

ENTERPRISE BARGAINING AND THE ACCORD

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The idea of enterprise bargaining is not new. This was made evident by the Australian Industrial Relations Commission in its decision of April 1991 (AIRC, April, 1991: 36). The formalised status of 'Enterprise Bargaining' (EB) in Australia had its origin towards the end of 1986 as a result of a widespread advocacy of 'labour market flexibility' (Atkinson, 1986: 12-17; Blandy, et. al., 1985; Mathews, 1989; and Fiore and Sabel, 1984). During this period the Business Council of Australia (BCA) began its research and public relations programme to place EB on the industrial relations agenda.² Simultaneously, the Australian Council of Trade Unions (ACTU) saw the necessity to capture the ground which was being lost in civil and criminal litigation at the level of the enterprise (Dollar Sweets, Mudginberri, and Robe River being three notorious examples), while at the same time protecting the political position of the Australian Labor Party (Bramble, 1989: 380-381).

¹ Appreciation is extended to Neil Flynn for information; and Scott MacWilliam and Denise Thompson for comments and criticisms.

² In March, 1987 (the same month as the establishment of Accord III) the Business Council of Australia released a statement on industrial relations policy and announced the formation of its Study Commission. The terms of reference directed it, not to establish *whether* enterprise-based bargaining was appropriate for Australia, but rather to find *ways of developing* an enterprise-based system (Business Council Australia, 1987).

These tendencies, both rationalist and opportunistic, to move toward EB on the part of the BCA and the ACTU respectively, were also picked up by the Australian Industrial Relations Commission in 1987 when it constructed its decision with reference to Accord III within the parameters of enterprise bargaining. It can be argued that the primary function of Accord III was to direct the attention of employers towards increasing absolute surplus-value through the intensification of labour, in order to make up for losses incurred by reduced working hours in the first half of the 1980's.

Following a summary of the historical circumstances leading up to enterprise bargaining, the decline of the working class paypacket during the years leading up to Accord VI is reviewed. This is followed by a critical examination of Accord VI and the 'Enterprise Bargaining Principle'. In conclusion, it is argued that there is little in the way of coherent policy being provided by the ACTU to prevent the decline of working people's wages, hours and working conditions, much less to struggle for improvements.

Historical Transformation

During the first three years of the Labor government, 1983-86, a sense of crisis had been engendered by a balance of payments deterioration, increasing foreign debt and the subsequent plummeting of the value of the Australian dollar (Stilwell, 1991: 37). At a special conference held in November, 1986, the Secretary of the ACTU, Bill Kelty, informed union affiliates that, given the crisis, full wage indexation no longer had any likelihood of being granted and the Accord process would have to be transformed. The transformation was to consist of a movement away from indexation and principles of comparative wage justice towards the correlation of wages with productivity advances at the workplace.

In March, 1987, Accord III was formalised by the Commission. The Commission noted that the National Wage Case decision would set "a maximum level of increase that can be sustained over a period of time having regard to the broad range of industrial, economic and social factors affecting Australian society" (ACAC, 1987: 8). Wage

indexation was abandoned and a 'two-tier' system was introduced to promote administered flexibility. The first tier provided an institutionally-determined flat pay rise to all workers of \$10.00 per week with the prospect held out that a further 1.5 per cent would be forthcoming in October 1987; while the second tier was to be distributed only when it was shown by unions and employers that 'efficiency and restructuring' had been enhanced (up to a maximum of 4 per cent). In January 1989, 20 per cent of the workforce was still waiting for the second tier payment.

