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PATTERNS OF INDUSTRIAL CONFLICT UNDER LABOUR GOVERNMENTS:
A CASE STUDY OF QUEENSLAND LABOR, 1915-1957

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This thesis contains no material presented by the candidate for another degree or diploma. The work reported is the original work of Mr Simon Blackwood. No other person's work is presented without due reference to the text of the thesis.

A handwritten signature in cursive script, appearing to read 'S. Blackwood', written in dark ink.

Simon Blackwood

ABSTRACT

This thesis analyses the reasons for the persistence of industrial conflict under Queensland Labor governments between 1915 and 1957. In completing this analysis the thesis contrasts the Queensland case with the case of Sweden's Social Democratic governments (1932–1976) where industrial peace was established. The contrasting of these two cases points to this thesis's adoption of a comparative historical sociological approach which is concerned to develop macro-analytical frameworks capable of producing limited historical generalisations. In this case, some limited generalisations about why industrial peace may or may not be established where there is a labour government are proffered.

The thesis is founded on a political economy approach which emphasises that where a system of political exchange dominates industrial relations under a labour government strikes will diminish. There are a number of conditions which are considered critical to such an outcome. Firstly, unions must be able and willing to commit themselves to a long-term strategy of political exchange. Political exchange occurs where unions exercise short-term restraint in return for long-term benefits which can be secured from labour governments. Secondly, labour governments must deliver sufficient rewards or benefits to workers and unions if their commitment to a long-term strategy of political exchange is to be secured. Finally, institutional arrangements must be established to encourage the resolution of distributional conflicts through a process of compromise. The thesis contends that three factors (the organisational and political character of the unions, the nature of the institutional arrangements established in response to societal crises

and the nature of the economic strategies pursued by labour governments) determined whether these conditions were met in the Queensland and Swedish cases and, consequently, whether industrial relations was dominated by a political exchange.

The Swedish case is introduced as a control case. Therefore it is not subjected to as exhaustive an analysis as that given to the Queensland case. First, the Swedish union movement possessed the requisite organisational and political characteristics which made their commitment to a long-term strategy of exchange possible. The key elements were the development of a strong union federation dominated by unionists who were committed to a reformist strategy. Second, a generous, decommodified and universal welfare system and a societal corporatism were established in response to a societal crisis during the 1930s and 1940s. These arrangements ensured that the Swedish Social Democrats were able to deliver sufficient rewards to the workers and unions. The societal corporatist arrangements also resulted in distributional conflicts being resolved through a process of co-operation and compromise. Finally, the Swedish Social Democrats' pursuit of a reformist economic growth strategy which benefited business as well as the workers was to stabilise the political exchange system. The Swedish Social Democrats did stray from this economic program for a brief period and, as a consequence, the system of political exchange was threatened. However, the capacity of the unions to develop and impose their own economic growth strategy on the Swedish Social Democrats was to stabilise the political exchange system.

The Queensland case is subjected to a more detailed analysis. In this case a complex and fractured union structure developed which hindered the union

leadership's capacity to secure rank and file support for a political exchange strategy. The significant influence of a revolutionary unionism also hindered the development of union support for an exchange strategy with a labour government. Second, sectoral or industry based corporatist arrangements and a wage earners welfare state were established in response to a societal crisis which occurred in Australia at the beginning of the twentieth century. These institutional arrangements did not allow Queensland Labor to deliver to workers sufficient benefits to secure their commitment to a long-term exchange strategy. The sectoral corporatist arrangements also contributed to the development of an adversarial bargaining system rather than one based on co-operation and compromise. Finally, Queensland Labor initially pursued a redistributive economic strategy which benefited workers at the expense of business. This led business to impose an economic blockade on Queensland Labor. Labor responded by adopting a more conservative economic program which reassured business but failed to deliver sufficient rewards to the workers. Those unionists who were committed to a labour reformist strategy found it difficult to secure the ongoing support of workers and unions to a political exchange with Labor, as many believed it to be a bad bargain. Furthermore, the presence of an influential militant opposition in the unions made the task of those unionists committed to a reformist politics even more difficult.

The thesis concludes by utilising this conceptual framework to explain why industrial harmony has been established under the present Federal Labor government (1983-) in Australia. It is maintained that the relevance of the conceptual framework to this case highlights its usefulness for future research into the likely establishment of industrial peace where labour governments are in power.

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ABBREVIATIONS

ACTU	Australian Council of Trade Unions
ALF	Australian Labour Federation
ALP	Australian Labor Party
AMIEU	Australasian Meat Industry Employees Union
AMS	Arbetsmarknadsstyrelsen (Sweden's Labour Market Board)
ARU	Australian Railways Union
AWU	Australian Workers Union
CPA	Communist Party of Australia
EPAC	Economic, Planning and Advisory Council
ITUC	Intercolonial Trade Union Congress
IWW	International Workers of the World
LO	Landsorganisationen i Sverige (the Swedish Confederation of Labor)
OBU	One Big Union
QIC	Queensland Industrial Court
QPD	Queensland Parliamentary Debates
QTUC	Queensland Trade Union Congress
SAF	Swedish Employers' Confederation
TLC	Trades and Labor Council (Brisbane, 1885 to 1947, then changed to Queensland)
WWF	Waterside Workers Federation.

CHAPTER 1

INTRODUCTION

When labour governments are in power, it is said, workers and unions are likely to become less reliant on the strike to improve their lot. They can secure, through political action, what they previously had to fight for in the economic arena through collective acts of militancy (see Hibbs, 1978; Korpi and Shalev, 1979, 1980; Shorter and Tilly, 1974). A number of these 'labour reformist' researchers have argued that, as a consequence, industrial peace will be established under labour governments (Korpi and Shalev, 1979, 1980; Shorter and Tilly, 1974).

This claim is supported, they argue, by comparative research which shows that strikes declined under social democratic governments in Scandinavia. For instance, Korpi and Shalev (1979, 1980) note that the Swedish experience demonstrates that labour or social democratic governments are the harbingers of industrial peace. There was a shift in bargaining arrangements in the mid-1930s in Sweden which was "related to the coming to power of the Social Democratic government in the fall of 1932, at the height of the Great Depression" (Korpi and Shalev, 1979:171). Consequently, strike levels, which until the 1930s had been at internationally high levels, declined markedly and were to remain at internationally low levels through 44 years of uninterrupted Social Democratic government (1932 to 1976) (see Korpi, 1983; Korpi and Shalev, 1979, 1980; Statistical Appendix).

This thesis does not accept the claim that labour governments are necessarily the harbingers of industrial peace. For instance, industrial harmony was not established under Labor governments (1915-1929, 1932-1957) in Queensland

(one of six states in Australia). Queensland's strike rate was the second highest in the country after the state of New South Wales (see Kelsall, 1959; Wooden and Creigh, 1983; Statistical Appendix). This contributed to Australia having an internationally high strike rate throughout most of the period from 1915 to 1957 (see Statistical Appendix). Further, this period of Labor rule in Queensland was marked by a number of large and particularly bitter industrial disputes (see Murphy, 1983). There were major strikes in the railways, meatworks and shearing industry in the years 1917, 1919, 1925, 1927, 1946, 1948 and 1956 which contributed to Queensland's high strike rate (see Murphy, 1980, 1983a; Statistical Appendix).

This thesis claims that strikes will diminish under a labour government where industrial relations is dominated by a political exchange. This argument is based on the proposition that the conflict between employers and their employees, which takes place in industry and the economy, often spills over into the political arena. Furthermore, it is argued that in some instances, the outcome of this conflict may even be determined primarily in the political arena (see Giles and Murray, 1989; Korpi and Shalev, 1979, 1980). Where this occurs, industrial relations will be dominated by a political exchange, and so strikes can be expected to diminish (see Pizzorno, 1978). Thus, it is argued that the dramatic reduction in strikes which occurred under Sweden's Social Democratic government (1932-1976) resulted from the establishment of a political exchange which dominated industrial relations. In contrast, industrial relations was not dominated by a political exchange under Queensland Labor governments (1915-1929, 1932-1957) and, as a consequence, industrial conflict persisted at a high level.

The Queensland case, which is the main focus of attention in this thesis, is contrasted with the Swedish case. The thesis aims, by contrasting these two cases, to identify some of the factors which explain why industrial relations may or may not be dominated by a political exchange where there is a labour government and, as a consequence, whether or not strikes are likely to diminish. This chapter first considers the conceptual and methodological framework adopted to complete this task, and then gives an overview of the argument.

THE CONCEPTUAL AND METHODOLOGICAL FRAMEWORK

The Queensland case invalidates the labour reformist argument. This could appear to confirm the strongly held belief of some social science researchers that there is little value in attempting to develop "any valid macro-level explanatory generalisations at all" (Skocpol and Somers, 1980:192). Such researchers argue for the adoption of a research strategy which is limited to interpreting the particularity or uniqueness of each case (see Skocpol and Somers, 1980; Ragin, 1987 for a discussion of this research strategy). This approach seeks to explore the unique features of individual cases which result in a diversity of outcomes. In the Queensland case, these researchers would find a rich body of historical research indicating that Queensland's unique economic and social development resulted in a distinctive brand of politics: rural fundamentalism. This form of politics, they would say, was responsible for the persistence of industrial conflict under Queensland Labor governments (see Costar, 1978; Cribb, 1984; Fitzgerald, 1984).

This thesis rejects the interpretative historical sociological approach. Instead, it argues that it is possible to develop a conceptual framework capable of

accounting for the quite different strike outcomes in Queensland and Sweden during periods of labour government. This thesis accepts the claim that it is possible to identify those configurations which are favourable to, and those which are unfavourable to, a specific outcome (Skocpol and Somers, 1980). This methodological issue is further considered in Chapter 4.

The conceptual framework proffered is also underpinned by certain theoretical propositions associated with the political economy approach to industrial relations (see Giles and Murray, 1989). Of central importance is the argument that bargaining over distributional issues may be dominated by political rather than economic factors. This proposition is founded on the contention that the organisation of production and distribution cannot be separated from the wider society and, in particular, the political process (see Giles and Murray, 1989; Korpi and Shalev, 1979, 1980). This approach argues that where political factors dominate the bargaining process, industrial relations will be dominated by a political exchange which, in turn, will lead to a significant reduction in strikes (see Pizzorno, 1978). However, where market or economic factors continue to be more significant than political factors, the bargaining process will be dominated by individual exchange or a system of collective bargaining and, particularly in the latter case, strikes can be expected to persist. Thus, in any given period, one of three different types of exchange relationship (a system of individual exchange; a system of collective bargaining; and a system of political exchange) is expected to dominate industrial relations. It is also the case that "in any concrete situation the three types of exchange relationship co-exist" (Pizzorno, 1978:283-284).

This thesis claims that strikes will diminish under a labour government where industrial relations is dominated by a political exchange. Critical to the development of a political exchange is a compromise involving the unions and the government (Pizzorno, 1978; Reshef, 1986). There are a number of conditions which are crucial in determining whether a compromise is reached between the unions and labour governments. First, an ability and willingness on the part of the unions to commit themselves to a long term strategy of exchange. That is, an exchange where the unions exercise restraint in the short term, in return for long term benefits which can be secured from labour governments (Pizzorno, 1978; Regini, 1984). For instance, union agreement to forego an immediate wage increase in return for government action to improve benefits such as pensions and the introduction of a national health system. The unions' willingness and ability to commit themselves to a long term strategy of exchange is also dependent on governments being willing, interested and capable of delivering rewards or benefits which make worthwhile the unions' commitment to exercise restraint in the short term in return for future benefits (Pizzorno, 1978; Regini, 1984).

Labour governments traditionally have been committed to guaranteeing to workers the sorts of benefits likely to secure union commitment to a long term strategy of exchange. They are committed to a labour reformist politics which is concerned with using control of state power within capitalist industrial society to improve the standard of living of workers. This, in turn, can be expected to lessen the need of workers and unions to rely on strike action to secure such improvements. Therefore the willingness or interest on the part of labour governments to guarantee to workers worthwhile benefits, does not help account

for the different bargaining outcomes in the Queensland and Swedish cases. This condition can be expected to be more significant where a labour government is contrasted with a government dominated by a right wing party. Governments which fall into the latter category traditionally have been less concerned with guaranteeing to unions and workers worthwhile benefits.

However, the willingness of labour governments to deliver to workers sufficient rewards or benefits has not always been matched by an ability on the part of these governments to guarantee these rewards. Whether labour governments possess this ability is another condition which is crucial in determining whether a compromise is reached between unions and labour governments. Finally, institutional mechanisms which encourage distributional conflicts to be resolved through a process of compromise and consensus, rather than encouraging the key contending actors (employers, unions and workers) to adopt an adversarial approach that contributes to the persistence of industrial conflict are essential.

A political exchange failed to dominate industrial relations under Queensland Labor governments (1915–1929, 1932–1957), however it was to dominate under Sweden's Social Democratic governments (1932–1976). These different outcomes were dependent on the necessary conditions noted above being achieved. In the two cases being studied, three complex factors determined whether the necessary conditions were established. First, the organisational and political character of the unions in these two cases was important in determining whether the unions were able and willing to commit to an exchange where they exercise restraint in the short term, in return for the longer term benefits which can be secured from government. Second, the institutional arrangements established in

response to societal crises in Australia and Sweden were critical as they helped determine whether the respective governments were able to guarantee to workers the benefits or rewards which would secure their commitment to a long term strategy of exchange. Furthermore, these institutional arrangements also determined whether distributional conflicts in these two cases were able to be resolved through co-operation and compromise, which in turn contributed to a process of political exchange. Third, the sorts of economic strategies pursued by Queensland's Labor governments and Sweden's Social Democratic governments also helped determine whether industrial relations was dominated by a stable and lasting political exchange. The critical element which helped determine the different bargaining outcomes in these two cases was whether or not they benefited business interests as well as workers and their unions.

The contention is that these three factors account for the different outcomes in the two cases. This points to the adoption of an analytical framework which focuses "on the variability of the conditions for political exchange" (Regini, 1984:141) in this thesis. In other words, it is necessary to undertake an analysis of the complex set of conditions responsible for the establishment of a political exchange relationship which may dominate industrial relations in a given country. However, debate on the reasons for the establishment of a political exchange which dominates industrial relations under labour governments has been dominated by two perspectives. These perspectives eschew the need to focus on the variability of the conditions for political exchange. Instead, they develop conceptual models which reduce explanation to key macro-level variables. These are the political power of the working class, or the rise of corporatism.

According to the political power of the working class approach, labour governments are considered to be the key determinant of an industrial relations system that is dominated by political factors (see Shorter and Tilly, 1974; Korpi and Shalev, 1979, 1980). This perspective is rejected here on the grounds that it fails to account for the Queensland case. Furthermore, it is unable to account for a number of other cases (Switzerland, the Netherlands and Germany) where a political exchange has dominated industrial relations, but where the working class did not exercise control over the polity. These cases suggest, then, that the determinants of a political exchange are more complex than the labour power argument allows.

In a number of north European countries (Switzerland, Belgium and the Netherlands) where parties of the centre and right were in government industrial relations was dominated by a political exchange. Katzenstein (1985) has provided some important insights into why this occurred. Reshef (1986) has also analysed the nature of the political exchange which occurred under Israel's rightist Likud Government between 1977 and 1982. Since this thesis focuses on whether or not a political exchange is likely to dominate industrial relations under labour governments, the reasons for the possible establishment of a political exchange where governments are dominated by parties of the centre or right are not addressed.

The second perspective claims that it is the corporatist arrangements (established in many capitalist industrial societies in the period from the 1930s onwards) which are responsible for the development of a political exchange where there are labour governments (see Fulcher, 1987; Panitch, 1979, 1981). These

corporatist arrangements led capital, labour and governments to engage in a compromise. This thesis acknowledges the importance of corporatist arrangements for the development of bargaining arrangements dominated by a political exchange. At the same time, it is argued that the determinants of political bargaining are more complex than this perspective allows. This thesis emphasises that the analytical task is one of identifying the variable conditions for a political exchange (Regini, 1984), rather than developing conceptual models which reduce explanation to key macro-level variables such as the political power of the working class or the rise of corporatism.

The remainder of this introductory chapter is devoted to explaining why the three factors identified above (the organisational and political character of the unions, the nature of the institutional arrangements established in response to societal crises and the nature of the economic strategies pursued by labour governments) are considered to be of key importance in helping account for the different bargaining outcomes in the two cases examined. In doing so, the key elements of the argument proffered in this thesis are briefly outlined.

THE ARGUMENT

A number of researchers have drawn attention to the importance of the unions' political and organisational character in determining whether they are able and willing to commit themselves to a long term strategy of exchange (Pizzorno, 1978; Regini, 1983, 1984). It is claimed that these factors were of key importance in determining the quite different bargaining outcomes in the two cases considered in this thesis.

The organisational unity of the Swedish unions and, in particular, the fact that they were dominated by one strong union federation, the Landsorganisationen i Sverige (LO), contributed to their ability to commit themselves to a long term strategy of exchange. This organisational unity meant the union movement was able to resist pressure from individual unions and rank and file members to secure their demands through immediate action such as strikes. It is argued that the influence of socialist ideas during the union movement's formative period, the absence of major divisions in the union movement and the establishment of corporatist arrangements at the national level were the key factors contributing to an organisational character which enabled the Swedish unions to commit themselves to a political exchange strategy.

Moreover, the overwhelming majority of unionists and unions were committed to a reformist strategy. This was one which emphasised that workers are most likely to secure benefits which improve their standard of living where labour governments are in power. The unions were willing to commit themselves to a long term strategy of exchange with Sweden's Social Democratic governments. Some Swedish unionists supported a more militant or revolutionary strategy. A strategy which opposed unions committing to a long-term strategy of exchange with labour governments on the grounds that they do not secure any tangible rewards to workers. However, the militants lacked an organisational base in the unions which meant that they were not able to exert much influence on the union movement's strategies. Thus, the revolutionary opposition within the unions was not to hinder the Swedish union movement's commitment to a long term strategy of exchange.

The Queensland union movement had quite a different organisational and political character. This resulted in it being both unable, and also often unwilling, to commit itself to a political exchange strategy. In contrast with Sweden, attempts to establish an organisationally unified trade union movement in Queensland failed. Instead, a complex and fractured organisational structure developed which hindered the union leadership's capacity to secure rank and file support for a long term political exchange strategy. The key factors which, it is claimed, hindered the establishment of an organisationally unified union movement are the strong influence of craft ideas during the union movement's formative stages, regional and political divisions, and the development of corporatist arrangements at the sectoral or industry level in Australia rather than at the societal level.

Furthermore, a revolutionary opposition developed within the unions which received significant support from among both the rank and file and, at various times, the leadership of major unions. Between 1915 and 1929 an influential syndicalist militancy developed in the north of the State. This militancy was also subscribed to by the leaders of the second largest and industrially most powerful union in the State, the Australian Railways Union (ARU). The strong influence of the syndicalist militancy was to result in many unionists losing interest in a long term strategy of exchange with labour governments. In the post-World War II period, the central voice of unionism in the State, the Trades and Labor Council (TLC), was dominated by Communist Party trade unionists. The Communist Party was opposed to a long term exchange strategy with Queensland Labor. The influence of a revolutionary unionism was, therefore, to hinder the development of union support for a longer term strategy of exchange.

The unions' willingness and ability to commit themselves to a long term exchange strategy in these two cases was dependent on whether their governments were able to deliver sufficient rewards. It is claimed that Queensland Labor governments were unable to deliver sufficient rewards to secure worker commitment to a long term strategy of exchange. In contrast, Swedish Social Democratic governments were able to deliver the requisite rewards. It is maintained that the sorts of institutional arrangements established in response to societal crises in Australia and Sweden, and the sorts of economic policies pursued by Queensland's Labor governments and Sweden's Social Democratic governments, were of key importance in determining the extent to which these governments were able to deliver to workers sufficient rewards or benefits.

Historic compromises involving workers, unions, employers and government were established in response to major societal crises in the 1930s and 1940s in Sweden, along with six other north European countries (Austria, Belgium, Denmark, the Netherlands, Norway, and Switzerland). These compromises resulted in the establishment of lasting institutional arrangements which contributed to the development of political bargaining arrangements which dominated industrial relations and resulted in the diminution of strikes (see Katzenstein, 1985). This is, in part, because the institutional arrangements established resulted in the government being able to guarantee the sorts of benefits which secured the unions' commitment to a long term strategy of exchange. In Sweden, corporatist arrangements were established at the societal or national level which led to a broad range of issues being subject to the bargaining process. Consequently, labour market policies and a social wage were developed which meant that government

became more responsible for guaranteeing to workers long term benefits. A generous, highly decommodified and universalistic welfare regime was also established in response to this societal crisis in Sweden. This helped guarantee to workers the sorts of benefits from government likely to secure their commitment to an exchange strategy.

An historic compromise was reached between capital and labour in Australia in the two decades spanning the beginning of the twentieth century. This compromise was established in response to a societal crisis which occurred in the 1890s. However, the sorts of institutional arrangements established were quite different from those established in Sweden a generation later (see Castles, 1985, 1987, 1988). Corporatist institutions were established at the sectoral or industry level rather than at the societal level (see Palmer, 1989). These corporatist arrangements resulted in a very limited range of issues being regulated. Wages and basic conditions of employment were covered, rather than the much broader range of issues which are the subject of regulation where corporatist arrangements are established at the societal level. Consequently, Queensland Labor governments were only responsible for guaranteeing a very limited set of benefits or rewards to workers. This lessened the unions' interest in committing themselves to a long term strategy of exchange with those governments.

The system of compulsory arbitration, which represented an industry or sectoral level of corporatism, also underpinned the wage earners welfare state that was established during the two decades spanning the turn of the twentieth century (Castles, 1985). It guaranteed wage security for the worker rather than social security for the citizen. This was achieved through a system of wage regulation that

guaranteed workers a living wage while a residual system of income maintenance provided insurance against poverty for all those outside the labour market. This was initially acceptable to workers and unions since it appeared to represent a reasonable defence against the economic fluctuations which, in the 1890s, had severely eroded their standard of living. However, from World War I onwards, wages were determined increasingly on the basis of industry's capacity to pay rather than social considerations such as the need to guarantee to workers a decent standard of living. This emphasised workers' dependence on the market rather than the political arena and led to them seeking to advance their interests through collective acts of militancy in the economic arena.

A number of political exchange researchers (see Regini, 1984; Jacobi *et al.*, 1986) have noted the importance of economic conditions for the establishment of stable political exchange relations. This thesis contends that economic conditions are important in determining whether the labour governments considered in this thesis were able to deliver to workers the sorts of rewards likely to secure their commitment to a long term exchange strategy. For instance, the state of the economy in each country impacted on the capacity of the institutional arrangements (established in response to societal crises) to deliver sufficient rewards. Australia's poor economic performance for much of the period under examination, contributed to the establishment of a living wage which failed to meet the workers' expectations. This led them to pursue their interests in the economic arena through an increased reliance on the strike. In contrast, the capacity of Sweden's Social Democratic governments to preside over a generous welfare system, was in part the

result of that country's strong economic performance during the period under examination, particularly during the 1950s and 1960s.

Deteriorating economic conditions can be expected to hinder the capacity of labour governments to deliver the rewards which workers expect to secure from their commitment to a strategy of long term exchange (Regini, 1984, 1986). Labour governments may be forced to "cut back the resources that can be allocated through political bargaining" (Regini, 1984:136) which, in turn, may force a change in priorities. In other words, labour governments may introduce economic and social policies which do not guarantee to workers sufficient benefits to secure commitment to a long term exchange strategy. This may then lead to the destabilisation of the political exchange process. There are a plethora of factors which can lead to a deterioration in economic conditions. These, in turn, may also threaten the conditions for a political exchange under labour governments.

Britain for example was subjected to a series of national economic crises in the post-World War II era. These crises resulted from a weak and under performing economy and its changing financial position within the international economic order. They help account for the failure of successive Labour governments (1945-1951, 1964-1970, 1974-1979) to preside over the establishment of a political exchange which would dominate industrial relations (see Crouch, 1979; Fox, 1985; Panitch, 1976; Strinati, 1982). The crises in the international capitalist economic order, which occurred from the mid-1970s, also contributed to a dramatic deterioration in economic conditions under a British Labour Government (1974-1979). This, in consequence, hindered the establishment of a political exchange (see Crouch, 1979). Indeed, the international economic

crises since the 1970s were to contribute to the destabilisation of the political exchange relations established in many capitalist industrial countries during the economic boom times of the 1950s and 1960s (Jacobi *et al.*, 1986). This crisis also contributed to the destabilisation of the political exchange which dominated industrial relations under successive Swedish Social Democratic governments (1932–1976).

However, where labour parties are elected to government following a dramatic deterioration in economic conditions, they may be able to establish the conditions for a political exchange with the unions. There was a dramatic deterioration in economic conditions associated with the great economic depression, which began in 1929, and lasted throughout much of the 1930s in most capitalist industrial countries. Following this economic downturn, Queensland's Labor governments (1932–1957) and Sweden's Social Democratic governments (1932–1976) were to introduce policies aimed at lessening its impact on workers. However the poor economic conditions which prevailed hindered the capacity of these governments to deliver considerable benefits to the unions. Nevertheless, Regini (1984, 1986) points out that unions may still be willing to accept "these less favourable 'terms of exchange'" (Regini, 1984:141). The unions have a weakened bargaining power in such situations which means they are less likely to secure gains in the economic arena through collective acts of militancy than can be secured in the political arena from labour governments. This was certainly the case in both Queensland and Sweden during the 1930s. Consequently, Queensland's unions were willing to commit themselves to a political exchange under Labor

during the great depression of the 1930s. Therefore major crises in the international economic order and the associated deterioration in economic conditions do not help account for the different outcomes in the two cases being considered in this thesis. It should be noted that while a political exchange developed under Queensland Labor during the 1930s, for most of the period during which Queensland Labor was in power, particularly between 1915 and 1929 and between 1945 and 1957, a political exchange did not dominate industrial relations.

Business interests may take action against labour governments which leads to the destabilisation of the political exchange relationship. Measures taken have included the mobilisation of those social forces opposed to labour governments as well as a strike of capital which contributes to a deterioration in economic conditions (Block, 1977, 1980). Labour governments' defensive response, which is concerned primarily with accommodating business interests, has brought about a change in economic and social policy priorities. Labour governments' defensive response reflects their rejection of more radical socialist strategies which argue that labour governments should respond to business attacks by seeking to break with the capitalist economic system (see Block, 1977, 1980). Importantly, these new policy priorities often do not guarantee to workers sufficient benefits to secure commitment to a long term exchange strategy. This may then lead to the destabilisation of the political exchange process.

This thesis argues that the different outcomes in the two cases examined was determined, in part, by whether business interests were to take action which resulted in the government adopting new policy priorities which failed to deliver sufficient rewards to workers and thus destabilised the political exchange process.

There is a complex of factors which are likely to determine whether business takes such action (see Block, 1977, 1980). It is argued that of critical importance in determining the different outcomes in the two cases examined, is the extent to which the labour movement was able to develop an economic strategy which benefited business and workers. The actions of the unions were also important, particularly whether they developed a strong commitment to a strategy based primarily on securing long term economic and social benefits for their members and, also, whether they were able to develop an economic strategy and have it implemented by their respective governments.

Sweden's Social Democratic governments pursued a reformist economic growth strategy for most of the period they were in power between 1932 and 1976. This helps explain why a political exchange was to dominate industrial relations in Sweden. The Swedish Social Democrats' commitment to such a strategy in the 1930s, 1950s and 1960s delivered sufficient benefits to workers to secure their commitment. It also secured for business interests sufficient benefits to ensure that they did not take action that would lead to a deterioration in economic conditions. The Social Democrats avoided being forced to change their economic priorities which may have resulted in them not being able to guarantee to workers sufficient benefits.

There was one exception during the second half of the 1940s when the Swedish Social Democrats pursued a traditional labour reformist redistributive strategy and also committed themselves to greater economic planning. This strategy delivered to workers the sorts of benefits likely to secure their commitment to a political exchange. However, the policies disadvantaged business interests which

then launched a counter-offensive against the Government. The counter-offensive placed the Swedish Social Democrats on the defensive and also coincided with a period of economic instability. They responded by changing their economic priorities with their new economic policies disadvantaging workers rather than business. This series of events could have undermined union support for a political exchange. However, it did not do so.

Sweden's unions did not respond to this situation by abandoning their commitment to a political exchange and seeking to pursue their interests in the economic arena through collective acts of militancy. Rather, the firm commitment of the union movement to the development and implementation of economic and social policies which advantaged workers in the political arena, resulted in their continued interest in such a strategy. Sweden's unions succeeded in developing and imposing their own distinctive economic growth strategy, which benefited both workers and business on Social Democratic governments in the 1950s and 1960s. This was to contribute to the stabilisation of the political exchange which had been initially established in the 1930s.

In contrast, Queensland Labor governments failed to develop a reformist economic growth strategy. Instead, during Labor's first decade in government it implemented a traditional redistributive economic strategy along with a program of nationalisation. This economic strategy benefited workers but disadvantaged business interests. Business launched a counter-offensive which brought about a sudden deterioration in economic conditions and, in particular, forced a dramatic and sudden cutback in the financial resources available to the Queensland government. Consequently, Labor was forced to cut back on some of the policies

which had secured strong worker and union support during its first years in government and which had led to the development of a partial political exchange. It should be emphasised that the organisational and political character of Queensland's unions, along with the nature of the institutional arrangements that had dominated bargaining under Queensland Labor, were to hinder the establishment of an industrial relations strategy dominated by a political exchange during the first decade of Labor government.

The counter-offensive launched by business interests in the first half of the 1920s also forced a more permanent and lasting change in the economic policy priorities of successive Queensland Labor governments. For instance, Queensland Labor was concerned from the early 1920s onwards with the need to balance budgets through a strategy of prudent fiscal management. It was also concerned with ensuring that Queensland's labour market, particularly the State's wages and working conditions, were competitive with those found elsewhere in Australia and overseas. This pointed to Labor's acceptance of the constraints imposed on government economic policy by capitalist interests. At the same time, its distrust of business interests and the capitalist system meant that Labor was unwilling to pursue an economic strategy aimed at securing capitalist investment in the economy. It is argued that it was this reticence to entice capitalist investment in Queensland during the 1920s and 1930s (rather than the structural character of the Queensland economy) that was the primary determinant of Queensland's poor economic performance under Labor, particularly in the second half of the 1940s and 1950s. Therefore the economic policies pursued by Queensland Labor from the

early 1920s to 1957 often failed to deliver sufficient benefits to secure workers' commitment to a long term strategy of exchange.

The industrial wing of the labour movement did not respond to the change in Queensland Labor's economic policy priorities, during the first half of the 1920s, by seeking to impose on Labor a set of policies which would have resulted in the development of a labour reformist economic growth strategy. Instead, unionists who were committed to a labour reformist strategy, sought to defend the more conservative economic priorities of Queensland Labor on the grounds that the worst labour government was better than the best conservative government. They found it difficult to secure the ongoing support of workers and unions as many believed it to be a bad bargain. They increasingly failed to secure sufficient rewards to ensure a commitment to a long term strategy of exchange. The presence of an influential militant opposition which argued that the unions could not expect to benefit from their commitment to a political exchange with Queensland Labor, further undermined worker and union support for a long term strategy of exchange. Consequently, unions often were to rely on the strike weapon to secure improvements in their standard of living under Queensland Labor governments, particularly during the 1920s and again in the second half of the 1940s.

Finally, it is claimed that the different sorts of institutional arrangements established in response to historic compromises in Australia and Sweden also helped determine whether the bargaining process was to be dominated by a process of compromise which is critical if industrial relations is to be dominated by a political exchange. The different level at which corporatist arrangements were established in these two cases is of key importance. The corporatist arrangements

established at the societal level in Sweden led to the development of various bilateral and tripartite forums and agreements. These resulted in bargaining over distributional issues being dominated by a process of compromise involving government, unions and business interests. In contrast, the corporatist structures established at the industry or sectoral level in Australia, contributed to the development of a formal legalistic bargaining system which encouraged workers and their unions to adopt an adversarial approach, rather than one based on co-operation and compromise. Furthermore, this corporatist structure resulted in Queensland Labor's role being confined to enforcing the rules of the game, rather than being directly involved in resolving conflicts over distributional issues through a process of compromise. The role of enforcer led Queensland Labor to discipline striking unionists which, in turn, embittered government–union relations and thus lessened the unions' interest in committing themselves to a political exchange strategy.

OUTLINE OF THE THESIS

The thesis is divided into nine chapters. Following this introductory chapter are three chapters which outline the analytical framework of the thesis and, in doing so, consider key theoretical and methodological issues. The first of these argues that industrial peace will develop where a political exchange relationship dominates industrial relations. The second chapter sets out in some detail the three factors which are able to account for the failure to establish a political exchange relationship under some labour governments (as in Queensland) and for the successful establishment of a political exchange under other labour governments (as

in Sweden). The third chapter outlines the key elements of the comparative historical sociological method adopted in this thesis.

The fact that the Swedish case is introduced as a control case means that it is not subjected to as exhaustive an analysis as that given to Queensland. Discussion of the former is limited to Chapter 5 in which the implications of each of the three factors are discussed. In contrast, an entire chapter is devoted to each of these three factors for Queensland. Chapter 6 is about the organisational and political character of the Queensland union movement. Chapter 7 is devoted to the institutional arrangements which were established in response to a major societal crisis which Australia experienced in the 1890s, and Chapter 8 analyses the economic policies of Queensland Labor governments and the response of the union movement to these policies. Finally, the conclusion argues that the analytical framework proffered in this thesis is able to assist in explaining why industrial peace has been established under Australia's current Federal Labor Government (1983–).

The discussion now turns, in the next chapter, to the argument that a political exchange relationship will lead to industrial peace.

CHAPTER 2

POLITICAL EXCHANGE: THE DETERMINANT OF INDUSTRIAL PEACE

The analytical framework proffered to account for the substantially different industrial relations systems found during periods of long term labour governments in Queensland, compared with Sweden, is underpinned by a political economy approach. This approach contends that bargaining arrangements are influenced not only by institutional arrangements associated with the development of industrial relations systems (as argued by the pluralist perspective which dominated thinking throughout the 1950s and 1960s) but also, importantly, by wider social processes. In particular, the political economy approach emphasises the way in which politics has a vital influence on the bargaining arrangements between business, labour and the state found in individual countries, and the associated development of industrial peace in these countries. This contention is based on the proposition that the social organisation of production and distribution is critical to the development of the various bargaining arrangements found in modern industrial capitalist countries (Giles and Murray, 1989).

The political economy argument, that bargaining arrangements are influenced by politics, has led to the recognition that different types of bargaining arrangements are present in modern capitalist industrial societies. It is Pizzorno's (1978) work which represents perhaps the most significant attempt to develop a systematic theory aimed at explaining the influence of 'political factors' on the development of industrial relations. He argues that bargaining is not limited to systems of individual exchange or collective bargaining but, instead, also involves

a third type of exchange which takes place in the labour market in capitalist industrial countries. This is a political exchange. Pizzorno (1978) explains that where a political exchange relationship dominates bargaining, industrial peace is likely to prevail.

Pizzorno's (1978) theoretical framework guides this thesis in its attempt to explain why industrial peace may or may not be established where there are labour governments. In short, it is argued that peace will be established in situations where a political exchange relationship predominates in the industrial relations arena. However, before considering the key elements of Pizzorno's political exchange theory and the political economy approach on which it is founded, discussion about the key theoretical elements of the pluralist approach to industrial relations is required. This discussion is essential because the pluralist approach dominated thinking on industrial relations and on patterns of conflict particularly in the 1950s and 1960s.

THE PLURALIST PERSPECTIVE

The pluralist perspective argues that the decline of the long drawn out strike and the establishment of industrial harmony was associated with the development of a post-industrial society (see Dubin, 1954; Kerr, 1954, 1962; Dahrendorf, 1959; Dunlop, 1955; Ross and Hartman, 1960). This view was strongly influenced by a number of themes which dominated Post-War thinking in the social sciences. These themes included 'the end of ideology', 'embourgeoisement of the working class' and the contention that conflict was socially functional. The most important theme emanated from the argument put by Kerr and associates about the 'logic of

industrialism' (Korpi and Shalev, 1979; Jackson, 1987). They argue that there was a strong link between industrialisation and industrial conflict.

During the early stage of industrialisation, the process of locating the labour force into the new structure resulted in considerable industrial unrest which often spilled over into the political arena (Dahrendorf, 1959). However, as industrialisation proceeded new institutional structures emerged which were associated with the establishment of collective bargaining and trade union and employer organisations, which were considered to be instrumental in allowing the regulation and inevitable elimination of industrial conflict. Such institutional structures also assisted in the minimisation of industrial conflict as they played a role in both integrating the working class into the socio-economic fabric of capitalist society and of checking the hitherto unilateral power of employers.

The process of industrialisation during the late nineteenth and the first half of the twentieth centuries was considered to be so strong and pervasive that all industrial countries would soon be dominated by similar industrial relations systems. In short, strike activity would no longer be influenced by the peculiar social, economic and political arrangements of individual countries but, rather, by the new structures and institutions thrown up by the process of industrialisation. Patterns of industrial conflict would tend to converge (Jackson, 1987).

The pluralist approach argues that certain social institutions constituted a new industrial relations sub system in post-industrial society which allowed for the "institutional isolation" of industrial conflict. Dahrendorf (1959) argued that:

increasingly, the social relations of industry, including industrial conflict, do not dominate the whole of society but remain confined in their patterns and problems to the sphere of industry (Dahrendorf, 1959:268).

Industrial and political conflict had become institutionally isolated in post-capitalist society and, as a consequence, less severe. The trade union movement had been transformed from a social movement with broad goals into limited-purpose associations primarily concerned with checking the power of employers in the employment arena. This process of institutional isolation meant that industrial conflict could no longer be considered an expression of conflict but, instead, was "in the nature of a well organised bargaining game between limited interest groups" (Korpi and Shalev, 1980:304).

The existence of such institutions and the plurality of interests in what was considered to be a post-industrial society, ensured that power was no longer concentrated in the hands of capitalists but, instead, was diffused among the main bargaining groups in such a way that no party could dominate the others. This assumption ensured that some measure of social stability could be achieved and thus overt conflict would be avoided. The industrial relations arena had been transformed from one in which conflict was prevalent to one in which compromise and concession dominated and where a body of rules restrained the abuse of power and enabled all parties to achieve some gains. The persistence of industrial conflict was said to result largely from the malfunctioning of social institutions (Deery and Plowman, 1980; Korpi and Shalev, 1979).

The most important empirical study to utilise the pluralist approach was that undertaken by Ross and Hartman (1960) when they examined changing patterns of conflict in advanced industrial countries. They argued that a number of factors tended to be positively correlated with a reduction in strike activity and the establishment of industrial peace. These factors included the stability and maturity

of trade union and employer organisations, the consolidation of bargaining structures, and the increased role of the state particularly in the establishment of dispute settlement policies and procedures. Labour political activity was also acknowledged to have a role in lowering strike rates because it was associated with the integration of the working class into industrial society and "the stabilisation of class relations" through political arrangements (Ross and Hartman, 1960:176). Ross and Hartman concluded from their study of 15 industrial countries that the strike was indeed 'withering away'. However, a close inspection of the empirical evidence which they mustered, reveals that this was not the case. Indeed, Ross and Hartman are forced to admit that while industrial conflict had withered away in a number of northern European countries, it had not declined to anywhere near the same extent in southern European, Asian and North American countries.

The strike wave of the late 1960s and early 1970s which swept across advanced industrial countries (see Crouch *et al.*, 1978), provided further proof that the so called 'post-industrial society', with its alleged industrial harmony, had failed to materialise. This development gave rise to a critical political economy approach to the study of industrial relations, to which the discussion now turns.

THE POLITICAL ECONOMY PERSPECTIVE

The political economy approach to industrial relations, which developed in the 1970s and 1980s, continues in the tradition of the classical political economists of the nineteenth century (Giles and Murray, 1989). Central to this approach are basic propositions about the importance of the social organisation of production and distribution. These are considered to be the essential starting points when

attempting to account for the different labour relations systems and associated bargaining arrangements to be found in industrial societies.

The political economy approach contends that industrial societies continue to have the capacity to generate major social conflicts. This is because of

the inequality of power in capitalist societies, reflected in the subordination in the realm of work of the sellers of labour power to its buyers (Korpi and Shalev, 1979:169).

