A Look at Wages in the 70's

IF ONE IS TO TAKE a considered look at wages in the 1970's it is necessary to have a look at the different positions of the employers, the Arbitration Commission and the trade unions at the beginning of the decade.

Take the employers. At one time they adopted the negative, crude approach in national wage cases of flatly opposing the claims of the trade unions, but apparently they came to the conclusion that this was not good enough for the changing times. Consequently, they tightened up their organisation and established the National Employers' Policy Committee to formulate a common policy on national wage cases. The changes this body worked out were demonstrated by ideas they injected into the national wage cases from 1964 to 1969, most of which were accepted by the Commission. First the total wage with the associated abolition of the basic wage. Then the minimum wage. Then some of their guidelines for work value assessment from their wage charter of 1968.

Although the employers have had their successes in the Commission, they have not been so successful in the field. The year

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1968 saw the defeat of their attempt to absorb the increases granted in the Metal Trades Award Work Value Inquiry into overaward payments. The year 1969 saw industrial unrest increase to a higher degree than in 1968, and the defeat of the old penal powers. The year 1970 saw industrial unrest increase to a higher degree than in 1969 and substantial gains made in wages and conditions.

Now let’s take the Arbitration Commission and go back to 1969 National Wage Case Decision in order to put the 1970 Decision into its correct context. The 1969 decision was not of interest so much for the increases that it granted as these were a modest 3 per cent increase in total wages, which gave $1.65 to a fitter in Sydney and a $3.50 increase in the minimum wage. The interest was rather in the six pages which the Commission devoted to laying down what it considered to be appropriate wage-fixing principles, particularly with regard to work value assessment. Such a detailed exposition could well be called the Commission’s “wage charter”, for it appeared to be a determined bid to set down principles for the fixation of award standards which would be valid for some time, by accomplishing two things.

One was to establish a stable award structure by ensuring that increases in national and work value cases would cause little or no disturbance to general wage relativities. The other was to minimise award increases. On the one hand, the national wage cases were to be the main medium for increasing wages, and these would only produce modest increases such as those granted in the 1968 and 1969 cases. On the other hand, the limited movement permitted in work value cases would reduce the increases coming from that area.

Developments in 1970 showed, however, that the prevailing industrial climate was not propitious for the implementation of the charter. For 1970 saw an upsurge in industrial unrest and industrial demands in a number of areas. Substantial gains were made in over-award payments. The coal-mining industry won the 35-hour week. The Public Service Board granted substantial increases which had little to do with work value principles. And, at the end of the year, the Commission itself granted the biggest increase ever in its history in the 1970 National Wage Case, amounting to 6 per cent in total wages, or $3.40 for a fitter in Sydney and an increase of $4.00 in the minimum wage.

Why did the Commission find it necessary to make such an increase at this time? I believe that the answer to this question must be sought in developments in wage fixation taking place in industry. Over a period of years, the stronger and more militant trade unions have gone outside the arbitration system and by
consulting with and involving union members in wage campaigns and struggles, have negotiated directly with employers for wage increases and conditions well in excess of what the courts had shown they were prepared to grant.

There now exists a wide network of hundreds of such directly negotiated agreements, and as their number increases the relevance of arbitration and the Industrial Commission is more and more called into question. In fact, those directly negotiated agreements mean that a new system of wage determination, a form of collective bargaining, already exists side by side with the arbitration system. Criticism of arbitration has grown and more and more trade unionists are relying on strike action and direct negotiation for the settlement of their demands and problems.

The Industrial Commission itself took into account these developments in industry. In the reasons they gave for the 6 per cent wage increase, they wrote:

If we are not realistic in our attitude to wage fixation, then those who look to the Commission as their main source of wage increases, and there are many who do, will be treated inequitably, while more and more those who are strong enough to do so will seek increases in the field.

Obviously, the 6 per cent wage rise would make a big hole in State Government budgets. Moreover, it was to be made the occasion for, as events have shown, employers and business houses to increase prices. In their reasons for the wage decision, the Commission recognised some of the problems that would arise but, faced with the trade union successes outside of arbitration, they obviously felt it was not their job to try and contain inflation by refusing to grant a wage increase. They seemed to regard inflation as a matter for the Federal Government to handle.

However, the Commission cautioned the unions about their drive for overaward payments, and hinted that the employers should stiffen their resistance to such claims. For it said that the state of affairs disclosed at the hearing showing union pressure for wage increases outside of the Commission, which sometimes had been granted too easily by the employers, could if not contained inhibit the Commission in granting increases in future national wage cases.

The squeeze to damp down the wages drive came from other directions too. Shortly after the decision, an article in the Australian Economic Review hit the headlines. And no wonder, because it prophesied that Australia could be threatened with an economic crisis which could be potentially as dangerous as the depression of the 1930's because of the rate of inflation. Measures as compre-
hensive as those adopted in the Premiers' Plan of 1931 were therefore necessary. The article said that while the unions were not mainly responsible for the emergence of the threat, workers and the trade unions should not be "attracted, fascinated and ultimately bedazzled by the fact that money wages were rising by 8 or 9 per cent a year, and by the prospect of their rising by 15 or 20 per cent a year". The Federal Treasurer, Mr. Bury, was not slow to move in after this, warning of the serious possibility of an economic crisis, and stating that if wages were not stabilised the Government might have to take drastic remedial action which the community would not like.

