the Milk Board rejected producer demands for higher prices, and referred to the extent of distress in Sydney as a result of the Depression. It argued that returns to farmers could best be increased by the enforcement of an effective minimum price that distributing companies must pay to farmers. The resistance of the distributing companies doomed this aspiration. They evaded the Act by claiming to be agents of milk farmers rather than merchants. Labor claimed, both before and after the 1930 election, that the presence of company representatives on the Board discouraged it from a challenge to the companies and that prices were up but producers were not better off. The Board did initiate legal action in December 1930.<sup>25</sup>

Overproduction was less a problem in the meat industry, although per capita consumption of meat fell, but the complex marketing system in the industry inspired producer distrust. Unlike the wheat and dairy industries meat industry employees were highly organised in the Australasian

<sup>23</sup> OYB 1929-30, pp. 706-07. M. Lewis, 'Milk, mothers and infant welfare', in Roe, *Twentieth Century Sydney*, pp. 199-200. Margaret Simpson, independent candidate in the April 1931 Annandale by-election, called for better milk quality (*The Sun*, 18.4.31, p. 3). The Communist Party called for councils to establish milk depots to guard against adulteration (UMA, North Broken Hill, Committee of Barrier Mines, Item 10. Memos 117-125. May 1931 to January 1932, Broken Hill. Municipal Elections. Communist Party Platform). For reports of contamination: *Truth*, 25.10.31, p. 12. 20.12.31, p. 13. Milk Board, *Report...1931*, p. 10. Wadham, *Land Utilization*, p. 191. Investigator under the Milk (Investigations) Act 1936 (IMA), *Report*, p. 103. *NSWPP*, 1937-38, vol. 5. *SMH*, 9.6.31, p. 7.

<sup>24</sup> IMA, *Report*, pp. 4-5. Milk Board, *Report...1931*, p. 4. *Production Bulletin*, no. 26, 1931-32, table 58.

<sup>25</sup> Milk Board, *Report...1931*, pp. 4, 7. *NSWPP*, vol. 124, p. 212. McGirr, 4.12.30. *NSWPD*, vol. 130, p. 6594. W. Davies, 28.9.31, Davies, p. 6594. 28.9.31. On the 1930 election campaign: *LD*, 17.10.30, p. 4. *NMH*, 4. 10. 30, p. 8. *SMH*, 17. 10. 30, p. 12. 1930 ALP leaflet 1930 No. 6.

Meat Industry Employees Union, with 8,485 members in 1930. The union's federal secretary Frederick Hutt was close to Garden and a Labor candidate in the 1930 election.<sup>26</sup>

In 1929 89% of cattle slaughtered and 91% of cattle slaughtered in NSW were for domestic consumption. The regulatory agency was the Metropolitan Meat Board established in 1915 and under the responsibility of the Minister for Health. The Meat Industry Act 1915 empowered the Board to maintain an abattoir and sale yards and slaughter, sell and export cattle. Successive Boards were concerned with health rather than the structure of the industry.<sup>27</sup>

The Cattle Slaughtering Act 1902 restricted the slaughter of livestock for food to licensed premises. In 1930 there were 1,057 licensed premises but few were major abattoirs, most were tiny country slaughterhouses or farms that killed for home consumption. Almost no meat for export was slaughtered on farms. The dominant abattoir in the state was the Homebush State Abattoir, which in 1930 processed 3.27m livestock, out of 7.41m killed in New South Wales, which made it the busiest abattoir in the world.<sup>28</sup>

The Board operated freezing works at the abattoir but it did not employ slaughter men directly; instead it rented space to the carcase butchers who employed their own staff. Retail butchers purchased their meat from the carcase butchers. The Board maintained the Flemington sale yards where stock, having been transported from the country, was purchased at auction by carcase butchers. The Board's reliance on carcase butchers contrasted with Brisbane and Adelaide where meat boards directly employed staff.<sup>29</sup>

The Meat Act authorised two private abattoirs in the Sydney metropolitan area but the Board believed Homebush should be the only Sydney abattoir. The restriction of the number of establishments facilitated health regulations but also reduced competition to the carcase butchers. Outside the County of Cumberland and Newcastle slaughtering took place at private abattoirs,

<sup>26</sup> Registrar of Trade Union, *Report...1930*, p. 27 (this includes membership of the Newcastle branch). Peter, Social Aspects, p. 57. E. A. Beever, A History of the Australian Meat Export Trade, 1865-1939 (Ph. D., University of Melbourne, 1967), p. 373. Most of the records relating to the meat industry are no longer extant. The Metropolitan Meat Industry Board published no reports of any sort after 1929, and in the late 1920s produced only brief resumes of its operations rather than comprehensive reports, and no archival records of the Board survive. No Meat Industry Union records survive for the period. There is some material in *Pastoral Review* and the Graziers' Association records. A wide range of issues pertaining to the industry were raised in the December 1932 parliamentary debates on the Meat Industry (Amendment) bill proposed by the Stevens government.

<sup>27</sup> Meat Industry Act 1915, No. 69, s.14. *OYB 1929-30*, p. 603. *SMH*, 3.3.32, p. 4 (letter from J. Cramsie, former deputy Chairman of the Meat Board). *NSWPD*, vol. 136, p. 2568. *Lang*, 1.12.32. Cramsie complained that producers showed little awareness of the finances of the Meat Board or its true costs (*SMH*, 29.9.31, p. 8).

<sup>28</sup> Agricola, 'The Australian Meat Export Industry', *Australian Quarterly*, vol. 3 (1931), pp. 83-84, *OYB 1930-31*, pp. 262-63. *SMH*, 28.4.32, p. 8. Published figures understate the number of animals killed, as there was some illegal slaughtering to escape abattoir fees (*SMH*, 6.10.31, p. 8).

<sup>29</sup> *OYB 1929-30*, pp. 604, 703. *PR*, vol. 41 (1931), p. 1062. *PK*, vol. 42 (1932), p. 99. *RCM1, Report*, p. 4. *NSWPD*, vol. 136, p. 2566. Weaver, 1.12.32. A parliamentary committee in 1940 concluded the abattoirs was rundown and a poor working environment (*SCAHS, Report*, pp. xlv, xlix).

subject to police and Board of Health inspection. In Newcastle there was a municipal abattoir controlled by a board representing local councils, established by Labor in 1912.<sup>30</sup>

Producer critics accused the Meat Board of never effectively exercising its statutory powers of control over the abattoir. The history of the Board revealed a lack of industry expertise and rapid membership turnover. In 1930 the Board comprised John Osborne, a former Labor MP appointed by Holman in 1919, J. B. Cramsie who had been responsible for the design of the Homebush abattoir, appointed by the previous Lang government, and Sydney Morris, a medical practitioner appointed by the Bavin government.<sup>31</sup> None of these men, or their predecessors, could claim expertise in the meat industry.

The most controversial element of the meat industry were the carcase butchers, widely identified as unproductive middlemen. The FSA believed there was no effective competition among carcase butchers at the Flemington auctions and claimed they controlled retail butchers. Graziers' Association president Frederick Tout supported the auction system, but admitted it was opposed by many graziers.<sup>32</sup> The Association preferred to stress the impact of wages on butchers' costs. Homebush selling agents accused producer critics of 'Sovietism'.<sup>33</sup> Some producers believed carcase butchers and workers had a common interest in exploiting the producer and that butchers provoked strikes to break inconvenient contracts.<sup>34</sup> Cramsie admitted producer discontent, but defended the competition at the yards and proposed instead distribution costs be reduced by the introduction of licensing butcher shops and reducing their number. This proposal won the support of consumer representatives at the Bathurst conference and the April 1931 ALP conference. Cramsie claimed it was under consideration by the government but it was never publicly raised by any cabinet member.<sup>35</sup>

The carcase butchers and export agents argued their margins were not excessive particularly when costs, particularly wages, were acknowledged. The perishable quality of meat gave workers

<sup>30</sup> Metropolitan Meat Industry Board (MMIB), *Resume of the Operations...for the Year ended 30th June 1929*, p. 3. *NSWPP*, 1929-30, vol. 4. *PR*, vol. 41 (1931), p. 1062. *NSWPD*, vol. 136, p. 2578. 1.12.32. Ross. *OYB* 1929-30, p. 703.

<sup>31</sup> *NSWPD*, vol. 136, pp. 2562-63. Weaver. 1.12.32; p. 2579. 1.12.32. Ross. Lang. *I Remember*, pp. 304-05. A Country Party MP claimed the Abattoir was inefficiently designed and overcapitalized (*NSWPD*, vol. 136, p. 2574. Wade. 1.12.32).

<sup>32</sup> *SMH*, 25.9.31, p. 7 (Nock). NBAC, New Zealand Loan & Mercantile Finance Company Ltd. Sydney Office, N2, Item 3-5, Superintendents Special Letter Books. 1927-34, Item 4, Book 58, Superintendent, Sydney to Superintendent, Melbourne 18.11.30 (letter 790). Grazer suspicion of middlemen had existed for decades (Merritt, *Voluminous Squatter*, pp. 112-13). Similar concerns in the about vertical integration in the American meat industry led to demands for extension of public ownership and in 1918 the Federal Trade Commission called for public ownership of stockyards (L. Corey, *Meat and Man: A Study of Monopoly, Unionism and Food Policy*, Viking Press, New York, 1950, pp. 76-88). The diabolical 'American meat trust' was a staple of Labor rhetoric (*LD*, 9.11.31, p. 6).

<sup>33</sup> NBAC, E256/1333, Graziers' Association, Local Secretary's Circular, November 1930 to December 1931, Report of Meat Committee to be submitted at 14th annual conference, April 1931; Conference between Producers Associations, central council and representatives of the 'Homebush selling agents' 3.12.30.

<sup>34</sup> *NSWPD*, vol. 136, pp. 2572-73. Wade. 1.12.32. Former AMIEU official Frank Pollard later claimed butchers incited industrial disputes to evade contracts (*NSWPD*, vol. 136, p. 3257. 20.12.32. Pollard).

<sup>35</sup> J. Cramsie to Under-secretary Premiers' Department 24.3.31, B20, Premiers Department Correspondence, 1931 A31 to 140 9/2017. *SMH*, 7.4.31, p. 10. 29.4.32, p. 10 (Cramsie). 14.5.31, p. 7.

bargaining power and their output restrictions and indiscipline were criticised by employers, farmers and Industrial Commissioner Piddington. Labor argued labour costs were only a tiny portion of producers' expenses.<sup>36</sup>

Suspicion of the carcase butchers was linked to another key producer concern: the fact that transporting livestock to Flemington was expensive and reduced meat quality.<sup>37</sup> Many producers supported the establishment of abattoirs in rural areas closer to farms; an option known as 'country killing'. In 1930 slaughtering outside the County of Cumberland was undeveloped: of the 1,208,386 sheep and lambs killed in country abattoirs, only 288,833 were slaughtered at establishments that killed more than 100,000 a year. Meat exporters argued country works would fail due to high transport and freezing costs, being idle outside their seasonal use, and shortages of water and skilled labour.<sup>38</sup>

For unions and some Labor MPs the solution to the excessive power of the carcase butchers was for government to undertake slaughtering of stock and distribution of meat. This would end the exploitation of consumers, retail butchers and producers by the carcase butchers. This proposal would not have attracted the sympathy of the Graziers' Association or the Country Party, who could foresee an inefficient state enterprise unduly sympathetic to unions, but it might have won some producer support.<sup>39</sup>

## 5. Pluralist corporatism: farmers and the Department of Agriculture

Dunn was an active minister. But his success was confined. His political position was stronger but this did not result in a better outcome for farmers.

### (a) The failure of financial assistance

Central to Labor's 1930 election campaign was a promise to re-enter the loan market. It planned that some loan proceedings would be allocated to the RIB, which in December 1930 was assisting 7000 wheat farmers who owed £1.5m to the RIB. In discussions at the November Loan Council

<sup>36</sup> *SMH*, 19.11.30, p. 13 (Piddington). 27.1.31, p. 9. 29.9.31, p. 7. 21.4.32, p. 9. *PR*, vol. 41 (1931), pp. 958, 1062. SCICAB, *Evidence*, q. 3787 (J. Bryce, Meat Exporters Association). *NSWPD*, vol. 130, pp. 6462-63. McGirr. 23.9.31.

<sup>37</sup> *SW*, 28.2.31, p. 3. Travel to abattoirs did more damage to Australian than New Zealand meat but Australia's major problem was that meat had to be frozen for the journey to Europe unlike Argentine meat which could be chilled for the shorter journey (Smith, *Marketing*, pp. 221-22. S. Wadham, 'The Pastoral Industries', in Copland, *Economic Survey*, p. 47).

<sup>38</sup> *OYB* 1930-31, p. 263. *SMH*, 9.4.31, p. 10. 10.4.31, p. 7. 29.4.32, p. 10. FSA, *Proceedings of the 37th Annual Conference*, p. 48. NBAC, E256/1333, Graziers' Association, Local Secretary's Circulars, November 1930 to December 1931; Minutes of meeting of General Council 21.10.31, Memo for Council members from NSW Meat Exporters Association 20.10.31. Agricola, 'Meat Export', pp. 86-88.

<sup>39</sup> *SMH*, 28.11.30, p. 11 (AMIEU). *NSWPD*, vol. 124, p. 683. 18.12.30. Keast. The union considered the Meat Board biased (*SMH*, 17.11.30, p. 9).

Lang included support for farmers as one use to which NSW would put new loan funds raised outside the Loan Council.<sup>40</sup>

I have argued earlier that Lang's victory resulted in a shift in conservative rhetoric away from defending fiscal orthodoxy as an end in itself to the argument that it was necessary to restore business confidence. The Loan Council's initial response in February to Lang's repudiation was to claim that it made impossible earlier plans to raise a loan for wheatgrowers. The Council quickly dropped this negative position. The April Loan Council decided to investigate raising a loan for wheat farmers, with the expectation the Commonwealth would directly allocate relief to NSW farmers.<sup>41</sup>

The RIB's activities were drastically restricted due to the government's fiscal crisis. Its activities were restricted to wheat farmers to ensure they put in next year's crop. In 1930-31 the RIB expended £18,206 and in 1931-32 £17,970.<sup>42</sup>

Direct financial support to farmers would have been a more efficient way of assisting farmers in need and it would have imposed a lesser burden on consumers than marketing schemes that increased prices. If farmers had seen their well-being as directly dependent on public subsidies and state concessions they, like state employees, would probably have been more likely to support Labor, and this was probably the case for irrigation farmers and soldier settlers.<sup>43</sup>

Labor's support for currency inflation and loan raising sought to enlarge the resources available for both producers and consumers. At a conference of Agriculture Ministers and wheat industry representatives shortly after Lang's election Dunn had proposed that a loan be raised to assist necessitous farmers and that a relatively low tax be imposed on flour to repay the loan. The tax would not be so high as to increase bread prices. Farmers however rejected this proposal and preferred a higher tax to directly fund assistance. With the loan option ruled out Lang's government was forced back to proposals that increased prices to consumers to benefit farmers.<sup>44</sup>

<sup>40</sup> NSWPD, vol. 124, p. 273. Drummond, 5.12.30. SMH, 25.11.30, p.9 (Dunn). A Labor MLC and storekeeper suggested borrowing abroad for the RIB (NSWPD, vol. 124, p. 38 Alam, 27.11.30).

<sup>41</sup> Loan Council, 7.2.31, pp. 1-2, 25-26.2.31, p. 4, 23-26.4.31, p. 2. *Premiers' Conference February 1931*, p. 25. SMH, 2.3.31, p.9.

<sup>42</sup> NSWPD, vol. 124, p. 777. Dunn, 21.1.31. NSWPD, vol. 125, p. 2203. Dunn, 25.3.31. Department of Agriculture, *Report...30.6.32*, pp. 8-9. The financial crisis ended the activities of the Government Guarantee Board, established in December 1929 to guarantee loans to settlers, which ceased the issue of new guarantees from January 1931 on instructions from Treasury (AONSW, Government Guarantee Board, 5/3159, Minutes 1930-35, undated note [January 1931] on first page. Government Guarantee Board, *Report...23.12.31 to 22. 12.32*, p. 1 NSWPP, 1932-35, 3rd session (one volume).

<sup>43</sup> Concern about the political implications of subsidy schemes impelled the attempts of the Producers' Advisory Council and the Bank of New South Wales to develop commercially viable plans for rural support, but with little success (Holder, *Bank of New South Wales*, pp. 702-03). The American Farm Bureau, the dominant and conservative farmer group, opposed subsidy schemes, which might have done more to assist poorer farmers, and imposed less of a burden on consumers, in favour of price support (Badger, *New Deal*, p. 174).

<sup>44</sup> Little detail of the discussions at the conference was reported in the press (SMH, 12.11.30, p. 13, 13.11.30, p.9. *The Bulletin*, 19.11.30, p. 10). Subsequent comments by Dunn disclose more information: NSWPD, vol. 125, p. 1655. Dunn, 4.1.31. *Premiers' Conference June 1931*, p. 21 (Dunn).

The Flour Acquisition bill of March 1931 provided that all stocks of flour held by millers, bakers, storekeepers and other prescribed persons was compulsorily acquired by the government. Flour was then sold back to the previous holders at higher price than the purchase price and the proceeds applied to farmers' relief. The price of acquisition was set by a committee representing government, flour millers and master bakers, and if required a committee could set retail prices for wheat products, such as bread. This latter provision revived the wartime price regulation of bread in effect from 1915 to 1921. The bill was opposed in caucus by some rural MPs who preferred an approach to the Loan Council to raise a loan for farmers.<sup>45</sup>

The legislation enabled flour to be brought at £7.25 a ton and sold at £10 a ton and raised about £430,000 in nine months for farmers' relief. The FSA and the Country Party welcomed higher prices for urban consumers. Lang claimed that city unionists had accepted higher prices without a murmur.<sup>46</sup> This was an exaggeration. C. E. Martin and inner-Sydney MP Clyne tried unsuccessfully to convince caucus there should be consumer representation on the committee that determined flour acquisition prices.<sup>47</sup>

#### (b) Marketing reform of marketing and the wheat pool ballot

Labor's first initiative in agricultural marketing was to facilitate the formation of marketing boards easier. In January 1931 legislation was introduced to enable the formation of a board by a simple majority of growers, subject to three-fifths voting. The legislation also enabled boards, with government permission, to engage in the manufacture of products prepared by their members. In defence of this legislation Labor pointed to the failure of referenda that had received a majority of votes but less than two-thirds. The bill fulfilled Dunn's promise to the FSA to retain producer domination of marketing boards. FSA support led the Legislative Council to reluctantly accept a simple majority.<sup>48</sup>

<sup>45</sup> NSWPD, vol. 125, pp. 1620-21. Dunn, 3.3.31; p. 1660. Dunn, 4.3.31. Flour Acquisition Act No. 10 of 1931. Royal Commission of Inquiry into Bread Prices in the State of NSW (RCBP (2)), *Report*, p. 6, NSWPP, 1934-35, vol. 3. Martin Diary, 27.1.31.

<sup>46</sup> F&S, 7.3.31, p. 1. SMH, 15.3.31, p. 12. NSWPD, vol. 125, p. 1666. Buttenshaw, 4.3.31. NSWPD, vol. 131, p. 7637. Dunn, 22.12.31. In 1932 there was paid to the Necessitous Farmers' account £439135 slightly more than received from flour sales (Department of Agriculture, *Report...30 June 1932*, p. 10).

<sup>47</sup> Martin Diary, 6.3.31. LD, 23.1.31, p. 1, 24.1.31, p. 5. NSWPD, vol. 125, p. 1673, 4.3.31. Clyne, p. 1708, 5.3.31. Martin, p. 1709, 5.3.31. Dunn. Left wing rebels in the Victoria Labor government also wanted consumer representation in price fixation (Pook, *Depression and Government*, p. 160). Lang Labor federal MPs raised similar complaints in their response to 1933 federal legislation to assist farmers (Speeches from Beasley and Garden in 1934 in D. B. Copland & C.V. Jones, *Australian Marketing Problems: A Book of Documents 1932-37*, Angus & Robertson, Sydney, 1938, pp. 292-94). In 1935 dissent from urban UAP members on the issue of wheat price support was one of the first signs of the tensions within the UAP that destroyed it, a backbench rebellion forced the Stevens government to include a consumer representative on the price-setting body (McCarthy, *State Election 1938*, pp. 9, 12).

