The wages-price freeze campaign of the Fraser government was notable as an admission of the failure of its economic strategy - or rather an exposure of the fact that it had no coherent strategy for economic recovery at all.

It had tried this, that and the other thing without effect - except that the situation became worse. People were becoming restive, having naively believed Fraser's promises of "sound economic management". So, when Victorian Premier Hamer pulled the idea of the freeze out of his hat, Fraser grasped at the straw (is this a mixed metaphor, or is there nothing but straw in Hamer's hat?). A great campaign was launched by the media and employer groups and the issue was on everybody's lips.

The plan had little chance of acceptance, in the first place, because of its inherent weaknesses. In no country where it has been tried has it worked. What happens is that after the period (in this case three months was proposed) any price increases "foregone" are immediately fed in, so prices leap once again. Leyland and other companies in Australia made it quite clear that is what they would do. So did the Fraser government which "postponed" operation of its already taken decision to increase the price of Australian-produced petrol. It is also amending the Trade Practices Act to allow partial reintroduction of "resale price maintenance" (price-fixing agreements - always up, never down) banned in 1971.

It was clear that fruit, vegetables, meat, rents and other vital items in the "cost of living" - Mr. Jolly, ACTU advocate, said these amounted to 40 per cent of items - would not be included in the freeze.

The sincerity of the employers and government are to be judged by past performance, not present words. By freezing prices for one quarter, wages under indexation would not rise at all in the quarter following. If they believe their own propaganda, why haven't they already done it?

Obviously, the intention was to lock the unions in on a wage freeze operated by the Arbitration Commission. Prices could then have gone up and real wages been reduced. This is in fact the one central and constant element in the Fraser strategy.

Syntec, a private organisation advising the government, says "we find ourselves now teetering between an out-of-control inflation and a gradually winding down inflation .... the conditions (for the latter) are ....

(i) two further quarters of declining real wages;
(ii) a drop significantly below $2 billion in the 1977-78 Government Budget deficit;
(iii) a conviction in the international (business) network that the Australian dollar is tending towards 'hardness' rather than 'softness'." (April 14, 1977.)

The first condition is clear, and was the intention of the "freeze" proposals. The second condition means no tax cuts and more cuts in welfare spending. The third condition means to dance to the tune of the multinationals.

The whole of the trade union movement, with the exception of the DLP-dominated Labor Council in Tasmania, saw through Fraser's ploy and rejected it. So the only kind of wage freeze that is on is one enforced by the Arbitration Commission in the wage case opening as this is being written. It appears unlikely that the Commission, which is at least partly concerned with its own prestige and standing, will take such a step in face of total union opposition. Furthermore, many employers have their own doubts about the value to them of such a confrontation.

In discussing the difficulty of getting a united employers' voice, journalist Michael Southern said:

"Unity of purpose is fine until it digs into profits .... Australian employers always speak with many voices .... None of the big companies has been or will be inclined to let
This is hardly news, and is not peculiar to Australia. The employers therefore need an “executive committee” (government and top civil service, or more generally “state apparatus”) to conduct their affairs on policies arrived at by struggle and/or consensus. In this case, employers came in (some very reluctantly, and all with tongue in cheek) behind the Fraser Freeze.

Further in its “executive committee” capacity, the government is also setting the stage for confrontation with the unions, despite the reservations of some employers. The main instrument for this is the projected Industrial Relations Bureau, capping other legislation such as that on the form and control of union elections and proposals to give Ministers the right to stand down Commonwealth employees engaged in go-slows or work bans.

The Industrial Relations Bureau will have a director with the “rank” of Deputy President of the Arbitration Commission. The definition of “industrial action”, for which there is a great battery of new penalties, is extended to include go-slows, work-to-regulations or performing work in other than the accustomed manner, bans and limitations. De-registration can follow any “industrial action” that hinders trade or commerce with other countries (e.g. bans on wheat for the Chilean Junta), or which is not authorised by the rules of the union.

The IRB will have the power to act independently of both employers and unions, and would clearly be the most dangerous industrial police force outside the fascist countries, past and present. Indeed, public servants, particularly those in the Department of Employment and Industrial Relations, from which most of the IRB staff would come, are “totally opposed to the establishment of the IRB” (resolution of the department’s central office section committee of the Administrative and Clerical Officers Association).

Penalties include fines for “contempt of court” - that is, refusal to supply information and documents on demand or industrial action in defiance of an order; deregistration and/or suspension of the rights, privileges or capacities of a union, restriction or control of a union’s funds or property; prohibition of individuals from holding or standing for union office - and more.

The government clearly has the most far-reaching ideas to tie up the trade union movement hand and foot in pursuit of its disastrous economic, foreign, uranium and social policies.

