ACTU/ALP Accord

* Cockatoo Dockyard construction.
After almost a year of operation, the prices and incomes accord reached between the Labor Party and the ACTU before the election is in danger of becoming superfluous to the Hawke government’s operations. The document negotiated over many months between Labor spokespeople Ralph Willis and Bill Hayden was taken over by Bob Hawke and Paul Keating and consequently underwent some transformation of purpose.

Although Willis, as Industrial Relations Minister, retains some involvement in the workings of the accord, the main control over its implementation rests with the deregulation advocate and neo-Howardite Paul Keating. In this context, the role of the accord as facilitating an interventionist economic policy has been reversed.

The accord seems to be developing into an agreement which limits union accord wages, facilitating the redistribution of income from wages to profits and enables improvements in various economic growth statistics, without doing anything about unemployment. This suits Hawke’s purpose perfectly. As he told the ACTU Congress in September, “Only a healthy Australian economy will provide employment and good standards of living for all its people”.

Potential use of the accord to create jobs through industry development policies has apparently been forgotten. This is perhaps a cynical view and, hopefully, will prove to be wrong. But there is not much else one can conclude from the government’s actions over the past nine months.

Although the government, predictably, claims that much of the accord has been implemented, a look at the actual document shows the reverse to be true. The areas where much has been implemented have mainly been the supportive policies, such as occupational health and safety, social security, education and migration. And while a union interest in these matters is to be welcomed, they are, in a sense, peripheral to the main thrust of the accord.

The accord’s crucial sections relating to wages, prices, jobs and tax reform, show the government’s real level of commitment. It is in these areas which could lead to substantial redistribution of income and job creation, but the government has, instead, avoided pursuing either.

The accord provides for the maintenance of real wages over time. A centralised wage fixation system has been set up, maintaining real wages to a limited extent (the wage increases are not automatic). As part of this system, the union movement has, almost unanimously, agreed not to pursue extra claims.

But the government has delivered little on its side of the deal. A prices surveillance authority (to control price increases) is about to be set up — but it is a “toothless tiger” in Clif Dolan’s words. Petrol, postal and phone charges are the only areas to come within the authority’s jurisdiction! Control of non-wage incomes, like doctors’ fees, and share dividends, has been ignored.

The accord says: “On taking office the government will substantially restructure the income tax scale to ease the tax burden on low and middle income earners”. The government has made vague references about a review of the tax scales next year, which might lead to some reform two years after it has taken office. But substantial tax reform (including the introduction of wealth taxes) seems a long way off.

The accord notes that the “paramount objective of economic policy is the attainment of full employment. Industry development policy should be integrated with macro-economic policy to achieve this goal”. This is an unequivocal commitment which the government has managed to ignore completely.

Although some fairly cosmetic details of the industry development policy may have been implemented (such as the revamping of the Australian Manufacturing Council), opportunities presented to the government for concrete industry development have been missed. A good example of this is the shipbuilding industry.

A series of government defence contracts for construction of various ships was under consideration for most of this year. Thousands of jobs were under threat unless Australian dockyards, in Sydney and Melbourne, received the contracts (as promised during the election campaign).

When seen against the background of the accord commitments, there would seem to be little question that the Australian dockyards should get the contracts. But the government, heavily influenced by the bureaucracy, has stuck to past traditions of using the main criteria as competitiveness with overseas dockyards, with job creation and industry development relegated as priorities.

The Williamstown dockyard, of course, did get contracts for the construction of frigates for the Navy — but only reluctantly, with dire warnings being given by the Defence Minister about the need for fewer disputes if the contracts were to be kept. But the real crunch came with the Vickers’ Cockatoo dockyard in Sydney — which had pressured the government for the awarding of a contract to build a second new supply ship for the Navy.

The contract would mean the maintenance of 1,000 jobs at the dockyard, and thousands more in the industry generally. It would also mean retention of the skills of workers built up with construction of the first ship — in the past loss of contracts has seen loss of such expertise, and the consequent erosion of the industry’s ability to become viable.

But no — the dockyard isn’t competitive, the money isn’t there. There is a major gulf between the policies enunciated in the accord and the operations of the government which must be bridged. The union movement has consistently seen the accord as something which needs campaigning for. The rank and file must be mobilised to have the accord implemented.

This is certainly happening in some industries — such as at Vickers’ Cockatoo — but whether these mobilisations can be sustained and eventually succeed remains to be seen.

— Martin Peers.