

# Industrial relations and the trade unions under Labor: from Whitlam to Rudd

## Part 1

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*The following is Part 1 of a four-part series. Parts 2, 3, and 4 will be published on Tuesday November 13, Wednesday November 14 and Thursday November 15.*

A characteristic feature of the approach of ordinary people to election campaigns is the hope, if not the expectation, that easy answers can be found, via the ballot box, to complex problems.

The 2007 Australian election is no exception. Millions of people will go to the polls on November 24 with a deep-felt hostility towards the Howard government and with growing concerns about the future. They will cast their vote in the hope that a Labor government will mark at least a small step forward and that Labor, while perhaps not providing a genuine alternative, will, at least, prove to be a lesser evil—a sort of “Howard lite”. Such conceptions are profoundly false.

One of the reasons they even emerge is that the experiences of the working class under the last Labor government have not been subjected to a critical assessment. It is as if they had disappeared into a kind of black hole.

Powerful forces in ruling circles, as well as in the Labor and union leaderships, have a vested interest in ensuring that things remain that way. Because as long as political lessons from these experiences are not drawn, the working class will remain shackled in the face of the escalating militarism and deepening assault on social conditions that will form the agenda of a Rudd Labor government.

While the 1983-96 Hawke-Keating government was the longest serving Labor administration in Australian history, the origins of its program lay in the turbulent years of the Whitlam government of 1972-75, and its overturn in the governor-general’s constitutional coup d’état of November 11, 1975.

### **A growing radicalisation**

The Whitlam government came to power on December 3, 1972, bringing an end to 23 years of uninterrupted Liberal rule. Six years before, Labor had suffered one of its worst ever defeats. The 1966 election was fought on the issue of Australian participation in the Vietnam War and the campaign was characterised by a combination of rabid Cold War ideology, including denunciations of the “Communist threat,” and the older stock-in-trade of Australian political reaction—the spectre of the “yellow peril” moving down from the north.

Just three years later, the political mood had shifted. In the face of a deepening radicalisation produced by the Vietnam War, the ideology of the Cold War had lost its power. In the 1969 election, while not achieving victory, Labor won a bigger overall vote than the government, increasing its vote in the 21 to 25 age group for the first time since winning the 1946 election.

The new mood resulted not only from the war. The civil rights movement in the United States was having a significant impact, leading to

growing opposition to the racist White Australia policy and to the continuing oppression of the Aboriginal population.

Above all, the working class was on the move. In 1967-68, a series of successful industrial struggles over wages, especially in the metal trades, brought growing confidence and militancy, and a determination to break the shackles imposed by the penal powers that were administered by the Arbitration Commission. When Victorian tramways union official Clarrie O’Shea was jailed in May 1969 for the non-payment of fines imposed on his union, his jailing became the signal for an eruption of industrial action, culminating in a three-day unofficial general strike. The mass action only ended when an anonymous “lottery winner” paid O’Shea’s fine.

The new mood of confidence was underscored by the fact that the strike took place against the wishes of the union leadership—the Australian Council of Trade Unions (ACTU). Shortly afterwards, the right-wing ACTU president Albert Monk stepped down and a new “left” took his place—Bob Hawke.

Whitlam’s victory was a product of this growing political radicalisation and industrial militancy. But the new Labor government had no intention of challenging the established order. On the crucial question of Vietnam, Whitlam, together with the rest of the Labor leadership had initially supported the US intervention. Only when the antiwar movement began to grow did Whitlam disassociate himself from it.

As he was to later write: “All of us were entangled in Labor’s central dilemma; how to oppose American intervention without opposing America; how to denounce the war without denouncing the US” (Gough Whitlam, *The Whitlam Government*, p. 36).

On the domestic front, Whitlam, who had become ALP leader in 1967, saw his role as the moderniser of Australian capitalism and of society more generally—an agenda that was shared by sections of the ruling élites, most notably the rising newspaper owner Rupert Murdoch, whose publications backed the election of a Labor government.

As Labor leader, Whitlam considered social reform in the fields of health, education and urban infrastructure one of his key tasks. Such a program was not only valuable in itself, but would help ensure that the labour movement remained firmly within the parliamentary framework. To this end, Whitlam decided he needed to “restructure” the Labor Party, giving the parliamentary leadership greater control. In 1970, two years before coming to power, he organised a federal intervention to reorganise the left-dominated Victorian branch of the party.