In short, it is this inequality of power which has often generated major industrial conflicts. At the same time, however, this approach acknowledges that, "by the very nature of social production, there is also a significant degree of coordination and cooperation in the relationship" (Giles and Murray, 1989:10). Indeed, political economy researchers acknowledge that in some situations co-operative relationships may dominate and so industrial peace is likely to prevail.

Moreover, the level of conflict to be found in a particular industrial relations system is determined by a complex set of factors. In particular, it is argued that broader social processes and structures, which "are an integral part of industrial relations" (Giles and Murray, 1989:8) play a key role in determining the sorts of bargaining outcomes and strike patterns. This assumption has led to the political economy approach challenging

the traditional means of defining the "field" of industrial relations, that is, the tendency to carve out a separate "system" or "world" of industrial relations that is analytically separate from the "economy" or "politics" (Giles and Murray, 1989:13).

Thus there is a rejection of the pluralist contention that a new industrial relations sub-system had developed which resulted in employer/union bargaining being separate from politics. Instead, political factors play a critical role in the development of industrial relations systems. The greater the role of political factors

in the bargaining which takes place over the distribution of the fruits of production, the less likely it is that workers will need to rely on the strike weapon. It is Pizzorno (1978) who has developed a theoretical framework identifying the role politics plays in the industrial relations arena and, in particular, how it might lead to the establishment of industrial peace. It is to his political exchange theory that this chapter now turns.

PIZZORNO'S POLITICAL EXCHANGE THEORY

Pizzorno (1978) states that most analysts refer only to two forms of exchange when they discuss the various types of bargaining in the labour market. The first is the result of a situation in which "individual actors, without combination or collusion, enter into a relationship which Beatrice Webb called individual exchange" (Pizzorno, 1978:277). The second results from employers and unions engaging in a process of collective bargaining.

When real situations are studied a third distinct system of exchange can be identified, namely a political exchange. This third form of exchange occurs because

factors other than those stemming from the relationship between employers and employees are at work. There may be legislative measures, long-term strategies of the unions within the political system, or the intervention and policies of governments (Pizzorno, 1978:278).

Pizzorno identifies a number of key features of a political exchange which clearly distinguish it from a system of individual exchange or collective bargaining. Importantly for this study, these factors help explain why industrial peace will result where a political exchange dominates industrial relations.

How a system of political exchange operates

In attempting to explain how a system of 'political exchange' operates, Pizzorno (1978) points to the example of a factory closing down. He notes that in such a situation the market power of the affected workers is nil since there is no demand for their services. However, he argues that workers may be able to take action which brings about a total or partial revision of management's decision. It is the political power, or political pressure, exercised by the union which makes this possible. Some gain is obtained in return for something 'political'. The question is: what sort of exchange is taking place and what sort of goods is being traded? Pizzorno (1978) argues that:

While in the atomistic market more gains were obtained in exchange for effort, and in collective bargaining in exchange for continuity of work, in the political market the resources given in exchange may be called consensus or support. An actor (generally the government) which has goods to give is ready to trade them in exchange for social consensus with an actor who can threaten to withdraw that consensus (or, which is more or less the same, to endanger order) unless he receives the goods he needs. In a situation of pure collective bargaining, industrial action means a threat to withdraw continuity of work. The exchange becomes political when the threat is withdrawal of the wider social consensus or social order (Pizzorno, 1978:279).

According to Pizzorno's analytical framework, patterns of industrial conflict will alter where a political exchange relationship plays an important role in industrial relations. Indeed, where a political exchange system dominates the bargaining process, strikes can be expected to wither away. This occurs because the development of a bargaining system dominated by a political exchange depends on the unions' ability to guarantee social consensus. This, in turn, means the renouncing of strike activity and a commitment to a long term strategy of exchange. The adoption of such a course of action requires the unions to be

capable of engaging in a process of moderation or restraint: a foregoing of immediate wage gains that could be achieved through direct industrial action in the collective bargaining arena, in return for certain future benefits which can be achieved in the political arena.

Pizzorno explains how it is often difficult for the unions to commit themselves to a long term strategy of exchange because the benefits which can be secured from governments (since they are of a long term nature) are often much harder to evaluate than those which can be obtained from collective bargaining. Indeed, "whether a good bargain or a bad bargain has been struck on the political market is a hard thing for anyone to judge, let alone the ordinary rank and file" (Pizzorno, 1978:285).

Where the rank and file believes that a bad bargain has been struck it may well withdraw its support for a strategy of exchange. This may result in the union leadership being forced to become more aggressive if it is to avoid a crisis of representation or, alternatively, the rank and file may initiate action of its own accord (Pizzorno, 1978). The political exchange relationship is destabilised and there is often "an increase in general conflictuality" (Pizzorno, 1978:292).

According to Pizzorno the ability of the unions to overcome the difficulties associated with them committing to a long term exchange, is dependent on their being able to convince their members "that their own 'true' interests are better served if they moderate their claims, or that the union organisation is strong enough to resist its members' pressure to obtain more immediately" (Pizzorno, 1978:284).

The unions' interest in renouncing the strike weapon in favour of a political exchange is contingent also upon the availability of appropriate rewards. Pizzorno (1978) argues that the role of governments is of particular importance in this regard since, in modern capitalist industrial society, they have become "the main structure in charge of the guarantee of long-term goals" (Pizzorno, 1978:286). In short:

The individual finds in the social security system, in the health services, in unemployment benefits and the like the kind of assurance of future well-being that formerly he had to look for in his family, in his guild, in voluntary associations or in his own prudence. This makes the state the obvious 'other side' in the bargain through which present restraint is traded for future security (Pizzorno, 1978:286).

The predominance of a political exchange in a given industrial relations system also depends, therefore, on governments guaranteeing to the unions various benefits or rewards (these usually being of a long term nature) in return for the unions' commitment to exercising restraint in the short term:

The state activities which generate a political market begin with such normative interventions on the labour market as general minimum wage laws, the fixing of maximum working hours, provision of pensions, unemployment and sickness benefits. Next come economic policies of full employment, social contracts of various kinds, etc (Pizzorno, 1978:286).

This thesis concurs with Pizzorno's observation that the operation of a political exchange where there are labour governments is dependent on certain conditions being present, the first condition being whether unions are capable of resisting the rank and file's demands to secure more immediate gains and/or whether unions have the capacity to convince the rank and file to moderate their claims. The second condition is an ability on the part of governments to guarantee to unions various benefits or rewards which make worthwhile their commitment to a political exchange strategy.

This thesis argues that there is another condition which is critical. It is the development of institutional mechanisms which result in distributional conflicts being resolved through a process of compromise and consensus. This condition is discussed in more detail in the next chapter.

Changing patterns of conflict and the development of political exchange relationships

Pizzorno maintains that it is the extent to which a political exchange impacts on industrial relations which helps explain differences in patterns of conflict both over time and between countries. He notes that in the period prior to World War I, "the types of industrial action (form of strikes, frequency, degree of participation) were very similar in all industrial countries" (Pizzorno, 1978:287).

From the late nineteenth century through until World War I, strikes were linked to the development of collective bargaining and, in particular, its increasing predominance over individual exchange. At least this was the case in most industrial countries. However, from World War I onwards patterns of conflict began to diverge. This was linked to the development of political exchange.

Political exchange supplemented collective bargaining almost from the beginning, but its most rapid development took place after the First World War and then again after the Second, though not to the same extent in all industrial countries (Pizzorno, 1978:286).

The result was an increasing divergence in strike trends. In short, in a number of northern European countries such as Sweden and Norway, where a political exchange relationship predominated, the strike withered away. Whereas in the United States and Canada, where political factors continued to have little influence on industrial relations systems, "the form of industrial action has changed least" (Pizzorno, 1978:287).

Pizzorno's discussion of the development of political exchange relationships also briefly touches on some of the factors which help account for their establishment during the period from World War I onwards. He argues that it is "the nature of the action of the main actors on this market" (Pizzorno, 1978:286) which is primarily responsible. The creation of central union bodies, such as federations, have contributed to the unions' capacity to commit themselves to a political exchange. Governments, in contrast, have introduced a plethora of welfare policies and been responsible for the establishment of corporatist institutions, all of which have benefited the workers and therefore secured their commitment to a long term strategy of exchange. The key factors in the two cases examined in this thesis which determine whether the unions were able to commit to a long term exchange and whether labour governments were able to deliver sufficient rewards are discussed in the next chapter.

CONCLUSION

This chapter has argued the analytical usefulness of the political economy perspective which states that politics influences bargaining outcomes in modern capitalist industrial countries. Concomitantly, it rejects the pluralist contention that the process of industrialisation resulted in the development of a new industrial relations sub system, which meant that bargaining between employers and unions was separated from politics. More specifically, support is given to Pizzorno's (1978) contention that bargaining may be dominated by either industrial or political factors and that, where politics dominates, strikes will decline. Indeed, it is Pizzorno's propositions which provide the analytical framework for explaining why

industrial peace may be established under a labour government. In short, industrial peace will be established where bargaining is dominated by a political exchange.

The chapter then discussed those conditions which might help explain why a political exchange system is likely to dominate bargaining. Pizzorno's claim that unions need to be able to act as effective negotiating agents capable of exercising restraint in the short term, in return for longer term benefits, is accepted. Also accepted is his claim that governments, as guarantors of the future security of the worker, increasingly have come to play a critical role in the establishment of a political exchange system. Pizzorno also briefly referred to some of the factors which have determined whether the conditions for a political exchange are met. They are factors such as the establishment of a strong union federation, growth of the welfare state and development of corporatist institutions.

The next chapter focuses on identifying those factors which play a key role in determining why, on the one hand, political exchange relationships failed to predominate during a period of Labor governments (1915–1929, 1932–1957) in Queensland, while on the other hand they were present during a period of Social Democratic government (1932–1957) in Sweden. A series of factors is proffered as an explanation which, it is claimed, determined whether the unions in each place were capable of acting as effective negotiating agents, whether the labour governments in these two cases were able to guarantee to workers sufficient benefits or rewards and whether institutional arrangements were established which allowed distributional conflicts to be resolved on the basis of a compromise and consensus.

CHAPTER 3

THE DETERMINANTS OF A POLITICAL EXCHANGE

Many political economy researchers have recognised the need to pay attention to historical variability when developing their explanatory frameworks (Edwards, 1983; Giles and Murray, 1989; Regini, 1984). For instance, in relation to the development of industrial relations systems where political exchange relationships have dominated, Regini (1984) has argued for the development of an analytical framework which focuses on the variability of the conditions for political exchange. This chapter develops a conceptual framework that is based on such an approach.

The conceptual framework outlined comprises three factors which, it is claimed, determine whether industrial relations was to be dominated by a political exchange relationship in the two cases examined in this thesis. The first proposition is that the unions' organisational and political character in the two cases played a key role in determining whether they were able to commit themselves to a long term strategy of exchange. The second proposition is that the sorts of institutional arrangements established in response to societal crises help determine whether a political exchange is established. It is claimed that the nature of these institutional arrangements can help determine whether governments are able to deliver the sorts of rewards and benefits to the workers that are likely to secure their commitment to a long term exchange strategy. They can also determine whether conflict over distributional issues will be resolved through co-operation and compromise or through more adversarial means thereby encouraging the persistence of industrial

conflict. The third proposition relates to the sorts of economic policies implemented by labour governments. The extent to which these economic strategies benefited both the workers and business interests was critically important in determining whether a stable long term political exchange was to be established under labour governments in the two cases under consideration.

This conceptual framework will be discussed in detail later in the chapter. The discussion first turns to a consideration of two of the more influential explanatory models proffered by political economy researchers to explain why political exchange relationships which dominate industrial relations, have been established in capitalist industrial countries where there have been labour governments. The first explanatory model reduces explanation to the political power of the working class (Shorter and Tilly, 1974; Korpi and Shalev, 1979, 1980) and the second reduces explanation to the rise of corporatism (Fulcher, 1987; Panitch, 1979, 1981).

A LABOUR POWER-BASED POLITICAL ECONOMY EXPLANATION

In the 1970s a number of political economy researchers (Shorter and Tilly, 1974; Korpi and Shalev, 1979, 1980) argued that the democratic class struggle and, in particular, working class control of the polity, were responsible for the transformation of bargaining arrangements and development of new exchange relationships in some advanced capitalist countries. In those countries where the working class secured control of the polity, political exchange relationships dominated and industrial peace ensued. However, in those countries where the working class had not secured control of the polity, industrial factors continued to

dominate and strikes persisted. This divergence in bargaining arrangements and in strike trends occurred from the 1930s onwards (Korpi and Shalev, 1980; Shorter and Tilly, 1974).

Korpi and Shalev (1979, 1980) developed perhaps the most influential model associated with this approach. They claim where the working class

through its organisations for collective action is able to achieve strong and stable control over the executive, the conflicts of interest between labour and capital increasingly will be fought out in the political arena and industrial conflict will decline (Korpi and Shalev, 1980:308).

In short, once the working class has its hands on the levers of power, it can ensure that the state intervenes to guarantee the future security of the working class in return for restraint from unions. Thus it becomes possible for the working class to influence the distribution of the fruits of production via political means.

This may be done through different types of policies affecting the labour market, employment, taxation, social insurance and housing. The centre of gravity of the distributive conflicts can thus be moved from the labour market into politics (Korpi, 1983:170).

The strong and stable control of the polity by the working class is considered the key determinant of political exchange relations which dominate bargaining. There are two reasons for this. First, as already explained, working class control of the polity will result in the state introducing a set of economic and social policies that guarantee unions sufficient benefits to secure their commitment to a strategy of restraint. Second, it also indicates that the unions possess the organisational unity necessary to commit themselves to a strategy of restraint. In relation to the latter point, Korpi and Shalev (1979) explain that the organisational power the working class has a double significance:

On the one hand, they provide labour with the ability to grasp control of the government. On the other hand, they also imply an internal discipline which makes possible the implementation of a new strategy of conflict (Korpi and Shalev, 1979:180).

The contention that working class control of the polity is the key determinant of a political exchange which dominates bargaining arrangements, is based primarily on developments in Sweden. Specifically, it is based on the successful establishment of industrial peace over the 1932–1976 period when the working class exercised control of the polity. However, Korpi and Shalev (1979) also argue that their political power–based model is able to account for the bargaining arrangements to be found in 18 advanced capitalist countries during the twentieth century. In particular, it is able to explain why bargaining arrangements were dominated by industrial factors in the period up until the 1930s, namely because the working class had failed to gain control of the polity. This model is able to account also for the divergence in bargaining arrangements which occurred from the 1930s onwards. In a number of countries where the working class dominated the polity, bargaining arrangements were dominated by political factors and industrial peace developed. However, in those countries where the working class failed to exercise power, collective bargaining dominated and strikes persisted.

Korpi and Shalev (1979) acknowledge that a third of the countries they considered cannot be accounted for in terms of their model. In particular, they identify a group of three countries – Switzerland, the Netherlands and Germany – which cast doubt on the proposition that the power resources of the working class determine the establishment of bargaining arrangements which are dominated by political factors. In these countries a relatively low level of working class

mobilisation is matched by an equally low level of industrial conflict and stable political exchange relationships. Thus, while they conclude that their model is able to provide a plausible account of the differential development of industrial conflict and associated bargaining arrangements in advanced industrial countries, the identification of a number of anomalies forces them to acknowledge:

Because of the complicated processes at work and the unique characteristics of each country, as well as the variety of circumstances under which their class relations have developed over time, it is, of course, not possible to expect anything close to full agreement between the predictions of our model and actual developments (Korpi and Shalev, 1980:328).

They are forced, in particular, to acknowledge how German, Swiss and Dutch experiences suggest "that the processes of political bargaining and compromise may operate to some extent even if labour has not acquired strong and stable control over political power" (Korpi and Shalev, 1980:328). In short, the development of political exchange relations may occur as a result of a complex of factors which are not incorporated into their power resources model.

Reducing explanation of the development of bargaining arrangements dominated by a political exchange to the operation of the democratic class struggle, and, in particular, working class control of the polity, would seem to be far from adequate. The fact that such an approach is unable to adequately account for those instances where political exchange relationships developed but where the working class did not exercise control of the polity, lends strong support to the charge that it is a far from useful analytical framework. Furthermore, this approach is unable to account for the Queensland case being examined, where the working class exercised control of the polity for a considerable period, 1915–1929, 1932–1957, but where a political exchange relationship did not exist.

In the Queensland case a political exchange failed to dominate bargaining arrangements and strikes consequently persisted. The labour power model's failure to account for this case lends further weight to the charge that it is a far from adequate model for explaining the likely development of bargaining arrangements dominated by a political exchange. Therefore, there is a need to develop further explanations for the reasons why bargaining arrangements dominated by a political exchange may or may not develop in a particular case. The discussion now turns to considering whether the corporatist approach is more useful.

A CORPORATIST POLITICAL ECONOMY EXPLANATION

The other main political economy explanation is one based on understanding the impact of corporatism. A number of researchers (see Fulcher, 1987; Panitch, 1979, 1981) have contended that the establishment of corporatist institutions at the societal or national level helps explain why industrial peace was established in a number of northern European countries such as Austria, Sweden and Norway under labour or social democratic governments from the 1930s onwards. They argue that a number of characteristics of these corporatist arrangements were critical to peaceful outcomes in these countries.

Corporatist arrangements which are established at the societal level in capitalist industrial society have been based on the development of a compromise, or 'social partnership', between government, unions and employers at the societal level. The three key players in society come to co-operate in managing the economy, controlling society and dividing up the national product. Fulcher (1987) explains that this is exactly what occurred under successive Social Democratic

governments in Sweden. Consequently political bargaining was to develop and industrial peace was established under Sweden's Social Democratic governments in the period from 1932 to 1976.

Panitch (1979, 1981) notes also that where corporatist arrangements have been established (where there are labour or social democratic governments) there have been promises of full employment, a national economic plan and extensive trade union input. In other words, these corporatist arrangements result in governments being able to guarantee to workers and their unions the sorts of benefits which can be expected to secure their support for a long term exchange strategy. At the same time, however, Panitch emphasises that these sorts of agreements are reducible, inevitably, to incomes policies which aim to restrain wages and, in doing so, create conditions more favourable for capital accumulation. The fact that such arrangements are established in the interests of capital means that the working class inevitably has little choice but to resort to strikes if it is to effectively advance its interests in capitalist society. According to Panitch (1976, 1979) this explains why the political exchange relationships established under successive British Labour governments in the 1940s, 1960s and 1970s were so shortlived.

This thesis acknowledges that the corporatist structures which developed in the period from the 1930s, and particularly after World War II, in many capitalist industrial countries (see Maier, 1984; Lehmbruch, 1984), did contribute to changing patterns of conflict and, in some instances, the establishment of industrial peace. However, the development of corporatism only provides a partial explanation of industrial peace in modern capitalist industrial societies. This thesis will

demonstrate that the establishment of industrial peace in Sweden was the result of a more complex set of factors than corporatist writers such as Fulcher (1987) suggest. The reasons for the failure to establish political exchange relationships which dominated bargaining arrangements under successive British Labour Governments are not considered in this thesis. However, it is contended that they were more complex than Panitch (1979, 1981) allows.

The discussion now turns to consider the first of the three factors which, it is argued, determine whether a political exchange relationship was established in the Queensland and Swedish cases. The first factor relates to the unions' organisational and political character.

THE UNIONS' ORGANISATIONAL AND POLITICAL CHARACTER

It is the organisational character of the unions which often is most effective in determining whether unions are capable of committing themselves to a systematic long-term exchange strategy (Regini, 1984). The key feature is whether the unions possess the sorts of organisational characteristics which enable them to resist the rank and file's demands to secure more immediate short term gains, such as increases in wages and improved working conditions. At the same time, this thesis contends that unions' capacity to commit themselves to a long term strategy of exchange is not determined solely by their organisational character. It is also determined by the ideological character of the unions (see Pizzorno, 1978; Regini, 1984). Ideologies can play a key role in determining whether the unions are willing and able to convince their members that their own 'true' interests are best served by committing themselves to a long term strategy of exchange.

The discussion now turns to the determinants of the quite different organisational characters of the Swedish and Queensland trade union movements. These determinants will be used in latter chapters to explain why quite different bargaining arrangements dominated industrial relations in these two cases.

The role of strong union federations

Union movements which are dominated by a strong union federation have been most successful in resisting individual unions and the rank and file's demands to obtain more immediate short term gains in return for the long term benefits which can be secured from a political exchange (see Headey, 1970; Higgins, 1985a; Regini, 1984). The factors which are likely to determine whether an individual union movement will be dominated by a strong federation vary considerably both over time and from country to country. The following discussion focuses on those factors which are considered to have been critical in determining the quite different sorts of central union bodies that were established in the Queensland and Swedish cases.

The process of union formation (which occurred in the period from the late nineteenth century to World War I in most industrial countries) played a particularly important role in determining whether strong union federations developed. It was during this formative period that the majority of labour movements, including the two examined in this thesis, sought to develop a greater degree of organisational cohesion. The spread of socialist ideas and the consequent commitment of many labour movement activists to the organisation of workers along class lines was the key determinant of this development. Labour movement activists committed to socialist ideas sought to establish strong union federations

that dominated individual unions. The success of these socialist ideas during this formative period explain why Sweden's union movement was dominated by a strong federation, the LO, which in turn contributed to the union movement being able to commit itself to a long-term strategy of exchange.

However, in many cases the objective of establishing a strong union federation was not achieved during this formative period of union development. The influence of craft ideas, which in most industrial countries were especially strong during the formative stages of union development, hindered attempts to organise along class lines (Regini, 1983). Craft unionists opposed the development of strong federations which sought to limit the autonomy of individual unions, and favoured the establishment of central union bodies which would loosely coordinate the demands of individual unions. Individual unions would continue to retain their autonomy and independence, as shown below. The strong influence of craft ideas during Queensland's formative period of union development helps explain why this State's unions failed to develop the sort of central union body that would have allowed them to effectively engage in a long term strategy of exchange.

Korpi and Shalev (1979) also state that "cross-cutting cleavages, based for instance on splits along racial, ethnic, religious, or regional lines, will tend to constrain purely class-based organisation" (Korpi and Shalev, 1979:169). Furthermore, splits along political lines can hinder the development of a highly centralised union movement dominated by a strong federation (Korpi and Shalev, 1979; Korpi, 1983). Finally, occupational differences, in particular splits between white and blue collar workers, have also militated against the establishment of

greater organisational unity. The presence of cleavages and splits based on some of these factors in Queensland and their absence in Sweden, helps account for the substantially different organisational outcomes in these two cases.

The institutions established to regulate conflicts in the industrial relations arena have also had significant implications for the organisational development of unions in industrial countries. For instance, corporatist institutions established at the societal level from the 1930s onwards in many industrial countries encouraged the development and strengthening of strong union federations (Lehmbruch, 1984). The fact that corporatist institutions were established at the societal level in Sweden during the 1930s further helps explain why Sweden's union movement was to be dominated by a strong federation which, in turn, allowed the union movement to effectively commit itself to a long term strategy of exchange. However, corporatist institutions established at the sectoral or industry level do not encourage the development of a strong federation. Instead, they encourage the development of unions which represent only particular sectors or occupations in society (Palmer, 1989). Corporatist institutions were established at the sectoral or industry level in Australia at the beginning of the twentieth century, and were to dominate throughout the period of Labor government in Queensland. This further helps explain why Queensland's union movement was not to be dominated by a strong union federation.

Later chapters demonstrate how these different organisational forms led, on the one hand, to Queensland unions being unable to effectively commit themselves to a political exchange strategy and, on the other hand, to the unions' capacity to commit themselves to this strategy in Sweden. Differences in the ideological

character and, in particular, influence of the revolutionary opposition within the two union movements being examined were also important determinants. This question is now considered.

Impact of a revolutionary opposition within the unions

Revolutionary oppositions committed to syndicalist or marxist-leninist ideas developed in the majority of union movements during the twentieth century. These sought to win the unions over to a strategy which emphasised the importance of developing strike action, because they furthered the revolutionaries' longer term goal of overthrowing existing capitalist society. In short, industrial struggles expose the class nature of society and thus the development of revolutionary consciousness in the working class.

Revolutionaries in the unions have claimed that the state is controlled by capitalist interests, regardless of the political colour of governments. This means that even where there is a labour government, its actions are said to advantage business rather than the unions. Consequently, revolutionary unionists usually oppose unions committing themselves to a political exchange relationship with labour governments where they moderate their immediate claims in the hope they will secure longer term benefits. They argue instead that the rank and file's interests are best served if they pursue industrial action. In contrast, unionists committed to a labour reformist strategy can be expected to argue that labour governments will deliver economic and social benefits to the working class which, in turn, make it unnecessary for the unions to resort to strike action to secure their members' interests.

The strength of the revolutionary opposition depends on it securing leadership positions in major unions, or in some instances union federations. The relative strength of the revolutionary opposition varies considerably over time and from country to country and determines whether individual trade union movements are likely to be able to commit themselves to a long term strategy of exchange where there is a labour government. The thesis argues that because the revolutionary opposition had a strong hold in Queensland unions, it was difficult for the unions to commit themselves to a long term strategy of exchange. In contrast, Sweden's unions were dominated by a reformist leadership opposed by only a weak revolutionary opposition, which meant the unions were able to commit themselves to a long-term strategy of exchange with Social Democratic governments.

There are also factors external to the unions which play an important role in determining whether a political exchange is likely to be established. The discussion now turns to consider how the institutional arrangements established in response to societal crises helped determine whether industrial relations would be dominated by a political exchange relationship in the two cases under consideration.

THE INSTITUTIONAL ARRANGEMENTS ESTABLISHED IN RESPONSE TO SOCIETAL CRISES

Economic and social crises (e.g. war, depression, post-war reconstruction and national economic crises) have led key actors in society to search for ways of routinising their exchange relationship in the industrial relations arena (Poole, 1986; Giles and Murray, 1989). The actions taken by the key actors to meet the

challenges posed by societal crises have usually resulted in the establishment of new institutional arrangements which help determine the sorts of exchange relationships that predominate in a given industrial relations system.

The importance of the institutional arrangements established in response to such crises lies moreover in the fact that they usually become embedded within the society. Consequently they often have long term implications for the sorts of exchange relationships which are likely to dominate in a given country (Poole, 1986; Krasner, 1984). There often is no turning back once certain choices are made regarding the sorts of strategies to be pursued in response to societal crises. Indeed, once a path is taken, it tends to channel further developments (Krasner, 1984). Consequently, political parties, when elected to government, often find their ability to implement their own policy preferences shaped or, in some instances, severely constrained by the "institutional resources and arrangements existing within a given political system" (Krasner, 1984:228).

For instance, the complex of institutional arrangements that were established in response to Australia's economic and social crisis of the 1890s (Macintyre and Mitchell, 1989) were to shape the policies and actions of Queensland Labor governments between 1915 to 1957. Similarly, in Sweden, institutional arrangements, established in the 1930s and 1940s in response to a major economic depression and World War II (see Katzenstein, 1985), were to influence the actions of successive Social Democratic governments between 1932 and 1976. In particular, they were to determine whether these governments were able to guarantee to workers the sorts of benefits or rewards likely to secure their support for a long term exchange strategy. The following discussion also explains how the

sorts of institutional arrangements established in these two cases helped determine whether conflict over distributional issues was determined through a process of co-operation and compromise, and whether as a consequence, they lessened the unions' reliance on the strike weapon.

Before considering the sorts of institutional arrangements established in these two cases, the discussion first explains why it is only where historic compromises are established in response to societal crises that institutional arrangements which contribute to the development of an industrial relations system in which a political exchange dominates are likely to develop.

Societal crises and historic compromises

The institutional arrangements established in response to societal crises have varied considerably over time and from country to country. In some cases, the process has resulted in bargaining being dominated by economic or market factors. For instance, where conservative political forces and business interests have been able to shape the responses to societal crises, the result is usually the development of bargaining systems that are dominated by economic or market factors. This reflects the strong commitment to the market system of the conservative and business interests. Thus, during the 1980s, Britain's conservative Thatcher Government responded to the ongoing economic crisis by deregulating industrial relations and the existing institutions. This has resulted in the renewal of market based types of conflict resolution and a *laissez faire* industrial relations politics (Keller, 1990).

Furthermore, even where business interests have been weakened by such crises, they still have often mounted stiff opposition to greater state intervention in

the industrial relations arena. During the 1930s, for instance, business interests in the United States were weakened by the great economic depression. Nevertheless, they were able to ensure that the societal response to this crisis was limited to that of institutionalising collective bargaining and the development of a limited welfare state (see Edwards, 1986; Skocpol, 1980).

However, in some instances the response on the part of sections of business interests to major economic and social crises has been support for more interventionist solutions. This was certainly the response of influential sections of business interests in Britain during the 1960s and 1970s (Booth, 1982; Hyman, 1986; Strinati, 1982). It was also the case in Australia at the beginning of the twentieth century and in Sweden during the 1930s and 1940s. Moreover, this attitude on the part of business in the Australian and Swedish cases was one of a number of factors which contributed to the establishment of an historic compromise.

Where, in response to societal crises, the leading interest groups perceive themselves as having some interests in common which results in an 'historic compromise' (see Castles, 1988; Katzenstein, 1985), it is possible that institutional arrangements may be established which contribute to the development of an industrial relations system dominated by political factors. There are a number of factors which make possible the development of a compromise (see Castles, 1988; Katzenstein, 1985; Maier, 1984). The first is whether there is vulnerability. Political or economic precariousness will encourage key actors to make compromises in order to reduce shared risks (Maier, 1984; Castles, 1988). Second, where business is divided on serious issues of policy, this may result in the

majority of those exercising effective power making compromises. However, this is dependent to some extent on a third factor, namely the strength of the working class. Where the working class is weak, ruling interests are less likely to find themselves forced to enter into a compromise. The labour movement also needs to be firmly committed to a reformist outlook, otherwise it is not likely to be willing to commit itself to a strategy based on a compromise with capital. Finally, the state's ability to be strong enough to act as the guarantor of the agreement reached between the key actors may also be important.

Historic compromises were established in response to societal crises in Australia and New Zealand in the 1890s (Castles, 1988). They were also established in a number of northern European countries, including Switzerland, the Netherlands, Austria, Norway and Sweden, in the 1930s and 1940s (Katzenstein, 1985). Furthermore, these historic compromises pointed to the development of a political exchange in each of these countries. In other words, these historic compromises led the key actors in society (organised labour and business interests) to support greater government intervention which was aimed at guaranteeing them their future prosperity in return for their support or consensus (Castles, 1988; Katzenstein, 1985). However, as explained below, this process was not to contribute, in all of these countries, to the development of an industrial relations system dominated by a political exchange relationship. This can be attributed to the different institutional arrangements established in response to the compromises reached in each of these countries.

In other words, it is claimed that historic compromises and the process of political exchange which results from such compromises, may not necessarily result

in the establishment of institutional arrangements which contribute to an industrial relations system dominated by political factors. The following discussion claims that it is the different types of corporatist institutions and welfare regimes established in response to these compromises in Australia in the 1890s, and Sweden in the 1930s and 1940s, which contributed to different sorts of exchange relationships dominating industrial relations in these countries under labour governments.

Corporatist forms of economic regulation

The historic compromises that were established in Australia and Sweden led to the development of corporatist rather than liberal forms of economic regulation (see Katzenstein, 1985; Castles, 1988; Palmer, 1989). Corporatist institutions are more likely to result in bargaining between the key contending actors in societies being influenced by political factors than where liberal forms of economic regulation dominate, with their individual contracts of employment or the liberal collectivism of collective bargaining (Crouch, 1979; Maier, 1984; Palmer, 1983, 1989). However, this thesis contends that the different levels at which corporatist institutions have been established in the two cases being examined (i.e. at the societal or national level in the Swedish case, and the industry or sectoral level in the Australian case) have contributed to the development of quite different exchange relationships. The following discussion identifies two reasons for this outcome.

Firstly, differences in the level at which corporatist arrangements have been established have led to the development of different mechanisms for the resolution of disputes between the key contending actors in society. For instance, where

corporatist arrangements are established at the societal level, such as in Sweden in the 1930s and 1940s, the bargaining process occurs primarily through a complex of tripartite and/or bipartite forums and agreements which involve the executive arm of government and the peak organisations of employers and unions (Singleton, 1990). This bargaining process encourages the key contending actors to reach negotiated compromises in the political arena. In other words, it encourages the development of a political exchange. In contrast, the resolution of disputes through corporatist arrangements established at the sectoral or industry level in Australia at the turn of the twentieth century occurred via very different means. This did not happen through various tripartite and/or bipartite forums and agreements involving the executive arm of government and the peak organisations of employers and unions. Instead, disputes between the key contending actors were to be resolved via the courts and judicial proceedings. This encouraged the contending parties to adopt adversarial postures and, in particular, often resulted in them resorting to industrial means, such as the strike (in the case of workers), to secure their objectives. The role of government was limited to enforcing the public interest, which often meant taking action to discipline the key contending actors. These actions heightened industrial tensions and, in particular, embittered government–union relations.

Secondly, differences in the level at which corporatist arrangements have been established resulted in different issues being subject to the corporatist bargaining process (Palmer, 1989). This, in turn, can determine whether governments become more responsible for guaranteeing to workers various material benefits which can be expected to help secure their commitment to moderation in

the industrial relations arena. A broad range of issues, such as industrial restructuring, labour market policy and the social wage are the subject of bargained agreements between key contending actors where corporatist arrangements are established at the societal level. Importantly, implementation of many of these policies, such as the social wage and labour market policies, is the responsibility of government. This ensures government becomes more responsible for guaranteeing to workers the sorts of material benefits that are likely to secure their commitment to a political exchange strategy. However, where corporatist arrangements are established at the sectoral or industry level, a much more limited range of issues is regulated. These usually include wages and basic conditions of employment which means that governments are not able to guarantee workers the sorts of material benefits that might help secure their commitment to a long term strategy of exchange.

The sorts of welfare regimes established in response to societal crises in Australia in the 1890s and in Sweden in the 1930s, also had significant implications for the sorts of exchange relationship that were to predominate in the industrial relations arena in these two cases. The discussion now turns to consider why this was the case.

Types of welfare regime

One significant consequence of societal crises has been the institutionalisation of new welfare regimes in many capitalist industrial countries (see Castles, 1985). Welfare regimes based on decommodifying, universalist programs are most likely to have seen the establishment of a political exchange relationship which dominates industrial relations. This is because a welfare regime

based on these principles will result in the worker becoming less reliant on the marketplace for the securing of income (Esping-Andersen, 1985, 1990). In other words, they are more dependent on government for securing income. The support of workers and unions for such a welfare system will also be contingent on it delivering to them more generous standards of living than those which they could expect to secure through market based strategies (Regini, 1984). For instance, Sweden's strong economic performance in the period under consideration was critical in making possible such an outcome.

This thesis maintains that, in the 1930s and 1940s, a welfare regime was institutionalised in Sweden which delivered generous, decommodifying and universalist programs and which contributed to the establishment of a political exchange relationship that dominated industrial relations under successive Social Democratic governments between 1932 and 1976.

However, the likelihood of welfare regimes being established which were based on a universal commitment to the decommodification of labour and, associated with this, the promotion of a social income outside wage labour (Esping-Andersen, 1990) was, until the middle of the twentieth century, hindered by labour movements not having developed a blueprint for the achievement of such a goal – one based on the decommodification of labour and the establishment of universal programs (Esping-Andersen, 1990). This was, in part, the result of socialists accepting the liberal notion that welfare measures were synonymous with the provision of means tested benefits to those people unable, for a variety of reasons, "to derive a bare minimum of subsistence from the labour market and unable to support themselves from prior savings" (Castles, 1985:77). Consequently,

for a long time labour parties either defended or sought to have established welfare schemes which were characterised by a desire "to stave off poverty, not really to emancipate workers from market dependency" (Esping-Andersen, 1990:46). Furthermore, the fact that labour parties were strongly 'workerist' (i.e. primarily interested in defending the industrial working class) meant that they were concerned mainly with the establishment of schemes which benefited the workers. Consequently, "the social programs of the labour parties were almost universally of modest scope and quality" (Esping-Andersen, 1990:46).

A welfare regime based on these principles was established in Australia at the beginning of the twentieth century. It was a welfare system which guaranteed workers a decent standard of living through a statutory system of wage regulation, while a residual and selectivist set of welfare measures supported those who fell outside the labour market. Furthermore, Australia experienced poor economic conditions from the 1890s through to World War II. Consequently, Australia's welfare regime failed to create the conditions for an industrial relations system dominated by a political exchange.

The discussion now turns to a consideration of how the sorts of economic policies implemented by labour governments can help determine whether a political exchange is likely to dominate industrial relations. It is argued that these programs need to benefit both workers and business interests if they are to contribute to the establishment of an industrial relations system based on political exchange. This thesis claims that the quite different economic policies pursued by Queensland's Labor governments and Sweden's Social Democratic governments were to

contribute to the quite different exchange relationships which were established in each case.

THE ECONOMIC POLICIES OF LABOUR GOVERNMENTS

According to Korpi and Shalev (1979, 1980) the establishment of a political exchange which dominates industrial relations where there is a labour government, is based primarily on the commitment of labour governments to implement economic policies which benefit workers. This thesis does not dispute this contention. However, it is maintained that if a stable political exchange is to dominate industrial relations where there is a labour government then this government will need to be able to implement economic policies which advantage business interests as well. If not, business can be expected to take action which leads to a deterioration in economic conditions. This in turn can be expected to force a change in the priorities of labour governments. Moreover, in such situations, labour governments often have been unable to continue delivering to workers the sorts of rewards likely to secure their commitment to a political exchange. As a consequence, the unions often have opted to pursue their interests in the economic arena through strike action. This leads to the destabilisation of the political exchange established between labour governments and the unions.

This thesis argues that the fact that this sequence of events unfolded in Queensland while it did not unfold in the Swedish case, helps explain the different bargaining outcomes in these two cases. The sorts of economic policies pursued by Queensland's Labor governments and Sweden's Social Democratic governments were of key importance in determining the different outcomes. The union response to the sort of economic policies implemented in these two cases was also important

in helping determine whether or not the political exchange process was destabilised. The discussion begins by considering the limits of a traditional labour reformist strategy for the establishment of a stable and lasting political exchange.

Limits of a traditional labour reformist strategy

For much of the twentieth century labour movements in most industrial countries have been committed to the introduction of economic policies concerned with wresting the existing economic wealth, and the means to increase this wealth, from business, rather than increasing the overall wealth of society. Labour governments have been committed to the redistribution of the existing national product away from business towards the working class and poor. This usually has occurred through various labour market and taxation measures. Furthermore, the majority of labour movements have been committed to a program of state socialisation or nationalisation which has resulted in the establishment of government owned enterprises or industries. However, they have not been interested in introducing policies which would aid in the creation of new wealth to distribute.

The mix of policies associated with a traditional labour reformist strategy guaranteed workers sufficient material benefits to secure their commitment to a long term strategy of exchange. However these programs of reform have disadvantaged business interests. Firstly, the redistribution of the national product from business to labour has reduced business's profit levels. Secondly, programs of state socialisation have at the very minimum lessened the opportunities for capital accumulation and in some cases threatened the very survival of particular business interests.

This mix of policies has therefore ignited considerable business opposition to labour governments and has usually led to business interests launching a counter-offensive. They have a variety of weapons at their disposal which allow them to exert considerable influence over those labour governments who are seeking to pursue reform programs that could damage business interests. These include influencing the press and various actions taken in the political arena. However, it is their capacity to bring about a decline in levels of economic activity that has perhaps been the most potent weapon utilised by business interests to effectively stymie programs of economic and social reform pursued by labour governments (Block, 1977, 1980). This is because, where levels of economic activity decline, a government's capacity to implement their preferred economic and social policies is severely reduced.

Queensland's Labor governments and Sweden's Social Democratic governments have at different times pursued traditional labour reformist redistributive economic strategies. In the Queensland case this has been combined with a program of state socialisation. These economic policies were met with a business counter-offensive that led to economic instability. However, it was only in the Queensland case that this process contributed to the destabilisation of the political exchange process and an increase in strikes. The discussion now turns to consider the reasons for these different outcomes.

