Over a year ago, the Labor Party and the ACTU reached agreement on the Statement of Accord. Very shortly thereafter in March 1983 the Labor Party swept to a significant electoral victory. It is customary to review the achievements of political parties at approximately this stage of their administration. This article will evaluate the ACTU/ALP Prices and Incomes Accord with reference to its social welfare aspects and attempt to suggest ways in which the labour movement can move forward on the basis of that Accord.

The Prices and Incomes Accord was presented to the labour movement as a document which "sets out the details of policies which will be implemented when a Labor Government is in office" (Statement of Accord, page 3). This is an important base measure in any evaluation.

Turning to the specific elements of the Prices and Incomes Accord I note on page 4 of the document that it has the following features:

1. The policies should aim to ensure that living standards of wage and salary earners and non-income earning sectors of the population requiring protection are maintained and through time increased with movements in national productivity.

2. Government policy should be applied to prices and all incomes groups, rather than, as has often been the case, to wages alone.

3. The policies should be designed to bring about an equitable and clearly discernible redistribution of income ... There must be continuous consultation and co-operation between the parties involved .... Government policy at all levels should be accommodating and supporting.

(All these features are quoted directly from the Prices and Incomes Accord document.)

Over and above these general features of policy, the following policy details were agreed. First, a pricing authority was to be established. The existing tax legislation was to be applied directly to reduce speculation and tax avoidance and to provide a disincentive to such activities. Government powers were to be considerably extended through the Financial Corporations Act with a view to regulating the financial sector to prevent it acting as a constraint on the Labor government's policies. A health insurance scheme was to be introduced. The taxation system was to be reformed and restructured to ease the tax burden on low and middle income earners, to ensure that companies pay their fair share of tax on income earned in Australia and overseas and generally to achieve a better system to the benefit of low income earners and those below the poverty line.

Over and above these specific proposals, the Accord document contained suggestions on industrial relations policy, industry development policy and technical change, planning processes, protection and a host of other important areas of policy. If this is what the trade unions bargained for, what has been achieved so far, and how do the unions go about achieving the outstanding objectives?

In this paper I have concentrated mainly on social welfare elements in my evaluation of what we have got so far from the Accord.

It is worth indicating from the outset that far too many people at the
moment are conveniently overlooking the fact that the best form of social welfare in the vast majority of cases is the provision of a job! The provision of many social welfare benefits to people who are out of work or who have, as yet, been unable to find a job, is like addressing the symptoms of an illness. It is much more important that we attack the cause of that illness and eliminate it. Many of us here accepted the limiting aspects of the Accord on the basis that it would be the vehicle for reducing unemployment. Unemployment must be our major target and the creation of jobs our principal and uncompromising goal.

In the following, I list the principal promises of the social welfare aspects of the Prices and Incomes Accord and comment on the government's performance so far. In this specific area, the checklist of what we bargained for and what we have actually got makes fairly impressive reading.

Taking the "social welfare" aspects of the Prices and Incomes Accord, I examine the agreed reforms and compare them with the actual government performance. I begin with migration. Importantly, the employment nomination and working holiday schemes have been approximately halved and total migration is being held to a ceiling of between 80,000 and 90,000 individuals per year. Skilled labour intake has also been significantly reduced. In the main, the government has lived up to its commitments.

On the much more important issue of social security, the Accord promised increased unemployment benefits, the restoration of pensions to 25 percent of average male earnings, and improvement in child care, family income supplements, and the rent subsidy. Unemployment benefits have been increased and pensions have been indexed. Total government spending on social security programs has been increased, although it should be borne in mind that these increases are from the relatively low base of the Fraser years.

On occupational health and safety, the commitment in the Accord to the establishment of a National Health and Safety Commission, with an associated enforcement agency, has been honoured. The National Occupational Health and Safety Commission, and its enforcement division, have been announced (the environmental contaminants authority has also been announced). However, establishing such bodies does not constitute a fulfilment of the commitments in the Accord. While accepting the notion that the establishment of bureaucratic mechanisms for policing occupational health and safety, or other social welfare provisions for that matter, takes time, the government's performance in this area will require monitoring and enforcing. In the Australian government sector a number of occupational health and safety agreements have been established consistent with the provisions of the Accord. Similar demands have been placed on Telecom, Australia's largest employer. Union action has brought about these changes.