<sup>48</sup> NSWPD, vol. 124, pp. 770-71. Dunn, 20.1.31. AONSW 77462.1, Agriculture. Deputations to the Minister, FSA deputation, 12.2.31, p. 3. SMH, 13.5.31, p. 12. NSWPD, vol. 125, p. 1404, 24.2.31. (20 to 17 against simple majority); p. 1793, 11.3.31. Boyce accepts simple majority on grounds of FSA support.



The FSA's support for Labor's marketing reforms revealed a limited rapprochement with the government. The FSA was an affiliate of the Country Party and its chairman Arthur Trethowan was a Legislative Councillor and a trenchant critic of Lang. Unlike some more recent Labor ministers Dunn did not seek the support of dissident producer groups but conciliated the FSA. This was despite the discontent of wheat farmers with the FSA that led to the formation of alternative wheat farmer organisations, strongest in the marginal south and southwest, which stressed their political independence and accused the FSA of being ineffective.<sup>49</sup>

Dunn's response to disputes within marketing boards displayed sympathy to established producer interests. Elected board members often lacked business ability and once constituted boards could struggle to develop policies and objectives. New producers flocked into the egg and honey industries and claimed they were not represented by the boards. Labor MPs and *Labor Daily* supported their criticisms of the existing boards.<sup>50</sup> The Director of Marketing, an employee of the Agriculture Department, was a member of all boards but Dunn insisted his role was facilitative not directive. Dunn deprecated complaints against Boards, and insisted that he, as Minister, did not control them, and that dissident producers should vote for new board members, although he established an inquiry that rejected claims of corruption in the Honey Board.<sup>51</sup>

Dunn's moderate Labor position that supported producer self-government and sought good working relations with the FSA was represented by the May 1931 Bathurst conference of producers and consumers convened in fulfillment of Labor's election pledge. This innovative venture attracted enquiries from the German and American governments. In the conference program Dunn explained the development of co-operative marketing would end 'inefficient marketing and distribution' and benefit both farmers and consumers. Diagrams in the program illustrated the gap between farm and retail prices. Two hundred delegates (only five women)

<sup>49</sup> Department of Agriculture, *Report...30 June 1930*, p. 13. Smith, *Wheatgrowers' Organisations*, pp. 93, 107, 106-110, 112, 130. John Chanter, foundation president of the Wheatgrowers' Union, sought Country Party pre-selection in 1931, although he was an ALP MP in 1943-47. The absence of any statistical correlation between wheat farmers and the ALP vote casts into doubt the assumption that these rebel organisations were necessarily pro-ALP. They are comparable to more recent rural protest group, such as the Cattlemen's Union formed in 1979. This organisation (which launched Ric Farley's public career) combined militant direct action protests such as shooting cattle and a willingness to occasionally make favourable comments about some ALP ministers, with attacks on the 'squatterocracy' dominating the United Graziers' Association. But it was also strongly opposed aboriginal land claims and expressed admiration for Bjelke-Petersen. Unlike One Nation however its membership were strong supporters of free trade as rural exporters (P. Schmalkuche, *Cattlemen's Union: The First Decade*, Brolga Publishing, Mooraka, 1987?, pp. 74, 134-36, 229-34). The Wran Labor government accepted the proposals for meat marketing of the Cattlemen's Union (K. Richmond, 'The Major Rural Producer Groups in New South Wales', in R. Scott, ed., *Interest Groups and Public Policy*, Macmillan, Melbourne, 1980, p. 81).

<sup>50</sup> RRC, *Commercial Policy*, pp. 34-35. RCW, *Second Report*, p. 177. SMH, 15.5.31, p. 9. 18.7.31, p. 9. 20.10.31, p. 10. 11.11.31, p. 9 (C. E. Martin). 1.2.32, p. 7. 16.3.32, p. 11. 19.3.32, p. 11 (Kelly). *Daily Telegraph*, 27.5.31, p. 9. LD, 5.12.30, p. 9. 16.3.31, p. 8. 13.6.31, p. 6. 23.4.31, p. 7. 26.6.31, p. 4. 17.3.32, p. 7. AONSW 7/7462.1, Agriculture. Deputations to the Minister, Deputation of beekeepers 1.10.31, p. 1; United Beekeepers to Under-secretary, Department of Agriculture, 3.2.32. Department of Agriculture, *Report...30.6.32*, p. 27. NSWPP, 1932-35, 2nd session, vol. 1.

<sup>51</sup> AO 9/2035, Premier's Department Correspondence 1931, B197, Dunn to Lang, 20.1.31. SMH, 1.2.32, p. 7. NSWPD, vol. 126, p. 2364. 29.4.31. Dunn. NSWPD, vol. 127, p. 3971. Dunn. 7.7.31. NSWPD, vol. 128, p. 4328. Dunn. 15.7.31. NSWPD, vol. 131, p. 7668. Dunn. 23.2.31. The Honey Board was wound up consequent on the election of members pledged to its abolition (OYB 1931-32, p. 704. SMH, 23.4.32, p. 13). Producer discontent led to a drastic turnover of members on the rice board (Department of Agriculture, *Report...30 June 1932*, p. 16).

attended: 160 from primary industries, and 40 consumers' delegates, including seven chosen by the Labor Council, and five from unions not affiliated to the Labor Council. Dunn was unapologetic that producers outnumbered consumers.<sup>52</sup>

The direct election of producers' delegates by meetings of producers was a potential challenge to the existing producers organisations, but the meetings attracted little attention and rubber stamped members of established organisations. The FSA took the conference seriously, reflecting the concern of its wheat farmer base, and several executive members attended.<sup>53</sup>

The deteriorating political climate threatened Dunn's agenda of an accommodation with the FSA. When Lang addressed delegates some laughed at his reference to a guaranteed price for wheat after the extravagance of Labor's election promises had been exposed, but Lang promised that the government would follow the advice of the conference. Two consumers' delegates (chosen by the Labor Council) were Communists who distributed a pamphlet denouncing the conference as a fraud, and argued for marketing under control of workers and farmers. Another Labor Council delegate argued the real basis of the rural crisis was the crisis of capitalism.<sup>54</sup>

The conference was harmonious. Most of its four days were occupied by the deliberations of 28 subcommittees that reported back to a final session. Their conclusions generally supported organised marketing. The FSA-dominated wheat committee agreed with this position but the committee for meat and wool echoed the Graziers' Association position in opposing any stabilisation scheme.<sup>55</sup>

Dunn soon found his success in wooing the FSA leadership failed at the level of the rank and file when wheat farmers voted on whether to support a state wheat pool under the recently amended marketing legislation. Throughout the 1920s wheatgrowers were divided on the issue of compulsory pooling. In 1928 the FSA eventually came out in support of a compulsory pool, despite the continued opposition of many in the Country Party. In 1931 a majority vote for a wheat pool was considered a foregone conclusion after the marketing legislation was amended to

<sup>52</sup> AONSW 9/2035, Premier's Department Correspondence 1931, B116, Secretary Primary Producers' Union to Lang, 8.1.31, Hay to Secretary Primary Producers' Union, 4.2.31. Dunn to Lang, 19.11.31. Dunn, *Conference*, p. 17. SMH, 12.5.31, p. 10. LD, 21.4.31, p. 6. *Red Tape*, vol. 5, no. 5 (1931), p. 124. NSWPD, vol. 126, p. 2321. Dunn. 28.4.31. Department of Agriculture, *Report...30 June 1931*, p. 15.

<sup>53</sup> SMH, 29.4.31, p. 7. 4.5.31, p. 7. 11.5.31, p. 7. 14.5.31, p. 7. 21.5.31, p. 7 (Trethowan). Similar low turnout among farmers in New Deal period for local planning committees (Badger, *New Deal*, pp. 174-75).

<sup>54</sup> SMH, 12. 13.5.31, p. 9. 14.5.31, p. 9. WW, 23.5.31, p. 1. Lang's speech at the Royal Easter Show was similarly interrupted, an event described as unprecedented (*The Sun*, 1.4.31, p. 13). The Communist Party looked to starting a campaign around its Bathurst proposals (Comintern FM4/10419, Politburo, 13.5.31). The Communists throughout this period felt their agrarian campaign was wholly inadequate (J. B. Miles at CPA 10th Congress 4-8 April 1931. ML MSS 5021 Add-On 1936 Box 4. CY Reel 3501. Central Committee Minutes 1932-35. Plenum 23-27.12.32. Enfield, p. 143. CY Reel 3381. Labor Council adopted policy of supporting collective farming (Labor Council Minutes, 30.4.31). Socialisation Units believed Soviet collectivization demonstrated the age of individual farms was past (SC, vol. 1, no. 3 (1931), p. 2).

<sup>55</sup> Dunn, *Conference*, p. 5. SMH, 12.5.31, p. 10. 14.5.31, p. 7. 15.5.31, p. 9. No report of the conference could be located in the AONSW, although some may be held overseas.

require only a simple majority. A poll commenced in July 1931. Opponents of the pool alleged it was a socialist body that would be controlled by the government. They claimed economic laws could not be violated and merchants steadied the market. False circulars, purporting to be authorised by the Communist Party, were distributed supporting the pool. Their authors were unknown but Dunn plausibly blamed wheat merchants.<sup>56</sup> Dunn avoided direct intervention in the campaign but issued statements that explained that the proposed pool would be entirely separate from the government. The FSA supported an affirmative vote. It argued growers would control the board and that if the Legislative Council was abolished, leaving the Lang government unconstrained, it would be best to have a functioning pool, rather than none which would encourage the government to implement a more radical plan.<sup>57</sup>

When the ballot was completed in August 1931 87.6% voted and only 42.7% supported the pool. The affirmative vote was highest in the struggling newer wheat areas in the west. The FSA leadership continued to defend the pool and plausibly attributed the result to anti-Lang feeling and false propaganda. Fear of Langite radicalism was certainly significant but there were always some farmers who valued their autonomy from the edicts of government or their fellow farmers. Politicians, bureaucrats and even farm organisations often underestimated the extent of rural individualism, and were surprised when producers' ballots rejected schemes that had the support of farmers' organisations.<sup>58</sup> The populist call for government regulation of agriculture could be met by an individualist call for farmers to adopt new methods of management and technology.<sup>59</sup>

<sup>56</sup> Graham, *Country Parties*, pp. 239-43. SMH, 14.5.31, p. 7. 13.6.31, p. 11. 29.6.31, p. 7. 4.7.31, p. 11. 7.7.31, p. 8. 14.7.31, p. 9. 9.7.31, p. 9. LD, 9.7.31, p. 5. NSWPD, vol. 128, p. 4328. Dunn, 15.7.31. Communists actually considered proposals for a wheat pool regimented farmers and they opposed it (*Australia's Part in the World Revolution*, pp. 18-19).

<sup>57</sup> SMH, 29.6.31, p. 7. 6.7.31, p. 7. LD, 10.7.31, p. 5.

<sup>58</sup> RCW, *First Report*, p. 19. SMH, 21.7.31, p. 5. 22.7.31, p. 9. 23.7.31, p. 7. F&S, 11.7.31, p. 1. FSA, *Proceedings of the 38th Annual Conference*, p. 6. Roberts, *Land Settlement*, p. 413. Bassett, *State in New Zealand*, pp. 353-54. RRC, *Commercial Policy in Relation to Agriculture*, p. 31-33. Financially pressed farmers often preferred to sell to merchants who offered immediate payment for grain rather than having to wait on realization of pool holdings (Smith, *Marketing*, p. 247).

<sup>59</sup> F&S, 25.4.31, p. 3. 20.2.32, p. 3. Whitwell, *Shared Harvest*, pp. 38-40. G. C. Fite, *American Farmers: The New Minority*, Indiana University Press, Bloomington, 1981, p. 238. Geoffrey Lawrence accurately predicted that the enthusiasm of representative farmer organisations for economic liberalism in the 1980s threatened to provoke a populist backlash (Lawrence, *Capitalism and the Countryside*, pp. 294-95). The ability of the National Party to survive the One Nation challenge reveals the strength of individualist ideology among farmers. This was exemplified by the comments of Celie Moar, Victorian grain farmer and ABC Rural Woman of the Year who decried One Nation's 'agrarian socialism' and called on farmers to adapt to the market and economic change (*Australian Financial Review*, 7.7.98, p. 18). In 1896 the American Democrats found that many farmers resisted their populist appeal (P. Kleppner, *The Cross of Culture: a social analysis of midwestern politics, 1850-1900*, Free Press, New York, 1970, pp. 306-15). The Department of Agriculture recorded a record number of enquiries from farmers as they sought to cut costs (Department of Agriculture, *Report...30 June 1932*, p. 28). Within a Marxist framework the division among farmers could be interpreted as between those who were petty-bourgeoisie and those who incorporated into capitalism (C. Post, 'The American Road to Capitalism', *New Left Review*, no. 133 (1982), pp. 38-44. Thorpe, *Colonial Queensland*, p. 195).

Table 9.3 Wheat pool ballots affirmative votes 1928-31 (%)

Wheat Pool Ballots Affirmative Votes 1928-31

|           | %    |
|-----------|------|
| 14/9/1928 | 44.7 |
| 13/9/1929 | 60.5 |
| 20/9/1930 | 62.8 |
| 17/7/1931 | 42.7 |

(SMH, 20.7.31, p.9).

6. State corporatism: farmers and the Department of Health

In the meat and milk industries, which came under the jurisdiction of the Health Department, Labor adopted a far more statist approach than in those under industries under the jurisdiction of the Agriculture Department.

(a) Meat

To Labor the meat industry offered a choice between definite and potential allies. The ineffectiveness of the Board and producer resentment against carcass butchers created a potential constituency among producers for government intervention, but the producers were as hostile to union power as to the carcass butchers. Meatworkers disliked the carcass butchers but their preference was for a greater state role. They would have known supporters of country killing believed rural abattoirs would be less strike-prone.<sup>60</sup> In government Labor found these interests irreconcilable.

Labor's initial response to the meat industry suggested that it favoured producer controlled marketing. In December 1930 Lang said the government was considering applying co-operative marketing to the meat industry. Meat producers at the Bathurst conference supported stockowners having predominance in any reconstruction of the Meat Board. Following a strike in November 1930 the meat workers union demanded an inquiry into the industry. The April 1931 ALP conference demanded that the government hold an inquiry to develop a strategy to improve the meat export trade, that the Meat Board absorb the role of the carcass butchers, that country killing be extended and meat inspection improved.<sup>61</sup>

The union's call was not the only voice in Labor's ear on meat policy. One of the most active campaigners for reform was Augustus Scott, a former stock and station agent, and a grazier since

<sup>60</sup> PR, vol. 41 (1931), p. 7. NSWPD, vol. 136, p. 2572. Wade, 1.12.32.

<sup>61</sup> SMH, 13.11.30, p. 9. 8.12.30, p. 11. 7.4.31, p. 10. 15.5.31, p. 9. LD, 13.11.30, p. 5.

1904. Scott was a director of the Australian Graziers' Meat Company (AGMC). This business planned to establish a chain of country abattoirs and employ a representative in London. The company had raised around £100,000 of the million pounds it sought. Scott was to reveal himself as an ardent support of Lang but at this time his political sympathies were little known.<sup>62</sup>

In the first months of Labor's term health concerns dominated the meat industry debate. Consumers were concerned about prices and meat quality, in particular the hygienic standards of slaughtering outside Homebush. A deputation representing the ALP and the Housewives Association in December 1930 called for better supervision of country slaughtering, condemned middlemen and complained station owners manipulated the market. Meat employers denied that country killed meat was subject to inadequate inspection.<sup>63</sup>

As in other areas of controversy, such as transport, the government was reluctant to establish a wide-ranging inquiry, and opted for a limited investigation. In March 1931 cabinet decided to hold a limited Royal Commission into the industry. Industrial Magistrate Prior was commissioned to inquire into the slaughtering of meat in the Illawarra and South Coast areas, an area outside the Meat Board's jurisdiction. Prior reported in May. He found local police failed to fulfill their statutory responsibilities to inspect slaughterhouses and that rotten and diseased meat had been released for human consumption. He recommended that a local municipal abattoir be established, as in Newcastle, and that a board of control be established to control the slaughtering of cattle and the inspection of meat across the state. In June 1931 McGirr said legislation to control slaughtering would be brought in as soon as possible, but the recommendations of the Commission soon became swallowed up in the controversy over more comprehensive reform.<sup>64</sup>

By May 1931 speculation was rife as to government plans. Pastoralists feared the government would abolish selling agents and carcass butchers and nationalise the industry.<sup>65</sup> Rather than develop a plan Labor opted for a further investigation by reconstituting the Meat Board.

In August 1931 the term of the existing Board members expired and they were replaced by Scott as chair, Meatworkers' union secretary Hutt and Alick Kay. As an independent MP Kay had accepted a position on the Meat Board in 1926 and enabled Labor to improve its precarious parliamentary position by taking his casual vacancy. After Labor's defeat Kay was removed by

<sup>62</sup> *PR*, vol. 42 (1932), p. 4. *SW*, 5.9.31, p. 7. *F&S*, 8.8.31, p. 2. 19.9.31, p. 4. *SMH*, 6.11.31, p. 9. 7.11.31, p. 6. 10.11.31, p. 10. 7.11.31, p. 6. A Labor minister claimed not to have heard of Scott before his appointment to the Meat Board was discussed in cabinet (*NSWPD*, vol. 136, p. 3232. 20.12.32. Concannon). For AGMC advertisements: *The Bulletin*, 21.1.31, p. 23. 11.2.31, p. 25.

<sup>63</sup> *SMH*, 28.11.30, p. 11. 16.12.30, p. 11.

<sup>64</sup> *SMH*, 3.3.31, p. 9. Cabinet Minutes, 2.3.31. Royal Commission of Inquiry. Slaughtering of Cattle and the Meat Industry in the State of New South Wales (RCSCMI), *Report*, pp. 7-9. *NSWPP*, 1930-32, vol. 5. The Opposition claimed that the standards of the Newcastle Abattoir were inadequate (*NSWPD*, vol. 126, p. 2443. 30.4.31. Carter). Some Bulli council members resigned in protest at the Commission's finding (*SMH*, 7.12.31, p. 9). *NSWPD*, vol. 127, p. 3223. McGirr, 10.6.31.

<sup>65</sup> *PR*, vol. 41 (1931), p. 432.

special legislation. Within branches and caucus Kay's appointment attracted criticism on account of his record of opposition to Labor.<sup>66</sup>

Most public attention was on Scott. His record of opposition to the 'meat barons' and support for producer control won a sympathetic response. Graziers welcomed Scott's experience but the feared the drastic reform of the Board presaged more radical change. Hutt's presence encouraged fears that the union had the government's ear. Scott's appointment was an example of state corporatism: Labor did not consult the Graziers' Association when it chose a 'representative' of the meat industry.<sup>67</sup>

Producers' suspicions were aggravated by early actions of the new Board. In September yard dues at Homebush were restored to the levels they had been at before a reduction in October 1930. Producers condemned the increases. Scott (and Minister Ely) responded that the abattoir was making a loss and producers should rather be concerned with breaking the grip of the carcass butchers. He dismissed the Graziers' Association as the tool of vested interests and middlemen. Graziers might have been alarmed by Scott's praise for the efficiency of Soviet meat production.<sup>68</sup>

Ely made clear that the new Meat Board had the responsibility of administering the abattoir, but also developing a reform plan for the industry. Ely wanted this plan to reduce the margin between prices to consumers and the return to producers. He also wished to resolve such questions as to whether the Board should take control of all slaughtering and retailing, whether country killing would improve the quality of meat, the grading of export meat, and in particular measures to improve performance in export markets. Ely anticipated the government would then legislate. The new Board undertook investigations into developing the overseas market and appointed a London representative paid £2,000 a year.<sup>69</sup>

The new Board reviewed the financial position of the Homebush abattoir. In a controversial decision it employed an accountant, A. Noble, who had been secretary to Scott's company. His

<sup>66</sup> Lang, *I Remember*, pp. 302-10. *LD*, 22.8.31, p. 7 (West Ryde). Martin Diary, 14.8.31. *SMH*, 15.8.31, p. 13. Meatworkers delegate denounced Kay's appointment at 1932 Easter party conference (*SMH*, 28.3.32, p. 7). Perhaps scenting an opportunity Kay had in February came out in support of the Lang Plan (*LD*, 17.2.31, p. 4).

