

LABOR'S ACCORD:

Why
it's
a
fraud



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Labor's Accord: a capitalist response to crisis

THE ACCORD is the centrepiece of a Labor Party strategy which has its roots back in the 1970s.

The seventies were years of economic disaster worldwide. From the soaring unemployment and social decay which faced Britain to bank failures in North America, from the "energy crisis" which plagued the advanced industrial economies to the debt crisis in Latin America, capitalism was severely shaken.

With the economic difficulties went social unrest. A vast workers' movement came close to challenging for power in Portugal, the Shah was toppled in Iran by mass struggles, the blood-drenched Somoza dictatorship was overthrown in Nicaragua by the radical Sandinista revolution. In response came a number of brutal crack-downs around the globe. Margaret Thatcher began to carry out radical surgery on the British economy, Ronald Reagan smashed the air traffic controllers' union, and his mercenaries began a war of attrition against the Nicaraguan people.

Australia participated in both the crises and crackdowns. From 1974, the economy moved sharply into recession, and in 1975 Malcolm Fraser usurped power amidst scenes of political and industrial turmoil, vowing to break the power of the unions and restore business confidence.

Halfway through the eighties, it is apparent that the fundamental problems facing the capitalist world economy are far from being solved. In Britain, Margaret Thatcher has implemented drastic cutbacks, beaten the miners' union in an epic confrontation, practically given away North Sea oil, and yet the country's economic decline continues unchecked. In America, the fiscal conservative Reagan presides over the biggest government deficit ever.

Even the "miracle economies" of Asia — South Korea, Taiwan, Singapore and Hong Kong — which did fairly well during the seventies, now have begun to experience a slump in their growth.

Twice capitalism has moved out of recession into recovery, once at the start of the decade and again from 1983. Yet while profit rates have improved, they remain insufficient to transform the situation. Capitalists know it, and are reluctant to put their money into long-term productive investment. Instead speculators like Robert Holmes à Court pour it into take-over bids. The take-overs leave firms with huge levels of debt, rendering them vulnerable to collapse when the next recession arrives.

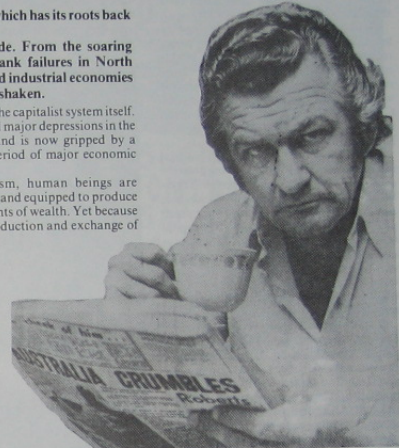
In Australia, as we will see, the situation is similar. Despite a period of substantial growth, unemployment and inflation remain at historically high levels, and investment is sluggish.

Capitalist governments of all kinds have been unable to resolve the underlying problems. This is not some incomprehensible quirk of history. We face this situation because economic crisis is something which

lies at the heart of the capitalist system itself. Australia has faced major depressions in the 1890s and 1930s and is now gripped by a third prolonged period of major economic dislocation.

Under capitalism, human beings are mobilised, trained and equipped to produce stupendous amounts of wealth. Yet because of the way the production and exchange of

Bob Hawke: a program to transfer wealth to business



that wealth are organised, those same human beings find they cannot control what they have made.

Even the biggest multinational corporations and government planners find themselves largely unable to influence the course of a chaotic world market. The wage and salary earners who actually produce the wealth are excluded from any control over the product of their labour.

Workers are driven by their conditions of life to sell their labour for a wage, caring little or nothing for what they produce or why. Their employers are forced by the pressures of competition to find new ways of squeezing ever more productivity out of their workforce without regard to the social usefulness of what is produced.

This madcap drive to increase exploitation and produce more and more without regard to social usefulness inspired Karl Marx to write one of his most insightful comments about the logic of capitalism. "Accumulate, accumulate!", he wrote. "That is Moses and the Prophets... Accumulation for accumulation's sake, production for production's sake."

Under such circumstances, it is not surprising that each time capitalism experiences an economic upswing, the upswing gets out of control and leads to a new crash.

During a period of economic growth, profits rise. Typically these profits are immediately re-invested to take advantage

of favourable conditions. Companies race each other to cash in. They compete for labour, for raw materials, for equipment and they often borrow heavily in order to get as much as possible. Suppliers see this happening, and begin to jack up prices. Workers seize the opportunity to take industrial action and force up wages.

This is exactly what happened during the "resources boom" of 1980-81. And at a certain point, firms began to realise their profits were being squeezed by rising prices for goods and labour, and by supply bottlenecks.

Investment fell away sharply as investors realised no more profits could be made. Factories cut back production or closed altogether, and in the second half of 1982 unemployment rose from 6.6 percent to 9.6 percent. Employed workers faced a wage freeze imposed by the government, and felt they were in too vulnerable a position to resist.

The working class as a whole, facing declining living standards, began to spend less on goods and this decline in consumer spending in turn dragged industry down. By the end of 1982 the country was facing its worst recession since the 1930s.

So far we have painted only half the picture. The "business cycle" of alternating boom and slump is a well-known feature of capitalism, and the employing class itself conceals as much, as indeed they must since their system has known 21 world recessions

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since 1820.

However there are also deeper problems, which have led to several catastrophic depressions of the world economy. Despite the repeated recessions, the long-term trend in capitalism is for an ever-greater accumulation of capital. In fact the recessions actually contribute to the trend by wiping out the weakest firms and allowing the strongest to devour them. Plant and equipment build up over time. Investment in these "capital goods" rises much faster than investment in labour.

According to one estimate, capital investment in Australia (in constant prices) rose from under \$10,000 million in 1950 to over \$43,000 million in 1977. While capital rose by more than four times, the number of workers rose by little more than a quarter. Consequently, the amount of capital invested per worker rose from \$11,000 to \$37,000.

Ultimately, the huge cost of capital investment brings with it a growing pressure on profit rates and they begin to fall. This is because only the labour of living workers can create the surplus value from which profits are derived.⁴ The build up of capital in Australia led to a decline in profit rates in manufacturing from 14 percent to 7 percent in the course of the sixties and early seventies. It was this fall off in profit rates which underlay the emergence of prolonged economic crisis from 1974.

How could this problem be overcome? The employers in, say Australia, cannot simply refuse to invest in new plant and equipment, for fear that on-going investment overseas will make their competitors more efficient and able to undercut Australian firms in the marketplace. Capitalists will only stop investing when the crisis is upon them, and falling profit rates make new investment unattractive. By then it is too late.

So employers everywhere have looked to two other solutions. One is to use the power of the state to reorganise their economies and defend them against foreign competition. In this way they hope to force the burden of the crisis onto their competitors.

The other is to reduce wages and worsen working conditions, or at least to keep them from improving. Here too, they look to the state to assist.

If local business can be given a competitive edge relative to foreign business, and local workers can be forced to sacrifice, profit rates can be restored. Or at least, that is the theory on which employers and governments base their actions.



Thatcher: radical surgery on Britain

It is the theory behind the actions of the current Labor government as well. The Hawke regime seeks to restructure the Australian economy to make it more competitive, and it attempts to rally the working class behind its policy with appeals to national pride.

Yet what economic achievements have been notched up under the ALP government have offered the workers little or nothing. The government's wages and "social wage" policy ensure that the entire wealth produced by the present economic recovery goes to boost profits. We will

document this fact in detail in chapter six. Contrary to the expectations of Bob Hawke and Paul Keating, this transfer of wealth out of our pockets into those of the employers will not provide a way out of the fundamental problems facing the economy.

Like capitalism everywhere, Australia is plagued with an underlying economic weakness in profitability which the economic growth of the past few years has not resolved. The capitalists know it, and consequently they are refusing to invest on anything like a sufficient scale to ensure longer-term growth. We will document this in chapter five.

And even if they did, their investment would only ensure a new build-up of capital relative to labour, which in turn would only further undermine profit rates and stoke up a new crisis.

It would take a complete transformation of our economic system to remove these difficulties. If production were organised for human needs rather than private profit, then the rate of profit would become irrelevant. The disastrous bottlenecks and price inflation which choke off each capitalist economy could be eliminated by social planning, and rising working class living standards would no longer be an obstacle to economic growth.

This would be a socialist solution. It would require that the working class took control of society, governing it and planning it democratically. It would mean that human beings controlled the wealth they create, rather than being dominated and made miserable by it.

Contrary to occasional Sunday speeches, the Labor Party does not stand for socialism. Its representatives in government, and their close collaborators in the ACTU executive, seek to run capitalism and that means protecting the interests of the employing class. And while their favoured solution, the ALP/ACTU Accord, cannot solve capitalism's problems in the long run, it can certainly make our lives difficult in the short run. For this reason, the Accord must be analyzed, exposed and fought. That is what this pamphlet is about.

"We are basing our arguments on the Marxist labour theory of value, which we don't have space to elaborate here. If you're interested in learning more about it, try Ernest Mandel's pamphlet Introduction to Marxist Economic Theory."

provide more jobs for workers. Collaboration between capital and labour is to replace the class struggle.

British workers rejected such an approach because, contrary to the rhetoric, it led to the worst fall in real wages since the aftermath of the 1926 General Strike. Unemployment shot up to the highest figure since 1938. Inflation soared along with company profits.

The experiment was so disastrous that the



British Leyland workers march against the Social Contract

ALP and ACTU in this country have studiously avoided the term "social contract" in discussing their own strategy. However apologists for such methods claim that the experiences in Sweden and Austria are far more positive. Prominent Accord supporter Berne Taft, of Socialist Forum, has referred to the "Austrian miracle".

Let's have a closer look at all three cases.

In Britain, the first social contract was launched in 1964 in a "Statement of Intent on Productivity, Prices and Incomes" agreed to by unions, government and business peak councils.

A planned economy, said the statements, would "give rise to a planned growth in real wages" and "ensure that the benefits of faster growth were distributed in a way that satisfies the claims of social needs and justice." But the growth only lasted until July 1966, when a balance of payments crisis hit. Then workers were handed a 12 month pay freeze. Disillusioned workers deserted the Labour party electorally and the Tories came to power.

The Heath conservative government's attempts at direct confrontation with the miners' strike, and Labour returned to power with a second social contract, the one which made the term famous. Labour promised to "bring about a fundamental and inevitable shift in the balance of power in favour of working people and their families." They promised to dismantle anti-union legislation, extend public ownership, increase social welfare, arrest inflation and maintain real wages.