The efficiency and restructuring principle was officially meant to establish a serious examination of work practices (McDonald and Rimmer, 1988: 469-470). This included changing work patterns, ending the inefficient restrictions of labour, breaking down demarcation barriers, increasing the opportunity for multi-skilling, and broadbanding job classifications to promote labour flexibility, so that the pay rise of 4 per cent would be matched by reduced labour costs. The Accord, previously used to complement macro-economic policy alone, was now being used to promote micro-economic policy at the level of the enterprise and the labour market. Most importantly, the Commission insisted: ". . . it is primarily at the enterprise level that the objectives of this principle will be achieved" (ACAC, 1987: 13; Fallick, 1990: 101; and Lewis and Spiers, 1990: 65). Whatever else was to occur in the years to come as the parties jostled within Accords IV and V, the emphasis was re-directed from the spheres of the nation and industry to that of the enterprise.

Dwindling Paypacket

The real take-home pay of Australians has fallen sharply in recent years as wages growth has lagged behind inflation, and the government tax-take has risen. OECD data allow comparisons to be made between changes in real take-home pay (including cash transfers such as family assistance and child rebates) of average workers both between countries and within a country. Between 1986-1988, the fall in average take-home pay plus transfers was the largest in Australia of any country in the survey (Business Council Australia, 1990: 30). Until the era of the

Accord, wages and executive salaries rose and fell more or less in tandem. Since 1983, executive salaries have run well ahead of wages. Referring to a survey by personnel consultants Cullen Egan Dell, the Government has admitted that between 1984 and 1989 executive salaries rose by 71 per cent as compared with 39 per cent over the same period for wages (Australian Financial Review, 5-3-90: 5).

These anomalies have led many trade unionists, including John Halfpenny, Secretary of the Victorian Trades Hall Council, to cogitate on the role of unions in the 1990's:

(Before the Accord) we were told not to engage in wage demands and demands for improved conditions and not to engage in industrial action. We were told that that was wrong and the future of the trade union movement lay in co-operation. It was gratuitous advice. (Since the Accord began) the trade union movement has been more co-operative, has been paying more attention to issues relating to productivity and improved competitiveness; wage demands have been restrained and there have not been any demands for improved conditions of any substance. Now, when we are doing what we were told was the right way, we are less popular among workers than we were seven or eight years ago when we were told we were doing things the wrong way. . . (Coster, 1990: 21).

In January 1989, The Australian Taxpayers Association calculated that between 1985 and 1989, the average worker had lost the equivalent spending power of \$45.00 per week. This was due to wage increases falling behind the rate of inflation, and tax-bracket creep or 'fiscal drag' (The West Australian, 2-1-89: 55).

Given the undeniable awareness during Accords III-V, that is between 1987-1990, that real wages continued to decline, a new deal (Accord VI) was negotiated between ACTU representatives and the Treasurer, Paul Keating in February 1990. It was primarily a pre-election document with the ACTU assisting the ALP to run its campaign for the election in March 1990. Agreement was reached between the parties for the next financial year. The Government agreed to readjust the tax scales to maintain the value of the 1990 tax cuts - which meant a tax cut

of about \$7.50 for the average wage earner - and a 3 per cent increase in superannuation phased in over three years with no more than 1 per cent aggregate growth per year. However, the central issue in the document was a strategy to hasten as well as broaden the process of micro-economic reform through the wages system. By freeing up the scope for enterprise bargaining the ACTU was, *de facto*, pushing for a reduction in the role of the AIRC and suggesting that the ACTU, on its own, could regulate outcomes (Australian Financial Review, 19-2-90: 1).³ A background agenda which was not emphasised or clarified, even though most informed economic commentators had predicted as much, was the fact that unemployment was to begin a rapid rise over the next two years (Australian Financial Review, 2-3-90: 71). The importance of this, within the context of EB, is that the ability, strength and solidarity necessary for workers to bargain dwindles dramatically during a recession and the rapid loss of jobs.

