

Part II. The Origins and Development of Capital and Labour in Australia

Section 1. Australian capitalism

Modern Australian society is a product of the capitalist economic and political forces that have ruled most of the world since the rise of the capitalist class to power in Western Europe. The British colonisation and settlement of Australia was part of the worldwide expansion of capitalism.

The initial aim of the British settlement of Australia was to establish an outlet for Britain's large prison population, consisting overwhelmingly of the descendants of declassed peasants driven from their lands at the beginning of the Industrial Revolution.

By the end of the 1820s, however, facing widespread industrial unrest, a large prison population, and mass discontent in Ireland, the British government began also to favour mass emigration of those who could not be profitably employed in Britain's capitalist industries. Beginning in 1831, the British government began to promote emigration to Australia by the poor and the unemployed. At the same time, the Australian colonies began to assume more importance to British capitalism as a source of raw materials, particularly wool.

A settler outpost of British capitalism

From their foundation, the Australian settler colonies were integrated into the worldwide division of labour imposed by Britain, the then-dominant capitalist power. The colonial settlement of Australia was part of the same process that resulted in British colonisation of India, North America and parts of Africa. However, significant differences in these colonisations explain why Australia became a developed capitalist country while India and many other former British colonies were condemned to semi-colonial underdevelopment.

Prior to its conquest by Britain, India already had a fairly highly developed pre-capitalist economy producing a large social surplus product, particularly in agriculture. British capitalism conquered India in order to appropriate this surplus. Therefore, it sought to maintain the agrarian social relations under which this surplus was produced and expropriated. At the same time, British capital sought to open up the Indian market to British manufactures. Competition from cheaper, British manufactured goods destroyed India's large artisan class and also blocked the development of a strong, competitive industrial capitalist class. Australia, by contrast, was regarded by the European colonists as an unowned and therefore "empty" continent — one lacking a pre-capitalist social surplus product available for plunder by a power with a technological edge in productive capacity and military force.

In its broad outlines, the origins of modern Australia were similar to those of other British colonial settler societies such as the USA, Canada, and New Zealand.

The previously existing hunter-gatherer economy of the indigenous tribes produced only enough for the reproduction of their society. There was no significant social surplus product. The British colonisers therefore did not attempt to maintain the social relations of Aboriginal society. Instead, they sought to appropriate the lands upon which Aboriginal tribal societies depended for their survival. This policy of dispossession was accomplished through outright physical extermination of Aborigines, or their forcible herding into tightly controlled reservations.

As the collectivist hunter-gatherer Aboriginal tribes were decimated and dispossessed, a capitalist colonial-settler society was able to develop largely unfettered by pre-capitalist social relations. An Australian capitalist class began to develop as an offshoot of the British capitalist class. Australian society did not become an exploited colony of British imperialism, but a colonial settler outpost of British capitalism sharing a basically similar social structure.

As an offshoot of British capitalism directly benefiting from Britain's domination of the world market in the 19th century, and with a small population in a large and resource-rich continent geographically isolated from Europe, Australian capitalism enjoyed a rather less turbulent development than most of the other industrial capitalist societies.

With the rise of an export-oriented agricultural sector to dominance in the early 19th century and the establishment of a powerful layer of capitalist farmers, the preconditions for the development of industrial production gradually appeared in Australia. However, not until the gold rushes of the 1850s did a strong industrial bourgeoisie begin to be consolidated.

This class of wealthy merchants, bankers and industrialists benefited from the new wealth of the goldfields, the new flow of British capital into the country following the goldrushes, and the growth of wage labour and of the domestic market as a result of large-scale immigration from the British Isles.

During the second half of the 19th century, modern capitalist economies began to develop in the politically separate Australian settler colonies. These economies were fuelled by the wealth of the goldfields; favourable terms of trade for wool, wheat, and some mineral exports; and mass immigration that provided skilled labour and an expanding domestic market.

The relative geographical isolation of Australian capitalist industry in the world market, and the small size of its domestic market, limited the development of the economies of scale necessary to make Australian manufactures competitive on the world market. The small size of Australia's population also led to a relative shortage of labour compared with other industrial capitalist countries. These conditions helped to create a

comparatively self-confident working class, which was able to win wages and conditions that were high by the standards of late nineteenth century capitalism.