<sup>67</sup> *PR*, vol. 41 (1931), p. 746. *The Bulletin*, 5.8.31, p. 10. *SMH*, 20.8.31, p. 7. The government revealed its solicitude for the Meatworkers' by barring the issue of dole coupons to firms at which the union advised there were non-union members (*SMH*, 30.3.32, p. 11). Transport regulation also endangered Labor's commitment to consultation with farmers. The Bathurst conference called on the Transport Trust not to disrupt road transport of fruit in the Sydney region. Farmers complaining about transport co-ordination were advised that Lang's commitment to implement conference decisions depended on the circumstances (AONSW 9/2035, Premier's Department Correspondence 1931, B116, Director State Marketing Bureau to Lang, 9.12.31).

<sup>68</sup> *PR*, vol. 41 (1931), pp. 853, 1074. *SMH*, 4.9.31, p. 9. 7.9.31, p. 10. 20.11.31, p. 9. *F&S*, 14.11.31, pp. 1, 6. *The Sun*, 9.11.31, p. 7. *NSWPD*, vol. 130, pp. 6102-03. Ely, 10.9.31.

<sup>69</sup> *LD*, 1.8.31, p. 5. 19.8.31, p. 4 (Ely). 1.10.31, p. 4. *The Sun*, 27.5.32, p. 7. *PR*, vol. 42 (1932), p. 507. *OYB* 1929-30, p. 606. The failure of exporters to agree on a uniform grading system hampered meat sales in London (*NSWPD*, vol. 136, p. 2577. Ross, 1.12.32). Lang claimed London representative had been highly successful (*NSWPD*, vol. 136, p. 2571. 1.12.32).

report completed in January 1932 cost £2,500. The government refused to table the report and disingenuously claimed it had not received it or requested its preparation.<sup>70</sup>

Noble apparently concluded that carcass butchers made a hundred times as much per pound of meat as workers. He criticised the competence of management and suggested that Argentine companies were manipulating the Australian market. Former Board member Cramsie rejected Noble's claims as either false or that they referred to decisions made before he joined the Board. Noble accused Cramsie of being guilty of a conflict of interest. Cramsie rejected this claim, and with Osborne, demanded a Royal Commission to review the industry and clear their names. The Board changed aspects of operations at Homebush, and sought cheaper contracts for services and goods. The new Board planned to transfer meat inspection to the Commonwealth but delayed this after complaints from the PSA.<sup>71</sup>

In September McGirr said the government would soon make a statement on meat industry policy. The attempt by the Board to develop a plan for reform of the industry foundered as a result of disagreement between Scott (supported by Kay) and Hutt. Two competing plans were submitted to the government in November 1931. Scott wanted to replace the carcass butchers by a co-operative company supported by graziers and to establish country killing. Hutt sought an extension of state enterprise. The outlines of the Scott plan are fairly clear from contemporary reports, but we know little of Hutt's positive proposals.<sup>72</sup>

Under Scott's plan the Board would take over the role of the selling agents and carcass butchers and control all exports. Stock would go direct to Homebush, be slaughtered there and sold to retailers at London parity prices. The carcass butchers would not be replaced by directly employed Board staff but rather employees of the AGMC, to which the Homebush abattoir would be leased for 21 years. All producers would be required to become shareholders in the company. Hutt argued that the lease agreement was privatisation and contrary to Labor policy. Scott distinguished the scheme from privatisation. He argued that the government did not currently control the abattoir, as floor space was leased to carcass butchers, so it could not be privatised. On this issue of interpretation the union was supported by graziers and Cramsie, both of who

<sup>70</sup> *SMH*, 31.8.31, p. 10. 10.11.31, p. 10. *PR*, vol. 42 (1932), p. 507. Although Noble's expenses and the manner of his appointment were questionable the existence of problems in costing at the abattoir was admitted by Weaver, the Stevens' government Health Minister, and the Auditor-General was consistently critical of the abattoir accounts (*NSWPD*, vol. 130, p. 6464. McGirr, 23.9.31. *NSWPD*, vol. 136, pp. 2563-65 Weaver, 1.12.32). AONSW, Colonial Secretary, Item 5/9211.1, Questions Answered in the Legislative Assembly by Chief Secretary and the Minister for Health, 21.11.30 - 13.5.32 (Note on question, 9.12.31).

<sup>71</sup> *LD*, 5.11.31, p. 1. *SMH*, 9.11.31, p. 9. 10.11.31, p. 10. 15.1.32, p. 9. *Truth*, 8.11.31, p. 1. Scott traced lower Australian prices to plots by international meat barons to flood the London market with South American meat (*LD*, 20.1.32, p. 5). *NSWPD*, vol. 136, p. 2570. Lang, 1.12.32. *Red Tape*, vol. 6, no. 3 (1932), p. 125.

<sup>72</sup> *SMH*, 6.11.31, p. 9. *NSWPD*, vol. 130, pp. 6463-64. McGirr, 23.9.31.

argued that the fact that a fee was levied per beast slaughtered and that carcass butchers could be moved at any moment by order of the Board meant that the abattoir was publicly controlled.<sup>73</sup>

Hutt criticised Scott's support for country killing. He pointed to the failures of country abattoirs in other states and suggested producers were better off with a centralised market that attracted more buyers. Graziers claimed the Scott plan gave a monopoly to the government which could set prices at any level, and that Scott's criticism of the carcass butchers ignored the contribution to costs made by rail charges and workers restriction of output. They questioned the financial viability of Scott's company. Graziers wanted an alternative that would not interfere with private enterprise but which would foster increased competition, country killing and better organisation of overseas marketing. Cramsie helped graziers draft an alternative plan for the establishment of a limited company with a capital of £1m to establish three country-killing centres, with no compulsion on producers.<sup>74</sup> Any prospect of grazer support or even toleration of Scott's plan was dashed by his public declaration of support for Lang candidates in the 1931 federal election. The statement alarmed graziers who now feared that his plan was a disguised form of socialisation.<sup>75</sup>

The government was slow to make a decision. Scott's company prematurely claimed in mid-December that an agreement had been reached but then admitted this was not the case. Strong opposition to the Scott plan came from unions and the Labor Council. Scott apparently threatened to resign if his plan was not accepted but cabinet did not want to alienate unions. The financial gains from leasing Homebush may have made the proposal attractive.<sup>76</sup>

The debate raged within the government during early 1932. Scott and Kay could have used their majority on the Board to push through the leasing plan but they did not. Initial press reports suggested the government would implement an amended version of the scheme that would give greater attention to the interests of workers and consumers. Cabinet was divided on the scheme but a majority apparently opposed it. As early as late November Ely had declared that as far as he knew the abattoir would not be leased. Cabinet twice considered the issue in January 1932 without reaching a decision. Unions condemned the proposal. In February 1932 cabinet referred

<sup>73</sup> *PR*, vol. 41 (1931), pp. 1062, 1074. *PR*, vol. 42 (1932), p. 198. *Truth*, 10.1.32, p. 8. *NMH*, 28.12.31, p. 6. *SMH*, 28.12.31, p. 7. *SMH*, 2.3.32, p. 13. 3.3.32, p. 4 (Cramsie). John Sleeman insisted the plan was not privatisation (J. Sleeman, *The Life of John T. Lang*, the author, Sydney, 1933, pp. 356-67).

<sup>74</sup> *PR*, vol. 41 (1931), pp. 1074, 1.1.32. *PR*, vol. 42 (1932), p. 4. *SMH*, 15.2.32, p. 10. *LD*, 15.2.32, p. 8.

<sup>75</sup> *SW*, 5.12.31, p. 48. *PR*, vol. 41 (1931), pp. 746, 1253. *PR*, vol. 41 (1931), p. 1,164. NBAC, E256/1333, Graziers' Association, Local Secretary's Circular, November 1930 to December 1931. Circular to Members of the General Council, 4.12.31. NEAC, Graziers' Association of NSW, E256, Item 1481, District Council Minutes, Dubbo District, 30.4.32. Graziers' Association. *The Catholic Press*, previously impressed by his attack on the Meat Board was shocked (*Catholic Press*, 31.12.31, p. 21).

<sup>76</sup> *NSWPD*, vol. 131, p. 7650. Robson, 23.12.31. *PR*, vol. 42 (1932), p. 4. Labor Council Minutes, 21.1.32, 28.1.32. *AW*, 6.1.32, p. 11. *SMH*, 28.12.31, p. 7. *F&S*, 2.1.32, p. 1. In defending legislation to restructure the Meat Board the Health Minister in the Stevens government claimed that Scott had been involved with American interests but there is no evidence of this elsewhere (*NSWPD*, vol. 136, p. 2580. Weaver, 1.12.32).



the issue to a subcommittee.<sup>77</sup> Later that month a union delegation congratulated Ely on his rejection of the leasing proposal and called for the Meat Board's powers to be extended statewide. Lang assured the metropolitan party conference in February 1932 there had never been any suggestion that the abattoir would be leased. The ALP country conference in March 1932 called for government control of all Homebush operations and for the Board to establish abattoirs throughout the state. The annual party conference supported this proposal and established a committee to consult with the government, Board and producers to secure better co-ordination of meat killing and marketing. On 2 May Ely took proposals to cabinet to increase the powers of the Board and reorganise the industry. It was decided that Ely prepare a proposal that would implement the state conference proposals. Cabinet considered the issue a week later but was unable to come to a decision, despite unions pushing for the state conference plan.<sup>78</sup>

In the June 1932 election campaign Scott reiterated his support for control of meat marketing. Lang's policy speech pledged support for co-operative control of meat marketing. In opposition Lang continued to champion Scott and the ideal of 'producer control'.<sup>79</sup> In the 1932 election campaign Stevens promised to reform the Meat Board to remove political appointees. Legislation in 1933 replaced the Meat Board in 1933 by a single Commissioner, who was required to have expertise in the meat industry. This reform removed Labor appointees but it was also an implied admission that the pre-1931 Board had been too narrowly focused on health matters.<sup>80</sup>

#### (b) Milk

During the early months of Labor's term the milk industry crisis deepened. In November 1930 the Milk Board initiated a review of the prices it had declared four months earlier. After taking evidence it concluded on 16 January 1931 that prices be reduced further although not as far as some distributors wanted. Dairy farmers condemned the recommendation. McGirr responded to their complaints and refused to promulgate by-laws to effect the new prices. The distributing companies continued to defy the statutory minimum prices for milk on delivery. Legal action by the Board against the companies failed and the Board urgently requested amending legislation in February 1931.<sup>81</sup>

<sup>77</sup> *NSWPD*, vol. 131, p. 7047. Ely, 24.11.31. *NMH*, 28.12.31, p. 6. *SMH*, 6.11.31, p. 9. 9.1.32, p. 11. 21.1.32, p. 9. 2.3.32, p. 13. *PR*, vol. 42 (1932), p. 99. Australian Workers' Union, *Official Report of the 46th Annual Convention* [1932], p. 16. UMA, 1/3/12, Operative Painters and Decorators Union, General Meeting, 1.2.32. Cabinet Minutes, 20.1.32. Two members were Ely and McKell but it is unclear who was the third. Ely told a deputation from the Murrumbidgee ALP who wanted statewide control of industry and licensing of butchers extension of country killing that the cabinet subcommittee was investigating proposals (*SMH*, 18.2.32, p. 9).

<sup>78</sup> *SMH*, 25.3.32, p. 5. 3.5.32, p. 9. 10.5.32, p. 9. *LD*, 15.2.32, p. 5. 23.2.32, p. 5. 25.3.32, p. 5. 30.3.32, p. 5. 3.5.32, p. 5.

<sup>79</sup> *SW*, 4.6.32, p. 1 (Scott). *NSWPD*, vol. 136, p. 2571. 1.12.32. Lang. In 1947 Labor promised country abattoirs (Clune, *State Election* 1947, p. 21).

<sup>80</sup> *The World*, 3.6.32, p. 1. A 1940 parliamentary inquiry criticised the Commissioner for managerial incapacity and a dictatorial attitude to staff (*SCAHS, Report*, p. liii-liv). The Stevens reforms rejected grazier calls for producer control on the grounds that the abattoir was a public asset (McCarthy, Stevens-Bruxner Government, pp. 97-97).

<sup>81</sup> Metropolitan Milk Board (MMB), *R-report...1931*, pp. 6-7. *SMH*, 21.1.31, p. 11. 23.1.31, p. 11.

With the Board disabled there was no effective control on prices. The Country Milk Suppliers Association attempted to negotiate with the distributing companies as it had done before the formation of the Board. This proved unsuccessful and a price war commenced. There was an upsurge in the number of discount vendors who purchased milk from city-fringe producers, sold milk at all hours and defied award conditions. Vendors competed fiercely and on one occasion a milk cart was blown up. Metropolitan dairymen accused the Board of inactivity and of being slow to prosecute unregistered vendors. Prices paid to milk producers per gallon fell from 10d in November 1930 to 5d in May 1931. The price war then ebbed but prices had only recovered to 6.25d in February 1932. Some farmers claimed they were better off on the dole.<sup>82</sup>

Rather than act on the Board's requests for amending legislation Labor implemented an overall reform of the industry. The milk question was discussed at the Bathurst conference, where the milk committee resolved that milk marketing should be under the control of a co-operative producers organisation, but representatives of consumers opposed producer control. This was an unusual example of consumer activism and demonstrates health issues were more likely to mobilise consumers than prices.<sup>83</sup>

Despite Lang's pledge to follow the guidance of the Bathurst conference the government's milk industry reform were statist. The process of preparing the new Milk bill was straightforward. After cabinet decided on the bill in early June it took only a fortnight to have the bill approved by a caucus subcommittee and the whole caucus.<sup>84</sup> The bill went to parliament in June 1931. It proposed a three-member board of government appointees with one each to represent producers and consumers, whose activities were subject to the control of the Minister. The Board would have power to regulate prices to consumers and producers and with the ability to enter into milk distribution on its own account. The previous Act merely regulated prices but the new bill gave the Board power to vest milk supplied for consumption or use in the metropolitan area in itself, and to engage in milk trading on its own behalf. Ely justified the bill as a health measure that would ensure to urban consumers a good supply of quality milk, but Labor MPs from dairy areas dwelt on the plight of farmers ruined by excessive competition.<sup>85</sup>

<sup>82</sup> *SMH*, 15.4.31, p. 13. 11.5.31, p. 9. 12.5.31, p. 9. 13.5.31, p. 11. 15.5.31, p. 15. 9.6.31, p. 7. 25.6.31, p. 10. 29.1.32, p. 12. *The Sun*, 7.3.32, p. 7. Metropolitan Milk Board, *Report...1931*, p. 6. Milk Board, *Annual Report for the Year ended 30 June 1932*, p. 3. *NSWPP*, 1935-36, vol. 3. IMA, *Report*, p. 10. Labor's reluctance to make legislative changes to the Milk Act contrasted with its willingness to amend the Farm Produce Agents Act, a reform of Lang's first government, to deal with agents defining themselves as merchants to avoid regulatory legislation (*NSWPD*, vol. 131, pp. 8010-13. Dunn, 1.3.32).

<sup>83</sup> *NSWPD*, vol. 129, pp. 5695-96. Bate, 26.8.31. *NSWPD*, vol. 130, p. 6514. Ely 23.9.31. There had been a similar pattern of consumer concern in 1926: IMA, *Report*, p. 5. W. E. Murphy, *The Milk Board of New South Wales: An Outline of its Origin and Development*, the Board, 1949, pp. 13-16.

<sup>84</sup> Cabinet Decisions, 4.6.31, 9.6.31. *LD*, 5.6.31, p. 1. 13.6.31, p. 1. 20.6.31, p. 4.

<sup>85</sup> *NSWPD*, vol. 129, p. 5894. Ely, 2.9.31. *NSWPD*, vol. 130, p. 6594. W. Davies, 24.9.31. Despite Ely's claim that the bill was for health purposes the government was slow to refer to the Board of Health and it only went before this body in September (AONSW, Board of Health, Item 6/4643, Minute Book 1928 to 1932, 1.9.31, p. 459).



The bill divided milk farmers. Many objected to the minority position of producers and demanded the retention of an elective procedure for selection of producers' representatives. So severe was the milk crisis that there was also strong support for the bill from some farmers. Support was strongest in the north, where many believed the old Board favoured southern producers, and among metropolitan dairy farmers whose position was undermined by the influx of cheap country milk.<sup>86</sup> Even some of the bill's producer critics contended that a bad bill was better than none at all. Outside the industry it was the right of the new Board to enter trading on its own behalf that attracted most controversy. The opposition anticipated another unprofitable state enterprise. Unions hoped that the government would eventually nationalise the industry. The Legislative Council at first insisted on unacceptable amendments, but relented after the appointment of the 25 new Labor MLCs in November.<sup>87</sup> To relieve product market competition milk farmers looked to the state. The FSA complained that farmers' inability to co-operate meant that they had to accept the socialism of the Milk Board.<sup>88</sup>

Labor blamed the distributing companies for encouraging opposition to the Milk bill.<sup>89</sup> After its passage the government took a pragmatic attitude to the companies. It lacked the financial or the organisational resources to ignore them. From its legal position of strength the government incorporated distributing companies into a statist mode of regulation.

This process began with the selection of Board members, who were appointed on 28 December 1931. The chair was E. Hamilton, co-manager of the Dairy Farmers' Co-operative Company, who had been a distributing companies representative on the old board. Hamilton's choice was a surprise, the press having predicted that the previous Milk Board secretary Jack Shiels, a former member of the ALP executive, would be president. Federal Labor noted the anomaly of appointing as chair an employee of one of the companies Labor had previously denounced. After Labor's defeat rumours circulated that a position on the Board had been secured for a donation to party funds. The Stevens government established a Royal Commission into this matter. It found that as manager of the Dairy Farmers' Company Hamilton had abrogated to himself some £3,500 of company funds. Hamilton claimed that this money was for customer rebates to hold custom

<sup>86</sup> *SMH*, 4.9.31, p. 10. 24.9.31, p. 7. 22.6.31, p. 9. 26.6.31, p. 9. 29.8.31, p. 11. 10.9.31, p. 7. 28.9.31, p. 5. 3.2.32, p. 17. *LD*, 5.8.31, p. 6. 22.10.31, p. 5. The office bearers of the metropolitan dairymen association solicited funds from members for an undisclosed purpose and then spent most of it for their personal use (Royal Commission to Inquire into the Milk Act (RCMA), *Report*, p. iii-iv, *NSWPP*, 1932-35, 3<sup>rd</sup> session).

<sup>87</sup> *NSWPD*, vol. 130, p. 6592. Chaffey, 24.9.31, p. 65. S. Shand, 24.9.31, *NSWPD*, vol. 131, p. 7. 11. 25.11.31, *AW*, 9.9.31, p. 11. Labor Council Minutes, 28.5.31. *SMH*, 3.10.31, p. 12. 30.9.31, p. 11. 28.10.31, p. 11. Support for dairymen came from inside the bureaucracy. Labour exchange manager Bellemore opposed the purchase of milk at rates that would make it impossible for bona fide dairymen to survive (DLI Submission (6/3467), 29.6.31, 18.9.31). Living on small farms, dependent on family labour and dependent on family labour dairy farmers tend to be uniquely prone to disputation (Bassett, *State in New Zealand*, p. 149).

