

Industrial relations and the trade unions under Labor: From Whitlam to Rudd

Part 4

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The following is the final part of a four part series. Part 1 was published on November 12; Part 2 on November 13 and Part 3 on November 14.

In December 1991, Bob Hawke was replaced by Paul Keating as leader of the Labor Party and prime minister. The conflict over the Labor leadership had simmered for two and a half years. It came to a head in late November 1991 when the Liberal Party, under the leadership of John Hewson, released its new program, *Fightback*.

After months of bitter faction fighting and internal divisions, the Liberal Party's document amounted to the codification of the demands of powerful sections of the corporate and financial elites.

Fightback identified two different sections of Australian industry. Twenty percent of businesses operated "efficiently" in the face of international competition, while the remaining 80 percent operated predominantly in the domestic market, where they were hampered by "restrictive work practices," government regulations and special interests. They were not based on "individual business decisions in a competitive market."

The document advanced what it called "an historic redefinition of the role of government" in Australia.

"Australia" it declared, "is increasingly part of the wider world of trade and finance. The challenge for modern governments is to make their societies attractive to the people, capital and technology which can easily find another base. The task is to give these mobile 'factors of production' a secure home by offering them competitive rates of return and good potential for productivity growth."

Fightback represented a turn by significant sections of the ruling elites. In April 1983, at the conclusion of the economic summit, Sir Peter Abeles had called for business to be part of the Accord. Now that the Accord was no longer adequate for the new situation, the man who most clearly represented it, Hawke, no longer had a role to play. Within three weeks of the launch of *Fightback* he was replaced.

Keating lost no time in assuring the ruling elite that he was attuned to *Fightback's* message. Industrial Relations Minister Peter Cook, Bryan Noakes, representing the Confederation of Australian Industry, and Martin Ferguson, the president of the ACTU, were sent to Japan to assure investors the "labour market reform" would continue.

In a press release announcing the trip, Cook said that industrial agreements for the "Greenfield" Toyota production plant in Altona, Victoria, and the Daimaru department store in Melbourne were models for the future. They "tied up industrial relations outcomes in advance by way of a workplace or enterprise agreement".

And in a speech delivered in Japan on "labour market reform" Cook declared: "Although we have made significant improvement, we are not going to slacken our progress. The reform we have embarked on is ongoing. It rewards the successful practitioners so that they don't want to

stop. Their appetite is whetted; they see further and better opportunities for improvement."

The Keating program for "ongoing reform" was set out in his "One Nation" statement issued on February 26 1992. Taking over many of the measures advocated in *Fightback*, *One Nation's* goal was to drive up productivity and destroy conditions—won over decades—through enterprise agreements.

"The government and the union movement," the statement declared, "are committed to ensuring that investors undertaking major capital expansion in Australia receive the greatest co-operation to achieve standards of production which will be competitive with the best in the world."

There would be an agreement with the trade unions to "organise work, job design and working patterns in accordance with international best practice to enable optimal use to be made of capital equipment."

In a graphic demonstration of Keating's general outlook, he made his first state visit as prime minister to Indonesia, where he lavished praise on president Suharto and declared that the bloody military coup, which had brought Suharto to power in 1965 and in which around one million workers and peasants were killed, was "one of the most significant and beneficial events in Australia's strategic history."

The betrayal at APPM

It did not take long for the implications of *One Nation* and the "whetted appetites" of the major corporations for further "labour market reform" to become apparent. On March 3, 1992 the management of the Australian Pulp and Paper Mill (APPM) in Burnie, Tasmania issued a letter demanding the abolition of more than 150 "above award" conditions.

Throughout the bitter dispute that followed, the central concern of the trade union officials, from ACTU president Ferguson down, was not to defend the conditions of the Burnie workers. It was to insist that APPM management include union officials in the "restructuring" process. Time and again they pointed to the gains made by APPM, as well as by other firms, as a result of union-backed agreements, and noted that APPM's 1991 report had specifically praised the trade unions for securing increases in productivity.

Twice, on April 9 and May 12, the Burnie workers walked out the gate to defend their conditions. When they finally went back to work on June 9 it was under an ACTU-APPM agreement that included a "competitiveness memorandum" committing union officials to work with management to "achieve a competitive position across all APPM workplaces." The agreement specified that managers would "strive continuously to introduce improved methods in operating areas under their control."

The meaning of the agreement was spelled out in testimony delivered by union officials before the IRC.

Ray Grundy, Tasmanian branch organiser of the Printing and Kindred

Industries Union, told the IRC that the union leaders did not object to the company's changes, only that they were being carried out without their involvement.

"Look, we're saying it's the way it's being done—not through a consultative process. It would be a lot better for the company to undergo a consultative process.... We don't think it should impede the company's efficiency. We've turned about 360 degrees in the last few years. We've been educated by our federal officials and the ACTU. Australia has to become more competitive."