In education, the government has moved some way towards the undertaking of the Prices and Incomes Accord.

Medicare has been established and is now operating. This is, by any measure, one of the most outstanding achievements of the government. The forces opposing its continued operation are great. The task ahead for the trade union movement is to:

- link together Medicare and the Accord;
- ensure that our members understand that linkage and that Medicare was introduced as a result of trade union demand;
- ensure that it is understood that universal health care insurance is now the right of workers; and
- that the forces opposing its retention are great and there may be a need for future action to maintain a universal health insurance system.

Before moving on to a consideration of the other more direct areas of the Prices and Incomes Accord, and a review of the government's performance in these areas, it is important to point out that, whereas the issues addressed above appear to be central to the question of social welfare, the other aspects of the Accord, namely prices, wages, non-wage incomes, taxation, have all social welfare dimensions. The good performances in the areas of...
The best form of social welfare is the provision of a job! Right to Work Campaign at May Day, Sydney, 1977.

migrants, social security, and health should not be considered to be the sole criteria on which we measure the fulfillment of the "social welfare aspects of the Accord".

Taking the other aspects of the Accord in turn, on prices we were promised a pricing authority (the Prices Surveillance Authority) which would ensure that large corporations and public authorities did not make profits "beyond levels necessary for the maintenance and expansion of the enterprises". Although the Prices Surveillance Authority has been established, it is still to be tested. Almost one year after the government assumed office, notwithstanding the establishment of the authority, there is no price control currently operating.

The test of the government's commitment to the wages elements of the Accord for many Australian public service unions will be the government's support for establishing an "equitable base" from which indexation can proceed. Wages of Australian public sector workers were depressed and they were significantly disadvantaged in terms of their positions in the white collar wage "league table" by the successive actions of the Fraser government. While this government has acted admirably to repeal the Fraser government's repressive industrial legislation, Australian government workers will most test the Accord by the government fulfilling its commitment to wage justice for its employees.

Finally, the Advisory Committee on Prices and Incomes (ACPI) has been set up as a vehicle through which the trade union movement can contribute to the monitoring and assessment of the operation of the Accord. However, to date, the ACPI secretariat has the resources of two people in Canberra, on a full-time basis. Its ability to provide the trade union movement with an appropriate vehicle for monitoring the Accord is virtually non-existent. I will return to this point later.

On the non-wages incomes front, the Accord promised us an effective authority to influence the level of these incomes, and promised that "a substantial array of indirect measures is available, the use of which could considerably influence the level of these incomes and ensure that they receive consistent treatment with other workers". To date, it appears that the so-called "substantial array of indirect measures" has amounted to exhortations to exercise restraint in the area of non-wages incomes. In the absence of suitable monitoring of these professional groups and corporations (and the ACPI secretariat is currently unable to provide this service) the union movement will remain unaware of the extent to which companies and professional groups are adhering to the wage guidelines.

If the doctors are anything to go by, one can only conclude that the non-wage incomes aspect of the Accord, like the Prices Surveillance Authority, exists on paper only and, from the point of view of Australian workers, the impact of restraint on non-wage income groups has been negligible or non-existent. (It is interesting to note that the recent increase in conveyancing fees by the NSW legal profession was a massive 41 percent. They calculated this increase on the basis of average weekly earnings movement since 1977. In effect, they became judge, jury and prosecution on their own "anomalies hearing" and obviously awarded themselves the maximum increases.)
On the taxation front, the reduction in income tax scales to reduce the burden on lower and middle income earners and the redistributive elements of tax reform promised in the Accord have so far not materialised. Income tax scales are so far unchanged, sales and excise taxes have been increased, and the tax avoidance legislation has been blocked by the Senate.

Notwithstanding the progressive implementation of many of the social welfare aspects of the Accord, the general conclusion one would reach is that although the trade union movement has been required by the government and by the conciliation and arbitration courts to stick to the letter of the Accord, the same cannot be said of other significant groups in the economy, such as the capitalists and the professions. While many of us have had to appear in the commission to swear an oath of allegiance to the Accord at the first National Wage Case and, in some cases, were required to give our commitment to indexation and no further claims for two years, in writing, these other significant groups who are benefiting from our restraint are going about their business in their usual self-interested manner. The only contribution so far to the improvement of the Australian economy and to the up-hill struggle to restore full employment in Australia has come from wage and salary earners.