Labour reformist responses to business offensives

Labour governments often respond to the assault launched by business interests by retreating from their reform agenda. In particular, they abandon those policies which disadvantage or threaten business interests. Indeed, they often have

sought to reassure the international and business community, making clear it is their intention to pursue orthodox economic policies, and this results in the restoration of "business confidence" (Block, 1977). In their effort to reassure business, labour governments often develop an overriding concern with balancing the budget and ensuring that the social and economic policies which they implement are sensitive to the national and international capitalist context in which they operate (Block, 1980). At the same time, distrust of business interests and a general opposition to the capitalist economic system has meant that labour governments have remained unwilling to embrace policies encouraging economic efficiency and greater capital investment even though it is this approach which could be expected to lead to economic growth and allow a reformist labour government to make improvements in the standard of living of workers (Esping-Andersen, 1985; Korpi, 1978; Higgins, 1985b; Hodgson, 1982).

Where labour governments have retreated from their agenda of reform and opted, instead, to pursue a more conservative set of policies, there has been less willingness on the part of the unions to commit themselves to a political exchange strategy. There has been an increased willingness to engage in industrial conflict as key elements of the program of reform which promised considerable benefits to the workers have been abandoned. This thesis contends that this sequence of events helps explain why a political exchange relationship did not dominate industrial relations under labour governments in Queensland. For much of the period between the early 1920s to 1957 Queensland Labor was to pursue a much more conservative economic agenda than it had pursued during its first years in government (the one exception being in the early to mid 1930s) and, as a

consequence, this was to contribute to the unions' reliance on the strike to improve their lot.

In contrast, the difficulties which confronted Sweden's Social Democrats when they attempted to win government in the late 1920s on a traditional labour reformist economic program, led them to reassess their program. As a consequence they discarded some of the key elements of this traditional labour reformist policy by setting aside programs for nationalisation and seeking to overcome their preoccupation with redistributing existing wealth. Instead, they pursued a labour reformist economic growth strategy which is characterised by a commitment to the implementation of policies that create conditions for enhancing economic efficiency and productivity and, as a consequence, conditions for improving capitalist profitability. On the other hand, it also increases employment, improves the welfare system and leads to enhanced social and workers' rights (Regini, 1983; Higgins, 1985b; Esping-Andersen, 1985; Korpi, 1978; Hodgson, 1982).

The sort of economic strategy implemented by Sweden results in the development of policies which allow both employers and unions to profit from increases in the total national product, even if their relative shares do not change substantially (Korpi, 1978). Importantly, the securing of some gains or benefits to both business interests and organised labour means that neither party takes action to undermine the conditions for the development of a industrial relations system dominated by a political exchange. The pursuit of such a strategy in Sweden in the late 1930s, 1950s and 1960s contributed to the establishment of a political exchange. However, the Swedish Social Democrats' pursuit of a more traditional labour reformist strategy in the second half of the 1940s was to provoke a major

counter-offensive by business interests. The government responded by adopting a more conservative set of priorities, including some that disadvantaged workers. This sequence of events nearly destabilised the political exchange relationship which had been established with the unions. However, in this instance the unions responded by developing and imposing on the Swedish Social Democrats a labour reformist economic growth strategy which contributed to the development of a lasting political exchange relationship.

Union responses to the economic policies of labour governments

Unionists who are committed to a labour reformist strategy often have sought to defend the more conservative policies adopted by labour governments in the type of situation described above on the grounds that a bad labour government is better than the best conservative government. However, the capacity of those unionists to secure ongoing rank and file commitment to a long term strategy of exchange has usually proved difficult as it is hard to convince the rank and file that they are securing greater benefits from a political exchange with a labour government than they could be securing through collective acts of militancy in the economic arena. Of course, in some instances, the prevailing economic conditions or the political alternatives may be so dire that the unions and their members prefer to commit themselves to a political exchange rather than risk seeking to advance their interests in the economic arena.

The presence of a revolutionary opposition within the unions makes the task of those unionists committed to a reformist politics even more difficult. In such situations, the revolutionary opposition traditionally has argued that workers should respond by pursuing their interests in the economic arena as they argue that the

concessions made by labour governments to business interests demonstrate the shortcomings of the unions entering into a political exchange with labour governments. In such situations, the revolutionary opposition within the unions will encourage the rank and file to pursue a militant industrial action policy aimed at achieving immediate demands while, at the same time, building the working class's revolutionary consciousness in readiness for the decisive day when the capitalist system will be overthrown. Moreover, those unionists who are committed to reformist politics usually have been forced to respond by also seeking to advance their members' interests in the economic arena or alternatively face the risk of losing control of the union. This results in the destabilisation of the political exchange relationship. This thesis argues that this is what occurred in Queensland.

However, increasingly, many union movements have recognised that the interests of their members can best be advanced through union activity which is primarily directed to the development and implementation of long term economic and social policies which benefit workers rather than industrial strategies which seek to secure workers' improvements in wages and working conditions. Many union movements have broken with the traditional division of labour in which the industrial wing of the labour movement concentrates on securing their members' immediate demands, while leaving the longer term economic and social concerns of workers either to labour parties and labour governments or, alternatively, the establishment of a new socialist society.

This change in strategic direction has meant that they have been more willing to commit themselves to a political exchange with labour governments. The Scandinavian union movements first emphasised the need for unions to develop a

concern with longer term economic issues such as the development of a more productive and efficient economy, rather than continuing to focus primarily on the distributive struggle in the economic arena. Moreover, where the policy model developed by the unions is aimed at benefiting both business and organised labour, it may contribute to the stabilisation of a political exchange relationship that hitherto had been threatened by the concessions which labour governments have made to business interests. This was to occur in Sweden in the 1940s and 1950s.

The Swedish union movement responded to the concessions made by Sweden's Social Democratic governments to business interests in the late 1940s by developing and eventually imposing an alternative economic and social policy model on the Swedish Social Democrats rather than seeking to pursue its interests through collective action in the economic arena. Furthermore, the policy model developed by the Swedish union movement contributed to the development of a labour reformist economic growth strategy and thus helped stabilise the political exchange relationship that the Swedish Social Democrats initially established with the unions in the 1930s.

CONCLUSION

The labour power and corporatist-based explanations of why political or industrial factors may dominate a particular industrial relations system are rejected. They are rejected on the grounds that they fail to adequately account for the diversity of bargaining outcomes in advanced industrial countries. This failure results from reducing explanation to certain key macro-level variables, such as the political power of the working class or the rise of corporatism. It is an approach

which has much in common with that adopted by the classical political economists of the nineteenth century who were not interested in discovering historical variability. Instead, they directed all their efforts at discovering the laws of society (Esping-Andersen, 1989). The problem with such an approach is that there is a tendency to develop theories which "are confirmed too easily without the necessary methodological rigour nor detailed historical or empirical analysis" (Giles and Murray, 1989:40).

The predictive inaccuracies of such theorising has led to one commentator (Wheeler, 1984) drawing the radical conclusion that research into the macro level determinants of strike activity should be abandoned. Alternatively, it has been suggested that there is need to make such theoretical perspectives more sensitive to historical evidence. Indeed, the overriding conclusion of some researchers is that these sorts of theoretical approaches need to be fused with a case study approach to the investigation of bargaining arrangements and patterns of strike activity in advanced industrial countries (Edwards, 1983; Kaufman, 1984). The case study approach which this thesis adopts is discussed in more detail in the following chapter where the methodology utilised in this thesis is outlined.

The remainder of the thesis is devoted to an analysis of the Queensland and Swedish cases which is based on the conceptual framework outlined in this chapter. It contends that there is a need to focus on the variability of the conditions for political exchange. More specifically, it has been argued that there are three key factors that are considered critical in determining whether or not a political exchange relationship will develop. These are: first, the organisational and political character of the trade unions; second, the institutional arrangements established in

response to societal crises; and third, the sorts of economic programs pursued by labour governments. These three factors are utilised in this thesis to explain, on the one hand, why political exchange relationships dominated bargaining and thus created the conditions for industrial peace under Sweden's Social Democratic governments (1932–1976) while on the other hand, political exchange relationships failed to dominate, and industrial conflict persisted, under Queensland Labor governments (1915–1929, 1932–1957).

CHAPTER 4

THE METHODOLOGY OF COMPARATIVE HISTORICAL SOCIOLOGY

The inadequacies of the labour power and corporatist explanations suggest that further analysis needs to be undertaken to develop a theoretical model capable of accounting for the development of industrial relations systems dominated by political exchange relationships where there are labour governments. This thesis adopts the view that a comparative historical sociology is able to contribute significantly to the difficult task of general theory building about societal dynamics and historical transformations (see Skocpol and Somers, 1980). Such an approach undertakes the detailed empirical analysis of an historical kind which is often needed to substantiate would-be "universal" theories. In short, the comparative historical method helps improve the depth and scope of explanations about developments in society.

The commitment of comparative historical sociologists to detailed historical and empirical investigations reflects their view that "social structures, dynamic 'laws', institutions, and patterns of behaviour tend not to be universal, but are rather historically specific to particular systems, epochs or periods" (Giles and Murray, 1989:17). Consequently, researchers who take this approach proffer studies which ask "questions about social structures or processes understood to be concretely situated in space and time" (Skocpol, 1984a:1). They ask questions about specific cases which partially support or deviate from existing theories; cases which they do not have sufficient knowledge of, or cases which represent a special set of circumstances that warrant intensive study (Bradshaw and Wallace, 1991). The

studies proffered by comparative historical sociologists therefore usually rest on an understanding or interpretation of specific cases (Ragin, 1987).

This thesis is based on a detailed investigation of the Queensland case – one which deviates from the labour power argument. The first major research task associated with this case study is identifying, through an analysis of secondary sources and primary materials, which particular elements of the Queensland context hindered a political exchange relationship from dominating industrial relations during a period of labour governments. There emerged, from an analysis of the secondary sources and primary materials, a complex set of conditions which, it is argued, were responsible for this outcome.

The next step was to develop an explanatory framework for analysing the case materials. Initially, the Queensland case material was drafted in a format which would have resulted in an explanatory account being proffered that did not seek to go beyond understanding or interpreting this particular case. However, this approach was later abandoned in favour of an explanatory account that gave precedence to the goal of causal generalisation. The aim was to produce some limited generalisations about the likely establishment of political exchange relationships which dominate industrial relations when there are labour governments.

This chapter begins by examining some of the major methodological differences in the comparative historical sociological field. The discussion outlines the key elements of an interpretative approach and then moves on to consider the key elements of an approach concerned with producing causal generalisations. The discussion then explains how the methods associated with a comparative historical

sociology were utilised to undertake the research work required to complete the thesis.

AN INTERPRETATIVE OR CAUSAL-ANALYTIC APPROACH?

Comparative historical sociologists emphasise the need to identify the complex combinations of events which are likely to produce a particular outcome (Ragin, 1987). Moreover, they argue that "cases should be viewed as configurations – as combinations of characteristics" (Ragin, 1987:3), rather than a collection of variables – a distinction which highlights the clear split that exists in the social sciences between two different research methods (Ragin, 1987). The split here is between a quantitative, variable-oriented approach, which views cases as collections of variables and produces broad generalisations, and a qualitative, case-oriented approach, which tends towards more limited historical generalisations and is associated with a comparative historical sociology. At the same time, however, there exist within the comparative historical sociological field important methodological differences (Ragin, 1987; Skocpol and Somers, 1980).

The contention that cases should be viewed as complex and as unique socio-historical configurations has resulted in some comparative historical sociologists arguing that their explanatory accounts cannot go beyond understanding or interpreting a case (Ragin, 1987; Skocpol and Somers, 1980). In short, they proffer studies which emphasise the particularity or uniqueness of each case which, in turn, "leads inevitably towards a kind of descriptive holism" that "precludes the development of explanatory arguments" (Skocpol and Somers, 1980:192). In other words, studies are produced which are primarily concerned

with bringing out the rich detail of diverse societies and cultures. Moreover, it leads to the proffering of studies which "almost always include lengthy, unified case accounts, with events kept strictly in chronological order" (Skocpol and Somers, 1980:192). The consequence of this descriptive holism is that:

Independent and dependent variables are never explicitly distinguished, and the chronological account, "telling the story", is allowed to suffice as the mode of conveying understanding of what happened and why (Skocpol and Somers, 1980:193).

This focus on "telling of the story" reflects an unwillingness to seek to explicate the theoretical relevance of cases (Ragin, 1991). For instance, comparative historical researchers who adopt such an approach do not seek to tackle explanatory problems revealed by deviant cases. Skocpol and Somers (1980) explain that this, in turn, reflects a sceptical attitude towards "received social-scientific theories" (Skocpol and Somers, 1980:192) and consequent uncertainty as to "the prospects for developing any valid macro-level generalisations at all" (Skocpol and Somers, 1980:192).

The consequence of this focus on the interpretative process is that little in the way of empirical generalisation is produced. However, there are many comparative historical sociologists who have produced case-oriented work which aims "to produce limited generalisations concerning the causes of theoretically defined categories of empirical phenomena" (Ragin, 1987:35). This in turn reflects these researchers' interest in taking up the challenge of "trying to make sense of the diversity across cases in a way that unites similarities and differences in a single, coherent framework" (Ragin, 1987:19). The process of explicating the theoretical significance of cases is a difficult task however. This is because "societies can not be broken apart at will into analytically manipulable variables: and history rarely, if

ever, provides exactly the cases needed for controlled comparisons" (Skocpol and Somers, 1980:193–194).

Moreover, because macro-analytic comparative histories "are largely inductively established, comparative-historical causal arguments cannot be readily generalised beyond the cases actually discussed" (Skocpol and Somers, 1980:194). Nevertheless, despite such difficulties, this approach has considerable value, since it may lead to new historical generalisations which would further our explanations of societal structures and their historical transformations. In short, a concern with causal generalisation results in "the validity of existing theoretical hypotheses" being tested, with the final goal being the development of "new causal generalisations to replace invalidated ones" (Skocpol and Somers, 1980:182). There are a number of techniques that are usually utilised by researchers who aim to develop causal generalisations.

A concern with explicating the theoretical significance of individual cases results in the empirical evidence being "manipulated according to the logic of the causal hypotheses being presented and tested" (Skocpol and Somers, 1980:194). In short, the explanatory accounts proffered break apart geographic and temporal unities in an attempt to more fully understand various explanatory problems. The goal of explaining the theoretical significance of individual cases also tends to have as its object the identification of "configurations favourable and unfavourable to particular outcomes" (Skocpol and Somers, 1980:182). The aim is to proffer an explanatory framework which is able to account for the diversity across cases. This concern has usually resulted in researchers utilising John Stuart Mills's "Method of

Agreement" or his "Method of Difference" (Skocpol and Somers, 1980; Ragin, 1987).

Mills's method of agreement is the simplest and most straightforward of the two methods. It seeks to identify all instances of a particular phenomenon and then sets out to establish which of the possible causal variables is constant in all cases (Skocpol and Somers, 1980; Ragin, 1987). The method of difference, which is considered to be a more powerful tool for determining the validity of causal associations, contrasts "cases in which the phenomenon to be explained and the hypothesised causes are present to other ('negative') cases in which the phenomenon and the causes are both absent" (Skocpol and Somers, 1980:183).

It is the method of difference which is used in this thesis to explain the particular phenomenon of whether a bargaining system will be dominated by a political exchange relationship where there are labour governments. This is demonstrated through contrasting a case where the phenomenon and the hypothesised causes are present (Sweden) and where the phenomenon and hypothesised causes are absent (Queensland). The discussion now turns to consider how these methodological tools were utilised to complete the thesis.

THE QUEENSLAND CONTEXT: METHODOLOGY

An analysis of the secondary sources

The first task undertaken was explicating the complex of factors which led to the persistence of strikes in Queensland. This began with an analysis of a variety of secondary sources. Histories of the Australian and Queensland labour movement (see for example Childe, 1964; Fitzpatrick, 1940; Gollan, 1960; Turner, 1965;

Murphy, 1975) and, in particular, the record of Queensland Labor governments were studied (see Murphy *et al.*, 1980). In addition, general histories of Queensland's political, economic and social development, such as Fitzgerald's (1984), provide important background material which contributed to the contextual analysis of the Queensland case.

Histories of major strikes which occurred during the period under examination were also analysed (see for example the collection of articles in Murphy, 1983). However, many of these articles were of limited value as they focused on "telling the story" of individual strikes. They did not unearth the complex of factors leading to the persistence of strikes in Queensland. Yet, they did provide some useful leads. For instance, they indicated the way in which the political and organisational character of trade unions and the nature of the system of compulsory arbitration established by Queensland Labor governments had contributed to the persistence of industrial conflict.

Only a handful of studies linked their analyses of strikes to the wider social context, or to other features of the case. These proved to be particularly valuable. Hunt's study (1979) was particularly useful as it discussed in detail the nature of the context contributing to the persistence of industrial conflict in north Queensland during the first four years of Labor government (1915–1919). He considers a variety of industrial disputes during this period, two of the more significant being the northern railway strike of 1917 and the Townsville meatworkers' strike of 1919.

Hunt's (1979) study provides contextual material which helps explain why the unions were not able to act as an effective negotiating agent with the Labor Government and, also, why Labor governments were not able to deliver the

conditions for a political exchange. Specifically, he indicates that the organisational disunity of the unions, the presence of a revolutionary opposition within the unions, and the way in which industrial relations was institutionalised (namely through a system of compulsory arbitration established by Queensland Labor governments) hindered the establishment of a political exchange.

Studies undertaken by Higgins (1954, 1960), Cochrane (1984) and Cribb (1964) provided the basis for an analysis of developments in the 1920s. In particular, they greatly enhanced understanding of the complex of factors responsible for two of the most important industrial confrontations involving Queensland's trade unions and Labor governments: the railway strike of 1925 and South Johnstone strike of 1927.

Higgins's (1954, 1960) study highlights the importance of the dramatic changes to Queensland Labor's economic and social policy program during the first half of the 1920s for understanding these major industrial confrontations. Cochrane's (1984) detailed analysis of the reasons for this change in Labor's economic and social policy direction also enhances understanding of this period's importance in determining why a political exchange relationship was not to dominate industrial relations.

Furthermore, Higgins's (1954, 1960) analysis indicates the way a revolutionary opposition within the trade unions became increasingly opposed to a political exchange strategy as a consequence of these changes in policy direction on the part of Labor governments. Cribb's (1964) study underlines the importance of ideological divisions within the labour movement and in particular, the

development of a powerful revolutionary opposition, for the persistence of strikes during this period.

Blackmur's (1986) study of industrial relations in the Hanlon era (1946–1952) also contributes significantly to understanding the reasons for the persistence of industrial conflict and the consequent failure to establish a political exchange relationship (see also Blackmur, 1993). His work analyses the contextual elements which contributed to two major industrial confrontations during this period: the meatworkers strike of 1946 and railway strike of 1948. He draws attention to the influence of the organisational and political character of the union movement, emphasising the way it was shaped by developments in the period from the 1890s to the 1940s. He shows how the system of compulsory arbitration, established by Labor governments in Queensland, contributed to the persistence of industrial conflict. Finally, he demonstrates how the economic and social policy program implemented by Labor governments during the second half of the 1940s had significant implications for the sort of exchange relationship which dominated industrial relations.

An analysis of these secondary sources showed that there were certain events, periods and places which were pivotal to an understanding of the reasons for the persistence of industrial conflict in Queensland during the long period of Labor governments. Moreover, the importance of these events, periods and places was supported by the evidence derived from a detailed investigation of primary materials, to which the discussion now turns.

The role of primary investigations

According to Skocpol (1984b) the research method which comparative historical sociologists adopt "will increasingly converge on the practice of starting with secondary analyses, but not stopping there" (Skocpol, 1984b:382). In short, it is likely that secondary research will be "supplemented by carefully selected primary investigations or reinvestigations" (Skocpol, 1984b:382). This approach was adopted to complete this thesis. The analysis of selected primary materials was used to supplement the findings from the analysis of secondary sources. Importantly, it enhanced the understanding of the contextual environment and, in particular, the importance of the factors identified by Hunt (1979), Higgins (1954, 1960), Cochrane (1984), Cribb (1964) and Blackmur (1986).

A number of major Queensland labour movement newspapers, as well as other significant labour movement documents, were analysed. The newspapers consulted included most issues of the *Militant*, which was later to become the *Advocate* (published by the ARU, Queensland branch) from 1917 to 1930, 1932 to 1938 and 1944 to 1950; copies of the *Worker* (published by the Australian Worker's Union) in the periods from 1915 to 1929, 1932 to 1939 and 1946 to 1956; most issues of the *Workers Weekly* (published by the Communist Party of Australia) from 1922 to 1935 and the *Queensland Guardian* (published by the Queensland branch of the Communist Party of Australia) between 1944 and 1954; and issues of the *Daily Standard* (an independent labour movement weekly) in the periods from 1916 to 1929 and 1932 to 1936. Analysis of these newspapers for these particular periods was determined in part by their availability (for instance the *Daily Standard* was to cease publication in 1936) and also the fact that, based

on an analysis of the secondary sources, these particular periods were considered critical in helping explain why a political exchange failed to develop.

Significant labour movement documents analysed included the minutes of the monthly meetings of the TLC from 1922 to 1957; the minutes of the Queensland Trade Union Congresses (QTUC) held between 1910 and 1958; and the proceedings of the Australian Labor Party (ALP) (Queensland branch), Labor in Politics Conventions, which were held triennially, in the period between 1910 and 1957.

Other primary materials consulted included the *Debates* of the Queensland Parliament (QPD) and copies of the *Brisbane Courier* (which was to become the *Courier-Mail*) during major periods of industrial disputation.

The analysis of the primary materials relating to Queensland both supported and enhanced the findings derived from an analysis of the secondary sources; namely that a complex set of factors hindered the establishment of a political exchange relationship that dominated industrial relations. The next task was the development of an explanatory account which highlighted the reasons for this particular outcome.

THE EXPLANATORY FRAMEWORK

Limits of an interpretative account

Originally two chapters were drafted which sought to explicate the complex combination of factors contributing to the persistence of industrial conflict in Queensland during the period from 1915 to 1929. The first of these aimed to demonstrate how the organisational disunity of the unions, the strength of the

revolutionary opposition in the unions, and the system of compulsory arbitration established by Queensland Labor, contributed to the persistence of industrial conflict in the period from 1915 to 1920 and, in particular, the northern railway strike of 1917 and Townsville meatworkers strike of 1919. The second chapter aimed to explain how the two factors which were considered important in the period from 1915 to 1920, as well as a third new factor (changes in the economic and social policy direction of Queensland's Labor governments) contributed to major strikes in 1925 and 1927. A third chapter was proposed that was to focus on explaining how the three factors mentioned contributed to the persistence of industrial conflict in the post-World War II. This third chapter was to focus, in particular, on the meatworkers' strike of 1946 and the railway strike of 1948.

However, the problem with the proposed format was that too much emphasis was placed on the recounting of events. The material collected from the secondary sources and primary investigations was incorporated into a lengthy unified case account which focused on keeping the events in strict chronological order. The consequence was the proffering of an account which focused on "telling the story", rather than making explicit the contribution of the three factors mentioned above to the persistence of industrial conflict. They are, firstly, the organisational disunity of the unions and the strength of the revolutionary opposition in the unions; secondly, the system of compulsory arbitration established by Queensland Labor; and thirdly, changes in the economic policy direction of Queensland's Labor governments.

This particular format was abandoned as the thesis is primarily interested in developing an explanatory account which is able to help make sense of diversity

across cases. In short, the intention is to proffer some limited generalisations about the factors which are likely to determine whether a political exchange relationship (which dominated industrial relations) was established where there have been labour governments. Consequently, the methods associated with a comparative historical sociological approach, which is concerned with identifying causal generalisations, has been adopted.

The search for causal generalisations

The process of developing causal generalisations from the analysis undertaken of Queensland was contingent on a number of interrelated tasks. Initially the empirical evidence collected had been presented in an interpretative format. However, the attempt to more fully explicate the theoretical significance of the conditions mentioned above required the breaking apart of case materials relating to the Queensland case. The empirical evidence had to be rearranged "according to the logic of the causal hypotheses being presented and tested" (Skocpol and Somers, 1980:194). The result is that rather than writing three chapters which examined different periods during which Labor governed (1915 to 1920, 1920 to 1929 and 1945 to 1950) three chapters have been written which focus on explicating the relevance of the three factors which explain the failure to establish a political exchange relationship in Queensland industrial relations.

Thus, one chapter seeks to explain how the organisational disunity of the unions, along with the strength of a revolutionary opposition within these unions, had undermined the unions' ability to commit themselves to a political exchange relationship. A second chapter aims to explain how industrial relations, in being institutionalised through a system of compulsory arbitration, hindered government's

ability to create the conditions for a political exchange with the unions. Finally, a third chapter focuses on changes in the economic policy of Queensland Labor governments, as they failed to meet the unions' expectations and thus also helped undermine the conditions for a political exchange relationship.

At the same time, the utilisation of the method of difference contributes to the further development and refinement of the causal hypotheses which were developed, initially, from an analysis of the Queensland case. The utilisation of the method of difference resulted in a decision being made to contrast the Queensland case with the Swedish case.

The introduction to this thesis noted that it could be contended that a difference in the cases being contrasted, that is a state (Queensland) versus a nation (Sweden), might be responsible for the difference in outcomes. This contention is based on the view that, when undertaking comparative research, it is preferable to compare like with like: for instance, to compare nations with nations or regions with regions. However, this thesis's primary research interest is to attempt to further our understanding of the factors which determine whether a political exchange relationship will be established where there are labour governments through the detailed investigation of a case which deviates from the labour power argument. The absence of cases where nations deviate from the labour power argument made it impossible to compare like with like. The discussion of the labour power argument in Chapter 3 noted that, where the working class has exercised strong and stable control over the polity for a long period of time at the national level, that is Sweden, Norway and Austria, a political exchange has dominated industrial relations. However, the Queensland case, where a labour

government exercised strong and stable control of the polity over a long period of time at the state or regional level, did deviate from the labour power argument. It was decided that there would be value in undertaking a detailed investigation of this case in order to establish more fully the reasons why a political exchange might dominate industrial relations under a labour government.

The fact that a political exchange dominated industrial relations under labour governments at the national level (i.e. Sweden, Norway and Austria) but did not dominate industrial relations under a labour government at the state level (Queensland) might lend support to the argument that it is working class control of the polity at the national rather than state level over a long period of time which is the determinant of the establishment of a political exchange which dominates industrial relations. This fact might therefore be considered to provide support for the contention that it is a difference in the cases being contrasted, that is a state (Queensland) versus a nation (Sweden), which is responsible for the difference in outcomes. For instance, it might be claimed that, in the Queensland case, the failure to establish a political exchange which dominated industrial relations and the resultant persistence of strikes at high levels under Labor governments was the result of national (rather than state) conditions over which only the federal government had political control. This thesis's decision to analyse the Queensland case, and then compare it with the Swedish case, might therefore be considered to be misplaced. This thesis rejects the contention that it was the difference in configurations (i.e. a state versus a nation) which was responsible for the difference in outcomes in these two cases. Instead, it argues that the three factors identified

through an analysis of the Queensland case are equally applicable to an analysis of the Swedish case.

This thesis argues that, in the Queensland case, the absence of a strong central union body and the nature of Labor's economic program failed to create the conditions for a political exchange which dominated industrial relations. In contrast, it is noted that, in the Swedish case, the presence of a strong central union body and the nature of the Social Democrats' economic program contributed to the development of a political exchange relationship which dominated industrial relations.

It might be claimed that the difference in outcomes in relation to these two factors highlights the importance of the difference in the configurations being compared. For instance, researchers might question the proposition that Queensland's union movement could be expected to develop a strong central union body which helped create the conditions for a political exchange with Labor on the grounds that, in most capitalist industrial countries, central union bodies have tended to develop at the national rather than regional or state level. The argument is that, since it was not possible for a strong central union body to develop in Queensland, it is difficult to see how the union movement in that state could have been expected to develop the requisite organisational characteristics that would have allowed the unions to commit themselves effectively to a long-term strategy of political exchange with a state Labor government.

Furthermore, the argument that it was the nature of Queensland Labor's economic program which failed to create the conditions for a political exchange with the unions might also be contested on the grounds that it was not the nature

of Queensland Labor's economic program but, instead, the inability of governments at the state or regional level to implement their own economic programs which was the key determinant of failure in this case. In short, the significant factor which, it might be argued, helps explain the difference in outcomes in relation to this factor is that, generally, the capacity of regional or state governments to implement their own preferred economic program is much less than that of federal or national governments. Thus, it could be claimed that even though Labor secured control of government in Queensland, control at this level of government did not allow Labor to implement an economic program which guaranteed to the unions and workers the sorts of benefits which might secure their commitment to a long-term strategy of political exchange. In contrast, it might be argued that the Swedish Social Democrats' control of government at the national level gave them a much greater capacity to implement their preferred economic program which, in turn, secured for unions and workers the types of benefits that gained their support for a long term strategy of political exchange.

This thesis rejects the argument that, in relation to these two factors, the difference in outcomes was a result of the difference in configurations being compared. This argument is rejected on the grounds that Australia's six states, including Queensland, possessed considerable economic and social autonomy during the first half of the twentieth century following federation in 1901. This economic and social autonomy meant that central union bodies were established at the state rather than national level during the period between the 1880s and 1920s in Australia. Furthermore, the central union bodies which were established at the state level were of critical importance in determining whether the union movements

which developed in each of Australia's six states were able to commit themselves to a long-term strategy of political exchange where there were state Labor governments. The fact that the Australian Council of Trade Unions (ACTU) was established as the national voice of unionism only in 1927, and was not to begin to develop into a strong central voice until the post-World War II era (see Griffin, 1994; Pilkington, 1983), further highlights the importance of the process of union formation which occurred at the state rather than national level in Australia during the first half of the twentieth century. The thesis concludes (see Chapter 6) however that the central union bodies which were established in Queensland did not allow the unions to commit themselves effectively to a long-term strategy of political exchange.

Queensland's considerable economic autonomy also allowed Labor to pursue its own economic program at the state level. There is a number of important indicators of the economic autonomy of Australia's state governments during the first half of the twentieth century. For instance in the period up until World War II it was Australia's state governments rather than the federal government which collected income taxes. Further, during the period when Queensland Labor was seeking to establish its own state owned enterprises, between 1915 and 1925, the task of raising the finances that were needed to establish some of these enterprises was undertaken by state governments. In short, Queensland Labor's capacity to implement its preferred economic program was similar to that of many national or federal governments. However, this thesis argues that, on one hand, the particular economic program pursued by Queensland Labor failed to create the conditions for a stable political exchange with the unions (see Chapter 8) whereas the Swedish

Social Democrats' quite different economic program did create the conditions for a stable political exchange with the unions (see Chapter 5).

This thesis contends that the difference in configurations is not a relevant consideration in relation to those other factors which, it is argued, contributed to the difference in outcomes, namely the institutional arrangements established in response to societal crises in Australia and Sweden and the political character of the unions. The institutional arrangements which were established in Australia at the national level, and replicated at the state level, in response to a societal crisis which occurred at the beginning of the twentieth century could be expected to hinder the capacity of both federal and state Labor governments to create the conditions for a political exchange. In short, in relation to this particular factor, it did not matter whether Labor governed at the state or federal level. In contrast, this thesis argues that the quite different institutional arrangements which were established in response to Sweden's societal crisis contributed to the Social Democrats' capacity to preside over the establishment of a political exchange which dominated industrial relations.

Finally, the differences in the political character of the Queensland and Swedish unions and, in particular, the difference in the strength of the revolutionary oppositions in these two cases were not the result of differences in the configurations compared but, instead, the result of factors such as the different histories of the working class in Australia and Sweden. This in turn was the result of the quite different economic, political and social developments in these two countries.

The contrasting of a state (Queensland) and a nation (Sweden) is therefore not considered to hinder the comparative work undertaken in this thesis as the factors which this thesis demonstrates are responsible for the difference in outcomes can validly be applied to both cases, despite the difference in configurations.

The Swedish case was chosen since it was one of only a few cases where strikes have withered away under labour governments following the establishment of a political exchange relationship (see Korpi and Shalev, 1979, 1980). This decision was influenced also by the fact that there exists a considerable literature which helps explain why Swedish Social Democratic governments presided over the establishment of industrial peace and the consequent establishment of a bargaining system dominated by a political exchange. Some of the more significant secondary sources relating to the Swedish case referred to in this thesis include Fulcher (1988), Korpi (1978), Korpi and Shalev (1979, 1980), Higgins and Apple (1983), Higgins (1985a, 1985b), Katzenstein (1985) and Martin (1984).

That the Swedish case was introduced for comparative purposes, so as to highlight the explanatory power of the analytical framework derived primarily from an analysis of the Queensland case, has meant that the Swedish case has not been examined in the same detail as the Queensland case. Moreover, there exists an extensive array of secondary sources relating to the Swedish case which has meant that it was not necessary to undertake an investigation of primary materials.

The analysis undertaken of the Swedish case aims to determine the extent to which the three factors identified initially through an analysis of the Queensland case were responsible for the different outcome in Sweden. That is differences in

the organisational character of the unions, and the role of the revolutionary opposition within the unions, the way in which industrial relations was institutionalised and the nature of the economic policies introduced. This process of comparison resulted in some refining of the causal hypotheses which initially had been proffered as a result of an analysis of Queensland.

The hypotheses developed first from the analysis of the Queensland case, and then from the comparative analysis of the Swedish case, were outlined in detail in the previous chapter. The process of developing and refining these causal hypotheses, which resulted from utilising the method of difference, meant also that it was necessary to further analyse the secondary sources and the primary materials relating to the Queensland case.

Another look at the secondary and primary case materials

A plethora of secondary sources was consulted. They helped demonstrate how craft unionism (see Armstrong, 1975; Leggatt, 1983; Sullivan, 1973; Childe, 1964; Gollan, 1960; Turner, 1965), regional divisions (see Lewis, 1973, 1978), and the system of compulsory arbitration established in Australia at the beginning of the twentieth century (see Deery and Plowman, 1980; Howard, 1977; Martin, 1971; Rimmer, 1981; Yerbury, 1971) had contributed to the organisational disunity of the unions. The analysis of the role of the revolutionary opposition within the Queensland unions drew on material not considered during the drafting of the original two chapters mentioned above. For instance, the works of Davidson (1969) and Farrell (1981), which are devoted to analysing the development of the revolutionary workers' movement in Australia, and the writings of Australian

Communist Party leaders of the time, such as Dixon (1935), Henry (1946) and Sharkey (1960) were utilised.

Similarly, analyses of the negative consequences that Queensland Labor's system of compulsory arbitration had for the establishment of a political exchange relationship led to a variety of secondary sources being consulted. An analysis was made of secondary sources focusing on the origins and early development of Australia's distinctive system of conciliation and arbitration (see Castles, 1985, 1988; Macarthy, 1967, 1969, 1970; Macintyre, 1983, 1986; Macintyre and Mitchell, 1989; Philipp, 1950; Rickard, 1976), as well as others which have criticised the nature of Australia's system of compulsory arbitration and, in particular, its failure to meet its primary objective, namely the creation of a new social order where industrial peace prevailed (see Hancock, 1962; Niland, 1978; Blandy *et al.*, 1986).

Furthermore, the analysis of the shortcomings of the system of compulsory arbitration established in Queensland was supported also by an analysis of various primary materials. These included the basic wage decisions of the Queensland Industrial Court (QIC) and those *Debates* of the Queensland Parliament (QPD) devoted to discussion of the need for, and changes to, the legislation governing Queensland's system of conciliation and arbitration.

Finally, analysing the shift in Queensland Labor's economic policy direction of the 1920s drew on a variety of secondary sources including Bulbeck (1987), Lewis (1978) and Wiltshire (1980a, 1980b). These were elaborated from work on trying to understand the impact of an increasingly conservative policy direction (Higgins, 1954, 1960; Cochrane, 1984, 1989). Primary sources held by the Queensland State Archives, such as the correspondence and records of meetings

involving Labor Government Ministers and, in particular the Premier and the Minister for Labour, and union leaders, were also consulted. These materials helped explain how the increasingly conservative economic policies adopted in the 1930s and 1940s undermined the conditions for a political exchange relationship.

CONCLUSION

The value of the comparative historical sociological method comes from its commitment to empirical and historical analyses of particular cases. In the present case it will help identify those factors which contributed to the Queensland outcome – an outcome which deviated from the predictions of the labour power thesis.

However, the thesis does not seek to limit itself to the task of historical interpretation. An account of the Queensland case which suggests that the failure to establish a political exchange relationship was the result of features unique to Queensland is not proffered. Instead, an argument is formulated based on an analysis of the Queensland case, which is contrasted with the Swedish case. This analysis helps account for the different outcomes in these two cases and also highlights some of the factors which might be utilised to help explain whether or not industrial relations is likely to be dominated by a political exchange where there are labour governments.

The discussion now turns to how the framework outlined is able to explain why a political exchange relationship dominated industrial relations in Sweden during a period of Social Democratic governments. The Queensland case will then be compared with this case.

CHAPTER 5

SWEDEN AND THE ESTABLISHMENT OF POLITICAL

EXCHANGE: 1932–1976

The Swedish case provides empirical support for the labour power argument that, where the working class exercises stable control over the polity, industrial peace will be established (see Korpi and Shalev, 1979, 1980). This chapter argues that the establishment of a political exchange relationship that dominated industrial relations in Sweden during a period of Social Democratic governments (1932–1976) was more complex than that which is allowed for by the labour power thesis; it is more than labour controlling the polity. The establishment of a political exchange relationship in Sweden was the result of the ideal factors identified in Chapter 3 being present.

Certainly the political exchange relationship which dominated bargaining arrangements in Sweden during the period of Social Democratic rule (1932–1976) was subjected to a process of destabilisation in the late 1960s and early 1970s (Korpi and Shalev, 1979). However, because the Swedish example is being used in this thesis for comparative purposes – compared with Queensland during the period of Labor governments (1915–1929, 1932–1957) when political exchange relationships failed to dominate industrial relations and strikes persisted – the process of destabilisation of political exchange relationships which began to occur in Sweden in the late 1960s and 1970s is not considered.

The chapter is divided into three sections. First, it considers how the organisational and political character of Sweden's trade unions contributed to the

unions' willingness and ability to commit themselves to a political exchange. The following two sections consider how the institutional arrangements established in response to an historic compromise developed in response to major societal crisis of the 1930s and 1940s, and how the economic and social program implemented by successive Swedish Social Democratic governments also contributed to the establishment of a political exchange relationship. Each of these can now be considered.

THE ORGANISATIONAL AND POLITICAL CHARACTER OF SWEDISH TRADE UNIONS

The Swedish trade unions' organisational development in the 1880s and 1890s was one of a transformation from a collection of local craft organisations to a national federation (Korpi, 1978; Fulcher, 1988). In 1898 Sweden's main union federation, the LO was founded. Over the following half century the LO's authority was to increase significantly. There were a number of factors critical to the establishment of the LO as an authoritative union federation.

During the formative stages of the Swedish trade union movement's development, socialist ideas were critical in tipping the balance in favour of a class based, as opposed to a craft based, organisation. Moreover, the absence of any structural divisions also assisted. Finally, the establishment of corporatist arrangements at the societal level contributed to the strengthening of the LO from the 1930s onwards. Consequently, the LO established itself as a strong federation that was able to exercise considerable control over individual unions. This, in turn,

contributed to the Swedish union movement being able to commit itself to a long term strategy of exchange.

As explained below, the Swedish union movement was dominated by a reformist leadership which was rarely threatened by a trade union-based revolutionary opposition. Syndicalists and communists, although active in the union movement, were unable to establish an organisational base which allowed them to influence union strategies, strategies largely shaped by the reformist leadership of the LO and by other major unions, such as the Metalworkers Union.

The Swedish trade union movement therefore possessed the organisational and political character which helped make possible the establishment of a political exchange relationship with Sweden's Social Democratic governments. The discussion now turns to a more detailed consideration of those factors which contributed to the establishment of a strong federation which dominated a union movement that was firmly committed to a reformist strategy.