Taken together, these factors ensured that Australian capitalism was not competitive in the world market except in large-scale primary production, which required a small labour force. Thus, while a domestically oriented manufacturing sector expanded behind the protection of high tariff barriers, in world capitalist markets Australian capitalism specialised in production of agricultural goods (wool and wheat) for export to agriculturally deficient Britain.

Development of the Australian capitalist nation-state

Unlike the United States, or Britain itself, Australia never experienced a bourgeois revolution that overthrew feudalism and brought the capitalist class to power. However, because there was no previously existing pre-capitalist ruling class, the Australian capitalist class developed in relatively favourable conditions. The British colonial power was not able, and did not think it necessary, to block the rise of an independent Australian capitalist class.

The process of creating an independent nation-state in Australia involved few serious political or economic conflicts between the British ruling class and the emerging Australian ruling class. The introduction of parliamentary forms of rule was also achieved without recourse to revolution, though popular struggle played an important role in the extension of democratic rights beyond the propertied classes.

Prior to the 1820s, the Australian settler colonies were ruled autocratically by British-appointed governors. In the following decade, nominated legislatures were set up, and in the 1840s these became subject to election according to the restricted franchise then in force in Britain (public voting, property qualifications, exclusion of women).

The petty-bourgeois struggle for democracy (the high point of which was the 1854 miners' rebellion at the Eureka Stockade in Ballarat) played an important role in the extension of formal democracy in the second half of the 1850s. Formal constitutions were granted to each of the colonies in 1855-56. Under these, the governor became subordinate to the colonial legislature. In Victoria, scene of the Eureka rebellion, the secret ballot was adopted in 1856 and in the following year universal manhood suffrage was introduced for the lower house of the colonial parliament.

Similar democratic reforms were introduced in the other settler colonies before the end of the decade. However, the lack of political organisation among working people, the veto power of upper houses (which still were elected only by property owners), and the concentration of administrative power in the hands of a paramilitary police force, ensured that the reformed parliamentary system in the self-governing colonies remained firmly at the service of the capitalist class.

In the decades before federation, the centre of political power in the colonies shifted from the legislative to the executive branch of the state. Extensive government revenues (foreign loans, taxes and excise duties) were used not only to expand the infrastructure of the colonial capitalist economies (construction of roads, railways, post and telegraph systems, lighthouses, harbors, etc.), but to finance a large and highly centralised permanent state apparatus (civil bureaucracy, judiciary, police force).

By the 1880s, lack of coordination between the economic policies of the separate colonial governments had begun to impede the development of Australian capitalism. The decline of British dominance in the South Pacific, and the growing regional influence of other colonial powers (France, Germany) also added pressure for the creation of a nationally unified capitalist state machine.

In a series of intercolonial conventions in the 1890s, the basic structure of this nation-state was worked out by the representatives of the big merchants, bankers, industrialists, and wealthy graziers. This structure was codified in the national constitution of the Commonwealth of Australia.

The framers of this document faced two main problems. Firstly, they had to ensure that real power remained firmly in the hands of the capitalist class while at the same time winning the acceptance of the workers and small farmers who made up the majority of the population. To do this, they needed a constitution that appeared to provide for popular control of the national government. Secondly, they had to deal with conflicting interests between and within the ruling classes of the various settler colonies (local versus transcontinental capital, free traders versus protectionists).

To solve these problems, the national constitution provided for a federal state with a structure that kept popular participation to a minimum and ensured a strict division of authority between the national and state governments. It provided for a federal legislature with a popularly elected lower house (House of Representatives), and an upper house (Senate) based on equal representation from each state and having considerable powers to delay or block the workings of the lower house.

A federal executive, composed of members of the federal legislature, would as closely as possible imitate the British cabinet system. An unelected governor-general would have the power to dissolve the federal legislature, appoint and dismiss federal ministers, authorise government expenditures and have formal command over the military forces. A high court, consisting of judges appointed for life by the federal legislature, would interpret federal law and rule on the relative powers of federal and state governments. Any alteration or amendment to the constitution would require the approval of both houses of the federal parliament and ratification by a referendum that achieved a majority of popular votes overall and in a majority of states.