What, then, are the major issues requiring renegotiation to provide the basis for a realistic co-operative effort between the union movement and a Labor government which will create jobs and revitalise the economy?

1. Monitoring the Provisions of the Accord

It is completely unacceptable that the process of monitoring the Accord should be undertaken on our behalf by the Sydney Morning Herald (see SMH, February 20, 1984). The ACTU policy calls on the executive to independently assess the achievements in respect to each element of the Accord. It also requires that the ACTU be afforded access to "independent research and assessment monitoring".

Given the imbalance in commitment to the Accord from various parts of the community and the lack of clear independent measures to assess the Accord, the trade union movement should require that a small monitoring body reporting to and controlled by the ACTU be established to undertake the tasks which were not performed during the first year of the Accord and which ACPI gives every sign of failing to perform over the remainder of the life of this version of the Prices and Incomes Accord.

2. Job Creation

Turning specifically to the creation of jobs, and the measures which the Accord proposes on industry development policy and technical change, a number of important misconceptions should be clarified from the outset. In particular, the role of the public sector and the tertiary or service sector of the economy is at present badly misunderstood. It is a common fallacy, and a widely held one, that the public sector and the service sector are in some sense unproductive and that only by improving and restructuring the manufacturing sectors of Australian industry can the economy be "got back on its feet".

It is important to point out that I do believe that a significant restructuring and revitalisation of the manufacturing sector of the economy is a critically important component in our overall attempt to revitalise the Australian economy.

However, a simple look at the number of jobs which we require to generate over the next five to ten years, combined with an analysis of the development of modern manufacturing industries in the successful capitalist economies, indicates that even a fully refurbished manufacturing sector will not provide the number of jobs which the Australian economy requires. In a paper entitled "The Economy, the Accord and the Public Sector Unions", Nixon Apple indicated (in July 1983) that, even with a three percent average annual increase in aggregate demand over the period June 1984 to June 1988, we could not expect unemployment to fall at all. Indeed, given the projected growth in the labour force, a three percent average annual increase 1984 to 1988 in aggregate demand would still leave us with over 14 percent of the working population unemployed, that is, over 1,100,000 people on the dole. For the same time period, even a five percent average increase in aggregate demand would still leave us with a 7.2 percent unemployment rate in June 1988, or over 500,000 Australians without jobs. As Nixon Apple points out, these projections (using the econometric model of the Melbourne Institute) underestimate the size of the labour force and tend to underestimate the growth in employment required to reduce unemployment.
The proportion of households below the poverty line has increased over the last 15 years from 23% to 29%. Yet their share of household income has fallen. The "well-off" have increased from 12% of the total to 20%. Their share of total income has nearly doubled over the period, having moved from 25% of the total to 48%.
Using Nixon Apple’s figures again, it can be shown, on the basis of the current distribution of employment between the public sector and the private sector, that in order to keep the number of unemployed in Australia from rising over the next five years, the private sector would need to create around 84,000 to 85,000 new jobs each year between May ’83 and May ’88. The total number of jobs required simply to keep unemployment from rising is thus substantial. The ability of the manufacturing sector to create this number of jobs is clearly open to question. Restructuring of the manufacturing industry and the introduction of new improved technology has tended to reduce the labour demands of industry rather than increase them. 

Even accepting the notion that new industries will be created, on a significant scale in some cases, it is clear that the ability of the manufacturing sector on its own to tackle the unemployment problem in Australia is severely limited.

The fact that the public sector and the tertiary or service sectors of the economy will be required to bear a very large proportion of the burden of job creation over the next ten years should come as no surprise. Even a casual examination of the successful capitalist economies in our major OECD competitors indicates that a large and thriving public and tertiary employment sector is a feature of advanced capitalist economies. The point which appears to be overlooked in the Australian debate so far is that public sector jobs and tertiary and service sector jobs are no less productive than manufacturing jobs. It is important to realise that these jobs can do as much to regenerate the economy, to reduce imports and expand exports and to increase the size of the “economic pie” in Australia as can manufacturing sector jobs.

The expansion of the education sector, for example, offers significant overseas earnings, as technicians, scientists, engineers, doctors and other professionals are trained in Australia from overseas countries. The flow-on from these projects, in terms of Australian products which are demanded by technicians, scientists and professionals trained in Australia, on the return to their own nations, is significant.

