Orchestral Manoeuvres:

Australia's biggest social contract, the Accord reconsidered

The ALP/ACTU Accord has raised some vigorous debate in the pages of ALR. This debate is rejoined by Vic Slater, who argues for mass involvement in the Accord. Only in this way can the framework of the Accord be extended to cover the needs of women and other disadvantaged sections of the workforce. This article was sponsored by the WA Socialist Coalition as a paper delivered to the Forum on the Accord.

Prices and incomes policies, or social contracts between the union movement and social democratic parties in government, have traditionally been viewed with reserve, suspicion or outright opposition by the left. The most telling criticism of such agreements is that they can limit or compromise the independence of unions and the capacity of workers to take action.

The bargain can involve nebulous or non-specific promises for the implementation of Labor's program in government. This was the experience with the British social contract with the Wilson and subsequent Callaghan governments between 1974 and 1979. Unions agreed that, in return for the implementation of the radical Labour Election Program of 1974, wage increases would be restricted to a level decided by the Labour government as being "in the national economic interest". Enforcement involved the government setting the maximum annual increase in wage levels in the public sector — with agreements in the private sector expected to follow those limits.

The policies of the Wilson government moved away from the program on which it was elected, and soaring inflation contributed to a redistribution of wealth in favour of capital during those years. The social contract and the Callaghan government collapsed in 1979 as inflation reached nearly 20 percent while the government set a limit on wage increases of six percent. This sparked off a nationwide revolt of lower paid public sector workers and within months the rightwing monetarist Thatcher government gained power.
But all social agreements do not lead to the same experience. In Scandinavian countries (where levels of union membership are among the highest in the world), political-industrial agreements have led to much more active involvement of the trade union movement and workers in economic and social decision making than in any English-speaking country. The experiences of social agreements in the two cases stand in sharp contrast and I would reject the assertion that such agreements inevitably involve the scrapping of the objectives of democratic socialism in favour of tripartite capitalist economic management as suggested by Herb Thompson (The Accord — Raising Profits at Workers' Expense, ALR 89).

Wages Struggles and the Capitalist Crisis

Those who assert that trade union independence depends on the unfettered rights of workers to struggle for wage increases within the capitalist market place should examine historical experiences in this respect. A paper given by Herb Thompson at a WA Trades and Labour Council seminar on the Accord correctly observed that, during periods of economic boom, workers often gain increases which enlarge the wages share of the GNP and carry over into periods of cyclical crisis when decline takes place. The increases are the "fat" which provides a buffer against the lean years. This analysis of wages struggles and collective bargaining has relevance to the prolonged period of capitalist expansion punctuated by short periods of bust in the post-war decades.

But the reality of prolonged periods of capitalist crisis makes a mockery of the capitalist "free market" for workers struggling for wage justice. Some British and Australian comparisons of wage levels between the years 1920-31 involve massive reduction in real and money wages.

In Australia, it took twenty years for the basic wage to recover to 1921 levels — in 1941, two years after the outbreak of World War II.

All governments have prices and incomes policies. To the extent that the wages struggle is the most elementary expression of class conflict as a function within the capitalist system, unions are involved in the operation of these policies. In this context, it should be remembered that conservative governments have dominated Australian politics and industrial relations for but 18 of the 84 years since Federation.

The Fraser government had a prices-incomes policy using a combination of mechanisms to reduce living standards in response to the onset of the economic crisis in the 1970s.

- Partial indexation operated in 13 of the 19 indexation decisions prior to indexation being ditched by Fraser in favour of a wage freeze — straight out wage cutting.
- Taxation policies as a major instrument for redistributing wealth in favour of capital and reducing real wages.

The union movement responded very unevenly to these policies. But, in the area of real money wages, the Australian working class was relatively successful in maintaining the share of wages as a proportion of GNP — as compared with Britain and the US where cuts in real wages contributed to higher levels of unemployment.

The union movement was not notably involved in areas such as prices, levels of government spending, taxation, employment and industry policies until the AMFSU developed the social wage campaign. On taxation (right up to the time of the tax avoidance scandals of 1982) the rightwing flat earth advocates of small government and flat taxes had more impact on the debate about taxation policies than the bulk of unions or the left.

Collective Bargaining — United States Style

The ruling class response to the restructuring of the Australian economy and the international redivision of labour is to move for a US model of collective bargaining. The Victorian Chamber of Commerce declared itself in favour of "non egalitarian forms of wage fixation". The Liberal Party, reflecting the interests of international capital, followed suit.
Workers who are well organised or in strategic sectors of the economy — usually male — are better placed to make real wage gains in this ball game. Provided that such gains do not flow on to the mass of workers (and the restructuring of the economy and high unemployment assist to block such flow-ons), they are treated as islands of economic privilege within the class. They also fuel the (in part) false economic argument that they contribute to the increasing number of their fellow workers being thrown on the industrial scrap heap.

This is the stark reality in the United States where narrow economic militancy is strong among pockets of the workforce, but the trade union movement is in an advanced state of decline. Only 16-17 percent of the US workforce is unionised — a real recipe for the death of democratic socialism or even the most elementary organisation of workers. Militancy and “free” collective bargaining in these conditions has little or nothing in common with class or social consciousness.

**The Social Wage Campaign and Intervention**

The social wage campaign was a major break with the narrow restricted view of the role of unions in modern society. The campaign confirmed the experiences of the 1970s when increasing numbers of workers became involved in struggles relating to managerial prerogatives such as the right to hire and fire and decision making, industrial health and safety, and social issues involving responsibility for the social value of labour, e.g. green bans.