The constitution contained no guarantees of specific democratic rights (freedom of press, free speech, right to strike, freedom of assembly and association, etc.). Nor was there any provision for the mass of people to remove or recall any elected or appointed official

from office. The Australian constitution was a practical agreement as to how the different sections of the capitalist class would share political power among themselves.

The Australian capitalist class initially saw its federal state as a rather weak institution designed to promote and defend national capitalist economic interests by establishing an internal free trade zone highly protected from foreign competition, and a national administrative framework for shipping, immigration, tariffs, posts and telegraphs. However, the emergence of monopoly capital and the sharp crises that wracked the imperialist system in the following decades (two world wars, economic depression) forced the capitalist class to massively increase its central state machinery.

During World War II and in the immediate postwar years, the size and role of the Australian capitalist state machine grew vastly, particularly at the federal level. The army, navy and airforce were greatly enlarged and a specialised political police (ASIO) was created. State-owned enterprises were set up or strengthened to provide infrastructural services to big capital and to regulate the marketing of primary products. An extensive network of state welfare agencies was established to maintain relative social peace by redistributing income within the working population.

Australia's role in the world imperialist system

Like every other developed capitalist economy in the 20th century, the Australian economy became dominated by monopoly capital. The rise of monopolies in Australia was promoted by the military demands of World War I (which accelerated growth of the metal and heavy engineering industries) and the establishment in the 1920s of new industries requiring large capital investments (domestic appliances, electrical and rubber goods, chemicals).

During these same decades, the Australian capitalist class began to carve out its own colonial and neo-colonial empire through the acquisition of Papua New Guinea and the economic domination of some of Britain's South Pacific colonies.

Throughout the 1920s and 1930s, Australian imperialism played the role of a junior partner to British imperialism. However, during and after World War II the decline of British power in Asia and its replacement by US imperialism led the Australian ruling class to forge a politico-military partnership with Washington. In the postwar period this partnership was formalised in the ANZUS and other military pacts. While clearly a junior partner in these alliances, the Australian capitalist class retained firm control of the Australian state apparatus, using it to defend its interests both within the domestic economy and on the world market.

Today, the Australian ruling class is a willing partner in the network of imperialist military alliances led by the United States, the dominant imperialist military power. By hosting US intelligence and military communications bases and by providing facilities for US warships and bombers, the Australian imperialist state plays a vital role in the US nuclear terror network.

The Australian imperialist state has enthusiastically participated in reactionary military interventions in Asia (Malaya, Korea, Vietnam). Indeed, the Australian ruling class, perceiving that the victory of the anti-imperialist forces in Vietnam could potentially threaten Australian imperialist interests more seriously than those of the United States, pressed Washington to intervene militarily in Vietnam.

Through its military forces and espionage agencies, the imperialist Australian state collaborates actively with other imperialist powers (particularly the USA, France and New Zealand) in policing the South-East Asia/South Pacific region. At the same time, in the context of heightened inter-imperialist competition accompanying the long-term structural crisis of world capitalism that began in the 1970s, Australian imperialism has sought to assert its own regional hegemony at the expense of French imperialism, and to a lesser extent, US influence.

While foreign capital has a significant stake in the Australian economy, Australian monopoly capital controls the strategically vital sectors of the economy. Like other advanced capitalist economies, the Australian economy is heavily monopolised, with the largest 200 corporations accounting for more than 60% of the turnover of Australian industry. More than half of these monopolies are controlled by Australian capital.

In contrast to the situation in colonial and semi-colonial countries, foreign investment has promoted rather than retarded industrialisation in Australia. The Australian capitalist class has encouraged foreign investment in order to gain access to advanced technology and to finance expansion in areas that Australian capital alone could not support.

Since the 1960s, Australian capital has considerably increased its investments in the Third World, particularly in the neo-colonial countries of South-East Asia, where it is able to reap superprofits by directly exploiting these countries' impoverished labour. Australian capitalism also participates in the imperialist exploitation of Third World countries through the mechanism of unequal exchange on the world market.

In line with the general trend in the period of late monopoly capitalism, a majority of Australian capitalism's foreign investments have flowed to other imperialist countries — the USA and Britain in particular. The largest Australian monopolies have also joined the late monopoly capitalist trend towards internationalisation of their operations, in the process becoming transnational corporations.