Yet in practice they continued the Tories' wage controls which pegged wages way

below inflation. In less than a month Labour Party and top union officials had dismembered the current metal workers' pay and conditions claim and postponed the proposed national wage case for a year.

At its general conference, the Trade Union Congress introduced new pay guidelines. There were to be 12-monthly pay claims only, and negotiations had to include ways of cutting labour costs and increasing productivity. Prime Minister Harold Wilson told delegates that while Labour wanted to see industry prosper, living standards would do well to stay the same over the next two years.

Union official Jack Jones from the Transport and General Workers' Union called this a vision of a "new Jerusalem". In the "new Jerusalem", workers' take-home pay fell, while employers' profit per employee rose from £888 to £1247. Prices soared and unemployment was approaching depression levels.

For a time, the government together with the top union officials managed to reduce union militancy. However by 1977 the working class began to fight back. The 1978-79 "winter of discontent" dealt the social contract a mortal blow, the most important struggle being that of the truck drivers. Buoyed by a strong level of rank and file organisation and control, the drivers won a pay rise of nearly 21 percent in defiance of a government ceiling of five percent. Other unions rushed through the hole they had opened up in wages policy and Britain's great experiment in class collaboration was finished.

But it had not been without its permanent effects; rank and file organisation in industry

as a whole had been drastically weakened by the years of looking to governments and negotiations to solve workers' problems. A layer of fulltime convenors had developed who worked closely with the officials and represented a conservative force on the job. As a consequence, the working class was in a much weaker position when a disillusioned public threw out the Labour Party and elected Margaret Thatcher.

Sweden, on the other hand, is usually held up as the example of a successful social contract. Some writers claim that socialism is emerging there. And certainly, living standards are high (though lower than in Switzerland, which has no social contract).

Deals between unions and employers began in 1938, when the union federation LO signed a "Historical Compromise" with the employers' organisation SAF. Regular, directly negotiated agreements on wages and conditions were to be enforced by the LO, the employers and a Labour Court. Any individual action relating to the agreement was outlawed. The bosses' right to hire, fire and supervise work was explicitly sanctioned.

The social democratic government collaborated closely with the LO and SAF, acting on an economic analysis developed by the union officials. The officials claimed that inefficient and unproductive use of capital, rather than the drive for profits, caused the ills of capitalism. Their solution was increased industrial democracy, a large public sector, state-led investment and rationalisation of industry. In this way "capital would be gradually socialised under democratic control."

The era of the "Historical Compromise"

2. Social contracts: the overseas experience

BRITISH union leader Len Murray once claimed that the social contract of the seventies in that country was "not so much a program, more a way of life... it's a social contract in 1979, when a revolt of low-paid workers shattered the Labour government's wages strategy."

What are social contracts, and why did British workers throw theirs out? They are written or unwritten agreements between the trade union movement, governments (usually social-democratic) and sometimes

employer organisations. The unions agree to "wage restraint" and industrial peace in exchange for increased social welfare spending. Higher profits go to the employers, supposedly to spur investment which will

has also been one of prosperity for Swedish capitalism, and it might appear that the ongoing class collaboration is the cause. But the real reasons for the country's economic strength lie in its position within the world market.

Strong economic growth began in the 1930s as the direct result of supplying machinery and materials to Hitler. It was consolidated further in the 1940s, as immense profits were made supplying and rebuilding a war-torn Europe. In the postwar decades its important metal and engineering sectors grew more prosperous still around a strong armaments sector, which flourished because of international capitalism's continual demand for weapons.

Neither the Swedish economy nor the Historical Compromise have proved immune to the growing difficulties facing capitalism in the 1970s and 1980s. In the 1970s, union claims for industrial democracy, safety and job security were increasingly refused by employers. The unions then demanded government legislation. But by 1976, in the face of inadequate legislation and employer intransigence (backed by the conservative government of 1973-74), the LO formally withdrew from the Historical Compromise.

This meant a return to local bargaining and the growth of strike committees. The increase in rank and file involvement helped spur a great upsurge of industrial militancy in 1980, when the unions called a selective strike and the employers retaliated by locking out 700,000 workers. After twelve days the government caved in and forced the employers to grant a 6.8 percent pay rise plus compensation for the rise being delayed. As one newspaper commented: "The Swedish model broke to pieces."

But the social democratic party and the LO soon set about putting it back together. A proposal for Wage Earners Funds played a central role. These were to be drawn from corporate profits and a levy on wages. They would be used to buy shares and voting rights in large and medium-sized companies. Councils, elected directly by the people of each province, would control the funds. The plan was put into operation after the social democrats were re-elected in 1982.

The scheme was billed as a challenge to monopoly power, but the real aim was to revitalise an investment-starved industrial sector. In the face of employer resistance the scheme has been much revised and reduced.

Sweden's Olof Palme celebrates election in 1982: three years of wage cuts followed



and had virtually no impact on investment. By 1985 the social democrats announced it would not operate after 1990. Workers had lost money through the levy and had little to show for it.

A type of social contract known as the "Third Way" is still in operation. After the election in 1982 a deal was signed between the unions and the government, which was described by the Finance Minister as a "lightrope walk over an abyss." The description has proved to be apt. After three years of wage cuts, white collar workers found themselves forced to wage a major strike in May 1985, proving yet again that there is no Third Way.

Austria has not achieved the prominence of Sweden, yet it does offer an important test of the social contract approach to industrial relations.

The bulk of Austria's basic industries were nationalised in 1946. This was not the product of socialist revolution, but rather a capitalist measure supported by all major political parties, aimed at bringing into Austrian ownership industries previously appropriated by Nazi Germany. This state sector is the core around which the country's "Social Partnership" between governments, unions and employers revolves.

The partnership began with a wages and prices pact in 1947. Ten years later a Joint Commission for Wages and Prices was set up to preside over it. Over the years a network of institutions has emerged around

it, with "social partners" participating by law in supervision of public and semi-public institutions.

This all seemed to work well until the mid-seventies, when Austria was hit belatedly by the world recession. Industrial production fell by more than six percent in 1975, and the state sector was hard hit. The social democratic government responded with deficit spending. Jobs would be protected in return for low wage demands. In the nationalised industries redundant labour was kept on. As a result unemployment was kept below five percent.

But policies of this sort cannot solve the problems of capitalism, they can only postpone them for a time. Today, the state sector faces a crisis. The largest state-owned industrial group, Voest-Alpine, lost \$317 million in 1985, and a larger figure had to be appropriated by the government to cover the losses and restructuring costs of other firms.

The public debt has soared.

Opposition parties and private enterprise are now demanding rationalisation of the state sector, and even that parts of it be sold off to private entrepreneurs. This would inevitably mean significant job losses and a weakening of the position of trade unions. With some rationalisation already underway (some production lines have been closed at Voest-Alpine) and more likely to come, workers will once again find that in the long run their only defence lies in their own strength.

governments, ALP parliamentarians proved to be traitors to the workers they claimed to represent. As early as 1894 a weekly Labor paper denounced the "bogus" MPs who "looked to parliament as a dupe does to a private bar — a place where weak brains are drugged and all principles prostituted to satiate a debasing lust." And once in power the ALP quickly demonstrated its commitment to capitalism. Trade unionist WG Spence remarked of Thomas Price, the first Labor Premier of South Australia that "the rich anti-Socialists soon discovered that the Socialist Premier... could be trusted with big business affairs."

One important measure strongly sup-

ported by Labor was the introduction of arbitration. The unions hoped that through arbitration "their government" could neutralise the economic advantages which the bosses held on the industrial battlefield, but they soon learned otherwise.

The Australian Workers' Union became the dominant union in the rural sector, submerging more militant unions like the Amalgamated Workers Association. The waterside workers' first federal award was made conditional on the union amending its rules to give the righting Federal Council power to discipline its branches. "What these cases revealed," wrote historian Ian Turner, "was the domestication of the trade unions to the arbitration process."

Turner went on to relate the story of a four month lockout in Broken Hill in 1909. The unions appealed to the Arbitration Court for an injunction against the employers, and it was granted. But Justice Higgins, the second Justice of the Arbitration Court and the most favourable ever to the union movement, warned that it would probably not be enforced. Later the High Court effectively threw it out.

Turner concluded: "Arbitration, the instrument which labour had created to ameliorate its condition and to secure its strength, was found to operate as a bludgeon against the unions when they aggressed, but to be ineffective against the employers when they were the offenders." And not for the last time.

By 1910, Federal Labor had formed its first stable government, under Andrew Fisher. When World War I began Fisher was prepared, having boosted military spending 300 percent. He declared that Australia would support Britain to "the last man and the last shilling." Some 60,000

Australians died in this gruesome battle to shore up Britain's imperialist interests.

At home, living standards fell. Unemployment doubled and prices soared. Wages were frozen. In response to a wave of militant strikes, Labor banned the revolutionary Industrial Workers of the World.

Fisher was succeeded by Billy Hughes. Under his administration governments and employers alike laid off or refused to hire young men so they would be forced to enlist. With the war becoming increasingly unpopular, such measures proved insufficient, and Hughes called two referenda to introduce conscription. Only a massive rank and file rebellion among working class Labor supporters defeated this move. Hughes himself was kicked out of the party, and he crossed the floor to lead a conservative government.

Labor did not return to power until 1929, with the advent of the Great Depression. Conditions for most workers were so appallingly bad that conservative governments could not govern credibly. A Labor government was needed to contain worker unrest and to impose further sacrifices. The Scullin government set about serving its capitalist masters in conscientious fashion.

The coal miners, who had been locked out for months by their employers, were abandoned despite Labor promises to help them. Unemployment grew from 12 percent to 28 percent. Public works projects were drastically cut, throwing thousands onto the dole queues. The Arbitration Commission imposed a ten percent pay cut across the board.

Worst of all, the Scullin government agreed to the infamous Premiers' Plan of 1931, which cut pensions and government wages by 20 percent and reduced government workforces.

Billy Hughes twice tried to conscript



As a consequence of worker disillusionment with "their" government, Scullin was thrashed at the polls in 1931, and the conservatives returned to power for a long spell. Labor had done the job for capital, and in return had been sent packing. In an editorial, the *Times of London* explained the realities of Labor rule:

"The reduction of an artificial standard of living is certainly a disagreeable task. It is perhaps fortunate that it is a Labor government which has been forced to contend with the economic crisis."

But what of the successful Labor governments of the forties? During the second World War, the Curtin government was brought to power because the conservatives were unable to discipline the working class sufficiently in the interests of the war effort. The ALP, together with the Communist Party which backed it, convinced most trade unionists to forego strike action.

