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AUSTRALIAN TRADE UNIONS AND THE CHIFLEY LABOR GOVERNMENT 1945-49*

Tom SHERIDAN

INTRODUCTION

In March 1983 Australia elected only its third Labor Prime Minister since World War II. Observers await with particular interest the outcome of the Hawke government's relations with the sometimes turbulent trade unions upon which his party depends so heavily for support. The Australian Labor Party (ALP) has now held federal office for roughly 19 of the 82 years since Federation. The Chifley ministry of 1945-9 spanned four of the mere eight and a half years in which the ALP ever enjoyed majorities in both Houses of Parliament.¹ This paper constitutes a preliminary attempt to assess the performance of the Chifley government in the light of the hopes and expectations of its trade unionist supporters. The discussion will be divided into four sections which deal in turn with the ALP programme and outlook; the general trade union stance; the relationship between the ALP government and the unions; and the outlook of the "moderate" or middle of the road unionists. The study suggests that the unions received few if any privileges from 'their' political party.

I. THE ALP PROGRAMME AND OUTLOOK

Notwithstanding the fevered public rhetoric of its political opponents and the dreams of some of its supporters, the ALP of the 1940's was not a socialist party in any normally accepted sense of the term. At the height of the war emergency, when the party enjoyed unprecedented electoral popularity, its leaders made it clear that they had no intention of either clearing the ground for, or actually implementing socialist policies. Indeed, far from endeavouring to change economic relationships in a radical fashion the party leaders instead were anxious to play down the "socialisation" planks of its platform. Rather than emphasising class conflict, ALP leaders explicitly aimed to perform an integrative function in Australian society. Waters has demonstrated how, in the 1943 Federal election and the key 1944 referendum campaigns, Prime Minister Curtin and his senior colleagues, including

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¹ Labor took control of the Senate in July 1944 as a result of the October 1943 General Election. Prime Minister John Curtin died on 5 July 1945 and, after F. M. Forde's short interregnum, J. B. ("Ben") Chifley succeeded to the office on 12 July 1945.

Chifley and H. V. Evatt, unequivocally ruled out socialisation measures and offered explicit assurances to private enterprise of its undisturbed place in the post-war world.²

“Dr. Evatt said, credit was due to Mr. Curtin, who had been successful because he had refused to govern in the interests of any group or class. The Labor Party could not govern merely as a trade union movement; it must also guard the interests of the great middle groups . . . In Dr. Evatt’s opinion . . . there would be more room for private enterprise and business initiative after the war than ever before”.³

In 1944 Curtin pledged that even after the war “No question of socialisation or any other fundamental alteration in the economic system arises”.⁴ Waters has also recorded the reaction of radicals such as Brian Fitzpatrick to the raising of the socialist bogey by the ALP’s critics. “This is a good joke. Who are the members of Mr. Curtin’s Government who have “socialistic plans?” I can think of two, and two only, who on record care two hoots for socialism”.⁵ Rank and file radical proposals were emasculated by the party leadership whose stance was seen by Fitzpatrick to be “socialism, but not in my time, O Lord”.⁶

No change occurred when Chifley took over the leadership. Throughout his period in office left-wingers such as Fitzpatrick continued to express frustration at the government’s refusal to implement radical social and economic change.⁷ In June 1949, in a keynote speech surveying his work as Prime Minister, Chifley was able to offer a justifiable rebuke to his private enterprise critics,

“I make this challenge here this morning. No government in the history of Australia has ever given to private industry so much assistance and advice and help as has been given by the Commonwealth Labour (sic) government”.⁸

In this setting Chifley’s sudden, single-handed decision in 1947 to nationalise the private banks rightly came as a great surprise to both his supporters and his opponents. This dramatic but unsuccessful move was not based on any hitherto unsuspected socialist premises. Rather it was the apparently ill-considered response to a recent successful High Court challenge to his 1945 legislation which had aimed to ensure greater government controls over the peace-time money market.⁹

² W. J. Waters, “Labor, Socialism and World War II”, *Labour History*, May 1969, pp. 14–19.

³ Sydney Morning Herald, 5/8/43.

⁴ Waters, p. 15.

⁵ *Smiths Weekly*, 26/2/44. Waters’ point is confirmed by Don Watson, *Brian Fitzpatrick. A Radical Life*, (Sydney, 1979), pp. 158–9.

⁶ *Smith Weekly*, 8/1/44.

⁷ Watson, pp. 204–5.

⁸ Speech to Annual Conference of the New South Wales Branch of the ALP, 12/6/49, reprinted in *Things Worth Fighting For. Speeches by Joseph Benedict Chifley*, selected and arranged by A. W. Stargardt, (Melbourne, 1952), p. 62.

⁹ A. L. May, *The Battle for the Banks*, (Sydney, 1968), pp. 1–17; L. F. Crisp, *Ben Chifley. A Political Biography*, (A. and R. Paperback edition 1977), pp. 323–32.

The sudden manner in which the ill-fated band nationalisation decision was made was indicative of Chifley's dominance over his Cabinet and the parliamentary Caucus. There were several able and strong-minded ministers in his Cabinet but in most important respects and particularly in economic matters, Chifley enjoyed virtually unchallenged authority and prestige.¹⁰ Dedicated, hard-working, and the very opposite of flamboyant, Chifley possessed a magnetic personality. Yet beneath his enormous charm there dwelt a steely single-mindedness. His *forte* was in the economic sphere and upon succeeding to national leadership he retained the Treasury portfolio. In his period of tenure he enjoyed an intimate working relationship with a number of advisers but there was no question of the bureaucrats pursuing an independently derived "Treasury line". The only "line" was the Chifley line. Personally excessively frugal he guarded the national "treasure" as if it were his own. Even the closest of his many admirers were prepared to admit that his official parsimony was often taken too far.¹¹ Chifley's official policies were governed by one overwhelming fear—that of inflation. His caution in this respect leaps out of virtually every economics speech he ever made.¹² One major method of war financing which he and Curtin adopted, that of relying on the flotation of Treasury Bills, certainly heightened the dangers of inflation in any unregulated return to peacetime conditions.¹³ But it nevertheless seems fair comment to conclude that inflation was rather too great an obsession with him. It affected not merely his stance on the industrial issues discussed below but also retarded the rate at which he was prepared to implement the social reforms upon which a large part of his blueprint for the "new social order" appeared to rest.¹⁴

Chifley's basic views on post war reform were set out in three articles published in leading daily newspapers in December 1943.¹⁵ He pointed there to the three broad propositions upon which his post-war policies were to rest; full employment, international stability and social security. Full employment would be attained by the government pursuing Keynesian economic policies in close collaboration with

¹⁰ For details of Chifley's dominance and the quality of the ALP Cabinet and Caucus, see Crisp, *op. cit.*, pp. 235–40.