ACTU industrial officer Bill Richardson told the IRC that the unions had at no stage disputed the company's need for efficiency. "Our argument is that it will run its business more efficiently if it consults with its employees through their unions."

Richardson later explained precisely what that meant, given the company was competing with paper produced in Indonesian mills, with conditions set by the Suharto regime.

"You would set as a benchmark an Indonesian price," he told John Guest, an APPM manager, during an IRC hearing, "and engage your employees and unions in agreed activity to get down to that price. Not a general sort of 'We are not doing too well, we have got a lot of competition'. A specific exercise."

Summing up the union submission to the IRC, Richardson declared: "It is public knowledge that when the ACTU signed the Accord with the Labor government, it in fact abandoned decades of history when the union movement traditionally did not concern itself with the creation of wealth, but merely fighting over its distribution."

The union officials claimed the return to work that they secured on June 9 was a "victory." And from their standpoint it was. The company had agreed that their services would be retained. But for the workers it was a defeat.

The trade union bureaucracy carried out more than a betrayal. Its conduct was that of an apparatus whose material interests no longer rested in any way on the social interests of the working class: Quite the reverse. Under the new conditions of global production and competition, the union leadership sought to offer its services to management on the basis that it could secure the increases in productivity demanded by the international market.

Among the ranks of workers, there was bitterness over the role of the ACTU. But its services were well appreciated in other quarters.

In an editorial calling for an end to centralised wage fixing, and its replacement by enterprise bargaining, the *Australian Financial Review* cautioned Liberal leader John Hewson and his industrial relations spokesman, John Howard, against "pulling out the props under union structures." The Accord had provided "more benefits than drawbacks" and it had ensured that union officials were "now more capable and more willing to get on with the task of encouraging and cajoling organised labour to be far more responsible to deregulated product markets and an increasingly outward looking and unprotected economy."

Keating's Industrial Relations Act

The arguments advanced by the ACTU and union officials during the APPM dispute were to become central throughout the latter period of the Keating government. And they continued under the Howard government.

In every industrial conflict, the interest of the workers and the union bureaucracy diverged. Workers were concerned with resisting the changes being demanded by management. But the union leaders' preoccupation was to ensure they had a role in imposing them. Only when employers sought to dispense with the unions' services altogether, and to impose enterprise bargains and individual contracts without their involvement, did the two parties come into conflict.

Keating took the first steps to implement his new agenda following the re-election of the Labor government in the March 1993 election. On April 21, 1993 he addressed the Institute of Company Directors and outlined his

plans.

"Let me describe the model of industrial relations we are working towards. It is a model which places primary emphasis on bargaining at the workplace level within a framework of minimum standards.... Over time the safety net would inevitably become simpler. We would have fewer awards, with fewer clauses ... We need to find a way of extending the coverage of agreements from being add-ons to awards ... to being full substitutes for awards."

This brought objections from the ACTU because the Keating "model" signified a progressive reduction in its role. Despite this opposition, the Keating government's Industrial Relations Act set out a decisive shift. It declared that the primary object of the Act was: "Encouraging and facilitating the making of agreements, between the parties involved in industrial relations, to determine matters pertaining to the relationship between employers and employees, particularly at the enterprise or workplace level."

The new legislation set out two types of agreement. "Certified agreements" involved employees who were involved in a dispute under a federal or state award and required union agreement. This was largely a codification of existing practice. But the legislation also opened up a second avenue—the making of "enterprise flexibility agreements." This enabled employers to override the award system and establish new agreements without trade union involvement.

By early 1996, the anger and resentment that had built up over the previous decade towards the Labor government exploded in the form of an historic electoral defeat for Keating's government. The March 1996 elections saw the biggest swing against Labor in working class electorates in history—and a historic rupture between large sections of the working class and the Labor Party. The movement against Labor was most marked among young families and youth who either voted directly against Labor, did not vote at all or cast an informal ballot.

The betrayals of the working class by Labor allowed John Howard—previously despised among workers as a "free market" economic conservative—to make a direct appeal in the course of the election campaign to those ordinary "battlers" who had been abandoned by Hawke and Keating.

Many older workers, however—those who had played a role in the mass trade union struggles of the 1960s—entertained the hope that with the ousting of the Labor government and the ending of the Accord the unions might take up a struggle against the Liberals. Such hopes were quickly dashed.

The trade unions under Howard

In August 1996 an angry demonstration against the Howard government's first budget, which contained huge expenditure cuts, resulted in the storming of Parliament House. The entire union leadership joined the government, the mass media, the Labor politicians and police in launching a witchhunt of the workers and youth involved, depicting them as a tiny minority of "extremists and "thugs". Union officials even collaborated with the Australian Federal Police in the victimisation of their own members.

The immediate cause of the conflict was a violent police assault on Aboriginal marchers entering the parliamentary forecourt. This was followed by a baton attack on Aboriginal women and others by police in riot gear. The union bureaucrats' decision to line up with the police and the Howard government was aimed at sending a clear message: they would work to suppress any independent movement of the working class under Howard just as they had done under Labor.