The trade unions would be foolish to take notice of the Jeremiahs and damp down their struggle for increased wages at the present time which is most favorable for them. In any case, their members will undoubtedly expect them to carry on the good work. But for the decade of the 1970's the trade unions require a policy which will wear well over the whole period.

One of the noteworthy features of the present wage campaigns is that the workers are no longer thinking in terms of meticulously calculated small increases of $1.00 or $1.85, but are demanding and expecting increases of $8.00-$10.00 and more, per week—and frequently winning these demands. Unions and militant trade unionists must seriously take this change into account and see that demands put forward are really in accord with the approach of the workers and the possibilities. These successes in Australia and in other countries too are throwing employers and governments into a quandary.

The struggles for such demands will, by and large, take place outside the arbitration system. Outside of the Commission, the approach of the trade unions should be a concentration on direct negotiation with employers in order to obtain the best price for the labor power of their members. After all, what the employers are really prepared to pay is not determined by formulae such as work value, or comparative wage justice, or capacity to pay or what have you, but by the cold reality of the prevailing terms of the labor market, provided the tactical and strategic thinking of unionists is equal to the situation. Again, this approach means the maximum involvement of the rank and file. Unfortunately, it must be said that of the merited criticisms which can be made of the Australian trade union movement, the most damning one is that, in general, it does not capitalise on the potentiality of its rank and file to anything like the extent that it could.

Inside the Commission, the trade unions should vigorously press for the living wage concept using the minimum wage as the
medium. This now ranges in Federal awards from $44.60 to $47.10 as a result of the 1970 National Wage Case Decision. This clearly fails to meet the needs of the low wage-earner. Two major defects in the approach of the unions to the minimum wage need to be corrected. One defect was indicated by the Commission when it said in its Decision that:

However, we find it hard to see how future benches can continue to give him special treatment in the absence of more information such as the actual living standards of people on or near the minimum wage, how many there are, how many would be affected by any future claim and what effect the introduction of the minimum wage has had generally in industry.

This was an obvious invitation to the unions to present such a case. Up to date they have been fumbling with the presentation, but the responsibility is now on them, and not just the advocate, to do a thorough job and so correct that defect.

In relation to this, the Basic Wage Case Decision of the Industrial Commission of Western Australia of the 26th December, 1970, is of considerable significance. Not so much because of the fixation of a minimum wage at $49 as compared with the fixation of the Arbitration Commission, as that was still too low a figure, but for the principles of fixation which were laid down. The unions argued their case on the basis of a detailed examination of what it actually cost a married man supporting a wife and two children to live.

The Commission laid down two principles in relation to this approach. One was that it accepted the approach as being valid for the current and future cases. The other was that it indicated that, in future cases, it expected the employers and the Government to cooperate with the trade unions in providing the factual evidence as to living costs. This approach would certainly be well worthwhile also achieving in relation to the Federal minimum wage. The other defect is that the idea of a living wage has not yet been made by the trade unions to live in the minds of the low wage earners. This is demonstrated by the almost total lack of interest in the national wage cases in the workshops. Again, it is the responsibility on the trade union movement as a whole to arouse the awareness of the importance of the concept and the strong expression of determination to have a living wage.

The second approach of the trade unions inside the Commission should be to increase the involvement of the rank and file in issues which are, for one reason or the other, brought to the Commission for settlement. This approach is based on the premise that the Commission rarely grants other than that which has already been won or about which great determination has been shown.
But even if the trade unions were successful in their operations, both inside and outside the Commission, there still remains a difficult and intractable problem to which an answer must be found if they are not to be, in effect, just a bunch of well-meaning industrial boy scouts. The problem is that up to date no matter how profound the knowledge of wage theory, no matter how effective the industrial tactics adopted, no matter how resolute the industrial action taken, the employing class has been able to contain the wage demands of the trade union movement.

This is clearly demonstrated by the official statistics. These show that over the past fifteen years the trend of the share of wages and salaries of the national product has been downward. More striking still, although there was a big increase in the rate of increase of average earnings from 6.6 per cent in the period from 1965-69 to 8.9 per cent in the period of 1969-70, the share of wages and salaries of the national product still declined slightly from 61.8 to 61.7 per cent.

The matter of containment in general has been analysed excellently in the last issue of ALR in the article by Bernie Taft entitled “Post-war Industrial Policy.” It is not therefore necessary for me to go over the same ground as he has beaten me to it, and I urge that the article be re-read. But a few points from this article should be emphasised here: the need for greater consciousness of the fact of containment; the rejection of the view that revolution can only be generated by a great economic crisis, which will inevitably take place; an intensified search for a socialist strategy adapted to the modern reality with its new contradictions; realisation that, particularly today, militancy on economic issues is not the sole prerogative of revolutionaries; and extension of the range of issues taken up by the unions, with particular emphasis on demands for workers’ control, rank and file activity, and opposition to the Vietnam war.

The only comment I make is that the formulation of a solution to the intractable problem of containment will be a searching test of the quality of the thinking of any section which aspires to the ideological leadership of the trade union movement. If an answer cannot be found, the trade unions will remain running energetically around in the squirrel cage of containment and be, in effect, a medium for making capitalism work by taking the squeaks out of its wheels. Union officials have, in fact, been described as being essentially “managers of discontent.” Surely they are required to be more than just this.