¹¹ e.g., *ibid.* pp. 12–13, 153, 262, 296–8, 315, 376, 380; N. J. O. Makin, *Federal Labour Leaders*, (Sydney, 1961), p. 128; personal interviews with S. J. Butlin, 4/11/74; N. J. O. Makin, 1/10/80, Sir William McKell, 27/10/80.

¹² For a representative sample see, *Commonwealth Parliamentary Debates* (C.P.D.), 19/9/45, 3/4/46, 14/11/46, 20/11/47, 2/12/47, 10/3/48, 8/9/48, 23/2/49, 2/6/49, 13/6/50.

¹³ Crisp, *op. cit.*, p. 177; S. J. Butlin and C. B. Schedvin, *War Economy 1942–1945*, (Canberra, 1977), Chapter 20, p. 570 and *passim*.

¹⁴ Indeed Watts has recently revealed that in fact the welfare measures introduced with such a flourish by Treasurer Chifley in early 1943 were used to mask the simultaneous move towards higher taxation on the lower income groups. Rob Watts 'The Origins of the Australian Welfare State', *Historical Studies*, 1980, pp. 175–98.

¹⁵ e.g., *Sydney Morning Herald*, 1, 2, 3/12/1943. See Crisp, pp. 188–9 for a summary. Between 1942 and 1945 Chifley was the Minister specifically in charge of the government's post war Reconstruction Programme.

the private sector. He saw inflation as the main threat to this plan and war-time controls over costs and prices must be continued during the transition to a peace-time economy. Australia's economic fortunes had always been directly correlated to world factor flows and consequently international economic prosperity and stability was of the greatest importance. It was through social security schemes that Chifley was to pursue his main effort to better the conditions of ordinary citizens. Although always constrained by his assessments of the inflationary menace Chifley aimed to ensure greater equality among Australians by improving the war-time innovations in federal social services—most notably in the health field—and by providing tax rebates graduated towards lower income earners.¹⁶

Chifley's main problem was that the majority of the workforce was not prepared to wait for the implementation of his carefully considered and cautious policy. Although regarded by the electorate as immensely preferable to anything the discredited conservatives could offer, it was still too much like pie in the sky to a generation which had endured the vicious swings of the pre-war trade cycle. They wanted material improvement in their conditions immediately. In the closing months of the war and in the first years of peace most workers reached out reflexively for better conditions and for the abandonment of all restraints on their ability to apply their collective strength to the task. In the war years under Curtin the ALP leadership had been able to ignore rank and file calls for a more radical and socialistic reconstruction programme.¹⁷ In the Chifley years another feature marked industrial relations in addition to the expected and ongoing conflict between labour and capital. This was the struggle between, on the one hand, the natural aggression of a workforce anxious to erase immediately and forever the respective miseries and restraints of Depression and War and, on the other, the cautious concern of the central government.

Overall the ALP remained quite united behind the policies of the Prime Minister who dominated the Party's Federal Conference and Executive as well as the federal parliamentarians. Among the latter, E. J. Ward was certainly one of the two socialists whom Fitzpatrick had in mind (above p. 24) but Chifley was able to ensure his commitment to collective Cabinet responsibility easily enough. In these years the ALP was also the dominant party in the states. During the first peace-time year it formed ministries in five of the state parliaments while a rural 'Playmander' aided the conservatives in the sixth (South Australia). The state governments were not as influential in industrial relations as was the federal government. The main weapons of economic control rested in Canberra and the federal arbitration system dominated the national network whereby minimum wage rates and other work conditions were established. In any case the state Labor parties—and particularly their parliamentary leaders—were even less radical and

¹⁶ For details see Crisp, pp. 190, 249–50, 301–2, 314–8. Fitzpatrick provided the socialist criticism of this "Substitution of the Welfare State for Socialism", Watson, p. 204. See also Watts, *op. cit.*

¹⁷ Lloyd Ross, "The Role of Labour", in C. Hartley Grattan (ed.), *Australia*, (California, 1947), p. 250.

socialistic than their federal equivalent. Indeed several of the most bitter and polemic industrial disputes directly involved state ALP governments in fierce conflicts with unions representing state employees.¹⁸

II. THE TRADE UNION APPROACH

The three historically salient features of Australian trade unions applied equally in the mid-forties i.e., they were generally small, very far from monolithic and overwhelmingly "economistic" in outlook. In 1945 some 362 unions organised 1.2 m workers and the small average size of federal unions was open to further subdivision as most state branches jealously maintained their autonomy. It was not at all uncommon for such branches to take opposing stances within the political spectrum of the labour movement. Their absorption with bread and butter issues meant, for example, that even such fiery debates within the ALP as that over ratification of the Bretton Woods agreement did not concern most of them. Essentially running small scale outfits, often parochial in outlook, many union officers then, as now, preferred the quiet life of pushing for general domestic improvement through the ALP and legislative change while searching also for industrial gains by presenting arguments before the network of arbitration tribunals. Others, operating larger and smaller organisations, were ideologically opposed to direct action (and to its advocates). In the mid-1940's, however, the mood of the workforce made both the quiet life and the "responsible" approach particularly difficult to maintain. Virtually every sector of the workforce involved itself in the spontaneous drive for improvement. The traditionally militant coal miners, maritime and metal workers were joined by a vast range of hitherto pacific occupations including printers, waitresses, postal and pastoral workers.¹⁹

So, for a few years, the political spectrum within the union movement shifted markedly towards industrial militance. The quiet lifers pulled their heads in and uneasily sought to ride the wave while the naturally militant could be aggressive without having constantly to guard their backs and to exhort support and co-operation from kindred trades. Russian victory also meant that members of the Australian Communist Party (ACP) could rejoin the militant ranks now that the need had passed to put every ounce of energy behind the war effort. The activities of this section of militants were, however, to becloud the industrial waters in a manner useful to both Mr. Chifley and the employers.

The "red shift" in the union spectrum was evidenced by resolutions passed at the All-Australian Trade Union Congresses of 1945 and 1947 and also by elections to the executive of the Australian Council of Trade Unions (ACTU) and its state

¹⁸ e.g., in the railways in both Western Australia (1947) and Queensland (1948).

¹⁹ For evidence of the universal nature of the unrest see T. Sheridan, "Labour v Labor. The Victorian Metal Trades Dispute 1946-7", in J. Iremonger, J. Merritt and G. Osborne, *Strikes. Studies in Twentieth Century Social History*, (Sydney, 1973), pp. 176-224. See also the scores of letters sent to the Prime Minister, e.g., Australian Archives, CA 12, CP 9/1 and CP 12 18/2, Folder 1.

constituents, the metropolitan Trades and Labour Councils. In the combustible industrial atmosphere of the time—particularly in the first year or two of peace—one of the constantly voiced fears of the “moderate” officials was that “things might get out of hand”. In part this was an expression of the unease traditionally felt by many union officials whenever the rank and file appear likely to seize the reins. Among others there seemed to be a genuine fear that the aggression of the rank and file would result in a spontaneous explosion which, by virtue of being unorganised, might result in a debacle such as the 1917 “general” strike in New South Wales.