The public sector can enter the restructuring of industry as a successful participant. For example, the role which Telecom plays in maintaining an Australian electronics industry. However, on the whole, the purchasing power of the public sector is not aggressively used as a vehicle for restructuring or expanding the manufacturing sector. To this end, a second issue for inclusion into trade union demands when renegotiating the Accord is the requirement for growth of intervention of the public sector.

3. Increasing the Size of the “Economic Pie” Redistribution of Income

The principal problem which seems to arise regarding the growth of the public sector and the tertiary sector as the major source of new employment in the Australian economy is the notion that there is a fixed “cake” and that any expansion of the public sector will necessarily reduce the funds available for the restructuring of the important manufacturing sector of the economy.

This simplistic and erroneous conception of the operation of the economy should be laid to rest once and for all. To begin with, we can look at where the money could come from to expand the public sector and restructure industry. Within the terms of the Prices and Incomes Accord as it already stands there is significant scope for improving our performance in these areas. Let us begin by considering the problem of tax reform.

The significant redistribution of income is an important plank in the Accord. So far it has not been addressed.

According to the Institute of Applied Economic and Social Research at Melbourne University, a couple with two children now need a weekly income of $205 to live above the poverty line. For a single parent with one child, the figure is $140; and for a single person $110 (SMH, 14/12/83).

In December, it was reported that the poor in Australia are getting poorer and more numerous, and the rich are increasing and getting richer. This report, by IBIS Corporate Services of Melbourne, shows that “Australian households over the past fifteen years, have become increasingly polarised into rich and poor categories, at the expense of the middle ground”. (Anne Lampe in SMH, 13/12/83)

The poverty line in this report is set at a similar level, and the proportion of households on or below has increased over the last 15 years from 23 percent to 29 percent. Yet, despite more poor, their share of total household income fell slightly.

The “well-off”, defined in the IBIS report as those receiving the equivalent of $32,000 or more in current money values, have increased from 12 percent of the total, to 20 percent. And their share of total
income has nearly doubled over the period, having moved from 25 percent of the total to 48 percent.

So, in broad terms, we now have the top twenty percent of the population, receiving almost half the total income, and the bottom thirty percent living in poverty as they scratch for less than ten percent. These figures are before income tax, but Mr Ruthven of IBIS pointed out that, although income tax reduced the inequality, it was not by very much because of the prevalence of devices to minimise tax.

These findings are in line with previous studies. For example, the Australian Bureau of Statistics shows a similar trend of increasing polarisation over the last few years in particular, in relation to personal income, as distinct from household income. (ABS Income of Individuals, Table 2, 16/9/83)

It also shows the increase in the proportion of people whose main source of income is some form of welfare — usually government cash benefits. Over the last fifteen years this has grown from about a quarter to not quite a third. (ABS Income of Individuals 1981-2, 16/9/83 and Income Distribution 1968-9, 24.10.75.) The proportion of people in business for themselves has tripled: the proportion relying on property income — interest, rent, dividends, etc. — as a main source, has almost doubled; and the proportion on wages or salary is now less than half.

The gains in government revenue which could arise from the simple implementation of the elements of the Accord as it already stands should not be overlooked. The introduction of a wealth tax and capital gains tax could, between them, raise vast sums of money for the government. The proper administration of current income generating legislation is another step that requires urgent attention.

The Department of Taxation National Delegates Committee of the ACOA has produced a report which indicates that savings of over $200,000,000 per annum could be gained by improving administration of existing tax legislation. The increase in employment required to bring about the efficient operation of existing tax legislation is around 4,000 individuals. This, in itself, indicates how expansion of the public sector can significantly contribute to the government’s overall task of restructuring the economy. The twin acts of creating jobs and generating massive revenue, without the requirement of major legislative change should not be overlooked.

In a similar vein, it has been estimated by ACOA that approximately $200,000,000 per year could be generated by an improvement in the operation of existing customs regulations. This loss of a potential $400,000,000 in government revenue simply through failure to rigorously apply existing legislation (in many cases as a result of the debilitating effects of the razor gang cuts on the public service) can only lead to a reduced flexibility to create employment and/or to the imposition of even more stringent and restrictive limitations on pay growth.

The third issue to be raised is the introduction of a wealth and capital gains tax, the proper administration of current income generating legislation and the immediate instigation of the foreshadowed wealth inquiry with trade union participation.