Section 2. The Australian working class

In its development, the Australian working class has exhibited many of the contradictory features that characterised the workers' movement in Britain in the 19th century. Like the Australian capitalist class, the Australian working class has been strongly marked by its British origins, but it has also displayed many distinctive features, flowing mainly from the special position of Australia as a capitalist power with a predominantly white population in a large continent on the edge of the Asian region.

Distinctive features of the Australian labour movement

During the first decades of the British settlement of Australia, the labouring population consisted overwhelmingly of convicts. In the early part of the 19th century, a non-convict labour market began to develop in response to complaints by private employers about the inefficiency of convict labour. This "free" labour supply consisted of ex-convicts, free immigrants, retired military personnel, and convicts who were permitted to sell their labour power in their spare time. With the expansion of the pastoral industry and large-scale assisted immigration of Britain's urban poor to Australia from the early 1830s, convict labour declined significantly in the economic life of the Australian colonies.

Because Australia's interior is not so well watered as comparable land in the USA, the country was not nearly so favourable for small farming. As a result, Australian agriculture was dominated from the beginning by large-scale capitalist pastoral operations using wage labour.

Rather than the peasant farmer of Europe or the independent smallholder of the United States, from the very early stages the typical rural dweller in Australia was an itinerant wage worker. This conditioned the early rise of a rural labour movement. The shearers, in particular, became the backbone of the Australian Workers' Union.

The itinerant lifestyle of much of this rural workforce, and the fact that an important part of the capitalist class acquired its initial wealth from the pastoral capitalism of the early 19th century, provided the social basis for a key component of the nationalist ideology of the Australian capitalist class — the myth of rugged individualism and mateship in the harsh conditions of the Australian bush.

In the period from 1860 to 1890, a long capitalist boom in Australia provided the material conditions for the rise of a strong, though narrowly based, trade-union movement, and for the domination of liberal and opportunist ideas within it. The boom established the basis for collaboration between Australian capital and the leaders of the labour movement around the following issues:

1. *Protectionism.* The mining of gold in the 1850s provided investment funds for industrial and commercial capital in Australia. In Victoria — the immediate centre of the gold rush — the new industries were protected by tariffs on imports. The young working-class movement allied itself with the industrial capitalists in their fight with the rural capitalists (squattocracy) for tariff protection. This seemed to be the obvious way of securing jobs for the growing numbers who abandoned gold prospecting after the initial rushes. In the minds of many workers, higher living standards became identified with protectionism.

2. *State intervention.* Like other industrial capitalist economies that began their development in the shadow of Britain's industrial and commercial domination of the world market, Australian capitalism was forced to rely on a high degree of state

intervention in the economy to provide the infrastructure within which indigenous capitalist industry could flourish.

Protectionism was but one aspect of this state intervention. Unlike Britain and the USA, where there was a high level of private investment in railways, roads, canals, bridges, harbours, telegraph networks, etc., in Australia no private entrepreneur could provide the necessary capital for the construction of these vital transport and communications systems. Instead, they were built and operated by the collective capitalist — the capitalist state.

The capitalist state thus became a large employer, providing secure employment for a significant section of the workforce and strengthening the unions' bargaining power with private employers. As a result, Australian workers were able to win comparatively high wages. Within the emerging labour movement, this strengthened the false belief that the capitalist state could be used to serve workers' interests. This liberal illusion was most strongly expressed in the demand of the trade unions for the establishment of state arbitration courts. For many labour radicals, socialism simply meant increased economic intervention by the capitalist state.

3. *Racism and pro-British xenophobia.* Because the Australian nation emerged as a white settler outpost of British colonialism, based on the dispossession and brutal suppression of the Aboriginal tribes and dependent on the protection and prosperity of British capitalism in a region of non-white, colonially oppressed peoples, the nationalist ideology of the emerging Australian capitalist class was characterised by white supremacism and pro-British xenophobia.

An economic boom in the 1860s coincided with the end of assisted immigration from Britain, creating a chronic labour shortage that enabled the working class to win wages and conditions better than those prevailing in Europe. Defence of this relatively higher standard of living through control of the labour supply became a key aim of the unions.