In his Curtin Memorial Lecture of October 29, 1975, delivered in the midst of the political crisis that was to lead to his sacking, Whitlam summed up his perspective.

“During my period as Leader of the Opposition I addressed myself to three principal tasks: to develop a coherent program of relevant reform; to convince the Labor movement as a whole that the parliamentary

institutions were relevant in achieving worthwhile reform. The great organisational battles between 1967 and 1970, particularly in Victoria, were essentially about that third task. It was the toughest of all.”

To emphasise this point, Whitlam added: “I would not wish on any future leader of the Australian Labor Party the task of having to harness the radical forces to the restraints and constraints of the parliamentary system if I were now to succumb in the present crisis.”

#### **Whitlam’s referendum on prices and incomes**

The origins of that crisis lay in a vast shift in the world economy at the beginning of the 1970s. Whitlam’s reformist perspective was grounded on the assumption that the post-war expansion of world capitalism would continue indefinitely. Accordingly, the Labor government’s task was to redistribute the proceeds of this growth through a program of social reforms. But, as he was later to acknowledge, his assumption proved to be false.

In August 1971, one of the key pillars of post-war capitalist expansion collapsed—the Bretton Woods Agreement of 1944. This agreement had formed the foundation of the post-war international financial system. Under it, the US dollar functioned as the chief international currency, backed by gold at the rate of \$35 per ounce.

The new monetary order created the conditions for an expansion of trade and the international movement of capital on which post-war reconstruction depended. But it was wracked by an insoluble contradiction. The international trade and financial system depended on an outflow of dollars from the United States. But the longer this outflow continued, the greater became the disparity between the volume of dollars circulating in the international financial system and the quantity of gold held by the US to back its currency. This disparity, which had been developing throughout the 1960s, was accelerated by the massive spending incurred by the US government on the Vietnam War.

Other problems began to develop. The post-war expansion had been initiated through measures such as the Marshall Plan, which saw the US pump \$13 billion into Europe to restore its war-ravaged economy. It was sustained by the maintenance of relatively high rates of profit throughout the 1950s and 1960s. But a downturn in the rate of profit from the end of the 1960s posed increasing economic problems.

Political tensions were also mounting. The growing militancy of the working class in Australia was part of a broader offensive of the international working class, manifested in the May-June 1968 general strike in France, the 1969 hot autumn in Italy, and the developing militancy of the British working class. In 1974, industrial action by British miners brought down the Heath Tory government.

One of the reasons that powerful sections of the ruling elite swung behind the election of a Labor government in 1972 was the belief that it would be able to contain this growing upsurge. With the defeat of the penal powers in the general strike of 1969, the post-war mechanisms of stabilisation had largely broken down. A new system had to be put in place.

Whitlam and the Labor leadership responded by calling a referendum to change the constitution, in order to give the federal government the power to control prices and incomes. The referendum, held on December 8, 1973, just one year after Labor’s victory, went down to a massive defeat.

This was to have major political consequences. Sections of the ruling classes that had backed the Labor government now began to turn against it. Responding to the new mood, in early 1974 the Liberal Opposition used its numbers in the Senate to block decisive pieces of government legislation, forcing Whitlam to call a “double dissolution” of parliament (the dissolving of the House of Representatives and the entire Senate). But Labor was returned in the May 1974 election, not least because of the votes of 18- to 21-year-olds, who had been enfranchised in 1973. The new mood in ruling circles was reflected, however, in the Murdoch press, which refused to back the re-election of the very government it had been

promoting just 18 months earlier.

Following the overwhelming popular rejection of the government’s attempt to win control over wages, the working class mounted a massive industrial offensive, bringing wage rises of more than 25 percent in monetary terms, a real increase of around 7 percent. These were the biggest wage increases in the history of the federation, pushing the share of wages in national income to 62.4 percent in 1974-75. At the same time, the profit share dropped from around 21 percent at the end of the 1960s to around 16 percent by 1975.

The ruling class began to demand, ever more insistently, that this turnaround be reversed, and the Whitlam government moved to comply. In April 1975, it re-established a centralised wage fixing system and in August brought down a budget that reduced increases in government spending. Whitlam also made changes to his cabinet, accommodating the various demands for action, and sacked two leading “lefts”—Clyde Cameron and Jim Cairns—from his ministry.