While the state of public opinion and the existence of ALP governments would appear to render these fears academic it is, however, worth pointing out that the employers, while forced onto the political and industrial defensive, were no mere passive punching-bag recipients of the labour onslaught. The employers’ position is not central to this paper but it is important to note before passing on that they too did not expect full employment to continue and made every effort to restore industrial relations to “normalcy”, i.e., pre-war conditions. Most employers had yet to grasp the importance of public relations. Their weaponry included pre-emptive options and the lock-out was a common feature of industrial disputation.²⁰

III. RELATIONS BETWEEN THE ALP GOVERNMENT AND THE TRADE UNIONS

(a) 1945—47: While the machine and parliamentary leaders of the ALP had been successful in stifling rank and file demands for a socialistic post-war programme they had been forced to accept grassroots demands for short run pragmatic or “economistic” improvements in the workers’ standards of living after the war. Most notably the 1943 Federal ALP Conference had approved a motion that an ALP federal government would move to introduce a forty hour week by legislation within six months of the end of hostilities. The Conference also called for a lifting of the emergency wage pegging regulations within the same period and an increase in the Basic Wage. At Chifley’s urging the 1945 Federal Conference modified the Party’s wages stance by instead simply urging the government to support a Basic Wage increase before the Commonwealth Arbitration Court. The Conference nevertheless baldly reiterated the 1943 hours resolution. For its part the 1945 ACTU Congress called for a 21 per cent increase in the Basic Wage as soon as the war ended and for the establishment in the first six months of peace of a Commission to establish new criteria for a “just” minimum wage i.e., one higher than the current Basic Wage.²¹ It was with these basic concessions in mind, together with an array of demands for improved holidays, overtime rates, shift allowances plus many other industry- or job-specific items that the aggressive workforce met the rather accelerated approach of peace head-on. Their truculence was simultaneously being heightened by the

²⁰ For some discussion of employer tactics and motivation see T. Sheridan, “Labour v Labor”, *op. cit.* and “Aspects of Decision Making in a Monopoly. BHP and the 1945 Steel Strike”, *Australian Economic History Review*, March 1982, pp. 1–27.

²¹ See footnote 23 below.

toning down of the war effort—in manufacturing in particular—which involved lower earnings as overtime declined and greater friction as employers sought to cut back on concessions such as tea breaks informally granted under the pressure of war emergency conditions.

In these circumstances the first two peace-time years witnessed a multitude of small and several very large industrial conflicts. It is a significant testament to the overall turbulence of the second half of the 1940's that although these disputes included some of the largest, longest and most bitter stoppages in Australian history they have left hardly any permanent impression on the public consciousness outside of the custodians of the labour movement's oral tradition. The most notable of them were a 13 week printing trades dispute in N.S.W. (1945), a 15 week N.S. W. steel strike (1945–6) a 17 week meat dispute in Queensland (1946), a 25 week Victorian metal trades dispute (1946–7)—with which were associated several shorter transport, power and foundry disputes in the south-eastern mainland states, and a six week Western Australian railway dispute (1947).

Faced with this aggression the federal government had two main weapons. First, its war time paraphernalia of controls on wages, prices and manpower and second, the loyalty it could command among unionists and their leaders. Overall, no-one, including the Communist Party, wanted to topple the ALP from power. Thus the state and federal governments were able to make useful play of the electoral dangers of industrial unrest and the way in which it hampered the erection of the “new order”. It was this loyalty factor that enabled Chifley simply to refuse to implement the 1943 and 1945 ALP Conference decisions.²² On the economic controls side the period began with wages and hours legally pegged at their 1941 levels. The “Basic Wage”²³ component was automatically “indexed” to a cost of living series which the government could manipulate through an extensive price subsidy system. This was the ground on which Chifley took his main stand and it was against the pegs that the unions were eventually forced to make their main but unco-ordinated thrusts. Eventually they succeeded in breaking their way through but only after Chifley had contested every inch. He denied that his government had the constitutional powers to reduce hours and increase wages and, where possible, he sought to divert the unions' energies into the arbitration system. There, the ponderous pace of decision-making adopted in the face of labour's new-found bargaining strength was even further slowed by the Serbonian bog of legalism which centred around the question of the arbitration system's jurisdiction in the face of the government's intrusive network of economic “Regulations” passed under the National Security Act. Overall, the unions emerged from this roughly two year

²² Indeed, far from acceding to demands for the abolition of the wage-pagging regulations, the government entered the peace-time period looking for better ways to enforce them. See Department of Post-War Reconstruction, Australian Archives, CP 286/2, Bundle 5, Item 434.

²³ Between 1907 and 1967 the wages of Australian workers were divisible into two parts. The “Basic Wage” represented a minimum for all adult male employees. Those who could establish claims to skill greater than an unskilled labourer received additional “margins” of varying sizes.

period with a series of dearly bought gains. The Victorian metal trades dispute and some of the shorter power and transport stoppages were the vehicles whereby the major changes in the Regulations were forced upon the reluctant government.²⁴

Yet Chifley had fought a superb delaying action. This can be illustrated by taking a brief look at just four of the most urgent union demands in 1945. Immediately after Japan's capitulation it seemed odds-on that a 40 hour week would be established at once by spontaneous rank and file action. Largely thanks to Chifley's tactical brilliance the shorter working week was not inaugurated federally until 1 January 1948 after an elephantine arbitration case. The ALP government in New South Wales legislated the change for workers covered by State arbitration awards some six months earlier but even there the inevitable had been delayed almost two years by Chifley's federal rearguard.²⁵ Similarly with the Basic Wage to which, apart from cost of living indexation and despite all unionists' expectations, only 70 cents was added between 1937 and 1950 (when the wage stood at \$14.20). Thirdly, the unions' war-time expectations that the female Basic Wage would at least be standardised at 75 per cent of the male rate—if not lifted to equality with it—were not met. Instead a multiplicity of rates continued to exist, many as low as 54 per cent of the male Basic Wage. Fourthly, the unions' unanimous and longstanding demand that the legalistic elements—most notably the judges—be removed from the federal arbitration system was largely ignored in Chifley's 1947 amending Act. We may note also here that his subsequent key appointment to the position of Chief Judge was not the supposedly "radical" Judge Foster but the obviously conservative Judge Kelly whom the Prime Minister believed would better stand up to union demands.²⁶

(b) 1948–49: The sub-division of the period at the point at which the 40 hour week was inaugurated federally is naturally an arbitrary one. Nevertheless it is generally true that in Chifley's last two years in office a number of significant variables changed or began to change. They did so of course in a complicated and inter-related fashion with cause and effect often difficult to discern. It will be convenient to note the main relevant changes under four main headings.