But more immediately, these plans are linked with the Freeze in more ways than one.

A wage freeze is essential in the scenario so clearly drawn by Syntec. If this cannot be done voluntarily, it has to be enforced against union opposition - hence the IRB.

But, however dumb it is, the government is not so dumb as to neglect the ideological struggle - the battle for public opinion.

It is hard to know whether the government leaders expected the freeze to be accepted or not, but in any case they felt they could not lose. They calculated that if the unions rejected the freeze, they could then be “pinned” in the public mind with the responsibility for continued inflation and the economic crisis in general. This would in turn make it easier to bring in, and enforce, the penal legislation now on the books or in the pipeline, so that a freeze could be enforced anyway.

BHP’s general manager, Mr. W. Burgess, took up these cudgels at the annual convention of the Industrial Relations Society at Bathurst at the end of April:

“It is patently evident that the economic malaise currently experienced is due, to a large degree, to certain sections of the trade union movement (militant ones, particularly those led by communists) exercising power far in excess of that which it rightly possesses.”

The community needs to be educated into accepting the penal provisions, he said, and put the failure of past efforts down to government weakness and “some unfortunate appointments to the bench” as well as “radical challenges from communist-led unions”.

As stated earlier, BHP and Mr. Burgess speak for themselves and not on behalf of the employers in general. But BHP is not your ordinary, run of the mill company, but
Australia’s biggest. It is in a strategic position in the economy with its monopoly of steel, near monopoly of Australian oil, control of the biggest field of natural gas on the north-west shelf of Western Australia, and it has its fingers in innumerable other pies here and abroad. It is closely associated with multinationals like Esso and Shell, and has clearly shifted its focus from Australian-based production and manufacture to the more profitable resources and energy fields.

It has the ear of the government, is one of the biggest benefactors from the last budget’s handouts to mining interests, and gives voice to the dominant line of government policy on the “restructuring” of Australian capitalism. It expresses the hard-line attitudes held by Fraser and others against the soft-line “workers’ participation” attitudes of CSR’s Jackson and Conzinc’s Carnegie.

When it was applying for enormous handouts at public expense in an Industries Assistance Commission inquiry recently, Mr. Richard Boyer chairing the inquiry hit the nail on the head when he said:

“It may be that we are approaching the time when national interests do not coincide with the company’s interests.”

If BHP cannot be trusted to put the steel needs of Australia above its profits - and it cannot - still less can it be trusted with a key position in raw materials and energy resources.

However, it is not rationality or justice that counts in such matters, but money muscle. For capital, as Marx said, is “concentrated social power”. BHP has plenty of this muscle, but needs, in addition, in Mr. Burgess’ words, “education (read: brainwashing) of the community into accepting the penal provisions”.

This is a battle for “hearts and minds” which the unions, generally speaking, are not well-equipped or, in many cases, even oriented to effectively join. The overwhelmingly private ownership of the media which plugs the bosses’ line day in and day out of course is a great obstacle.

But the unions have potentially, and to a degree actually, the close identification and contact with their rank and file which even the media cannot negate or over-ride.

Effective use of this priceless advantage requires a clear understanding of the causes and nature of the present crisis, much greater efforts to extend contact with the rank and file of the unions and draw them into the democratic control of their organisations, a combative spirit expressed in on-the-job activity, rejection of the “consensus” view which obliterates the deep opposition of interests of different classes, and projection of alternative economic policies to those being followed by the government - policies which are in the interests of the people and not the multinationals, policies which point in the direction of alternative values and an alternative model of society.

Progress along these lines is as yet slow. But the ideas are beginning to gel and movements are continuing to arise which express currents and aspirations deeply, if unclearly, felt among growing numbers of people.

Specifically on the IRB, firm action must be taken. At the time of writing it is understood that the ACTU has decided to call a Federal Unions Conference in Sydney on May 18-19. It is said that the ACTU executive may recommend to that conference withdrawal from the Australian Arbitration Commission should the government persist with the IRB.

This would be by far the most effective response. Not only would it frustrate the operations of the IRB which are to be part of the Conciliation and Arbitration Act, but it would really put the unions on their mettle, requiring, as the present set-up of dependence on arbitration does not, continual mobilisation of the rank and file and extended democracy within the unions.

Arbitration has served capitalism so well over the years, however, and is so deeply ingrained in Labor Party and trade union thinking and habits, that enormous pressure will be brought to bear to “stay within the system”.

Nevertheless, the floating of the idea is itself a great step forward, it bounces the ball right back into the government’s court and should serve as the lever for a wide discussion right through the trade union movement and the community generally on the way forward.

- E.A.,
4.5.77.