Sections of the capitalist class sought to weaken the unions' position by swelling the labour market with immigrant labour from Asia and the South Pacific. Instead of attempting to draw Chinese or Pacific island labour into the union movement, the labour leaders identified these non-white immigrant workers as enemies and sought an alliance with the dominant section of the bosses to impose racially based immigration controls. Many union leaders became active proponents of the xenophobic racism that was central to Australian nationalism. Repeatedly in the 1880s and 1890s, intercolonial trades union congresses passed resolutions calling for a White Australia policy.

4. *Bourgeois-democratic reforms.* In the relatively favourable circumstances of a persistent labour shortage, the working class was able to achieve the democratic right to organise in trade unions. The general prosperity resulting from the post-1850s boom softened social conflicts and made the Australian capitalist class far more willing than its European counterparts to concede formal democratic rights (universal male suffrage, secret ballot, etc.) to sections of the working class.

The absence of an entrenched hereditary landowning class and the early extension of formal democratic rights to male workers fostered strong petty-bourgeois egalitarian illusions among the latter. These illusions were incorporated into the nationalist ideology of the Australian capitalist class through the myth that Australia is a classless, egalitarian society in which conflict between capital and labour may be resolved harmoniously.

The formation and role of the Australian Labor Party

All of the above negative features of the Australian labour movement were clearly evident in the years following the strikes that broke out during the deep recession of the early 1890s. The trade union movement, which had doubled in size in the late 1880s as a result of an influx of semi-skilled and unskilled workers into its ranks, generally entered the strike struggle with some confidence of victory. This was especially so in New South Wales, where the maritime strike was directed by a powerful Trades and Labor Council. Yet the workers received a rude shock when the colonial government used the army and special constables to protect scab labour.

The defeat of all the major strikes of this period — the 1890 NSW maritime strike, the 1891 and 1894 Queensland shearers' strikes, and the 1892 Broken Hill miners' strike — led large numbers of workers to conclude that industrial action alone was insufficient to defend their interests. These conclusions led to growing working-class electoral support for the Labor Party, the formation of which had already been initiated by the craft-union dominated trades and labour councils in the eastern colonies.

While socialists and militant unionists played an active part in the early development of the Labor Party, it quickly became dominated by an alliance of right-wing union officials and the party's parliamentary representatives. The latter were made up overwhelmingly of labour's petty-bourgeois attorneys (lawyers, journalists) and hangers-on (small businessmen). This takeover was assisted by the widespread liberal-democratic illusion that parliament could be used to defend workers' interests. Even the socialist minority in the ALP did not go beyond a parliamentarist conception of politics.

From the beginning, the ALP parliamentarians saw themselves as mediators of the conflict between labour and capital, using legislative reform to harmonise class interests. Laborist ideology emerged as an amalgam of nationalism, liberalism, and a view of socialism as state intervention in the capitalist economy. The ALP's parliamentary reformism posed no threat to capitalist rule. On the contrary, it actually assisted the capitalist class as a whole by partially integrating the unions into the capitalist state through support for the establishment of compulsory arbitration courts.

In addition, the Labor Party's relative independence of any particular section of the capitalist class made it an ideal vehicle for reforms that were in the interests of capitalism as a whole. This was illustrated by the role of the ALP in the consolidation of the federal state. The first long-term Labor government came to office in 1910, at a time when the other capitalist parties, which were more directly tied to sectional interests within the capitalist class, were stumbling over the task of forging a single nation-state out of the six

former British colonies that had federated in 1901. Almost a decade after federation, it was left to the Fisher Labor government to push through a series of measures crucial to the consolidation of a unified capitalist nation-state in Australia (establishment of a single national currency, a national army and navy, one national postal system, the transcontinental railway, selection of a site for the national capital).

The ALP's commitment to the defence of the interests of capital as a whole (the so-called national interest), and its political hegemony over the organised workers' movement, have led the dominant sections of the capitalist class to entrust it with government during Australian capitalism's most serious economic and military crises this century.