First, there are some signs that the workers' grassroots aggression was beginning to subside. Some very large, very bitter and, indeed, the subsequently best-remembered industrial explosions took place in these two years. Nevertheless the public support for strikers did not seem quite so strong and there was less across-the-board spontaneity of aggression. This gradual change rests on several factors including the three listed below. Yet probably most important, I feel, was the fact

²⁴ For details see, Sheridan, "Labour v Labor", *op. cit.*

²⁵ For details see *ibid*; T. Sheridan, "Trade Unions, the New Order and Mr. Chifley. The Course of the 1945 Steel Strike", *Labour History*, May 1982, pp. 1–26; J. Hagan, *Printers and Politics*, (Canberra, 1966), pp. 273–9.

²⁶ B. D'Alpuget, *Mediator* (Melbourne, 1977), pp. 111–2, 116. In fact Foster revealed that, despite his earlier socialist learnings, he too was prepared to be "tough" with the workers—notably by jailing supporters of the 1949 coal strike.

that, in a setting of continued full employment the workers were now digesting their earlier gains i.e., shorter hours and the margins, leave and overtime concessions wrested from the government and employers in 1946–7. In other words, the major part of the workers' war-time bill of claims had been met.

Second, with the breaking of the central Regulations the federal government was no longer always publicly dug in on the front line of the major bread and butter industrial campaigns on the side of delay and the employers. Also price controls were now dismantled as the electorate refused in a referendum in May 1948 to give the federal government the constitutional power to maintain the wartime framework.

Third, the commencement of the Cold War changed the political parameters of industrial disputation. The Communist Party had long been an object of suspicion and hostility, and its members' well publicised roles in most major campaigns had already proved useful to employers and government alike in opposing the workers' immediate postwar impulse. Now it was felt in many quarters that a more certain link could be discerned between Australian militants' industrial demands and Soviet foreign policy. Certainly the ACP leadership, through a mixture of idealism, delusions of grandeur and sheer tactical incompetence, did their utmost to fill the role cast for them by their opponents. Increasingly in 1948 and 1949 the ACP sought to "expose" to the workers the true role of the ALP in blocking radical change and significant advancement of the workers. This is not the place to go into details in separating the myth from the reality of communist "power". Suffice to say it was grossly exaggerated by Party members and by anti-communists alike. The ACP's influence rested essentially on its members in the unions. These, with few exceptions, were forced by the exigencies of union democracy to place the economic demands of fellow unionists ahead of any ideological "lines" emanating from Eastern Europe and eagerly translated into local terms by Australian party functionaries and "intellectuals". Communist union officials could, however, be more responsive to Party directives within the tactical ambit of Trades Hall and Labour Council politics. Here in the public spotlight their changed approach in 1948–9 alienated many ALP men and confirmed suspicions of ACP motives. All this was so much grist for the mill of the ideological anticommunists whose presence was now being increasingly felt within the labour movement itself. Working through the "Industrial Groups" set up by the ALP branches in the main industrial states ostensibly to propagandise on behalf of the ALP, the anti-communists attacked the ACP and its members at every opportunity. The "Groupers" main gains lay in the future but the growing factional struggle represented a considerable internal distraction within the industrial labour movement.

The fourth general change in the environment concerned the increased effectiveness of the conservative political opposition to Labor. The Bank nationalisation moves represented something of a turning point, giving the opposition a rallying-cry and useful "proof" of the government's supposed sinister designs on the private sector and the Australian way of life. The Cold War and the blunders of the local

ACP leadership provided welcome fuel for the Opposition's hitherto slow-burning fires. Indeed by the end of the period they appeared to have forced the ALP governments—led by Canberra—into a position of seeking to demonstrate that the ALP could get tougher with communists than would the Opposition.

So the environment changed. While the typical industrial campaign continued to demonstrate the "economism" forced on trade union officials of all political complexions, the motives of the militants were increasingly questioned. In two disputes in particular the Queensland and federal ALP governments demonstrated that they were prepared to use every means at their disposal to defeat the supposedly communist-duped strikers. In the first case (1948) the Queensland government, despite police violence and the implementation of some of the most stringent anti-strike legislation ever introduced anywhere in Australia, failed in its attempt to prevent a "flow-on" of the 1947 metal trades wage gains to workers covered by state arbitration awards. In the second case the Chifley government in 1949 put troops to working open-cut coal mines and enacted oppressive retrospective legislation such as few anti-labour ministries had ever contemplated. The measures froze union funds and ensured the imprisonment of the miners' leaders and anyone else who sought to support them effectively. After 7 weeks the miners conceded defeat. In both these disputes the ACP sought to gain political advantage from the situation. In the coal mines case there is some evidence to suggest they did their best to ensure a general stoppage in the first place—although the notion that the miners would act like mere communist puppets is rendered absurd by even the most cursory study of their recent history. In essence the ACP leaders could feel their central point about the true nature of the ALP had been vividly demonstrated by the readiness of that Party to use all the state's powers to crush workers' legitimate moves to secure their industrial demands. Yet there was no swing to the communists in the December 1949 federal elections and their strength within the union movement continued to be eroded. Nor did the ALP appear to gain electorally by its anti-communist stance. In an election campaign involving a host of other issues—including notably petrol rationing and Chifley's refusal to match Opposition offers to release the public purse strings to allow for better child endowment and age pensions—the ALP lost its lower house majority. Twenty three years of conservative rule now began under R. G. Menzies.

IV THE ROLE OF THE "MODERATES"

Such research as has been undertaken into the labour movement of the early post-war years has tended to concentrate on the two extremes of the political spectrum. The stance, motivation and tactics of both the militants and the anti-communists have been moderately well worked over. The larger, shifting and more amorphous central groupings are more difficult to delineate and have attracted less attention. In many ways the changing public attitudes and reactions of the leading representatives of the "moderate" majority constituted a valuable indicator of the

altering expectations and trends of opinion among their unionist constituents in the workforce. Both from this viewpoint and because it allows us a further insight into how the Chifley government operated in the industrial relations sphere it will be useful to survey briefly the attitudes of the officers of the unions' peak council, the ACTU, and its major state branches during these years.

To begin with we should note that the ACTU did not then enjoy its present day status. It only appointed its first full-time secretary, A. E. Monk, in 1943. The Presidency, held by P. J. Clarey for virtually all of our period, was a part-time position until towards the end of 1949 when Monk crossed over to take it with R. R. Broadby coming in as Secretary. The remainder of the Executive consisted of two vice-presidents elected by the Biennial Congress of delegates from affiliated unions, plus two members appointed by each state Labour Council. Although the Congress was seen as a useful publicity forum and occasion for proclamations of union solidarity, the strong unions were used to making their own decisions and going their own way regardless of the Executive. Throughout the 1940's the ACTU officers strove with mixed fortunes to establish their influence as the major and, hopefully, the sole conduit between federal government and unions. Day-to-day business was handled by the Secretary and President. Although sometimes challenged by militant groupings on the Executive, both Clarey and Monk and the influential full-time officials of the major ACTU state branches, the Melbourne and Sydney Labour Councils, were fairly typical middle-of-the-road ALP trade unionists. Often torn two ways by their loyalty to their constituents and to the ALP, their prewar experiences suggested to them that the only sure means of worker advancement was through the agency of secure Labor governments. Generally they were predisposed to avoid conflict and to look for compromise. Always they sought to do things through proper channels. Direct action was viewed as a last resort and, being personally repelled by communism, they leant quite strongly towards the industrial Groups. They never felt at ease with the lesson demonstrated clearly to them in the early post war years that the only way to move the Chifley government was by backing words with considered and concerted industrial action.

