



Norm Dixon, leader of Australia's Democratic Socialist Party and Editor of Green Left Weekly newspaper points out the danger of Alliance politics in...

Lessons of the Australian Accord

For seven years, between 1975 and 1983, Australian workers suffered under the attacks of a union-bashing, conservative government that attempted to roll back the gains of the labour movement had won in the early 1970s.

While capital was able to claw back some gains - real wages were reduced - it was not sufficient to restore big business profit levels to that of the 1960s. Nor had the conservatives been able to defeat the labour movement sufficiently to allow the level of industry restructuring necessary to make Australian big business internationally competitive.

The Accord - it's content

Recognising that the conservative frontal attack had not worked, and fearing an economic upturn on the horizon in which the trade union's strength could see another shift in the share of national income to wages, Australia's capitalists sought to enlist the help of the Australian Labour Party to achieve through cooperation what the conservative parties could not win through confrontation.

Big business let it be known that it would be prepared to back an Australian Labour Party victory if the party could deliver "wage restraint" from the unions.

While the Accord was formulated as an alternative to the conservative parties' failed hard-line anti-union approach to industrial relations, the goal was the same: to reduce the share of national income going to wages and to boost the share going to profits. The Accord promised the "suppression of sectional priorities and demands" of workers and employers, in order to reduce unemployment and inflation.

Despite its title, the text of the original Accord did not contain a commitment to control prices, only to the "surveillance" of prices. Wages, on the other hand, were to be regulated but, as the sugar-coating, full wage indexation was promised. (Wage indexation refers to the regular increase in wages in line with increases in inflation).

Before the ALP was elected to government in 1983, it developed what became known as the Prices and Incomes Accord with the Australian Council of Trade Unions. Real wages would be maintained "over time", the Accord promised.

What is an Accord? A Tripartite Structure is a form of Accord.

Under the Australia Labour Party accord, or Alliance, with the Australian Congress of Trade Unions, privatisation was willingly implemented

There were also promises to ease the tax burden on low and medium wage earners, to raise welfare payments and to boost the "social wage" (health, education and other public services). However, this last commitment, the document added, would "depend ... on the government's success in achieving a non-inflationary expansion of the economy".

Who were the parties involved in the Accord?

The Amalgamated Metal Workers Union (AMWU), then led by a coalition of **members of the Communist Party of Australia** and the **left faction of the ALP**, was one of the key architects of the Accord. In 1982, the AMWU had set the precedent when it abandoned a the full payment of a wage claim and instead pushed for an increase in the "social wage" in lieu.

A 1982 AMWU publication, *Australia on the Rack*, popularised the idea of a social contract based the trade unions agreeing to "moderate" wage claims in return for increases in the social wage, industry policy and tripartite (unions-government-business) industry planning.

However before 1982, the AMWU took a very different approach. Its response to the end of the long boom had been to fight to defend and extend working and living standards and workers rights. It firmly argued that workers' wage increases were not the cause of unemployment and inflation - as the bosses claimed and which was the basic premise of the Accord. In 1980, the AMWU launched a campaign for big wage increases and the 35-hour week.

The metal unions had traditionally spear-headed national wage campaigns. The Australian industrial courts recognised the metal award as the pace setter. Changes in that award flowed to other awards. The Accord passed through many versions, usually renegotiated before national elections. They proved pivotal to Labor's winning significant employer and ruling class support.

Consequences of the Accord

With each Accord, real wages were eroded. The real wage cuts under the previous conservative government were never regained - a key goal of the Accord. Between 1983 and 1985, wages were adjusted quarterly in line with inflation. In 1984, however, indexation was discounted when the impact of the introduction of the Medicare (national health insurance) levy was excluded from the calculation of the inflation rate. Under the second Accord (1985-87), wage indexation was discounted in return for government promises of income tax cuts and improved government and employer superannuation fund contributions.