While formally the party of the trade unions, in reality the ALP is a political machine controlled by an alliance of the trade-union bureaucracy and the Labor parliamentarians. The union bureaucracy regards political action in the same way it does industrial action — purely as a means of bargaining for concessions from the capitalist class. It shares with the Labor parliamentarians a fundamental allegiance to capitalist democracy.

The ALP regards the institutions of the bourgeois-democratic state, particularly parliament, as the main arena of political activity. The ALP seeks to convince workers that their needs can be met through the parliamentary system and other institutions of the capitalist state, such as the industrial courts, rather than through their own organisation and collective action.

In government, the ALP acts within the limits imposed by the institutions of the capitalist state — its parliamentary system, courts, army, police and civil bureaucracy. ALP governments defend capitalist property relations and seek to create the most favourable conditions for the accumulation of capitalist profits. They are in no sense workers' governments. On the contrary, they are capitalist governments. This fact is merely a reflection of the capitalist character of the ALP itself.

The Australian working class today

Contrary to the widely accepted myths of bourgeois sociology, class differences did not vanish during the long capitalist boom that followed World War II, nor was the Australian working class dissolved into a generally comfortable new middle class.

In fact, wealth and economic power became concentrated in the hands of a steadily smaller percentage of the population. At the same time, throughout the 1950s and '60s extensive mechanisation and monopolisation of factory, farm and office led to a considerable increase in the size of the Australian working class both in absolute terms and in relation to other social classes.

Spurred on by the needs of monopoly capital in a period of accelerated expansion, these changes in the postwar period significantly altered the composition and character of the Australian working class in the following ways:

- The postwar boom created a labour shortage that enabled a large number of women to enter the labour market.
- The growing use of part-time workers absorbed yet more women, as well as young people, into the workforce.
- Large-scale immigration from non-English-speaking European countries significantly altered the ethnic composition of the workforce, and particularly the industrial working class.
- The industrialisation of agriculture reduced the relative weight of rural workers within the working class while simultaneously increasing the role of wage-workers on the farms.
- There was a sharp decline in the percentage of manual production ("blue-collar") workers in the labour force as a whole. A major contributor to this has been a decline in the percentage of workers involved in the mining, manufacturing, construction, electric power, transport and communications industries, due to increases in labour productivity produced by semi-automated or automated production processes. On the other hand, these processes have increased the role of intellectual labour in the production process (highly skilled repair work, technical supervision, data-processing, etc.).
- As in all the advanced capitalist countries, the sales and service sectors have grown substantially, leading to a percentage growth of the workers employed in wholesale and retail trade, advertising, etc., and in the services sector (health, education, government administration, banking, finance, tourism, etc.).
- The mechanisation of a large amount of clerical and sales work, and even of intellectual labour, created a new reserve of proletarianised and alienated labour, a fact reflected in the growth of "white-collar" unionism.

These changes in the composition and character of the Australian working class, together with the extensive monopolisation of all branches of the economy, have tended to sharply limit the scope of petty-bourgeois dreams and aspirations, even among skilled sectors of the working class. The great majority of Australian workers now regard themselves as permanent wage earners rather than potentially independent producers.

Relatively few workers believe that they will one day own a small business and have an independent livelihood. At the same time, they believe their children are entitled to a better education and a better life than they had. With fewer traditional petty-bourgeois illusions than any previous generation of Australian workers, they nonetheless feel that they have a right to what are sometimes considered middle-class living standards. These include a guaranteed and rising income, expanded medical and retirement guarantees, adequate transportation, a rounded and continuing education, peace, and a healthy environment for their children.

Today, there is a growing contradiction between the expectations of the majority of Australians and the harsh reality of declining incomes, education cutbacks, public service cuts, health care cuts, a growing housing shortage, increasing attacks on the rights of women and other specially oppressed sections of the population, the permanent threat of war, and accelerating destruction of the environment.

In the early 1970s capitalism, in Australia and internationally, entered a prolonged economic crisis. Capitalism today is less able to deliver a comfortable and rising standard of living to working people. While it can still offer very comfortable circumstances to some, it is forced to cut the wages of the great majority and the services available to them.

This contradiction, combined with the other oppressive features of Australian and international capitalism, can be a powerful factor leading large numbers of Australian workers towards a higher level of political consciousness, a break with Laborist reformism, and recognition of the need for the socialist transformation of Australian society.