The formation of an organisationally unified trade union movement

Swedish trade unionism had "its origins in artisans' associations, led by craftsmen, and with predominantly liberal ideologies" (Meidner, 1980:344). Korpi notes that "of about 260 local unions existing in 1890 two-thirds were craft unions" (Korpi, 1978:60). Moreover, the continued domination of craft unionism could have been expected to inhibit the establishment of a strong federation that dominated the union movement. Craft unionists traditionally have favoured loose forms of central co-ordination, (e.g. trades and labour councils) which are concerned with guaranteeing maximum autonomy to individual unions. However, this was not to be the case. The Swedish LO was established in 1898 as a union

federation that provided "a means of coordination and mutual assistance" (Fulcher, 1988:255). Moreover, its decision to establish a central strike fund two years later in 1900 further strengthened its coordinating role. This fund "inevitably involved the federation in the disputes of its member unions" (Fulcher, 1988:255). In other words, the LO was from the very beginning established as a federation which required financial sacrifices, class solidarity and discipline, rather than the more loose and less demanding framework of the British Trade Union Congress (TUC) (see Fulcher, 1988), or the Australian Council of Trade Unions (ACTU) (see discussion in Chapter 9). There are a number of factors which were responsible for the LO's establishment as a strong federation that dominated the Swedish union movement.

In the 1860s and 1870s, the organisation of workers into unions had been achieved primarily by liberal-led workers' associations. However, in the 1880s the founders of Swedish socialism began to challenge the liberal movement and "during the 1890s the non-political and liberal groups, which had been especially strong in some of the craft unions, lost out against the Social Democrats" (Korpi, 1978:61).

The socialists, in the organisational form of social democracy, were able to exercise a dominant influence on the process of union development during its formative stage. This resulted in the promotion of a class wide organisation

by encouraging the building of open unions, by setting up local organising and coordinating committees, and by directing their efforts at labourers and factory workers in particular, thereby diminishing the gap between the organisation of the skilled and the unskilled (Fulcher, 1988:264).

Furthermore, it was the development of a distinctive type of union, a work-material union (see below), which helped ensure that the gap between the unskilled and skilled did not develop, and, in the process, prevented the entrenching of stratification along skill lines.

It was the influence of socialist ideas that "tipped the balance towards an open work-material union" (Fulcher, 1988:264) which was "critical to the transition from a craft/general to an industrial structure" (Fulcher, 1988:261). The work-material union was a distinctive type of union that was "not recognised by the conventional and universally applied craft/general/industrial typology" (Fulcher, 1988:261). It organised all those who worked with a given material and "the Swedish Metalworkers' and Woodworkers' Unions were of this character" (Fulcher, 1988:261).

Thus, whilst the Swedish Metalworkers' Union was not to accept the principle of industrial unionism until 1909, its development as a work-material union "prevented the craft fragmentation of engineering unionism and, also, the organisation of unskilled metalworkers into a general union" (Fulcher, 1988:261-262). Instead, the Metalworkers' Union's early development as a work-material union made possible its eventual emergence as a powerful industrial union. The importance of this type of union lay in the fact that it was able to act as a bridging structure which allowed Swedish unionism "to move from a divisive craft unionism to a unified and industrially organised federation" (Fulcher, 1988:262).

In short, "the early Swedish union movement was balanced between the opposed principles of craft and class" (Fulcher, 1988:265). However, the influence of socialists was to tip the balance "towards organisation of an open, class-wide

and unified character" (Fulcher, 1988:265) and, in particular, the Swedish unions organisation into a strong class-wide federation, the LO.

The success of socialist ideas in this case was so much greater because, whilst the movement was balanced between craft and class, craft unionism had not yet entrenched itself to the same degree that it had in Britain and Australia. (For a discussion of the reasons for the different outcomes in the British and Swedish cases see Fulcher, 1988). In these latter countries craft unionists had been able to establish their own preferred form of central co-ordination, (e.g. trades and labour councils). This form of central organisation was to hinder attempts made by socialists to develop class based forms of organisation in these countries. The next chapter explains how the commitment of craft unionists to the establishment of a trades and labour council in Queensland was to hinder the attempt by those unionists committed to the idea of organising along class lines, from establishing one strong union federation.

The influence of socialists was therefore crucial to the developmental process in Sweden. However, this is not to say that various external influences did not have some influence. For instance, the racial and ethnic homogeneity of the working class, and the relative weakness of religion and consequent absence of major religious cleavages, meant that the Swedish union movement was able "to develop untroubled by factors that have significantly hindered union integration elsewhere" (Higgins, 1985a:366). The result was an organisationally unified movement with a far greater capacity to commit itself to a political exchange strategy than was achieved by union movements in countries such as Australia and Britain.

In the period from the 1930s through to the 1950s power was further centralised in the hands of the LO. The overwhelming majority of public sector unions was to join the LO in the 1930s (Korpi, 1978). Furthermore, the establishment of corporatist arrangements at the societal level contributed significantly to the LO's enhanced coordinating role and the consequent centralisation of union power in its hands (Fulcher, 1988; Martin, 1984). The Basic Agreement reached between the unions and employers in 1938 was to form the cornerstone of the corporatist arrangements established in Sweden at the societal level. The success of the Basic Agreement depended on the LO's ability to secure the union movement's commitment to exercise restraint in the short term in return for the longer term benefits associated with such an agreement. Consequently, the 1933 standard rule was included in the LO's 1941 constitution (Fulcher, 1988; Martin, 1984). The standard rule was adopted by the LO General Council in 1933 following a prolonged buildingworkers' strike. The standard rule gave the LO the right to have a final say in the making and termination of agreements and therefore was particularly important in allowing the LO to guarantee union commitment to an industrial peace agreement, that is the Basic Agreement. Finally, in the 1950s the role of the LO was further strengthened as a consequence of the institutionalisation of central wage negotiations (see Fulcher, 1988) which, in turn, was a consequence of the establishment of a societal corporatism.

The fact that the LO leadership and that of other major unions (e.g. Metalworkers' Union) were dominated by trade unionists who subscribed to a reformist social democratic strategy further strengthened the Swedish union movement's ability to commit itself to a political exchange strategy. This strength

pointed, in turn, to the ineffectiveness of challenges from the revolutionary opposition in the union movement. The discussion now turns to the challenge made by the revolutionary opposition to the reformist leadership of Sweden's trade union movement.

The revolutionary challenge

The 1880s and 1890s witnessed the emergence of a social democratic movement in Sweden which was quickly able to take control of the rapidly developing union movement. The first chairman of the newly formed LO was a Social Democratic Party man, while the union branches were required to become collective members of the Social Democratic Party (Korpi, 1978). The union movement was therefore dominated from its very early stages by a social democratic leadership, a domination which lasted throughout the twentieth century. As would be expected, they have been strongly committed to the election of Social Democratic governments, which the reformists argue would secure workers considerable economic and social benefits. These, in turn, would make worthwhile the unions' commitment to an industrial peace strategy.

A revolutionary opposition did develop in the Swedish union movement and, at times, it sought to challenge the movement's reformist leadership. This opposition flourished towards the end of World War I and again towards the end of World War II and in the immediate post-war periods. Such surges in revolutionary activity were common to the majority of union movements in western industrial countries, though their impacts varied widely.

In many European countries, as well as in Australia, revolutionary syndicalist organisations and Communist Parties were able to build substantial

organisational bases within the trade union movement. This allowed them to put into effect their strategy of developing strike struggles. The result was the undermining of the reformist leadership's ability to effectively commit unions to a political exchange relationship with any labour government voted into office. However, the experience of Swedish revolutionary groups in the period from World War I through to the immediate post-World War II years was quite different. Their effect on Sweden's trade union movement was minimal.

The revolutionary action which occurred around World War I was inspired largely by syndicalist groups and resulted in the formation of a variety of oppositional organisations within the LO, including the Swedish Union Opposition. During this period (the 1910s) the revolutionary opposition scored its greatest successes in one of the most important unions, the powerful Metalworkers' Union. In 1919 it led a left opposition which won over the majority of delegates at the Union's annual congress. The most important consequence of this was that a number of revolutionaries attained leading positions in the Union. These men remained active in these positions over the next three decades. However, most of them returned to the Social Democratic Party following various splits in the revolutionary workers' movement in the 1920s. This negated the influence the revolutionary opposition might have expected to exercise in the Metalworkers' Union (Korpi, 1978).

The attempt by the Swedish Communist Party to organise itself inside the unions during the 1930s was relatively ineffectual. This was further hampered by its decision, in line with Comintern policy, to urge the members of its front organisation in the trade unions (the Committee for Union Unity) to pursue a

militant line. The dictate included an open attack on the leadership of the LO which provoked a frontal attack from the LO. The result was a splintering of the revolutionary opposition and the weakening of their influence in trade unions.

However, the Communist Party was to achieve some organisational and political successes towards the end of World War II. At the 1944 Congress of the Metalworkers' Union it led a militant opposition which went close to achieving majority support (Korpi, 1978). In the following year the Metalworkers' Union was involved in an engineering strike which ranked second only to the general strike of 1909 in terms of duration and worker involvement. While the strike was not instigated by the Communist Party, the militants in the Metalworkers' Union nevertheless sought to use it to press their strategy of developing strike struggles. The aim was to win the rank and file to the struggle for socialism and, in the process, expose the shortcomings of the reformist leadership of the union movement, in particular its commitment to a strategy of class collaboration.

The engineering strike of 1945 represented a significant instance in which the industrial peace established under Sweden's Social Democratic governments was broken. The activity of a revolutionary opposition, led by the Swedish Communist Party, contributed to the breaking of this industrial peace. However, this revolutionary opposition was unable to break the reformist leadership's hold on the union movement and consequently unable to sustain a challenge to the union movement's commitment to a peaceful exchange strategy. This, in turn, reflected the fact that the revolutionary groups established in the Swedish union movement failed to develop a significant organisational base within the union movement and,

in particular, failed to capture and hold on to any significant leadership positions within the union movement (Korpi, 1978).

Equally important for the establishment of a political exchange were the institutional arrangements established in response to a major societal crisis which occurred in Sweden during the 1930s. The discussion now turns to considering how this crisis, and the institutional arrangements which it spawned, contributed to the establishment of a political exchange which came to dominate bargaining under Sweden's Social Democratic governments of 1932–1976.

AN HISTORIC COMPROMISE AND THE INSTITUTIONALISATION OF CONFLICT IN SWEDEN

The effects of depression, fascism and war in the 1930s and 1940s resulted in the entrenching of a new and distinctive set of institutional arrangements in Sweden (Katzenstein, 1985). A particularly strong set of democratic corporatist arrangements was established at the societal level. These were based on a social partnership developed between business and labour which resulted in the establishment of a multiplicity of national agreements and tripartite forums. These corporatist arrangements also allowed the parties to bargain over a wider variety of issues than had hitherto been possible. This resulted in government being more responsible for guaranteeing long term benefits to workers which consequently meant that they were more willing to exercise restraint in the short term. Moreover, a generous welfare regime based on universalist programs was also established in the aftermath of this societal crisis. It secured for workers a decent standard of living and importantly made them less reliant on the market for their income.

These innovations were important in creating the conditions for the establishment of a political exchange relationship which dominated bargaining in the industrial relations arena through until the 1970s. This was made possible, moreover, by the key contending classes in society having entered into an historic compromise. The discussion will now turn, first, to considering the factors present which contributed to the establishment of this historic compromise, and second to the institutional arrangements established in the 1930s and 1940s in Sweden.

Sweden's historic compromise

In the 1930s and 1940s a new set of institutional arrangements was established in Sweden to routinise the exchange relationship between capital and labour and, in so doing, create the conditions for future social peace (Katzenstein, 1985; Korpi, 1978). A number of factors was important in enabling this to happen.

The small size of the Swedish economy was significant. Its vulnerability to fluctuations in the supranational capitalist economic order and, in particular, the increasing liberalisation of the international economy, brought contending parties together (Katzenstein, 1985). These parties' willingness to enter into a compromise was also partly the result of "the tense international situation in the late 1930s and the dangers of rising fascism within the country" (Korpi and Shalev, 1979:173). In short, while vulnerability to the supranational economy was of key importance, the very real threat of political instability also encouraged the parties to enter into a compromise.

Another important contributing factor was the political and industrial strength of the Swedish labour movement. During the 1920s, the Swedish Social Democratic Party had periodically been elected to government. These were

shortlived minority governments, although they pointed to the growing political influence of the Social Democratic Party. Nevertheless, the Swedish Social Democrats' election victory in 1932 marked the beginning of 44 years of uninterrupted rule. This points to the considerable strength of the Swedish labour movement. During this period the Social Democratic Party was able to entrench itself as the dominant political force in society.

The previous section considered in detail how an organisationally unified union movement had developed and how it contributed to the overall strength of the labour movement. The strength of the labour movement was matched by an equally strong commitment to reformism. In the following section, the firm commitment of both the political and industrial wings of the labour movement to reformist policies is discussed in detail. A strongly reformist labour movement had emerged. This helped contribute to the establishment of a compromise between the key actors in society. Divisions within the ranks of the ruling interests in society further assisted the establishment of a compromise.

Sweden's multinational, export-oriented firms were firmly committed to laissez-faire, anti-union policies. Throughout the 1930s and 1940s they continued to lend support to Sweden's bourgeois parties in their fight against the Social Democrats (Korpi, 1978). However, they were not supported in this militant fight by employers who focused on the home market and who were also the leaders of the main employer organisation in Sweden, the SAF.

Employers in the home market industries believed that, since the Social Democrats dominated government, the wisest course was one in which industry groups maintained their political neutrality. Furthermore, during the 1930s the

Social Democrats secured the support of the small propertied agrarian interests which hitherto had been supporters of the bourgeois parties. This further emphasised the considerable divisions within the dominant ruling class interests.

In short, then, there existed in Sweden several factors which were necessary for the establishment of an historic compromise between the contending classes in society. These include economic vulnerability and political precariousness, divisions within the ranks of business, considerable working class strength and a commitment on the part of the labour movement to reformist politics.

The establishment of an historic compromise may not necessarily herald the establishment of institutional arrangements which contribute to the creation of political exchange relationships that dominate industrial relations. However, the historic compromise reached between the major contending classes in Sweden during the 1930s and 1940s did result in such an outcome. The following sections explain how Sweden's historic compromise resulted in the establishment of corporatist institutions and a welfare regime that contributed to the establishment of bargaining arrangements dominated by a political exchange relationship.

A democratic corporatism

The economic crisis of the 1930s prompted labour and capital to enter into a social partnership that was embodied in the Saltsjobaden Agreement of 1938. Sweden's peak employer body, the SAF and peak blue collar union body, the LO, were the two signatories of an agreement which was to ensure that wage policy be kept in line with "the economic goals of full employment, rapid economic growth, reasonable price stability, more equal income distribution, and foreign payments balance" (Peterson, 1987:31).

In short, it represented a willingness on the part of major interests groups to subordinate their own short term special interests to a longer term collective rationality. The Saltsjobaden Agreement marked the beginning of an era in which the key contending actors in Swedish society reached a series of negotiated compromises which contributed, in turn, to the establishment of a political exchange relationship.

The establishment of a variety of agreements and tripartite bodies in the 1940s and 1950s further strengthened this process. In the 1940s these included the Industrial Welfare Agreement of 1942, the Vocational Training Apprentices Agreement of 1947, and the Time and Motion Studies Agreement of 1948 (Hammarstrom, 1993). In the 1950s the process of wage negotiation was institutionalised through central wage negotiations. Central agreements became the norm between 1956 and 1982:

Such central agreements include a peace obligation, whereby the employers agree to increase economic rewards in exchange for a guaranteed period of labour peace. Once an agreement is ratified, the detailed applications are worked out through industry-wide and local agreements. Any disputes must be referred to the central rather than settled by industrial action (Hammarstrom, 1993:205).

The plethora of tripartite forums and a bipartite incomes policy agreement were reached between the peak organisations of business and labour. These emphasised how the corporatist arrangements established at the societal level in Sweden in the 1930s and 1940s led to the development of a bargaining system characterised by the reaching of negotiated compromises in the political arena.

The democratic corporatist structures established from the 1930s onwards also resulted in a much larger range of issues becoming the subject of negotiation between capital and labour than hitherto had been possible. A much broader range

of issues was subject to the process of bargaining in Sweden than in Australia, for instance, where corporatist arrangements were established at the sectoral or industry level. The corporatist arrangements established at the societal level contributed to the development of policies concerned with active intervention to promote industrial restructuring, active labour market policies and generous income maintenance programmes for all citizens (Castles, 1988; Katzenstein, 1985). This resulted in government being more responsible for the securing of various benefits for the key actors in society. In particular, these corporatist arrangements guaranteed workers and their unions the sorts of rewards that made them willing to exercise restraint in the short term in the industrial relations arena. Furthermore, the broad range of policies contributed to the establishment of a dynamic growth oriented economy which, through a decommodifying and universalist welfare regime, was able to secure for workers generous outcomes. These, in turn, contributed to their willingness to commit themselves to a long term strategy of exchange. This welfare regime will now be considered.

A generous universalist welfare regime

When Sweden's Social Democratic Party came to power in the 1930s, social policy was "exceptionally retarded" (Esping-Andersen and Korpi, 1984:185). However, the crises of the 1930s and 1940s made possible the establishment of a new welfare regime in Sweden. The working class played an important role in shaping this new regime. The Social Democrats' ability to mould the process of social policy was made easier because it did not have to contend with "a strong bourgeois legacy in social policy" and thus did not have to "clash with historically institutionalised interests" (Esping-Andersen and Korpi, 1984:186).

Sweden's Social Democratic Party built a welfare regime which resulted in an increasingly large part of the worker's income being determined in the political arena rather than in the marketplace. This, in turn, reflected the fact that during the period from the 1930s to the 1950s Sweden's Social Democratic Party was at the forefront of the western labour movement's move to embrace a "universalist solidarity in socialist social policy" (Esping-Andersen, 1990:46). A variety of welfare programs was established which were underpinned by this newly emerging universalist solidarity. This led, in turn, to the emancipation of workers from their former dependency on the market (Esping-Andersen, 1985, 1990).

One of the most important of the various welfare programs introduced by Sweden's Social Democratic governments was the active labour market policy established in the 1950s. It contributed to the decommodification of labour and thus, in turn, reflected the universal character of these programs. They aimed to shift the labour force into more productive sectors while protecting individuals from the consequences of such restructuring (e.g. by retraining programmes and dislocation allowances). Three major programs were established to deal with the employment-unemployment issue:

First, it sponsors educational and training programs for those workers willing and capable of retraining, and it helps transfer these workers to new jobs. During retraining, workers are paid almost the same salary as in previous employment. Second, it helps provide sheltered employment (in the public sector, for example) for those workers who are hard to employ or re-educate; older workers in particular. Third, the AMS (Labour Market Board) includes a large programme dedicated to the rehabilitation of workers, such as the partially disabled, for certain kinds of sheltered employment (Regini and Esping-Andersen, 1980:112-113).

This active labour market policy was successful in partly helping obviate the unions' need to protect workers' interests through direct industrial action; a course

which trade unions have had little choice but to follow in many countries where major firms or industries close down.

In short, the development of a universalist welfare regime ensured that the income of workers was increasingly determined through political processes. The welfare regime which was established also resulted in workers securing generous material benefits. When the Swedish Social Democratic Party came to power in the 1930s "social expenditure levels fell below most Western countries" (Esping-Andersen and Korpi, 1984:185), but by 1970, Sweden along with the other Scandinavian countries, led the West in terms of total social security expenditure. This dramatic change resulted in the elimination of the poverty which had been present in Swedish society before the Social Democrats came to power in the 1930s.

The generation of a dynamic growth oriented economy in the post-World War II era in Sweden was of key importance in making possible the elimination of poverty. There were a number of factors which contributed to Sweden's strong economic performance during this period. The complex of policy and institutional arrangements established in response to economic and social crises in the 1930s and 1940s was of particular importance (Katzenstein, 1985). Sweden, along with six other north European countries, (Norway, Denmark, the Netherlands, Belgium, Austria and Switzerland) developed an economic development strategy based on flexible adjustment to changes in the international economic order. This was to enhance Sweden's economic performance during the period under consideration (Katzenstein, 1985). Furthermore, Sweden's Social Democratic governments' reformist economic growth strategy, which is discussed in the next section, also

contributed to such an outcome. Finally, the state of the international capitalist economy in the 1950s and 1960s also contributed to the establishment of a generous welfare system (Shadur, 1984).

The dramatic changes in income level and consequent improvement in standard of living experienced in Sweden during the period under consideration further contributed to the unions' willingness to renounce the strike in favour of a political exchange strategy. But the generosity of some of the welfare programs meant that they were sometimes strongly opposed by business interests. Despite business's opposition to some of the welfare measures introduced, Sweden's Social Democratic governments were committed to a reformist economic growth strategy which contributed to the creation of a more efficient and productive economy. This was generally to ensure that employers were assured of significant material benefits. This also helped ensure that throughout most of the period under consideration (the main exception being during the second half of the 1940s) business did not seek to destabilise the political exchange established between government and the unions. The nature of the economic policies is now considered, this represents the last of the three factors central to this thesis.

THE ECONOMIC POLICIES IMPLEMENTED BY SWEDEN'S SOCIAL DEMOCRATIC GOVERNMENTS (1932–1976)

The program of reform implemented by Sweden's Social Democrats and other Scandinavian labour movements when in office (see Esping–Andersen, 1985) differed in important respects from those implemented by labour governments in other modern industrial countries such as Australia, New Zealand and Britain. The

Swedish Social Democratic Party contended that the socialist objective could be best achieved through a strategy aimed at making the economy run more efficiently rather than by the nationalisation of the means of production. This focus, in turn, resulted in the implementation of a set of policies that benefited both business and the unions and thus contributed to the establishment of a political exchange that dominated industrial relations.

Sweden's Social Democrats set about entrenching a program based on these principles during the 1930s and the Second World War. However, their pursuit of a labour reformist program aimed at a more radical redistribution of the fruits of production in the post-World War II era, antagonised business interests. Consequently businesses were to launch a major counter offensive that threatened the political exchange relationship established between government and the unions. However, the Swedish trade union movement had developed its own political capacity and, more specifically, had adopted a production policy which contributed to the development of its own distinctive economic growth program – one it was to force on successive Social Democratic governments during the 1950s and 1960s. This action on the part of the unions helped ensure that the political exchange relationship established in the 1930s was not destabilised. The discussion begins by examining the origins of the Swedish Social Democrats' economic growth strategy.

The development of a labour reformist economic growth strategy

In common with other labour parties, Sweden's Social Democratic Party initially adopted a program which emphasised the need to nationalise the means of production (Higgins, 1985b; Tilton, 1990). The implementation of such a program would have created the conditions for a negative sum type conflict with business

and this would therefore have undermined the Swedish Social Democratic governments' capacity to preside over the establishment of a system of political exchange.

However, this commitment to a program of large scale nationalisation was revised in the 1920s and early 1930s (Korpi, 1978; Pontusson, 1987; Tilton, 1990). There were a number of reasons for this. Political difficulties associated with proposals for socialisation were partly responsible (Esping-Andersen, 1985; Korpi, 1978; Tilton, 1990). The Social Democratic Party's defeat in the 1928 election, despite being in a strong position electorally, rested in no small part on the bourgeois parties' ability to raise the socialist spectre effectively. Political difficulties associated with some very modest attempts at socialisation in the early to mid 1930s further demonstrated the political risks associated with this type of action (Korpi, 1978; Tilton, 1990).

Moreover, during the 1920s many of Sweden's leading socialist theorists came to question the proposition that it was the socialisation of the means of production which was the remedy for all the problems of capitalist production (Esping-Andersen, 1985; Higgins, 1985b; Korpi, 1978; Tilton, 1990). The result was the development of a new socialist economic strategy during the 1920s. This stressed that socialisation was only one instrument among many for the socialist transformation (Tilton, 1990). The leading party theoretician of the time, Ernst Wigforss, argued that:

in lieu of (or as a prelude to) socialisation – an ambiguity that may have been intentional – Social Democrats should propose a series of measures that would quietly but steadily erode capitalist domination of the economy (Tilton, 1990:60).

In short, Wigforss contended that "a gradual paring away of capitalist prerogatives, a creeping socialisation, should be pursued; for it was not formal rights of ownership, but actual power to control, that was decisive" (Tilton, 1990:60).

Korpi (1978) explains this situation in the following way:

The key to the new strategy was the use of public power, founded in organisational resources and exercised through the government, to encroach upon the power of capital. Through economic policies the business cycles would be evened out. The level of employment, of crucial importance for the welfare of the working class, would be kept high through political means, and thereby partly withdrawn from the control of capital. State intervention would be used to induce structural changes in the economy in order to increase its efficiency (Korpi, 1978:82).

The result was the development of an economic growth strategy which aimed:

to increase the total national product so that a 'zero-sum' type of conflict between labour and capital could be turned into a 'positive-sum' type conflict: both parties could thereby profit from the increase in the national product, even if their relative shares were not substantially changed (Korpi, 1978:83).

While Sweden's Social Democratic governments were guided by these principles, the implementation of such a strategy was not straightforward or easy.

Implementation of a labour reformist economic growth strategy

When first elected to office in 1932 Sweden's Social Democrats focused on the implementation of a crisis package that included government-sponsored public works, welfare reforms and the provision of public relief. "The program called for a budget deficit rather than increased taxation to cover additional public spending" (Esping Andersen, 1985:203). At the same time, however, the economic policy program which they implemented was strongly influenced by the principles outlined above. It "contained no socialisation measures" (Esping Andersen,

1985:203) and emphasised its new commitment to "social intervention in economic life" (Higgins, 1985b:222).

In the late 1930s, as the economic crisis associated with the depression began to fade, the Social Democratic Government was to focus more of its energies on the development and implementation of an economic growth strategy. In 1938 the Government introduced a package of measures aimed at stimulating investment and involved "tax incentives and tax reductions highly favourable to profitable companies" (Fulcher, 1987:236). These new policy measures reflected a belief that the organised working class and private capitalists "should co-operate to achieve their common interest – increased efficiency in production" (Tilton, 1990:47). Indeed, Finance Minister Wigforss "proposed detailed discussion between government and business on methods for increasing capital formation, exploiting natural resources and new technology, promoting exports, and avoiding recessions" (Tilton, 1990:47).

These policies were based on a new direction which emphasised

the state's responsibility to promote economic efficiency, to make the economy run "at full bore" in order to minimise unemployment and maximise social wealth. This new central goal of economic policy amounted to a rejection of express goals of laissez-faire management, sound finance, and "saving" at the expense of government spending and working class living standards (Higgins, 1985b:228).

However, the economic and social policies which Sweden's Social Democrats sought to implement in the immediate post-World War II period were to depart from these principles. In doing so, the political exchange relationship that had been established in the 1930s was subjected to a process of destabilisation.

Working class offensive and capitalist counter-offensive

In 1944 the labour movement adopted an action-program for the coming post-war period. This represented "a continuation of the policies of the 1930s but on a higher level" (Korpi, 1978:87) and was based on World War II experiences. According to the Social Democrats, these experiences had demonstrated "that much higher levels of taxation were feasible and that economic planning could be effective" (Tilton, 1990:48). The efficiency of the economy was to be enhanced through structural changes and government intervention. While a set of comprehensive tax reforms was introduced which increased the progressivity of income taxation and substantially increased company tax, as well as wealth and inheritance taxes. These increases were to pay for a massive increase in spending on various welfare measures including pensions, health and housing allowances (Korpi, 1978).

This program represented a significant attack on business interests which in turn were to launch a major counter-offensive which was known as the "movement against planning" (Higgins, 1985b). Business interests launched a "propaganda campaign along pure laissez-faire lines which condemned planning, and indeed much more modest initiatives, as the thin end of the totalitarian wedge" (Higgins, 1985b:234).

This counter-offensive did not succeed in its chief objective: the defeat of the Social Democrats at the 1948 election. Nevertheless, it did arouse violent anti-socialist feelings that weakened "the political support for the Social Democratic Party, placing it in a defensive position" (Korpi, 1978:87). This, along with economic instability (Higgins and Apple, 1983; Korpi, 1978; Tilton, 1990), led the

Social Democrats to turn to the unions for concessions. Specifically, they sought union support for an effective wage freeze in 1948 and 1949, with union support being forthcoming. The requirement that the unions exercise some restraint did bring disharmony between the political and industrial wings of the labour movement, particularly as it came at a time when other social groups in society were benefiting from steep rises in prices and increasing profits. The fact that leading liberal politicians and economists were also arguing that "the goal of economic stability should be given a higher priority at the expense of full employment" (Korpi, 1978:87) further heightened the tensions in party union relations.

It is possible that this disharmony could have led to the disintegration of the political exchange relationship established in the 1930s and during World War II. However, the unions' response was to advocate actions which averted such an outcome. In short, they proffered an anti-inflationary policy which "rejected both bare wage restraint and bourgeois attempts to 'redefine' full employment" (Higgins, 1985b:236) and instead, "sought a solution in disciplining investment in the interests of higher productivity" (Higgins, 1985b:236). The union movement's economic policy encouraged a process of economic development that secured material benefits to both employers and unions, and thus contributed to the persistence of a political exchange relationship which had been temporarily threatened during the late 1940s.

The discussion now considers why the unions were able to develop such an economic program and then outlines the key elements of the program.

Political unionism and an alternative reform program

In the late 1940s the LO developed an economic program which "sought to close the inflation gap between supply and demand in a full employment economy by increasing supply, rather than by decreasing demand through an attack on working-class incomes" (Higgins, 1985b:236).

This program was developed by two economists employed by the LO, Gosta Rehn and Rudolf Meidner. The Rehn–Meidner model, as it became known, was endorsed by an LO Congress of 1951 and was based on some of the key themes adopted by earlier LO congresses. These were the unions' commitment to a production policy and demand for a solidarity wage policy (Higgins and Apple, 1983, Higgins, 1985a).

The need for a wages policy based on solidarity was first raised at an LO Congress held in 1922. It was argued that there was

a marked lack of socialist spirit in the movement's bargaining practices, which in effect exacerbated differences between skilled and unskilled workers, and between workers in export industries and their counterparts in home market industries (Higgins, 1985a:366).

The LO Congress held in 1926 acknowledged that low wages were not merely a problem of distribution, but were also influenced by the level of productivity and industrial efficiency. This acknowledgment resulted in the trade unions adopting a production policy.

These two strands of union policy contributed to the development of an economic policy which created conditions for a more efficient and productive economy. At the same time it ensured a fair outcome to labour and contributed to the development of a positive sum type outcome which allowed the key actors in society to commit themselves to a political exchange.

The Rein–Meidner policy model, which was influenced by these two strands of union policy, contended that full employment could not be achieved through general methods of monetary or fiscal policy. Instead, there was the realisation of a need to develop more selective measures. Three interrelated elements were proposed. First, there was an active labour market policy which included employment and mobility measures aimed at ensuring full employment, while at the same time accelerating structural change and productivity increases. Second, price increases were to be limited through increases in indirect taxation. Third, a solidaristic wages policy was adopted which stressed equal pay for equal work and "rejected the market principle of a firm's capacity to pay in favour of a high wage policy favouring the low paid" (Higgins and Apple, 1983:614). The combined effect of the solidaristic wages policy and active labour policy was the reinforcing of market pressures for enhanced economic efficiency.

It was not until the late 1950s that the Social Democrats were to implement elements of the Rein–Meidner model:

It took three substantial failures in 1948, 1951, and 1955 to shake the Social Democrats' faith in the efficacy of appealing to trade union moderation as the key to obtaining anti-inflationary wage settlements (Tilton, 1990:204–205).

Moreover, employer opposition to wage equalisation ensured that major advances in this area did not occur until the 1960s. The Social Democrats' coalition partner until 1957, the Agrarians, opposed an active labour market policy. This meant that this initiative was not to expand significantly until 1957–1958 (Higgins and Apple, 1983). Although implemented only gradually, this economic policy contributed to the creation of the conditions for a positive sum type outcome and the continuation of the political exchange that dominated bargaining arrangements.

The Swedish union movement's capacity to develop policy programs which contributed to the development of a positive sum type outcome in the 1950s and 1960s distinguished it from the majority of union movements in modern industrial countries. Most have failed to develop policies which have contributed to a positive sum type outcome in such situations. Instead, when confronted with a labour government implementing economic policies which represent an attack on working class living standards, unions have responded in one of two ways. They have either sought to defend the record of labour governments on the basis that they are better than conservative governments, or they have pursued their interests via direct industrial action.

The Swedish union movement pursued an alternative course of action. It proffered an economic growth program which created the conditions for a positive sum type outcome where, hopefully, everyone benefited and therefore contributed to the maintenance of political exchange relationships which dominated bargaining in the industrial relations arena.

CONCLUSION

This chapter has sought to demonstrate how the political exchange relationship that dominated industrial relations under Sweden's Social Democratic governments between 1932 and 1976 was the result of the factors outlined in Chapter 3. Firstly, Sweden's trade unions were dominated by one strong union federation and they were also firmly committed to a reformist strategy. These factors allowed the unions to effectively commit themselves to a peaceful exchange strategy. This organisational and political character was a critical predisposing

factor for a system of political exchange emerging. Secondly, the democratic corporatist institutions established at the societal level and the generous highly decommodifying universal welfare programs which were established as a result of the historic compromise reached between capital and labour in the 1930s and 1940s, encouraged the key actors to engage in a process of negotiated compromise in the political arena. It also resulted in government guaranteeing to workers the sorts of material benefits that secured their commitment to a long term strategy of exchange. Finally, the economic programs implemented by Sweden's Social Democratic governments were to materially benefit the key actors (labour and capital) and thus also contributed to the establishment of a stable political exchange relationship that dominated bargaining.

The following three chapters will consider the three factors outlined in Chapter 3 (and used in this chapter to explain why political exchange relationships were established under Sweden's Social Democratic governments) to explain why they were not established under the Queensland Labor governments of 1915–1929 and 1932–1957. The organisational and political character of the trade unions are first considered. The institutional arrangements established as a result of an historic compromise and the economic policy programs implemented by Queensland Labor governments are then discussed.

CHAPTER 6

THE ORGANISATIONAL AND POLITICAL CHARACTER OF QUEENSLAND TRADE UNIONS

The South Johnstone strike of 1927 was one of the most bitter industrial conflicts to involve Queensland's trade union movement and a Labor government. In the strike's aftermath, those unionists committed to a reformist labourism argued that the organisational disunity of the union movement and, in particular, the absence of a strong central union organisation, had allowed a militant minority to draw the union movement into wasteful industrial conflict. They maintained that if such a situation was to be avoided in the future a strong central union organisation, namely a "Council of Control", needed to be established (ALP, 1928:36-47). However, the South Johnstone strike did not prove to be the catalyst for major change in the organisational character of the Queensland union movement. In particular, it did not lead to the establishment of a strong federation dominated by unionists committed to a labour reformist politics. Consequently, the Queensland union movement was unable to commit itself to a long-term strategy of exchange with Queensland Labor governments.

The organisational disunity of the Queensland trade union movement evident in 1927 was largely the result of an organisational character which emerged between the 1880s and 1920s. During this period much emphasis was placed on the need to establish a strong and inclusive form of central trade union organisation. Two attempts to establish such an organisation were the Australian Labour Federation (ALF) and One Big Union (OBU). However, both the ALF and OBU

failed to survive beyond their formative stages. Instead, it was the Brisbane (and later, Queensland) Trades and Labor Council (TLC) which was to emerge and survive as the central voice of unionism in Queensland (see Armstrong, 1975; Sullivan, 1973). The TLC was a loosely organised co-ordinating body which gave its affiliates maximum autonomy. Consequently, it was unable to resist its union affiliates' demands to obtain immediate improvements in wages and conditions through various means including industrial action.

The union movement's inability to commit itself to a political exchange was attributable to a number of factors including the early and strong influence of craft unionism, regional divisions in Queensland and the establishment of a system of compulsory arbitration that represented a sectoral or industry based system of corporatism. Finally, the Brisbane TLC's capacity to act as the central voice of unionism was weakened by growing political divisions between the militants and moderate labourists in the union movement. These divisions led the largest union in the State, the Australian Workers' Union (AWU), which represented approximately one third of the State's unionists, to disaffiliate from the Brisbane TLC in 1939.

Paralleling the efforts to establish a central organisation of trade unions, a revolutionary opposition emerged in the trade unions in the period from World War I to the immediate post-World War II era. Whereas the revolutionary opposition which developed in the Swedish unions was weak and ineffectual, the revolutionary opposition which developed in the Queensland union movement was strong and exercised considerable influence. It was based on a syndicalist militancy in the north of the State and in the State's second largest and most powerful union, the Australian Railways Union (ARU), during the first period of uninterrupted

Labor rule (1915–1929). The Communist Party of Australia (CPA) also exercised considerable influence through its leadership of the Queensland TLC in the second half of the 1940s. The influence of this revolutionary opposition within the unions contributed to the persistence of industrial conflict under Queensland Labor governments.

THE QUEENSLAND UNION MOVEMENT'S ORGANISATIONAL CHARACTER

Experiments at closer unity

In common with other trade union movements, such as those in Sweden and Britain (see Fulcher, 1988), the Australian union movement sought to develop greater organisational cohesion during its formative stages (Gollan, 1960). In the 1880s the union movement in each of Australia's six colonies first began to consider proposals to establish a strong federation similar to Sweden's LO. An Intercolonial Trade Union Congress (ITUC) held in 1888 decided that a plan to federate all unions throughout the country should be drawn up along the lines enunciated by unions of unskilled and semi-skilled workers (Gollan, 1960). These unions favoured inclusive forms of organisation based upon a highly centralised structure. This would give the central body far greater control over its affiliates, particularly in relation to industrial action, than the more loosely structured trades and labour councils which were favoured by the craft unions (Sullivan, 1973). This preference reflected the fact that for unskilled workers, "competition could only come from the unorganised, and strength would derive from the size and completeness of the unions" (Gollan, 1960:102). The unions of unskilled and semi-

skilled workers were fired by the belief that there was a need for class rather than craft organisation if workers' interests were to be successfully advanced (Sullivan, 1973).

The result was a proposal to establish an Australian Labour Federation:

The constitution of the Australian Labour Federation provided for a greater degree of unity of the trade union movement than had ever existed in any country. It was to include all unions, organised in a pyramidal structure, governed by district, provincial and national councils. A degree of autonomy was to be retained by the constituent union, but decisions on all major issues were to be taken by the higher committees of the federation. Strikes, for example, were to be decided upon by the relevant committee, which would seek the opinion of the members in a district or province (Gollan, 1960:107).

The idea of an ALF was endorsed by an ITUC Congress held in 1891. However the establishment of such a federation was not effected at the national level nor in most colonies. This was primarily because of the opposition of craft unions. They were concerned that such a federation would give the constituent unions insufficient autonomy (Gollan, 1960). Thus, in most colonies, attempts to establish a class-based form of organisation were effectively stymied from the beginning by an already well established craft unionism opposed to proposals that would lessen their autonomy. The one exception was the position adopted by craft unionists in Queensland.

The skilled craft unions which dominated the Brisbane TLC agreed to disband in favour of the idea of establishing a stronger and more inclusive organisation which would bring all workers together into one industrial organisation, the ALF. The willingness of the traditionally conservative craft unions in Brisbane to pursue this course of action reflected the unusual circumstances surrounding the labour surge of 1889 to 1890. First, unions in Queensland were

relatively new compared with the colonies of Victoria and New South Wales. Second, the conservative craft unions did not occupy a dominant position in the Queensland union movement because of the considerable importance of farming, grazing, mining and transport which employed predominantly semi-skilled and unskilled labour (Sullivan, 1973).

The Queensland ALF was the sort of central organisation which would have assisted in making possible the union movement's commitment to a long term strategy of political exchange. However, it failed to fully establish itself and survived only until the beginning of 1914. It was only for two brief periods between 1890–1891 and 1911–1913 that the ALF was able to bring together "in the one organisation a significant number of the mainly urban craft unions with the mass unions of unskilled workers based largely in the inland and northern areas of Queensland" (Sullivan, 1973:270). Furthermore, in retaining union support, the ALF found it necessary to water down its original proposal for a strongly centralised union structure. Within a year of its inception, the original structure (a highly centralised body with strong executive power) had been replaced by a geographically decentralised federation based on the autonomy of constituent unions.

The ALF, then, failed in "its key mission of centralising trade union power and resources" (Sullivan, 1973:424). However, the unions of unskilled and semi-skilled workers which had sought to establish the ALF, did not abandon their quest to establish a strong central union body. In the period from World War I to the early 1920s the unions of unskilled and semi-skilled workers were to support the need for the amalgamation of all unions into the OBU, so that all unions could act

through one central union body (see the *Worker*, 21/10/1915, 23/1/1919, 26/1/1922, 9/3/1922). In contrast, the majority of craft unions were opposed to the OBU and their opposition to the concept was to help undermine attempts to establish such an organisation. The divisions which began to emerge among those unions representing the unskilled and semi-skilled who worked in the rural and transport industries were of equal importance in undermining the proposal. These unions were all strong supporters of the OBU concept, but were unable to reach agreement on the most appropriate structure and policies for the OBU. These disagreements, in turn, reflected the development of major political divisions in the union movement at this juncture (see Childe, 1964; Turner, 1965; Armstrong, 1975).

