Australian union leader backs government drive to lower wages

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6 February 2014

Australian Workers Union national secretary Paul Howes yesterday delivered a speech to the National Press Club offering the services of the unions to the Liberal-National Coalition government as it steps up its campaign to boost corporate profits by lowering working-class living standards.

Howes appealed for a new "Grand Compact," in which "unions, business and government create an industrial engagement pursuant to agreed national goals." The AWU chief harked back to the Accords developed under the Hawke and Keating Labor governments between 1983 and 1996, insisting that while those agreements could not be revived in the same form as previously, "we can evoke the same spirit."

"In the spirit of the Accord I just want to say, I'm here," Howes declared. "I'm ready to make compromises and concessions in the national interest. And my invitation to my counterparts in the business community is to join me."

Under the guise of promoting the so-called "national interest," Howes is volunteering to do what he can to assist big business and Prime Minister Tony Abbott's government as they wage a ruthless offensive against working people. "Collective bargaining is a friend of productivity and an enhancer of profits," he said.

The end of the China-driven mining investment boom in Australia has slowed economic growth and seen unemployment rapidly rise. The Abbott government is seeking to make the working class bear the burden of the crisis by driving down wages, stripping away overtime and penalty pay rates, and encouraging corporate Australia to reverse previous concessions on wages and conditions (see: "Australian government SPC decision signals broad assault on wages and conditions").

Howes's sole concern is that the union bureaucracy will be cut out of the process. Under the Accords, the trade unions played the pivotal role in assisting the Hawke and Keating governments orchestrate the same kind of sweeping "free market" restructuring measures that were implemented by President Ronald Reagan in the US and Prime Minister Margaret Thatcher in Britain.

Between 1983 and 1996, Labor governments, with the collaboration of the unions, presided over an unprecedented destruction of jobs and conditions, and a massive transfer of wealth from the working class to the ultra-wealthy. In the process, the union bureaucracy enriched itself, including via new multi-billion dollar industry superannuation funds, through which the unions gained a stake in the fortunes of the stock market.

Howes indicated what he meant by "compromises and concessions in the national interest," declaring that "there has been a pattern of unsustainable growth in wages in some isolated parts of the economy." He continued: "The leap-frog wage outcomes in the offshore sector in particular are not going to be sustainable for the long-term—we could be pricing ourselves out of the market. We should not be stubborn about acknowledging this—and recognising that it needs to be changed."

The union bureaucrat appealed to the government "to start fostering harmony and cooperation," telling the National Press Club: "I don't believe for a second that the Abbott government is unturnable on industrial relations."

Howes's remarks underscore the corporate, anti-working class character of the unions. They function as mechanisms for enforcing jobs cuts, plant closures, productivity speedups and wage-cutting drives. With

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the emergence of globalised capitalist production methods, the role of the unions changed from one of extracting limited concessions from business through various forms of industrial action to that of serving as an industrial police force, working with corporations to boost "international competitiveness" at the expense of ordinary workers. In Australia, as in every advanced capitalist country, the union bureaucracy comprises a privileged upper-middle class stratum.

Paul Howes first entered politics as a teenager, when he joined the Democratic Socialist Party, predecessor organisation to the pseudo-left protest group Socialist Alliance. He soon joined the Labor Party and quickly rose up the union ranks, becoming national secretary of the AWU, one of the country's largest and most powerful unions in 2007 when he was just 26 years old. He is now seeking to enter federal parliament, and is already one of the Labor Party's most powerful factional operators. In 2010, he was among those who orchestrated the backroom party coup that brought down Kevin Rudd and installed Julia Gillard as prime minister, having earlier recommended Gillard in his private discussions with US embassy officials, as later revealed when WikiLeaks published diplomatic cables.

Howes reportedly received a base salary as AWU national secretary of $140,000 in 2012, putting him in the top 10 percent of income earners, even before any fees he might have received as deputy chairman of the country's largest superannuation fund, AustralianSuper, member of various government boards and commentator for the *Australian Financial Review*. His union salary alone is more than three times the average for SPC Ardmona fruit cannery workers, currently being targetted by the government for their "extraordinary" wages and conditions.

Howes's income is dwarfed by that of his partner, Olivia Wirth, who accompanied him to the National Press Club event. In 2011, at only 35 years of age, Wirth was appointed to the Qantas executive team as group executive, government and corporate affairs on a salary believed to be around $800,000.

A day before his speech, Howes published an article in the *Australian Financial Review* calling for government spending on the aged pension to be slashed by including retirees' homes in the assets means test for the pension. Homes have been exempt since 1912, and both the Liberal and Labor parties have said they oppose changing that. Howes declared: "The major parties' unity ticket—that the age pension be taken off the table in reviewing Australia's welfare budget—is a farce… For a first-year Coalition government to run a mile from such reform due to fear of a shallow scare campaign is pathetic."

This denunciation of the aged pension, published in the newspaper of finance capital in Australia, is a clear signal that Howes will not only back the government's wage-cutting drive, but endorse its savage austerity measures in the upcoming May budget. In this, Howes speaks not as an individual but on behalf of the trade union bureaucracy, as well as sections of the Labor Party. His criticism of the Coalition is aimed at positioning the Labor Party to the right of the Abbott government as the staunchest advocate of making savage inroads into the social position of the working class.

Business figures and the financial press praised Howes's speech. Business Council of Australia president Tony Shepherd told the *Australian* that he looked forward to a "mature conversation" between the government, business and trade unions to "put in place a system that works better for employers and workers."

Prime Minister Abbott also welcomed Howes's remarks. "I certainly think workers and managers need to be partners in the enterprise," he said. "Whether we need to have some kind of grand compact between big government, big business and big unions, I'm not so sure about that." Labor leader Bill Shorten similarly expressed scepticism that the proposed "compact" would eventuate, but added that, "Paul [Howes] was one of my protégés at the AWU."

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