However, the ALP government began slashing spending of the "social wage" to pay for the tax cuts which overwhelmingly benefitted higher income earners. Free tertiary education was ended and pensions, unemployment payments and other welfare payments were made harder to get. Welfare recipients were accused of being "bludgers" (meaning people who refused to work). Poverty rose, as did homelessness. The quality of the public health and education systems suffered. In 1987, in the name of boosting Australia's "international;competitiveness", the Accord Mark III ended automatic wage indexation.

In Australia, militant, class-struggle methods of advancing workers' interests appear as an unnecessary disruption of a system in which workers' reasonable demands would be met in the natural course of things, if not immediately then at least within the foreseeable future.

It is the labour aristocracy that forms the primary social base for the entrenched bureaucracies that control most unions in Australia and other imperialist countries.

A below-inflation wage increase of 4% was made conditional on the unions agreeing to scrap "restrictive work practices" (in reality, hard-won working conditions and safe work practices).

The precedent of trading off working conditions for wage increases had been established. **1988's** Accord Mark IV tied a 3% rise to the unions again "reviewing" their awards. It generalised the idea that future wage increases had to be justified on the basis of workers agreeing to changing their conditions to boost the "efficiency" of the industries they were employed in.

The Accord and it's aftermath

The ideological preparation for these fundamental changes in the outlook of the Australian labour movement took place following the ACTU's (Australian Congress of Trade Unions) adoption of "Australia Reconstructed", a report by a joint mission to Western Europe by the ACTU and the Labor government's Trade Development Commission. The report lauded the "consensual processes" in industrial relations in Austria, Norway and Sweden. The ACTU declared that the labour movement and Australian business shared the goal of making Australian capitalism more internationally competitive.

The AMWU campaigned for the government to set up tripartite bodies to distribute cheap loans to engineering firms to make new investments in modern machinery. The AMWU in return offered to "improve work practices". Accord Mark V restricted wage increases to union that could convince the industrial courts that award "restructuring" - the giving away of work conditions such as standard working hours, extra payments for shift work and working on weekends and public holidays etc. - was in progress.

1990's Accord Mark VI was agreed to on the eve of an economic recession. It imposed a 14-month freeze on wage increases in return more promises of tax cuts and *superannuation contributions* [provident fund contributions]. It also began the shift away from centralised wage fixation to "enterprise bargaining". While the ACTU had opposed enterprise bargaining when it was being proposed by the conservative government, they did nothing to oppose it when the ALP introduced it, as long as the ACTU affiliates were assured a role in negotiating the firm-by-firm deals. The dynamic of enterprise bargaining was to dissolve union solidarity, within and across unions, and to render unions superfluous as bosses began to "negotiate" directly with their employees. Enterprise bargaining also prepared the ground for individual contracts in the years to come.

On August 15, 1991, the Australian Financial Review published a loving "obituary" for the Accord process:

"Strata upon strata of union officialdom now are faced daily with the disciplines exerted by the market and the implications of their own decision-making on a wide range of macroeconomic outcomes in a way unheard of just a decade ago. "If its benefits seem so tangible, why should the Accord now be buried? "The short answer is that it has delivered its two major achievements - an attitudinal shift among union officialdom and a moderation in aggregate wage outcomes throughout the 1980s."

With a recession in place, the employers were now confident that, with rising unemployment and a working class that was now demobilised by the years of Accord politics, greater real wage cuts could be achieved without the continuation of the Accord, and by taking the unions head-on again. Significant sections of the employer class began to shift their support to the conservative parties again.

What was the end result of the Accord years, 1983-1990 - *an analysis*

The ALP government was fully aware of its real goal: in 1990 Labor Prime Minister Paul Keating boasted that the Accord had reduced real unit labour costs by 14%. Compared to 1982, award rates of pay fell between 17% and 28% in real terms. The amount of overtime worked increased, casual and part-time work increased and the gap between rich and poor widened. The share of wages and salaries in national income fell from 74% to 63.3% in the first seven years of the Accord. Profit's share rose from 26% to 36%.