Although the AWU strongly supported the concept of the OBU it was opposed to the attempt by other unions of unskilled and semi-skilled workers to establish the OBU on the basis of the principles enunciated by the International Workers of the World (IWW). Whereas the IWW had a policy of encouraging direct action, the AWU had a policy of political action (i.e. action directed towards the election of and support for Labor governments) and compulsory arbitration for a long time. The AWU argued that its policies were most suited to the needs and circumstances of Australian unionism (see the *Worker*, 15/5/1919, editorial). The growing political schism between the moderate labour reformist AWU and other more militant unions of unskilled and semi-skilled workers such as the ARU and the Australasian Meat Industry Employees Union (AMIEU) caused the proposal to establish the OBU to founder.

Consequently, the Brisbane TLC was re-established for the third time in 1922 with the support of the craft unions and the unions of unskilled and semi-

skilled workers. Its re-establishment marked the end of an era during which the unions of unskilled and semi-skilled workers had attempted to establish a strong federation which would have dominated an integrated union movement. Instead, a complex and fractured union movement developed. A craft/industrial/general union structure emerged, while individual unions were organised into state-wide or nation-wide federations or amalgamations of kindred unions. Further, at the inter-union level the dominant form of inter-union organisation was TLCs. TLCs were established in numerous regional centres throughout Queensland as well as the State's capital, Brisbane. Moreover, as already noted, these TLCs were established as loosely organised co-ordinating bodies which gave their affiliates maximum autonomy. Consequently, the union movement failed to develop the sort of organisational form which would have allowed it to commit itself to a long term strategy of exchange. The discussion now turns to consider some of the factors which were critical in hindering the establishment of an organisationally unified union movement dominated by a strong federation. The discussion first considers the impact of craft unionism on the Queensland labour movement.

Craft unionism: implications for union organisation

The first unions formed in colonial Australia were organised in the various capital cities and major provincial centres along craft or occupational lines. Queensland unionism was initially confined to small groups of skilled workers which were located in the colonial capital of Brisbane and in the nearby town of Ipswich (Leggatt, 1983).

The early domination of craft and occupational unionism meant that their preferred form of central co-ordination (a loosely structured TLC allowing

maximum autonomy on the part of affiliates and a minimum of central control) was established between 1871 and 1885 in the metropolitan centres of five of the six colonies (the one exception being Western Australia) (Pilkinton, 1983). As already mentioned a TLC was established in Queensland's colonial capital, Brisbane, in 1885. TLCs were therefore established in most colonies prior to the formation of the unskilled and semi-skilled unions which were to seek to establish a stronger more inclusive form of organisation based on the ALF.

Craft unionists' preference for TLCs reflected the fact that the winning of improved wages and working conditions was based largely on the monopoly which craft unionists exercised over certain skills. This meant that they did not need to establish the sort of organisational unity required by semi-skilled and unskilled workers. The union movements often pressed a collective viewpoint on a variety of broader industrial, economic and social issues which went beyond the special interests of trade. Consequently, craft unionists acknowledged that unions needed to establish a centre which could speak on behalf of all unions. For instance, the craft unions' adoption of a common policy, that of an eight hour day, united disparate unions that "hitherto had been sectional, separatist and intensely jealous of their individual independence" (Leggatt, 1983:6).

This had resulted in the establishment of the Brisbane Trades Hall in 1873 and in 1885 the Brisbane TLC which adopted the following objectives: the settlement of strikes by arbitration; the securing of an eight hour day; and obtaining an equitable share in representation in the colony (Sullivan, 1973).

The Brisbane TLC's disbandment in 1889 led to three decades of experimentation with different forms of union co-ordination. The craft unions were

involved in this experimentation although they continued to favour a loosely structured TLC. Indeed, with the onset of industrial strife in the early 1890s, these unions quickly retreated from their involvement in the ALF and "into the mould of traditional craft unionism, being conservative, cautious and primarily concerned with the protection of "trade" interests" (Sullivan, 1973:175). This withdrawal was in part "a reaction against what was seen as the ALF's industrial militancy and unwise involvement in politics" (Sullivan, 1973:240).

When the urban craft unions recovered from the effects of the industrial and economic upheavals of the 1890s, they preferred to re-establish the Brisbane TLC. This was done in 1904 only to see it disbanded again in 1910 to become the Metropolitan District Council (part of the ALF). However, with the disbandment of the ALF in 1914 many of the craft unions moved to link up with nation-wide craft associations. Moreover:

once linked inter-state and receiving the improved benefits of nationwide organisation ... while at the same time enjoying a large amount of autonomy, many unions were not enticed into state-wide federations such as the ALF or amalgamations with the AWU or other centrally controlled unions (Armstrong, 1975:151).

Instead, they preferred to establish a loosely structured co-ordinating body. The Brisbane TLC was consequently re-established for a third time in 1922 and "became accepted by an increasing number of unions as the central voice and organising agency for the Queensland industrial movement" (Armstrong, 1975:253).

The Brisbane TLC's third re-establishment marked the end of an era during which the unions of unskilled and semi-skilled workers had attempted to establish a strong central union which would have dominated the union movement. The failure to do this through the ALF was in part the result of the actions of the craft

unions. Indeed, craft unionists helped ensure that the Brisbane, and later Queensland, TLC was to emerge as the dominant form of inter-union organisation. The TLC allowed its affiliates maximum autonomy and thus was unable to exercise the sort of control necessary to secure its affiliates' commitment to a political exchange strategy. The other important factor in the ALF's demise, and the persistence of a fractured organisational structure dominated by a central union body that sought to loosely co-ordinate the demands of individual unions, was the existence of regional divisions in Queensland. These will now be considered.

Demands for regional autonomy

In Australia, unions originally began as regional organisations which were usually confined to one state, one urban centre, or one region of the state (Rimmer, 1981). At the same time, the impact of regionalism on union organisation varied considerably from state to state.

Queensland undoubtedly has been the State whose development has been most greatly affected by regionalism (Lewis, 1973, 1978). It originally developed as three distinct regions, with differences between them persisting well into the twentieth century (Lewis, 1973). The provincial centres of Townsville and Rockhampton operated as the *de facto* capitals in the north and centre, respectively, while the State's capital, Brisbane, located in the south eastern corner, acted as the centre for the southern part of the State. These regional divisions had significant implications for the organisational development of the State's union movement.

Sullivan (1973) maintains that only six months after its formation, the ALF was established as a decentralised organisation based on district councils of affiliated unions which were scattered throughout Queensland. Thus, the strong

regional divisions found in Queensland hindered the ALF's successful establishment as a central controlling body. Indeed, it even hindered the establishment of unions representing a single group of workers throughout the State. Hunt (1979) states that the decentralised and physically disjointed structure of the railway system, which tended to run inland from the ports of Brisbane, Rockhampton and Townsville, was

reflected in an anomalous organisation of railway unions: there were initially three autonomous Queensland Railway Employee's Associations (QREA's) based respectively in Brisbane, Rockhampton and Townsville (Hunt, 1979:116).

Many other unions in Queensland experienced a similar developmental process to that of the rail unions. Provincial centres such as Rockhampton and Townsville developed as significant union centres with their own TLCs, and the district offices of most state unions were affiliated to their local TLCs. Moreover, district offices in centres such as Rockhampton and Townsville were often more loyal to the local TLC, and the other local union branches, than to their state office located in Brisbane. Furthermore, the district offices of major unions such as the AWU and AMIEU were often to develop their own tactics and strategies which were not endorsed by the various union executives located in Brisbane (Hunt, 1979).

The "direct action radicalism" of Queensland's northern unionists, which contributed significantly to the persistence of industrial conflict in the north of the State (especially between 1915 and 1929) highlights the implications that regional divisions had for union action. This will be discussed in detail in the next section of this chapter.

The strength of the regional divisions had considerable implications for the organisational development of the State's union movement. In particular, they militated against the establishment of an organisationally unified movement

dominated by a strong federation, such as the ALF. This made it difficult for the union leadership to resist the rank and file's pressure to obtain more immediate benefits than could be secured through their commitment to a long term exchange strategy.

Discussion now turns to another factor which militated against the development of a organisationally united movement dominated by a strong federation. This is the system of compulsory arbitration which developed throughout Australia during the two decades spanning the turn of the century.

Compulsory arbitration: implications for union organisation

In the 1880s, the union movement in Australia was increasingly concerned with developing stronger, more inclusive forms of organisation. As already indicated, this reflected the growing influence of the newly formed unions of semi-skilled and unskilled workers. The establishment of the ALF in Queensland represented the highwater mark of this organisational trend and coincided with a dramatic shift in union strategies. This shift was the result of the trade union movement's defeat in a series of major industrial confrontations, and the onset of a major economic depression.

In the face of a rapidly declining union membership and increased levels of unemployment, the trade union movement looked to methods other than that of industrial action to secure its interests. Increasingly, political action and the election of working class representatives to the colonial parliaments, were considered important. But the development of a system of compulsory arbitration administered by the state, and sympathetic to the interests of the worker, was also critical. Compulsory arbitration, established both federally and in Queensland in the period

prior to World War I, had significant implications for the organisational development of the union movement in Queensland.

Compulsory arbitration limited the process of negotiation to labour market issues. This affected workers in particular regions, industries and occupations (Palmer, 1989). Unions were not forced to co-ordinate the demands of the entire collectivity and thus were not pressured to establish a more integrated union movement. This was because the arbitration system guaranteed unions their survival by protecting them from both inter-union competition and market pressures as well as by placing "artificial barriers to restrict amalgamation or other forms of structural change" (Rimmer, 1981:328). This meant compulsory arbitration actively militated against the development of a more co-ordinated and integrated union movement. It did this by ensuring that "registered unions (had) a virtual monopoly of organisational and bargaining rights over the field they cover" (Martin, 1971:170). As a consequence, this protected them from competition for members by new or encroaching unions. Furthermore, the arbitration "machinery has been established to ensure that even the weakest union may compel an employer to meet it on an equal footing (theoretically) before an arbitration tribunal" (Yerbury, 1971:124).

The institutional bargaining structures which developed in Australia from the 1890s onwards actually helped entrench a fragmented and small scale unionism which had been developing prior to the 1890s (Isaac and Ford, 1971; Howard, 1977; Rimmer, 1981; Deery and Plowman, 1980). Indeed, under the arbitration system the number of unions quickly grew from 198 in 1901 to 382 in 1921. In

short, the system lessened the unions' need to develop stronger more inclusive forms of organisation. For instance:

the doctrine of comparative wage justice and the practice of flow-
ons through which tribunals have passed on gains made by one
union almost automatically to members of another have meant that
the less powerful sections of the union movement have not been
greatly disadvantaged by their lack of bargaining ability (Deery and
Plowman, 1980:211).

The development of a system of compulsory arbitration allowed unions to pursue their industrial objectives without relying on the support of other sections of the union movement. This did not encourage the search for greater industrial unity and was therefore another important factor contributing to the development of an organisationally fractured union movement.

Another contributing factor was the development of the powerful bushworkers' union, the AWU, which was to establish itself as a rival centre of union power to that of the Brisbane TLC. The AWU's role will now be considered.

A powerful bushworkers' union: a competing centre of union power

A large rural workforce engaged in primary industries remote from the cities and in commercial and manufacturing centres had developed in Queensland during the nineteenth century, as it had elsewhere in Australia (Turner, 1965). This rural proletariat, along with workers in the transport industries, played a key role in the development of the ALF in Queensland. While they were eventually unsuccessful in their attempts at establishing a strong central union organisation capable of unifying the Queensland union movement, rural workers nevertheless were to succeed in establishing a powerful bushworkers' union. The amalgamation of the two largest rural unions in the State, the AWU and the Amalgamated

Workers Association in 1913, resulted in the vast majority of workers in the northern and western districts of rural Queensland becoming members of one powerful, centrally controlled, union organisation that represented approximately one third of the State's unionists (see Childe, 1964; Hunt, 1979).

Furthermore, as already explained, the AWU supported the need for the further amalgamation of all unions into the OBU. However, the establishment of the OBU foundered on the growing political division between those unions of unskilled and semi-skilled workers such as the ARU and AMIEU (which were committed to a militant revolutionary political stance) and the AWU (which was committed to a moderate labour reformist political strategy). The AWU's firm commitment to these policies also was to lead eventually to its disaffiliation from the Brisbane TLC.

The AWU disaffiliated from the Brisbane TLC for a brief period in the late 1920s and again between 1939 and 1956. It did so in response to its concerns about the way in which the TLC was being dominated increasingly by militant unionists who were committed to revolutionary syndicalist and communist ideologies which were opposed to the AWU's policies of support for arbitration and political action. (In a latter section of this chapter it is explained that, from the late 1930s onwards, the leadership positions of the Brisbane TLC were to be held by Communist Party trade unionists.)

As the AWU represented a third of Queensland's unionists, its decision to disaffiliate from the Brisbane TLC had significant ramifications for the organisational character of the Queensland union movement. The size of the AWU meant that it was able to establish itself as a rival centre of union power.

Consequently, its disaffiliation resulted in the entrenching of two competing centres of union power: the AWU and Brisbane TLC (which became the Queensland TLC in 1947). This in turn contributed to the development of an organisationally fractured union movement lacking the ability to effectively commit itself to a long term strategy of exchange. The discussion now considers how a militant revolutionary unionism further militated against the union movement being able to commit itself to a political exchange strategy.

THE UNIONS' POLITICAL CHARACTER: THE IMPACT OF A MILITANT REVOLUTIONARY UNIONISM

The strategies pursued by the Australian union movement in the period up until World War I were influenced primarily by labourism (Hagan, 1981). Central to the labourist approach was a belief that it was possible to bring about change within the existing framework of society. There was no need to develop a radical and coherent program which aimed to reconstruct society, nor a need to resort to revolutionary violence and action. Instead, the labourist tradition accepted that the workings of political democracy of the parliamentary variety offered a practicable means by which the organised working class could achieve its own aims and objectives. In particular, the election of labour governments would ensure that workers' economic and political objectives could be achieved and, as a consequence, the unions could be expected to become less reliant on the strike weapon.

During the first half of the twentieth century the majority of unions and unionists remained committed to this labourist political tradition. However, more

militant strategies inspired by various revolutionary ideas were able to gain a foothold in the period from World War I to immediately post-World War II. This militant revolutionary trade union politics developed, in part, in response to the shortcomings of the labourist project.

It was during World War I that "Labour Governments first disappointed and then enraged trade unionists by failing to protect wage standards and conditions of work from wartime pressures" (Hagan, 1981:442).

It also was partly the result of the development of an international revolutionary workers' movement which was spurred on by the success of the workers' revolution that took place in Russia in 1917 (Farrell, 1981). The beneficiaries of this militant politics in Australia were those organisations which followed the revolutionary tradition; initially the IWW and then the CPA.

In Queensland, militant unionists exercised considerable influence over the strategies pursued by the unions in the period from World War I to the late 1940s. There are three aspects of this activity which, it is argued, were important in militating against the union movement's ability to commit itself to a political exchange strategy in Queensland.

First, the development of a 'direct action radicalism' in north Queensland was influenced by syndicalist and communist ideas. They contributed to the persistence of major industrial confrontations, particularly during Labor's first period of uninterrupted rule from 1915 to 1929. Second, the syndicalist leadership of the ARU contributed to the persistence of industrial conflict during this period, and in particular, the breakdown of attempts to establish a political exchange with Labor. Finally, in the second half of the 1940s the Communist Party leadership of

the Queensland TLC militated against the establishment of a political exchange relationship with Queensland Labor. These three aspects will each be considered in more detail.

A "Direct Action Radicalism" in north Queensland

From 1915 to 1929, northern Queensland experienced major disputes in the railways, on the wharves, and in the meat, sugar and mining industries (Hunt, 1979). This was due to a form of "direct action radicalism" peculiar to the north, and it has been argued that this represented an amalgam of two regional peculiarities (Bolton, 1970). First, it was because of the isolation of north Queensland communities both from one another and the main centres of population in the south, in particular, Brisbane where the leadership of the State's union movement was located. The associated intense local loyalties, which such distance and isolation bred, contributed to a self reliance and independence of spirit which led to a sort of "irreverent" radicalism (Moles, 1980). Second, employment in the north was mainly seasonal and irregular for workers in the meat, sugar and mining industries, while employment in transport was dependent on the seasonal nature of the overall economy (Hunt, 1979). Furthermore, as the workforce was predominantly unskilled, itinerant and often semi-nomadic it fostered a "conditioned recklessness" and "undisciplined vehemence" (Moles, 1980) which resulted in a willingness to take militant action.

The militant direct action radicalism of workers in these industries was inspired by the radical ideological philosophy preached by the 'Wobbly' organisers of the IWW. According to the IWW the emancipation of the working class had to

be achieved through various forms of direct industrial action such as sabotage, the 'go slow' and strikes. It was argued that the strike

was a concrete expression of solidarity and the spirit of comradeship in the struggle which it engendered, setting as it did the master class and the working class in opposite camps in open physical antagonisms, embodied and symbolised the unseen struggle of the classes, promoted the class consciousness of the proletariat, and so promoted the revolution (Childe, 1964:139).

While support for the IWW's direct action syndicalism tended to flourish "whenever and wherever economic conditions caused discontent" (Hunt, 1979:295), it was to achieve a substantial and consistent degree of support in the north of Queensland, "especially among the Townsville meatworkers and the Cloncurry miners" (Hunt, 1979:295). For the meatworkers and miners in the north-west

harsh working and living conditions and a tradition of militancy were the context in which IWW slogans and elements of IWW philosophy were eagerly seized upon as auxiliary weapons in the battle to win higher wages and better conditions from employers (Hunt, 1979:296).

The meatworkers and miners frequently resorted to go slow strikes and lightning stoppages. These tactics were to contribute to the persistence of strikes. The emphasis placed on union solidarity in industrial struggles and the consequent invoking of blackbans also contributed to the persistence and, in particular, enlarging of industrial disputes. Union blackbans often caused the escalation of localised disputes into major regional and even statewide strikes that led to government intervention aimed at restoring law and order and disciplining unionists. The South Johnstone strike of 1927 was a prime example of the way in which the invoking of a blackban led to an escalation of disputes into major showdowns involving the State's union movement and Queensland's Labor Government (Hunt, 1983).

This "direct action radicalism" made it difficult for the state executives of unions located in Brisbane to exercise control over the industrial strategies of their respective union memberships. The union leadership also found it difficult to secure their members' support for the settling of industrial grievances through arbitration. For instance, the AWU which was the union most politically aligned to the Labor Government and the strongest supporter of arbitration, encountered difficulties when attempting to secure the commitment of its members in north Queensland to a peaceful exchange strategy with Labor. AWU members in the northern mining, pastoral and sugar industries, along with general labourers (such as sanitary workers), continued to engage in strike action under Labor governments during World War I and throughout the 1920s. This was despite the AWU leadership's attempts to exorcise this militant influence (Hunt, 1979).

The AWU leadership had to contend with a situation where its membership in the northern and western regions of the State was composed of unskilled and itinerant workers who often expressed greater loyalty to their occupational group and region, rather than to their state based union. Furthermore, these workers remained open to the influences of the more militant tactics and ideas which, in the isolated and homogeneous communities of north Queensland, often seemed to offer the best solutions to their immediate problems (Costar, 1983; Kennedy, 1983; Menghetti, 1981, 1983). Thus, even in the most politically aligned and arbitration-oriented union in the State (the AWU) a cleavage between a militant minority and the moderate mass emerged during Labor's early years of government.

The cleavage in the AWU subsequently undermined the union leadership's ability to present a concerted policy of support to the Labor government which its

leaders preferred. For instance, the action of rank and file members of the AWU at the South Johnstone sugar strike in 1927 resulted in one of the most divisive and bitter industrial conflicts in the 1915 to 1929 period. This clearly demonstrates how the influence of a militant revolutionary politics made it difficult for the AWU leadership to actually insert its members in north Queensland into a long term strategy of exchange.

Other unions had similar experiences to the AWU. The militant direct action radicalism of workers in the north of the State even created problems for unions such as the Waterside Workers Federation (WWF) and the AMIEU which had a militant State leadership. The northern membership of these two unions sometimes disregarded the directives of the union's state or federal executives and, instead, pursued their own objectives, often through direct industrial action.

For instance, strikes by waterside workers in the northern ports of Mackay and Townsville in 1916 and 1917 were the result of their unwillingness to accept national awards which interfered with local waterside customs, despite the fact that the national award was accepted by the federal WWF executive (Hunt, 1979:256–259). Meatworkers in the north often took industrial action in defiance of their state executive which complained that such action undermined its own authority and, in particular, its capacity to establish a co-ordinated bargaining strategy. Moreover, attempts on the part of the state executive to curb the militancy of the northern meatworkers was difficult as militancy had gained them extra concessions from individual employers:

Each capitulation and concession by the employers encouraged the militants to make further demands – often to the chagrin of the AMIEU state executive, which was concerned by the sectional

autonomy and contempt for union authority shown by the northern boards of control (Hunt, 1979:261).

It was the militancy amongst meatworkers in the north which contributed to one of the major industrial disputes of the 1915 to 1929 period, the Townsville meatworkers strike of 1919 (Cutler, 1973; Hunt, 1979).

The syndicalist influence in the second largest and arguably most industrially powerful union in the State, the ARU, was to further undermine the conditions for a political exchange with Labor in the 1920s. This will now be considered.

The syndicalist leadership of the ARU

Initially the railway workers and their leaders were active in labour politics and worked to see the election of working class representatives to parliament (Cribb, 1980). The ARU (then known as the Queensland Railway Employees Association) affiliated with the Labor Party in 1915, while in March 1916, Tim Moroney, (general secretary of the ARU), became the ARU's delegate to the Central Political Executive (CPE) of the Queensland Labor Party.

The ARU leadership was to argue increasingly, however, that labourism offered little benefit to workers and that any benefits secured to workers in existing capitalist society could only be achieved through the mobilisation of the workers and the taking of direct industrial action. It was this political outlook of the leadership of the ARU which was to contribute to one of the most significant strikes involving the government and unions in the period between 1915 and 1929, the railway strike of 1925.

The ideological beliefs of the leaders of the ARU, Tim Moroney and George Rymer (President) had a considerable impact on the union's strategy. Furthermore, since the ARU was a union which possessed considerable industrial muscle (because of the strategic importance of rail to a large and decentralised primary producing state such as Queensland), the ideological views of its leaders had considerable implications for the union movement as a whole.

Cribb (1980) argues that their views can best be described as socialist with strong syndicalist overtones:

Much influenced by the Industrial Workers of the World (IWW) movement, and supporters of the concepts of industrial unionism, direct industrial action and workers' control of industry, the political philosophy of the ARU leadership was firmly rooted in a belief in the recognition of the class struggle (Cribb, 1980:383).

These views were held by a significant minority in the union movement during the second decade of the twentieth century and, as already indicated above, contributed to the 'direct action radicalism' that characterised unionism in the north of Queensland. Rymer and Moroney's firm commitment to this political philosophy was to develop in response to a number of Queensland Labor's actions in the period from 1917 through to 1922.

Queensland Labor's actions during the northern railway strike of 1917 and the Townsville meatworkers' strike of 1919 contributed to their disillusionment with labourism. They believed that a government elected by the working class should govern in the interests of the workers, and thus be of benefit to them in their struggles with employers. This perspective was at odds with a labourist strategy which sought, through the establishment of a system of compulsory arbitration, to secure industrial peace between employers and unions and in

particular emphasised that it was not the role of government to take sides in industrial disputes. A more detailed discussion of the nature of the compulsory arbitration system established by Queensland Labor is taken up in the following chapter.

The northern railway strike of 1917 was settled to the satisfaction of the majority of unionists. However, a meeting of 800 railway workers in Townsville voted not to accept the settlement. In the following days the Labor Government issued an ultimatum that the workers return to work or face dismissal. This action was interpreted by many unionists as evidence of the anti-working class and anti-trade union nature of the Government. The then secretary of the combined strike committee in Townsville, George Rymer, "later claimed that the Townsville experience gave reason to distrust all Labour Governments" (Kennedy, 1973:127). Labor's actions in the Townsville meatworkers strike of 1919 were to further entrench the growing distrust that many unionists had for Labor governments.

According to the ARU leadership, Labor's decision to suspend railway workers during the Townsville meatworkers strike of 1919 represented a complete betrayal of the working class:

It is a damnable outrage upon solidarity and upon labour. It is the most scandalous any Labor Government could be guilty of. It savours of a gross betrayal of the most sacred bond of working class solidarity - the bond of mateship and loyalty to their union (*Militant*, 1/9/1919).

In summing up Labor Premier Ryan's actions, the ARU noted that he had a creditable and courageous record behind him. However, his declaration that the 'Government must govern' seemed to be the flimsiest of excuses for the anti-working class actions of his government (Hunt, 1979).

Labor's actions in the Townsville meatworkers strike convinced militant unionists such as Moroney and Rymer that Labor had "abnegated its responsibilities to the labour movement" (Hunt, 1979:409). Its apparent lack of sympathy for unionists suggested that there was little difference between a Labor Government and a National Party Government (Armstrong, 1975).

Finally, Queensland Labor's response to the economic blockade imposed upon it by financial interests in London in the period from 1920 to 1924 and, in particular, its decision to seek a reduction in the basic wage of government employees in 1922, confirmed to Moroney and Rymer the fundamental shortcomings of a labourist strategy which relied on political action and believed that the machinery of the State could be utilised to emancipate the working class. The impact of this economic blockade and its implications for the establishment of a stable political exchange between Labor and the unions is considered in more detail in Chapter 8.

Labor's decision to seek a reduction in the basic wage of its own employees in 1922, led the Brisbane TLC to establish a committee of twenty-nine unions – the Government Employees' Anti-Reduction Committee. This committee sought to have the government reverse its decision in relation to the basic wage. The militant leadership of the ARU dominated the committee and spearheaded a vigorous industrial campaign which culminated in the statewide railway strike of August 1925. This strike represented a significant victory for the militant leadership of the ARU. It was settled following Labor's commitment to legislate for the restoration of the basic wage to its pre 1922 level (Smith, 1983).

The ARU's victory over Labor in 1925 helped embitter relations between the militant wing of the union movement and Labor. In particular, it directly contributed to one of the most bitter industrial struggles involving Labor and the unions, the South Johnstone strike. During this strike Labor took the opportunity to even the score with the militant leaders of the ARU. It took the unprecedented action of locking out the State's railway workers and, in turn, forcing the ARU leadership's capitulation (Higgins, 1954, 1960).

The syndicalist leadership of the ARU, along with the direct action radicalism of unionists in the north of the State, were to hinder the establishment a stable political exchange between Labor and the unions in the period between 1915 and 1929. However, the influence of syndicalism and the IWW was to wane in the 1930s and 1940s although this did not lead to a decline in the influence of a revolutionary militant unionism in Queensland. Instead, Communist Party trade unionists emerged in the 1930s and World War II as the leaders of a powerful militant revolutionary opposition within the trade union movement. The discussion now turns to a consideration of the communists' impact on the Queensland union movement's strategy.

The communist challenge

According to the CPA the McCormack Labor Government's locking out of Queensland's railway workers in 1927 graphically demonstrated the shortcomings of Labor governments and a labour reformist strategy in capitalist society. Indeed, it resulted in the Communist International issuing a 'Queensland Resolution' in 1928 (see the *Workers Weekly*, 24/8/1928) which argued that, despite Queensland Labor having been in power for a period of thirteen years, capitalism was stronger

than ever. The CPA concluded in the late 1920s and early 1930s that the fundamental challenge with which it was confronted was one of winning over workers and the union movement to a militant policy (Cram, 1935; Dixon, 1935; Davidson, 1969).

The winning of unions and unionists to this policy, and thus a greater reliance on the strike weapon, would (it was said) win the workers their more immediate economic demands but also, more importantly, contribute to the development of a greater revolutionary consciousness amongst unionists. As Australian Communist Party General Secretary Sharkey argued, "strikes develop the labour movement, organise and unite workers and win the intermediate social strata to the side of the revolution" (Sharkey, 1960:26).

The winning of the masses to the side of the revolution would be achieved through the politicisation of strikes in which the nature of the existing class society is revealed, the role of the capitalist state is revealed, and the shortcomings of Labor governments and reformist union leaders exposed. The successful politicisation of strikes would lead, it was thought, to the creation of the conditions where the masses would go over to the side of the CPA. The strike weapon therefore was considered to be pivotal to the overall success of the political strategy pursued by the CPA (Davidson, 1969). However, the capacity of Communist Party trade unionists to put this militant strike policy into effect in Queensland was tempered from the early 1930s to 1957 by a complex of factors. These included the prevailing economic and social conditions, the organisational strength of the CPA in the unions, and changes in the Party's own political line.

During the early to mid 1930s the CPA encouraged communist unionists to press for a general strike whenever an industrial dispute occurred (Davidson, 1969). However, the union movement's bitter experience in a number of industrial struggles in the late 1920s and early 1930s, and the impact of the Depression (which weakened the union's organisational strength [see Jensen, 1971] and bargaining position in the labour market) was to dampen its enthusiasm for industrial action. The election of a Labor government in Queensland in 1932 also led the majority of moderate unionists to prefer a strategy of political exchange rather than seek to pursue their interests in the economic arena through collective acts of militancy (Costar, 1980). Consequently, Communist Party agitation did not result in the development of a major strike struggle during the first half of the 1930s. Furthermore, the CPA's organisational weakness within the unions at this juncture meant that it was not in a position to impose a militant policy on the union movement.

Changes in the CPA's political line in the mid 1930s lessened its willingness to pursue a militant policy. In 1936, the CPA, along with the communist movement in other capitalist industrial countries, decided to build a united front with other progressive elements in the labour movement. The adoption of this more moderate political stance led it to argue that "continually calling for strikes when they are not necessary is no achievement and only leads to isolation" (quoted in Davidson, 1969:88).

During the period of the Nazi-Soviet pact between 1940 and 1941 communist trade union leaders were "compelled to adopt policies of more aggressive strike action" (Davidson, 1969:90). This position was reversed in 1941

following the CPA's decision to support the Allies in the war against fascism. From 1941 until the end of the Second World War, communist trade union leaders were told that "greater production was necessary and hence greater labor discipline, continuity of work, and cooperation with employers" (Davidson, 1969:90–91).

The majority of communist trade union leaders committed themselves to this policy, though some were to encourage the taking of strike action (Davidson, 1969). The CPA's commitment to a cautious industrial relations policy continued in the year immediately following the end of World War II.

In 1946 the Party leadership was concerned that employers were drawing the union movement into industrial disputes that were poorly conducted and thus undermined the position of the union movement (Davidson, 1969; Sheridan, 1989). It considered, for instance, that the Queensland meat workers strike of 1946 was fought over the wrong issue: it was "tactically immature and potentially damaging to the political interests of the labour movement" (Blackmur, 1993:86). In short, while agreeing that the meat companies' right to hire and fire should be challenged, the CPA believed that a strike of massive proportions was not warranted. Instead, it argued that the meat strike should have been confined to the factory concerned, with the union movement aiming for a quick settlement. Queensland Communist Party leader Jack Henry was critical of the AMIEU leadership's hopes for a general strike and its belief that "they could win quickly and easily" (Henry, 1946:4).

The CPA's concerns also reflected its belief that the strike weapon may work against its political objectives where the unions provided poor leadership and the strike was fought over the wrong issues. As General Secretary Sharkey argued,

if strikes are to be a revolutionary weapon then they need to be "properly led and conducted and properly timed" (Sharkey, 1960:26).

Thus, in the period from 1930 to 1946, a complex of factors meant that the CPA's commitment to a militant policy did not have a noticeable impact on industrial relations. However, in the period from 1946 to 1949, this militant policy was to have a considerable impact on industrial relations in Queensland and elsewhere in Australia (Blackmur, 1993; Davidson, 1969; Sheridan, 1989). This is not to suggest that the industrial struggles of this period were the result of a communist plot. Instead, they were the result of a complex set of industrial, economic, social and political factors, of which the militant policy pursued by Communist Party trade union leaders was one significant ingredient (Sheridan, 1989; Blackmur, 1993).

The CPA believed that the Queensland meat strike, along with the Victorian transport strike of 1946, marked the beginning of a period during which short, well organised, offensive, strikes over major economic issues could win the masses over to its side. These strikes pointed to the working class's willingness to struggle (Blackmur, 1993). The CPA leadership believed that the upsurge in strikes which began in late 1945, and intensified in 1946, created conditions under which the CPA could establish itself as the political representative of the Australian working class. The Communist Party "confidently expected to replace the Labor Party, with its history of compromise with, and concessions to capitalism, as the party of the people" (Blackmur, 1993:182). This was to be achieved through the Party's role of actively developing and leading the strike wave. From late 1946 onwards the CPA

consequently began to actively pursue a militant policy with the aim of fostering industrial conflict.

The CPA's pursuit of a militant policy was assured of greater success than it had been in the first half of the 1930s because of its significantly enhanced position within the union movement which peaked towards the end of World War II (Davidson, 1969). It exercised important leadership positions at both the national and state level and exercised control of many of the more important unions in the country. Moreover, the CPA exercised considerably more influence in the Queensland union movement than in most other states. In 1942 the CPA in Queensland won the majority of key positions in the Queensland TLC and retained them through until 1957. In contrast, the CPA failed to win control of any other state capital TLC. Queensland's Communist trade unionists were thus well placed to influence developments in the post-World War II era when conditions appeared more conducive to the pursuit of the class struggle. Consequently, during the second half of the 1940s Communist Party trade unionists' pursuit of militant industrial tactics contributed significantly to undermining the labour reformists' industrial peace objectives.

In Queensland, throughout 1947, the CPA believed that a major conflict was likely to occur in the railways and that this would create the opportunity for the militant unions. Communists in the leadership aimed to play a decisive role in a major strike that would help win the masses over to the CPA. This is not to say that the Party was responsible for fomenting or engineering the dispute and nor was it to "control or capture the subsequent strike action" (Blackmur, 1993:203). However, those Communist Party trade unionists who held many leadership

positions in the various unions involved in the 1948 Railway strike played a major part in the development of a particularly long and bitter industrial struggle involving a Queensland Labor government and the TLC unions. They believed that through this struggle, the shortcomings of the capitalist system and reformist Labor governments would be exposed.

The Party's pursuit of this militant policy was brought to an effective end in the following year with the defeat of the coal miners strike in New South Wales. The CPA formally abandoned its policy of aggressive militancy in 1951 and instead, returned to a policy of moderation in trade union activity. In particular, it gave up its "policies of large stoppages, returning to the tactics of one day stoppages" (Davidson, 1969:139).

The CPA was to play a significant part in union affairs throughout much of the period during which Labor ruled in Queensland. However, the militant trade unionism that it was committed to throughout most of this period was to be put into effect for only a very brief period from late 1946 through to 1949. Nevertheless, it had a considerable impact. It undermined Labor's attempts to establish industrial peace in the immediate post-war period. The bitterness which the railway strike of 1948 engendered in the Queensland labour movement also militated against the establishment of a stable political exchange between the industrial and political wings of the labour movement during the 1950s. In the post-World War II era, the CPA leadership in the trade unions continued the militant tradition established primarily by syndicalists in the period from World War I to the late 1920s.

CONCLUSION

Unlike their counterparts in Sweden, Queensland's unions failed to develop an organisationally unified movement dominated by a strong union confederation. Instead, there developed a union movement organised along craft, general and industrial lines and dominated by two competing centres of union power. These were the Queensland TLC, which loosely coordinated the actions of approximately two thirds of the union movement, and the AWU, which represented the other third of the trade union movement. This organisational character developed due to a variety of factors including the influence of craft unionism, the impact of regional divisions, the impact of compulsory arbitration and political divisions.

Furthermore, an influential revolutionary opposition within the trade union movement also developed. It was based on a syndicalist militancy in the north of the State and in the State's second largest and most powerful union, the ARU, during the first period of uninterrupted Labor rule (1915–1929). The CPA exercised considerable influence through its leadership of the Queensland TLC in the second half of the 1940s. All these organisational and political characteristics meant that the trade union movement in Queensland found itself unable to commit itself to a peaceful exchange strategy.

The discussion now turns to a consideration of how the institutional arrangements established in response to a historic compromise, and formulated in the two decades spanning the turn of the twentieth century in Australia, also failed to contribute to the establishment of a political exchange relationship that dominated bargaining in the industrial relations arena under Queensland Labor.

CHAPTER 7

AN INSTITUTIONAL DETERMINANT OF INDUSTRIAL PEACE? QUEENSLAND'S SYSTEM OF COMPULSORY ARBITRATION

Queensland Labor governments have periodically asserted that the system of conciliation and arbitration which they established led to the development of industrial peace (see for instance the *Worker*, 21/9/1922; QPD, 1946:1880–1881). However, the empirical evidence relating to strikes indicates that this was not the case. This chapter claims that strikes persisted in Queensland under Labor, in part, because compulsory arbitration failed to contribute to the establishment of a political exchange relationship that dominated industrial relations. There are two aspects of the system of compulsory arbitration which contributed to the continued reliance of workers and unions on the strike weapon.

First, the systems of compulsory arbitration established throughout Australia, including in Queensland under Labor, represented a sectoral or industry-based form of corporatism. There are two elements of this sectoral corporatist system which hindered the establishment of a political exchange which could dominate industrial relations under Queensland Labor. First, it encouraged workers and their unions to adopt an adversarial approach, rather than one based on co-operation and compromise, and thus contributed to the persistence of industrial conflict. Moreover, this bargaining system resulted in the government being confined to the role of enforcing the rules of the game. This tended to embitter government–union relations and thus lessened the unions' commitment to a peaceful exchange strategy. Also, these corporatist arrangements resulted in a very

limited range of issues being regulated, that is wages and basic conditions of employment. This stood in stark contrast to the much broader range of issues, such as the promotion of industrial restructuring, the development of labour market policies and a social wage whereby corporatist arrangements are established at the societal level. This in turn contributed to Queensland's Labor governments being unable to guarantee to workers the sorts of benefits which could have been expected to secure their commitment to a long term strategy of exchange.

Second, the system of compulsory arbitration formed the cornerstone of the welfare regime established during the two decades spanning the turn of the twentieth century in Australia. It guaranteed wage security for the worker rather than social security for the citizen. This was to be achieved through a system of wage regulation that guaranteed workers a living wage while a residual system of income maintenance provided insurance against poverty for all those outside the labour market. Initially this system of wage regulation formed the basis of a political bargain established between employers and unions. The commitment of the labour movement to the system of compulsory arbitration reflected its belief that it would guarantee to workers the same high standard of living which they had been assured of immediately prior to the depression of the 1890s. However, in the period from World War I onwards, the level at which the living wage was set failed to satisfy many unions. There were two main factors which help explain why this was the case.

First, the living wage was determined increasingly on the basis of industry's capacity to pay rather than social considerations, particularly the need to secure to workers a decent standard of living in a prosperous capitalist industrial country.

This in turn emphasised how workers were dependent on the market rather than government for their income, and thus led them to pursue their interests in the economic rather than the political arena. Second, Australia's poor economic performance between the 1890s and World War II meant that the wage earners' welfare state was unable to deliver generous real wage outcomes which might have been expected to help secure Queensland workers' commitment to a peaceful exchange strategy.

This chapter begins by explaining how the systems of compulsory arbitration, which developed at the national level and in each of Australia's six states occurred in response to the bitter industrial skirmishes and severe economic crisis of the early 1890s. The discussion notes that there were a number of factors present at this time of societal crisis which made possible the achievement of this historic compromise. These included Australia's economic vulnerability, the existence of a well developed and strongly reformist labour movement, divisions within the ranks of capital and a tradition of state intervention. The discussion now turns to considering how this historic compromise came about at the beginning of the twentieth century in Australia.

AUSTRALIA'S HISTORIC COMPROMISE

The severe economic depression and bitter industrial skirmishes of the early 1890s led to the establishment of an historic compromise between the key actors in society (organised labour, employers and government). Conditions similar to those found in Sweden a generation later were found in Australia in the 1890s (see Macarthy, 1967, 1968a, 1968b, 1970; Rickard, 1976; Macintyre, 1983; Edwards,

1986; Castles, 1988; Macintyre and Mitchell, 1989). This section briefly outlines the nature of these conditions and then goes on to consider the institutional arrangements established to counter these conditions.