<sup>88</sup> *F&S*, 16.5.31, p. 8. 27.6.31, p. 8. 28.11.31, p. 1. This disorganization meant that in the structuralist Marxist sense agricultural capitalists needed the state to overcome the barriers to interest-group formation such as the free-rider problem (K. Finegold & T. Skocpol, *State and Party in America's New Deal*, University of Wisconsin Press, Madison, 1995, p. 183. Butlin, *Government and Capitalism*, p. 75). In the late 1930s the employers' shift of ground on arbitration reflected difficulty of constraining their individual members (Hagan, *History of the ACTU*, p. 69).

<sup>89</sup> *SMH*, 10.11.31, p. 10. *NSWPD*, vol. 130, p. 6556. O'Hea, 24.9.31.

during the milk war. Some customers admitted to receiving the rebates, but others did not and the total of admitted rebates fell well short of £3,500. The Royal Commissioner accepted the evidence of those who denied having received rebates, but could not determine the fate of the missing funds.<sup>90</sup>

The Act provided for a producers and consumers' representative but the minute of appointment did not identify which constituency each of the other two appointees, John Graham and J. M. Martin, represented. Graham was a Maitland dairy farmer and producers' representative on the old Board. Martin was an Electrical Trades Union organiser, Labor MLC, former Labor by-election candidate for Parkes and brother of ALP organising secretary J. B. Martin. Farmers assumed Graham was their representative and Martin that of consumers. The consumers' representative on the old Board was Labor MLC Samuel Hickey, and his removal may have encouraged his later defection to Federal Labor. Farmers welcomed the appointment of Hamilton and Graham.<sup>91</sup>

Martin's appointment encountered the opposition of the Housewives Association, TUSA, the Milk Carters Union and farmers, all of whom wanted a person with industry experience. Martin's appointment was a reward for service to the Inner Group, but he would be an active member of the Board who took his position seriously. The Milk Carters still regarded Martin as being the Board member to whom they took concerns.<sup>92</sup>

The new Board determined to restore order to the industry. It believed that without control of all milk supplied for metropolitan consumption, it would be as ineffective as its predecessor. In the political climate of 1931 this policy, together with Martin's appointment, was interpreted as a Communist plot to seize food supplies, but in fact Labor's statist ideology meant that it could implement a pragmatic response to the problem of evasion by the distributing companies. From 5 March 1932, when the Board made its first declaration of prices, it took possession of all milk supplied for metropolitan consumption.<sup>93</sup>

This transfer of ownership did not mean direct control by the Board. It was Ely's original intention that the Board would be the sole channel for the receipt and distribution of milk but this

<sup>90</sup> Cabinet Decisions, 24.12.31. *The Sun*, 27.12.31, p. 1. *The Bulletin*, 2.9.31, p. 13. Martin Diary, 29.12.31. *NSWPD*, vol. 135, pp. 1760-61. Coates, 8.11.32. *RCMA, Report*, p. ii. Shiels remained secretary of the new board (*AW*, 8.1.32, p. 8).

<sup>91</sup> *IMA, Report*, p. 160. *SMH*, 26.12.31, p. 10. 6.1.32, p. 9. 7.1.32, p. 7. *The Sun*, 27.12.31, p. 1. Hickey came out in opposition to Lang during the 1932 election, and he also passed on allegations of corruption against Martin to Federal Labor leader Coates (*RCMA, Report*, p. iv). Milk carters might have been pleased to see Hickey's departure, for he later suggested milk deliveries should be reduced to one rather than the current two per day (*SMH*, 5.4.32, p. 4).

<sup>92</sup> *SMH*, 28.12.31, p. 6. 24.2.32, p. 13. 29.12.31, p. 7. NBAC T25/1/3 Milk Carters Minutes 1931-39, General Meeting 27.1.32; Management Committee, 16.3.32, 23.3.32. This union was affiliated to the ALP and claimed 1445 members in 1930 (Register of Trade Unions, *Report...1930*, p. 27).

<sup>93</sup> Milk Board, *Report...1932*, p. 3. CSR NBAC, Deposit 142 CSR Ltd. 142/2665 Minter Simpson Correspondence 1931-1937. Minter Simpson to General Manager CSR, 24.7.31. *NSWPD*, vol. 129, p. 5901. 2.9.31. Stevens, Ellis, *Red Road*, p. 243.

was impracticable, as it would have involved resumption of present agents at great expense. The Board made the distributing companies its agents. Hamilton wanted his previous employer to be sole agent for the Board. There were valid arguments for this as it was the largest company operating, but it did place him in an invidious position. Martin argued strongly against granting a monopoly and eventually brought Graham round to the position and five agents were selected. Once milk was delivered to an authorised agent it became the property of the Board. It remained in physical possession of the distributing company, and when milk supplies reached Sydney the companies paid the Board for milk. The Board, rather than the companies, paid dairymen directly.<sup>94</sup>

The Board adopted a pricing policy favourable to producers. All members agreed on a maximum retail price of 2.33s per gallon, but Martin and Graham outvoted Hamilton to set a minimum price to the dairyman of 1.08s per gallon rather than the 1s favoured by Hamilton. The Board favoured producers at the expense of the consumer and the companies. Hamilton demonstrated sympathy for the companies' position in other matters. He knew some companies were abstracting cream from milk but he refused to advise Martin whom he knew opposed this practice.<sup>95</sup>

Producers were pleased with the new price level; a substantial increase on the ruling rate of 6.25d per gallon. It exceeded the hopes of metropolitan dairymen, who argued that it corrected the artificially low prices of the milk war. The generosity to farmers surprised the *'Wild Cat' Monthly* which expected worse. Some complained it was unsustainable and was a tax of £0.5m on consumers. The AWU, Federal Labor and manufacturers condemned the increase in prices. Some argued it would reduce milk consumption, with negative consequences for public health, and eventually to the disadvantage of producers. Defenders of regulation pointed to the health danger of cheap, but low quality milk.<sup>96</sup>

Martin's influence was significant in extending regulation of milk vending. He targeted itinerant non-unionised vendors who evaded industrial awards, retailed cheap milk and reduced the return to farmers. The Board introduced regulations to control the hours of milk delivery, a longstanding

<sup>94</sup> RCMA, *Report*, p. x. The Royal Commission found that Ely had originally believed the Board should take over all trading, and that at the least he believed there should be fewer agents and they should preferably be co-operative rather than private companies (*ibid.*). Ely's public statements were somewhat unclear. In September he stated that so long as the present companies acted to the satisfaction of the Board it might be years before it entered trading itself, but he did believe that Ely believed that milk prices could be reduced by reducing duplication of distribution (*SMH*, 30.9.31, p. 11. *LD*, 4.2.32, p. 6). Ely was in favour of fewer agents and if possible co-operative rather than proprietary agents (p. x). Martin's opposition to the single agency became the basis of rumours that he was in some way in the pay of the NSW Fresh Food and Ice Company which gained an agency, and these rumours were promoted by William Ross, a Country Party MP elected in 1932, but the 1937 inquiry refuted these (*LiAA, Report*, pp. 180-81). *Milk Board, Report... 1932*, pp. 2-3.

<sup>95</sup> IMA, *Report*, pp. 8, 10, 194. RCMA, *Report*, p. vii.

<sup>96</sup> WCM, 2.4.32, p. 178. *SMH*, 28.9.31, p. 5. 7.3.32, p. 9. 8.3.32, p. 5. 12.3.32, p. 14. 21.3.32, p. 16. *The Sun*, 8.3.32, p. 6. AW, 13.4.32, p. 7. 9.3.32, p. 18. *Manufacturers' Bulletin*, vol. 2, no. 11 (1932), p. 2.

union demand. The Board refused new vendor's licenses where it considered the needs of the public were adequately met. Communists condemned this attack on small vendors.<sup>97</sup>

As part of its strategy to maintain prices, the Board placed severe constraints on the licensing of new dairymen, to restrict the supply of milk. This led to complaints from would-be producers. It also led to rumours of corruption, which a later inquiry found groundless.<sup>98</sup>

Producers welcomed the activities of the Board after the milk war. Martin was the only controversial Labor appointee to a statutory authority who survived the Stevens government. The bill would probably helped Labor electorally in dairy areas. In 1932 Labor predicted it would help them retain Maitland but this was not the case, but it possibly helped the party retain Illawarra. Both milk enquires appointed by the Stevens government vindicated the work of the Board in industry stabilization. The 1936 inquiry followed concern among urban UAP MPs about high milk prices. It concluded the Board privileged producer interests over consumers as shown by its failure to review prices after March 1932 despite falling cost levels. Martin's position was hostile to the distributing companies and sympathetic to unionised milk carters but not particularly to consumers, except in his opposition to monopoly. The 1936 inquiry concluded that although Martin and Graham both regarded themselves, as representatives of their interests neither had exclusively represented 'their' constituencies. After 1941 the McKell government, like that of Lang, was solicitous of dairy farmers and increased milk prices more than the Coalition had done.<sup>99</sup>

The milk debate revealed that Labor's 'populism' was refracted through the prism of the party's power structure. Labor defended the small man when he competed with city retailers, whose white-collar employees were outside the core labour coalition, but moved against non-unionised milk vendors, even though their activities benefited working-class women as consumers. In the meat industry Scott, despite friends in high places, could not prevail against the meat employees union.

<sup>97</sup> *SMH*, 6.2.32, p. 10. 29.2.32, p. 9. 8.3.32, p. 9. *The Sun*, 7.3.32, p. 7. *LD*, 25.11.30, p. 6. 26.6.31, p. 6. 6.2.32, p. 5. *Milk Board, Report... 1932*, p. 3. NBAC T25/1/3 Milk Carters Minutes 1931-39, Annual General Meeting, 24.2.32. Secretary, Milk Board to Under-secretary, Department of Public Health, in Colonial Secretary Correspondence AO 5/9042 B258. *Working Woman*, 1.5.32, p. 2. The Department of Labor approved of the regulation of milk delivery hours (28.7.32, 7.1.31) but it opposed measures to stop shops selling bread so as to preserve bread carters jobs (DLI Submissions 1930 (6/3465), 17.11.30, 28.6.32). The Industrial Arbitration bill would have given the Industrial Commission power to regulate milk trading hours (*NSWPD*, vol. 125, pp. 1761-62. Baddeley, 10.3.31).

<sup>98</sup> *NSWPD*, vol. 135, p. 1761. Bennett, 8.11.32. RCMA, *Report*, p. v. IMA, *Report*, p. 195.

<sup>99</sup> *SMH*, 12.3.32, p. 14. 17.3.32, p. 7. *LD*, 24.5.32, p. 5. RCMA, *Report*, p. xviii. IMA, *Report*, pp. 11, 22-25, 160. McCarthy, *State Election 1938*, p. 11. H. Lee, 'A Corporate Presence: The Economy, 1908-1945', in Hagan & Wells, *History of Wollongong*, pp. 54-55. The Board's powers to compulsorily acquire milk survived two High Court challenges. In 1933 the Court ruled fees charged by the Board did not amount to an excise (*Crothers v. Sheil* (1933) 49 CLR at 399). In 1939 the Court ruled that as the Board's power to acquire milk was not being employed for the purposes of preventing free trade between the states, even though it had this effect, it was not unconstitutional. The majority included Latham J but Starke J predictably dissented (*Milk Board (NSW) v. Metropolitan Cream Pty. Ltd.* (1939) 62 CLR 116). This decision was reversed in 1975: *North Eastern Dairy Co. Ltd. v. Dairy Industry Authority (NSW)* (1975) 134 CLR 559).

Labor's record of product market regulation demonstrated the importance of state capacity to explaining policy outcomes, as Finegold and Skocpol have argued with reference to the New Deal experience of agricultural and industrial regulation. In the dairy industry Labor skillfully levered its state position to co-opt the milk distributing companies through the person of Graham. The disastrous failure of an attempt, not discussed here, to secure cheap dole bread through a deal with a private entrepreneur, showed the NSW state was seriously deficient in its capacity to regulate non-agricultural private industry.<sup>100</sup>

## 7. Land settlement: unlocking the land

Labor's appeal to small farmers was most apparent in lands policy. It encouraged closer settlement, even although it in practice reduced the Labor vote.<sup>101</sup>

### (a) The western lands

There were two systems of land law administration in NSW. In the non-western divisions land laws were administered by local land board appointed by the Lands Minister. In the western division the Western Lands Board (WLB), comprising three appointed commissioners, was the controlling agency. With most land in this division remaining state property the conditions under which land became available for cultivation were much more likely to become the object of political contestation.<sup>102</sup>

The origins of the Western Lands Boards lay in the pastoral industry crisis of the 1890s. This was particularly severe in the west as drought, rabbits and overstocking combined to induce a drastic fall in stock numbers. A Royal Commission into lands administration, dominated by Labor MPs, had led to the establishment of the Board and a distinct system of land tenure in the west. In the hope of encouraging leaseholders to improve their properties and render them more resistant to the environment long leases were granted together with certain quasi-freehold rights to property in improvements. For purposes of closer settlement leaseholders would have to make one eighth of their lease available for government resumption on request. Compared to Queensland NSW made greater concessions to pastoralists, but the Board potentially provided for greater control over their activities compared to Queensland where no similar body was established. The record of

<sup>100</sup> Finegold & Skocpol, *State and Party*, pp. 31-65. This attempt is sketched in: *Bread Contract for Unemployed Food Relief - Shadlers' Ltd.*, NSWPP, 1930-32, vol. 5. RCBP (1), *Report*. G. Robinson, 'The Two Labor Agrarianisms: The Regulation of the Dairy and Wheat Industries by the New South Wales Labor Government of 1930-32', in Hood, *Labour and Community*.

<sup>101</sup> *The Land*, 20.5.32, p. 3. A correspondent to *Labor Daily* complained that putting more settlers on the land merely created more conservative voters but this was a minority opinion (*LD*, 9.5.31, p. 7). The AWU in Queensland eventually became critical of closer settlement, perhaps because of its impact on AWU membership and Labor support (Hughes, 'Land Settlement', in Murphy, *Labour in Power*, pp. 231-32).

<sup>102</sup> Bland, *Shadows and Realities*, pp. 236-42. Wells, *Constructing Capitalism*, p. 85. OYB 1931-32, pp. 357, 665. The PSB complained in vain about the uneconomic number of local Land Board offices (PSB, *Thirty-Sixth Annual Report* [1932], p. 4). It appears cabinet rejected any reduction in their number (Cabinet Decisions, 18.1.32).

political scandals in land administration, also encouraged the separation of lands administration from 'politics'.<sup>103</sup>

In 1930 the Board comprised two former Lands Department surveyors and as Chief Commissioner Hugh Langwell. The seventy-year-old Langwell was a foundation member of the Board and a former AWU official and Labor parliamentarian. Large landholders in the west were content with the administration of the Board. Some smaller landholders disagreed and argued big leaseholders were not fulfilling their lease conditions and nothing was being done to break up large land holdings to enable them a living area. During Lang's 1925-27 government there had been persistent conflict between the Board and Lands Minister Edward Horsington, who from the backbench in 1930-32, was a persistent critic of the Board.<sup>104</sup>

Complaints from western division small-holders encountered a sympathetic response from many voters outside the west. The ideal of closer settlement still had a strong hold on public opinion, and those who stressed the unsuitability of much of Australia for anything but pastoral settlement were viewed with hostility.<sup>105</sup>

The Western Lands Amendment Act of 1930 brought the lands settlement debate to a head. This bill was based on advice from the WLB and the Department, and followed demands by overseas lessees. It extended some western leases a further 25 years, to give leaseholders more incentive to improve their holdings. Labor vigorously opposed the bill and pledged to immediately repeal it in government.<sup>106</sup>

The campaign against the Act dominated Labor's rural campaign in 1930. Labor pledged to break up big estates by taxation and extend closer settlement in the western district. Lang did state that Labor did not support subdivision of the land into excessively smallholdings, but overall Labor campaigners gave little attention to the physical limits to closer settlement. Labor accused the Country Party of betraying small farmers by surrendering vast areas of fertile land to big pastoralists, absentee landowners and foreign financiers. The government argued that it was futile

<sup>103</sup> OYB 1931-32, p. 691. Bailey, *Pastoral Banking*, pp. 97, 240. S. H. Roberts, *A History of Australian Land Settlement 1788-1920*, Macmillan, Melbourne, 1968 (first ed. 1924), p. 311. Merritt, *Making of the AWU*, pp. 21-27. R. L. Heathcote, *Back of Bourke: a Study of Land Appraisal and Settlement in Semi-Arid Australia*, Melbourne University Press, Melbourne, 1965, pp. 49-50, 152-53. M. J. Quinn, *Possessing the West: The Public Management of the Western Division of New South Wales, 1880s to 1930s* (Ph. D., Australian National University, 1995), pp. 104-05, 119 (my thanks are due to John Merritt for advising me of the existence of this dissertation).

<sup>104</sup> Royal Commission of Inquiry into the Administration of the Western Division of New South Wales (RCWD), *Report*, pp. 32, 44. NSWPP, 1930-32, vol. 1. SMH, 22.4.31, p. 10. Petition from Howard Speight, Secretary of the Land Seekers & Small Settlers' Association (6.5.30), Western Lands (Amendment) Bill - Settlement in the Western Division, NSWPP, 1929-30, vol. 3, pp. 1-2. NSWPD, vol. 132, pp. 9029-30. Horsington, 4.5.32.

<sup>105</sup> J. M. Powell, *An historical geography of modern Australia: The restive fringe*, Cambridge University Press, Melbourne, 1988, pp. 90-149. Heathcote, *Back of Bourke*, pp. 167-68.

<sup>106</sup> NSWPD, vol. 124, p. 1, 173. Buttenshaw, 11.2.31. RCWD, *Report*, pp. 58-59. Around the same time Labor in Queensland followed similar policies on bureaucratic advice (Fitzgerald, *Labour in Queensland*, pp. 102-03). The 1928 British Economic Mission had criticised closer settlement policies: S. Mills, 'The Report of the British Economic Mission', *Economic Record*, vol. 5 (1929), p. 120. Their arguments are repeated by contemporary economic liberals (Davidson, *European Farming*, p. 299).

to establish unviable farms and that the best use of the western lands was producing export commodities. Most of the Western Division was within the two safe Labor seats based on Broken Hill but Labor won Murray, in the southern part of the division. Both Labor and Nationalists agreed the western lands issue had advantaged Labor.<sup>107</sup>

The repeal of the Western Lands Amendment Act was a priority of Labor in government. The opposition accepted the government's mandate and allowed the legislation to pass. To Labor repealing the legislation would enable closer settlement and give small settlers a chance of access to a living area.<sup>108</sup>

The repeal of the Western Lands amendments was a blow to the Western Lands Board, but worse followed. Lands Minister Tully snubbed its members and questioned their advice. In April 1931 Tully visited the western division, unaccompanied by Board members, to the alarm of the Graziers' and the Lessee's Association. On his return he announced he would seek that additional land be provided for 900 settlers in the Division. He rejected the argument of the Western Lessees that a living area in the west must be able to carry 6,000 sheep. Tully refused to permit transfers of leases in the western district where he considered this would lead to further concentration in land holdings, a policy which annoyed Langwell. Labor ministers, except possibly Dunn, came to believe, as Lang later explained, that the incompetence of the Board was an obstacle to their policies.<sup>109</sup>

In 1931 Tully announced a Royal Commission on western lands administration. After the first Commissioner fell ill the Commission was undertaken by Chief Industrial Magistrate Prior, whose finding as Royal Commissioner on the meat industry had received Labor's approval. Prior convicted the Board of 'shocking' disorganization, slow decision-making, slow replying to local MPs, misleading ministers, abuse of travel passes, employing too many clerical and not enough field staff, but found no evidence of corruption. He was very unsympathetic, although a 1918 Royal Commission had criticised the Board for administrative deficiencies in milder terms. The

<sup>107</sup> ALP 1930 leaflets, no. 7. AW, 10. 9. 30, p. 2. SMH, 1.10.30, p. 14. 7. 10. 30, p. 13. 8. 10. 30, pp. 12, 13. 20. 10. 30, p. 7. 22. 10. 30, p. 14. LD, 17. 9. 30, p. 6. 27. 9. 30, p. 7. 2. 10. 30, p. 8. Even public sector unions joined the chorus contrasting the government's largesse with their reduced wages (*Red Tape*, vol. 4, no. 5 (1930), p. 119). Labor had long opposed company ownership of stations and the Fisher land tax especially penalised absentee owners (Bailey, *Pastoral Banking*, pp. 189-90). The FSA executive although declaring its support for the legislation admitted there was some opposition among its members (FSA, *Report of the Proceedings of the 37th Annual Conference*, (1930), pp. 14-16). Buttenshaw, *Country Party Policy*, p. 9. A leaflet was produced at public expense defending the legislation: W. M. Hughes MS 1538 Series 28 Elections 1913-51 Folder 13, 1930 *Progressive Benefit of the Western Lands (Amendment) Act*, Government Printer, 1930. NSWPD, vol. 125, pp. 817-18. Bavin and Tully, 21.1.31.

