The Wages Turmoil

The Conciliation and Arbitration Commission's March national wage decision is an attempt to further erode the living standards of Australian working people, and to weaken the trade union movement ideologically and organisationally. The decision, and the arguments used by the government in advocating it, represent a final and complete break with the commitments given under the Accord.

A central feature of the Accord was the agreement that both the trade union movement and the ALP in government would argue in tripartite consultations, and before industrial tribunals, that full cost of living adjustments be made to wages and salaries. This approach was in part abandoned in 1985 when the government gained an agreement with the trade unions for a two percent discount of wage and salary increases. However, that agreement was not achieved without concessions to the unions in the areas of tax cuts (equivalent to the 2 percent discount), and support for superannuation claims.

In 1986 the government did not even bother to negotiate an agreement with the union movement openly. Treasurer Keating baldly announced in the 1986/87 Budget statement to parliament that an additional two percent discount would be sought in the coming national wage case. Keating cited the need for wage increases to be compatible with those of our major trading partners, and for our international competitiveness to be maintained on "favourable terms with the rest of the world".

This reshaping of wages policy is consistent with the government's moves to deregulate the finance sector, and to expose the Australian economy to all the pressures of international finance and productive capital. The era in Australia's economic development when foreign capital was given guaranteed domestic markets, and domestic capital (in partnership or alone) gained similar benefits, is now well and truly over. The corresponding changes limiting government involvement in the marketplace, and interventionist support or protection, have been carried out with a speed and efficiency that the Coalition parties would have had difficulty in matching.

It is for these reasons that the government now commands the support of significant sections of domestic and foreign capital, and that, despite the threat of the New Right, the traditional conservative political parties are in disarray.

The threat of the New Right is also skillfully used at the ideological level to create continued support for the ALP among trade unionists and in the community at large, while Labor proceeds to reshape and refashion its policies according to an agenda generated by the right. This manoeuvring also contains attempts to dampen down working class expectations on living standards.

The effective wage cuts achieved through the commission's decision is the latest initiative in this direction, and it is the government's intention to follow it with further cuts in the social wage and public sector cutbacks, either in the May economic statement, or the 1987/88 Budget, or both. For many workers, the commission's decision means a $10 a week increase to compensate for 9.8 percent inflation over 1986, and roughly 10 percent inflation over 1987, with little prospect of another increase until the first quarter of 1988.

A significant number of unions have reacted sharply to the decision. At the Special Federal Unions Conference in November, most public sector unions rejected the proposed change to the two-tiered wage system. Others gave it critical, conditional support.

It would seem impossible at this point in time to turn around ACTU strategy, and the ACTU Congress in
September will be the first real opportunity to do so. This means that, over the coming months, unions will have to test the new principles to the limit in an effort to achieve gains beyond the $10 a week mark.

Some unions will abide by the decision, their leadership unable and/or unwilling to offer any challenge to the government or management in their members’ industries. The most contentious area will be the provision for increases of up to four percent under the new “restructuring and efficiency” principle, or modified work value principle.

The new principle is designed to leave many workers “on the shelf” in terms of wage movements unless they are in strong bargaining positions or can engage in a militant industrial campaign with serious prospects of success. It is also another signal of the end of the Accord, since it ties wage fixation to industry development — two matters dealt with separately under the Accord. And, by limiting additional increases to workers directly involved in technology and work methods changes, it seeks to divide workers and unions.

The commission also clearly favours enterprise level negotiations, in order to weaken unions’ traditional concerns to deal with the interests of all workers across particular sections of industry.

The trade union movement is without doubt in for a difficult period. The dominant economic and ideological approach of the ACTU leadership is in line with the worst of Australian labourist development — it perceives the working class and trade unions as being almost entirely dependent on the developmental processes of capitalism, and as necessarily being compliant with its demands and profit needs. This position is challenged somewhat by communists, socialists and others in trade union leadership, but they are not influential enough to reverse or moderate the existing trends, except in isolated areas of the movement.

The commission’s decision will further impoverish hundreds of thousands of Australians, and may precipitate further economic crises through under-consumption and over-production. Any attempt to reverse this decline in living standards will require a reassessment of overall trade union strategy, and this needs to be argued for from the shop floor to the official level in all unions.

Trade unions remain the principal base for organised responses by Australian workers in defence of their interests, and this role needs to be reasserted in the period ahead.

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### After Cory’s Constitution

Twelve months after the February “revolution” in the Philippines, Cory Aquino has won a landslide victory in the vote on her Constitution and, more directly, for her presidency until 1992. She has been lionised as “Time’s (Wo) Man of the Year” and become the idol of western politicians, the mass media and of many who wish the Philippines only well.

With such near-unanimous world-wide endorsement, one would think that Cory’s task in reconstrucing the Philippines after 14 years of the most savage rap by the Marcos clan and its cronies would be now well under way. But the Filipino people know differently. Unemployment and poverty have escalated greatly in the past year. Children are now dying of starvation on Negros and infant mortality remains high.

The generous praise heaped on Aquino by the USA has not been matched by a generosity in economic aid. On the contrary, the World Bank and the International Monetary Fund have tightened the screws. With the enthusiastic support of Cory’s economic ministers, handpicked for their monetarism, the IMF and World Bank have demanded and won even further economic “liberalisation”. Protectionism is being dismantled and today the USA and EEC (and Australia) can dump their surplus rice stocks at below-cost prices in the Philippines. It is ironic that, as protectionist barriers are raised in the advanced capitalist countries against Filipino imports, these same countries righteously demand that the Philippines lower its trade defences.

The Aquino government continues the same policies as Marcos in relying on agriculture and having no concept of industrialisation. In the name of dismantling the monopolies, Marcos handed over to his family and cronies, the Aquino government is proceeding with a rapid privatisation of the economy. And the cronies’ monopolies are being sold off to Japanese and UN investors at bargain basement rates, being offset against the country’s huge overseas debt.

With about 60 percent of the country’s exports going simply to service that international debt, the whole nation is caught in a modern form of debt slavery. Aquino’s ministers have insisted on a better deal, along the lines won last year by Mexico, for repayment of the debt, but have come up against a brick wall of the biggest US banks. In the longer term, this subservience to international capital and the failure even to contemplate an industrialisation program will be the downfall of the Aquino regime, and of the neo-colonial system.

The Philippines is but one of the many Third World nations which desperately need a new “Marshall Plan”. In the case of the Philippines, such a multi-billion rescue plan alone can stop or substantially halt the rapid progress of the revolutionary forces. Such a “Marshall Plan” therefore is the logical way for imperialism to save the country from revolutionary change. Yet there are many factors which impede such a rescue operation, above all, the danger such an example would set elsewhere. There is also the ever-present danger that any annulment of the international debt.