The vulnerability of the economy became obvious to all sectors of Australian society during a period of particularly depressed economic times which lasted through the 1890s and into the early years of the twentieth century. Castles (1988) explains that:

no major effort of discernment was required to perceive the exogenous origins of what had gone wrong with the economy. Prices of primary export commodities dropped like a stone and pastoralists and farmers went to the wall in droves. Overseas capital for residential construction dried up and so did residential construction (Castles, 1988:92).

The strength of the labour movement and its commitment to a reformist outlook, divisions in the ranks of the ruling interests, and the highly interventionist nature of the state were additional factors which encouraged the development of a compromise between labour and capital.

During the 1880s, the labour movement developed considerable industrial strength (see Fitzpatrick, 1940; Gollan, 1960; Spence, 1909; Turner, 1965). This strength allowed it to launch a series of major strikes in 1890 and 1891 against capitalist interests intent on entrenching a policy of freedom of contract. The union movement suffered a number of major defeats in these industrial confrontations (see Gollan, 1960; Spence, 1909; Sullivan, 1983; Sullivan and Sullivan, 1983). Despite these defeats, however, it was to act swiftly, and with astounding success, to protect and advance its interests by resorting to increased activity in the political arena. This was to encourage the development of a compromise.

During the early 1890s Labor parties were established in each of the six colonies and soon developed into significant political actors (see Burgmann, 1985; McMullin, 1991; Murphy *et al.*, 1970; Murphy, 1975; Nairn, 1973; Rickard, 1976; Turner, 1965; Spence, 1909). The growing political strength of the labour movement was underlined by the fact that Australians elected the world's first Labor government, which briefly took office in Queensland in 1899. Australia was also the first country in the world to be ruled by a majority Labor government (in 1910). The reasons for the strength of the labour movement at this relatively early juncture, when compared with the development of labour movements in other western nations, can be traced to its modern economic structure and also the fact that it was the first fully representative democracy in the modern sense (Castles, 1988).

The labour movement was also firmly committed to a reformist political ideology (Philipp, 1950; Spence, 1909; Rickard, 1976). Consequently, its defeat in the industrial struggles of the early 1890s did not result in it arguing for the radical reconstruction of society. Rather it argued for the working class to win state power within existing capitalist society and in doing so it could introduce pragmatic reforms, such as the establishment of a system of conciliation and arbitration, which benefited the worker. In short, Labor's leaders believed that while the employers had defeated the unions in the industrial battles of the early 1890s, they had, by their provocative actions aroused workers. Moreover, through their superior numbers they would allow Labor "to rule shortly over shipowners as well as shearers" (Spence, 1909:90). In short, the labour movement believed that in the future the working class would, through its superior numbers, "elect their chosen

representatives who will make laws for the welfare of the people: and class misrule and misgovernment, with all its attendant injustice and misery, will become a thing of the past" (Spence, 1909:110). The establishment of an historic compromise was also made possible by the divisions within the ranks of capital.

Employers emerged from the events of the early 1890s with their industrial strength considerably enhanced. However, this was not matched by a similar unity of its political and economic interests (see Macarthy, 1968a, 1968b, 1970; Macintyre, 1983, 1989; Rickard, 1976). There was a split in capital's ranks on the issue of state intervention in the sphere of industrial relations. Employers in the export sector were opposed to any form of government regulation which would increase the cost of labour. Another group of employers, consisting largely of manufacturers, favoured state intervention for reasons of tariff protection and price regulation. Manufacturers were willing to enter into an alliance with Labor, in which they gained tariff protection and price regulation, while in return supporting Labor's demands for state intervention in the sphere of industrial relations. The development of this "unholy alliance" between labour and manufacturers was to lend strong political support to the development of a new protectionist order in which the establishment of an institutionalised system of industrial relations played a pivotal role.

Finally, the industrial warfare of the 1890s opened the way for increased state intervention in the regulation of industrial affairs (Macarthy, 1967; Rickard, 1976; Macintyre and Mitchell, 1989). There were public calls for governments to intervene and establish mechanisms to settle industrial disputes (Bray and Rimmer, 1989; Macintyre, 1983). The fact that a well established tradition of state

intervention existed, particularly in relation to the regulation of the labour market (see Quinlan, 1987; Kitay, 1989), meant that governments possessed the appropriate authority and resources to act (Edwards, 1986).

It has often been observed that the state has played an unusually important role in Australian history, from the comprehensive management of the convict colonies to the extensive economic activity of colonial governments in the later nineteenth century, and arbitration and welfare activity in the twentieth (Connell and Irving, 1980:31–32).

Government intervention in Australia has been much more significant, and often the government has been a more autonomous actor than in North America or Europe (Butlin *et al.*, 1982:3–4).

There were, therefore, a series of factors which contributed to the establishment of an historic compromise at the beginning of the twentieth century in Australia. The reaching of this historic compromise resulted in a process of political exchange involving the key actors in society. The process of political exchange led to the establishment of four closely interrelated institutional and policy arrangements. Two of these institutional and policy arrangements – tariff protection for manufacturers and a system of compulsory arbitration which guaranteed the worker a living wage – were at the heart of the political bargain established at the turn of the twentieth century. It was the *Excise Tariff (Agricultural Machinery) Act* of 1906 which "stipulated that the Australian employer would receive the benefit of protection only if he paid his workers 'fair and reasonable' wages" (Macintyre, 1983:107), which was to be the occasion for Australia's historic compromise (Castles, 1988). The Harvester judgement of 1907 used the application, by a Victorian manufacturer of agricultural equipment, for the benefits provided under the 1906 legislation to establish a minimum living wage.

The two other institutional and policy arrangements which developed out of this historic compromise were a white Australia policy which sought to control immigration, and a residual system of income maintenance which provided insurance against poverty for all those outside the labour market (Castles, 1988).

Compulsory arbitration was considered critical to the establishment of a new social order dominated by industrial peace (Higgins, 1922). However, compulsory arbitration was not to succeed in creating industrial harmony. The following discussion first explains that compulsory arbitration represented a sectoral or industry based form of corporatism which militated against the establishment of a political exchange which dominated industrial relations under successive Queensland Labor governments between 1915 and 1957. The reasons why the welfare arrangements associated with the system of compulsory arbitration failed to result in industrial relations being dominated by a political exchange, are then considered.

A SYSTEM OF COMPULSORY ARBITRATION: A SECTORAL-CORPORATIST BARGAINING STRUCTURE

In the period from the 1840s to the 1890s the industrial relations system evolving in Australia was similar to that developing in Britain and the United States. In short, a liberal-based system of collective bargaining was developing. The laissez-faire belief that hours and wages should be set by a competitive labour market dominated. Forms of state intervention which aimed to protect employees from exploitation in the workplace or provide mechanisms for the settling disputes, were strongly opposed (Bray and Rimmer, 1989; Fitzpatrick, 1940; Gollan, 1960;

Macarthy, 1967, 1970). Employers and employees were particularly strongly opposed to the idea of compulsory arbitration (see Macintyre, 1983; Macarthy, 1970; Philipp, 1950; Rickard, 1976). Employers and unions developed ways of dealing with each other either by direct negotiation or occasionally by resorting to voluntary conciliation (Macarthy, 1967).

However, the industrial warfare of the 1890s opened the way for increased state intervention in the regulation of industrial affairs. It was argued that the state should intervene to limit the undesirable effects of a laissez-faire doctrine which, in the field of industrial relations had led to a debilitating "industrial war". According to Powers (one of Queensland's influential liberal parliamentarians during the 1890s) "either capital will starve labour, or labour, by producing strikes, will enforce what it thinks just" and as a consequence "obtain conditions under which the employers may not be able to carry on" (QPD, 1894:1108). Consequently, Liberal politicians, with the support of Labor, were to introduce legislative reforms which resulted in the establishment of conciliation and arbitration tribunals which formed the basis of a sectoral-corporatist bargaining structure (Palmer, 1989).

With corporatist arrangements being established at the sectoral, rather than national level, there was the failure to establish a political exchange relationship of industrial relations during Labor's period of rule in Queensland. There were two reasons for this. First, because the establishment of corporatist arrangements at this level led to the development of a bargaining system where disputes were resolved through the courts and judicial proceedings. This led to the development of an adversarial rather than consensus based system of industrial relations. Furthermore,

the role of government was confined to that of enforcing the rules of the game. This meant that Queensland Labor often took action which embittered government–union relations and consequently contributed to the persistence of industrial conflict. Second, the corporatist arrangements established resulted in a very limited range of issues being regulated, that is wages and basic conditions of employment, rather than the much broader range of issues which are subject to the process of regulation when corporatist arrangements are established at the societal level. Consequently, Queensland Labor governments were not to guarantee to workers the sorts of benefits or rewards that could have been expected to help secure their commitment to a long term strategy of exchange.

A formal legalistic bargaining system

The democratic corporatist arrangements established in Sweden in the 1930s and 1940s contributed to the development of a bargaining system which encouraged government, unions and employers to engage in a process of negotiation and compromise through various tripartite forums established at the societal level. In other words, the system of bargaining that was established was founded on an ongoing process of political exchange. In contrast, the corporatist arrangements established at the sectoral or industry level in Australia led to the establishment of a quite different bargaining system. A formal legalistic system of compulsory arbitration was established. This system encouraged competition between the major actors in the industrial relations arena and, in particular, the adoption of a 'winner take all' approach that contributed to the persistence of industrial conflict.

The establishment of such a bargaining system reflected the influence of the dominant liberal ideas of the time (Campbell, 1976; Rowse, 1978). These claimed that the preservation of government's impartiality in the sphere of industrial relations was essential if social peace was to be established. The proposed solution was one of wrapping up the problem of industrial strife "in the brown paper of bureaucracy" (Rickard, 1976:286) and handing it over to the courts. A willingness to hand the problem to the courts was supported by a belief that judges, who were thought to be above suspicion of bias towards either party, could reach impartial decisions on a variety of industrial matters. In other words preserving the executive arm of government's impartiality meant that the bargaining process was influenced by judicial rather than political factors. Consequently, these developed a formal legalistic system of industrial relations which encouraged the key actors to adopt an adversarial posture that exacerbated conflicts of interests and, in so doing, contributed to the persistence of strikes. Atkinson (1920) neatly summed up the problems of this system when he noted that:

The most serious effect of arbitration is ... the development on each side of a highly organised system of strategy, in which the leaders conduct manoeuvres with the greatest skill, their sole object being the gaining of points and victories for their own side. As in a court of law, the side which can convince the chairman of the board is sure to win, for almost invariably the voting is of a solid party character. Thus the very basis of the wages board system seems to be wrong, for it looks no further than the stereotyping of an industrial situation in which neither side co-operates with the other, and the divergence of their interests is emphasised How can we expect industrial peace from a form of industrial strategy that never contemplates the transformation of the contending armies into a co-operative association? (Atkinson, 1920:167-68).

Many commentators (see Hancock, 1971; Isaac, 1971; Niland, 1978; Blandy *et al.*, 1986) have since noted that one of the key failings of the arbitration system is its

tendency to discourage constructive co-operation and compromise between the major actors. Indeed, they have noted how systems of free collective bargaining established in other countries resulted in the development of a greater degree of concession and compromise and, as a result, created conditions which are more conducive to conflict resolution. In contrast, a system of arbitration, through its reliance on the rule of law, encourages the main participants "to adopt antagonistic postures that unduly exaggerate the natural level of conflict" (Niland, 1978:7).

In summary, the system of compulsory arbitration encourages the key actors to pursue a variety of tactics, including direct industrial action where necessary, to maximise their interests. For instance, while workers in Queensland acknowledged the benefits of the system of arbitration established by Labor

this did not mean that they abandoned other means of settling job grievances. On the contrary, most unions regarded arbitration awards mainly as a legally enforceable minimum standard of wages and working conditions Trade unions seldom renounced, as compulsory arbitration implied they should, the right to strike in order to secure better conditions (Hunt, 1979:241).

The strike was relied on to press union claims where they believed that their interests were being disadvantaged by the arbitration system and the actions of employers. For instance, it is maintained in a later section of this chapter that increasing worker and union dissatisfaction with the industrial tribunals' decisions in relation to the living wage led to the unions' increased reliance on the strike weapon.

Unions utilised the brief industrial stoppage with great effect to demonstrate the seriousness of their case to the Arbitration Court. The strike was often used as an effective means of drawing the court's attention to a grievance, and ensuring a quick tribunal hearing (Niland, 1978). Moreover, even those unions which have

been strong supporters of conciliation and arbitration, such as the AWU in Queensland, sometimes pursued their members' interests through direct industrial action with the explicit aim of forcing favourable action from the Industrial Court. In 1956, for example, the AWU's dissatisfaction with a ruling of the Queensland Industrial Court resulted in it taking industrial action which lasted for several months and eventually forced the Industrial Court to hand down an interim award which settled the strike (McMurchy, 1983).

The unions' reliance on industrial action to press their claims ran contrary to the rules underpinning the system of compulsory arbitration. This was often to bring the unions into conflict with governments as they were responsible for upholding the rules of the game rather than seeking to negotiate compromises between the contending armies in the industrial relations arena.

Consequently, Queensland Labor was to take action aimed at disciplining striking unionists during the Townsville meatworkers' strike of 1919. The previous chapter noted that these actions brought Queensland Labor into conflict with the militants in the union movement and consequently helped embitter government–union relations (see Armstrong, 1975; Cutler, 1973; Hunt, 1979, 1983; Kennedy, 1973; Murphy, 1983). It was Queensland Labor's heavy handed intervention in the South Johnstone strike of 1927 which significantly embittered government–union relations.

Queensland Labor dismissed 18,000 striking railway employees following a protracted industrial dispute at South Johnstone in 1927. The Government determined that these striking unionists would only be re–employed if they signed an undertaking to abide by the instructions of the Railway Commissioner. After

ten days of severe industrial dislocation Labor Premier McCormack was able to announce that the railway unions had signed the undertaking and as a consequence there would be no trouble in the railways in the future (*Brisbane Courier*, 12/9/1927). Queensland Labor's action in the South Johnstone strike severely undermined the union movement's confidence in Labor (see Cribb, 1964, 1980; Kennedy, 1983; Higgins, 1954, 1960). It was to push a growing number of unions to question the usefulness of supporting Queensland Labor and, in particular, committing themselves to a peaceful exchange with Labor (see ALP, 1928:36–47).

In a number of industrial disputes in the post-World War II era, in particular, the railway strike of 1948 (see Blackmur, 1983, 1986, 1993; Cribb, 1980; Sheridan, 1989) and the shearers strike of 1956 (see McMurchy, 1983), Queensland Labor took heavy handed action aimed at punishing striking unionists. For instance, during the 1948 railway strike, it was to proclaim a state of emergency under Section 22 of the Transport Act and an Order-in-Council prohibiting picketing and the counselling of strike action (Cribb, 1980). These actions on the part of Queensland Labor were to further embitter government–union relations and, as a consequence, undermined the unions' willingness to commit themselves to a peaceful exchange strategy.

In summary, the establishment of a formal legalistic bargaining system which encouraged the parties to adopt a 'winner take all' approach, contributed to the persistence of industrial conflict rather than the development of an industrial relations system dominated by a political exchange relationship. Moreover, the role government played, that is one of policing the system in the public interest, was to embitter government–union relations and thus lessened the unions' interests in

committing themselves to a peaceful exchange strategy. Furthermore, it is argued in the next section that because corporatist arrangements were established at the sectoral or industry level, government was not able to guarantee to workers the sorts of benefits which could have been expected to secure their support for a political exchange strategy.

A limited role for government

The historic compromise established at the beginning of the twentieth century in Australia led to the development of a broad package of policies.

However

the corporatist decision-making machinery that was established as a result of the bargain did not have that range. The tribunals were established at a meso-level (or industry or sectoral level) and developed an award structure that served to limit the decision making to labour market issues affecting sectors of the labour force (Palmer, 1989:328).

In other words, the system of compulsory arbitration did not result in a broad range of issues being regulated. Various issues such as labour market policy, social welfare and the social wage were not incorporated into the bargaining process. Instead, compulsory arbitration limited "regulation to real wages and basic conditions of employment" (Palmer, 1989:328). Consequently, government was not responsible for guaranteeing to workers the sorts of benefits which might have secured their commitment to a long term strategy of exchange.

This system was influenced, as already mentioned, by the dominant liberal ideas of the time. These ideas contended that developments in the economy, and the labour market in particular, should generally remain separate from the political arena. Justice McCawley, the first President of the Industrial Court established by

Queensland Labor in 1916, outlined in some detail the reasons why government intervention should be limited. He contended that it was entirely proper for the Queensland Parliament to lay down the maximum wage and prescribe equal pay for equal work as such matters had "received the benediction of the League of Nations and hence may be regarded as having passed out of the region of party politics or of acute industrial controversy" (McCawley, 1924:509). However, he questioned the wisdom of further intervention by the Legislature. In doing so he outlined a number of reasons against further intervention:

(1) Parliament is not suitably constituted for the exercise of this specialised function; (2) a party political matter will be made of what hitherto had been regarded as in the nature of a judicial function; (3) wages may vary with the swing of the political pendulum. Political gains may be transitory, may be reversed by succeeding parliaments, and may jeopardise the whole system of arbitration (McCawley, 1924:509).

In other words government should remain aloof from the bargaining which takes place in society over the distribution of the fruits of production.

Queensland Labor governments were to subscribe to this approach (see comments by Labor Premier Theodore in the *Daily Standard*, 6/12/1922). Thus, while they introduced legislation which set maximum working hours and other basic conditions, the sectoral corporatist system of compulsory arbitration did not contemplate government intervention aimed at guaranteeing the workers' future security. This has only tended to occur where corporatist arrangements have been established at the societal level. Instead, the bargaining which took place at the sectoral or industry level was limited to a few issues such as wages and basic conditions of employment. Consequently, Queensland Labor governments were not

able to guarantee to workers the sorts of benefits which might have been expected to secure their commitment to a long term strategy of exchange.

The system of compulsory arbitration also formed the cornerstone of a welfare system that failed to contribute to the establishment of a political exchange which could have dominated industrial relations. The discussion now turns to explain why this was the case.

A WAGE EARNERS' WELFARE STATE

At the beginning of the twentieth century Australia and New Zealand gained reputations as welfare pioneers (Castles, 1985). Australia's reputation was based primarily on the system of compulsory arbitration established in the period between the early 1890s and World War I. This sought not only to settle disputes between capital and labour but, equally importantly, to guarantee the future security of workers which, it was generally acknowledged, was crucial if class tensions were to be reduced and industrial peace secured (Macintyre and Mitchell, 1989; Rickard, 1976). The guaranteeing of workers' future security was to be achieved through the setting of a living wage.

The second President of the Commonwealth Conciliation and Arbitration Court, Justice Higgins, pointed out when setting the rate for the living wage in his *Harvester* judgement of 1907, that the establishment of such a wage was essential to the success of a system given the task of securing social peace. "One cannot conceive of industrial peace unless the employee has secured to him wages sufficient for the essentials of human existence" (Higgins, 1922:6).

Justice Higgins contended that a fair and reasonable wage must be based upon "the normal needs of the average employee, regarded as a human being living in a civilised community" (Higgins, 1922:4). It was based on the living requirements necessary to keep a working man, his wife and three children in a condition of frugal comfort. Moreover, the living or basic wage (i.e. the minimum payable for unskilled labour) formed the basis of a wage awards system which guaranteed workers a decent standard of living. The wage awards consisted of a basic wage "plus margins for skill, and the real value of the 'living' wage notionally guaranteed by indexation of the basic wage component to changes in the consumer price index" (Castles, 1988:99).

A welfare system developed based on wage security for the worker, which was to be secured through a system of compulsory arbitration, rather than social security for the citizen. "It sought to ensure that adult males were able to satisfy their needs in the market, principally by means of state arbitration determining wage levels on a needs basis" (Macintyre, 1986:4).

A system of wage regulation which took human need into account was quite radical in an era when private profit was the key determinant of wage setting in most modern industrial countries. The other elements of this welfare system included benefits such as old age and invalidity pensions which were subject to means tests and provided flat-rate benefits, and thus were examples of a residual and selectivist social policy. The aim was "to substitute state charity for private charity in circumstances where the latter could not meet emergent needs" (Castles, 1985:16).

Furthermore, because "the criterion of inclusion was status as a wage earner rather than status as a citizen" (Castles, 1985:86), there were some rather large holes to be found in the welfare safety net. For instance, those on the basic wage who were hit by temporary unemployment, sickness, or had moderately large families, often fell below the poverty line. The Australian wage earners' welfare system therefore had its limitations.

Nevertheless, there remained at the same time:

a genuine contrast between the overall social policy profiles of these countries and that of the United States, insofar as the existence of a statutory wage regulation system in the former continued to provide a national minimum level of needs-fulfilment below which the vast majority of wage-earners could not fall (Castles, 1985:103).

A welfare system which sought to defend the working man's existing standard of living, while providing a modicum of relief for the less fortunate initially was strongly supported by workers and their unions (Spence, 1909). Indeed, as has already been noted, the needs based living wage set by Justice Higgins in his Harvester judgement of 1907 formed the basis of a political bargain reached between unions and employers in the two decades spanning the turn of the twentieth century. Furthermore, the system of wage earner security established at the beginning of the twentieth century was to determine welfare outcomes for a long time in Australia (Castles, 1985, 1988).

Indeed, it was only in the 1970s that this welfare system gradually began to be replaced by one based on the principles of decommodification and to a lesser extent universality (see Macintyre, 1986). These recent changes have contributed to the development of a social wage which, it is argued in the conclusion to this thesis, has contributed to the establishment of industrial harmony under a federal

Labor government (1983–). However, the wage earners' welfare system which dominated during the period of Queensland Labor governments considered in this thesis was unable to create the conditions for a political exchange which dominated industrial relations. There are a number of factors which help explain why this was the case.

First, in the post-World War I era Australia's industrial tribunals were to place greater emphasis on industry's capacity to pay, rather than social justice considerations, when determining the rate for the living wage. This in turn demonstrated how workers income was dependent on market outcomes and thus contributed to their continued reliance on collective acts of militancy to secure improvements in their income. Second, Australia's dismal economic performance in the period from the 1890s through to World War II hindered industrial tribunals' capacity to deliver sizeable increases in real wages (Forster, 1989). Consequently, Queensland unions were to pursue their members' interests through direct industrial action.

However, before considering in more detail why this wage earners' welfare state failed to result in industrial relations being dominated by a political exchange, the discussion first turns to consider why workers and their unions initially supported this system.

Origins of a wage earners' welfare state

The welfare system established at the beginning of the twentieth century was shaped by the union movement's belief that it was not necessary to overturn the capitalist system. Rather, the union movement sought to secure the working man's position within the existing framework of society (Castles, 1985). Labour

movement support for policies which primarily aimed to defend existing living standards and economic and social relativities, rather than pin its hopes to a more radical program, was the result of the relatively high standard of living which Australian workers experienced prior to the 1890s and, also, the ideas which the working class subscribed to.

The working class's adoption of a defensive posture at the beginning of the twentieth century seemed to make sense (Castles, 1987, 1988). Australia was the richest country in the world. This affluence extended to the working class: as a result, trade union leaders, rather than pushing for major reforms of the system, were willing to largely defend a system which had secured workers a higher standard of living than that of workers in other countries (Castles, 1987, 1988). More specifically, the union movement supported the living wage set by Higgins in 1907, as it represented a return to the standard of the pre 1890s depression days and thus would help guarantee to workers a reasonable standard of living.

Labour movement support for the establishment of a wage earners' welfare state also reflected its belief that "the market was susceptible to ethical constraint, that it could satisfy social needs if economic morality was enforced" (Macintyre, 1986:5).

These beliefs were associated with hopes for the re-invocation of a pre-industrial moral economy which had existed under the paternalist legislation of the feudal state. While the influence of this moral economy had shrunk by the end of the nineteenth century, the idea of a living wage and the union label pointed to the existence of a redefined moral economy which contended that the worker should be guaranteed some economic justice while not challenging the existing capitalist

economic relations (Macintyre, 1983; Fisher, 1986). The unions argued that this was to be achieved through a system of compulsory arbitration.

It was acknowledged by the union movement that this form of industrial regulation would not do away with the competitive economic system, nor secure to the workers their full share of production. However, it would at least bring about industrial peace since it "stops the sweater and provides a living wage" (Spence, 1909:312). In other words, it represented a real advance for workers who, hitherto, had been reliant on collective acts of militancy in the economic arena to secure improvements in their standard of living. The following discussion indicates that Australia's system of wage earner security failed to contribute to the establishment of an industrial relations system that was dominated by a political exchange relationship. The discussion first argues that the industrial tribunals were increasingly to determine wages on the basis of industry's capacity to pay rather than social considerations and thus resulted in the continued reliance of workers on the market. Moreover, this contributed to workers pursuing their interests in the economic arena and hindered the establishment of a political exchange.

Industry's capacity to pay and its impact on wage earners

From the very beginning Australia's industrial tribunals had been concerned with the need to set wages which met the needs of workers while also taking into account various economic criteria which determined industry's capacity to pay (Hawke, 1967; Macarthy, 1969). However, the task of developing wage fixing principles which appropriately balanced social justice considerations and the "sombre orthodoxy of political economy" (Rickard, 1976:214) proved particularly difficult.

Towards the end of World War I a number of governments in Australia established inquiries to consider the most appropriate principles for determining the basic wage. The decision on the part of a number of governments to establish independent inquiries into the most appropriate wage setting principles, emphasised the strongly held belief that the distribution of the fruits of production was a matter which should not be resolved through negotiation involving government, unions and employers. Instead, the matter of determining the most appropriate wages was one which should be determined by industrial tribunals, independent Royal Commissions or Economic Commissions. These inquiries were established in an attempt to rehabilitate arbitration in the eyes of employees and stem the rising tide of industrial discontent. This discontent was triggered by a period of unsettled economic conditions dominated by inflation and high unemployment (Forster, 1980; Hawke, 1967) which led many unionists to express their concern about the living or basic wage set by Higgins in 1907. They claimed that it was failing to protect the living standards of employees.

The most important inquiry established was the Royal Commission appointed by the Federal Government in 1920. This Royal Commission led the Commonwealth Conciliation and Arbitration Court to decide to introduce a system of quarterly cost-of-living adjustments which sought to protect the minimum living wage from the inflationary conditions which, towards the end of World War I and immediately after, had eroded the real value of the living wage (Hawke, 1967; Forster, 1980). However, the Royal Commission's more far reaching conclusion was that the basic wage would need to be increased from £3 17s 0d, based on the Harvester standard, to £5 16s 6d, if the average worker was to be

assured a reasonable standard of comfort. This recommendation was not adopted by the Commonwealth Conciliation and Arbitration Court because of concerns that such an increase could not be sustained by the market. The Chairman of the Royal Commission, A.B. Piddington, noted that such a dramatic increase in the basic wage would ruin the manufacturing industry "unless the tariff was very substantially increased" (quoted in QIC, 1921:138).

Consequently, from the 1920s onwards, industry's capacity to pay became the key determinant of the setting of the basic wage (Hawke, 1967). This emphasised the fact that workers were dependent on the market rather than government to secure improvements in their income. For instance, when setting a basic wage for the first time in 1921, the Queensland Industrial Court acknowledged the key importance of industry's capacity to pay (QIC, 1921:140). The Court argued that should it declare a major increase in wages this would possibly lead to the closing down of many industries and, as a result, lead to unemployment. The Court noted that it would "naturally hesitate to take any such action at a time when there is great depression owing to the fall in prices of all exportable primary products" (QIC, 1921:140).

Thus, the Queensland Industrial Court placed a great deal of emphasis on those economic criteria which determined industry's capacity to pay. Three main factors – interstate competition, productivity and level of unemployment – guided the Industrial Court's decision in this case and other basic wage cases over the following decades. The Queensland Industrial Court set a rate of £4 5s 0d. However, it decided in the following year in the face of a worsening economic situation, to reduce the basic wage to £4 0s. 0d.

The trade union movement was dissatisfied with the Queensland Industrial Court's failure to set the basic wage recommended by the Federal Royal Commission in 1921 (see the *Worker*, 10/2/1921). Furthermore, its decision of 1922 to reduce the living wage fuelled further unrest amongst Queensland workers and their unions (see discussion in Chapters 6 and 8). In an attempt to end the controversy surrounding the setting of the basic wage, the President of the Queensland Industrial Court, McCawley, appointed an Economic Commission to inquire into whether the Queensland Industrial Court should depart from the standard it had adopted in 1921. In its attempt to work out the principle of wage adjustment to national real income, the Economic Commission rejected the idea of directing all the advantages of increased prosperity to the wage earner. The Commission believed this would tend to discourage better management. Instead, it concluded that an index of capacity to pay should be the principal guide, with reference also being made to such matters as productive efficiency, unemployment, and rates of wages in neighbouring states (see Economic Commission on the Basic Wage, *Report*, 1925).

The Economic Commission's findings were handed down at the same time as the Queensland Industrial Court decided not to award an increase in the basic wage (QIC, 1925:438–439). The *Worker's* (14/5/1925) editorial commented that the unions had been expecting to secure a substantial increase in the basic wage as a consequence of the work undertaken by the Federal Royal Commission and Queensland Economic Commission. The union movement believed that the findings

of these Commissions would demonstrate the merits of arguments for a substantial increase in the basic wage. There was "great shock" (the *Worker*, 14/5/1925) therefore when the decision was made to disallow any increase. The railway unions responded by taking industrial action in August 1925 which eventually forced the Queensland Government to restore the basic wage to its 1921 rate. In other words, faced with a system of wage regulation which workers believed did not guarantee them reasonable rewards, they were to take industrial action aimed at rectifying this position.

Queensland Labor's response to this union dissatisfaction and, in particular, a week long statewide railway strike, was one which acknowledged the shortcomings of the system of wage regulation. Queensland Labor argued that if industrial unrest was to be eliminated, a more satisfactory method for determining the basic wage than the customary "fodder basis", established by Justice Higgins in 1907, had to be established. McCormack, who was to be Queensland Labor's next Premier, argued that workers were entitled to more than a wage which only kept body and soul together. They were entitled to a full wage. He argued that:

if this tribunal can get this information more scientifically, so that industry will not be endangered, so that the distribution of wealth will be made in such a way that the worker will get his fair share and the employer will reap a reasonable reward for his work, then I think that some attempt will be made by arbitration towards securing industrial peace. Unless that is accomplished, we shall simply have awards given by a judge on the basis of the cost of living, the man who is working will be kept on the bread line, and there will be unrest everywhere ... (QPD, 1925:1359).

Labor's solution was to provide the Industrial Court with more powers, information and personnel in the hope that such reforms would provide a greater ability to assess the welter of economic and statistical knowledge. However, this failed to

arrest worker and union dissatisfaction with a system of wage fixing which was increasingly based on industry's capacity to pay rather than social considerations, such as securing to workers a decent standard of living.

In 1931, at the height of the Great Depression, the Commonwealth Conciliation and Arbitration Court handed down a basic wage decision founded not on the needs of the 'working man and his family', but the capacity of industry to pay (Hagan, 1981). The determination of the basic or living wage had become influenced, increasingly, over time by industry's capacity to pay. The 1933 basic wage decision of the Queensland Industrial Court was to depart from the wage fixing principles being established by the Commonwealth Conciliation and Arbitration Court. Queensland's Arbitration Court rejected the application of employers to reduce the basic wage. It maintained that the conservative economic orthodoxy accepted by most industrial tribunals that sweeping reductions in wages would improve employment was incorrect. Instead, for the first time in its history the Court accepted the argument that "the state of employment is improved when the aggregate purchasing power of the wage earners is maintained or increased" (QIC, 1933:28). However, the Court also cautioned that, "if the wages are beyond the capacity of the employers as a whole, or, indeed, any large section of them, wholesale dismissals, discharges and rationing become inevitable" (QIC, 1933:28).

This decision was to ensure that the Queensland basic wage remained above the basic wage of all the other states throughout the depression years. This fact helps explain why Queensland's unions were able to commit themselves to a political exchange with Queensland Labor during the 1930s. However towards the end of the 1930s and throughout the 1940s the Queensland Industrial Court was

once again to become concerned with industry's capacity to pay when determining the basic wage. In particular, it became concerned with setting a basic wage which placed Queensland industry on a competitive footing with its rivals in the rest of Australia. This dissatisfied Queensland's unions and undermined their support for a political exchange with Labor in the post-World War II era. The following chapter explains in more detail, how Labor's concern with ensuring that labour market conditions in Queensland were competitive with those to be found elsewhere in Australia and overseas, was to help undermine union support for a political exchange.

Australia's poor economic performance: implications for wage earners

If Queensland's industrial tribunals had been able to deliver sizeable increases in real wages to workers during the period under consideration, then unions would have been much more interested in committing themselves to a political exchange with Queensland Labor. However, this was not to be the case. Australia's dismal economic and productivity performance in the period from the 1890s through to the World War II hindered the industrial tribunals' ability to deliver a considerable increase in real wages (Forster, 1989).

Australia's economy experienced a much longer period of slow per capita growth than most other capitalist industrial economies during the period from the 1890s to World War II. Moreover, Australia's economic performance during this period contrasted sharply with the preceding and following periods in Australia (see Boehm, 1979; Butlin, 1970; Forster, 1989; Sinclair, 1976). Butlin explains that:

growth beyond previously established peaks was achieved in brief periods of intermittent 'booms', totalling fewer than seventeen of the years between 1890 and 1939. No other Western country operated under a handicap of this dimension despite the restrictions and comparative stagnation of the interwar years (Butlin, 1970:282).

Moreover, the problems of poor economic growth were matched by a high degree of economic instability and considerable fluctuations in output. In short, the Australian economy was "subjected to major fluctuations more severe in terms of amplitude and duration than most other Western countries" (Butlin, 1970:281).

There is a complex of factors which are responsible for Australia's poor economic performance during this period. This slow rate of economic growth was linked in part to the fact that Australia and New Zealand "had already substantially exploited their comparative advantage in world markets by the early specialisation in commodity exports which had made them rich" (Castles, 1988:107).

Australia's decision at the beginning of the twentieth century to pursue an economic development strategy based on the protection of manufacturing is another important factor which helps explain why the economy performed so poorly. Castles (1988) contrasts the economic strategy based on industrial adjustment to the international economy which was pursued by several north European countries from the 1930s onwards, with the protectionist economic development strategy pursued by Australian governments for most of the twentieth century. He concludes that:

Grabbing competitive niches in new markets is built into the former, whilst protection serves, precisely, to insulate the economy from competition. This difference in strategies is presumably amongst the factors which explain why per capita economic growth rates this century have been so much higher in the smaller countries of Western Europe than in either Australia or New Zealand (Castles, 1988:107).

In summary, these difficult economic conditions limited the industrial tribunals' capacity to hand down decisions which resulted in general or sizeable increases in real wages. Consequently the wage earners' welfare system was unable to deliver to workers generous wage outcomes which in turn could have been expected to help secure their commitment to a peaceful long term strategy of exchange with Queensland Labor.

CONCLUSION

An historic compromise was established in Australia at the beginning of the twentieth century. However, the institutional arrangements which developed from this compromise were unable to create the conditions for the establishment of a political exchange relationship which dominated bargaining. Corporatist arrangements were established, but they developed at the sectoral rather than societal level. Consequently government remained aloof from the bargaining process and, in particular, guaranteed few benefits to the workers. In short, it did not lead to governments being a major guarantor of the workers' longer term interests. It thus failed to contribute to the development of a political bargaining process. Furthermore, the development of a bargaining system which was overly formalistic and judicial in nature was to encourage the key actors to adopt an adversarial posture that contributed to the persistence of industrial conflict. The fact that the system of compulsory arbitration also resulted in government being responsible for enforcing the rules of the game was to help embitter government-union relations.

The wage earners' welfare state was based primarily on a system of wage regulation that guaranteed workers a living wage, but also included a residual system of income maintenance which provided insurance against poverty for all those outside the labour market. Initially it formed the basis of a political bargain which was established between employers and unions during the first decade of the twentieth century. Labour movement commitment to the system of compulsory arbitration at this juncture reflected its belief that it would ensure that workers were guaranteed the same high standard of living which they had experienced prior to the depression of the 1890s. However, in the period from World War I onwards the level at which the living wage was set failed to satisfy many unionists and unions. There were a number of factors which helped explain why this was the case.

First, it was a result of the living wage being determined increasingly on the basis of industry's capacity to pay rather than social considerations, particularly the need to secure to workers a decent standard of living in a prosperous capitalist industrial country. Consequently, Australia's distinctive welfare system, namely one based on wage earner security, emphasised the fact that workers were dependent on the market rather than government for their income and, in turn, encouraged them to pursue their interests in the economic arena through collective acts of militancy. Moreover, Australia's poor economic performance between the 1890s and World War II meant that the wage earners' welfare state was unable to deliver generous real wage outcomes which might have been expected to help secure worker commitment to a peaceful exchange strategy.

The economic programs pursued by Queensland's Labor governments were equally as unsuccessful in creating the conditions for a stable and lasting political exchange. The discussion now turns to consider why this was the case.

CHAPTER 8

QUEENSLAND LABOR'S ECONOMIC POLICIES

During Queensland Labor's first decade of rule it pursued a program of economic reform that benefited workers and their unions and thus helped guarantee their support (Higgins, 1954, 1960). Its regulation of the labour market, changes to the taxation system and program of state owned enterprises secured significant benefits to workers. Indeed, Labor's actions during its first years of government could have been expected to contribute to the establishment of a political exchange with the unions which would have made them less reliant on the strike weapon. However, the previous two chapters have indicated that the Queensland union movement's organisational and political character as well as the system of compulsory arbitration did not allow industrial relations to be dominated by a political exchange during Queensland Labor's first years in office. Furthermore, the fact that Queensland Labor's program of economic reform secured considerable benefits to workers at the expense of business interests also set in train a sequence of events which undermined the conditions for a political exchange.

Queensland Labor's program of economic reform represented a major frontal attack on business interests and the capitalist system. As a consequence business mobilised against Queensland Labor through the imposition of an economic blockade from 1920 to 1924 (Cochrane, 1984). This economic blockade resulted in the government's adoption of a much more conservative set of policies. Indeed, Queensland Labor governments underwent a remarkable transformation in their political character during this period. They went from being relatively radical

to being conservative (Childe, 1924; Cochrane, 1984; Fitzgerald, 1984; Higgins, 1954, 1960; Lewis, 1978; Murphy, 1975). From the early 1920s onwards Queensland Labor became firmly committed to balancing the budget through limiting any increases in public sector wages and improvements in working conditions. Secondly, the government ensured that labour market conditions and, in particular, the State's wages and working conditions, were competitive with those found elsewhere in Australia and overseas. At the same time, Labor was unwilling to adopt a development strategy which was reliant on encouraging business interests to invest in Queensland. This could have contributed to increased employment and economic growth and thus helped secure union support for a peaceful exchange strategy.

The unions' response to Labor's adoption of an increasingly conservative economic program was not to create the conditions for industrial harmony. Those unions which subscribed to a labourist perspective sought to defend the economic policies of Queensland Labor on the grounds that the worst labour government is better than the best conservative government. However, their capacity to defend the more conservative program pursued by Queensland Labor from the mid-1920s onwards proved particularly difficult, especially given Labor's failure to secure for workers the sorts of rewards which they had initially received during its first decade of rule. Furthermore, the commitment of the leadership of the industrially powerful ARU to a militant unionism made this task even more difficult. The ARU argued that the more conservative economic policies introduced by Labor during the 1920s demonstrated the shortcomings of the unions entering into a political

exchange with Queensland Labor. The ARU argued that its members' interests were best advanced in the economic arena through collective acts of militancy.

In the early 1930s the labourism-dominated unions contended that Labor secured greater benefits to workers than could be secured from conservative governments or the economic arena. This gained more support than the strategies of the militant unions and thus contributed to a period of political exchange. However, from the mid to late 1930s the labourist message was severely weakened in the face of Labor's increasingly conservative approach to economic policies and, in particular, its concern to ensure that Queensland's wages and working conditions were competitive with those found elsewhere in Australia and overseas. Furthermore, the growing organisational strength of the militants within the union movement in the late 1930s, which persisted throughout the 1940s, threatened the labourism-dominated unions' influence in the union movement. Consequently, many labourist unions were to join the militant unions in their industrial campaigns, the most noticeable being the railway strike of 1948.