<sup>108</sup> Cabinet Decisions, 19.11.30, 14-15.1.31. NSWPD, vol. 125 pp. 1453-1457. Willis, 25.2.31; p. 1595. Boyce, 3.3.31; p. 1596. Buzacott, 3.3.31; p. 1598. O'Connor, 3.3.31.

<sup>109</sup> SMH, 15.4.31, p. 11. 22.4.31, p. 10. 23.4.31, p. 7. RCWD, *Report*, pp. 42, 57, 63. NBAC, N2/7, NZL & MF Co., General Letter Books 1928-39, 6.2.31, 9.2.31 (p. 833). NSWPD, vol. 139, p. 424. 16.5.34 Lang. A estimate from the late 1930s was that a living area should be able to carry at least 5,000 sheep (Wadham, *Land Utilization*, p. 123). As minister in 1925-27 Dunn had good relations with the Board and addressed Langwell as 'Hughie' in correspondence. In 1930 he defended the Board's contribution to closer settlement (Quinn, *Possessing the West*, pp. 178, 192).

Board's defenders suggested its priority was sympathetic administration rather than bureaucratic perfection.<sup>110</sup>

Following the Royal Commission the government asked members to show cause why they not be removed. Their cause was defended by the opposition who argued that there was no evidence of misconduct sufficient to justify removal, and that the Royal Commission gave insufficient opportunity for Board members and staff to defend themselves. Labor's crusade against the Board attracted bureaucratic resistance. The PSB initially refused to accept charges of negligence against the Board's secretary but Tully insisted on them. Cabinet found the defenses of the Board members unsatisfactory and dismissed them in November. The new Board members were Patrick McGirr MLC, a Forbes grazier and brother of the health Minister, W. Watson, a surveyor and Lang Labor candidate at the 1931 federal election and W. Stagg, secretary of the Returned Soldiers League.<sup>111</sup>

The appointments were widely condemned. The Graziers' Association claimed it should have been consulted. Stagg's appointment was interpreted as an attempt to appeal to returned soldiers across the state, for there were very few soldier settlers in the Western Division. Buttenshaw dismissed McGirr as a successful land speculator.<sup>112</sup>

The new Board championed the cause of closer settlement. McGirr declared they would assist struggling small settlers to secure the land that they needed that was currently locked up by big companies. The Board ordered a review of lands to determine those suitable for closer settlement and requested extra staff to enable closer inspection of leases. In March Board members toured the west and declared they would enlarge the holdings of those who currently had insufficient land to ensure a home maintenance area. The Board requested extra staff to enable closer inspection of leases.<sup>113</sup>

It is not clear to what extent the new Board made a substantial change to lands policy as distinct from rhetoric, although Labor later claimed that small settlers had supported the reconstitution of the Board. In May 1932 Tully introduced legislation to facilitate the resumption of land from

<sup>110</sup> Cabinet Decisions, 4.5.31. NSWPD, vol. 126, p. 2953. Tully, 27.5.31. RCWD, *Report*, pp. 6, 9, 13-14, 17, 19, 23, 39, 63-68, 70-71. *The Bulletin*, 22.7.31, p. 10.

<sup>111</sup> SMH, 12.11.31, p. 9. 13.11.31, p. 9 (Ball). 29.12.31, p. 7. Cabinet Decisions, 11.11.31, 28.12.31. NSWPD, vol. 125, p. 1848. 12.3.31. Tully and Vincent. Former Lands minister Ball denied he had been misled by the Board, even though he had previously suggested it in parliament (RCWD, *Report*, p. 33. NSWPD, vol. 124, p. 1, 188, 11.2.32. Ball). AO 8/884 PSB Inquiry into Charges of Negligence and Carelessness on the part of Mr. D E Ross, secretary to the Western Lands Board.

<sup>112</sup> SMH, 30.12.31, p. 9 (comments of Stevens and Buttenshaw). F&S, 2.1.32, p. 1 (Buttenshaw). NBAC, E256/1334, Graziers' Association of NSW, Local Secretary's Circulars 1333, November 1930 to December 1931, Circular to Western division council members 31.12.31.

<sup>113</sup> SMH, 8.1.32, p. 8. 5.3.32, p. 11. 19.4.32, p. 7. NSWPD, vol. 132, p. 9030. Tully, 4.5.32. F&S, 2.1.32, p. 1. Western Lands Board, *Report...30 June 1932*, p. 21. NSWPP, 1932 (this report is printed with the Lands Department Report). The Royal Commission criticised the previous Board for insufficient field visits (RCWD, *Report*, p. 37).



western district leases so as to make more living areas available to small settlers.<sup>114</sup> The Stevens government legislated in 1934 to replace the Board with a single Commissioner, but apart from claiming that three commissioners were not required and that Stagg lacked experience it offered no specific criticism of the conduct of the reformed Board.<sup>115</sup> The electoral consequences were ambiguous. The 1932 Labor vote in both Cobar and Murray in 1932 was higher than predicted by the social composition of the electorates, but Labor lost Murray and has never regained this electorate. In the 1931 federal election Lang Labor predicted the closer settlement issue would help it to win the federal electorate of Darling, but Federal Labor retained the seat easily.<sup>116</sup>

#### (b) Encouraging closer settlement

The western lands were the focus of Labor's attempt to promote smaller settlement. Fiscal constraints meant a drastic reduction in direct purchases of land for closer settlement. In 1932 only 863 acres were purchased for closer settlement.<sup>117</sup> If Labor was to implement its pledge to unlock the lands a cheaper key would have to be found.

One initiative announced in August 1931 was to resume a portion of the 5.25m acres currently reserved for traveling stock. Tully argued that much of the stock reserves were not currently in use and that some had been appropriated illegally, his policy would redistribute unused land to the landless and those whose holdings fell short of a living area. Critics argued that the real purpose of the measure was to encourage the use of railways for stock transportation.<sup>118</sup>

The ghost of Henry George lived on in the enthusiasm of country Labor branches, and the AWU, for land taxation. Tully believed land tax was a more effective tool to break up big estates than compulsory resumption. There was room for an increase in NSW land tax as its level and coverage was far less than in Victoria, and federal land tax had been reduced in the 1920s. In March 1932 Tully introduced the Large Estates Taxation Management bill to drastically widen the scope of land tax.<sup>119</sup>

<sup>114</sup> LD, 25.3.32, p. 5. 29.4.32, p. 4. NSWPD, vol. 132, pp. 9135-36. Tully. 10.5.32. NSWPD, vol. 139, p. 285. Davidson. 10.5.34.

<sup>115</sup> NSWPD, vol. 139, p. 281. Buttenshaw. 10.5.34. NSWPD, vol. 140, pp. 2355-57. 31.7.34. Buttenshaw.

<sup>116</sup> LD, 12.12.31, p. 7. Federal Labor's victory in an electorate including Broken Hill impressed Lang's caucus critics (Martin Diary, 7.1.32). Electoral analysis is difficult for the west, as census data is only available for the large unincorporated area which overlapped several electorates.

<sup>117</sup> Lands, Report...1932, p. 3.

<sup>118</sup> OYB 1931-32, p. 671 (this was at 30 June 1932). For earlier complaints about the condition of routes (NSWPD, vol. 128, p. 4385. Carter, J. Reid, Tully; p. 5027. Tully. 5.8.31. SMH, 25.1.32, p. 9. 26.1.32, p. 7. 30.1.32, p. 13. 20.2.32, p. 11. NSWPD, vol. 131, p. 7679. Concannon. 23.2.32. For earlier sale of stock routes (Merritt, Voluminous Squatter, pp. 188-89). PR, vol. 42 (1932), p. 102.

<sup>119</sup> SMH, 31.12.30, p. 10 (motions to ALP country conference from Goulburn, Temora, Young). AW, 27.5.31, p. 20. SMH, 5.8.31, p. 9. Finance Bulletin, no. 22, 1920-21 to 1930-31, table 36. RCT, Fourth Report, p. 214. NSWPD, vol. 131, p. 8,211. Tully. 3.3.32. Rumours of a tax on stockholding came to nothing (PR, vol. 41 (1931), p. 89). In the 1930 election Labor had claimed that unemployment could be reduced by breaking up large estates around 'landlocked' country towns (ALP 1930 Leaflets, No. 7).

The opposition and Graziers' Association argued that it was a taxation measure rather than a means of facilitating closer settlement. The FSA, although supporting the ideal of closer settlement, condemned the bill as Sovietism. The Graziers' Association lobbied Federal Labor to oppose the bill. Grayndler was the only Federal Labor member to dissent from his caucus when in March 1932 it voted to refer the bill to a select committee. Nevertheless Federal Labor would have eventually supported an increased land tax.<sup>120</sup>

#### (c) Land law administration

One group of settlers to which Labor directed particular attention was soldier settlers. By 1930 there were about six thousand still on their allotments, and they were well represented in marginal electorates such as Murrumbidgee and Young. For many life on the land had not lived up to their hopes. They struggled to repay advances from government. By June 1932 of 9,492 soldier settlers 3,981 had abandoned or forfeited their properties. Soldier settlers seem to have much more likely to support Labor compared to other farmers, even if their demands sometimes exasperated Labor MPs and candidates.<sup>121</sup>

The Lands Minister appointed members of land boards and Tully strove to appoint men with 'democratic' attitudes to the Boards, in the belief that they would assist settlers with farms too small to make a living. Perhaps as a result of Tully's appointments Labor looked with sympathy on the Boards; a committee at the 1932 party conference proposed that appeals against shire valuations of land go to land boards rather than magistrates.<sup>122</sup>

At the administrative level Labor was sympathetic to small settlers. To 30 June 1931 government conceded payment and deferrals of £1,442,020 and waived interest and penalties of approximately £168,000.<sup>123</sup>

These administrative concessions were followed up legislation to reduce the burden of crown rentals. The Crown Lands (Amendment) bill was introduced in July 1931. It provided for the

<sup>120</sup> F&S, 10.3.32, p. 1. NBAC, Graziers' Association, Item E256, Local Secretary's Circulars 1932, Box 1334, Circular 398 to local secretary's 21.3.32. NBAC, Graziers' Association, Item E256, Miscellaneous Correspondence 1932, Large Estates Taxation Bill, Boxes 301 and 302. Legislative Committee Report 15.3.32. AW, 27.5.31, p. 20. NSWPD, vol. 132, p. 8689-90. 17.3.32. Lang Labor boycotted the committee but it had begun to take evidence by early May (PR, vol. 42 (1932), p. 497. SMH, 4.5.32, p. 12. The Sun, 6.3.32, p. 1.

<sup>121</sup> OYB 1931-32, p. 697. King, Closer Settlement, pp. 190, 236-39. Department of Lands, Report...30 June 1930, p. 4. Department of Lands, Report...30 June 1932, p. 5. Martin Diary, 24.8.30, 2.10.30, 28.10.31. D. Stanley, The Geography of New South Wales Elections 1932-1965 (B. A., Geography, University of Melbourne, 1968), pp. 32-33. P. R. Hay, 'The Structure of Conservatism in South-West Victoria', in P. R. Hay, J. Halligan, J. Warhurst & B. Costar, eds., Essays on Victorian Politics, Warrnambool Institute Press, Warrnambool, 1985, p. 169. Some suggested that they were likely to support Federal Labor or anti-Lang ex-Labor candidates such as Peter Loughlin: Martin Diary, 30.9.30. SMH, 15.6.31, p. 10.

<sup>122</sup> OYB 1931-32, p. 665. LD, 25.3.32, p. 5 (Tully). 29.3.32, p. 5.

<sup>123</sup> NSWPD, vol. 128, p. 5109. Fitzgerald. 6.8.31.



reappraisal of capital values on crown land rentals and was supported by the opposition. To June 1932 there were 5,281 applications for review.<sup>124</sup>

Labor gave particular attention to irrigation farmers, among whom soldier settlers and Labor supporters were well represented. Labor had a record of championing the cause of irrigation, and in particular the Murrumbidgee Irrigation Area. From 1921 to 1931 the number of NSW farmers employing irrigation rose from 31,065 to 135,121. Lang's first government legislated to allow reductions in rentals and the writing off of debts to the crown by irrigation farmers. Labor accused the Bavin government of failing to implement the spirit of this legislation and of evicting soldier settlers from their holdings. Despite these complaints the Bavin government presided over a substantial level of debt write-off, and from 1926 to 1930 £2.12m of the £9.5m invested in the Irrigation Area was written off.<sup>125</sup>

In government Labor moved quickly to address the concerns of irrigation settlers. Murrumbidgee MP Flannery served with Dunn on a party committee that developed the Irrigation (Amendment) bill of 1931. This bill enabled reappraisal of the capital indebtedness of irrigation settlers. It was reluctantly supported by the opposition, who complained about the 'socialistic' and loss-making character of the Murrumbidgee Irrigation Area. Settlers did not get all their demands. They wanted an immediate writing-down of their debts but instead the government established review panels to recommend to the Irrigation Commission a formula for determining indebtedness. Both Dunn and the Commission made clear that only in exceptional circumstances would rents and water rates be remitted as these were required to carry on services.<sup>126</sup>

Lang Labor lost Murrumbidgee in 1932 but its vote (and in 1931) was well above that in surrounding electorates. The more urbanised character of the electorate was largely responsible for this but a pro-Labor tendency among irrigation farmers probably accounted for the rest.

<sup>124</sup> NSWPD, vol. 128, pp. 4670-73. Tully and Ball. 28.7.31. Department of Lands, *Report...30 June 1932*, p. 1. Martin complained it was a case of bourgeois land reform (Martin Diary, 22.6.31).

<sup>125</sup> Howells, *Against the Stream*, p. 48. *Production Bulletin*, no. 22, 1930-31, table 64. Hallam, *Untold Story*, pp. 21, 25, 33. LD, 24. 9. 30, p. 10. NSWPD, vol. 128, pp. 4688-89. Dunn. 28.7.31. Rice farmers in the Murrumbidgee also benefited by a tariff on rice imports for which the AWU took responsibility (NBAC, E154/41/1, AWU Central Branch Reports 1905-32, Report for Year Ended 31 May 1930, pp. 4-6).

<sup>126</sup> SMH, 13.10.31, p. 7 (Dunn). SMH, 16.12.30, p. 9 (Irrigation Commission). 15.1.32, p. 10, 16.1.32, p. 9. NSWPD, vol. 128, p. 4,750. Flannery. 29.7.31; Dunn. 16.7.31; pp. 4,410-11. Chaffey. 16.7.31. Pastoralists, both in 1931 and earlier, considered irrigation to exemplify the inevitable failures of state enterprise (PR, vol. 41 (1931), p. 6. Merritt, *Voluminous Squatter*, pp. 177-84). More recent economic liberals criticise irrigation: Davidson, *European Farming*, pp. 164-66, 171-72. Walsh, *Confessions of a Failed Finance Minister*, p. 42. Eggleston, *Reflections*, p. 116. The opposition soothed its conscience by arguing that many of the difficulties of irrigation farmers were due to tariffs and wage regulation: NSWPD, vol. 128, pp. 4740-41. Carter. 29.7.31. Another example of Dunn's reluctance to interfere with established structures was his performance as ex-officio chair of the Water Conservation and Irrigation Commission. He was criticised by local party members for not doing enough to require the Commission to employ day labour, and Keller, J. B. Martin and Alan McNamara came up from Sydney to hear their complaints (LD, 14.3.32, p. 6).

#### (d) Pastures protection

Another element of Labor's appeal to small producers was its campaign against Pastures' Protection Boards. There were 63 of these elected bodies in 1930. They were established in 1902 prior to universal local government in 1906. Their role was to administer the Pastures Protection Act, which required farmers to keep their properties in satisfactory condition and control vermin, especially rabbits.<sup>127</sup>

Successive Labor governments promised to abolish the Boards. Poorly maintained farms were a menace to their neighbours, and the Boards constrained individual property rights in the collective interest. There were always farmers who objected to being told what to do with their property, but opposition to the Board among Labor supporters was more specific. Struggling producers resented the burden of extra costs to maintain their properties. A correspondent to Lang accused Board inspectors of harassing farmers without evidence. Plausibly an opposition MP suggested that if the Boards were abolished the Lands Department would be more open to political influence to remit penalties.<sup>128</sup>

Labor's criticism of the boards showed it to be the voice of a minority of farmers, and cast doubt on the optimistic claims of the party's pluralist corporatists that it could represent a majority of farmers. Support for the boards came from the representatives of majority rural opinion, such as the Graziers' Association and the Bathurst conference. We know little of which farmers were most to support Labor, but it seems plausible they would have been battlers, likely to be looked down on by the local population. The perceived neglect of their properties and the consequent danger to their neighbours would have added to the obloquy in which the majority would have held them. Labor claimed the Boards favoured larger landholders. Referenda of Board members recorded majorities in their support, but at Gundagai and Tamworth about a third voted for their abolition. Into the 1920s the FSA regarded the Boards as an unnecessary duplication of local government and even in 1931 some FSA members still believed this.<sup>129</sup>

<sup>127</sup> *OYB* 1930-31, p. 271.

<sup>128</sup> Rydon, *NSW Politics*, p. 115. Merritt, *Voluminous Squatter*, pp. 31, 200-01. *PR*, vol. 41 (1931), p. 4. *SMH*, 6. 10. 30, p. 6. AONSW 9/2035, Premier's Department Correspondence 1931, B239, C. Pearce to Lang, 22.1.31. *NSWPD*, vol. 124, p. 774. Keast, 21.1.31. *NSWPD*, vol. 127, 18.6.31, pp. 3398-99. Keast (Keast was a new MP and vociferous Langite). *Finley Mail*, 12.1.31, p. 4 (comments of J. McGirr). *NSWPD*, vol. 132, p. 9330, 11.5.32. Main. In the USA a contributor to farmer radicalisation was resentment at health regulations, such as tick control, that weighed heavily on marginal producers (Sindler, *Huey Long's Louisiana*, pp. 59, 69n2. J. R. Green, *Grass-Roots Socialism: Radical Movements in the South-West 1895-1943*, Louisiana State University Press, Baton Rouge, 1978, p. 335).