The 1.5 million jobs that Labor claimed were created by the Accord was not enough to absorb the growth of the work force, and anyway half those jobs were part-time. The promised tax cuts - central to selling the Accord to workers - benefitted the rich. The top marginal rate for individuals was slashed from 60% to 47% and company tax from 49% to 36%.

Labor did not keep its promise to repeal anti-union laws enacted by the previous conservative government. More than that, unions that opposed the Accord and the erosion of the labour movement's militancy were literally smashed using the police, the courts and the military as scab labour. The most notable examples of this was the deregistration of the Builders Labourers Federation in 1987 and the pilots' union in 1989.

The proportion of the work force that was unionised fell from 51% in 1981 to 39.6% in 1992. In 1992, the number of work days lost in strikes dropped to its lowest level in 30 years. Workplace organisation - shopstewards' council and joint union shop committees - all but collapsed. Throughout the Accord years, the Labor government promoted industry restructuring and rationalisation. It delivered significant cuts in tariffs and abolished import quotas. Unions agreed to sit on tripartite committees to pave the way for the restructuring of the car, steel, metal and shipbuilding industries in the names of making them more "competitive". In return for retraining and skills enhancement, unions sat on their hands as large numbers of jobs were eliminated and factories and worksites were closed.

Employment in manufacturing fell by more than 23% between 1981 and 1993, while productivity rose 44%. Labor also began the trend toward large-scale privatisation. The state monopoly on telecommunications ended, and privatisation of Telstra (Australia's Telkom) began. After 1991, the Commonwealth Bank and state-owned airlines were privatised. In the government-owned enterprises, employment fell 24% between 1987 and 1993 while labour productivity rose 100%. All this too was achieved without major industrial action by the union officials.

By **1993**, it was no longer possible to claim that the Accord was anything but a disaster for the working class.

The demobilisation of the working class, its alienation from the union leaderships and the refusal of the union leaders to break from the habits they learned during the Accord years paved the way for the many attacks the Australian working class continues to suffer.

Current figures show that union membership is now under 30%, closer to 25%, and is restricted to manufacturing, mining and the public service. Unions like the Community and Public Sector Union have failed to respond to privatisation, outsourcing and downsizing. The ACTU, which once supported campaigns in the 1970s for the 25- and 38-hour work week, is now content to declare only that the working week should not exceed 48 hours. The Democratic Socialist Party, Australia's largest Marxist party, summed up the lessons of the Accord in a 1996 pamphlet:

"Capitalism was in economic crisis. The end of the 'long boom' in the mid-1970s sent the capitalist class on a drive to boost their profits through taking back wages and conditions won in the previous two decades. There was, and is, no win-win solution for both capitalists and the whole of the working class. Austerity, privatisation and deregulation was [and is] the order of the day.

"The Accord represented an attempt to enlist the union movement in this capitalist austerity drive. It meant that the working class went hands tied into a situation where capitalism was trying to take back hard fought gains.

"A radical strategy, or even an honest reform one, would have preserved union political independence from the capitalist Labor government and built the broadest and most militant struggle possible against the austerity drive. United union campaigns should have been launched for wage rises, spearheaded by the strongest unions and followed up with united pressure to have any gains shared with the rest of the work force.

"A radical strategy would also have included union and community campaigns, based on broad mass action, to defend and extend social and democratic rights. The issue of unemployment should have been, and still must be, met with a campaign for a shorter working week (with no loss in pay) to share the work around, and for increased spending on socially and environmentally needed public programs, funded by increased taxes on the rich and big business." ■

The case of Australia is a classic illustration of the process of bureaucratisation of the labour movement in an advanced capitalist country.

Like any other country in the world, the capitalists and the working class can't win at the same time. Accords or Alliances normally tie the hands of the working class and benefit the capitalists



- In the speaker's input, he outlined some of the dangers of the Australian Accord, such as the co-option of leadership, the demobilisation of the working class, and unions not acting independently. Do you think that our leadership is still acting independently? Do you think co-option is a danger for us as unions now that we are part of the Millennium Labour Council?
- What are some of the advantages and dangers in an Accord for the labour movement?