Wages were frozen and workers' right to change jobs restricted. Production was speeded up dramatically, and limitations on the length of the working day were virtually abolished. Two "left" MPs, Ward and Dedman, were put in charge of manpower administration and rationing, in order to persuade workers to make sacrifices.

The sacrifices were accepted because working class people believed they were fighting a war for democracy. Yet Labor continued to demand sacrifices after the end of the war. Wage-pegging remained for two years after the war ended; Chifley and his government fought bitterly (though unsuccessfully) to defeat Victorian metal workers' demands for higher wages.

In 1948 the Queensland Labor government passed viciously repressive legislation, in an attack on striking rail workers, and sent their police to beat up pro-union demonstrators. And in 1949 the Chifley government went in "boots and all" against striking coal miners. The army was sent into the coalfields. In the aftermath Chifley beefed up the penal powers of the Arbitration Court.

The government's proposals to nationalise the banks are sometimes pointed to as an example of ALP "socialism" in action, but the Prime Minister made it clear the aim was simply to stabilise capitalism and provide better financial back-up for capitalist industry. Even so, he would probably not have sought bank nationalisation at all had the bankers not made legal challenges to his moderate attempts to regulate the finance industry in 1945.

His biographer Crisp comments that



Miners strike in 1949: Labor sent in the army

3. Labor in power: the dismal history

What a sad story is the history of Australian Labor governments! As early as 1921, historian Gordon Childe was moved to conclude that they were not good for much. "Starting with a band of inspired socialists," he wrote, the ALP soon "degenerated into a vast machine for capturing power, but did not know how to use that power when attained except for the profit of individuals."

The growth of the Labor Party was partly a working class response to the call by socialists and others for workers to intervene in politics, and as such was a necessary and historic step forward. But as a party based on the official union machinery and, less directly, on the majority of workers who did not see the need to abolish capitalism and replace it with socialism, the ALP became precisely a "vast machine for capturing power".

It did not simply use parliamentary majorities for the profit of individuals, as Childe wrote in despair, but sometimes also to modernise and rationalise capitalism. But it always did so within the system, and as capitalism by its nature is based on exploitation and oppression, Labor politicians have inevitably found themselves reinforcing these features of the capitalist system as well.

Even before they were able to form

"none of the men who worked with him as Cabinet colleagues or as economic and financial advisors had any doubt that as far as his objective of control of banking was concerned he was content to rest on his 1945 Act."

When disillusioned voters turned Chifley off of office in 1949 it was the beginning of another long period in the wilderness for Labor. The long postwar economic boom meant capitalism faced no major crisis, and consequently the system did not need an ALP government. It was only at the end of the sixties that social unrest and the need for economic restructuring made one necessary again.

Youth were rebelling, the war in Vietnam was enormously unpopular, and industrial struggle was rising steadily. If anyone could contain the situation and make necessary adjustments, surely it was the ALP... especially as a new rightwing leader, Gough Whitlam, had replaced the "socialists". Gough Whitlam, an associate of NCC fellow-traveller Brian Harradine, had organised a federal intervention into the Victorian branch of the party to oust its leftist leadership.

By 1972 bosses like Ken Myer were prepared to vote Labor. The ALP carried out numerous measures to rationalise capitalism such as tariff cuts and the introduction of a more sophisticated foreign policy (recognising China). Corruption was ended... but only because the youth of the country had fought and won a battle to discredit it in the eyes of the public, and because by 1972 it was obvious that the Vietnam war was unwinnable anyway.

The government backed equal pay, but only because workers had won gains for women on the shop floor through direct action already, and because of the demands



Gough Whitlam: his 1975 budget set the pattern for Fraser

of an explosive new women's liberation movement.

In 1974, world capitalism moved into economic crisis. Australia was not exempt. And like every Labor government before it, the Whitlam regime began to implement measures to force the burden of the crisis onto the working class. ALP ministers began to attack "dole bludgers" — in fact it was they who invented the term.

Millions of dollars were handed out to companies like General Motors and EZ when they faced profitability crises. The notorious Hayden budget of 1975 cut spending, public works, social welfare and the deficit, setting the pattern for the Fraser government which followed.

Most significant, perhaps, for the long term was Labor's introduction of wage indexation. Supposedly wages would be automatically boosted to match inflation, and in exchange the unions would exercise "restraint".

In reality the indexation rises were based

on CPI figures which understated the cost of living. They only boosted the award component of wages, ignoring upward payment. And because workers had to wait months for them to be granted, they lagged badly behind price increases. As a result, real wages began to fall even before Fraser came to power.

The employers, panicking at the extent of the economic crisis, and seeing a Labor regime gripped by ever-increasing instability, threw the Whitlam government out in November 1975. In response, workers mobilised in the streets and launched a wave of strikes. There was every prospect of a powerful radicalisation of Australian society, which could have defeated Kerr and Fraser. While the demonstrations continued, Labor led in the polls.

Whitlam, however, was not interested in a radical struggle which could jeopardise the orderly working of capitalism. He called on his supporters to restrain themselves and wait for the elections. Bob Hawke chimed in with his call to "cool it". The movement in the factories and the streets declined, and as it did so, Labor's support began to fall away in the polls. Fraser swept to power. A subservient Labor regime had, once again, been dismissed by its capitalist masters.

The pattern of Labor in power is woefully consistent throughout this century. The party sometimes makes reforms which are supported by capitalism itself, or forced on it by working class struggle. At the same time, however, it consistently works within the system and accepts its logic. And consequently it ends up attacking the very workers it claims to represent. At the end of a spell of Labor government, workers are all too often demoralised, disoriented and demobilised, easy prey for a new round of openly reactionary conservative rule.



Malcolm Fraser: textbook capitalist theory, but unable to implement it

4. Fraser's failure and the roots of the Accord

IT WILL be a long time before the viciousness of the Fraser government is forgotten. "Vote Mal — Eat Pal" read a piece of graffiti during the 1983 elections, aptly summing up workers' feelings about a regime which had openly sought to reduce wages and worsen working conditions by smashing the unions, while its "razor gang" slashed social welfare.

Fraser operated on a textbook capitalist theory: by cutting spending and wages, inflation would decline and profits would improve. Business would find the confidence to invest, and the Australian economy — in deep recession from mid-1974 — would recover.

In practice, Fraser found this strategy difficult to implement. During the early years of his government the working class was on a very short fuse.

The number of strikes declined from the historic six million days lost of 1974 and became noticeably more defensive — more likely to be fought over sackings, victimisations, speed-up and the like than over wage demands. Even so there were big struggles: the 24 hour Medibank general strike in 1976 forced on reluctant union officials by the rank and file was one high point, and the 11-week Latrobe Valley strike of 1977 was another.

Both ended in defeat, but served to remind Fraser and his backers that the organised working class still retained con-

siderable strength. Wage indexation became partial but was never abolished. Government spending rose more slowly than under Labor and there was a shift towards industry assistance at the expense of welfare spending, but the dramatic cuts in overall expenditure which most people had expected did not occur until the 1978 "horror budget" and the following 1979 "mini-budget".

Living standards fell and for the first time the government was able to offer significant new subsidies and tax concessions to employers. A few months after the mini-budget the Loan Council gave state governments the go-ahead for overseas borrowings of \$1.8 billion. Local ownership and export guidelines were loosened up to further encourage foreign investment.

And then in August 1979 a substantial oil price increase was announced by OPEC. Suddenly Australia's energy resources — oil, coal, natural gas and uranium — were in big demand. Investment began in earnest. And so was born the "resources boom" on the back of which Fraser won his last election in

1980

Yet this very economic recovery, the first success of the Fraser policy after several years, led in the end to his undoing. For the excitement about the resources boom affected workers too.

Already in 1979 workers had won a round of work value cases, most of them by strike action. Now a generalised "wages push" began. In April 1981 Telecom workers won a major pay rise, well above anything allowed for in the wage indexation guidelines. Other groups of workers began fighting for similar rises, and wage indexation was abandoned altogether.



Medibank general strike of 1976: the workers still had fight

Initially Fraser was untroubled by the wages surge, thinking it would only bring gains to strongly organised groups of workers. He dismissed the idea of a general relative share of GDP for wages and profits as profitable. This would establish the ability of wages rises being based on the ability of bosses to pay — a precedent worth the cost in higher wages for some workers.

He was proved quite wrong. Within months comparative wage justice — "flow on" — had passed on the wage rise to the whole working class. As is common in Australian industrial relations, the strong unions pulled the weak behind them and everybody gained.

Alarmed, Fraser warned of a "wages explosion", and Industrial Relations Minister Ian McPhee warned that "the relative share of GDP for wages and profits is now at the same unhealthy proportion which prevailed in the notorious years of 1974-5".

While the Fraser union-bashing methods had managed to hold down wages during the recession years, they had not broken unions' basic strength and could not prevent workers clawing back during the recovery what they had previously lost. Many employers began to become receptive to the Labor Party's suggestions for controlling workers through more subtle means.

The economic bubble burst in 1982 as the world economy moved into recession. As

the rush to invest in 1980 had been based on an expected high demand for energy resources, the international recession hit Australia particularly hard. Production fell off more drastically than at any time during the seventies, and unemployment reached postwar record levels.

Ignoring the international character of the new crisis, the Fraser regime blamed it on the wages surge of 1980-81. With the press, the ALP leaders and even some union officials echoing this line, and with unemployment leaping from six to ten percent, workers suddenly lost confidence and Fraser was able to impose a wage freeze.

Under the proposed Accord, they could guarantee their members pay rises and job creation schemes and give the bosses industrial peace. And for themselves there was the promise of a greatly increased role in the planning and direction of economic strategy, for the union officials were to have a prominent place in various tripartite committees and at economic summits.

The employers themselves were far from convinced that the whole thing could work, but after discovering in practice that Fraser-style union-bashing could not achieve a decisive shift in wealth from the working class to themselves, they were prepared to allow the ALP to come to power and give it a try.

The economic and industrial relations strategies incorporated in the ALP/ACTU Accord at the start of 1983 did not emerge overnight. All through the second half of the seventies, while Fraser pursued his strategy of confrontation, union officials and the intellectuals associated with them had been attempting to develop an alternative.

The earliest economic program offered by the unions was the *People's Budget*, which set out the sort of budget the government should enact in order to cut unemployment and maintain living standards. It was followed by more elaborate booklets called *Australia Uprooted* and *Australia Ripped Off* produced by the metal workers' union.