<sup>129</sup> Quinn, *Possessing the West*, pp. 193-94. Bayley, *History of the FSA*, pp. 92-93. *F&S*, 14.3.31, p. 2. *SMH*, 17.12.30, p. 11. 12.2.31, p. 7. 4.4.31, p. 9 (FSA conference at Wagga). 17.4.31, p. 9. 29.4.31, p. 9. 15.5.31, p. 9. 24.11.31, p. 7. *PR*, vol. 41 (1931), p. 1,167. *PR*, vol. 42 (1932), p. 291. A Country Party MP in 1934 complained Labor propaganda sought to cast the Boards as instruments of big landowners (*NSWPD*, vol. 139, p. 383. 16.5.34. Elliott). In country Victoria it is difficult to disentangle the factors of Catholicism, soldier settlement and economic marginality but there is some evidence that poorer farming areas recorded higher Labor votes (Hay, 'Structure of Conservatism in South-West Victoria', in Hay, *Essays on Victorian Politics*, p. 185). In Saskatchewan the early supporters of the Co-operative Common Federation were higher status farmers who were most active in the farmers'

Dunn was placed in an awkward position by Labor's commitment to abolish the Boards given his conciliatory approach to producer organisations. In early 1931 he requested the Boards reduce prosecutions for failure to destroy noxious animals. Pastoralists considered this initiative an insult to the Boards. Dunn seemed reluctant to implement party policy. In December 1930 he said a committee of country MPs would consider the matter before anything was done. In May 1931 caucus instructed Dunn to proceed with abolition of the Boards. Dunn denied reports that he was personally opposed to the measure. Country ALP branches demanded abolition of the Boards. When Dunn spoke on the matter he declared his confidence in Board members and justified the abolition of the Boards solely on grounds of economy, unlike Tully who accused their members of self-interest.<sup>130</sup>

In September 1931 Dunn advised that legislation to abolish the Boards would soon be brought down. Dunn reported to cabinet on the bill in January and in February cabinet agreed to the bill and this was approved by caucus in April. Legislation was finally introduced to parliament on 11 May 1932 to abolish the boards and transfer their responsibilities to the Lands Department.<sup>131</sup>

## 8. Conclusions

Historians have tended to argue that for a long period Labor was successful in winning the votes of a significant portion of farmers, and that these votes were crucial to Labor's overall success. They have disagreed as to whether this was a good thing. To the left the pursuit of farmers' votes exemplified Labor's deviation from working-class interest; to the right it stands as an early example of political pragmatism. The 1932 election, where Lang lost every rural non-mining electorate, might seem to demonstrate that Lang's radicalism was particularly repellent to farmers. The moderation of Labor in government after 1941 was inspired in part by the belief that farmers' votes were crucial to Labor and they were best won by eschewing excessive radicalism.<sup>132</sup> The federal Labor governments of 1941-49 favoured a pluralist corporatist

organisations that formed the Federation, but over time poorer farmers became more radical than their wealthier fellows (Lipset, *Agrarian Socialism*, pp. 199-205).

<sup>130</sup> Quinn, *Possessing the West*, p. 195. *SMH*, 15.12.30, p. 7. 28.5.31, p. 9. 15.6.31, p. 7. 29.4.32, p. 11 (Dunn). *Daily Telegraph*, 28.5.31, p. 11 (Dunn). *LD*, 28.11.30, p. 12 (Temora). 6.7.31, p. 6 (Warren). 5.3.32, p. 7 (Gundagai). 24.3.32, p. 8 (Dubbo). 26.1.32, p. 7 (Tully). *PR*, vol. 41 (1931), p. 6. *NSWPD*, vol. 124, p. 2998. Tully, 27.5.31, p. 2998. Dunn, 27.5.31. A similar justification of economy was used to support the abolition of the Prickly Pear Commission: *SMH*, 16.12.30, p. 9. 22.1.31, p. 9. *LD*, 26.1.31, p. 5.

<sup>131</sup> *NSWPD*, vol. 130, p. 6168. Dunn, 15.9.31. *NSWPD*, vol. 132, pp. 9316-17. 11.5.32. Dunn, Cabinet Decisions, 18.1.32, 18.2.32. *SMH*, 23.2.32, p. 9. 29.4.32, p. 11. *LD*, 29.4.32, p. 4.

<sup>132</sup> Nairn, *Civilising Capitalism*, pp. 67, 109, 130, 158-59, 207, 212. Higgins, *Queensland Labor Governments*, p. 6. Thornton, *Socialism at Work*, pp. 12, 150, 156, 208. Markey, *Making of the Labor Party*, pp. 1-15, 304-05. Shogren, 'Agriculture 1915-29', in Murphy, *Labor in Power*, pp. 191-92. H. McQueen, *Gone Tomorrow: Australia in the 80s*. Angus & Robertson, Sydney, 1982, pp. 113-15. W. Swan, 'A future for Labor in Queensland', *Labor Forum*, vol. 9, no. 2 (1987), pp. 6-8.

approach to agricultural policy, demonstrated by their reform of the Australian Wheat Board to make it producer dominated.<sup>133</sup>

The first flaw in this argument is the fact that farmers were a minority of rural electors. At the 1933 census about 28% of male breadwinners in rural NSW were farmers, 23% were agricultural workers and 31% manual workers.<sup>134</sup> Labor's ability to win rural electorates did not require majority support among farmers. The second flaw is that in 1930 when Labor won 14 rural seats its vote was strongly and negatively correlated with agricultural employment. In 1932 the negative correlation persisted but dropped significantly. Relative to other groups agricultural breadwinners (farmers and agricultural workers) were resistant to the anti-Labor tide. Whereas the UAP in 1932 detached a significant number of manual workers who had supported Lang or Federal Labor 1931 it did not increase its support among agricultural breadwinners.<sup>135</sup>

Rural voters in 1930-32 were subject to conflicting pulls of political attraction. They were caught up in the general anti-Labor mood and this would have been reinforced by their fear of Lang's urban radicalism. Despite this the class structure of agriculture worked in Labor's relative favour in 1930-32. Australian farmers produced for the market, indeed a more competitive market than for protected manufacturers, but the internal structure of agriculture was not capitalist, few farmers employed more than a handful of workers. The result was that Labor support among agricultural breadwinners was much lower than in industry where an overwhelming majority of proletarians confronted a few employers.<sup>136</sup> But farmers, unlike workers, were not structurally dependent on capitalists. They were in physical possession of their means of production; the threat to their occupancy lay with creditors who might seize their property. Labor supported the rights of debtors against creditors. Currency inflation would have reduced the real value of farm debts. The politics of debt and credit based in farmers' enmeshment in global capitalism created the basis for a class populism that linked farmers and workers.<sup>137</sup> Lang's moratorium legislation

<sup>133</sup> Whitwell, *Shared Harvest*, pp. 59-60. The federal Agriculture Minister W. J. Scully responsible for the Wheat Board legislation had been a NSW Labor MP 1923 to 1932, and an opponent of Lang in 1927.

<sup>134</sup> These figures are an estimate. The rural sector is taken as the area outside Sydney, Newcastle and Wollongong and also excludes the western coalfields around Lithgow. I define manual workers as wage-earners in the sectors of industry, transport and communications, mining and quarrying, entertainment, sport and recreation and personal and domestic service. I assume that the class position of breadwinners within each sector is the same in rural areas as across the entire state. It is likely there were more self-employed breadwinners in the industrial sectors in rural areas, and to this extent the above figures would overstate the size of the rural working-class, but it is likely that many of the rural self-employed were close in their social position to wage-earners.

<sup>135</sup> Labor's appeal to debtors seems to have been most significant among farmers. From 1930 to 1932 it made slight relative gains among the self-employed, but farmers were a large portion of this group, and it likely that the non-agricultural self-employed (despite their low incomes) did not resist the anti-Labor tide. Many of these electors may have been effectively unemployed but their self-definition as self-employed may have inclined them to support the right. In 1917 Labor increased support among agricultural breadwinners (Thornton-Smith, 1917 Federal Election, p. 583).

<sup>136</sup> Later survey research has found agricultural workers consistently less likely to support the ALP and more conservative on a range of issues (Kemp, *Society and Electoral Behaviour*, pp. 302-04). Campaigning in 1932 C. E. Martin found many rural workers supported the conservative parties (Martin Diary, 5.6.32).

<sup>137</sup> Mann, *Sources of Social Power*, vol. 2, p. 698. The oddest expression of this was the idea of giving silver the monetary status of gold. This had a long history among farmers and was supported by the Graziers' Association General Council in 1931 (Meritt, *Voluminous Squatter*, p. 107). NBAC, Graziers' Association of NSW, E256, Box 282, Miscellaneous Correspondence 1931, J. W. Allen, General Secretary, Graziers' Association to the Secretary,

benefited farmers, a fact admitted even by his opponents. In the 1932 election campaign Lang promised to legislate for the reduction of the value of farm mortgages and argued that the moratorium would be repealed if Stevens were re-elected. In the 1935 and 1938 state elections the anti-communist mobilisation of 1931-32 had evaporated and the coalition campaigned on the basis it that had restored prosperity. At these elections Lang Labor made rural gains while its urban vote was stagnant.<sup>138</sup>

The conflicts within the Lang government over agricultural policy anticipated remarkably those that emerged within the New Deal. One side of this conflict was made up of the Department of Agriculture and established rural leaders. They fell in behind the Roosevelt's administration's espousal of production control to increase prices. This policy disadvantaged consumers and share farmers and agricultural labourers who were dismissed by farmers who reduced production. Production control was opposed by radicals who believed farmers and workers shared common interests and that higher wages meant more demand for farm products. The radicals called for the state to restructure the entire chain of agricultural production from farmer to consumer to benefit both sides. Despite radical hopes most farmers fell in behind production control. Just as Dunn refused to challenge the FSA the Roosevelt administration worked with the moderate Farm Bureau, which supported production control rather than more radical farmer groups. The Bureau's political allies were conservative Democrats, who like the Country Party distrusted urban capitalists but were staunch opponents of labour militancy. After 1936 conservative Democrats joined with Republicans in a conservative coalition against the New Deal.<sup>139</sup>

Farmers in democratic countries generally moved left in the 1930s. Left parties developed a political strategy that combined regulation of agricultural marketing with measures to increase urban wage-earners income, through government spending to increase unemployment and facilitation of trade union organisation. Australian Labor's difficulties in government generated

Graziers' Vigilance Council, 27.10.31). Macpherson sees farmers as ultimately constrained within capitalism despite occasional outbursts of separate identity, but this assumes that workers are in a qualitatively different position (C. B. Macpherson, *Democracy in Alberta: the Theory and Practice of a Quasi-Party System*, University of Toronto Press, Toronto, 1953, pp. 220-29).

<sup>138</sup> Transcripts of shorthand notes of speeches at Wagga 14th March 1931 meeting (of the Riverina movement), pp. 15-16. B1924. Colonial Secretary Correspondence AO 5/8999. Lowenstein, *Weevils in the Flour*, p. 49. Moore, 'Countrymindiness', p. 63 (A. C. Davidson). *SMH*, 9.3.31, p. 10 (George Wilson comments). *Finley Mail*, 23.3.31, p. 4. *F&S*, 14.3.31, p. 1. 26.5.32, pp. 1, 15 (Lang advertisement). *LD*, 28.4.32, p. 6. 24.5.32, p. 6. *SMH*, 28.4.32, p. 9. 10.5.32, p. 9. Leaflet, p. 62. Cabinet on 9 May decided to refer the bill to a subcommittee of Tully, McGirr and Davidson, that would consult with Dunn (Cabinet Decisions, 9.5.32). The proposal to write down rural debts alarmed banks. The coalition argued it would undermine the stability of banks and bring production to a halt: Holder, *Bank of New South Wales*, p. 741. Stevens, *The Policy of the Stevens Government*, pp. 11, 52. Speech by Bruxner at Goulburn, 6.5.32, in 1932 Election Leaflets, p. 53). This pragmatic argument against economic regulation shared by many conservatives who feared the attractiveness of debt reduction proposals to farmers (Nicholls, *Rise of the UAP*, pp. 168-70). Goot, 'Rewriting Electoral History', in Easson, *McKell*, p. 110. McCarthy, *State Election 1935*, pp. 30, 33, 38. McCarthy, *State Election 1938*, p. 24.

<sup>139</sup> L. K. Dyson, *Red Harvest: The Communist Party and American Farmers*, University of Nebraska Press, Lincoln, 1982, p. 80. Valelly, *Radicalism in the States*, p. 102. P. J. Maney, 'Young Bob' La Follette: A Biography of Robert M. La Follette, Jr., 1895-1953, University of Missouri Press, Columbia, 1978, pp. 128, 255. T. Saloutos, *The American Farmer and the New Deal*, Iowa State University Press, Ames, Iowa, 1982, pp. 64, 88, 103-04, 115. R. Kirkendall, 'The New Deal and Agriculture', in J. Braeman, R. Brenner & D. Brody, eds., *The New Deal*, vol. 1, *The National Level*, Ohio State University Press, Columbus, 1975, pp. 102-05.

an electoral backlash that swamped Labor's relative gains among farmers at the level of parliamentary representation.<sup>140</sup>

Australian Labor was in a strong position to pursue rural votes through the pluralist corporatist approach. The free-trade traditions of British Labour and German Social Democracy disabled them from making an effective appeal to farmers. Urban consumers were lower in Labor's scale of priorities compared to the defence of producers. Among Labor voters suspicion of the free market probably encouraged acceptance of economic regulation that objectively disadvantaged them.<sup>141</sup>

Labor's agricultural policy record reminds us both of the innovative character of Lang's government and how the political rewards of this innovation were swamped by the reaction against Labor's perceived economic mismanagement.

<sup>140</sup> Gourevitch, *Politics in Hard Times*, pp. 45-61. Paul Nicholls correctly identified the relatively good Labor federal performance in 1931 in rural areas (Nicholls, *The Rise of the UAP*, pp. 325-27). Larg Labor appealed to Australian farmers to follow the leftward shift of Canadian farmers (*F&S*, 19.12.31, p. 4). The Canadian Farmers' Union sent a letter of support to Lang in July 1931 (*LD*, 4.7.31, p. 8). Ronald Rogowski argued that Australia due to its shortage of labour, relative to land and capital, was a nation tailor-made for a successful worker-farmer alliance on the American and New Zealand model, but this opportunity was lost through Labor's political ineptitude. The relatively strong rural performance by Labor supports this interpretation (R. Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, Princeton University Press, Princeton, New Jersey, 1989, pp. 72-73).

<sup>141</sup> Mann, *Sources of Social Power*, vol. 2, p. 717. Abraham, *Weimar Republic*, pp. 77, 89 n. 167. J. Sperber, *The Kaiser's voters: Electors and elections in imperial Germany*, Cambridge University Press, Cambridge, 1997, pp. 232-33. A 1953 American survey found manual workers more supportive of agricultural price supports than white-collar and professional workers (Fite, *American farmers*, p. 144). Indexation to prices of federal award wages may have made workers more tolerant of rising agricultural prices (D. Copland & C. Janes, 'Introduction' in their *Australian Marketing Problems*, p. x). Higgins argues that unions accepted measures favouring farmers even if they increased prices and were more concerned with farmers conduct as employers (Higgins, *Queensland Labor Governments*, p. 62). Labor tended to attribute inflation to monopolies and price agreements, and farmers would not have fitted this description (P. Macarthy, *The Harvester Judgement - An Historical Assessment* (PhD, Australian National University, 1967), pp. 543-45). Marxists and liberals both deplore Labor's indifference to consumers: P. Griffiths, 'Labor's Tortured Path to Protectionism', in Hood & Markey, *Labour and Community*, pp. 91-95. Kuhn, *Paradise on the Installment Plan*, p. 11. F. W. Eggleston, 'Political Parties and their Economic Policies', in Copland, *Economic Survey of Australia*, p. 245. Eggleston, *Reflections*, pp. 108, 111, 126-27.

## Part 4 Conclusion

### Chapter 10

#### Choices and Limits

##### 1. Introduction

In this Chapter I review the evidence for the argument that Labor made real efforts to pursue distinctive public policies but that its actions were constrained by social structures. I will review Labor's policy record, the extent to which different strategies by the party might have been more electorally successful and the nature of the structural constraints on the government. I shall suggest some implications of the work, both in terms of interpreting the current dilemmas of the labour movement and lines of future inquiry.

##### 2. Labor's legislative record

Lang's government set a cracking legislative pace: 127 bills were introduced to parliament during its term. Many bills were not enacted, but of those that did a high portion were substantial policy measures rather than machinery measures. The distinctive character of the Lang period is apparent when its legislative record is compared to later Labor governments. In table 10.1 I categorise Labor's legislative record, using a typology developed by Helen Nelson and applied by her to the first term of the 1982-92 Victorian Labor government, and by David Clune to the McKell government in New South Wales. The categorization of measures is inevitably subjective but suggests that Lang's government was highly innovative.<sup>1</sup>

<sup>1</sup> *SMH*, 1.6.32, p. 11. Robert Parker estimated legislation drawn from the ALP platform would not have accounted for ten percent of Labor's legislative output in the late 1950s (Parker, 'Government of New South Wales', in Davis, *Australian States*, p. 107).

Table 10.1 Legislative outputs of selected state Labor governments

#### Legislative Outputs of Selected State Labor Governments

| Legislative Category (%) | NSW 1930-32 | NSW 1941-47 | Victoria 1983-85 |
|--------------------------|-------------|-------------|------------------|
| Financial                | 18.9        | 7.3         | 2.3              |
| Administration           | 11.1        | 51.3        | 18               |
| Administrative Reform    | 1.1         | 2.7         | 16.8             |
| Minor Policy             | 47.8        | 29.1        | 35.1             |
| Policy                   | 20          | 9.6         | 19.8             |
| Mixed                    | 1.1         | 0           | 8                |

(Clune, *NSW Labor Governments*, p. 241. H. Nelson, 'Legislative Outputs' in Galligan, *Comparative State Policies*, pp. 33-34)

Labor found the bureaucracy a willing partner in extending economic regulation, but the bureaucracy had misgivings about the use of state power to benefit sectional interests as they defined them. An example was opposition to award wages on relief works. The Department of Labour advising Baddeley on how to respond to a proposal from a private citizen that the government build factories and pay workers with their products, rather than wages, considered that the proposal conflicted, not only with the legislation, but with the 'existing industrial system'.<sup>2</sup>

I have shown in Chapters 7 and 8 Labor that was successful in protecting employed manual wage earners from the worst impact of the economic downturn. Here its approach was unquestionably distinctive. The government's industrial relations policy and legislative initiatives were an attack on managerial prerogative more radical than undertaken by any previous government. In agricultural policy the pattern was more complex. Dunn's resistance slowed the progress of Labor's more radical initiatives in land settlement policy, but in the regulation of agricultural marketing Dunn's approach was congruent with a significant section of organised producer opinion (even if some rank and file producers dissented as shown by the defeat of the wheat pool ballot). In the dairy and meat industries Labor fundamentally shifted the direction of public policy, away from an exclusive focus on health concerns, towards marketing regulation and export facilitation.

Labor's commitment to the defence of producer interests, particularly manual workers, but also small farmers, fits within the policy framework associated with labourism, although the influence of socialist ideas was particularly apparent in the challenge to managerial prerogative. In the late 1920s some Nationalists had hinted at a radical laissez-faire critique of economic regulation.

<sup>2</sup> DLI Submissions 1931 (6/3466), 290231, 9.3.31.



Labor's 1929-30 triumphs were largely a conservative vote against this suggestion. After 1932 Stevens showed he had learnt this political lesson well; the spectre of Lang's possible re-election was a tool for him in keeping his government to the centre. As I have discussed in Chapter 7 industrial relations reforms under Stevens were cautious. Lang Labor's poor performance among many working-class voters in 1932, 1935 and 1938 was testimony to Stevens' moderation.

Lang Labor's break with economic orthodoxy was most apparent not only in industrial relations but in taxation and public expenditure, culminating in the mortgages tax. It was in these two areas that Stevens broke most decisively with Lang. Changes in accounting procedures make precise estimates difficult here, and the Commonwealth Grants Commission estimates of state revenue and expenditure are only available from 1932-33, but it seems that the Stevens government reduced social services expenditure, while it rose in Labor governed states. Indeed the distinctive character of Labor administrations in the late 1930s may have been less in the area of wages policy but rather in public expenditure. Social democracy was supplanting labourism even then.<sup>3</sup>

### 3. Labor and the electorate

It is highly unlikely Game would have dismissed Lang if he believed Lang could have won the subsequent election. Labor's electoral defeat in June 1932 confirmed Game's judgement. Could Labor have developed a more successful electoral appeal?