Lombard provides data to show that the reductions in marginal (and average) tax rates, implemented by the Labor government between 1983 and 1989, tended to benefit higher income earners more than lower- or middle-income earners. This exacerbated the problem of an increasingly unequal distribution of income between wage and salary earners during the period of the Accord. Using the 1983 tax brackets, a person on \$20,000 would have faced a tax bill of \$4,300. A person on three times that income, that is \$60,000, would have paid \$26,700 in tax. The ratio between the two disposable incomes which remained to each taxpayer would have been 2.1 to 1. Now inflate these two incomes by the 64 per cent increase in wages between 1982/83 and 1989/90, the incomes are now \$33,000 and \$99,000. Using the 1990 tax tables, the first taxpayer would have paid \$8,264 in taxes and the second taxpayer \$40,444. The ratio between the two incomes has now widened to 2.38 to 1 (Lombard, 1991: 60).

³ In 1989, the Treasurer, Mr. Keating had said that the "economic consequences of enterprise bargaining would be disastrous" (The West Australian, 9-9-92: 11).

Table 1: Original Keating/Kelty Accord VI Package, Negotiated February, 1990

Annual Income (\$pa)	Tax Cut		Wage Increases			
	Pre-tax wage Equivalent (\$pw)	(\$pw)	Second SEA* 3.00% (\$pw)	Stage 1** 1.5% (\$pw)	Stage 2*** \$12.00 (\$pw)	Total Pre- tax Wage Increase (\$pw)
\$6000	1.20	1.55	3.45	1.80	12.00	18.80
\$10000	1.20	1.55	5.75	2.95	12.00	22.25
\$15000	1.20	1.55	8.65	4.45	12.00	26.65
\$20000	4.80	6.90	11.50	5.95	12.00	36.35
\$25000	6.90	11.55	14.40	7.40	12.00	45.35
\$30000	7.85	13.15	17.25	8.90	12.00	51.30
\$35000	8.80	17.05	20.15	10.35	12.00	59.55
\$40000	11.30	21.85	23.00	11.85	12.00	68.70
\$45000	12.25	23.70	25.90	13.35	12.00	74.95
\$50000	13.25	25.55	28.75	14.80	12.00	81.10
\$60000	13.25	25.55	34.50	17.80	12.00	89.95
\$70000	13.25	25.55	40.30	20.75	12.00	98.60

* Structural efficiency adjustment from Accord V

** To be paid in late 1990

*** To be paid mid 1991

Source: The West Australian, February 22 & 23, 1990, pp. 3-4.

Enterprise Bargaining

The Business Council of Australia constructed EB originally as an ideological initiative to provide a vision of the market economy characterised by globally competitive enterprises. These enterprises would operate to increase efficiency, productivity, output and profits for the managers while providing superior financial rewards, multi-skilled

jobs and renewed commitment to the organisation for the workforce. Australian firms would then be capable of responding quickly and effectively to changes in demand for different products, in a new era of short production runs of high quality goods (Gahan, 1991; and Irving, 1991: 3). At a practical level, EB situates and re-asserts managerial hegemony and excludes unions from their national or industry level power base (Frenkel and Peetz, 1990: 71). This can be done without going through the conflictual trauma characterised by the disputes at Robe River Iron Ore Associates and Australian Pulp and Paper Mills Ltd (Thompson and Smith, 1987: 76-91).

The case put by Lambert (1991) can be taken as illustrative of what is wrong with enterprise bargaining. Lambert argues a strong case in line with the position of the BCA and EB by criticising the inefficient dominance of craft unions in the workplace which leads to poor work practices and inadequate change (Lambert, 1991: 1-24; and Angwin and McLaughlin, 1990: 10-30). Lambert's argument, reminiscent of the American business and management author, Peter Drucker, who sees unions as obstacles to innovation, is that restrictive work practices, with their negative effect on productivity, must be confronted by management (Drucker, 1985: 165). This can be done, he argues, with a 'new' managerial style which assists workers to internalize the norms and values of the organisation so as to increase their desire to participate. He also gives the nod to the ACTU policy of amalgamation which will, he is confident, destroy inefficient craft unions and help to restructure the union movement along industry lines (ACTU/TDC, 1987; ACTU, 1987; and ACTU, 1990). This, he argues, in a manner similar to the *Fightback* document of the Liberal/National coalition, will bring major productivity advances and encourage worker participation.