These publications, along with more sophisticated versions circulating among left academics, amounted to alternative economic strategies. They advocated a high degree of government intervention to solve the crisis. Regulation (especially of the financial system), restructuring of industry to make it more efficient, tariff protection, even nationalisation. And along with it, collaboration between government and the unions to set wages without disruption.

During the Fraser years, in the face of a pugnacious conservative government, there was talk of workers using their industrial muscle to impose such methods on policymakers. But as the chances of an ALP election victory began to revive after 1980, the focus shifted to getting the ALP to take them up and implement them from the government benches in parliament.

Getting Labor elected meant reassuring the employers that the new policies would ensure industrial peace and create a favourable climate for private enterprise. Implementation would be kept well away from the hands of the working class rank and file, and entrusted to bureaucratic committees. The election of Labor governments in Victoria and South Australia with impeccably conservative, pro-business policies went a long way towards creating the right climate.

The skillful co-optation of the teacher unions by the Victorian Labor government provided a model of how unions could be controlled by ALP governments.

The election of these governments, which joined the entrenched rightwing Wran administration in the NSW, encouraged the Federal ALP. It showed that it was possible to appeal to the ruling class and still keep the votes of traditional working class supporters — all with a policy of class collaboration, summed up in Hawke's slogan: "Bringing Australia together."

It was on this basis that the Hawke government was elected in March 1983.

5. Hawke's strategy for Australian capitalism

WHERE Fraser had failed, Labor hoped to succeed in redistributing wealth from labour to capital. The economy was headed for a recovery in the wake of an upturn overseas, and the new government set out to make the most of it. Hawke and Keating envisaged a rate of growth higher than the world average, and decided that the public sector would take the lead. One important measure was the First Home Owners Scheme, which poured money into the housing industry and helped make it a cornerstone of recovery.

High rates of growth would create an environment of "business confidence," that elusive prize so hard for Labor governments to attain. As a consequence, investment would grow in the private sector, and private industry would gradually take over the leading role in promoting economic growth. High rates of growth would also allow the government a bit of room to move in the area of the "social wage" (welfare, education and the like) where some concessions would have to be made to workers after the unpopular cutbacks of the Fraser years.

Industry also had to be made more competitive compared to the world economy, and so Labor began to elaborate a series of "industry plans." These aimed at making various industries more efficient, with taxpayers and workers picking up the bill. The steel industry plan was the pacesetter. As a headline in *Business Review Weekly* put it: "The heat is on the workers."

While the government would give BHP about \$360 million over five years and guarantee it 80 percent of the steel market, the firm did not have to maintain levels of employment. The company, which had already sacked nearly a third of its workforce in the previous year, would be allowed to further reduce it through natural wastage. Meanwhile, the unions agreed that productivity would be immensely boosted, from 218 tonnes of steel per employee to 250 tonnes in the first year alone.

In the wages area, Labor first carried out an initial rip-off at a time when workers' confidence was still very low as a result of the recession. The Fraser wage freeze was maintained for six months, and while there was talk of an eventual "catch-up" claim to make up the lost money later on, it eventually



Paul Keating: putting the heat on the workers

became clear that the ACTU had no intention of ever seriously pursuing it. However before the recession ended, the government began shifting its ground and backed full cost-of-living increases. In preparation for the longer term recovery, Labor was applying its longer term strategy of conning workers into a process of class collaboration. They would be given a few crumbs during the recession in exchange for years of "restraint" when the economy picked up.

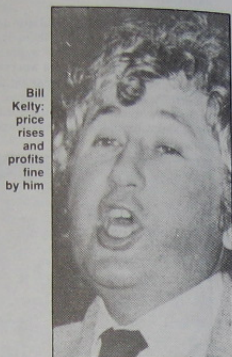
Job creation programs, announced in May 1983, proposed to spend \$300 million to create 70,000 jobs. However the program was largely cosmetic. It would be more than offset by tax increases announced in the same month. A further cosmetic measure, the Prices Surveillance Authority, was an exceptionally toothless tiger. ACTU Secretary Bill Kelly assured the employers that "it is not intended nor is it necessary, to seek to regulate the prices of all goods and services. . . . Nor do we endorse a pricing authority which seeks to deny reasonable profits. . . ."

The overall strategy was clearly aimed at boosting profits at the expense of wages. Making this happen depended very heavily on the role played by the union officials, most importantly the top bureaucrats of the ACTU. In fact, various union officials including supposed leftists like Laurie Carmichael of the metal workers union were deeply involved in formulating the Accord, and in stage-managing the famous "economic summit" which took place soon after Labor came to power.

The union officials presented the Accord to their own members as a "working class intervention." While such rhetoric created the illusion that workers would wield some power, it really meant an increase in the influence of the union bureaucracy. Union officials would sit on various tripartite committees involving themselves, management and government. By shifting the scene of wage determination away from the shop floor, and towards backroom negotiations and the Arbitration Commission, the officials increased their power relative to the union rank and file.

To be sure, it also strengthened their position relative to the employers. Far from being mere tools of the bosses, Kelly and Simon Crean among others worked closely with Keating and Hawke to convince the bosses of the new strategy, and to some degree imposed it on more backward elements among the employing class.

The capitalist system is not a tightly-run conspiracy. The capitalists themselves are made up of competing groups, and most of them pay more attention to short-term profitability than to the longer-term interests of their own system. It is partly for this



Bill Kelly: price rises and profits fine by him

reason that the state exists, and the system of competing political parties which surrounds it. At times, the Labor Party with its less direct ties to the bosses can play a role in bringing in reforms which benefit the system, but which are not fully understood by many employers.

Thus the much-remembered scene at the economic summit, where the ALP and ACTU were seen to have stolen a march on the employer organisations. Many bosses resented this, and have had to be reminded periodically by their journals such as the *Financial Review* that the Accord is in their interest, and that they are the main beneficiaries. As Paul Keating told an interviewer: "I've said somewhat flippantly that if we were providing these policy settings and outcomes in Western Europe, they'd be lighting candles to us in the cathedrals."

Selling the Accord to workers was an equally important task. One convenient device was to stress its supposed humanitarian qualities. It was time, the union officials argued, for well-organised groups of workers to spare a thought for others. In exchange for wage restraint during the economic recovery, more jobs would be created and the social wage would rise, thus benefiting the poorest members of the working class. Wage rises would not exceed the rate of inflation, but would be guaranteed to all workers including those without the industrial muscle to win them in the field. (We shall put these claims to the test later on.)

These were the carrots. At the same time the ALP and ACTU were prepared to flourish the big stick. When the small Food Preservers Union struck at Heinz near Melbourne in 1983, the government declared their demands to be outside the Accord, and demanded that the union be excluded from the national wage case. The union was threatened with fines and subjected to a vitriolic denunciation from Laurie Carmichael at the ACTU Congress.

Subsequently, the Hawke government (along with the Cain government in Victoria)

virtually declared war on the Builders Labourers Federation, which they saw as a "rogue union" and a threat to the Accord.

As important as either the carrot or the stick was Labor's tactic of incorporation of union officials and activists. Commenting on the 1985 ACTU Congress, the *Financial Review* noted with satisfaction the "new economic rationalism that is evident throughout the ranks of trade-union officials as a result of their involvement in national economic decision-making." As union officials take increased responsibility for making the system work, they increasingly adopt a capitalist mentality.

One little known example is the Trade Development Council, a tripartite body representing bosses, government and top union officials. The TDC has held seminars involving more than a thousand unionists, which aim to teach them greater "responsibility" and "flexibility".

The Accord strategy has already produced some impressive results for the employers. The Australian economy has grown faster than the world average, and profits have soared. While workers' living standards have remained roughly static or perhaps declined, the bosses have been raking in the dough.

According to budget estimates for 1985-86, corporate profits would be \$11,000 million higher than in 1982-83. At the same time the corporate sector's tax liability has increased only \$1500 million as a result of adroit financial juggling on the part of the employers.

Unit labour costs (wages plus fringe benefits), which have fallen by less than two percent a year on average in the western industrial economies since 1982-3, fell by 6.4 percent in Australia in Labor's first year in power, before the rate of decline slowed again. This meant money in the employers' pockets, which has been augmented by their ability to effectively raise prices ahead of wage increases. A document circulated by the Australian Teachers' Federation in 1985 commented:

"The share of the value of production going to profits is at record high levels and the share of national production going to wages and salaries is at record low levels."

"Price movements are far outstripping wage movements, and the gap cannot be explained simply by the effects of depreciation. . . . Unit labour costs are at their lowest level since the beginning of the 1970s. The increase in labour productivity in 1983-84 was the highest for many years."

And while workers' wages were being restrained, corporate executives were doing



Food preservers picket: the Accord was used to hammer them

a bit better. A confidential management survey reported that in 1984-85, executive salaries had risen by 8.4 percent, compared to a rate of 6.9 percent for average male weekly earnings.

Overall, Labor has delivered the goods to Australian capitalists. It has done so in the hope that by handing higher profits to them on a platter, it could encourage private industry to invest. A happy partnership between capital and labour would take the country forward.

However that is not the way capitalism works. Having got its pound of flesh, big business wants another pound and then another. The Victorian Employers' Federation declared with a straight face in late 1985 that "the union movement had not late 1985 that "the union movement had not yet made any sacrifices", while the Westpac Bank's *Review* warned the government against an imminent "slackening of resolve on the wages issue."

More ominous than any rhetoric is the hard fact that business is reluctant to put its windfall gains back into the system in any

form of productive investment. While vast sums are poured into speculative ventures like Robert Holmes A'Court's attempt to take over BHP, investment in plant and equipment and construction were set to fall about \$2000 million in 1985-86 compared with 1982-83.

In other words, the relationship between the ALP/ACTU and big business has been all give and no take. To Paul Keating, this is evidence of a "redneck" mentality on the part of the bosses, who have never had it so good. But under capitalism, it is the rednecks who have ultimate power. They will get all they can out of the Accord and then, if it suits them, they will once again send Labor packing and bring back their natural allies in the Liberal Party.

We shall return to this latter possibility later on. But now we must turn to the most important question of all. While the bosses rake in the money and Hawke and Keating pat themselves on the back — just what benefits, if any, has the Accord brought the working class?

immediate and integral role in the operation of the economy."

★ Anti-union legislation would be prevented. This included the CERR and CECP Acts and sections 45D and 45E of the Trade Practices Act.

★ The social wage would be boosted with a new, universal health scheme and increased attention to social welfare.

