

# STOPPING THE "GREAT AUSTRALIAN MELTDOWN"

Foreword by  
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**ANTI-UNION EMPLOYMENT PRACTICES FINAL REPORT prepared by the TNC Workers Research, June 1985. 229 pages. Organisations: full report \$35, summary paper \$5. Unionists, students, unemployed: full report \$25, summary paper \$4.50.**

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The last decade has seen increasing attacks on the working class and its major protective organisation, the trade union movement, by the managers of the capitalist system in most parts of the world. One aspect of this was noticed by Bill Kelty, secretary of the ACTU, in his address to the NSW Labor Council, in which he said that conservative governments had used unemployment to try to destroy the labour movement:

*The Reagan and Thatcher governments had shown that the destruction of the union movement was now a practical proposition ... We have to appreciate that while we are not the United States and not the United Kingdom, and while we have a better organised trade union movement, the alternative will nevertheless be tried by conservative governments in Australia. It is being tried now by the conservative government in Queensland. (Sydney Morning Herald, 1/3/85)*

Other manifestations of this attack include the use of management consultants, especially in the USA, which specialise in strike-breaking and union destruction, and spread their expertise to other countries; the operations of the media, most of which is big business, and orchestrates anti-union ideologies in the press, and on radio and television, including the undermining of wage regulation by the arbitration system; and a growing ideological management industry, sponsored by corporations in various shapes and forms, financed by tax-deductible dollars in the guise of education and research, which pours out propaganda for deregulation and market forces, portraying trade unions and wage fixation systems as the main obstacle to capitalist progress.

The USA is the home of unionbusting (where the term "meltdown" is used, meaning the slow and gradual melting away of organised labour and its political influence). The heat for this "meltdown" is applied on four major fronts, according to Bertram Gross (*Friendly Fascism: The New Face of Power in America*, New York, 1980, pp. 242-5).

1. *Containing existing unionism and preventing it from spreading to new areas of economic development such as the deep South (in our case, the deep North), and to new industries such as those involving white collar and technical workers.*

2. *The dissolution of unions already in operation, by such methods as dividing construction companies into two parts, one operating on a union contract, the other part employing non-union labour. Our equivalent is the extension of "contract" labour.*

Another tactic is the deliberate provoking of strikes which are costly for unions, difficult for them to win, and hence which lose members.

3. *Labour legislation which makes closed shops illegal, imposes severe restrictions on peaceful picketing, and repeals laws requiring union wage rates on government sponsored construction works.*

4. *The most generalised heat for the "meltdown" is that which Bill Kelty referred to — the austerity squeeze of general economic policies which not only creates high and long term unemployment in the private sector, but also denies funds to the public sector, thereby creating problems for the newer white collar unions of teachers, nurses, air traffic controllers, and other public service unions.*

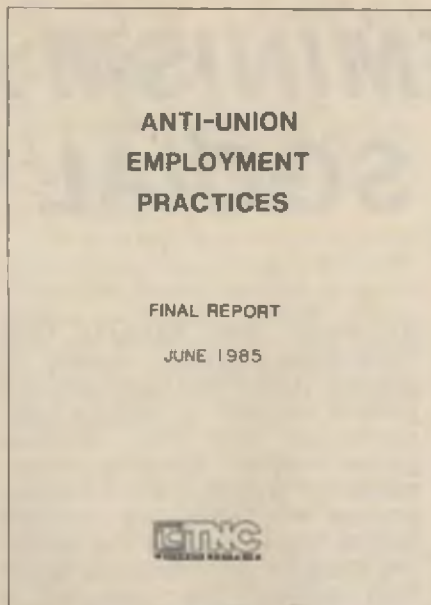
This excellent study provides for the first time in Australia a detailed analysis of the nature, extent, effect and implications of employment practices that seek to defeat or undermine the operation of awards, which constitute part of the second front of the "meltdown" process noted above. It captures the essence of one of the most important transformations of world capitalism, the process by which the larger corporate firm is able to control the smaller, not by ownership, but by various contractual relationships which also elevate the worker to the false status of a "contractor", in order to avoid tax, and throw on to the worker the costs of maintaining and reproducing his or her class, costs which successful unionism had made the employer bear, at least in part.

The authors must be congratulated on a clearly written analysis of how

the small firm in Australia is increasingly being tied into the strategies of the larger corporation. The situation has overtones of the Japanese so-called two-tier system in which the employees of small business bear the brunt of the vagaries of the system in the form of lower real wages, fewer benefits, variable hours of work, fluctuating employment and minimal social security benefits. Others have called it "a new feudal system" in which the retainers of the big barons benefit more than those of the smaller, but in which the big barons themselves benefit most (James Bellini, *Rule Britannia*, London, 1984). The increasing use of "outwork", well-documented in this study, is, in a sense, a return to mediaeval practices.

The foundations for these anti-union employment practices were laid by legislation under the Fraser government, including especially the creation of loopholes and incentives in the taxation area for people to change from P.A.Y.E. employee status to that of contractor. The objective is to create flexible, disposable, non-unionised employment; to reduce union presence on the shop floor; and eventually to eradicate the role of unions by eliminating the legal category of employee they represent. This is a mechanism for deregulating the labour force by stealth, as the legal categories of employer and employee become less definable. There is no need for an attack on the arbitration system if the legal entities it deals with are spirited away.

Case studies of the clothing industry, the housing industry, and franchising in the instant printing and contract cleaning industries, show clearly that Australia is well on the way to the creation of a large and permanent pool of workers who are outside the jurisdiction of the trade union movement and the arbitration system. Increasingly, such workers are prepared to accept pay and conditions lower than those awarded by arbitration, and also forms of offering their labour which involve tax evasion for both themselves and their employers, body hire and pyramid contracting, which can only be described as anti-social, degrading to labour, and a regression



to some of the worst practices of the 19th century.

All this is bad for the union movement at any time; it is particularly bad at the present time of high long-term unemployment, in which a generation of workers is arising which is less unionised and is, in fact, being indoctrinated with the view that they are irrelevant to them and their future. Nothing could be further from the truth; in the present crisis of world capitalism, organised workers are being made the scapegoats of the system and only a strong union movement can prevent further degradation of all those Australians who have only their labour to sell in the marketplace.

**T**his study is an example of what can be done; evolving out of a resolution of the ACTU, the project was sponsored by twenty-one unions and funded by the Community Employment Programme. If Labor governments are sincere in their desire to act on behalf of all Australians, it should not be necessary to point out:

1. That the vast majority have only their labour to sell;

2. that the terms and conditions on which they sell it are crucial to their standard of living and their dignity as human beings;

3. that the designation of "contractor" as currently used in many employment situations is a legal subterfuge designed to allow society to escape its social and moral obligations in the interests of a greedy, vociferous and powerful minority which increasingly controls capital, the media and job opportunities;

4. that to help redress the balance, Labor governments and publicly owned institutions, instead of helping to finance research centres in academic institutions which are heavily oriented towards market forces and the owners of capital, should finance studies such as this which are oriented towards collective solutions to society's problems and the owners of labour, irrespective of whether the legal system, by sleight of hand, categorises them as employees or "contractors".

The Great Australian Meltdown must be stopped. This publication shows why and how it can be done.

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