Mark Burford’s paper *Prices and Incomes Policies and Socialist Politics* correctly identifies the social wage campaign as a major contribution to the formulation of the ALP-ACTU Accord. Such publications as *Australia Ripped Off* and *Australia on the Rack* extended the debate about the direction Australia was taking to hundreds of thousands of workers.

The critical weakness of the Accord is that, in the lead-up to the 1982 elections, there was no rank and file involvement — this problem of “from the top down bureaucracy” shows up in the formulation of many ACTU policies, including the most progressive policies.

But, unlike the British social contract, the Accord involves mechanisms which, combined with national wage campaigns, can largely maintain wage levels.

The major inequality is that relativities are maintained which favour the highest paid sectors of the workforce and take no account of the position of women as a massive segment of lower paid workers within the workforce. The introduction of full plateau indexation, with a higher relative increase for lower paid workers (over and above the CPI) should be a major objective of the labour movement in any renegotiation of the Accord.

The Accord covers wide areas of economic and social policy which urgently need to be backed by workers and community education and involvement as the basis for effective national negotiations by the ACTU. This urgency is underlined by the Hawke-Keating ascendancy and retreat from the policies in the Accord in favour of the free market approach to industry policy, financial regulation and the moves towards a new consumption tax.

Only grassroots worker and community involvement can give substance to trade union involvement in decision making as industrial democracy. Areas which need grassroots action include:

- **Employment and industry planning** — policies and effective action to resist the carve-up of Australian manufacturing.
- **Taxation** — the elements in the Accord which could provide the basis for shifting the increasing weight of taxation from the workers onto corporations; restructuring of PAYE and PAYG tax scales; the issue of capital gains and wealth taxes; action on transfer pricing by transnational corporations; no increase in the relative incidence of indirect taxation.
- **Industrial health and safety** — improved regulations and research into industrial hazards; involvement of workers and unions in the monitoring and prevention of such hazards; workers' health and safety delegates and union/management committees in the public sector.

Workers on the waterfront often comment that safety is the main area where they have accepted on the job rights to take industrial action. The provisions of the Accord can assist in extending this experience to much wider sections of the workforce.

**Workers' Intervention and the State**

Herb Thompson in his article *Raising Profits at Workers' Expense* (ALR 89) deals with the view that the Accord is part of an interventionist strategy in these terms:

This argument is used by those sincere trade unionists who, correctly, have identified the role and power of the state in the present economic crisis.

What those who argue this position fail to fully comprehend is that it is the responsibility of the state to reproduce the social relations of capitalism. If this can be achieved by co-opting the most militant workers into consensus planning that will be pursued. (My emphasis)
This formulation attributes to the state a metaphysical function or existence separate from the real world where the state reflects, influences and is influenced by the productive relations of society.

Capitalism has survived and evolved long since Marx predicted that the contradiction between the social nature of production and private appropriation would produce its own gravediggers. The increasingly social character of production means that the survival of capitalism involves modifying this contradiction by the extension of the public sector in the capitalist economy. But the extension of the public sector also reflects the gains of the working class and provides the basis for intervention by workers in decision making in favour of social and community interests as opposed to private profit.

All gains and reforms can be co-opted and integrated with the system — improved living standards, trade union rights, democracy. These can prolong and legitimise capitalism but they are also the essential elements to build the strength and confidence of the forces necessary for real social change.

Monetarists and Friedmanites who seek to roll back the social gains of the long era of capitalist expansion recognise this much better than some on the left.

Union militants and officials are co-opted but that is only one side of the coin. Unions being involved in major national decisions can provide the reverse — subvert the notion of managerial prerogative, the "master, servant" relationship, and involve workers in breaking out of the traditional view of unions as having a narrow role in defending wages and job conditions.

**Tax Reform and the Accord**

Community education about the scandalous mess of the taxation system and mass campaigns around an alternative program (popularising and extending the taxation reforms of the Accord) could strengthen the role of the ACTU and other community organisations leading up to the review of the taxation system in Australia. The taxation leaflet, rally and stoppage of Fremantle waterfront unions is one of the few examples of union initiatives to date. But wider union and community education and action could shift the ground in favour of real reform.

Taxation was a major issue in the federal election, but the Liberals have again taken the initiative in advocating the extension of indirect tax in return for a fistful of PAYE dollars via family income splitting. Popularisation of the role of capital gains and wealth taxes in a radical restructuring of a totally regressive taxation system could create a public mood which would reject the introduction of a new consumption tax advocated by the Liberals and Nationals and also being canvassed by Hawke and Keating in defiance of the Accord.

Trade unions traditionally have been defensive, and respond readily to attacks like the W.A. Fuel and Energy Bill, section 54c, and the criminal charges against John O'Connor in an attempt to stop the rot setting in. But they are slow to intervene in ways which set the agenda and provide better conditions for actively extending the role of unions in economic and social life.

The left and socialists have traditionally been oppositionist in exposing the effects of capitalism in the hope that support can be won for an alternative system. Opposition, without active intervention by masses of people in the direction that society is taking, is well illustrated by the program of the Social Rights Campaign. The Social Rights Campaign counterposes to the Accord a series of slogans involving immediate demands which are mostly more limited than the ALP/ACTU Accord. But the economic policy involves calls for nationalisation without compensation, and workers' control; it turns its back on the real possibilities to mobilise around the widely supported elements of the Accord to:
- strengthen the social and economic role of unions
- extend industrial democracy and community involvement in the decisions which affect people's lives.

If the left can become better interventionists, there are real opportunities to utilise democratic socialist objectives as an effective antidote to the notion of corporatism which arises out of the Hawke-Keating ascendancy.

**Vic Slater**

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