The essential difference between them and the militants was neatly summarised by the report by a communist union leader, E. Thornton, of an exchange at an international conference with Monk's British equivalent, W. Citrine.

"Citrine had replied that the ACTU owed allegiance to the Parliamentary Labor Party, to which he [Thornton] had replied that he thought the Party owed allegiance to the T[rade] U[nion] Movement".²⁷

Yet at the outset, in the heady days of a unified and dominant labour movement, moderates were prepared publicly to denounce anyone in the government who threatened to stand in the way of the workers' just expectations. J. D. Kenny, rightwing Assistant Secretary of the N. S. W. Trades and Labour Council, typified the early view,

²⁷ "1945 ACTU Congress Minutes", 12/6/45.

The Federal Treasurer, Mr. Chifley, will soon have to be challenged by the trade union movement . . .

He has a certain financial outlook that will react detrimentally to the unions, because he seems to be hysterical about the war effort. Being in that state of mind he is not receptive to the suggestions by officials of the trade union movement. Other members of the Cabinet are also completely indifferent to the requests of the trade unions.²⁸

In addition to simple reaction to Chifley's explicit hostility to the unions' post-war expectations such attacks as Kenny's were also fired by resentment of Chifley's refusal to incorporate the unions in his Post-War Reconstruction planning. ACTU opinions were sought but policy was determined by Chifley and his public servants. Specifically, the Secondary Industries Commission, established in late 1943 with a very important and sensitive brief, contained no unionist. Instead,

"Chifley manned the Commission with two senior public servants, two public authority executives, an executive from A.I. & S. [one of the steel monopoly's plants], and a prominent chartered accountant. Increasingly it came to reflect the Government's wish to accommodate rather than confront private enterprise, as part of guaranteeing support for its post war policies'.²⁹

The 1945 ACTU Congress is often viewed as representing some kind of peak of communist "power". Associated notions of communist "control" of the union movement are explicable only in terms of the simple-minded Tammany Hall procedure of head-counting Congress votes. This completely ignores both the ephemeral nature of the Congress and the pragmatic realities of unions' operations between Congresses—yet such ingenuous naivety unfortunately lives on to bedevil Australian industrial relations analysis today. In reality, while the 1945 Congress passed some relatively militant motions any action taken subsequently depended on the individual militant unions, not on the ACTU Executive. At this Congress all sections united in warning the government on the central industrial issues. As an Executive member from Queensland said "Unless something was done industrial trouble was inevitable and only loyalty to a Labor Government had prevented it up to now".³⁰

When ACTU officers resumed negotiations with Chifley after the Congress they found him still unyielding. Unable to obtain any promise on the hours issue the Full Executive threatened that, if suitable government action was not forthcoming six months after V-J day, it would then consider direct action.³¹ The Executive solemnly warned that unless "the expressed wishes of the workers [are] given immediate attention and consideration, the consequence to all parties may well become disastrous". Continued government stonewalling made an industrial

²⁸ Sydney Morning Herald, 16/6/44.

²⁹ Jim Hagan, *The History of the ACTU*, (Melbourne 1981), p. 187.

³⁰ M. O'Brien, Australian Railways Union, Congress Minutes, p. 22.

³¹ Decisions of Full Executive Meeting, 8–15 October 1945.

explosion seem inevitable but just as the deadline expired in February 1946 Chifley met the Full Executive and somehow persuaded them all to settle for application to the federal Arbitration Court for a 40 hour week.

We can only assume that Chifley won by playing on the loyalty-to-ALP theme and promising a speedy and successful conclusion to the arbitration case aided, perhaps, by government pressure on the bench.³² It is not clear whether he conveyed details of the high-powered Inter-departmental Committee of public service economists which he had established to consider in detail the total economic impact of the ACTU hours and wages claims. The ACTU Executive may not have been so amenable had it read the memo which Chifley circulated to Cabinet prior to establishing the Committee. In it, as well as denying the government's constitutional power to help the unions, he argued strongly that the wages and hours issues were completely inseparable.³³

For their part the ACTU moderates, as usual, were uneasy about direct action—"A 24 Hour [National] stoppage was considered, but it was thought this might lead to a General Strike which would probably get out of hand".³⁴ In the Melbourne Trades Hall Council debate there was considerable disenchantment with the government. The militants were emphatic, "The Government would not budge on the matter unless forced to do so, because action on our part would speak louder than words". Leading anti-communist, D. Lovegrove, clearly saw that,

"the 40 hour issue had become an economic question on which the Commonwealth Government would not make a decision even if it was clothed in the necessary Constitutional Powers.

References to the White Paper on full employment disclosed that the Government's presentation of the question was definitely similar to the presentation of the various chambers of manufactures which posed the issue as one of more goods and less leisure or less goods and more leisure.

The technique of negotiation adopted by the Government always appeared to place the trade unions in the invidious position of being confronted by an established fact, and of having to make hurried decisions.

This procedure was unfair to the unions and reflected little credit on the Government".³⁵

As the mammoth arbitration hearings began leisurely to unwind and as the impatient militants began to take matters into their own hands the moderates' tempers began to wear thin. For example J. O'Neill, the Hobart Council secretary,

³² Details of the discussion are not available because the Executive agreed "in the interests of the Trade Union Movement" not to submit detailed reports to the state Labour Councils until after the hearing of the case was finished. "Full Executive Minutes", 23/2/46.

³³ Cabinet Secretariat I, Australian Archives, CRS 2700 XM Item, Vol. 20, Agenda 992.

³⁴ C. Crofts, *Labor Call*, 7/3/46.

³⁵ *loc cit.*

blew up at the secrecy that Chifley endeavoured to impose on meetings with Monk

“We should not be kept in the dark regarding such meetings. Honest and bona-fide interests of the industrial movement should not have to be dealt with secretly, even with the Prime Minister, as it tends to reduce the trust that should be established amongst workers. The Government will have to be told where they get off if they want to hold more secret conferences with the ACTU”.³⁶

As the Metal Trades Dispute began, nine months after the ACTU had been deflected into arbitration, Monk himself launched into Chifley, publicly declaring that the Prime Minister would be responsible for “untold industrial disturbance” if he did not amend the wage-pegging Regulations. He considered that Chifley had a “fetish” on the question and that there was no logic to be found in his views.³⁷ In view of the fact “That to date, the Trades Union Movement has not obtained many things needed”³⁸ the ACTU convened a special conference of unions exactly 12 months after the expiry of its first ultimatum. In a declaration of its “Immediate Policy” the Executive accurately summarised the unions’ post-war experience.