Three years later, how has these promises stood up? Let's start with the

6. The Accord: promises versus reality

THE ACCORD, say its backers, "is about the maintenance of real living standards". And when it was launched, this claim was embodied in some specific promises.

★ In the incomes area, centralised wage-fixing would bring (full) indexation, and a 9.1 percent catch-up claim would make up the money lost during the Fraser wage freeze. We'd get a national superannuation scheme along with tax cuts and price control. Low-income, women and migrant workers would benefit particularly.

★ Employment prospects would improve with a parallel fall in unemployment levels, particularly for young people. Enhanced health and safety measures would make existing jobs better.

★ Industrial democracy would ensure worker participation in management decisions. Unions would have "an

wages and incomes area.

At the 1983 economic summit, after only one month of ALP government, Simon Crean was already reassuring the employers that there would *not* be an immediate or total catch-up following the end of the wage freeze. He explained how centralised wage fixing would *obstruct* the ability of stronger unions in areas such as transport and construction to win big wage gains. And Paul Keating promised from the beginning that unit labour costs would fall to the 1969/70 level, "having been way out of line in the meantime."

Bob Hawke, who had initially attacked the wage freeze imposed by Fraser, extended it for another six months. When it finally ended, workers were granted a full CPI rise because the Arbitration Commission and the government feared that otherwise they might win more through industrial action. But to make up for it, indexation hearings were set at only six-monthly intervals. The ACTU dropped its campaign for shorter hours. At the next Commission hearing in April 1984, it also agreed to drop the 9.1 percent catch-up claim.

Next came the Medicare fiddle. In April 1984, workers' indexation rises was discounted: 2.4 percent came off because supposedly with the introduction of Medicare, health costs were no longer part of the cost of living. In reality, however, we were still paying them, in the form of the one percent tax levy. And we had to start paying the levy *before* Medicare was announced.

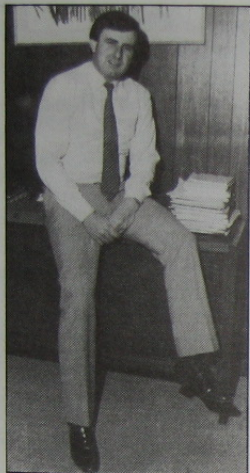
Far from declining, health costs have increased. A worker's \$250 per week now pays \$14.70 for medical insurance, compared with \$18.00 before Medicare. But if you add in the money lost by the discounting of wages, the cost rises to \$22.80.

Further discounting followed in the first wage increase of 1986, as workers were made to pay the price for a fall in the value of the dollar — something which was hardly our fault. Supposedly this was to be compensated for by government support for a 3 percent productivity claim, to be paid in the form of improved superannuation benefits.

But government insiders privately admitted to journalists that the super benefits would have had to be granted anyway, in order to head off a Transport Workers Union claim for *better* benefits which would have set a precedent. And it soon emerged that workers would have to *fight* to ensure that we really got the super deal (with the government, often as not, attacking unions for doing so).

Overall, the decline in real wages to 1984 totalled about 11.5 percent. However we were promised that tax cuts would offer us some compensation. In August 1984 we got one tax cut, which gave a maximum of \$7.60 back. We are promised another in September 1986, which is hardly likely to make up for the further real wage losses which will have occurred by then.

John Halliparency of the metal workers union gave a graphic example, during the 1985 tax debate, of just how trivial the Labor government's tax cuts have been. He said that in 1974 a fitter, married with two dependent children, had to work 3 1/2 hours 8 minutes to pay his weekly tax. In 1984 he



Simon Crean: reassured employers over the wage catch-up

had to work 7 hours 4 minutes to do the same. Meanwhile, indirect taxes — which hit workers and the poor hardest — increased by 14 percent in Keating's first budget and have been indexed ever since.

Price control has been a joke. The Prices Surveillance Authority is only a monitoring body with even fewer controls than Whilam's ineffectual Prices Justification Tribunal. The metal unions launched their own price monitoring scheme. But apart from telling the officials what their members already knew — that prices were rising rapidly — little came of this rather expensive exercise. The metal unions, which were committed under the Accord to a policy of industrial peace, could hardly engage in *struggle* over the issue!

Supporters of the Accord, such as Les Ayres of the public service union ACOA, argue that centralised wage fixing at least guarantees that *all* workers — including those lacking industrial muscle — will get regular pay rises.

But the sugar workers found out otherwise in 1985. In the first wage case of the year they got nothing whatsoever, because of the crisis in the industry, then they had their wages further discounted in the second hearing. And it was only because they took industrial action, in defiance of their officials and the Accord, that they got anything the second time around.

Ayres also claims that "a centralised system achieves greater distributional equity between groups." But how the gap between higher and lower paid workers is to be narrowed if everyone gets the same percentage increase has yet to be explained.

If we turn next to employment, there is no doubt there are more jobs around. This is said that in 1974 a fitter, married with two dependent children, had to work 3 1/2 hours 8 minutes to pay his weekly tax. In 1984 he

sector, it comes from utilising existing plant and equipment at full capacity, not from new investment which would offer real hope for maintaining the expanded workforce over time. In the public sector new job opportunities have decreased with cuts in expenditure, and staff have actually been cut back in Social Security.

In metals and manufacturing, jobs continued to be shed well into the Hawke regime. GMH, which has already cut their workforce by half in the previous ten years, aimed to axe another 1500 jobs by 1985. In mining, 2000 jobs were lost in the 18 months to May 1985.

The deal for young workers is worse. In 1984 youth unemployment was 24.8 percent. Despite the "priority one" rhetoric, Labor does not seek increased apprenticeships, decent wages or paid time off for training. Rather it proposes subsidies to the bosses, wage cuts and user-pays training in an effort to persuade companies to hire young workers.

Unemployment rates have fallen, but only to a still-disastrous 8 percent, slightly higher than in Ronald Reagan's America. The average time on the dole before or between jobs is increasing. Under the Hawke government, the number of people unemployed for 104 weeks or more has risen by more than a third.

No wonder that the ACTU has simply given up on full employment, reporting that "unemployment is still likely to remain high in the foreseeable future," while Industrial Relations Minister Ralph Willis speaks of the need to get used to "permanently high levels".

In the area of health and safety, various agreements and legislation are now in place. Yet in the public sector, repetitive strain injury (RSI), the direct result of poor working conditions, is increasing at a frightening rate. In the Department of Social Security, workers had to take strike action to force the Labor government to agree to safer working conditions when computers were introduced. And even after an agreement was reached, one workplace after another found it had to fight to get it implemented.

"Industrial democracy," as we have seen, largely means participation by union officials or delegates in bureaucratic committees. Often as not, unions' "integral role in the operation of the economy" turns out to mean imposing worse conditions on their members, as in the case of the Steel Industry Plan. At best, it hogs delegates down in interminable procedures around issues where strike action would produce quicker results. Nowhere do workers have democratic control of the workplace.

The Accord is supposed to bring particular benefits for women. The union newspaper *Women at Work* claims that women have made "a number of gains" already, yet on closer examination these prove to be largely illusory.

The paper lists the Sex Discrimination Act, an Affirmative Action Pilot Program, ratification of an ILO convention, and a research program. None of these have meant a significant redistribution of wealth effect will be to move more women into management positions and the higher levels of the public service.

The superficiality of the Affirmative Action program is graphically demonstrated by the behaviour of BHP, which participated in the program at the same time as it fought in a court case about discrimination against women seeking jobs in its Wollongong steelworks. Now that the women have won the case, BHP is appealing.

Meanwhile Labor has cut back on child care funding just at a time when women are entering the workforce in increasing numbers.

But the real test is in the wages area. The Accord is supposed to benefit lower-paid workers, so an obvious place to start would be to do something about the way women's work is traditionally undervalued, compared with work performed mainly by men. In 1985, after considerable pressure, the ACTU launched a comparable worth case for nurses. Feminists saw this as a test case for all women. But the ACTU agreed that any decision in their favour would not flow on to other working women, and that it must involve negligible costs!

Obviously, the ACTU was not seriously fighting for wages equality. And they soon said as much. When the Arbitration Commission threw out the concept of comparable worth, the ACTU hailed it as a victory — because the Commission allowed the nurses to make a further claim under its anomalies provisions. But this, as NSW Nurses Assoc-

iation official Bronwyn Ridgway says, is a long and drawn-out process that probably won't win anyway.

And the reason the Commission threw out comparable worth? It would be "particularly destructive of the present wage fixing principles". So much for the wonders of centralised wage fixing under the Accord.

As for repealing anti-union laws, Ralph Willis declared soon after the ALP came to power that section 45D with its ban on secondary boycotts "will only be removed when an adequate replacement has been drafted." Meanwhile, the government has supported every employer who has used this legislation. As for CEEP and CERR, public servants found out in their 1984-85 pay dispute that the government didn't need these laws to stand down workers. Other legislation still on the books could be used.

Finally, let's look at the social wage. This is a vague concept, but roughly it means spending on welfare and government services which benefit workers and the poor. As the fact of declining real wages under Labor has become harder to deny, Accord supporters have emphasized social wage gains more and more. How real are these gains?

Kenneth Davidson of the Melbourne Age has compiled some useful statistics. He took Commonwealth spending for education,

health, security and welfare, housing, urban and regional development, culture and education. Translating various annual totals into 1985-86 prices, he got these results:

COMMONWEALTH SOCIAL WAGE
(per household)
1975/6: \$5867
1982/3: \$5069
1985/6: \$5656

On these figures, the social wage has risen about \$600 under the Hawke government. But some qualifications have to be made.

Firstly, it seems clear that any improvements are unevenly distributed. In addition to the child care cuts we have mentioned, fewer people are now eligible for family allowance. TEAS and Secondary Allowance are as difficult to get as ever. There are now three levels of unemployment benefits, with one of the levels frozen for three years.

Moreover, the statistics include areas of expenditure which do not really redistribute wealth to workers. For example, they include \$17 million for the America's Cup defence. Significant amounts of funding for urban and regional development would be subsidies to business. Even home ownership assistance, by contributing to runaway inflation in the housing industry, has probably benefited builders more than home buyers. First Home Owners Scheme beneficiaries mostly watch their assistance payments flow rapidly from government coffers into the hands of builders, solicitors or banks.

Even if we take the increase in the social wage at face value, it hardly makes up for the wages cuts Labor has caused. In the same article, Davidson estimates that annual real wages have been cut \$400 per wage earner since 1982/3. Given many households have more than one wage earner, this more than wipes out the social wage increase of \$600 annually. And now there is talk of the government cutting back the social wage in the next budget.