As I have discussed in Chapter 5 and 6 most of the shift against Labor was a general shift by voters across all social groups. But from 1930 to 1932 Labor suffered particularly heavy losses among white-collar workers in the private sector.

Did Labor's radical image cost it votes? Federal Labor failed to detach Catholic support from Lang, particularly in 1932. It is always possible to argue Labor would have done better with a more moderate image, but in this case Labor would have lost support to the Communists. It is likely Labor's class appeal helped it to hold manual worker support; it probably contained Labor's losses due to the employers' campaign of 1932.

Earlier in the writing of this dissertation I believed Labor's pursuit of agricultural votes was misguided and that the party should have followed up its breakthrough of 1929-30 among private sector white-collar workers. I believed Labor in the 1930s was already in the position European social democrats entered in the 1950s, when they abandoned their alliance with a numerically

<sup>3</sup> J. Nimmo, 'Australian Consumption Standard', in Eggleston, *Standards of Living*, p. 181. It is possible to compare figures for education. From 1931-32 to 1934-35 NSW education expenditure fell 5% compared to a rise across all states of 0.6%, in Queensland where Labor was elected in 1932 the rise was 5.6% (*Official Year Book of the Commonwealth of Australia*, no. 25, 1932, p. 417; no. 27, 1935, p. 895). Although Queensland Labor increased social expenditure it was slow to restore the Moore government's reductions in the basic wage (Costar, *Labor, Politics and Unemployment*, p. 221).

declining and increasingly conservative rural population for an appeal to white-collar workers.<sup>4</sup> I now disagree. Labor seems to have done remarkably well in holding non-manual public employees. Once the non-Labor parties accepted the verdict of 1929 on arbitration there was little Labor could do to hold support among private sector white-collar workers. In 1932 Lang Labor actually made gains among private-sector white-collar workers in comparison with the total vote for both Labor parties in 1931. Labor's rural focus at least paid some electoral dividends in 1935. The group among whom Lang Labor's poor performance was most surprising was among the unemployed.<sup>5</sup> Interwar economic transformations inflicted a double disadvantage on labour. The decline in agricultural breadwinners was concentrated among agricultural labourers (more likely to vote Labor), and Labor fared worst in the fastest growing areas of services such as retailing.<sup>6</sup>

In April 1932 Works Minister Davidson identified major Labor achievements as maintenance of the basic wage, reduction in hours, protection of state employee wages, and higher food relief. Federal Labor's *World* argued that Lang could claim only claim two achievements for workers: maintenance of basic wage and maintenance of the dole, but that for unemployed workers their basic wage was the dole. This claim probably expressed the thinking of many unemployed. Recent work has criticised the concept of the unemployed as apathetic and argued for significant levels of activism on their part, we need to recognise that this initiative on their part could include breaking with past political habits to oppose Labor.<sup>7</sup>

Lang's debenture plan of 1932 was a political error; it would have better off with a promise to pay for public sector jobs through higher taxation. Lang's reluctance to pursue this approach reflected misguided electoral pragmatism. The Labor right argued that Lang's higher wages tax alienated workers but this is doubtful. If the unemployed had been found jobs in the public sector they would probably have been reliable votes for Labor.<sup>8</sup>

<sup>4</sup> G. Robinson, 'Class, Gender and Voting Behaviour in New South Wales During the Great Depression: Some Aspects of a Labour Process Interpretation', in P. Bertola & J. Bailey, eds., *Frontiers of Labour: Proceedings of the Fifth National Conference of the Australian Society for the Study of Labour History*, Australian Society for the Study of Labour History (Perth branch), Perth, 1997, pp. 222-247. G. Esping-Andersen, *Politics Against Markets: The Social Democratic Road to Power*, Princeton University Press, Princeton, 1985, p. 89.

<sup>5</sup> Our absence of knowledge about how the geographical distribution of unemployment in 1930-32 compared to 1933 makes our estimates of unemployed electoral behaviour difficult but it seems clear they were not an electoral bonanza for Lang. Those UAP MPs who defended unemployment relief programs from their right-wing, particularly Country Party critics in the Stevens government, presumably believed there were votes in the unemployed.

<sup>6</sup> Butlin, *Government and Capitalism*, p. 79. Fitzpatrick, *Australian Capitalism*, Essay 7, pp. 2, 19. Fitzpatrick, *Australian People*, pp. 89-90.

<sup>7</sup> LD, 13.4.32, p. 6 (Davidson). *The World*, 25.4.32, p. 4. Cohen, *Making a New Deal*, p. 286. Fox, *Fighting Back*, p. 8. Impoverished rural migrants in third world cities, the great hope of the revolutionary left, were neither inherently radical or pessimistic but shifted their vote to who could promise immediate benefits (Graham, *Peru's APRA*, pp. 174, 214). Even Wheatley admits that the Lang government's 25% increase in food relief and anti-eviction legislation reduced unemployed militancy (Wheatley, *Unemployed Who Kicked*, pp. 522, 571).

<sup>8</sup> AWU, *Official Report of the 45th Annual Convention*, p. 52 (Bodkin).

#### 4. The recognition of necessity?

Labor's defeat was aggravated by policy errors. But there is little doubt Labor would have been defeated no matter what it did. This could be seen as an example of economic structure acting to confine a political one.

The existence of a capitalist economy in NSW only partly explained the events of the period. The state was capitalist but not only capitalist; it was patriarchal and bureaucratic as well and constrained within federal institutions. The latter point is implicitly neglected by much of the new literature on Australian state politics. At the most basic level the electoral history of interwar Australia would have been very different if women voted Labor to the same extent as men. Manual and non-manual workers conceived their interests in quite different ways, although in both 1930 and 1932 (compared to 1931) the gap narrowed. Nor can the outcome be read off the kind of individualist simplistic reductionism of material interest, to which Lang was prone. The line from perceptions of voter interest to electoral behaviour is never a simple matter of reflection. Class conflict in NSW took particular political forms because of political and institutional structures.<sup>9</sup>

I argued in Chapter One that although the new left historians promised a more theoretically informed understanding of labour history than the old left in practice they largely failed to deliver on this promise. The practical work of industrial relations historians exemplified a more productive approach in their elucidation of the linkages between workplace, economy, state and gender but their focus was limited. The new left's failure was disappointing when it is considered that they had to hand theoretical concepts that could have assisted them in their task in Althusser's concept of totality, the recognition that social relations comprise the 'structured unity of a complex whole'. Economics and politics are related but they are not identical; they are aspects of the totality of a social formation that is inherently structured and divided.<sup>10</sup>

<sup>9</sup> Paul Petersen (*City Limits*, University of Chicago Press, Chicago, 1981) argues that American analysts of urban politics have similarly neglected the extent to which city governments are constrained in their actions by constitutional limitations, with the result that urban politics is limited to a pale shadow of the national level (globalisation threatens to have the same impact on national governments). Lang's fate casts doubt on the extent to which Petersen's suggestions for guarantee of local debts by the federal government together with provisions for review of loan raising would restore the vitality of city politics.

<sup>10</sup> A. Wells, 'Marxism and labour history', in Irving, *Challenges to Labour History*, p. 30. Althusser, *For Marx*, pp. 200-216. As Marx argued 'nothing is simpler for a Hegelian than to posit production and consumption as identical...[but] the conclusion we reach is not that production, distribution, exchange and consumption are identical, but they all form the members of a totality, distinctions within a unity...Mutual interaction takes place between the different moments' (Marx, *Grundrisse*, pp. 93-94, 99-100). The conclusions of Althusser, Marx and contemporary exponents of critical realism are strikingly similar to some reached by John Anderson in his Marxist phase, such as 'Realism and Some of its Critics' (1930) which proposes 'as the formal solution of any problem the interaction of comp. things' (Anderson, *Studies*, p. 59 (his italics)). Even Macintyre who showed the most developed understanding of Althusser's work still tended to emphasise the unity of social totalities in reaction against the perceived empiricism of the old left (Macintyre, 'Radical History', p. 63n65).

The failures of the new left reflected the political voluntarism of the time, but they also drew on the extravagance of Althusser's own rhetoric and his proclaimed 'anti-humanism'. But, as Bhaskar argued, although social structures cannot be reduced to the properties of individuals: they exist only because there are predictable properties and powers of individuals.<sup>11</sup>

I have stressed in Chapter Five the integral relation between peoples' views of what is possible in the future and their political attitudes. Compared to slavery the separation of the economic and political in capitalism makes it seem a system beyond human control, an attitude exemplified by the frequent comparison of economic disturbances with bad weather. In Marx's concept of commodity fetishism we have a pioneering formulation of this principle. For this to be the case one has to make certain propositions about the nature of individuals. A social structure represents relations between individuals but individuals are not reducible to their relations with others.<sup>12</sup> As I argue in Chapter 5 it was rational for workers given their lack of assets to fear the future.

Writing in the 1920s the social-democratic Marxist Renner anticipated W. K. Hancock's critique of Australian statism in pointing out the 'idolatry of decrees' practiced by the Bolshevik government, which had to recognise social limits as in its retreat to the new Economic Policy. Subsequent Soviet experience demonstrated Weberians are correct to argue that (some) structural constraints on government can be destroyed by state action, as market forces were overcome by the ruthless exercise of state power. Left-leaning economists in the 1930s argued that left governments should quickly seize the commanding heights of the economy to prevent disinvestments. Nor were some Australian economists of the early 1930s unaware of the theoretical possibility of an alternative, represented by the USSR, of economic autarky, but they argued that without international trade Australian living standards would fall even lower. Even Lloyd Ross hinted at the changed role Australian unions would play in the socialist order.<sup>13</sup>

Although the capitalist sector accounted for less than half of total economic activity, it is valid to describe Australia as a capitalist society because shifts in capital accumulation where the

<sup>11</sup> Bhaskar, *Possibility of Naturalism*, pp. 80-81, 97. Bhaskar, *Realist Theory*, p. 113.

<sup>12</sup> Marx, *Capital*, vol. 1, pp. 164-71. The importance of subjective evaluations of the future is supported by the poor record of attempts to predict electoral outcomes from economic variables (S. Jackman & G. Marks, 'Forecasting Australian Elections: 1993, and All That', *Australian Journal of Political Science*, vol. 29, no. 2 (1994)). Marx, *Capital*, vol. 1, pp. 170-77. Parkin, *Class Inequality and Political Order*, p. 161. Ashworth, *Commerce and Compromise*, pp. 96-98. Curthoys, *Feminist Amnesia*, pp. 119, 132-33, 184. Anderson, 'Marxist Philosophy', in Anderson, *Studies*, p. 311.

<sup>13</sup> Renner, *Institutions of private law*, pp. 259-60. R. Murphy, *Social Closure: the theory of monopolization and exclusion*, Clarendon Press, Oxford, 1988, p. 55. O. Lange, 'On the Economic Theory of Socialism' (1938) in O. Lange & F. Taylor, *On the Economic Theory of Socialism*, McGraw-Hill Book Company, New York, 1938, pp. 122-4. Keynes advised Roosevelt to avoid unnecessarily alarming capitalists if their role was not to be abolished: J. M. Keynes to Franklin Roosevelt, 1.2.38 and 25.3.38, in J. M. Keynes, *Collected Writings*, vol. 21, *Activities 1931-1939*. World Crisis and Policies in Britain and America, Macmillan, London, 1982, pp. 434-40. Anonymous, 'What the Premiers' Plan Did, May 1932, in APS, p. 20. p. 81. L. Ross, 'The Dilemma of Trade Unionism', *Economic Record*, vol. 10 (1934), pp. 193-94. Leninism resolves the conflict between short and long-term interests is resolved by the dictatorial party (R. Schlesinger, *Marx: His Time and Ours*, Routledge & Kegan Paul, London, 1950, pp. 278-81, 295, 354).

dominant factor in determining levels of economic activity. The Australian state did uphold capitalism but this was not the result of the unfolding of some essence of the state.<sup>14</sup>

### 5. Political implications

After 1941 NSW Labor reinvented itself and prioritised holding government. Trade unions came to accept this. With the final overthrow of the Lang faction unions were in a position to control the ALP but drew back. It was a union dominated NSW party conference in 1939 that restored to caucus the right to elect its leader. The result was that McKell, who had contributed little to the struggle against Lang, was elected leader, rather than the unions' favourite Heffron.<sup>15</sup> After 1941 the majority of NSW trade union opinion accepted the priority of keeping Labor in government. They emphasised the organisational aspects of trade unionism over its identity as a social movement. For a long period this was a successful strategy, but as the long boom ended it left unions vulnerable to the charge of being just another corporate interest group. Recent concepts of 'social movement' unionism call for a return to the identity of trade unionism as a movement. These arguments sometimes seem to assume the existence of a unified working-class subject waiting to be called into political activity by a Labor party that has returned to 'traditional labour values'.<sup>16</sup> It is here that Langism has some lessons to teach. The alliance of Lang and the Trades Hall Reds fused class and populist themes into a powerful force. Without union support Lang's appeal withered; equally a political party that was no more than the political reflection of organised labour, centered around production relations, would not have been successful as was NSW Labor was in 1930.<sup>17</sup> Production relations are as likely to generate segmental loyalties to employers or sectional craft or group consciousness rather than class-consciousness. A productivist appeal divides male production workers from female family workers. The mobilisation of political support requires the construction of a subject that exists at the level of the political. A revived popular radicalism in Australia would not centre on a concept of 'class', and concepts of the nation would play a central role in its formation.<sup>18</sup>

<sup>14</sup> Webber, *Golden Age Illusion*, pp. 36-92.

<sup>15</sup> Willis, the first of Lang's industrialist allies to break with him opposed this reform and continued to defend the election of the parliamentary leader by conference (Young, *Impact of J. T. Lang*, p. 255 n.103).

<sup>16</sup> The work of Andrew Scott close to arguing this (Scott, *Running on Empty*, pp. 251-58).

<sup>17</sup> The mediocre electoral performance of the Victorian ALP during the period of 'industrialist' control is an example.

<sup>18</sup> Mann, *Sources of Social Power*, vol. 2, pp. 512, 535. Halle, *America's Working Man*, p. 175. E. Laclau & C. Mouffe, *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*, Verso, London, 1985. Class at the political level is a different thing from class at the economic level although the two entities are related, and the latter is as 'real' as the former. An insightful critique of left attitudes to the nation is M. Dixon, *The Imaginary Australian: Anglo-Celts and Identity - 1788 to the Present*, University of New South Wales Press, Sydney, 1999. The distaste of many New Dealers for the 'redneck' style of Southern populism undermined the New Deal's struggle against conservative Democrats in the South (C. Morgan, *Redneck Liberal: Theodore G. Bilbo and the New Deal*, Louisiana State University Press, Baton Rouge, 1985).

### 6. Conclusions

As the concept of an Australian settlement is consigned to the history books it is worth reflecting how little we actually know about how it functioned. The decline of political history could be rectified by a turn to the history of public policy. Were the redistributive consequences of wage regulation really swamped by its employment consequences as David Pope and Colin Forster argue? We still know little about the impact of wage fixation and public sector pay policies on overall wage levels. A first step would be the preparation of databases of Australian economic and social statistics for the years when state governments had real policy autonomy: from Federation to the introduction of uniform taxation. Australia was unique, compared to other democratic federations, in having all sub-national governments ruled by working-class parties within this period. This provides an opportunity for comparative analysis.<sup>19</sup>

This dissertation has sought to construct a political history that identifies the political and the social as aspects of structural processes and to elucidate this process by quantitative analysis. It recognises that the free actions of individuals were constrained by the actions of those before them, just as the actions of individuals in the present constrain what future generations can achieve. But at the same time collective human action increased the ability of men and women to shape their natural environment and formed them as subjects. In an age in which democracy is celebrated as the recognition of necessity there is a case for recalling an era when it was believed to be more than this.

<sup>19</sup> S. Macintyre, 'Political history', in Davison, *Oxford Companion to Australian History*, pp. 511-12. Recent work on the contemporary impact of labour market regulation, exemplified by Richardson's *Reshaping the Labour Market*, suggest that the story is more complex than Pope and Forster admit. Nimmo's chapter in Eggleston, *Australian Standards of Living*, referred to earlier, was a pioneering example of tax-transfer analysis that sought to ascertain the total impact of public expenditure and taxation on living standards in the 1930s and his subject needs to be revisited with more powerful analytical tools.

## Appendix

### Ecological Regression and the Analysis of New South Wales Electoral Behaviour

#### 1. Introduction

Ecological regression analysis is a technique that enables us to come to conclusions, often tentative, about the behaviour of individuals when we only have data relating to behaviour of collective groups.<sup>1</sup> I use regression analysis to examine the electoral behaviour of different social groups in depression-era NSW. As public opinion polling did not commence until the 1940s this is the only way we have to draw conclusions about electoral behaviour in the 1930s.

The widespread use of statistical methods in historiography dates from the 1960s in the United States. Their use evoked controversy, and although some proponents of 'cliometrics,' as the use of statistical methods was called, overstated their cases, hostility to their use principally came from the advocates of traditional political history.<sup>2</sup> Later such techniques came under criticism from Marxists to whom statistical techniques constituted a lapse into empiricism. Within the framework of the critical realist approach that I have adopted this allegation is unfounded. Statistical techniques can be used to test the predictions of a structural model, such as I develop in Chapter 2, but they do not directly reveal the existence of social structures. There is little point in a theory that cannot generate propositions about the real world, which cannot be empirically studied. Improvements in computing technology mean that far less technical knowledge is required to employ such techniques. No one would write an analysis of a contemporary election without referring to opinion polls, although this would be only part of a quality electoral analysis. There remain many unanswered questions in Australian political history that would benefit by the application of such techniques.<sup>3</sup>

#### 2. Ecological regression

Historians have always used informal techniques to draw conclusions about electoral behaviour. Labor's loss of 'middle-class' suburban electorates in 1931-32, and the relatively lesser swing against Labor in rural areas seems to suggest that white-collar workers were particularly likely to desert

<sup>1</sup> Observers of popular culture may have noticed that regression analysis makes a brief appearance in the recent film *Traffic*.

<sup>2</sup> Novick, *Noble Dream*, pp. 383-86. R. J. Evans, *In Defence of History*, Granta, London, 1997, pp. 39-44.

<sup>3</sup> E. O. Wright, *Class Crisis and the State*, Verso, London, 1979, p. 10. An example of a problem to which ecological regression could provide a solution is the disagreement between Higgins and Costar as to whether Labor's 1929 defeat in Queensland was due specifically to the alienation of manual workers from the ALP (Higgins, *Queensland Labor Governments*, pp. viii, 126-27. Costar, *Labor, Politics and Unemployment*, pp. 41-47).

Labor, but many different conclusions can be drawn and it is difficult to choose between them.<sup>4</sup> Regression analysis formalises this procedure. We know how the voting behaviour of electorates and we know the social composition of electorates. We are interested in the relation between voting behaviour and differences in social composition.

Regression analysis takes the social composition data and develops an equation that predicts the voting behaviour (the dependent variable) of each unit of ecological analysis from its social composition (the independent variables). For each region this equation will only imperfectly predict the Labor vote, the gap between the actual and predicted Labor vote is known as the 'residual', but multiple regression determines variables for the coefficients in the equation that minimise the overall total of these residuals. The choice of social variables to investigate is a subjective one, but the ones I have chosen reflect qualitative information and the conclusions of my sectoral model outlined in Chapter 2. The equations produced by this technique are represented by table A.1 (the same table as Table 5.3).<sup>5</sup>

<sup>4</sup> McCarthy, Stevens-Bruxner Government, pp. 57-60. J. M. McCarthy, "'A 'Law and Order' Election: New South Wales, June 1932", *Journal of the Royal Australian Historical Society*, vol. 60, pt. 2 (1974), pp. 113-14.