“In the year and a half since V. P. Day, the trade unions have experienced bitter disappointment, in the pursuit of a new deal to follow victory in the war. Demands for shorter hours and higher wages have been diverted into the old channels of the Arbitration Court and have met the formidable obstacles of the wage-pegging regulations maintained by the Government and the rigorous attitude of the Court.

This has led to widespread and growing industrial unrest, strikes and lockouts, causing considerable loss of production. The slight modification of the wage-pegging regulations and the small increase in the basic wage secured through the interim decision of the Arbitration Court, have not allayed the discontent of the workers but on the contrary by their utter inadequacy and the threat of further long legal procedure and a continuation of legal barriers to the main demands of the unions have aggravated this discontent and are leading to an extension of the present industrial struggles.

Following a period of intense conflict, the Arbitration Court announced its agreement with the principle of a forty hour week for Australian industry, but this reduction in hours is still withheld from the workers who rightly expect its immediate application.

Immediate action is required by the Labor Governments, not only to hasten action through the Courts but to introduce the forty hour week for their own employees and to assist its general application to the full extent of their jurisdiction. The forty hour week has operated successfully since 1936 in the sister Dominion of New Zealand where it was introduced by a Labor Government. The Trade Union movement is justified in asking when the Labor

³⁶ Interstate Executive Minutes, 18/11/46.

³⁷ *Advertiser*, 2/12/46.

³⁸ Monk, Full Executive Minutes, 3/2/47.

Governments in Australia are going to take similar action.

In regard to wages, there is a need not only for urgent action on the basic wage as requested by the Australian Trade Union Congress in 1945, but for the abolition of wage pegging which, now that the war is ended, serves only to depress the living standards of the workers. The abolition of wage pegging will restore the pre-war conditions of making Award rates minimum and not maximum rates and will permit the unions to advance the claims of their members in the respective industries.

Concerning the wages for women... the Trade Unions demand that percentages of the male rate awarded to women should relate to the total wage of males on the same or comparable work and that further steps should be taken to extend to women the full amount of wages established for men according to the job. The Labor Governments should set an example by immediately applying this equality of status to their own employees.

It has been claimed by Employers' Organisations that taxation has the effect of restricting production by preventing activity by employers. While rejecting this view and noting the present unprecedented profit making of the employers, we press the trade union demand for the lifting of income tax from workers' incomes, regarding this as one of the most urgent steps required to restore the wages of the workers.³⁹

A national 24 hours stoppage was set for 1 May if Chifley did not concede the main demands. This period early in 1947 represented just about the nadir of government relations with the moderates. In addition to the government's opposition to the unions' industrial campaigns it had also aroused fury over its approach to the question of amendments to the federal arbitration system. Apparently because of what it saw as the relatively radical composition of the ACTU Executive⁴⁰ the government had bypassed it and established an ALP "Industrial Committee" to advise Cabinet on the amending bill. This feeling of being bypassed in peace just as it had been in war was an important contributing factor to the ACTU officers' overall support for the February 1947 Policy Statement.

Nevertheless their true ambivalence was revealed by Monk's opposition on the Executive to a successful motion (9-5) requesting complete rescission of the Wage-pegging Regulation—"We know we cannot get the complete lifting of Regulations at present which would favour the strong Unions. If we persist with the resolution, it will justify the Government refusing to deal with the ACTU".⁴¹ Eventually the ACTU Executive swung round to opposing the metal workers in the final stages of their climactic showdown with Chifley and his wage-freeze policy.⁴² Despite

³⁹ Immediate Policy of ACTU Adopted at Inter-State Executive Meeting, February 10th, 1947.

⁴⁰ Hagan, *The History of the ACTU*, p. 194.

⁴¹ Full Executive Minutes, 5/2/47.

⁴² Sheridan, "Labour v Labor", *op. cit.*

continued delays on the hours question and Chifley's blatant disregard of union wishes in the 1947 Arbitration Amendment Act the ACTU first postponed and then abandoned implementation of the February decision to call a 24 hours National stoppage.

In 1948 and 1949 government—ACTU relationships improved. The tide of grass roots militancy began to subside, and the ACP stance made it easier for the moderates to denounce direct action. With the final implementation of the shorter week they found it easy to forgive and forget the government's delaying tactics. On the other side of the fence the government had specific use for the ACTU whose backing was needed both to support the national production drive and to approve of legislation aimed at closer state supervision of individual unions' internal affairs. The co-operation in fact began in mid-1947 when, after earlier attempts had been stymied by the concurrence of industrial confrontations such as the 1945 steel strike and 1946–7 metal trades dispute, Chifley was at last able to bring employers and ACTU together in a tripartite "Better Industrial Relations Conference". The government's basic aim was to boost national production and the ACTU leaders were only too prepared to join with the employers in publicly sponsoring this end. Industrial militance was criticised in a tripartite Joint Declaration but perhaps the most notable feature of this August 1947 Conference was the explicit acceptance and approval bestowed on private enterprise by the ACTU leaders who, only three weeks later, were to preside over the biennial Congress which, *inter alia*, endorsed demands for the nationalisation of key industries.⁴³

The Federal Labour Advisory Committee (F.L.A.C.), consisting of representatives from the ALP executive, the federal parliamentary party and from the ACTU Executive, had been created in 1938 for purposes of liaison on industrial issues. Chifley had deliberately ignored this ready-made mechanism when deciding on the crucial 1947 amendments to the Arbitration Act. In 1948 it suited his plans to resurrect the Committee. Again the ACTU officers conveniently hastened to forget the indignities of the recent past in order to be included formally in the government's counsels. The government's aims were achieved when, in a radical departure from tradition, Clarey and Monk agreed to recommend an investigation into incentive schemes with a view to relieving the unions' hitherto overwhelming opposition to virtually all forms of payment by results.

The 1949 Congress, although narrowly rejecting the incentive scheme inquiry, in many ways exemplified the changes that were occurring within the structure of the union movement. At the commencement of the second half of Chifley's term in office the majority of the ACTU's constituent unions had still been more militant than the ACTU officers who could still be prodded into suitable public declamation—as for example after union complaints of ACTU passivity on the question of repressive legislation introduced in Victoria and Queensland.⁴⁴ In

⁴³ For details of the Joint Declaration see Hagan, *The History of the ACTU*, p. 192; *Sydney Morning Herald*, 4/8/47.