The discussion now turns to consider the nature of the program introduced by Queensland Labor during its first few years in office.

QUEENSLAND LABOR'S PROGRAM OF REFORM AND BUSINESS'S RESPONSE: 1915-1924

A traditional labour reformist economic strategy

Queensland Labor introduced reforms during its first few years in office which guaranteed workers considerable benefits. This helped guarantee their overwhelming support for Queensland Labor (Cochrane, 1989; Higgins, 1954,

1960; Murphy, 1975, 1980a, 1980b). Labor's policies were consistent with a traditional labour reformist economic strategy concerned primarily with redistributing the existing wealth in society towards working people. Some of the key redistributive measures introduced aimed to regulate the labour market and restructure the taxation system in the interests of workers. Furthermore, a variety of state enterprises were established with the aim of securing a better standard of living for the worker through the regulation of prices, combating monopolies and price rings and the provision of better services and goods (Fitzgerald, 1984; Murphy, 1975, 1980b). A major government owned iron and steel works was also proposed (Cochrane, 1984). This proposal represented a major threat to business interests' control over the economic development process. The following discussion outlines, in more detail, the key elements of this quite extensive program of reform which was to benefit working people, but ignite business opposition to Queensland Labor.

Perhaps the most important reform introduced was the *Industrial Arbitration Act* of 1916 (Murphy, 1980a). It was responsible for a substantial change in labour market conditions during Queensland Labor's first decade in power. Indeed, as a consequence of changes introduced in certain key areas such as the length of the working day and the establishment of a basic wage, Queensland emerged as a pacesetter in the establishment of labour conditions that were beneficial to the worker. The *Industrial Arbitration Act* of 1916 resulted in the enshrinement of an eight hour day and forty eight hour week as law. The Industrial Court was given the power to determine a living wage. In 1921 this Court established a basic wage that was on a par with the New South Wales rate which was, at the time, the

highest in the country. In 1924 the government legislated for the introduction of a 44 hour week. This resulted in the establishment of a working week that was on par with New South Wales and shorter than elsewhere in Australia. Finally, the Queensland Industrial Court created awards which set rates of pay and working conditions that were considered to be the most liberal in the country (Hunt, 1979).

Business interests argued that these awards posed a serious threat to the viability of some of the State's most important industries. For instance, employers in the sugar industry complained that the award handed down by the Industrial Court in 1916, which resulted in wage increases of between 40% and 50% for all employees, would result in the "the extinction of one of our staple industries" (T. Crawford, President of the Australian Sugar Producers Association, quoted in *Brisbane Courier*, 26/8/1916). The Industrial Court failed, it was claimed, to pay sufficient regard to industry's capacity to pay. In this particular instance, the Court's decision demonstrated to many employers that Queensland Labor's *Industrial Arbitration Act* was designed primarily to advance the interests of the workers. It had, at the same time, contributed to unparalleled levels of unemployment, uncertainty in the future for industry, and everlasting industrial turmoil (*Brisbane Courier*, 3/9/1917, 31/7/1919).

The financing of Labor's reform program was achieved primarily through fundamental changes in the operation of the taxation system and substantial increases in some taxes. Between 1914 and 1920 taxation, as a percentage of total revenue, jumped from being the second lowest in Australia to the second highest. Levels of taxation almost trebled during this period (Higgins, 1960). At the same time a graduated tax scheme was introduced which reduced the tax burden on the

worker at the expense of large monopolies. Labor's leaders considered these large monopolies to be harmful to society (Wiltshire, 1980a).

New taxation measures, which particularly penalised business interests, included a new company tax as well as various land taxes. The increase in land taxes, introduced in the *Land Act Amendment Act* (1916) (see Irving and Schedvin, 1973) particularly ignited opposition to Labor from powerful business and financial interests in Queensland, and even in the City of London, where business interests decried that it represented a "repudiation of obligation" (Cochrane, 1989). This particular fiscal measure threw into stark relief Labor's commitment to an aggressive frontal attack on capitalism and was one of the primary causes of the move by business interests in the City of London to impose an economic blockade on Queensland. The other important cause was Queensland Labor's commitment to the establishment of state enterprises and, especially, its attempt to establish a government owned iron and steel works (Cochrane, 1989).

Queensland Labor presided over a considerable expansion of state enterprises during its first ten years of government (Fitzgerald, 1984; Murphy, 1975, 1980b). These enterprises were established primarily with the aim of benefiting workers. However, they also reflected the labour movement's ambition to wrest control of economy and society from business interests. As Queensland Labor Premier Theodore commented, "Labor's ultimate policy is the replacement of the capitalist institutions which are used for the exploitation of human labour by co-operative or socialised organisations" (Theodore, 1923:199).

There was a plethora of state enterprises established during this period which challenged capitalist control over the economy. For instance, the State

Government Insurance Office was given a monopoly on workers' insurance. Labor banned all private insurance companies from such insurance activity (Lewis, 1978). However, it was Labor's proposal to establish a government owned iron and steel works at Bowen which, if successful, would have represented the greatest threat to business's control over the economic development process. It would have ensured that the government, rather than domestic and/or foreign capitalists, played a key role in the future development of the State's economy (see Evans *et al.*, 1985). However, Queensland Labor's inability to raise the required loan funds on the London money market was to sink this project (Cochrane, 1989). Labor was unable to secure the required loan funds as a result of the economic blockade imposed by business interests between 1920 and 1924 on Queensland Labor. The discussion now considers how business successfully countered Queensland Labor's frontal attack on its interests through the launching of this economic blockade.

Business's economic blockade of Queensland

The discussion so far has indicated that Queensland Labor's program of reforms severely disadvantaged business interests. It was not only business interests located in Queensland that were disadvantaged. Business interests in Australia's southern states and overseas, especially in Britain, were also disadvantaged (Cochrane, 1989; Higgins, 1954; Irving and Schedvin, 1973; Schedvin, 1971). Prevailing social and political settings tended to heighten business's concerns about a program of reform which appeared to represent a major assault on its interests and the capitalist system generally. Cochrane (1989) explains that "there can be no doubt that the spectre of mutiny, world revolution and property confiscation which rose up in Europe in 1918 and 1919" (Cochrane, 1989:22), was to feed the fears of

those business interests in Queensland and elsewhere which were concerned with Queensland Labor's program of reform.

In 1920 Queensland had one of the few Labor governments in the British Empire. It was considered to be a "Bolshevist corner of the British Empire" (Cochrane, 1989:22) which was "to be watched and dealt with by the owners of capital accordingly" (Cochrane, 1989:22). In short, the range of business forces which Queensland Labor had antagonised, through its program of reform, as well as the prevailing social and political settings, resulted in it being confronted by a major business counter-offensive. And it was forced to surrender.

Conservative interests in Queensland had available to them a wide range of weapons which they utilised in their attempt to defend their interests from Labor's advance. They included "the law, the press (and therefore the electorate), the economic power afforded by the relatively narrow control of certain kinds of finance, and finally outright bribery of members of the Queensland parliament" (Cochrane, 1989:25). These weapons were "all invoked in the struggle to reverse the assuredly temporary success of the parliamentary wing of the labour movement" (Cochrane, 1989:25).

Queensland Labor's majority in the lower House of Parliament was reduced substantially in the 1920 election, in part, as a consequence of the assault launched on it by conservative business interests. However Labor's capacity to survive this assault highlighted the fact that it continued to maintain strong electoral support. This support was built on an alliance of workers and small farmers (Mullins, 1986; Murphy, 1975). Moreover, it was opposed by a divided and weakly organised conservative opposition (Higgins, 1960; Irving and Schedvin, 1973).

The following year Labor was to be successful in disposing of a hostile upper house of parliament which had rejected many of its legislative proposals. This meant that it had firm control over the polity and therefore could be expected to proceed relatively unhindered with its program of reform. Ironically however, it was just at the point when Labor won firm control over institutional state power, that a substantial change in Labor's economic and social policies began to occur. A broad economic strategy that business interests developed and put into effect from 1919 to 1924 was particularly effective in forcing Labor to retreat from its reform program.

At the end of World War I, Labor sought to finance a significant expansion of its program of economic and social reforms by raising a major loan of nine million pounds on the London money market. Queensland's Labor Premier, Theodore, visited London in 1920 with the aim of securing such a loan. He was informed by London financiers that Labor would be granted a loan only if various pieces of legislation were either repealed or amended. He was told that future legislation should not interfere with the profits or activities of large employers (*Daily Standard*, 11/9/1920). It was amendments to the *Land Act* "which had the effect of causing pastoral lessees (or absentee squatting interests, in plain language) to pay similar rents to those collected from small landholders" (Cochrane, 1989:7), that the London money market was particularly keen to change. "The City would only agree to the loan if the Queensland Government agreed to change its stand on pastoral rents" (Cochrane, 1989:9).

Labor initially contemplated raising the funds it had failed to secure from London financiers in 1920, through the imposition of additional taxes (*Daily*

Standard, 11/9/1920). However, Labor's leaders quickly retreated from this position. Premier Theodore argued to various union forums (see *Advocate*, 10/2/1922; *Daily Standard*, 6/12/1923) that left wing solutions which called on Labor to resort to radical measures, including the imposition of further taxes on the wealthy or defaulting on its loans to money lenders, were unrealistic.

According to Premier Theodore (see *Advocate*, 10/2/1922; *Daily Standard*, 6/12/1923) Labor's inability to fund its programs through loans or increased taxes, left it with little choice but to pursue cuts in public expenditure. This, in turn, led it to adopt a policy of retrenchments and wage reductions in the public sector which contributed to the undermining of union support for Queensland Labor. Furthermore, in 1924 Labor decided to accept most of the demands imposed by London financiers (see Cochrane, 1984; Schedvin, 1971) and from this point onwards until its final defeat in 1957, Queensland Labor was to adopt a more conservative set of economic policies, except for a brief period in the early to mid 1930s. These conservative policies failed to deliver to workers the sorts of rewards which they expected to secure from a labour government and consequently contributed to a number of bitter industrial confrontations.

QUEENSLAND LABOR'S REVISIONIST PROGRAM, 1924–1957

The London economic blockade led to a dramatic and permanent shift in Labor's thinking about the sort of economic policies which could be pursued in capitalist society (Cochrane, 1984). This shift did not result in Queensland Labor developing an analysis of the way in which capitalist society could be socialised (as Sweden had achieved) within the constraints imposed by business interests. In

short, Labor did not enter into the kind of debate about socialist strategies which leading thinkers in the Swedish labour movement participated in during the 1920s.

Instead, Queensland Labor Premier Theodore claimed that faced with the restrictions of capitalist economic laws and in particular business's control over the investment process, the most realistic strategy to be pursued was one of gradual and slow reform. Such an approach would ultimately result in capitalist institutions being replaced with socialist organisations via an extension of the economic functions of the State (see statements by Theodore in *Advocate*, 10/4/1922, 10/7/1922, 10/1/1925; *Labour Magazine*, 1923; *Daily Standard*, 6/12/1923). In the meantime, political power was to be used "to ameliorate the worst evils of capitalism, rather than to engage that system in the frontal attack that Ryan and Theodore had pursued from 1915" (Murphy, 1975:214). This led to the adoption of a radically different mix of economic policies.

Queensland Labor committed itself to an orthodox economic strategy which attempted to reassure business interests. This strategy was founded primarily on two factors. First, a commitment to balancing the government's budget, not through increases in taxes or the raising of loans but, instead, through a prudent approach to government spending in areas such as public sector wages and working conditions. Second, an overriding concern to ensure that the State's labour costs placed it on a competitive footing with the rest of Australia and overseas. At the same time, Labor's commitment to economic orthodoxy did not lead it to introduce policies aimed at enticing domestic and international capitalists to invest in Queensland's economy. This reflected its distrust of business interests and its general opposition to the capitalist economic system. Consequently, it is explained

that Labor was unable to create the sort of economic growth which might have been expected to deliver an improved standard of living to the State's workforce. The discussion now turns to explain how these economic policies failed to guarantee to workers sufficient rewards or benefits to secure their ongoing commitment to a strategy of long term exchange.

A restrictive fiscal policy

Labor pursued a particularly expansionary fiscal policy during its early years in government. Labor "taxed, spent, and borrowed heavily in an effort to develop the State and provide full employment" (Wiltshire, 1980a:168). The increases in taxes imposed primarily on profitable companies, absentee landlords and wealthy individuals, formed the basis of this expansionary fiscal policy. It allowed Labor to meet its commitments in relation to economic development and the provision of improved government services, while at the same time balancing its budget (Murphy, 1977; Wiltshire, 1980a).

However, the shortfall of loan funds in the early 1920s led to Queensland Labor's adoption of a much more restrictive fiscal policy. This was because, as already explained, Labor's leaders believed that it was unrealistic to seek to meet its objectives through either defaulting on loans or increasing taxes. Furthermore, since the wages of the public sector represented 50% of government expenditure, Labor's leaders accepted that they had little choice but to pursue a policy of retrenchments and wage reductions in the public sector. In 1922 Labor sought a reduction in the basic wage of government employees in order to avoid an anticipated budget deficit. This followed a decision of the Industrial Court earlier that year to reduce the basic wage of private sector employees, which in turn was largely a

consequence of Labor's failure to raise loan funds. This sparked a major campaign of union resistance (Smith, 1983) which led to the rail unions taking major industrial action in August 1925. This industrial action forced Labor to legislate for the restoration of the basic wage to its pre-1922 level which in turn resulted in the Government's 1925-1926 budget being turned from an anticipated surplus into a deficit.

Labor responded by emphasising to the unions over the following two years that, as it was confronted with the highest deficit on consolidated revenue in the State's history, and continuing problems with loan expenditure, it would be determinedly opposing any improvements in the wages and working conditions of the state's workforce (Kennedy, 1973, 1978; Ryan, 1929). Labor's approach to fiscal matters in the 1920s had become concerned first and foremost with balancing the government's budget (Kennedy, 1973). Consequently relations between the government and militant unions in particular became increasingly embittered. Indeed, they led to one of the most bitter industrial disputes of the period, the South Johnstone strike of 1927 (Higgins, 1954, 1960; Kennedy, 1983).

During the depression years, Labor accepted the need for budget deficits if social upheaval was to be avoided (Wiltshire, 1980a). This contributed to the development of a political exchange during this period. It is arguable that during the 1940s and 1950s Labor could have afforded to adopt a more expansionary fiscal policy. However, this was not to be the case. With the end of the depression, Queensland Labor reverted to a more restrictive fiscal policy. According to Jackson:

The three treasurers in the period 1946 to 1951, Larcombe, Gair and Walsh, stressed the importance of a balanced budget for the State's

economic stability. Queensland's economic debt remained the second lowest in Australia (Jackson, 1968:99–100).

The impact of the London economic blockade had wrought an enduring change in the ideological posture of Labor in Queensland. This was evident in the attitude it adopted to the management of its budgets in the 1940s and 1950s. Labor's commitment to a conservative fiscal policy had become an article of faith which made it much more difficult to deliver to public sector unions the sorts of wages and working conditions they expected in return for their support. The result was a series of conflicts which sometimes resulted in major strikes. For instance, Labor's determined opposition to rail employees' demands for an increase in wages, was to contribute to the rail strike of 1948 (see Blackmur, 1986, 1993).

In the 1950s Labor resisted union demands to legislate for the introduction of three weeks annual leave, primarily on the grounds that it would be an added financial burden for the government to carry at a time when it faced a budget deficit. Government resistance on this occasion was not to lead to industrial conflict but, instead, to a political crisis which led to Labor Premier Gair's expulsion from the Labor Party and Labor's defeat at the elections in 1957 (Murphy, 1980c).

These conflicts with the unions were also influenced by Labor's concern to develop a competitive labour market. This is now considered.

Labor's establishment of a competitive labour market

One of the most noticeable effects of Labor's commitment to a program of radical reform in the period from 1915 to 1924 was in relation to its impact on the wages and working conditions of Queensland workers. By the early 1920s

Queensland Labor governments had gained a reputation as "pace setters" in the establishment of wages and working conditions favourable to workers. By 1919 Queensland workers could boast the highest average hourly wages and the shortest working week in Australia (Higgins, 1954). Furthermore, workers enjoyed industrial conditions considerably in advance of those found elsewhere in Australia throughout the 1920s and 1930s (Murphy, 1980a).

However, in the aftermath of the economic blockade of the early 1920s, Queensland's Labor leaders were increasingly concerned to ensure that the State's labour costs placed it on a competitive footing with the rest of Australia and overseas. Labor Premier Theodore argued (see *Daily Standard*, 6/12/1923) that they must rein in any future increases in wages and improvements in working conditions if Queensland's industries were to be able to effectively compete in both the domestic and international markets. In short, Labor needed to ensure that any major reforms in relation to wages and working conditions did not undermine the State's competitiveness and, in turn, threaten its ability to develop its economy and create greater employment opportunities.

Theodore consistently stressed during the early 1920s that "Labor's administration was subject to the restriction of economic laws" (*Advocate*, 10/1/1925). He argued that two important elements were capitalist control over the investment process, and Queensland industry's need to remain competitive with industries in other States. In short, Theodore contended that "they could only carry their industries if they produced sufficient to pay for raw material, wage costs and other costs of production, and a reasonable return on the capital invested" (*Daily Standard*, 6/12/1923).

Flowing from this analysis was Theodore's belief that Labor's continued survival depended on its ability to ensure that any major reforms to wages and working conditions did not hinder economic growth. In turn, this would damage investor confidence, lead to the collapse of some industries in the face of interstate trade and create unemployment (*Daily Standard*, 6/12/1923).

During the 1930s, 1940s and 1950s Labor's leaders were to hold similar views. They consistently advocated the need to ensure that Queensland's wages and working conditions remained competitive with those found in Australia's southern states and among its overseas competitors.

During the 1930s, debate in the labour movement about improvements in industrial conditions centred around the proposed introduction of a 40 hour working week. Labor Premier Forgan Smith maintained that a unilateral reduction in working hours would place an exporting State like Queensland at a great disadvantage when trading on world markets (ALP, 1935:55). He argued that there was a danger that if the costs of production increased in Queensland then "trade in those goods would shift to other states with a longer working week" (ALP, 1941:21).

Queensland Labor was to support the introduction of the 40 hour week in 1947. However, this was only because it was being introduced at a national level and therefore would ensure that "no state would be at any disadvantage in the matters of trade and industry" (*Telegraph*, 11/2/1946).

The other labour market condition which had a significant impact on interstate competition was the rate at which the basic wage was set. In the period from the 1920s to 1950 the Queensland basic wage was set at a higher rate than

that of the Commonwealth basic wage, though the difference was gradually reduced during the 1940s.

Finally, at the Queensland Industrial Court's hearing into the setting of the basic wage in 1950, the Queensland government argued that the State's basic wage should be set at the same rate as the Commonwealth's. The Queensland Industrial Court decided to adopt the federal basic wage as the standard for all Queensland state awards, much to the chagrin of the majority of unionists. The position adopted by Labor in the 1950 hearing into the basic wage, reflected its concern that the wages and working conditions of the Queensland workforce should be brought into line with those of its southern counterparts and, in doing so, ensure the competitiveness of Queensland industry (Blackmur, 1986).

The unions rejected this policy and, instead, demanded that Labor secure for the workers superior wages and working conditions to those found elsewhere in Australia. Indeed, the unions sought to break the government's policy stance through political lobbying and industrial action. For instance, the 1925 and 1948 rail strikes were in large part the result of union opposition to Labor's stance on the basic wage and setting of working hours.

It is conceivable that Labor may have been able to secure greater commitment from the unions to such a policy on the setting of wages and working conditions if this had been part of a broader economic development strategy offering tangible benefits to the unions in return for a commitment to wage restraint. In other words, union support for a political exchange may have been secured if Labor's commitment to the establishment of a competitive labour market had been combined with policies which encouraged capitalist investment and, in

turn, enhanced the potential for economic growth. This in turn could have been expected to deliver greater employment opportunities and an improved standard of living for workers. Consequently unions may not have felt such a great need to resort to industrial action to secure their objectives. However, as the following section demonstrates, Queensland Labor failed to introduce economic policies which created the conditions for dynamic economic growth.

Labor's economic development strategy for Queensland

When Queensland Labor came to power in 1915 it inherited an economy which performed relatively well compared with the rest of Australia (Lewis, 1978). Its economy had been growing steadily from 1906. This was to continue through to 1927 when the depression started to bite (Lewis, 1978). However, the Queensland economy's long term prospects did not look good. It remained dependent, during this period, on primary production. If Queensland was to develop economically, and in particular, establish growth rates that allowed Labor to introduce economic and social policies that benefited both business and labour in the period from the mid 1920s onwards, it needed to diversify its economy and, in particular, develop its industrial base. The key to increased economic wealth at this juncture was the development of value adding manufacturing industries. It would otherwise remain an economically depressed region in which economic growth was "contained in the inherently unstable agricultural and pastoral industries" (Mullins, 1980:212).

However, this shift towards economic development based on the encouragement of manufacturing industry was not to occur in Queensland during the 1920s and 1930s. This was also the case for Western Australia and Tasmania. Instead, economic development in these states continued to rely on the agricultural

and pastoral industries. The little manufacturing industry which developed was confined to primary processing (Gough *et al.*, 1964; Mullins, 1980). In contrast, a process of economic development based on the promotion of manufacturing industry behind tariff barriers occurred in the 1920s and 1930s in the two dominant states of New South Wales and Victoria, and in one of the four smaller states, South Australia.

In the dominant states of New South Wales and Victoria various structural, spatial and historical factors were responsible for the development of manufacturing. It has been noted that South Australia's greater industrial expansion, when compared with Queensland and Western Australia, was in part the result of its early establishment of industry relative to these two states, and also the specialist nature of the industry established in South Australia (see Mullins, 1980; Stutchbury, 1984). However, it is contended that the factor of critical importance in determining the quite different developmental paths which were followed on the one hand by South Australia and on the other hand by Queensland and Western Australia in the 1920s and 1930s were the different economic policies favoured by labour and liberal governments (see Layman, 1982; Wanna, 1988).

Queensland's and Western Australia's Labor governments were keen to implement developmental policies which would assist in industrialising their state's economies. However, they were distinctly unwilling to do this in partnership with major business interests. Instead, they were only interested in such a development strategy if it was the result of a process of 'state-based industrialisation', rather than one based on the attraction of capitalist investors from interstate and overseas (Layman, 1982).

A strategy based on 'state-based industrialisation' would certainly have contributed to the process of economic development if successful. For instance, Queensland Labor's proposal to establish a state iron and steel works at Bowen, had it succeeded, would have contributed to the process of industrialisation. This process was vital to the process of economic development at this juncture. For instance, in his discussion about the limited nature of manufacturing development which took place in Queensland under Labor, Wiltshire (1980b) notes that this proposal would have accelerated industrialisation of the State through its linkage effects and spawned a whole array of metal-processing and fabrication industries which would have been crucial in creating the conditions for economic development. However, attempts at 'state-based industrialisation' failed.

The New South Wales Labor government had first attempted to pursue such a strategy prior to World War I (Connell and Irving, 1980). In 1912 the New South Wales Labor government got as far as introducing a State Iron Works Bill but was forced to withdraw in the face of pressure from the most powerful company in the country, B.H.P.. Similarly, Queensland Labor's attempt to establish a state iron and steel works at Bowen immediately after World War I did not prove to be any more successful since it was not acceptable to powerful capitalist interests in both Australia and Britain. Moreover, these interests were able to effectively block such an economic development strategy, as already demonstrated in the previous section.

If Queensland Labor's response to the failure of its preferred economic development strategy, that is one based on 'state-based industrialisation', had been to pursue one aimed at developing industry through the attraction of capitalist investors from interstate and overseas, it may have been able to break from its

dependence on the economically unstable agricultural and pastoral industries during the 1920s and 1930s. In doing so, moreover, it may have generated the conditions for economic and employment growth which, in turn, could have contributed to a political exchange. However, this was not to be the case. Faced with the impossibility of pursuing a program of 'state-based industrialisation', Queensland Labor opted instead for an economic development strategy based on the development of primary production. The reticence to encourage capitalist investment, which had its roots in a populist distrust of monopoly capital, led to a growing reliance by Queensland Labor on an economic development strategy based primarily on primary production.

Queensland Labor's commitment to agrarian policies fitted neatly with the ideas held by many in the Labor Party about the importance of building a worker-farmer alliance against the big monopolies and large landholders who often resided outside the State. Associated with this is the importance of such policies to Labor's continued political success. During Labor's first term of rule, from 1915 to 1929, numerous legislative and administrative policies were introduced which were to assist the development of primary production. This trend towards greater agricultural development was further entrenched in the 1930s (Carroll, 1978; Costar, 1980; Bulbeck, 1987). Indeed, Labor Premier Forgan Smith believed that it was desirable to maintain Queensland as a largely primary producing state. Consequently, he believed that it was preferable to use the strong components of the State's economy to best advantage, rather than embark on a fundamental restructuring of the economy which would result, in his view, in an unwelcome result – an industrialised state (Carroll, 1978).

Furthermore, in the post-World War II era, the focus on the development of Queensland mainly through primary production persisted (Mullins, 1980; Bulbeck, 1987). In the immediate World War II era the major concession offered to new industries interested in locating in Queensland was the lowering of the State's company taxation so that it was in line with other states. Throughout the 1920s and 1930s Queensland taxes on companies had been the highest in the country (Wiltshire, 1980a). This concession was therefore "hardly a competitive enticement to manufacturers" (Bulbeck, 1987:14) when compared with the inducements offered by other state governments. It was only in the mid 1950s, with a "fast rise in unemployment due to technological change in the sugar, meatworks, and bulkhandling industries" (Bulbeck, 1987:15), that Labor governments began to develop policies aimed at encouraging capitalists to invest in Queensland's infant manufacturing industries (Bulbeck, 1987).

In contrast, South Australia's Liberal government was willing to attract business investors from the early 1930s onwards (Mitchell, 1962; Wanna, 1988). This, in turn, was instrumental in allowing that State to escape its apparent destiny as a primary producer, and to industrialise. However, Labor governments in Queensland and Western Australia were generally unwilling to adopt policies which would have attracted major capitalist investors. As a consequence, the former continued to rely on primary production, while the latter was far less successful than South Australia in its attempt to industrialise (Bulbeck, 1987; Layman, 1982).

Despite the difficulty of establishing a direct link between levels of conflict in South Australia and the State's distinctive program of economic development, it

is nonetheless possible to conclude that its strategy of industrialisation had some success in creating the conditions for an effective political exchange between capital, labour and the state. In short, such a strategy offered tangible rewards to the major actors, capital and labour, and thus secured their commitment to its success. As Wanna (1980, 1988) points out, the South Australian drive to industrialise was dominated by a collaborative commitment on the part of unions, capital and the state to such a strategy, for it offered economic growth and greater employment opportunities.

In contrast, Queensland Labor was unwilling to embrace the only viable economic development strategy available to state governments in the period from World War I through to the 1950s. This was one aimed at seeking to attract interstate and overseas capitalist interests to invest in the development of manufacturing which, in turn, would have created the conditions for economic and employment growth. Instead, faced with the impossibility of implementing an economic development strategy based on 'state-based industrialisation', Queensland Labor opted for the development of an economy based on primary production.

A significant consequence of the economic development in Queensland in the period from the 1920s through to 1957 was "a limited level of capital accumulation when contrasted with dominant states" (Mullins, 1980:224), and workers receiving lower wages, suffering higher levels of unemployment and poverty and receiving the lowest social consumption expenditure (Mullins, 1980:224).

Queensland's poor economic performance in the period from the 1920s through to 1957, when combined with Labor's commitment to a restrictive fiscal

policy and the establishment of a competitive labour market, made the task of securing the unions' commitment to a peaceful exchange strategy particularly difficult. Furthermore, the response of the unions to Queensland Labor's increasingly more conservative economic policy direction was to further hinder the possibility of industrial relations being dominated by a political exchange in the period from the mid 1920s to 1957. The reasons for this are considered in the next section.

THE UNION MOVEMENT'S RESPONSE TO LABOR'S REVISED PROGRAM

Throughout the 1920s and first half of the 1930s those unionists who subscribed to a labourist strategy maintained that Queensland Labor had secured for workers far greater benefits than they could expect to secure from a conservative government. However, this support on the part of the labourism-dominated unions for Labor was not sufficient to create the conditions for industrial peace. The militant leadership of the industrially powerful ARU argued that Labor's adoption of an increasingly more conservative set of economic policies during the early to mid 1920s demonstrated the shortcomings of the unions entering into a political exchange with Queensland Labor. Consequently, they argued that the advancing of their members' interests was best achieved in the economic arena through collective acts of militancy. The result was two major strikes in Queensland's railways in 1925 and 1927.

During the early to mid 1930s a major economic depression contributed to the greater success of the labourism-dominated unions' message that Labor was able to deliver greater rewards to workers than could be secured from a

conservative government or implicitly, through action in the economic arena. However from the mid to late 1930s this labourist message was to lose its force in the face of Labor's increasingly more conservative approach to economic policies and, in particular, its concern to ensure that Queensland's wages and working conditions were competitive with those found elsewhere in Australia and overseas. Furthermore, the renewed strength of the militants within the union movement in the late 1930s, which was to persist throughout the 1940s, threatened the labourism-dominated unions' influence in the union movement. Consequently, many labourist unions were to join the militant unions in their industrial campaigns, the most noticeable being the railways strike of 1948.

The next section focuses first on the moderate labourist response to Labor's increasingly conservative economic policies program and then discusses the response of the militants within the unions. It is claimed that this response on the part of the unions led to a number of bitter industrial confrontations.

The labourist response to Labor's revised program

Queensland's labourism-dominated unions did express reservations about a number of actions taken by Queensland Labor in the 1920s. For instance, the reduction of public sector wages in mid 1922 and Labor's response to the South Johnstone strike of 1927, were two events triggered by its adoption of a more conservative economic policy stance during the early 1920s. Nevertheless, the concerns of the labourism-dominated unions were not to undermine their support for Queensland Labor. The moderates in the leadership of the AWU, in many smaller craft unions, and in the Brisbane TLC leadership firmly believed that Queensland Labor had secured significant benefits for the unions and thus pointed

to the advantages of the traditional methods of the Australian labour movement. This traditional approach was political action and a reliance on arbitration, rather than that proffered by the militants: revolutionary overthrow and direct industrial action. The majority of unionists in Queensland subscribed to this labourist perspective. They believed that during Labor's first decade of rule it had demonstrated the substantial advantages which workers could expect to secure from the successful implementation of labourist programs. In one of its many editorials, written in support of Queensland Labor's record, the *Worker* noted that:

Queensland without doubt is the best State in the Commonwealth, from the working class point of view, and it has been rendered such not so much because trade unionists have continuously insisted on wages, but because the effectiveness of those wages has been safeguarded by the legislation and administration of Labor's political policy (*Worker*, 10/2/1921).

Indeed, after ten years of Labor rule in Queensland the *Worker* claimed that "it can be reasonably argued that the Labor Government in Queensland, despite its limitations, despite the long way off that Utopia yet may be, is the best in the world" (*Worker*, 28/5/1925).

This strong support on the part of the labourism-dominated unions resulted in a resolution supporting the Labor Party at the upcoming federal and state elections being passed at the 1928 Queensland Trade Union Congress and reaffirmed at a TLC meeting in March of 1929. While at the fifteenth annual delegates meeting of the AWU, held in early 1928, the President of the AWU, Marten, was to clearly express the sentiment of many moderate labourist unionists when he stated that, while the South Johnstone strike had nearly been responsible for a political crisis which may well have threatened Labor's hold on government,

it was still the case that "the worst kind of workers' government is better than the best Tory government that can possibly be conceived" (*Worker*, 19/1/1928).

In short, while disappointed at various elements of the policy program pursued by Queensland Labor in the 1920s, the moderate labourist unions saved much of their criticism for those militant unionists who sought to take advantage of the difficulties which the labour movement had been confronted with as a consequence of the "international financial blockade" (*Worker*, 28/5/1922).

However, the labourism-dominated unions' often strident defence of Queensland Labor's record during its first fourteen years in office (1915–1929) was not to secure union movement support for a political exchange during the 1920s. The previous two chapters indicated that the organisational and political character of the unions and Queensland's system of compulsory arbitration hindered the establishment of an industrial relations system dominated by a political exchange. Furthermore, Labor's adoption of a more conservative set of economic policies during the 1920s, and the presence of an influential revolutionary opposition in the unions made it increasingly more difficult for the labourism-dominated unions to secure rank and file support for a political exchange. Consequently, the union movement and Queensland Labor were involved in a number of bitter industrial confrontations during the mid 1920s. However, the labourism-dominated unions' capacity to secure support for a political exchange with Queensland Labor proved to be possible during the early to mid 1930s.

In the period immediately after Queensland Labor's re-election in 1932 (following a brief interregnum of three years during which it was not in power) the moderate labourist leadership of the union movement extolled the virtues of Labor

in Queensland. This contrasted with the position of workers under conservative governments in most other parts of Australia. President of the Brisbane TLC, Bryan, declared to the Trade Union Congress held in 1934, that Queensland Labor had gone a long way to restoring to the workers many of the benefits which they had lost under a conservative government during the depression. It

demonstrated that it is necessary that political and industrial action to obtain any benefits for their members must be taken by trade unions, particularly when through economic pressure the power of the unions is weakened (QTUC, 1934:4).

In the second half of the 1930s, a growing concern emerged in the labourism-dominated ranks of the TLC leadership about insufficient progress being made towards improving the wages and working conditions of workers under Queensland Labor. The leadership was aware that this was contributing to a weakened position of the labourist leadership within the union movement, which was coming under continual attack from a growing militant force.

President of the TLC, Bryan, told various Labor ministers that the unions were concerned with matters such as the basic wage and working hours, and that the other states had gradually come up almost into line with Queensland. Furthermore, Bryan argued that this occurred as a direct result of Labor's failure to give a lead in the setting of basic wages and working conditions and, in turn, was a consequence of Labor's obsession with ensuring that Queensland industry could compete with its southern counterparts (Queensland Labour and Industry Department, A9894, A9885, A9884).

In his opening Presidential address to the Queensland Trade Union Congress in 1940, Harvey, who had been part of the moderate labourist leadership of the TLC throughout the 1930s and who was to later become an Industrial

Commissioner, commented that the Government had failed to accede to any of the unions industrial requests in the previous few years. He commented moreover that:

To any delegate who has seen the industrial position remain almost stationary of recent years it must appear that some understanding must exist in high political quarters that no further advancement is to be made until some of the backward States have made some progress. There was a time when the Queensland basic wage was ten shillings per week higher than the Federal basic wage, the working week four hours less, while general working conditions were immeasurably superior to those obtaining in other states; however, since the depression slowly but steadily the formerly backward states are reaching the level of our own, and, in some cases, actually passing it. The present Federal basic wage is only five shillings behind the local wage, the difference in the average working week has been reduced to a decimal point. One hopes that Congress will continue to press for re-enactment of benefits previously enjoyed and for further improvements, so that Queensland may again occupy the proud position it did prior to 1929 (QTUC, 1940:11).

By the end of World War II this concern for the industrial position of the workers had become widespread within the union movement. Even the most moderate of labourist unions began to express concern that Queensland was becoming a low wage state under Labor.

In correspondence to the Minister for Labour in 1944, T. Bolger, General Secretary of the Queensland State Service Union, indicated his union's concern about the State Industrial Court's failure to maintain living standards in Queensland. He stated that while the union wished to indicate that it was not taking a stand against arbitration, it had little choice but to express its concern that Queensland wage earners had suffered a drop in wages during the war. This drop was much greater than the drop in wages which was experienced by workers in other Australian states. He hoped that the government would ensure that the standard of living in relation to other states not be reduced further (Queensland

Labour and Industry Department A9894). The AWU State Secretary Fallon, also expressed concern about the Queensland basic wage in 1946. He contended that it:

is not even in keeping with the standard prevailing over the last fifteen years, and not up to the average comparative standard maintained by the State Court in the first twenty five years of its existence (*Worker*, 9/12/1946).

In the post-World War II period, the moderate labourist unions increasingly expressed the view that Queensland Labor and its arbitration system were not delivering industrial reforms but, rather, blocking the just wage demands of the unions. This attitude helps explain why:

the 1947 wages campaign in Queensland, which culminated in the 1948 Railway Strike, was planned and conducted by a loose coalition of union officials whose political attitudes and philosophies were, to say the least, diverse (Blackmur, 1993:139).

Most union leaders strongly subscribed to a labourist strategy. However, they found it increasingly difficult to secure their members' support for such a strategy in the post-World War II period. Consequently, the moderate labourist leadership of the union movement found itself involved in major industrial campaigns aimed at securing improvements in the wages and working conditions of the rank and file through strike action such as that mounted by Queensland's railway workers in 1948.

The capacity of those unionists who subscribed to a labourist strategy to secure the rank and file's support for a peaceful exchange strategy with Labor became increasingly limited because of the influence of those unionists who subscribed to a militant or revolutionary politics. The discussion now turns to consider the influence of these unionists.

A militant response to Labor's revised program

As already explained in chapter six, in the period from World War I onwards, a growing number of unionists rejected the dominant labourist strategy which the majority subscribed to. Instead, they opted for more militant strategies that were based on syndicalist and communist ideas (Hagan, 1980). To those unionists who subscribed to such ideas, Queensland Labor's capitulation to London's financiers demonstrated the shortcomings of the labour movement's pursuit of a reformist political strategy (*Advocate*, 7/12/1920, 7/1/1921). In particular, Labor's compromise with London's financiers illustrated the way the possession of economic power rendered "it immaterial whether the party in power is branded Labour Tweedledum or National Tweedledee" (*Advocate*, 7/1/1921). Furthermore, the *Advocate* approvingly quoted a marxist analysis of Theodore's compromise with London financiers in 1924, in which Theodore was "forced to acknowledge the superiority of economic to political power" and, in doing so, "reduced his Cabinet and himself to the position of subservient managing committee for the bourgeoisie" (Childe, 1924:285). In short, the economic blockade demonstrated that workers could not expect emancipation via parliament.

According to the militants in the union movement, Queensland Labor's policies were concerned, from the mid 1920s onwards, with managing the capitalist system rather than governing in the interests of the working class. For instance, Labor's opposition to union demands for the restoration of the basic wage and introduction of a 44 hour week demonstrated how, in existing capitalist society, workers and their governments were ultimately ruled by "international finance, world markets and world competition" (*Workers Weekly*, 21/12/1923). Labor

Premier Theodore's argument that working hours could not be reduced to 44 hours in 1924 because of its deleterious impact on the competitiveness of Queensland industry demonstrated that workers were firmly wedged "into a system of wages, competition and exploitation with [their] fellow workers alike in all the states" (*Workers Weekly*, 21/12/1923).

This situation confirmed moreover that:

outside forces born of capitalism are stronger than the Queensland Government. It is an admission that legislation is moulded according to the requirements and readjustments of capitalist interests (*Workers Weekly*, 21/12/1923).

In the period from 1924 to 1957 militant unionists were to argue that the many actions of successive Queensland Labor governments were shaped by the demands of the capitalist system and powerful business interests located in the southern states or overseas. Thus, faced with a Labor government which was subservient to the interests of business, the union movement had little choice but to pursue workers' immediate interests through direct industrial action, while organising the working class for the decisive day on which existing capitalist society could be overthrown. In doing so, the militants rejected the possibility of the unions engaging in a peaceful exchange strategy with Labor. Instead, they played an influential part in many of the major industrial confrontations involving Labor and the unions, including the Rail strikes of 1925 and 1948.

CONCLUSION

Queensland Labor governments were not to develop an economic program that benefited both workers and business interests and thus were unable to contribute to the development of a lasting political exchange. Instead, in common with many other labour governments, Queensland Labor initially pursued a set of economic policies which benefited the workers but severely disadvantaged business interests. Consequently, business launched a formidable counter-offensive in the early 1920s which led to Queensland Labor's adoption of a much more conservative set of economic policies that it was largely to adhere to until its defeat in 1957.

