

Australian union/Pampas management demand a real wage cut—why should workers sacrifice?

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In less than one week, workers at the Pampas bread and pastry factory in Melbourne will vote on a new union-management enterprise agreement. The Socialist Equality Party urges Pampas workers to vote “no” to this sell-out deal.

The United Workers’ Union (UWU) is pushing the agreement as a “historic win,” having ended a four-week strike on December 16 on the pretext of limited and conditional promises from management to offer permanent jobs to longstanding labour-hire casuals.

But nowhere has the union explained how a substantial real wage cut could possibly be considered a victory for workers.

The union-management deal is in line with a broader assault on the working class throughout Australia and around the world. This is not just being perpetrated by corporations, but by the whole apparatus of capitalism, led by the central banks and governments, including Labor, and is being carried out with the full support of union bureaucracies.

The proposed Pampas agreement contains a nominal pay rise of just 4.5 percent per annum, far less than workers’ initial demand for 8 percent or even the meagre 6 percent advanced by the UWU leadership during the strike.

This amounts to a substantial pay cut in comparison with the official Australian inflation rate of 7.3 percent, itself a vast understatement of the real rise in the cost of living.

The price of basic “non-discretionary” goods and services soared 8.4 percent in the 12 months to September 2022, driven primarily by the increased cost of food and fuel. Perhaps most gallingly for Pampas workers, the price of bread rose 10.47 percent, while

they received a wage rise of just 2 percent.

The impact of rising prices is being felt particularly sharply by working people, especially those on lower incomes such as those at Pampas. Even at the highest classification level, production workers at Pampas earn far less than the median weekly earnings for full-time workers across Australia of \$1,516.

Currently, full-time pre-tax wages at Pampas range from \$971.89 per week (\$25.58 per hour) for new starters, to \$1,311.01 per week (\$34.50) for “Level 6” employees with formal trade qualifications and managerial responsibilities. Workers in the most common classification are paid just \$1,049.27 per week (\$27.61 per hour). These wages are the product of sub-inflationary pay rises imposed by the union bureaucracy in previous enterprise agreements.

As a result, a 4.5 percent pay “rise” for Pampas workers would only amount to an extra \$44 to \$59 per week, or just \$2,294 to \$3,076 per year. It would be incorrect to say that this paltry increase will be reduced to nothing by rising prices. In fact, it has already been outweighed by inflation many times over.

Over the course of the previous enterprise agreement, from September 2019 to September 2022, Pampas workers’ wages increased by 6.12 percent. In the same period, the overall consumer price index (CPI) rose by 11.29 percent. Food prices increased by 14.22 percent, while the cost of petrol went up 27.32 percent.

In addition to spiralling inflation, workers face the ongoing escalation of interest rates. Since April 2022, the Reserve Bank of Australia has increased rates from 0.1 percent to 3.1 percent, with further rises expected this year.

Like its counterparts around the world, the central

bank is consciously targeting lower-income households with successive interest rate rises. While working-class people will be forced to drastically cut spending to keep up with mortgage and loan repayments, the wealthy will reap the benefits of higher yields on savings and investments.

Monthly repayments on a 25-year, \$500,000 mortgage have now increased by \$834 since May, and \$1,251 for a \$750,000 mortgage, according to loan comparison website RateCity.

These interest rate rises are not directed at reducing the rising cost of living, but at creating a recession in order to create unemployment and shut down workers' demands for wage increases.

The Labor Party is equally determined to prevent wage growth, while at the same time introducing sweeping cuts to spending on health and other essential social services. Labor governments at the state and federal level continue to levy harsh real wage cuts upon public sector workers.

The same impetus is behind Labor's new industrial relations legislation, the primary purpose of which is to increase the powers of the pro-business Fair Work Commission to shut down strikes and impose wage- and condition-slashing enterprise agreements.

Rising inflation and interest rates combined with the slashing of real wages mean workers will increasingly confront impossible choices, between putting food on the table, fuelling the car, or paying utility bills. This is what it means for ordinary working people when federal Labor Treasurer Jim Chalmers says they will have to "make sacrifices."

But why should workers be forced to make sacrifices at all? The worsening economic crisis was not created by workers, but by the breakdown of the global capitalist system.

The process was sharply accelerated after the global financial crisis in 2008 and then put into overdrive at the beginning of the COVID-19 pandemic. Trillions of dollars have been pumped into global markets, resulting in staggering increases in wealth for the financial elite. Now, the ruling class is seeking to impose the full cost of these reckless policies upon the working class.

To oppose the global assault on wages and conditions, workers at Pampas and elsewhere will need to take up a political struggle, not just against the

corporations that employ them, but against governments, central banks, industrial courts and all other organs of the capitalist state.

To take this forward, Pampas workers will need to take matters into their own hands. This means forming a rank-and-file committee, independent of the union bureaucracy, through which workers can democratically develop demands based on their actual needs and prepare a plan to fight for them.

This should include the demand for an immediate pay rise, well above the current rate of inflation to compensate for past losses, and automatic monthly cost-of-living adjustments to ensure no worker is worse off in the future.

Such a struggle brings workers into conflict with the union apparatus, which is thoroughly intertwined with big business, governments and finance capital, and which serves as the chief defender of the capitalist profit system.

But Pampas workers will find powerful allies in the masses of workers worldwide who are entering the class struggle in opposition to similar attacks. A rank-and-file committee of Pampas workers can link up with workers around the world through the International Workers Alliance of Rank-and-File Committees established by the SEP and its sister parties.

This would serve as a powerful step towards the building of a global counter-offensive of the working class, fighting on the basis of a socialist program, including placing vital industries, such as food production, under public ownership and democratic workers' control.



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