⁴⁴ Minutes of Conference of Federal Unions, 26/5/48.

reality the officers remained opposed to direct action and the changing environment made it increasingly easy for them to be honest in their public statements and actions. In 1948 every instinct of the southern-based leaders made them inwardly opposed to the dramatic, state-wide Queensland stoppage and its mainly communist leadership. The ALP state government's challenge to a number of central union principles meant that the ACTU had to lend formal support to the strikers but in private negotiations and in internal, slanted reports there is no doubt where their true sympathies lay.⁴⁵ As the anti-communists' star rose in the industrial sky ACTU officers felt able to reveal their predilections more clearly. Thus by September 1948 they could openly resolve to ask the Victorian Industrial Groups' views on suitable amendments to the Arbitration Act.⁴⁶ In 1949 the divisions in the union movement became still more marked. Although lip-service in the form of public protest was paid to the principles involved, the majority of the ACTU Executive treated with relative equanimity the jailing for one month on contempt charges of a communist member of the ACTU panel of Basic Wage Case advocates. In part their views were directly coloured by the fact that the militants, led by the metal workers, responded to mounting inflation by upstaging the ACTU's longstanding claims for a Basic Wage increase with a larger claim of their own.

The fact that the unions were again submitting such a central issue as the Basic Wage to all the potential procrastination of a set-piece arbitration case stemmed from an ACTU Executive recommendation to accept the *fait accompli* of Chifley's long rearguard action on the issue.⁴⁷ Yet Australian unionists seemed to gain little from the ACTU's anti-militant stance and its patient, conciliatory approach both to industrial issues and to the government in 1948 and 1949. The newly amended federal arbitration system proved equally, if not more, legalistic than before. The new laymen Conciliation Commissioners operated almost as formally as any of the judges⁴⁸ who, in turn, led by Kelly, the status-conscious and conservative Chifley appointee, presented new barriers to speedy hearing of central union claims. Indeed, to the ACTU's stupefaction, at the end of 1949 the Court went so far as unilaterally to decide to suspend all hearings of the Basic Wage Case until after the federal general election.⁴⁹

Nor did compliancy appear to reap many dividends from the federal government. From most points of view the relationship seemed one sided. On the one hand ACTU officers' attitudes made it easier for the Chifley government to apply financial pressure to militants by continuing to disallow the payment of unemploy-

⁴⁵ ACTU Minutes, 11/4/48, 9/5/48.

⁴⁶ Emergency Committee Minutes, 18/9/48.

⁴⁷ The 1945 ACTU Congress had demanded that the federal government establish within six months of the war's end a committee to reconstitute the criteria used in determining the Basic Wage. The resultant improved standard should then be introduced by government legislation. For full details of this and of subsequent related events see Decisions of ACTU Full Executive Meeting, 15-18/3/48.

⁴⁸ See e.g., Minutes of Conference of Federal Unions, 26-28/5/48.

⁴⁹ The bench's rationale largely concerned the election promises of improved child endowment made by the Opposition parties.

ment benefits to workers thrown out of work by the action of members of the same union.⁵⁰ Equally, their stance facilitated the Prime Minister's refusal even to meet a deputation of metal workers to discuss the wages question.⁵¹ In contrast, in the midst of a barrage of communist attacks on the ACTU's approach to, and presentation of, the Basic Wage case, Chifley refused to help deflect the militants' growing criticism and rebuffed outright President Clarey's overtures for federal government support of the ACTU's claims.⁵²

Nevertheless the ACTU moderates remained faithful to the end. On the FLAC they not only accepted the arguments on incentive schemes but also offered the union movement's official *imprimatur* to the government's controversial anti-communist decision to allow the Arbitration Court to intervene in internal union officer ballots.⁵³ In 1949 in the climactic industrial disputation in the coalfields the ACTU officers backed the federal government from start to finish and were closely involved in the tactical manoeuvres which isolated the Miner's Federation from a requisite majority of the small ancillary unions on the Combined Mining Unions Council. Throughout the coal dispute the issues were posed unequivocally by both sides—nowhere clearer than by speakers in the Australian Council of the Australian Railways Union. Their views are worth quoting at length for, in retrospect, their debate serves to highlight the central dilemmas facing unions in dealings with the “their” party in office.

“The General Secretary [J. F. Chapple]... blamed the Government for the state of affairs which had arisen and submitted that Labor members when they are elected to parliament should be regarded as delegates from the working-class, rather than as Masters of the Working Class. [He stated] That, unfortunately politicians, when they gain office and power, begin to assume a self-importance which is not justified. Labor governments should regard themselves as more subservient to the Trade Union Movement than they do”...

He asked: “How can we gain improvement except by struggle? Over 40 years of Arbitration has given very little to the workers. Take the Basic Wage: The equated basic wage of to-day only approximates the 1907 standard. The reduction in hours was an important gain, but with technological development, shorter hours are an economic necessity, for a growing army of unemployed creates a revolutionary situation which would threaten the structure of the present system”.

⁵⁰ See Australian Archives, Cabinet Secretariat, CRS 2700 XM, Vol. 25, Agenda 1127; E. J. Ward Papers, National Library, 2396/7/755; Letter to ACTU from Senator N. E. McKenna, Minister for Health and Social Services, 22/3/48; ACTU Emergency Committee Minutes, 21/5/48.

⁵¹ Emergency Committee Minutes, 18/4/48.

⁵² Emergency Committee Minutes, 4/6/49, 7/6/49. Letter from Monk to Affiliated Unions, 24/6/49 and attached papers in 1949 ACTU Congress documents.

⁵³ FLAC Minutes, 6/12/48, 7/12/48, 7/3/49, 13/5/49, 7/12/49, Riley Papers, National Library, Box 38.

He proceeded to point out that the planned economy of Socialism could bring about a solution of our problems and asked: "Are we going to allow the Trade Union Movement to be smashed, because that is what it means if the Miners are smashed; they will only be the first to go under. Are we going to assist them by refusing to handle black goods, or are we going to say . . . [that] we are going to assist the Government? I stand by the Trade Union Movement, because it is more important than the political movement. It is because the political movement has fallen down on the job that this issue confronts us, and I do not propose to be the paw to pull the Parliamentary Party out of the mess which it has got itself into. If the Trade Union Movement is smashed, Trade Unionists are going to suffer the consequences, because the power of parliament is not sufficient to protect and preserve them from the exploitation of the employing class. Unfortunately, our Labor Governments are merely the executives of the Capitalist class and we are floating along in the current of Capitalist development, without any immediate prospect of a solution of our economic problems. The basis of our strength is the Union movement and we have to preserve it so far as we possibly can, even to the extent of refusing to handle coal declared black by the Mining Unions".

J. A. Ferguson [N. S. W. Secretary] stated that he agreed that there should be a proper working-class approach to this question" . . . We are at variance to this extent: Whatever we do should be designed to ensure the retention of Labor Governments in power. The only way you have of defeating the Government in this State is by supporting the Miners, who have had their standards raised higher than ever before. The achievements of Labor in the Federal sphere are such as to justify the defence of the Government. It is not a question of whether you are for or against the Miners, but a question of whether you are for or against Labor Governments . . ."