<sup>5</sup> Any statistics textbook will explain multiple regression, but good explanations of the application of this technique to electoral analysis are: B. Fairbairn, *Democracy in the Undemocratic State: The German Reichstag Elections of 1898 and 1903*, University of Toronto Press, Toronto, 1997, pp. 298-304. G. Mavrogordatos, *Stillborn Republic: Social Coalitions and Party Strategies in Greece, 1922-1936*, University of California Press, Berkeley, 1983, pp. 101-10. Childers, *Nazi Voter*, pp. 271-73.

Table A.1 Social determinants of New South Wales electoral behaviour 1930-32<sup>1</sup>

| Social Determinants of Electoral Behaviour 1930-32 |  | 1930 Labor | 1931 SLP | 1931 FLP | 1932 FLP | 1931 LAB | 1932 SLP | 1930 CPA | 1931 CPA | 1932 CPA | AP 1930 |
|--|--|------------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| Constant   |  | 119.67     | 28.00    | 16.06    | 23.80    | 48.74    | 48.76    | 2.57     | -0.43    | 0.99     | -8.77   |
| P-value  |  | 0.00       | 0.00     | 0.07     | 0.13     | 0.00     | 0.00     | 0.333    | 0.748    | 0.86     | 0.73    |
| Women  |  | -1.44      | -0.29    | -0.04    | -0.28    | -0.33    | -0.46    | -0.032   | 0.015    | -0.002   | 0.73    |
| P-value  |  | 0.00       | 0.03     | 0.75     | 0.26     | 0.05     | 0.084    | 0.504    | 0.482    | 0.98     | 0.15    |
| Miners   |  | 0.63       | 0.80     | 0.19     | 0.25     | 0.91     | 1.09     | 0.1      | 0.12     | 0.152    |         |
| P-value  |  | 0.003      | 0        | 0.31     | 0.165    | 0        | 0        | 0        | 0.039    |          |         |
| Proletarians (ex miners)                           |  | 0.42       | 0.4      | 0.29     | 0.16     | 0.6      | 0.504    | -0.36    | 0.06     | -0.02    | 0.01    |
| P-value  |  | 0.018      | 0.015    | 0.09     | 0.33     | 0.004    | 0.05     | 0.13     | 0.031    | 0.72     | 0.96    |
| Commerce & Finance                                 |  | -0.7       | -0.90    | -0.74    | -0.9     | -1.73    | -1.17    | 0.054    | -0.12    | -0.07    | -0.27   |
| P-value  |  | 0.163      | 0.057    | 0.127    | 0.067    | 0        | 0.033    | 0.43     | 0.1      | 0.69     | 0.61    |
| Public Admin & Professional                        |  | -2.71      | -1.91    | -0.88    | -0.67    | -2.95    | -1.8     | -0.135   | 0.07     | -0.04    | -0.04   |
| P-value  |  | 0          | 0.002    | 0.16     | 0.271    | 0        | 0.009    | 0.098    | 0.47     | 0.86     | 0.94    |
| Catholics  |  | 0.38       | 0.241    | 0.3      | -0.23    | 0.52     | 0.628    | -0.017   | -0.02    | -0.08    | -0.72   |
| P-value  |  | 0.004      | 0.033    | 0.009    | 0.036    | 0        | 0        | 0.329    | 0.234    | 0.07     | 0.24    |
| Unemployed   |  | 0.770      | 1.120    | -0.540   | -0.600   | 0.580    | 0.510    | 0.1000   | 0.047    | 0.110    | -0.720  |
| P-value  |  | 0.028      | 0        | 0.057    | 0.005    | 0.09     | 0.068    | 0.032    | 0.27     | 0.13     | 0.57    |
| Female employees                                   |  | 1.46       | 1.33     | 0.96     | 1.71     | 2.36     | 1.14     | 0.065    | -0.002   | 0.19     | -0.32   |
| P-value  |  | 0.01       | 0.012    | 0.076    | 0.002    | 0        | 0.07     | 0.381    | 0.983    | 0.35     | 0.57    |
| Agriculture  |  | -0.54      | -0.31    | 0.028    | -0.033   | -0.33    | -0.33    | 0        | 0.001    | -0.043   |         |
| P-value  |  | 0          | 0.04     | 0.79     | 0.821    | 0.012    | 0.015    | 0.725    | 0.948    | 0.57     |         |
| Self-employed                                      |  | -0.66      | 0.05     | 0.48     | 0.17     | -0.56    | -0.53    | -0.04    | -0.04    | 0.012    | 0.04    |
| P-value  |  | 0.001      | 0.773    | 0.016    | 0.27     | 0.019    | 0.032    | 0.196    | 0.17     | 0.86     | 0.86    |
| R-Sq(adj)  |  | 86.70%     | 84%      | 22.30%   | 26.20%   | 82.20%   | 84%      | 70.60%   | 50%      | 53.50%   | 41.40%  |

<sup>1</sup> SLP is State (Lang) Labor. FLP is Federal Labor. LAB is the total vote for both Labor groups in 1931. AP is the Australian Party. This party ran no candidates in mining electorates in 1930, and only one in a rural electorate. Mining and agriculture have been excluded from the regression.

An example of the equations produced by this technique is:

$$1930 \text{ ALP vote} = 119.67 - 1.44 * \text{Women} + 0.63 * \text{Miners} + 0.42 * \text{Manual Workers (excluding Miners)} - 0.7 * \text{Commerce \& Financial Workers} - 2.71 * \text{Public Administration \& Professional} + 0.38 * \text{Catholics} + 0.77 * \text{Unemployed} + 1.46 * \text{Female Employees} - 0.54 * \text{Agriculturalists} - 0.66 * \text{Self-employed (R-Sq} = 86.7\%).$$

Voting behaviour is an act of individual choice. Not all of the voting behaviour of an area will be explained by its social composition. If electoral choice reflected value-choices unrelated to the social characteristics of voters, such as ethnicity, gender and class position, than one would find that little of voting behaviour would be explainable. The fact that the correlation coefficient, the R-Sq value, is 0.867 reveals that the above equation explains 86.7 percent of the Labor vote in 1930. The coefficients (known as ecological coefficients) reveal how much the Labor vote rises or falls as the portion of each social group varies, when all other factors are held constant. For every ten percent increase in the portion of miners in an electorate the Labor vote rises 6 percent, but for every ten percent increase in the portion of farmers and agricultural labourers it falls 5 percent.

The likelihood that the apparent correlation between each social variable and Labor electoral support is actually a chance relationship is indicated by the 'P-value'. For Labor in 1930 all variables are significant, but for the Australian Party in 1930 few variables are significant. For Federal Labor in 1931 neither the percentage of women electors nor the population of miners are significant.

The finding that a social variable is not statistically significant is analytically quite important. It reveals that the level of electoral support for the party among that social group was probably similar to that among the general population. The Australian Party was a political vehicle for Billy Hughes, who had a charismatic appeal in the Weberian sense. This appeal was largely unrelated to the social position of voters.<sup>1</sup> Lang had a strong personal appeal, but the high level of significance for social variables in explaining the Labor vote suggest that his appeal reinforced lines of social cleavage rather than cutting across them. Hughes' appeal cut across social cleavages (although Catholics perhaps responded negatively to him).<sup>2</sup> The Australian Party was a 'centre party', like Federal Labor. The distinguishing feature of a centrist party is *not* that it draws votes distinctively from the middle-class, but that it draws support fairly evenly across social groups. It was the Nationalists who drew support disproportionately from the middle class. The portion of the Communist vote explained by social variables is higher than for the Australian

<sup>1</sup> I have not regressed the Australian Party vote against the portion of ex-servicemen, but this might be significant.

<sup>2</sup> Robinson, *State Election 1930*, pp. 23-24.



Party and Federal Labor but not as high as Lang Labor. I suggest that although Communist support was concentrated among particular social groups: miners and the unemployed, there was a substantial random element in the extent to which the Communists won support among these groups at the local level. These factors could have included the local profile of a candidate and the level of local Communist activism.

### 3. The ecological fallacy

The statistical findings expressed in table A.1 are a matter of fact, but the fact that the Labor vote stands in a definite relation to the portion of electors from a particular social group, does not enable us to draw conclusions about the voting behaviour of individuals from that social group. Before 1950 scholars who employed regression analysis, mostly political scientists and sociologists, tended to assume that this was an unproblematic procedure. As computers were not available political scientists and sociologists would plot the relation between two collective variables on a scatter chart. If there was a high regression coefficient correlation between the two variables, they assumed that it this could be extended to conclusions about the properties of individuals. Charts 5.8 to 5.12 are an example of this procedure. In one of the most-cited articles in social science methodology William Robinson showed in 1950 that this procedure was invalid. In 1953 Leo Goodman proposed an alternative approach that relied on ecological coefficients rather than regression coefficients.<sup>3</sup>

Goodman's approach can be illustrated as follows:

The relationship between 1932 Lang Labor vote and the portion of manual workers may be represented as follows:

$$1932 \text{ Lang Labor Vote} = 6.7 + 1.4 * \text{Manual workers (R-sq} = 0.58).$$

Before Robinson's article the R-sq value would have been taken as indicative of the level of Lang Labor support. Goodman's technique instead asks what level of Lang Labor support would be predicted by this equation for an electorate consisting of entirely manual workers. This would be:  $6.7 + 1.4 * 100 = 146.7$  percent. This conclusion is impossible. It persists even if more variables are employed:

<sup>3</sup> W. S. Robinson, 'Ecological Correlations and the Behavior of Individuals', *American Sociological Review*, vol. 15, no. 3 (1950), pp. 351-57. L. Goodman, 'Ecological Regression and Behavior of Individuals', *American Sociological Review*, vol. 18, no. 6 (1953), pp. 663-64.

$$\text{Percentage Lang Labor 1932} = 29.0 + 1.50 \text{ percentage Mining} + 1.05 \text{ percentage workers (ex mining)} - 0.924 \text{ percentage ComFin} - 1.11 \text{ percentage PAProf} - 0.222 \text{ percentage Total Agric (includes wheat) (R-sq} = 0.84).$$

This equation predicts a Lang Labor vote among non-mining manual workers of 134 percent. Such results are common using Goodman's technique.<sup>4</sup> One response is to use techniques that artificially confine the ecological coefficients between zero and unity, but this evades rather than solves the problem. The problem arises for several reasons. First about half of electors are women and their voting behaviour is largely (although not entirely) dependent on the class positions of their husbands in the paid workforce. One hundred extra male manual workers in an electorate will be accompanied by their wives, who will mostly be Labor voters (although not to the same extent as their husbands). This is an example of how the characteristics of individual voters influence not their own voting decision but also the behaviour of others. A well-known example is that electoral support for xenophobic parties is often positively correlated with the portion of electors from ethnic minorities; obviously the ethnic minorities are not voting for the xenophobic party but their presence is encouraging non-minority voters to vote for the xenophobic party.<sup>5</sup>

Another fundamental problem is that Goodman's technique requires that the proportion in which different social groups vote Labor is constant across the ecological units.<sup>6</sup> This is certainly not the case, there is a strong 'neighborhood effect' on voting behaviour. Manual workers in Balmain were more likely to vote Labor than manual workers in Gordon. More recent survey data research shows that the gap between levels of Labor support among manual and non-manual workers has steadily declined, but despite this levels of Labor support are still significantly correlated with the portions of manual workers in an electorate.<sup>7</sup>

Another difficulty is that of 'multicollinearity'. Some of the social variables tend to overlap. Areas with a high working-class population tend to have high levels of unemployment. Most significantly breadwinners in the 'Commerce & Finance' and 'Public Administration & Professional Categories' tend to live in the same areas. Together with the neighborhood effect the existence of multicollinearity demonstrates how political mobilisations reflect community identities, not just individual class positions, a proposition I have defended throughout this dissertation. The contemporary press recognised this when it classified electorates in terms of

<sup>4</sup> T. Meckstroth, 'Some Problems in Cross-Level Inference', *American Journal of Political Science*, vol. 18, no. 1 (1974), pp. 47-49. G. King, *A Solution to the Ecological Interference Problem: Reconstructing Individual Behavior from Aggregate Data*, Princeton University Press, Princeton, 1997, pp. 3-17.

<sup>5</sup> A. Wald, *Crosses on the Ballot: Patterns of British Voter Alignment Since 1885*, Princeton University Press, Princeton, New Jersey, 1983, p. 91.

<sup>6</sup> A. Forward, *A Geographical Analysis of the Labor Vote: Victoria, 1966-1972*, Monash Publications in Geography, no. 13, Department of Geography, Monash University, 1976, p. 7. Meckstroth, 'Problems in Cross-Level Inference', pp. 47-48.

<sup>7</sup> Mavrogordatos, *Stillborn Republic*, p. 107. The recent interest of labour historians in community and the insights of radical geography is a recognition of the importance of place.

'industrial areas' and 'residential areas'. The high levels of statistical significance for correlated variables, such as 'Commerce & Finance' and 'Public Administration & Professional' suggest that it is a valid procedure to retain them as separate variables.<sup>8</sup>

The political impact of the differential behaviour of social groups depends not only on the ecological coefficient but also the representation of that group in the total voting population. In 1930 the differential loyalty of manual (non-mining) workers contributed 8.4 percent to the final Labor vote, and miners 1.3 percent. Although the ecological coefficient for miners at 0.63 was higher than for other manual workers, at 0.42, there were many more manual non-mining workers, than miners, and as a consequence their behaviour had a greater impact on the election. Charts 5.1 and 5.2 are developed using this procedure.

There are ranges of techniques that attempt to correct for these problems, which due to their greater complexity I do not employ.<sup>9</sup> My approach is best summarised in the words of Mavrogordatos:

Regression results...should...be interpreted...as gross indicators of tendencies and of a general order of magnitude with respect to group alignments...all such results [should be]...supported and interpreted in the light of outside information, including theoretical expectations and historical evidence which should preclude the most extreme cases of fallacious inference...Under these conditions, ecological regression can reliably confirm the existence of mass cleavages, which was the main purpose of this analysis. Exact proportion estimates, however desirable, are not essential for this purpose.<sup>10</sup>

#### 4. The procedure of analysis

##### (a) Independent variables

Census data is available for 320 local government areas. There were 90 state electorates in 1930 and 1932. These electorates are broken down by subdivisions, which are shared with federal electorates. For the state elections (but not the federal) voting information is available for individual polling places. There was a common electoral roll for both state and federal elections. There would have been some turnover of voters from each election but I ignore this problem.

<sup>8</sup> A. H. Studenmund & H. J. Cassidy, *Using Econometrics: A Practical Guide*, Little, Brown & Co., Boston, 1987, pp. 186, 192.

<sup>9</sup> The work of Sperber (*Kaiser's Voters*) is a good example of the application of these techniques. King (*Solution to the Ecological Regression Problem*) casts doubt on these techniques and proposes an innovative solution of his own.

<sup>10</sup> Mavrogordatos, *Stillborn Republic*, pp. 109-10. It is this need for caution, which leads me to be skeptical about some of Glenn Withers' conclusions. His article, although extremely valuable, has some of the overconfidence that some early cliometricians displayed. He makes no qualifications as to the problems with the technique. His skepticism about the extent to which Catholic voting was distinctive is notably counter-intuitive and questionable (Withers, 'The 1916-17 Conscription Referenda', p. 43).

After a great deal of work I isolated 105 areas for which social composition and electoral behaviour could be compared.

For all variables, apart from gender and religion, I have estimated the portion over 21 (using age breakdowns available for NSW as a whole) in each group and then taken the percentage of these populations in the over 21 population as equivalent to their percentage in the electorate. Although areal returns are available for employment by industry group they are not broken down by class position: we know how many miners, self-employed miners and mining employees ('breadwinners' as the census calls them) in total there were in Cessnock but not how many mining employees. After some thought I took the number of breadwinners as a reasonable approximation for the number of waged workers in each sector. This seems adequate, as I am interested in broad indications of voting shifts rather than precise estimates. This is not a valid procedure for the agricultural sector, due to the high portion of employers and self-employed.

Percentage Women: taken as percentage of votes cast by women in each election, available from electoral returns). I suspect that women may be slightly more likely to vote informal but I do not attempt to adjust for this.

Percentage Miners: percentage total breadwinners in mining and quarrying.

Percentage Manual workers (except miners): percentage industry, transport, communications and construction breadwinners.

Percentage Commerce & Finance: percentage breadwinners in this census category.

Percentage Public Administration and Professional: percentage breadwinners in this census category.

Percentage Catholic: taken as percentage of total population in census.

Percentage Unemployed: percentage recorded in 1933 census. This is then adjusted for 1930, 1931, and 1932 in the same ratio as the percentage in trade union returns for May 1933 (when the census was conducted) compares to that for the months in which the election was held. This assumes that geographical distribution of unemployment was unchanged in 1930-33. I doubt this was the case and it is likely that when statewide unemployment was highest it was less concentrated in safe Labor areas. For May 1932 this fact would slightly increase the ecological coefficient between Lang Labor support and levels of unemployment, but I doubt this would be

sufficient to challenge my findings that the unemployed were relatively weaker in support for Lang in 1932 than 1930.

Percentage Female employees: percentage female wage earners.

Percentage Agriculture: percentage breadwinners in agriculture, fishing and forestry.

Percentage Self-employed: percentage employed on own account.

#### (b) Dependent variables

##### 1. Labor and Lang Labor

This is simply the first preference vote for Labor in 1930 and for Lang Labor in 1932. I make no effort to adjust the vote for the presence of Communist or Federal Labor candidates, or for personal votes for Lang Labor MPs (which were significant in rural areas).

In the 1931 House of Representatives election neither the two Labor parties nor the Communists contested all electorates. The Federal Labor vote was significantly higher in the Representatives than the Senate, due to personal support for sitting Federal Labor members and tactical voting by conservatives against Lang candidates. I have used the Senate vote as more representative of core voter allegiances. The Lang and Federal Labor senate vote is defined as the total of first preference votes cast for members of the respective parties' Senate tickets. The Communists ran a single senate candidate in 1931.<sup>11</sup>

##### 2. Federal Labor

This vote is based on the first preference votes for Federal Labor in 1931 (Senate) and 1932. In the 1932 election Federal Labor were the only opposition to Lang Labor in several electorates and I have excluded these results from the analysis. I have also excluded Lang's seat of Auburn where Federal Labor won 40 percent and the UAP 7 percent as most of the Federal Labor vote here reflected tactical voting. I have included with Federal Labor the vote for the 'Independent Federal Labor candidate' in Temora and the vote for former Labor Premier James Dooley who ran as 'Independent Labor' in Hartley.

<sup>11</sup> The Labor Senate vote in 1931 may have been depressed by higher informal voting among Labor supporters, but this is countered (and perhaps even completely outweighed) by Lang Labor having first position on the Senate ballot in 1931.

#### 3. Communists

Where the Communists were the sole opposition to Labor (as was the case in the two mining electorates of Kurri Kurri and Sturt at the 1930 and 1932 elections) I have assumed that some of the high informal vote in these electorates represented Nationalist voters deliberately voting informal and reduced the Communist vote. I have assumed that the 'true' informal vote was equal to that in adjoining electorates and taken the informal vote above this level as Nationalist abstentions. Some Nationalists voted Labor rather than informal, and this means that the Labor vote in these electorates is inflated.

The 1931 Senate vote for the Communists was probably reduced in rural areas by the climate of vigilante violence against the left, which made it very difficult for Communists to campaign in the country. The different patterns of Communist nomination in 1930 and 1932 and the circumstances of 1931 mean that special care should be exercised in comparing Communist votes across the three elections.

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This is simply the first preference vote for the Australian Party.

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## VIII. Unpublished Works

### 1. University dissertations<sup>7</sup>

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<sup>7</sup> As a rule Masters and PhD theses are held in the relevant university libraries, although the Matheson library holds some theses from other universities either as microfiche or on the shelves and I have specified these. Honours theses are usually held in the library of the Department in which they were completed. I have mentioned any exceptions. ACIRRT is the library of the Australian Centre for Industrial Relations Research and Training at the University of Sydney.

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<sup>8</sup> This dissertation is in the library catalogue under 'Dixon' and filed at Ba T Dixon but has Rechter as the author on the title page.

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