4. Other Economic Issues to be Raised

There are many other economic issues which would reduce the extent to which the burden of restructuring the Australian economy, and creating jobs, must be borne by the workers. For example, the control of finance and financial markets by the government has not yet been given serious consideration. All the planning agreements and industry councils in the world can be destabilised by the rapid and substantial movements of capital which free financial markets permit. For example, as recently pointed out by Professor E.L. Wheelwright (see ALR 87, Autumn ‘84), the impending potential demise of Hong Kong as a major financial sector could lead to a flight of capital from Hong Kong on a scale which has scarcely ever been seen before. The significant holdings which Hong Kong based capitalists already have in Australia suggest that Australia would be a recipient of large amounts of this mobile finance capital, in the event of the demise of Hong Kong. The massive destabilisation in the Australian economy which would result from an inflow of such amounts of capital is quite frightening. The extent to which the dollar would revalue would completely destroy any chances of reducing import penetration and allowing our existing industries, and any new industries which we create, to grow and establish themselves internationally. This is but an example. The principal question which the government needs to address is the regulation of finance markets by the government in order to promote its principal objective which is the creation of jobs in Australia.

The fourth issue to be raised is the imposition of controls for the Australian finance market in order to promote a stable environment for the restructuring of Australian manufacturing industry.

5. Labor Market Planning

As part of the Accord the Labor government has established the Community Employment Program with an objective to create some 70,000 jobs in its first full year of operation. CEP follows on from the hastily conceived Wage Pause Program of the Fraser government, a program that suffered from significant administrative deficiencies and had insufficient regard as to whom the program was directed.

In considering CEP, my union has recognised the worthy attributes of the program — that its criteria were set to specifically “target” long-term unemployed, migrants, women and Aborigines, that projects were to be labour-intensive, and that the community and unions would have a greater role in its administration. We have also identified deficiencies in regard to the inability of projects to roll over for more than 12 months; little consideration being given to the training of persons employed; the lack of regional flexibility to assist geographic areas of greatest need; and the lack of shop floor union consultation.

The other, and more important, question about the CEP is, however, where it fits in regard to the government’s labour force policy. At present, the government has retained the plethora of schemes that the Liberal government previously had in place, although a review of these is currently under way. This review, even though it excludes CEP, is an important one for the union movement as it is likely to set the direction for future labour force policy and programs. To this end it is
essential that the review recognises that labour force programs need to be tailored to meet the objectives of general industry policies that are developed by government in consultation with unions.

It is now more than 10 years since the Cochrane Committee recommendations were transformed into the first coherent labour force programs — the National Employment and Training System. Since the adoption of NEATS, successive governments have destroyed its coherency by developing an array of poorly co-ordinated programs. The result has been contradictory programs that are generally misunderstood by the community and which have contributed little to employment or skill acquisition within the labour force.

A new policy is required that is predicated on general industry/economic strategy and directs its programs to:

- restructuring of manufacturing industry,
- worthwhile training opportunities
- equal employment opportunity,
- migration,
- labour force mobility,
- job creation.

Proposition five is the formation of a Labor Planning Commission to be a statutory authority. Commission members will include members from trade unions, the community, employees and government.

6. Rights and Facilities for Workers' Representatives

A COA has always believed that the Accord is a document which allows for many gains to be made by workers in the Australian community. We believe that these gains will not be won (or indeed maintained) in many instances without struggle. For example, I have already indicated that the trade union movement should prepare itself to fight for Medicare.

The Accord, in either the current version, or in a renegotiated form, will require debate in formulation, commitments to, and struggle for its implementation from rank and file members and officials of all levels of the union movement. It also requires that the resources available to governments and employees be matched by the union movement. To this end, it will be essential that a claim on government for legislation providing for facilities and rights for job delegates become part of the Accord.

The sixth issue for inclusion in trade union demands when renegotiating the Accord is the introduction of industrial legislation giving facilities to workplace delegates/shop stewards and other part-time officials.

The process of adhering to the Prices and Incomes Accord, in which the trade union movement has led the way can only make sense for the future of the Australian labour movement if it produces the increases in jobs, the restructuring, and the regeneration of the Australian economy. A failure at this stage to provide the Australian worker with a range of benefits in the short, medium and long term, as a return for her/his restraint during the currency of the Accord, will completely undermine the ability of this and subsequent Labor governments to convince the trade union movement that co-operation and restraint is in its own best interest.