Comrade A. A. Drummond stated that his Council [South Australian Branch] had carried unanimously a resolution of support for the miners . . . He asked: "Are not the same tactics being pursued today by the Chifley Government as by the Scullin Government? [1929–1931]. If the miners are defeated there will be an attack on the workers generally. We expelled all those Labor members who supported the Premiers' Plan [in 1931] in our State. We could not conscientiously support the Chifley Government in its action in this matter, because it is anti-working class: there is nothing new in what it is doing; it has been done time and time again.

Did we say our first duty was to the [South Australian] Labor Government when it tried to force starvation on us? [in 1931] We said: "To hell with them. We expelled them all—22 of them. My duty is to secure justice for the workers. Although I may differ with the Federal Labor Government, I am not anxious to see the Chifley Government defeated. The Miners have my unqualified support. If the Government defeats the Miners, the attack will be continued on the Printing Trades and other Unions right throughout Australia. I think the Chifley Government has dug its own grave; the Scullin Government was defeated and so will the Chifley Government be defeated. When the workers lose their jobs, their

resentment is going to be turned against the Chifley Government, whose legislation is anti-working class".⁵⁴

CONCLUSIONS

At first sight Drumond's conclusion seems prophetic insofar as the government was defeated at the polls on 10 December 1949. It is however, impossible to demonstrate how far—and in what direction—the result was affected by the government's action in either the coal strike or any other aspect of industrial relations. This kind of problem naturally underlies all analysis in this area. In the preceding pages we have broadly traced the relationship between government and unions in the years 1945–9. Unfortunately, as soon as an attempt is made to assess the effects of that relationship the discussion implicitly wanders off into an unmanageable thicket of "what ifs" and "might have beens". Conclusions reached about such counterfactual worlds depend on initial assumptions made and these rest in turn on the subjectivity of the observer. Even if some kind of pure objectivity could possibly be applied, the multitude of dynamic variables constantly changing in the real economic and political world render artificial the partial equilibrium analysis inherent in such discussions.

We have observed that Mr. Chifley, acting in the interests of the nation as he saw them, blocked for as long as he could the basic post-war demands of the trade union movement which underpinned and theoretically controlled the political party which he led. Whether this was the policy of a statesman or of a traitor to his class depends entirely on one's viewpoint. The explicit approach in this paper has been to look at the issues through the unions' eyes. From this angle obvious criticisms can be levelled at the Prime Minister. While certainly not deserving one infuriated state parliamentarian's description of "the worst Tory Prime Minister we have ever had",⁵⁵ Chifley was indubitably the main roadblock in the way of rank and file unionists' post-war demands. It is difficult not to sympathise with those unionists who felt they could never win. Inflation had been the bogey the last time the ALP had been in federal office i.e., in the depths of the Depression. Then wages had been swiftly and sizeably reduced in response to employer demands. Now, in circumstances of unparalleled demand for labour, an ALP government used all its power to prevent workers taking advantage of market forces.⁵⁶

As the Appendix reveals, inflation did increase notably in 1948 and 1949 and subsequently prices soared under the stimulus of the Korean War commodities boom. The unions' "margins" gains were thus eroded although the hours and other non-wage concessions won in earlier years were far less affected. Obviously

⁵⁴ Quoted in P. Deery, (ed.), *Labour in Conflict The 1949 Coal Strike*, (Occasional Publications in Labour History, No. 1, Canberra 1978), pp. 67–9.

⁵⁵ J. F. Barnes, (Independent Labor), *Queensland Parliamentary Debates*, Vol. 185, p. 235.

⁵⁶ Chifley was specifically berated by some radicals "for employing the economists of the Great Depression, [DB] Copland and [R] Gibson", Watson, *op cit.*, pp. 147n, 335–6.

important demand-pull as well as wage cost-push factors contributed to this phenomenon. Internally, in addition to the natural backlog of demand there was the considerable and ironic impetus provided by the particularly artificial way in which the government's Price Stabilisation Scheme, dismantled in 1948, had actually worked.⁵⁷ Exactly what happened to labour's share in GNP in these years is a vexed question. At present it seems possible that any shift to labour which did occur in our period was reversed by the early 1950's.⁵⁸ Perhaps the relevant counterfactual question here is, what would have been the situation if the workers' gains had been made sooner? i.e., while price control was still enforceable. If radical social engineering was ever possible in Australia then surely it was in 1945 when the economy, in its newly industrialised and nationalistic shape, was for once not heavily dependent on a net inflow of overseas capital;⁵⁹ when the central government controlled all aspects of the economy through its emergency powers; and when the electorate seemed more receptive to change than at virtually any other time. But again we are floating off into the land of subjective "might have beens".

Perhaps as a final, and slightly more solid conclusion we can note one important side-effect of the Chifley government's actual approach to industrial relations. The Government's opposition to workers' demands in the early postwar years had the effect of falsely focussing the public spotlight on communists as the "cause" of strikes. This in turn had important implications during the Cold War. In 1945-7 (i.e., before the ACP set out to "expose" the ALP) the ALP leaders had, in case after case, allowed spontaneous and purely "industrial" or economic moves by organised workers to be depicted as the outcome of sinister ACP machinations. In this context it is largely irrelevant that the communists themselves gleefully accepted whatever credit was going among rank and file unionists, came to believe their own and anti-communists' propaganda, and eventually suffered in full from all the delusions of grandeur. More to the point is the observation that, by allowing supporters to present issues falsely in terms of a communist assault on the economy the Chifley ministry sowed the crop on which so many Australian Cold War warriors and anti-unionists were to sustain themselves for decades to come to the obvious detriment of the entire union movement and its rank and file membership.

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⁵⁷ S. J. Butlin and C. B. Schedvin, *War Economy 1942-1945*, (Canberra, 1977), p. 547.

⁵⁸ See Australian Department of Labour and Immigration, *Labour's Share of the National Product. The Post-war Australian Experience*, A Discussion Paper, 1975, Chapter 2.

⁵⁹ R. I. Downing and P. H. Karmel, "The Australian Economy 1949", Paper presented to British Commonwealth Relations Conference, 1949.

APPENDIX

TABLE 1. INDUSTRIAL DISPUTES 1940-49

	No. of strikes	Workers involved (000)	Working days lost (000)
1940	350	192.6	1,507.3
1941	567	248.1	984.2
1942	602	169.3	378.2
1943	785	296.1	990.2
1944	941	276.4	912.8
1945	945	315.9	2,119.6
1946	879	348.5	1,947.8
1947	982	327.1	1,338.7
1948	1,141	317.1	1,662.7
1949	849	264.6	1,333.9

Source: *Labour Reports*.

TABLE 2. ESTIMATES OF RETAIL PRICE CHANGES 1940-49

	"C Series" retail price index	Percentage change on previous year
1940	957	—
1941	1,008	5.3
1942	1,091	8.2
1943	1,131	3.5
1944	1,126	-0.4
1945	1,126	0.0
1946	1,145	1.7
1947	1,188	3.8
1948	1,295	9.0
1949	1,415	9.3

Source: *Labour Reports*.