Australian government calls for wage cuts to "save jobs"

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14 January 2009

Amid mounting signs that unemployment will rise rapidly this year, the Rudd government and the media have launched a campaign to impose real wage cuts, as well as job losses, on working people.

Deputy Prime Minister and Workplace Relations Minister Julia Gillard last week called on trade unions and workers to lower pay rise demands, claiming that this was necessary to save jobs under conditions of "global financial crisis". About 5,000 enterprise agreements come up for negotiation this year.

Gillard's message, she insisted, was simple: "put jobs first". She added: "Responsible unions should be giving this issue their full attention ... and seek creative and responsible outcomes in enterprise bargaining to assist businesses to ride out this period."

The Labor government is using the threat of job losses to browbeat working people into accepting wage cuts and further inroads into working conditions—in other words, into bearing the burden of an economic crisis that is not of their making.

The tidal wave of job losses in the US, Europe and Japan has only just begun to hit Australia. The latest job advertisement figures indicate that the Australian economy is plunging into a recession that could see official unemployment double to more than a million by 2010. The latest ANZ Bank survey shows that the number of ads dropped 9.7 percent last month, down 30 percent from a year earlier—a level not seen since the recession of 1981-83.

Moreover, the fall in the number of ads has accelerated over the past six months, pointing to a long-term and worsening slump. It dropped 50 percent in 12 months, a decline that the ANZ head of Australian economics Warren Hogan described as "historically consistent with economic recession within the next nine months".

Wages are not to blame for this downward spiral. In fact, they have been driven down to historically low levels and working conditions have been steadily dismantled over the past few decades, the very period in which the seeds of the world economic crisis were being sown.

Australian Bureau of Statistics figures released last June revealed the share of wages and incomes fell to 52.4 percent, its lowest since the March quarter of 1965, while that of profits leapt to 28.4 percent, the highest level in the 49 years since national accounts have been kept.

The ever-greater redistribution of income and wealth away from the working class and to the corporate elite, and the resulting levels of social inequality, have been bound up with the increasingly speculative and parasitic operations of the profit system that have led to the worldwide meltdown since mid-2007.

Gillard's call followed an article in the Fairfax media arguing for below-inflation rate pay increases this year and for the Australian Fair Pay Commission to grant the low-paid just $12 a week. Under the heading "Give your pay packet a shave and help save jobs", *Sydney Morning Herald* correspondent Mark Davis declared: "Wages have been growing at 4 percent a year as employees chase rising prices and employers face shortages of skilled workers. But with the economy turning, the old adage that one man's pay is another man's job will come into play again."

Davis's "adage" is traditionally trotted out by employers to demand pay cuts and sacrifices from workers whenever the capitalist system produces recession or depression. In the 1980s, the Hawke Labor government and the Australian Council of Trade Unions (ACTU) used the same argument to drive down real wages.

An editorial in Rupert Murdoch's local flagship, the *Australian*, declared last week: "All of a sudden it's the early 1980s all over again. Now as then, the economy is slowing and there is a real risk that unemployment will rise rapidly ... [A]s in the 80s, what the unions do will decide in part how many jobs are lost in the coming year."

The newspaper denounced the Australian Manufacturing Workers Union (AMWU) for having earlier suggested it may seek inflation-level pay increases in the car industry. "[G]iven Canberra's car industry assistance package, this claim amounts to a case of the Commonwealth subsidising the industry's ability to pay staff more money," it said.

The editorial was referring to the government giving handouts worth $6.2 billion to the car companies, which have already axed thousands of jobs over the past two years and closed plants. The *Australian* had no objection to these large sums being provided in order to boost company profits.

The Murdoch media has also rounded on the Construction Forestry Mining and Energy Union (CFMEU) for a "33 percent pay increase" claim for around 100 power plant operators at Alcoa in Western Australia. The claim, spread over several years, actually amounts to annual increases of 5 to 10 percent.

One aspect of the media coverage was to depict the unions as diehard defenders of their members, when in reality they have spent the past two and a half decades enforcing real wage cuts and trade-offs on workers, and ruthlessly suppressing rank-and-file resistance.

Interviewed on ABC radio, CFMEU (mining and energy division) national president Tony Maher responded to Gillard's demands by indicating that the unions would fall into line. "The union always takes into account economic circumstances" in wage bargaining, and had done so for the past two decades, he said. "Right at the moment, we're pushing for job security more than anything else."

Anxious to head off opposition from workers, ACTU president Sharan Burrow sought to argue that maintaining real wage levels would be good for the corporate elite itself because "collectively bargained decent wages would ensure that the spending power of working families is maintained". However, she added that unions "will negotiate wages based on the capacity of the company, and this will be different on a case-by-case basis, according to the industry and specific company involved".

In other words, pay increases will be based not on what is needed to relieve the dire situation facing working people but on "capacity to pay," that is, what companies require to maintain profit margins under conditions of economic collapse.

At the same time as refusing to defend living standards, the unions have no intention of mounting any campaign to defend jobs or stop plant closures. Instead, the ACTU has been working behind the backs of its members to allow companies to stand them down for up to two days a week, effectively imposing a significant pay cut.

The *Australian Financial Review* reported last week that workers would be expected to accept a "training wage" of around 80 percent of their normal base wage. Burrow said the ACTU had already endorsed "voluntary standdown days" in the car industry under the guise of "retraining" and wanted to see them extended to other sectors, including retail, manufacturing, construction and hospitality.

Burrow told the *Australian Financial Review* that employers and employees would also negotiate job sharing or rundowns of accrued leave—two other forms of wage-cutting—as tactics to prevent job losses, but said unions would not accept such arrangements being forced upon workers. This suggestion sums up the role of the trade unions. They will not oppose the slashing of workers' living standards, as long as they remain the agencies responsible for extracting them.

In addition, the ACTU is urging the Rudd government to provide an "income guarantee" and "training" for six months when "an employer can't keep someone on". The scheme is not designed to protect workers or provide long-term decent jobs but to help unions head off resistance to redundancies and maintain a ready pool of on-call skilled labour.

The scheme would amount to yet another taxpayer subsidy for big business, which is slashing spending on training. Last week, a survey of 500 chief executives by the Australian Industry Group (AIG) showed those in manufacturing planned to reduced expenditure on training this year by 7.5 percent, in construction 12 percent and in services 12.7 percent. The ACTU's proposal dovetails with a call by AIG chief executive Heather Ridout for the government to provide "incentives" to maintain spending on training.

Just as they did under the Hawke and Keating Labor governments of 1983 to 1996, the unions are working with the employers to force workers to pay the price of shoring up the profits of the giant corporations. Only this time, they are doing so amid the greatest failure of capitalism since the 1930s.

During its first six months in office, the Rudd government and the unions sought to impose annual pay rises of 3 percent or less in the name of fighting a "war against inflation,"—when inflation rose to nearly 5 percent. Now, with the world economy imploding, they are attempting to impose even deeper cuts.