Fear of working-class unrest triggers Australian minimum pay increase

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Anxiety in ruling circles about an eruption of the class struggle, after decades of suppression of workers, led to the country's industrial tribunal granting a slightly-above inflation rise in the minimum wage and related pay scales last Friday.

Warning that the living standards of many low-income households continued to deteriorate over the past 12 months, the Fair Work Commission (FWC) granted a $24.30-a-week minimum-wage increase. Although a pittance, it was the highest rise in the annual pay rulings for eight years.

From July 1, the minimum wage, which directly affects about 200,000 workers, will rise to $719.20, an hourly rate of just $18.93. The 3.5 percent rise will flow to 2.3 million others on industrial awards, or about 18 percent of the workforce.

After tax, however, the rise would be only about 2.85 percent for minimum-wage workers, or $17.76 a week.

In a revealing display of unity, the Liberal-National government, the official Labor Party opposition and the trade union bureaucracy, represented by the Australian Council of Trade Unions (ACTU), all welcomed the ruling.

The industrial judges used cautious language, assuring big business that their decision would ensure rising profits and higher productivity. But they explicitly shared concerns voiced by the central bank, the Reserve Bank of Australia (RBA), that years of record poor wages growth have generated dangerous discontent.

"Low wages growth has significant economic and social consequences," noted the FWC panel, led by former ACTU assistant secretary Iain Ross. "As RBA Governor Philip Lowe has remarked, sustained low wages growth diminishes the sense of shared prosperity."

There is no such "shared prosperity," just ever-more glaring social inequality. Millions of people confront soaring bills for housing, utilities, health care, school fees, childcare, petrol and other essentials. Household debt has risen to around $2.5 trillion, or nearly 200 percent of yearly household disposable income, while the fortunes of the wealthy elite have grown to staggering heights.

Although marginally above the 2 percent rise in the official Living Cost Index for employee households over the past 12 months, the minimum wage increase is dwarfed by the 22 percent surge in the collective wealth of the *Australian Financial Review* Rich 200 List over the past year. Their assets rose to $283 billion, swelling the number of billionaires from 60 to 76.

The FWC judges acknowledged that their pay ruling would not lift award-reliant workers out of poverty, as measured by 60 percent of median household disposable income. In fact, many households with children fell further into poverty "due to changes in the tax-transfer system in 2017."

However, to lift all full-time workers out of poverty would have "adverse employment effects." That is, employers would slash jobs if forced to pay living wages. In other words, continued poverty is essential for corporate profits.

Moreover, the pay increase will come into effect on the same day as the FWC's second round of penalty-rate cuts. Hospitality workers stand to lose $16 for a Sunday shift, increasing to $40 from July next year, as part of a wider push to drive down wages.

Workplace Minister Craig Laundy praised the FWC, saying the "independent umpire" had delivered a "carefully considered and balanced outcome." Labor's shadow employment minister, Brendan O'Connor, said the commission had gone "some way to responding" to

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Labor's warnings that inequality and household debt were at record highs.

Most enthusiastic of all, however, was ACTU secretary Sally McManus. She described it as the largest percentage increase ever awarded by the commission, even though last year's rise was only slightly lower, at 3.3 percent.

"It is a step forward towards a living wage, but it's not a living wage," McManus said. "We need in our country, for no full-time worker to live in poverty." She claimed credit for the decision, saying it was the result of the efforts of the unions.

Workers who appeared alongside McManus at a union-organised rally outside the FWC in Melbourne on Friday were less impressed. One woman, who works as a cleaner in a shopping centre, told journalists the decision did little to help her buy a house or have children.

"Because of the minimum wage and such a petty rise of 3.5 percent, I can't even think of buying a house," the cleaning worker said. "All of my income goes to either paying bills or paying rent."

Since being installed as ACTU secretary just over a year ago, McManus has tried to put a new face on the trade unions, whose membership is collapsing after decades of sell-outs of their members' jobs and conditions. She has postured, and been promoted by the corporate media, as a workers' champion, railing against poverty and exploitation.

McManus's praise for the FWC sheds more light on the ACTU's "Change the Rules" advertising campaign. It seeks to channel the growing unrest among workers behind the election of another pro-business Labor government that would "change the rules" of the FWC, essentially to shore up the role of the unions as the industrial police force over the working class.

The existing "rules" were imposed by the last Labor government of Kevin Rudd and Julia Gillard, in which the current Labor leader, Bill Shorten, an ex-union boss himself, was a key minister. Labor's Fair Work Act not only maintained the anti-strike laws first introduced by the Hawke and Keating Labor governments in the 1980s and 1990s. The legislation entrenched the enforcement function of the unions, which have used the laws as an excuse to block nearly all industrial action.

During the 1980s, the Hawke government struck a series of Accords with the ACTU that suppressed strikes, enforcing the deregulation of the economy, elimination of manufacturing jobs and gutting of hard-won conditions. In the 1990s, the Keating government partnered with the ACTU to institute "enterprise bargaining," which laid the basis for an endless onslaught on jobs, wages and conditions through company-union agreements.

This has helped create a "gig" economy. Less than half the workforce is now in permanent full-time paid employment with leave entitlements. According to the Australia Institute's Centre for Future Work, that proportion fell to 49.97 percent in 2017, from 51.35 percent in 2012. Among workers under 30, the share fell from 42.5 percent to 38.9 percent.

Underemployment—the number of workers who want more hours—jumped from 7.6 percent to 9.1 percent of the workforce, or about 1.2 million.

Few of the workers in part-time, casualised and insecure jobs, or super-exploited as contractors, will be covered by the latest FWC ruling. They form a cheap labour force whose plight is used to drive down the wages and conditions of all workers.

This intensifying process is not accidental. It is part of a worldwide offensive against the social position of the working class, spurred by the globalisation of production, which removed the basis for extracting limited concessions within national economies.

Behind McManus's posturing stands the reality. Over the past three decades, Labor and the unions have become the chief instruments for tearing down wages and conditions to make Australian businesses "internationally competitive." But a social eruption is brewing, as indicated by the working-class struggles that have broken out internationally this year.

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