New improvements to superannuation were supposed to compensate for some of the wage cutting. These were promised to be in operation by 1 July 1986, and to cover everyone. Yet now, according to the *Financial Review*, "the ACTU will be confronted, by year's end, one person in 10 not now covered in its industry funds." Now you see it, now you don't!

Meanwhile, profits are soaring, the economy is growing faster than the world average, and productivity is rising. The result of the Accord has been to ensure that the benefits of the economic recovery go entirely to the employers and not some of their hangers-on. Whereas in previous periods of economic-on, in the early seventies and at the start of the eighties, led to significantly improved living standards for workers as a result of trade union struggle and pressure on governments by militant social movements, this time around the Accord has kept us from making any gains at all. No wonder Bob Hawke is pleased with himself. As he told the *Australian*:

"You don't need a wages policy in times of recession because the recession will do the job for you. But we had to get into place a policy and habits which would stick in times of recovery. Now we have delivered the goods."



Packers at work: the Accord has held down women's wage levels

7. Problems and prospects for 1986

AS WE entered 1986 Australia's economy was growing rapidly, and it seemed this might continue for some time. Yet capitalist growth by its very nature creates contradictions, which as we saw in chapter 1 lead to recession and crisis.

The build-up of capital investment reduces the role played by living labour, and since capitalism makes profits from the exploitation of living workers, the rate of profit begins to fall off. Bottlenecks in goods and credit arise, costs increase, and business begins to cut back. The economy contracts.

Sooner or later, such a recession in the Australian economy is inevitable, probably in the wake of economic slump overseas. Australia's economic growth takes place against the background of a world system still relatively depressed compared to the situation 15 years ago, and also against the background of its own poor position relative to other industrial economies.

While unemployment has fallen since Labor came to office, it is still a little higher than that of comparable countries overseas. Inflation has come down, but only to around 8 percent, nowhere near as low as in the USA, where it has fallen from 13.4 percent in 1980 to 3.5 percent for 1985.

In addition, Australia has particular problems with its trade. Between 1973 and 1983 its share of world trade fell by about 30 percent. That is partly because prices for this country's traditional exports are going down. Overseas customers are switching to synthetics or becoming more efficient in their use of commodities. This trend is particularly highlighted at present by the fairly spectacular collapse of tin prices, and above all of the price of oil.

Apart from wool, Australia faces stiff competition from other producers. It must import quite a lot of things, from capital goods to clothing because of the small size of its economy, and so if it lacks the export earnings to pay for them it is in trouble.

Even our economic growth has created difficulties, because it has fuelled a surge of imports. As dollars flowed out of the country to pay for them, the value of the Australian currency fell. Devaluation in turn meant inflation, as imports became dearer.

Over time, this should help Australian

producers because they can undercut the prices of their foreign competitors at home and abroad. Exports should rise, and imports should fall; the balance of payments should improve. Unfortunately, this all takes time to happen. Some imports simply cannot be replaced with domestic products, and exports cannot be boosted from one day to the next, because it takes time to get the increased production rolling. So while Australian workers pay the price of devaluation in the shops within weeks, the economy gains no benefits for months and months.

Meanwhile the government pushed up interest rates in order to keep the dollar from falling further, and with the cost of borrowing money for investment soaring, economic growth has come under threat. Bob Hawke and Treasury head Bernie Fraser have canvassed the possibility of a further wage cut ("discount") if the balance of trade and the value of the dollar don't come good, and Simon Crean told the Melbourne Age quite openly that "any future drop in the value of the dollar must mean a drop in living standards for workers".

As if that wasn't enough, the government refused to pass on half of the value of the fall in oil prices to motorists. To do so would jeopardise their "economic strategy"... to keep pumping dollars into the pockets of the bosses.

And by early 1986 a worried Paul Keating was forced to consider substantial welfare cuts in a desperate bid to take the pressure off interest rates.

Given the difficulties we have indicated facing the Australian economy, it is not surprising that the capitalists lack confidence in it, despite sustained public sector-led growth. They have shown their attitudes quite clearly by refusing to invest the huge profits they have made out of the Accord.

In the course of 1985 the Labor government made hopeful noises about business

investment finally beginning to grow. Even so, the best they could hope for was that, by the end of the year — two years into the recovery — would stagger back to pre-recession levels. And in early 1986 most forecasters predicted it would fall off again.

The bosses lack confidence in the economy. All the sacrifices by workers and crawling by the Labor Party have not changed their opinion. And for this reason, too, the economy is headed for trouble sooner or later. Without strong private sector investment, growth cannot continue beyond a certain point.

When the trouble arrives, one option for the ruling class will be to bring back the Liberals with their Thatcher-type solutions. At present this threat is reasonably remote, but we have to look at it because it is being held up by the ALP and ACTU as a bogey. We are being warned of the dire consequences of "privatisation" and deregulation of the labour market.

For many decades, capitalism worldwide showed a strong trend towards the growth of the public sector and increased state regulation. The Soviet Union is simply an extreme form of this development, which is best called state capitalism. It reflects the need of each nation-state to marshal its resources for international competition. The labour market, too, has been the target for various attempts at centralised planning.

Many on the left have been misled by such trends. It appeared to them that the growing role of the state sector, planning and regulation was inevitably going to continue, and constituted a road to a better — even a socialist — society.

In reality, there is nothing progressive about such things. As long as workers are dominated by bosses and have to work for wages, industry remains capitalist whoever runs it. You only have to look at the Tasmanian Hydro-Electricity Commission or our union-bashing railway administrations to see that.

And there's nothing irreversible about these features. They have drawbacks as well as advantages for capitalism. By drawing capital within a nation together into one large lump, they make it hard for inefficient bits of that capital to be pruned. Rationalisation is impeded.

Today's economic pressures are forcing national economies to become more flexible. From "market socialism" in China to Papua New Guinea's decision to sell the national airline, from openly reactionary Thatcherism in Britain to Mitterrand's proposal to end the French "Socialist" government's television monopoly, new economic models are emerging.

This does not mean that the state is withdrawing from the stage. Its role is simply changing. It intends to streamline, to rationalise, and to selectively de-regulate and privatise where such measures fit the new planning needs of the system.

Australian capitalists, too, face this

challenge. New export industries must be developed. But that means changing the structure of the economy.

The Australian economy is built around exporting minerals and rural produce, while manufacturing is protected from foreign competition by tariffs and quotas and devoted to servicing local markets. The rationale has been that protection would allow local industry to grow up to a sufficient size to tackle overseas competitors. Trade union officials of all political hues have pushed this view. But it is now being shown to be false.

A study done recently at the Australian National University found without exception that countries which rely on tariff protection least, export manufactured goods the most. And that stands to reason. By giving blanket protection to Australian industry over the years, government has allowed local firms to remain fragmented, amateurish and old fashioned. Today the consensus among the ruling circles is that the economy must be re-shaped to make it leaner and tougher. Such changes will mean major dislocations.

Industry plans which try to boost productivity at workers' expense are an inevitable part of the process, as is "de-regulation" which has already been applied to banking and is certain to be extended. At some point "privatisation" — selling off state-run services — may have a role to play. Tariffs will be reduced or scrapped. How far it all goes is a matter for debate among our rulers.

The Liberals would take things further than Labor. There is talk of selling off TAA and Telecom. And they want to extend the de-regulation of economic matters to wage fixation, which would mean an end to the Accord and a return to a more decentralised system.

The ALP and ACTU hold these Liberal policies up as a bogey to frighten their supporters. If you don't like the Accord, they say, look at the alternative. Demagogues like Simon Crean accuse union militants of being in a "unity ticket" with John Howard if they dislike the wage centralised wage fixing is now being used to rip off the workers.

They want us to rally behind the public sector, the Labor government, and centralised wage fixing as ends in themselves. But neither the party which happens to be in



Greenies confront Tasmania's Hydro Commission: "progressive" state industry?

power, nor the particular devices the bosses use to organise their economy and exploit us is the most important issue. In public or private industry, under whatever system of wage-fixing, as long as we live under capitalism we will only make those gains and benefits which we are strong enough to fight for and win.

So far, key sections of the employing class prefer Labor's methods. They may grumble about ALP rule at times, but they show no real interest in returning the Liberals to power.

Ford manager Bill Dix has described Howard's proposal to loosen up wage fixation as "not sensible," while Rothman's chief Stan Costigan told the Liberals they had "a long way to go" before they could be considered as an alternative government.

Of course, all this could change. John Howard could be brought to power later on and become an Australian Thatcher. Whether that happens, and whether he

succeeds, depends on the needs of the system and the class struggle.

The accusations by Crean that critics of the Accord are in a "unity ticket" with Howard are not only despicable lies. They also miss the point. We do not take the part of either Labor or the Liberals in the debate which counterposes the Accord to de-regulation and privatisation.

We will oppose privatisation proposals which threaten our wages and conditions. And since any restructuring of capitalism is likely to go hand in hand with attempts to make us pay for it, it is likely we will find ourselves resisting most privatisation moves. But we will also oppose centralised planning, where, like the Accord's approach to industrial relations, it holds down our wages and conditions and boosts the profits of the employers.

Even so, some might argue, a Howard government of the future would probably be more vicious and reactionary than the Hawke government of today. Perhaps, but if so, it would simply be the continuation of a pattern. Is not Hawke a more effective exploiter than the Fraser regime which went before?

Labor's policies may indeed lay the basis for a more openly reactionary government of the future. Such a government might be either Liberal or Labor. Either way, the vital question will be whether we have the strength to fight back. And it's here that the insidious qualities of the Accord become most apparent.

The Accord is sapping the fighting strength of the unions. It has led to the co-optation of officials and shop stewards. Workers are being taught to look to bureaucratic committees rather than to their own strength. Or where they do take industrial action, they are viciously attacked by their own supposed leaders. And as people begin to see that "their" Labor government has given them pitifully little, ALP supporters are becoming demoralised. This certainly does create the climate for some new and more reactionary regime to come along and really put the boot in.

The only solution is to begin rebuilding our fighting strength. Today, that means fighting the existing pro-capitalist government and its exploitative policies, so that tomorrow we are in a stronger position to fight what follows it.

8. The Accord's left apologists

AT THE 1985 ACTU Congress Laurie Carmichael, prominent union official and member of the Communist Party, announced that "the Accord is a transitional program for socialism." In itself this was a preposterous claim, but it was significant as a gauge of his enthusiasm.