But cabinet changes and declarations of support for the profit system were not enough. In February 1975, the Liberal Party removed its ineffectual leader Billy Snedden, replacing him with Malcolm Fraser. Fraser declared that the government should be granted Supply (the passing of the Budget) by the Senate except in the situation where “extraordinary and reprehensible” circumstances warranted that it be forced to an election. Over the next nine months, a press campaign of dirty tricks was set in motion to create those circumstances. It centred on the Labor government’s attempts to seek loans from Middle Eastern countries that were enjoying a huge inflow of wealth due to the 1973-74 quadrupling of oil prices. No corruption or malpractices were uncovered, but the impression was carefully created of dubious practices, if not outright criminality.

#### **The sacking of the Whitlam government**

On October 15, 1975 matters came to a head when the opposition parties, which had control of the Senate, deferred consideration of the government’s budget measures. This was not an outright denial of Supply—it is doubtful whether Fraser could have obtained support for such an action from all the Liberal Senators—but it created the conditions for the removal of the government. How, precisely, this was to be done was set out by Liberal frontbench MP and leading lawyer Bob Ellicott, who issued a press statement the following day pointing out that the governor-general, Sir John Kerr, as head of state would have to use “reserve powers,” ultimately derived from the British Crown, to sack the Whitlam government.

The Supply crisis set off a month of political turmoil. The central concern of the Labor government and the trade union leaders was to make sure that the working class—furious at the moves being made by the ruling class to sack the government it had elected—was prevented from erupting in struggles that went outside the acceptable framework of parliament.

Once his government had been sacked, on November 11, 1975, Whitlam devoted all his energies to ensuring that Fraser, installed as “caretaker” prime minister, could carry Supply, pending a new election. This, as Whitlam was to later make clear, was, for him, a far more crucial task than the need to fight the dirty machinations of the Liberals and the governor-general.

In his book *The Truth of the Matter* Whitlam acknowledged that he could have initiated action to deny Supply to the “caretaker” government, given that Labor retained control of the House of Representatives. But such action was out of the question.

“What humbugs we would have been if, after condemning the Liberals for refusing to vote on the Budget, we ourselves had delayed a vote on the Budget. We had fought a great fight by the rules. We stuck by the rules to the bitter end.”

Whitlam deliberately distorts the actual circumstances. The Liberals had denied Supply to an elected government, whereas Labor would have been

denying it to a government installed through the governor-general's coup d'etat.

Whitlam's refusal to take action was based on his acute awareness that it would have deepened the crisis, sparking a political movement of the working class that would have inevitably begun to move well beyond the framework of the parliamentary regime—the political framework Whitlam had devoted his entire political life to defending. It would have brought the working class into conflict with the real forces standing behind parliament—the army.

As he explained in his book: “Mr Scholes [Gordon Scholes the speaker of the House of Representatives] and I discussed maintaining or resuming the sittings of the House. It was in this context that I said to him in those circumstances Sir John would call out the troops. Many people still think it incredible that Sir John could have done that. If, however, a man can interpret the Constitution, where it is silent, in a way which entitled him to perpetrate his actions of that day, how much more certain is it that he would have thought himself entitled to act when, and the Constitution expressly states, ‘The command in chief of the naval and military forces of the Commonwealth is vested in the Governor as the Queen's representative’ (Gough Whitlam, *The Truth of the Matter*, pp. 117-118).

Outside the parliament, ACTU president Bob Hawke worked to ensure that the spontaneous eruption of demands for a general strike against the coup went no further than protest rallies. Asked on the afternoon of November 11 about the trade union movement's response to the sacking, Hawke replied: “What has happened today could unleash forces in this country the like of which we have never seen. We are on the edge of something quite terrible and therefore it is important that the Australian people should respond to leadership.”

That “leadership” consisted in ensuring that the working class remained trapped within the parliamentary straitjacket, allowing the coup to succeed unhindered.

Hawke and Whitlam would have been impotent, however, were it not for the crucial assistance given them by the “left” unions and, above all, the Stalinists of the Communist Party of Australia, who held powerful positions in the waterfront and maritime, the metal trades and the construction unions. It was they who played the decisive role in preventing any repeat of the general strike of 1969, and thus ensuring that the struggles of the working class were suppressed.

*To be continued*

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