Less than two years later that commitment was put into practice in the infamous waterfront dispute.

The waterfront conflict erupted in the middle of the night of April 7, 1998 when an army of black-hooded armed security guards accompanied by attack dogs swept through the terminals of Patrick Stevedoring, the

waterfront's second largest operator, after 1427 workers were sacked and replaced with scab labour.

The lockout came after months of preparation by Patricks, with the direct support of the Howard government. Howard's involvement came in the wake of criticisms from employer circles and the financial press that his government was a "do nothing" outfit that had refused to press ahead sufficiently on "industrial reform."

Throughout the bitter month-long conflict, Maritime Union of Australia (MUA) officials, led by John Coombs, together with ACTU assistant secretary Greg Combet, devoted all their efforts to ensuring that industrial action did not spread. The trade union officials, from the ACTU down, objected, not to the job cuts and productivity increases demanded by Patricks, but to the company's attempt to exclude them from the process of enforcement. That was the real content of the official slogan "MUA here to stay."

Yet again, once a settlement was reached, the MUA leaders, like the ACTU in the wake of the APPM dispute, was able to claim "victory"—because their services were retained. But it was a different story for the waterfront workers. Some 625 permanent jobs were destroyed—almost half the workforce—and 100 working conditions eliminated. Moreover, nearly 200 non-core jobs previously performed by MUA members were outsourced.

A year on, crane rates at the company's terminals were at or near the benchmarks set by the Howard government, and in some cases exceeded them. Patricks chief Chris Corrigan estimated that the new levels of productivity would save the company \$40 million a year. Shares in the holding company that owned Patricks had been down to \$1.17 in January 1998. Some 14 months later, they had increased more than four-fold.

The waterfront conflict revealed the essential content of the role of the trade union bureaucracy throughout the 11 years of the Howard government. At every stage it has been concerned with two key objectives: a) to ensure that the struggles waged by any section of workers do not become the focus of a more widespread movement and b) to ensure that it remains an integral part of the industrial relations system.

These objectives have been the key focus of the ACTU campaign against the Howard government's *WorkChoices* legislation, introduced in 2006. Mass meetings and marches protesting against the legislation have been some of the largest ever seen, indicative of the deep-seated hostility to the new laws in wide sections of the working class. But the ACTU has been concerned throughout to prevent a direct clash with the government. Following the initial round of meetings, it consciously directed the growing movement towards the election of a Rudd-led Labor government, under the slogan "your rights at work, worth voting for."

The policies of Rudd Labor, however, are almost identical to *WorkChoices*. Its industrial relations platform, *Forward with Fairness*, was greeted by an editorial in the *Australian Financial Review*, which noted that "in many ways Rudd's Labor promises to be a better Howard government" and that Labor had "now adopted many of the *WorkChoices* initiatives it previously opposed."

In line with employer demands, Labor's modified platform now commits it to maintaining Australian Workplace Agreements (AWAs) until December 31, 2012, thereby jettisoning the much-published earlier pledge that a Labor government would "rip up" all such agreements.

On August 28, when Labor's industrial relations spokesperson Julia Gillard was asked on the ABC's "Lateline" program whether Labor's proposed system would involve government-organised strike breaking, she replied: "Absolutely. We are saying to our trade union colleagues, we are saying to the business community, we are saying to Australians generally, we don't want to see industrial action. We understand that in a limited window when bargaining following a new collective agreement, following a secret ballot, that it is appropriate to protect industrial action. Any other form of industrial action, for whatever cause it is taken, is not

protected and people should expect to feel the full force of the law."

Such remarks serve once again to demonstrate the real reason for the insertion of so-called "high profile" trade union officials into key Labor seats. Having been directly involved in implementing the Accord under Hawke and Keating, and the suppression of all independent struggles under Howard, they will play the central role in enforcing the program of a Rudd Labor government.

For workers and youth, preparing for the inevitable conflict with a new Labor government requires drawing the lessons of the experiences of the past. The betrayals of the Labor and trade union leaders have not been the result of their individual personalities or traits. They arise from their nationalist program.

In the era of globalised production, the trade union leaderships are committed to ensuring that "their" national economy remains "internationally competitive". This leads directly to the destruction of jobs and the conditions—as the workers of one country are set against their brothers and sisters in others in a continuing downward spiral—and to the suppression of all struggles against these measures.

The Labor and trade union apparatuses, and their anti-working class program—can only be fought and defeated through the political struggle for an entirely opposed perspective—based on the unification of workers in all countries in a common struggle against the capitalist profit system itself.

That is why we urge all those workers who are angered and disgusted with the Labor Party and the trade unions, and young people who are just coming into political struggle, to study our program, take part in our election campaign and seriously consider joining the Socialist Equality Party.

Concluded

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