Carmichael and the Amalgamated Metal Workers Union have played a fairly important role in laying the basis for formulating the Accord, while various ideologues in and around the Communist Party and ALP left have provided much of the theoretical rationale. As early as September 1981, the CPA newspaper *Tribune* declared:

"There is always an incomes policy in existence... There is one now (under Fraser) ... a diabolical one that means workers get robbed... The question arises

whether the Labor Party formulates an incomes policy with consultation or regard for the trade union movement."

CPA and other left union officials were by this time well into discussions with the ALP about a social contract. A first trial run ALP about a social contract. A first trial run the peace plan agreed upon in the metal trades at the end of 1981. In exchange for dropping their claim for a \$57 wage rise and a 35 hour week, the AMWU accepted a \$27 rise and a 38 hour week. As part of the deal, it agreed to make no claims for two years.

To sell this agreement to the ranks, the

union leaders promised to campaign for an improved "social wage". That sounded impressively modern and sophisticated, but sharp-eyed observers in the capitalist media understood what the metal trades deal really meant. The *Bulletin* was exultant:

"The union is wedded to an agreement or 'peace pact' signed with the employers in December... The agreement has forced the AMWU (and other metal unions) to act with a sense of discipline."

When the union launched its social wage campaign five months later, it had the support not only of the ACTU's Bill Kelly but also of ALP leader Bill Hayden. Kelly for his part remarked:

"Today is a very important day for the



Laurie Carmichael, the Financial Review's favourite communist

trade union movement, because it represents a coming of age, it represents a fundamental change in the perspectives that we have taken in terms of the way we operate in society."

What this "coming of age" signified was spelt out by Kenneth Davidson of the Melbourne Age, when he wrote that for an incomes policy to succeed it would "require radically different behaviour by powerful trade unions to what occurred last year in that last successful wages push... Is the leadership of the AMWU prepared to forego use of the union's awesome industrial strength?"

They were indeed, and Laurie Carmichael set out to sell the new policies to his members. In nationwide discussions with shop stewards he argued that if the union was offered tax cuts, it should accept wage restraint. He went on to say that small wages rises had to be pegged to what the small employers could afford. Workers in bigger shops had to hold back on claims Carmichael acknowledged the employers could easily absorb.

In the following years, as profits have skyrocketed, major left unions like the AMWU have meekly accepted first frozen wages, then delayed and discounted indexation rises and have long since foregone use of their "awesome industrial strength".

The establishment of industrial peace in traditionally militant areas was the reformist left's main contribution to the Accord. It was the reason why Bill Kelly, in a major interview with the Financial Review, singled out Carmichael, and also Pat Clancy and Tom McDonald from the building trades, for special praise.

Of equal interest for socialists, however, is the arguments which have been produced by their intellectual hangers-on and the Communist Party newspaper Tribune to defend union participation in the Accord process. These are the ideas we have to argue against on the left.

Initially, much emphasis was placed on the Accord's supposed benefits and those of ALP policy generally, with Tribune announcing in a hopeful 1983 headline: "Defend and extend Labor's reforms." At that time, Labor's reforms were literally non-existent, however, and within a few months the paper had shifted its ground,

preferring to stress what riches might be attained by those intrepid enough to reach for them.

"The big question now is implementation — will the trade union movement utilise the many avenues open for involvement to create an increasingly planned economy which is more equitable and puts greater emphasis on social needs."

It was even suggested that labour movement interventions within the Accord framework could be part of a process of shifting the balance of political power within society towards the left. In this way it could be, if not a transitional program for socialism, then at least a way to put society on the road to qualitative social change.

Thus in a pamphlet called Socialism in Australia — Toward Renewal? David McKnight argued for an orientation to certain kinds of reforms which he felt could "begin to change the balance of power in society." One focus for such a strategy, he contended, would be "the small chink opened up in national economic planning by the Accord."

However in practice, advocates of such ideas have never managed to spell out just how socialists or others might intervene to enlarge whatever small chinks might exist and make them into openings for a left advance. And certainly it is a matter of obvious fact that no left advance has occurred.

Within less than a year, the supposed benefits of the Accord began to look very thin, and some of the apologists began to shift their ground. In February 1984, public service union leader Peter Robson had to tell a union conference that poverty was getting worse, price surveillance was ineffectual, and social wage improvements were very modest. And some of the minor gains he could point to, had occurred only because of union action.

As major gains he could only hold up Medicare (ignoring the price which, as we have shown, workers had to pay for it) and oddly enough, immigration policy. Migration had been held down, said Robson, and the intake of skilled labour reduced. Here, for once, the government had "lived up to its commitments." Apparently one of the Accord's few achievements was to make sure workers outside Australia suffered more unemployment and other hardships, so that Australians might suffer marginally less.*

Understandably, then, those on the left who argue for sticking with the process of class collaboration between capital and labour have cast about for rationalisations.



Jenny George: hollow argument for the Accord

One favourite has been to suggest that the Labor government has faithfully reinterpreted the Accord, subverting its original progressive thrust.

Thus the leaders of the public service unions, during the 1984/85 pay campaign, repeatedly argued that the document's promise to maintain real wages over time, and to maintain relativities with state public servants meant the ALP and ACTU should back their claim. "The Accord says pay!" said a badge produced by the ACA.

The arbitration commission rejected the claim. In response to the outrage of public servants, Industrial Relations Minister Ralph Willis simply replied that the Accord also accepted centralised wage fixing, and thus implied a commitment to accept arbitration decisions. The left bewailed this as a misreading of the Accord.

But such arguments could not be pressed too far, lest workers decide that an agreement with such scoundrels ought to be abandoned. So the Communist Party among others have often turned to blaming the failure of the ALP and ACTU to deliver any real progress on rank and file workers, and on other ordinary citizens. For example, Tribune stated in August 1984:

"The Accord is as yet far from an effective instrument because of insufficient support from inside the union movement and from the disadvantaged outside unions including pensioners."

Blaming the country's pensioners for the failures of government policy must surely be an all-time low in scapegoating. But in any case, if pensioners or other working class people decide to pull up their socks and make a fervent effort to ensure better results... what avenues could Tribune suggest? In the years since the inception of the Hawke government, the paper's suggestions for action have seldom amounted to more than propaganda and seminars.

And when workers did take real action around real demands, as the Food Preservers did in 1984, they were savagely attacked by Tribune's favourite union officials. The left defenders of the Accord cannot suggest, let alone defend, serious struggle for implementation of what they claim is the progressive content of the Accord. The reason is simple: one of the central aims of the Accord is industrial peace and class collaboration. Militant struggle is quite literally incompatible with it.

Thus one by one the arguments have become threadbare. At a union seminar in October 1985, Jennie George of the NSW Teachers' Federation was reduced to justifying continued participation in the Accord on the grounds that her union lacked the muscle to win gains any other way. This argument was hollow. Teacher unions like the VSTA in Victoria, for example, have won noted improvements in class sizes through industrial action in the past.

* Actually, it's a myth that immigration cutbacks protect jobs. Academic studies and government reports have found that, if anything, they make unemployment worse. For an in-depth discussion, see Tom O'Lincoln's pamphlet, Asians Are Welcome Here!

And certainly it was not an argument for powerful unions like the Transport Workers remaining Accord participants, at a time when economic recovery had boosted their bargaining power.

Therefore, the Accord's defenders on the left, and the associated union officials, are increasingly falling back on their last line of defence. The threat of a union-bashing, privatising, de-regulating hydra-headed

monster — a Howard Liberal government — is pointed to more and more as the reason why workers should rally around the Labor government and its policies. The focus on a threat from the right was a major theme of the Broad Left Conference held at Easter, 1986.

Those who stressed this theme hope that by directing attention at the potential horrors of a Howard government, they can

divert attention from their own confusion over economic and political realities. In doing so, they also contribute to Hawke and Keating's attempt to divert public attention from the exploitation and attacks workers are already suffering today. Whether such attempts succeed depends at least partly on whether those of us who oppose the Accord are able to propagate a militant socialist alternative.

9. Militant and socialist alternatives

THE ACCORD has given everything to the bosses, and virtually nothing to the working class. The wealth produced in the course of several years' strong growth went entirely to boost profits, while the recession which looms on the horizon will undoubtedly bring cuts in living standards for working people unless the unions are able to fight militant struggles. That will be difficult, however, precisely because the Accord has led to the incorporation of the union officials and many of the activists into a debilitating process of class collaboration.

Most of the things Labor promised to workers have failed to arrive, or have proved on delivery to be not quite what was seemed. Meanwhile the employing class has failed to invest its profits productively, and is simply demanding greater sacrifices from us.

It is a dismal picture, but what is the alternative? The Accord's defenders would have us imagine that the only choice is between the policies of the Labor government and those of the Liberal opposition. But there is a third choice, one which offers a way forward for the labour movement.

That alternative begins with militant class struggle. The simple fact is that whenever Australian workers have made significant improvements in their living standards, it has been through determined use of their own strength.

In the years from 1968-74, when we forced wages up to historically high levels, it was by taking strike action which reached a total of six million days lost in 1974. In the following recession we lost ground in the face of Fraser's attacks, but with returning economic growth from 1979 the unions were again able to launch a "wages push" which returned living standards to high levels.

In fact, a union-sponsored study by Keith Norris of Murdoch University has shown that the greatest increase in living standards during the eighties occurred during 1982, when John Howard was Treasurer.

The business recovery of 1984-85 was the first postwar period of economic growth when workers' living standards have stagnated. It is not as if we lack the power. In October 1985 Paul Keating told an interviewer that the unions were "at a time of maximum leverage on the economy... They could have gone out, if they wanted to, and put pressure for wages through the system."

And a month later the Melbourne Age editorialised: "The same union officials who, two years ago, spoke of the wages tank as being empty, now speak of the difficulty of holding wages down while profits keep rising."

As the second quote shows, most union officials are seeking to hold the struggle back. Nevertheless, where workers have fought, they have made gains. The same Age editorial warned that "money is beginning to fly around outside the national wage

structure", and while that was obviously a wild exaggeration, it is true that there has been about one percent "wages drift" above what workers are officially supposed to get.

The BLF, despite the isolation it has been forced into by the ACTU, nevertheless manages to force various employers into agreements on shorter hours and thinly-veiled wage rises.

The Transport Workers took the offensive over superannuation last year, and that is the real reason other workers are being given anything at all in this area. In the aftermath of the government, ACTU deal on super, other unions have also taken industrial action. This has occurred under Kelly and Keating's tolerant gaze.

In part they are using these disputes for their own purposes. Most union officials and employers are fairly ignorant about super, and it is hoped that by being forced to handle disputes over it, they will become better educated to handle what is going to be an important part of industrial relations in the future.