The chapter has explained that there was, firstly, a restrictive fiscal policy. Secondly, there was a commitment to ensuring that labour market conditions and, in particular, wages and working conditions were competitive with those to be found elsewhere. At the same time, however, Queensland Labor's distrust of business interests and the capitalist system meant that it was unwilling to encourage business to invest in Queensland. This failure meant, in turn, that it failed to develop a labour reformist economic growth strategy which could have been expected to help secure union support for a peaceful exchange strategy.

Finally, those unionists which were committed to a traditional labourist union perspective sought to defend Labor, despite the fact that it adopted an increasingly more conservative set of economic policies from the mid 1920s onwards. However, the traditional labourist unions' capacity to secure worker and union support for such a position was to prove increasingly limited. Further, the growing influence of a militant unionism which argued that workers should abandon

their support for Labour and, instead, pursue a militant wages struggle made the traditional labourist unions' task even more difficult. Consequently, the unions' response contributed to a number of significant industrial confrontations involving the government and unions.

Queensland Labor's economic program was the third element which helped contribute to the development of a bargaining system in which industrial factors dominated. The other two were the organisational and political character of the trade unions and the institutional arrangements which developed in response to an historic compromise which were discussed in the previous two chapters. As a consequence strikes persisted under Labor in Queensland during this period.

The next chapter first summarises the key elements of the argument proffered in this thesis and then briefly demonstrates how the analytical framework utilised in this thesis is able to help explain why industrial peace has been established under the current Australian Federal Labor Government (1983-).

CHAPTER 9

CONCLUSION

Labour reformists traditionally have subscribed to the view that political rather than industrial action represents a more effective way of advancing the interests of the working class and, in particular, securing improvements in their standard of living in capitalist industrial society. This thesis does not contest this view. However, it does reject the view that working class control of the polity will inevitably result in workers being less reliant on industrial action to secure their objectives. Indeed, this thesis focused on Queensland where strikes persisted at a high level under Labor governments between 1915 and 1957 (see Kelsall, 1959; Wooden and Creigh, 1983).

This thesis has undertaken a detailed analysis of the Queensland case in an attempt to explain why workers and their unions continued to rely on industrial action during a period of Labor government. In completing this task, the Queensland case was contrasted with a case where workers and unions became less reliant on industrial action; that is, the case of a Swedish Social Democratic government (1932–1976). This comparative analysis teased out the complex set of factors which explain the quite different strike outcomes in the two cases and, in doing so, shed some light on the determinants of industrial peace under labour governments.

This chapter first summarises the key findings of this thesis and then concludes by utilising the analytical framework to briefly explain why industrial peace has been established under Australia's current Labor Government (1983–).

SUMMARY OF THE ANALYSIS

The analysis is founded on a political economy approach to industrial relations. This argues that political factors have a key role to play in determining the sorts of bargaining arrangements that dominate industrial relations. This thesis supports Pizzorno's (1978) argument that three different sorts of exchange relationship have developed in capitalist industrial countries. These are a system of individual exchange; a system of collective bargaining; and a system of political exchange. Furthermore, Pizzorno's contention that it is where a political exchange relationship dominates industrial relations that strikes will wither away, is central to this thesis. The likelihood of industrial peace being established where there is a labour government is dependent on whether or not industrial relations is dominated by a political exchange relationship.

The argument proffered by some political economy researchers, that a bargaining system dominated by a political exchange relationship will develop where the working class exercises control of the polity, was rejected on the grounds that it failed to account for the diversity of industrial relations outcomes in capitalist industrial countries. In particular, it was unable to account for a number of cases where bargaining was dominated by a political exchange relationship despite the fact that the working class did not exercise control of the polity. Moreover, it failed to account for the Queensland case. The political economy argument that the existence of corporatism has led to the development of industrial relations systems dominated by a political exchange relationship where there are labour governments, was also rejected. This only provided a partial explanation for the development of bargaining systems dominated by a political exchange relationship. In other words, political

exchange is considered to have been produced by a complex set of conditions rather than being reducible to the rise of corporatism.

A conceptual framework which acknowledged the variability of the conditions for a political exchange was developed. This was based on a comparative historical sociological method. According to this methodological approach, developments in capitalist industrial countries, such as the establishment of a political exchange relationship which dominates industrial relations, are determined by a complex set of factors including changing social structures, institutional arrangements and patterns of behaviour. And then vary both over time and from country to country. The analytical work undertaken to complete this thesis consequently focused on identifying the complex set of conditions which help explain why industrial relations was not dominated by a political exchange relationship during a period of Labor governments in Queensland.

At the same time, however, this analysis did not seek to reduce explanation to certain conditions which it could be argued were unique to the Queensland case. Instead, the analytical work undertaken had as its aim the development of a conceptual framework that would contribute to the difficult task of general theory building. In this case, the task was to develop a conceptual framework capable of accounting for the likelihood of industrial peace being established where there are labour governments. This was attempted by contrasting a case where a political exchange relationship dominated industrial relations during a period when the working class exercised control of the polity (Sweden), with the main case (Queensland) where a political exchange relationship failed to dominate industrial relations during a period of Labor governments.

It was acknowledged that it might be contended that the difference in the cases being contrasted, that is a state (Queensland) versus a nation (Sweden), might be responsible for the difference in outcomes. However, it was maintained that the comparative work undertaken was not hindered by the difference in configurations, as the factors which it is maintained are responsible for the difference in outcomes can be validly applied to both cases.

An analytical framework was developed which, it is maintained, is able to account for the different bargaining outcomes in these two cases. There are three factors which contributed to the quite different bargaining outcomes in these two cases. The first of the three factors is the organisational and political character of the unions. The second is the sorts of institutional arrangements established in response to societal crises, and the third is the sorts of economic policies implemented by labour governments.

The establishment of a political exchange relationship which dominated industrial relations under Sweden's Social Democratic governments (1932–1976) was a result of the ideal conditions associated with these three factors being present. First, the unions were dominated by a strong federation and a reformist leadership which was opposed by a weak revolutionary opposition. The presence of a socialist ideology during the process of union formation and the absence of cleavages within the union movement, based on religion, race, ethnicity, language, region or politics, were two of the key factors in the establishment of an organisationally unified movement dominated by a strong federation, the LO. Moreover, the establishment of corporatist arrangements at the societal level contributed to the development and strengthening of the LO. Consequently, the unions were able to resist the rank and file's demands

to secure more immediate short term gains such as increases in wages and working conditions. The revolutionary opposition which existed within the Swedish union movement failed to establish a significant organisational base, and thus was unable to effectively challenge the reformist union leadership which was firmly committed to a peaceful exchange with Sweden's Social Democratic government.

Second, an historic compromise was established in Sweden in response to major societal crises in the 1930s and 1940s. Corporatist institutions were established at the societal level leading to the informal coordination of conflicting objectives via various tripartite and bipartite agreements and forums. These, in turn, were based on a social partnership established between the key contending actors. The establishment of corporatist arrangements at the societal level also led to a wide range of issues being the subject to the bargaining process and, importantly, this meant that government was to become more responsible for guaranteeing to workers the sorts of benefits which were likely to help secure their commitment to a political exchange relationship. The welfare regime that was established at this juncture resulted in the development of generous, highly decommodifying and universalistic welfare programs which made the worker less reliant on the market. Consequently, the institutional mechanisms established in response to Sweden's historic compromise was another important factor which contributed to industrial relations being dominated by a political exchange.

Finally, Sweden's Social Democrats were committed to the implementation of a labour reformist economic growth strategy throughout most of the period during which it was in office. This particular set of policies benefited both business and the workers and thus contributed to the development of a stable political exchange. The

one exception was during the second half of the 1940s when Sweden's Social Democratic government pursued a more traditional redistributive policy approach combined with a commitment to greater economic planning. The counter-offensive launched by business at this juncture contributed to a period of economic instability and led to a change in the Swedish Social Democrats' policy priorities. This change disadvantaged the unions and threatened to undermine the political exchange which dominated industrial relations. However, Sweden's unions were firmly committed to the view that workers' interests were best advanced through long term economic and social policy changes rather than through industrial strategies. This meant that they were not to respond to the change in Sweden's Social Democrats' policy direction in the late 1940s by seeking to pursue their members' interests through collective acts of militancy in the economic arena. Instead, they were to develop, and seek to impose on the Swedish Social Democrats, a set of economic policies which contributed to the development of economic and employment growth which in turn contributed to the development of a stable political exchange.

In contrast, the ideal conditions associated with these three factors were not present in Queensland under its Labor governments (1915–1929, 1932–1957). Consequently, industrial relations was not dominated by a political exchange. First, because Queensland's trade unions failed to develop the sort of organisational and political character which would have allowed them to secure the rank and file's commitment to a political exchange strategy. Attempts to develop an organisationally unified movement dominated by a strong federation were hindered by a number of factors. They included the significant influence exercised by craft unionism, the presence of regional divisions within Queensland, political divisions which led to the

development of two competing centres of union power and finally the impact of a system of compulsory arbitration. The result was the development of a complex and fractured organisational structure which hindered the union leadership's ability to secure rank and file support for a long term strategy of exchange.

Furthermore, there developed within the union movement an influential revolutionary opposition that was able to challenge the reformist strategy subscribed to by many unionists. During the period from 1915 to 1929 an influential syndicalist militancy developed in the north of the State and in the second largest and most industrially powerful union in the State, the ARU. Furthermore, during the period from 1942 to 1957 Communist Party trade unionists dominated the leadership of the most important trade union centre in the State, the Brisbane and then Queensland TLC. The strength of this revolutionary opposition was to undermine the union movement's support for a political exchange with Labor governments.

Second, a major societal crisis which occurred in Australia during the 1890s led to the development of an historic compromise. A number of factors were present during the two decades spanning the turn of the twentieth century which contributed to the establishment of an historic compromise. They included economic vulnerability, divisions within the ranks of business, a strong reformist working class and a strong state. However, Australia's historic compromise, unlike the historic compromise which was established in Sweden a generation later, did not lead to the establishment of the sorts of institutional arrangements which this thesis argued could have been expected to contribute to the development of a political exchange relationship that dominated industrial relations.

This occurred in part because Australia's corporatist arrangements were established at the sectoral or industry level rather than the societal level. These corporatist institutions (i.e. a system of compulsory arbitration) did not allow government to guarantee to workers the sorts of benefits or rewards which could have been expected to secure their commitment to a peaceful exchange strategy. Compulsory arbitration also led to the development of a formal legalistic bargaining system which encouraged labour and capital to adopt an adversarial posture. Labor therefore pursued its interests through whatever means possible, including industrial action. This formal legalistic bargaining system also resulted in government's role being confined to enforcing the rules of the game rather than being involved directly in the bargaining process. Consequently, Queensland Labor was to discipline striking unionists which, in turn, embittered government–union relations and led to the persistence of industrial conflict.

A wage earners' welfare system was the other important institutional outcome of Australia's historic compromise. It was to guarantee workers a living or basic wage while a residual system of income maintenance provided insurance against poverty for all those who fell outside the labour market. This welfare system formed the basis of the political bargain established between labour and capital during the first decade of the twentieth century. Union support for this system was founded on a belief that it would guarantee to workers the same high standard of living that they had experienced prior to the depression of the 1890s. However, this was not to be the case. Australia's poor economic performance, from the 1890s through to World War II, limited the industrial tribunals' capacity to substantially increase the living wage. Furthermore, the industrial tribunals' increasing concern with determining wages on the basis of

industry's capacity to pay rather than social considerations, was to dissatisfy many unions and unionists and also emphasise their dependence on the market rather than government for improvements in their wage and working conditions. Consequently, workers and unions were increasingly to pursue their interests through collective acts of militancy in the economic arena.

Finally, Queensland's Labor governments initially pursued a traditional labour reformist strategy that redistributed the existing wealth in society to the working class and also aimed to extend public ownership of industry. This strategy secured the support of the unions, but aroused considerable business opposition, since it clearly disadvantaged them. The resulting assault by business interests on Queensland Labor led to a major shift in its policies. The more conservative policies pursued by Queensland Labor following this assault included a commitment to balancing the budget through the adoption of a prudent fiscal approach and a strong commitment to ensuring that Queensland's labour market conditions were competitive with those found elsewhere in Australia and overseas. At the same time however, Labor did not adopt an economic development strategy that was reliant on encouraging interstate and overseas business interests to invest in Queensland. Consequently, rather than developing a manufacturing base through capitalist investment, which could have contributed to increased levels of employment and economic growth, Queensland remained dependent on its primary producing industries during the 1940s and 1950s. The consequence of these economic policies was Queensland Labor's inability to guarantee to workers the sort of benefits which would have helped secure their commitment to a political exchange. Furthermore, the unions' response to the more

conservative economic policy direction of Queensland Labor, contributed to the persistence of strikes.

Those unionists who subscribed to a reformist perspective initially sought to defend Labor's record on the grounds that the worst labour government is better than the best conservative government. However, this defence proved increasingly ineffective in the face of the impact of Queensland Labor's conservative economic policies and the influence of the militants in the union movement. The militants argued that Labor's increasing policy conservatism was evidence of the shortcomings of the reformist project, and pointed consequently to the need for unions to take direct industrial action if they were to advance the interests of their members. Moreover, the militants' organisational strength in the mid 1920s and again in the second half of the 1940s allowed them to successfully put their preferred industrial response to Labor's policy conservatism into practice. This resulted in a number of major industrial confrontations involving Queensland Labor and the unions.

RELEVANCE TO OTHER CASES?

The analytical framework proffered in this thesis to account for the different outcomes in the two cases examined cannot be readily generalised beyond these cases for the reasons identified in Chapter 4. Nevertheless, this analysis does assist in helping account for the sorts of exchange relationships that have dominated bargaining arrangements where there have been labour governments. The following discussion briefly considers how this analysis is able to help explain why a political exchange relationship has dominated industrial relations and, as a consequence, why strikes have declined under Australia's current Labor Government (1983–).

Prior to the 1980s Australia's Labor governments generally were not to preside over a decline in strikes (Waters, 1982). Indeed, quite the opposite was to occur under the Chifley (1945–1949) and Whitlam (1972–1975) Labor governments (Waters, 1982). Those conditions which this thesis argues hindered the establishment of a political exchange relationship in Queensland, also hindered its development under Australia's Federal Labor governments. In contrast, Australia's current Labor Government (1983–) has presided over a dramatic decline in strikes (see Beggs and Chapman, 1987a, 1987b, 1987c; Chapman and Gruen, 1990; Morris and Wilson, 1994).

These researchers argue that the Prices and Incomes Accord (hereinafter referred to as "the Accord" and now in its eighth version), which was entered into by the Australian Labor Party and the ACTU in February 1983, has been primarily responsible for the establishment of industrial harmony. This contention is accepted here. However, it is important to note that, encapsulated in the Accord, is the complex set of factors which it is argued has contributed to the development of a political exchange which dominates industrial relations. These factors are briefly discussed below. In doing so, the discussion highlights the usefulness of the analytical framework proffered, to explain the different sorts of exchange relationships which dominated industrial relations under labour governments in Queensland (1915–1929, 1932–1957) and Sweden (1932–1976).

Prior to the 1980s the Australian union movement's organisational and political character was relatively similar to that of the Queensland union movement. This helps explain why industrial peace was not established under previous Australian Labor governments. Significant changes have been wrought on the organisational and

political character of the Australian union movement in recent decades. These meant that, in the 1980s and 1990s, the union movement has been able to exercise restraint in the short term in exchange for the longer term benefits which it expected to secure from Labor governments. This was, in part, because the ACTU (which was established as Australia's main union federation in 1927) was to develop into a strong federation which dominated the union movement during the 1980s and 1990s. Furthermore, in the 1980s the militant or revolutionary politics which, for a long time had exercised a considerable influence over union strategies, was replaced by a firm commitment on the part of the whole union movement to a reformist political strategy. This has resulted in the union movement being willing to commit itself to a long term exchange strategy with a Labor government.

A complex set of factors is responsible for the ACTU's recent transformation into a strong federation capable of securing rank and file commitment to a long term strategy of exchange. Dramatic changes in the economy and workplaces have contributed to the waning influence of an exclusivist craft ideology which exercised considerable influence during the ACTU's formative period (Donn and Dunkley, 1977). State Trades and Labor Councils exercised significant influence over the ACTU during its first few decades of existence which hindered its capacity to develop as a strong co-ordinating centre. This influence has waned considerably in the post-World War II era (see Pilkinton, 1983). Political divisions which developed between World War I and World War II led the largest union in the country, the AWU, to opt to remain aloof from the ACTU for a period of forty years. Its affiliation to the ACTU in 1967 pointed to a marked decline in these political differences (Rawson, 1982). Indeed, in the 1970s and 1980s political divisions have been replaced by a growing

consensus within union ranks (Davis, 1983, 1985, 1992, 1993; Martin, 1992). The decision of three white collar peak councils to merge into the ACTU between 1979 and 1985 also points to the breaking down of significant occupational divisions which had hindered the establishment of a strong federation (Griffin, 1994).

There are a number of other developments which occurred in the 1980s that also have contributed to the ACTU's establishment as a strong federation. This thesis has noted that corporatist arrangements, established at the societal level, can be expected to contribute to the development of strong union confederations. This has certainly been the case in the 1980s and 1990s in Australia. Labor corporatist arrangements established at the societal level have contributed to the development and strengthening of the ACTU. As already mentioned the most important of these corporatist arrangements was the bilateral Accord reached between the present Labor Government and the ACTU:

This Accord process greatly enhanced the internal authority of the ACTU. Its full-time officers and Executive sub-committee became the *de facto* negotiators for improved wages and conditions for not only unionised workers but also non-unionised employees as well. Inevitably, power and authority accumulated to the ACTU (Griffin, 1994:91).

During the 1980s key leaders in the Australian union movement sought to replicate the strategies that the labour movements in a number of north European countries (particularly the Scandinavian countries) had developed in the post-World War II era (some of the key tenets of this approach were discussed in Chapter 5). *Australia Reconstructed* (ACTU/TDC, 1987) was based on a joint analysis undertaken by the ACTU and Trade Development Council of successful union strategies developed in countries such as Norway, Austria and Sweden during the post-World War II era. It was to represent a key strategy document of the Australian union

movement. It also was to provide "the theoretical underpinning for the more specific proposals outlined in *Future Strategies for the Trade Union Movement*" (ACTU, 1987; Costa and Duffy, 1991).

Australia Reconstructed (ACTU/TDC, 1987) noted that the considerable success of the union movements in these countries resulted in part from them being dominated by strong federations. The report concluded that if the Australian union movement was to succeed in delivering the sorts of benefits that these north European union movements had delivered to their membership, then it was vital that the ACTU develop into a strong federation. *Future Strategies for the Trade Union Movement* (ACTU, 1987), also emphasised the need for organisational change and the development of a more co-ordinated movement. Thus, these reports gave further impetus to the transformation of the ACTU into a strong federation and the process of union amalgamations. This process of organisational development has contributed to the unions being able to secure individual union commitment to restraint in the short term in return for the longer term benefits which the ACTU sought to secure from a Labor government.

Major unions, such as the metal workers and building workers, have for a long time been dominated by a leadership committed to revolutionary politics and militant industrial strategies (see Frenkel and Coolican, 1984). Accordingly, these unions could have been expected to help undermine the Accord process and the establishment of a stable political exchange with Australia's Labor governments during the 1980s and 1990s. However, during the early 1980s major left unions, such as the metal workers and building workers, were to embrace the sort of strategies pursued by the union movement in the Scandinavian countries (Ewer *et al.*, 1991; Frenkel, 1993; Stilwell,

1986). They embraced a constructive strategy of change concerned with a broad range of social and economic issues which were pursued through the Accord process. Consequently, these unions have willingly committed themselves to a political exchange with Labor rather than continuing to pursue their members' interests via militant industrial tactics.

The decision of the militant unions to embrace the Scandinavian approach was the result of a complex set of factors. The metal workers union, in particular, acknowledged that the militant wages struggles which they had spearheaded in the 1970s and early 1980s had tended to exacerbate inflation and thus led to deflationary government measures that reduced employment and left "unions with few gains and less strength" (Frenkel, 1993:262). Furthermore, the crumbling of the socialist bloc discredited the revolutionary ideal. "There was an ideological vacuum that came to be filled by the more realistic concept of advanced social democracy epitomised by Sweden, where the union movement played a significant strategic role" (Frenkel, 1993:262).

Thus, during the first half of the 1980s, many influential radical unionists in Australia, such as the Assistant National Secretary of the Metal Workers' Union and former Communist Party member, Laurie Carmichael, committed their unions to a political exchange with Labor. They did so in the belief that it could secure real benefits for workers and also could form the basis of an alternative transitional program to socialism (Stilwell, 1986). The decision to abandon a revolutionary politics and militant industrial strategy in favour of an advanced social democratic strategy meant that from the early 1980s onwards major left unions were, along with the right of the union movement, to commit themselves to a political exchange with Labor.

The changes in the organisational and political character of the Australian union movement are one set of factors which help account for the establishment of a political exchange which has dominated industrial relations under Australia's Federal Labor government in the 1980s and 1990s. During the 1980s the institutional arrangements established in response to the economic crisis of the 1890s have been restructured in response to a crisis in Australia's international economic competitiveness (see Frenkel [1993] for a useful discussion of the process of institutional restructuring which has occurred during the 1980s). These new institutional arrangements have also contributed to the establishment of a political exchange under Australia's Federal Labor governments.

Labor was elected to government in March 1983 at the height of a major economic crisis. This crisis contributed to a degree of co-operation involving government, unions and employers (Stilwell, 1986). This was made possible because there were factors present which were likely to contribute to the development of a compromise between the key contending actors in society. In other words, Australia's economic vulnerability, the labour movement's considerable political and industrial strength and firm commitment to a reformist political strategy and, finally, following Labor's election to government in March 1983, the willingness of sections of business, particularly in the manufacturing sector, to co-operate with Labor (McEachern, 1986; Stilwell, 1986) were the key factors which contributed to the establishment of a compromise. However, in contrast to the institutional arrangements established in response to an earlier historic compromise which occurred in Australia at the beginning of the twentieth century (see Chapter 7), the corporatist institutions and welfare arrangements established in the 1980s have contributed to the development of

a political exchange which has dominated industrial relations under successive Labor governments.

The Accord represents the most significant of a plethora of tripartite and bipartite agreements and forums which have contributed to the establishment of a corporatism at the national level. The Accord is a bipartite agreement reached between the industrial and political wings of the labour movement. The National Economic Summit which was held soon after Labor's election to government was to involve representatives of government, business and the unions in a major tripartite forum (Stilwell, 1986). Furthermore a number of tripartite procedures and organisations were to flow on from the National Economic Summit. These included for example, the Economic Planning Advisory Council (EPAC), Industry Councils, the Australian Manufacturing Council and the Advisory Committee on Prices and Incomes (Singleton, 1985; Stilwell, 1986).

These institutional arrangements have resulted in bargaining between government, unions and business being determined not through an adversarial approach, which hitherto had dominated bargaining in the industrial relations arena in Australia, but instead, through a bargaining system based on the reaching of negotiated settlements. Furthermore, through these bipartite and tripartite agreements and forums, a broad range of economic and social issues have become the subject of the bargaining process. They have included issues relating to job creation and associated labour market policies, industrial development, industrial relations, health, education, superannuation and social security which, in turn, have contributed to the development of a social wage (Stilwell, 1986; Chapman and Gruen, 1990; Willis, 1995). Consequently, Australia's Federal Labor government has become more responsible for

guaranteeing to workers various material benefits which have helped secure union commitment to a political exchange with Labor. These developments are also the outcome of corporatist arrangements which are established at the societal level.

Some researchers (see Ewer *et al.*, 1991) have argued that despite all the rhetoric about the development of a social wage, Australia's Federal Labor government has implemented welfare policies which have encouraged the persistence of a selective welfare system, rather than one based on decommodifying and universalist principles. Furthermore, the difficult economic conditions which have prevailed for most of the period since 1983 have limited the Federal Labor government's capacity to deliver the sorts of generous welfare arrangements which the Scandinavian countries introduced during the prosperous economic times which prevailed in the 1950s and 1960s.

Nevertheless, research undertaken by the National Centre for Social and Economic Modelling (NATSEM), which was released in the April 1995 issue of the centre's *Income Distribution Report*, indicates that the social wage has contributed to a significant improvement in the incomes of the less well off in Australian society. Whitlock's (1993) research also indicates that welfare benefits are now significantly higher as a proportion of the poverty line than they were in 1983. Furthermore, according to a recent EPAC report, the argument that Labor's welfare policies have led to an "increased selectivity and residualisation of social services" has, in fact, tended to downplay the importance of many of the social and welfare initiatives introduced by Labor since 1983. Initiatives which have "bolstered the role of the state and improved social welfare provision" (EPAC, 1995:73).

The evidence in relation to developments in the welfare system under Labor since 1983 suggests, on the one hand, that it has failed to emulate the sorts of welfare

regimes established in the Scandinavian countries from the 1930s onwards and particularly in the 1950s and 1960s. On the other hand, the significance of some of the welfare reforms introduced by Labor, such as those relating to superannuation, should not be underestimated (see EPAC, 1995; Willis, 1995). Substantial improvements have been made to Australia's welfare system in the period since 1983 which, in turn, have secured material benefits to those whom the union movement represents. Thus, it is fair to say that Australia's welfare system has contributed to the development of an industrial relations system dominated by a political exchange. The economic policies pursued by the Federal Labor government has also contributed to the development of a relatively stable political exchange.

Prior to the 1980s, Australia's Labor governments were committed to economic policies which were concerned primarily with redistributing income to the working class rather than creating the conditions for economic growth from which both labour and capital could expect to benefit. It had, on the rare occasion, also sought to nationalise various industries or establish government owned enterprises. The Chifley Labor Government's attempt to nationalise the banks in 1947 is perhaps the most controversial attempt to implement such a policy. In contrast, since 1983 the Federal Labor government has pursued a quite different set of economic policies. For instance, underlying the Accord is a determined attempt "to focus the attention of both those who derive their income from capital and labour on to the mutual advantages of expanding total income, rather than fighting over shares in a static or declining total income" (Stilwell, 1986:118).

During the 1980s and 1990s Labor has sought to achieve this objective through a substantial program of economic reform aimed at creating "a low-inflation, high-

employment economy largely free from protection" (Frenkel, 1993:257). The plethora of reforms which have been introduced "can be grouped under three headings: attempts to improve competitiveness through economic adjustment measures; reforms of industrial relations institutions; and changes in wage-determination principles" (Frenkel, 1993:258).

These reforms, along with Labor's particular commitment to the "restoration of business confidence and the profit share" (Chapman and Gruen, 1990:16), have offered tangible benefits to business. Consequently, employers and business have not launched a major counter-offensive against Labor.

However, Australia's continuing economic difficulties, in particular, an economic crisis in 1985-1986 and a major economic recession in the early 1990s have meant that the capacity of Labor's economic growth strategy to deliver the sorts of rewards which might be considered necessary to secure the unions ongoing commitment to a political exchange strategy, has at times been difficult. Nevertheless, the political exchange established in 1983 between Labor and the unions has survived for twelve and a half years. There are a number of factors which help account for its longevity in the face of Australia's ongoing economic difficulties.

Labor's commitment to the development of a high employment economy and progressive social welfare policy has ensured that workers' living standards have improved in spite of the economic difficulties which have confronted Australia in the 1980s and 1990s. Furthermore, the response of both Labor and the unions to the economic crisis of 1985-1986, which led to the renegotiation of the Accord, demonstrated the durability of the political exchange relationship (Willis, 1995). On the one hand Labor was not interested in pursuing a conservative economic policy

formula in the face of Australia's deteriorating economic conditions. On the other hand, as already discussed, the unions recognised the importance of committing themselves to longer term economic and social policy changes rather than seeking to pursue their interests in the economic arena through industrial action.

Furthermore, the action of a number of conservative employers and conservative state governments (see Blackwood, 1989) during the past decade have indicated that the political agenda which they are pursuing can be expected to have dire consequences for Australian workers and their unions. Thus the unions' commitment to a political exchange with Labor in the past decade has also been based in part on their recognition that were Australia's conservative parties to win control of the polity, workers and unions would be severely disadvantaged.

This thesis has developed a conceptual framework based on three factors to explain the different sort of exchange relationships which were to dominate industrial relations under labour governments in Queensland and Sweden. It was emphasised that these three factors could not be readily generalised beyond these two cases. Nevertheless, they represent a useful starting point when attempting to explain whether a political exchange is likely to dominate industrial relations where there is a labour government. The ability of this conceptual framework to explain why industrial harmony has been established under an Australian Federal Labor government in the 1980s and 1990s, also further highlights its usefulness for future research into the likely establishment of industrial peace where labour governments are in power.

STATISTICAL APPENDIX

EXPLANATORY NOTES

Statistical information which is available to analyse strike trends in Queensland and Sweden includes annual aggregate data concerning the number of strikes, the number of workers involved and the number of days lost.

When making comparisons based on these three indicators, differences in the number of persons in the labour force must be taken into account. Three deflated indicators which can be used are:

- (a) Number of stoppages relative to persons in the labour force
(i.e. relative frequency)
- (b) Number of workers involved relative to persons in the labour force
(i.e. relative involvement)
- (c) Number of working days lost relative to persons in the labour force
(i.e. relative volume)

Comparisons based on relative frequency are likely to prove unreliable. This is primarily because of differences between countries in the criteria required for inclusion in their statistical records (see Creigh and Poland, 1983:56). This measure has therefore not been utilised to analyse trends in industrial conflict in Queensland and Sweden.

Comparisons based on relative involvement are not as statistically reliable as comparisons based on relative volume (Creigh and Poland, 1983). Nevertheless, relative involvement is a useful measure since it "reflects the number of workers mobilised in collective conflict and therefore has obvious sociological and political significance" (Korpi and Shalev, 1980:310). It is utilised to analyse trends in industrial conflict in Queensland and Sweden.

Comparisons based on relative volume are considered to be the most reliable in statistical terms (Creigh and Poland, 1983:56-57). This is because "the bulk of days lost in each country are accounted for by a small number of major stoppages which will be recorded irrespective of differences in definitions and collection methods" (Creigh and Poland, 56:1983). Relative volume is utilised to analyse trends in industrial conflict in Queensland and Sweden

Table 1, Relative volume and involvement in industrial conflict in eighteen Western countries during the 1900s: Analysis of the Swedish figures highlights how industrial conflict declined sharply from record high levels of relative volume during the first third of the century to internationally low levels. Relative involvement in industrial conflict has also fallen to very low levels in Sweden in the post WWII period. In contrast, Australia's relative involvement has been at an internationally high level throughout the period from 1900 to 1976 and relative volume has been above the mean average for the eighteen countries measured from 1919 to 1976.

Table 2, Relative volume in industrial conflict in Australia's states, 1915-1957. Queensland rate for the period 1915-1957 was the second highest in the country behind New South Wales. For the period 1915-1929 Queensland rate also was the second highest in the country. For the period 1945-1957 Queensland rate was the highest in the country. Queensland rate was closest of all states to Australian rate for period 1915-1957.

Table 3, Relative involvement in industrial conflict in Australia's states, 1915-1957. Queensland rate was again second highest for periods 1915-1929, 1945-1957 and 1915-1957.

Table 4, Relative volume in industrial conflict in Australia's states (calculated on a yearly basis), 1915-1957. Annual figures highlight the significant contribution that major disputes in 1917, 1919, 1925, 1927, 1946 and 1948 made to Queensland's high strike rate for the period 1915-1957.

Table 5, Relative involvement in industrial conflict in Australia's states (calculated on a yearly basis), 1915-1957. Annual figures again highlight importance of major industrial disputes for Queensland's high strike rate.

Table 1

Relative volume and relative involvement in industrial conflict in eighteen Western countries during the 1900s.

Country	Relative Volume *			Relative Involvement †		
	1900-13	1919 - 38	1946 - 76	1900 - 13	1919 - 38	1946 - 76
Sweden	1286	1440	43	397	295	36
Norway	491	1853	90	165	384	65
Austria	280	325	44	177	343	145
Denmark	272	681	173	94	203	184
UK	460	1066	213	237	396	432
Belgium	722	665	255	168	468	331
New Zealand	-	146	191	-	180	523
Australia	399	684	381	323	517	1589
Finland	834	399	630	233	120	835
France	309	404	566	184	388	1367
Italy	293	126	631	270	394	2313
Japan	-	40	241	3	32	450
Ireland	-	508	443	-	140	293
Canada	471	296	509	173	151	314
USA	-	356	585	259	277	354
West Germany	489	875	31	151	775	92
Netherlands	251	379	34	122	116	57
Switzerland	-	55	11	79	42	7

Source: Korpi (1983:165)

* Number of man-days of idleness per 1,000 workers in the non-agricultural labour force.

† Number of persons involved in industrial conflict per 10,000 workers in the non-agricultural labour force.

Table 2
Relative volume* in industrial conflict in Australia's states, 1915-1957#

YEAR	NSW	VIC	QLD	SA	WA	TAS	AUST
1915 - 1929	2780	892	1119	609	221	437	1621
1930 - 1944	853	132	197	75	248	230	418
1945 - 1957	824	326	890	218	177	189	551
1915 - 1957	1516	456	728	305	217	290	877

Sources: Raw figures from which these calculations were made were obtained from Commonwealth Labour Reports from 1915 to 1973, and Census Reports for 1911, 1921 and 1933.

* Number of working days lost per 1,000 workers (excluding wage and salary earners employed in rural production, female domestics and defence forces). Wage and salary earner figures from 1915 to 1938 are based on census figures for 1911, 1921 and 1933. Figures for years between each census represent estimated average annual growth. From 1939 direct measures were available (from Labour Reports) for wage and salary earners excluding rural, female domestics and defence forces.

Annual figures at table 4 used to calculate arithmetic means for periods 1915-1929, 1930-1944, 1945-1957 and 1915-1957

Table 3
Relative involvement* in industrial conflict in Australia's states, 1915 - 1957#

YEAR	NSW	VIC	QLD	SA	WA	TAS	AUST
1915 - 1929	2,193	362	647	314	647	482	1,122
1930 - 1944	1,538	169	173	196	321	90	725
1945 - 1957	2,700	583	1,438	559	381	748	1,528
1915 - 1957	2,118	362	721	354	453	321	1,106

Sources: As for Table 2.

* Number of working days lost per 10,000 workers. Figures for wage and salary earners as for Table 2.

Annual figures at table 5 used to calculate arithmetic means for periods 1915-1929, 1930-1944, 1945-1957 and 1915-1957

Table 4

Relative volume* in industrial conflict in Australia's states (calculated on a yearly basis), 1915-1957.

YEAR	NSW	VIC	QLD	SA	WA	TAS	AUST
1915	1371.30	199.38	150.71	208.72	54.62	130.01	636.44
1916	2781.52	5216.39	1264.61	81.33	285.52	573.11	1506.11
1917	7715.47	2478.01	2336.14	607.37	701.49	1390.36	4219.53
1918	382.12	476.58	1232.44	171.61	6.19	13.09	477.13
1919	5568.31	1754.39	3858.93	2225.68	848.23	1639.04	3739.55
1920	4876.33	2341.32	731.83	1967.88	425.45	811.57	3063.05
1921	1429.17	599.15	911.22	900.56	323.92	610.12	1079.21
1922	1226.27	180.19	839.24	1072.33	122.95	236.16	486.88
1923	1855.98	272.34	375.54	243.95	14.30	28.01	943.81
1924	1257.68	181.32	315.13	182.98	148.37	296.30	749.52
1925	1337.61	354.52	1437.54	182.98	37.74	76.86	912.32
1926	2275.55	268.01	192.85	213.96	63.12	131.07	1049.38
1927	2310.23	143.15	2686.87	481.46	182.60	386.69	1359.64
1928	973.61	288.01	435.29	514.36	67.06	144.7	611.02
1929	6342.86	3335.64	20.48	84.48	40.05	88.17	3474.58
1930	2895.07	19.58	58.41	214.04	4.63	10.40	1165.99
1931	271.36	70.16	295.34	6.57	61.54	140.88	188.04
1932	125.85	247.63	120.03	0.94	174.87	408.27	160.78
1933	104.85	65.63	77.09	0.94	186.33	31.50	84.03
1934	400.22	258.61	158.64	0.00	190.29	0.00	278.69
1935	534.65	104.85	377.60	21.40	746.42	2.41	340.52
1936	727.51	27.26	72.82	4.08	325.70	85.63	327.41
1937	693.00	151.60	74.90	31.19	140.36	377.30	123.63
1938	1556.00	215.75	402.02	1.48	414.03	1536.50	807.70
1939	587.76	54.55	8.41	13.50	129.23	4.08	265.40
1940	1698.14	198.35	583.60	62.87	66.54	205.07	827.71
1941	1023.27	236.49	212.44	109.59	0.08	0.00	514.77
1942	419.25	62.29	11.67	62.50	84.92	1.80	198.60
1943	1021.80	136.81	243.99	118.65	362.60	3.73	517.37
1944	736.90	130.38	260.20	472.67	829.49	650.27	476.95
1945	2293.23	92.60	856.86	182.22	292.52	110.32	1107.59
1946	835.96	843.25	2328.15	165.34	542.48	103.94	926.42

YEAR	NSW	VIC	QLD	SA	WA	TAS	AUST
1947	1005.95	519.67	105.87	210.16	43.73	82.35	589.99
1948	668.95	238.65	2625.12	152.19	53.35	13.80	700.11
1949	1037.14	86.76	572.27	136.25	174.29	391.71	548.97
1950	627.19	1676.70	221.89	575.00	33.54	107.97	809.96
1951	641.47	55.59	272.96	150.15	30.00	128.07	326.96
1952	737.28	155.21	218.94	285.65	748.68	172.79	442.61
1953	748.18	76.67	443.86	247.99	28.59	223.03	403.48
1954	475.18	174.09	513.40	133.67	118.90	305.42	332.69
1955	637.83	171.28	268.16	278.05	51.69	234.75	360.83
1956	548.64	135.93	634.94	298.32	171.87	527.55	392.70
1957	451.89	16.21	2511.85	14.87	16.95	59.17	219.91

Sources: As for Table 2.

* Number of working days lost per 1, 000 workers. Figures for wage and salary earners as for Table 2.

Table 5

Relative involvement* in industrial conflict in Australia's states (calculated on a yearly basis), 1915-1957

YEAR	NSW	VIC	QLD	SA	WA	TAS	AUST
1915	1697	194	157	158	80	243	760
1916	2938	483	1504	165	1213	108	1566
1917	3116	548	956	418	387	447	1567
1918	750	170	781	200	640	0	499
1919	2222	661	1116	765	1333	436	1370
1920	1965	1144	417	558	4300	461	1330
1921	2916	177	350	302	1635	51	1387
1922	2140	170	224	302	105	103	969
1923	1254	196	212	170	519	51	628
1924	2768	272	208	160	855	77	1249
1925	2891	232	1401	132	449	51	1428
1926	1979	229	154	255	74	231	905
1927	3031	242	1899	745	415	205	1594
1928	1630	154	222	330	298	128	758
1929	1602	557	104	57	106	132	817
1930	972	10	95	274	58	79	418

YEAR	NSW	VIC	QLD	SA	WA	TAS	AUST
1931	456	116	329	19	448	53	290
1932	398	164	125	9	303	316	249
1933	298	184	194	9	433	26	226
1934	674	200	155	0	376	0	366
1935	593	182	103	25	375	24	326
1936	880	140	60	8	474	93	399
1937	1400	81	50	101	167	89	606
1938	1883	213	124	7	343	468	869
1939	2130	44	18	14	119	20	883
1940	2387	160	133	185	270	39	1058
1941	2896	342	164	230	26	0	1299
1942	1980	211	17	214	173	19	891
1943	3291	344	386	515	238	38	1550
1944	2832	245	649	1335	1018	91	1447
1945	3348	529	646	239	342	286	1654
1946	2669	4278	890	583	500	270	1659
1947	3226	123	408	303	129	206	1441
1948	2515	625	693	352	164	69	1336
1949	2073	318	822	290	380	467	4089
1950	3057	1028	799	645	125	397	1695
1951	2856	358	1594	559	247	1284	1530
1952	3350	826	1175	1150	1129	1256	1924
1953	3038	913	2652	839	213	622	1905
1954	2107	576	2338	313	302	718	1366
1955	2511	439	2343	1004	530	1540	1588
1956	2031	462	3069	740	600	1798	1499
1957	2314	111	1262	254	297	809	1176

Sources: As for Table 2.

* Number of working days lost per 10,000 workers. Figures for wage and salary earners as for Table 2.

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