At the same time, however, they are allowing the strikes because they want to use them as a safety valve. Workers must be allowed to struggle about something occasionally, or rank and file discontent could explode in less easily controlled areas, and their organised groups of workers might use their power to extract major concessions.

Quite clearly, employers, government and the ACTU are themselves aware that in straightforward bread-and-butter terms, trade unionists would do much better outside the Accord. In this area, our case for class struggle as against class collaboration is quite compelling.

But trade unionists do not live by bread alone. What about our social responsibilities? What about the needs of other workers? We are not in favour of selfish "sectionalism" where those workers with muscle think about nothing but gains for themselves.

The ACTU argues that a reliance on class struggle might benefit the strong unions. But only at the expense of the weak unions. It might benefit trade unionists generally, but only at the expense of the unorganised, and of socially disadvantaged people. The Accord, they say, at least guarantees some benefits to all.

But the truth is that several years of Labor rule have meant declining real wages for all



Union leaders at the economic summit hardly "working class intervention"

workers. We have seen how the sugar workers were denied regular wage indexation rises. And what marginal improvements in social welfare may have been achieved are likely to be cut back again in 1986.

In reality it is precisely militant struggle by the strongest sections of the working class which will lead to gains for other workers. Strong action by the most powerful unions generally helps other trade unionists win better wages and conditions, and for some good reasons. Higher wages in areas like construction or transport tend to attract labour to those areas. Employers elsewhere are compelled to grant higher pay in order to hold their employees.

If you see workers through industrial action, winning gains for yourself, you feel you have a right to similar gains and you feel action will bring results. You are more likely to struggle, and more likely to get something out of it. In his more radical days, AMWU leader John Halfpenny referred approvingly to this sort of thing as the "ratchet effect".

Both the employers and more experienced trade unionists have long recognized this pattern of "flow-ons" arising out of victories by workers with greater industrial muscle. So much so, that it has been enshrined as a principle of the arbitration system. There is no doubt whatsoever that it would have operated in a situation of open class struggle over the past few years.

A determined working class offensive also has a natural tendency to reduce the problems of sectionalism. When workers are winning gains, they feel much more able to spare a thought for those less fortunate than themselves. That is why well-organised groups of unionists like the wharves and seamen, who have won famous victories



over the years, have also displayed a long tradition of selfless solidarity action. The NSW Builders' Labourers of the early 1970s, when they were in a strong position industrially and had won major economic improvements, went on to fight for the right of women to work in the industry and for the right of citizens to stop environmentally destructive building projects.

The sight of workers taking the offensive inspires other oppressed people to launch social protest movements, and the social movements in turn further encourage rank and file trade unionists. That's why the years after 1968, in addition to being an era of trade union advance, were also a time of radical social protest among students, women and blacks.

So far, we have largely considered the economic struggle. What of the other supposed virtue of the Accord, the opportunities it offers for a "working class intervention into politics" with the unions having an input into government policy and economic planning?

We certainly do want to see workers intervene in politics, and not only contribute to major political and economic decisions, but to *dominate* the decision-making process. That is why we are socialists. But as we have seen, the Accord gives no power whatsoever to the working class rank and file.

Trade union officials are given a (carefully limited) place in the planning process — a process which is firmly situated within the logic of capitalism. They are drawn into the work of boosting profits, raising productivity and cutting costs, and if they do manage to extract a few crumbs for their members along the way it is in exchange for holding back the members' desire to struggle.

Yet a meaningful working class intervention into politics would have to begin with strengthening the power of the actual rank and file workers who produce society's wealth. Only the class struggle itself can give them the leverage or the confidence to actually challenge the entrenched power of the bosses. To illustrate this, let's take a famous example.

The NSW Builders' Labourers in the years between 1969 and 1974 actually made real political interventions. They defended the environment, the rights of women, the rights of gay students. And on the job, they fought for workers' control. On some sites they sacked their foremen and elected new ones. They unilaterally reorganised work processes to improve safety standards. In doing so they inspired other workers to become interested in taking similar actions and for a time there was a genuine workers' control movement underway.

In the course of these struggles, the BLs created an understanding among worker militants that part of the role of the unions was, as the Communist Party put it at the time, to challenge capitalists' "sacred rights".

Today the Communist Party, along with other defenders of the Accord, would be horrified at such audacity. No longer are they for challenging the "sacred rights" of the capitalists, for this would poison the atmosphere at the various tripartite committees (bosses, government and union bureaucrats) which they now see as central to trade union intervention in economic affairs.

In an era of militant struggle, builders'



BLF members clash with cops: the union must be defended

labourers built on their industrial strength to raise radical political demands. Within the Accord framework, a rhetoric of workers' participation is used to camouflage the subordination of the labour movement to the logic of capitalism.

So when it comes to politics, too, our argument for class struggle has an obvious superiority over the views of the Accord's partisans.

Yet the fact remains that ours is still very much a minority view. That is because ideas do not float around a vacuum. Which ideas predominate is primarily determined by material factors. There are the mass media, which bring the ideology of capitalism into every worker's home. There are the union officials and their organised supporters, who mostly argue in support of Hawke and Keating.

There is the experience of several years' demobilisation of the union activists, the habits of waiting for the Labor government to fix things rather than taking action yourself. These have established a powerful inertia in the ranks of labour. And there are the bitter experiences of the Food Preservers and the BLF, and to a lesser extent the coal miners and Transport Workers, who have watched ALP and ACTU leaders attack them for taking industrial action.

Under such circumstances, it will be a difficult battle to rebuild a significant current within the labour movement which rejects class collaboration, and which has the confidence to fight.

We have to begin with the struggles which are actually occurring today. That means active solidarity with the BLF in their fight against deregistration. It means supporting women who oppose child care cuts, and public servants who are fighting for more staffing.

Getting a few workmates along to a demonstration or picket line can be a way of pulling together a small group of militants in your own workplace. You can then get them discussing their own situation, the way the Accord affects them, and the need to begin fighting back. At present, most workers accept government policy, but often this is simply because there is no organised alternative. It is up to us to begin organising it, first on the job and then in the form of networks that link up the militants in various

workplaces.

We have to wage a determined ideological battle. Only by building up a powerful case against the Accord, and in support of militant struggle, can we give our fellow workers the confidence to resist the constant barrage of propaganda from the media, the government, and the ACTU. In the pages of the ACOA union journal and in union seminars, Socialist Action members and other leftwing public servants have begun a debate over these issues. Other activists should do the same in their unions.

A consistent and coherent argument against the Accord has to be based on a socialist analysis of the world we live in. Today's "social contract" has only become possible because the labour movement has opted to accept working *within* the capitalist system. Even many "left" union leaders now parrot the bosses' line that wage rises cause inflation and unemployment. And indeed, once you accept that profits are the central objective of economic policy, you do end up facing a trade-off between wages, jobs and prices.

Socialists argue that if the capitalists cannot run their firms efficiently without cutting wages or sacking people, their companies should be taken away from them. They should be nationalised under workers' control. Democratic planning can ensure that resources are invested productively and that the wealth created goes to meet people's needs.

Instead of economic stimulation being paid for out of workers' taxes, it would partly be paid for by taking away the vast wealth of the Rupert Murdoch's and the Holmes A'Courts. More importantly, the economy would be stimulated by the enthusiasm and creativity that would be unleashed once workers knew they were producing for themselves and their children, and not to enrich a parasitic ruling class. Productivity would be further boosted by the creation of a free health scheme, a decent education system, and free child care to make it possible for all women to work.

Needless to say, such an approach would never be accepted by the Confederation of Australian Industry! And consequently it is also anathema to the ALP leaders and the ACTU bureaucrats. Only a fighting socialist movement could seriously work for their implementation. And only a radical change in society — a socialist revolution — could bring them about.

Our conception of socialism has nothing in common with the bureaucratic police states in Russia and Eastern Europe. In fact, these regimes are really a form of "state capitalism" and they face economic crises of their own, which they are responding to by attacking the wages and living standards of their own working classes.

For us, socialism means the workers themselves reaching out for power. It means a workers' government planning the economy democratically. The first step toward such a society is for workers' to fight for their own interests, without relying on parliamentarians or the bureaucrats of the ACTU. Today, the biggest obstacle to such struggles is the Accord. That is why the members of Socialist Action have produced this pamphlet.

If you agree with the ideas in it, you should consider joining us.

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Our meetings

READERS often ask us what Socialist Action meetings are like.

A typical branch meeting lasts two hours, or a little less. Usually, the first half consists of a talk and discussion on an item of contemporary, strategic or educative interest for socialists. In the second half, we move on to business: decisions that need to be made, tasks that need to be done.

If you'd like more details, give us a ring. Or just turn up.

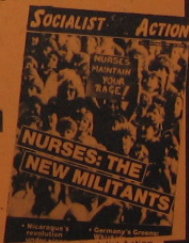
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Brunswick
Sydney
Mondays, 7.30
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SOCIALIST ACTION

WHAT WE STAND FOR

Socialism

We fight for socialism: the creation of a classless society in which the economy will be democratically planned, and workers themselves will make the key decisions about economic and social life. Countries like Russia and China are bureaucratic class societies, and have nothing in common with real socialism.

Revolution, not Reformism

We are revolutionaries. The experience of Labor in power has shown the bankruptcy of attempts to tinker with the existing capitalist system. The capitalists will not allow a peaceful, parliamentary road to socialism. Their state is a weapon of class rule, and must be smashed.

A Mass Workers' Party

Workers need a revolutionary party. The working class cannot make a revolution through spontaneous upheavals. The bosses are organised, and we need to organise too. Today we work to build a stronger revolutionary movement out of the struggles being waged on the job and around social protest issues. Tomorrow we must create a mass workers' party to lead the struggle for socialism.

Internationalism

We are internationalists. The working class exists in all countries, and the struggle for socialism knows no national barriers. A socialist revolution cannot survive within a single country; it must be spread to other countries or it will fail. For these reasons we are for building a world-wide movement, and we oppose measures like protectionism which turn the workers of one country against others.

Liberation from Oppression

We fight for liberation and against the oppression of women, blacks, migrants and gays. All of these forms of oppression are used to divide the working class. The fight against them is an essential part of building a united revolutionary movement. They can only be ended through ending capitalism and building socialism.

Socialist Action

We are for Socialist Action, it's no good just talking about the world: the point is to change it. Marxist theory and propaganda are only meaningful if they are a guide to action. In the unions, social movements and wherever people are fighting for a better world, socialists are in the thick of the fight. If that's where you want to be, join us today!