First of all, economic analysis is near unanimous in recognizing the fact that improved productivity performance is primarily a function of technical change and investment in new plant and equipment (Baumol, et.al., 1989). To continue to place undue emphasis on work practices and craft allegiances as being detrimental to productivity is to ignore the vital variables and to overplay secondary issues in capitalist rejuvenation. Lambert's work shows an ignorance of the importance of

the productive forces and the expansion of relative surplus-value, while pandering to a manipulative managerialism in the pursuit of increased "worker participation" .

The fact is that few Australian workplaces have established the procedures for participative negotiation and consultation, nor have they prepared middle-management for the integration of productivity bargaining into the industrial relations system. That is, the agents of capital could not care less about the pre-requisites of consensus, consultation and participation, deemed so important by Lambert. Even the AIRC noted the dearth of satisfactory proposals coming from the parties which indicated that they did not know how to begin to bargain around issues of productivity at the level of the enterprise (AIRC, October, 1991; Callus, 1991; and Green, 1991).

Another problem, unacknowledged by Lambert, which remains to be confronted over bargaining at the enterprise level is that EB would most likely lead to lower levels of commitment, of trustworthiness, of job satisfaction and consequently of shared interests, of work effort and higher levels of absenteeism. "The voice and commitment of collectivity is replaced by moral hazard in the form of a silent, passive, individualised resistance" (Frenkel and Peetz, 1990: 78). It becomes clear in Frenkel and Peetz's critical evaluation of the BCA that Lambert's somewhat eclectic apologia for the BCA lacks grounding in both theory and in comprehension of Australian institutions. What Marxists long ago discovered to be the inherent antagonism between capital and labour; or what Neo-classical theorists more recently define as "moral hazard", Lambert prefers to identify as obstructionism by craft unions.

It is also interesting that in the same issue as Lambert's article, Ellem points out the fatuousness of seeing amalgamation on its own as a source of 'rationalisation' (Ellem, 1991: 90-113). There is a clear distinction between amalgamation, which is as old as unionism itself, and grass-roots participation in decision-making. What amalgamation pressures in Australia in the 1980's do suggest is an imposed process, from the State down, to construct unions as agents of reform and membership control (e.g., Section 118, incorporated into the Industrial Relations Act, 1988, gives the Commission the power to grant sole

coverage to one union at the workplace or industry level). It appears therefore, that the top-down research and policy prescriptions of comparatively inept observers such as Lambert, are completely contrary to the historical analysis of organic intellectuals such as Antonio Gramsci. Gramsci made it clear that:

. . . a trade union is not a predetermined phenomenon. . . it takes on a definite historical form to the extent that the strength and will of the workers who are its members impress a policy and propose an aim that define it. (Gramsci, 1977: 265).

Yet, for those like Lambert who are imbued with the ideology of classical economic liberalism, concerns voiced by professionals such as Frenkel and Peetz in the field of industrial relations are minor ones. This is further articulated in *Fightback*. Key elements of the document's proposals include a commitment to "returning responsibility for good industrial relations to the workplace" and promoting the formation of enterprise unions. This, according to the document, will bring an end to compulsory unionism, promote flexibility in employment, reduce the role of industrial tribunals, and promote competition in freely operating markets which will result in maximising social and economic welfare (Buchanan, 1992: 82-93; and Hewson and Fisher, 1991).

As it turned out, the stabilisation of the wage system hoped for by Kelty and Keating in the February deal was not to be. For a number of reasons, chaos began to erupt on all fronts. Under the terms of the deal struck by the Federal Government and the ACTU in the lead-up to the federal election, 'Stage 1 (1.5 per cent) was supposed to be paid on or about November 1, 1990. Calculated on the rise in inflation in the September quarter, it was to be the first of four offered in the package. An across-the-board rise of \$12 would flow to workers six months later. The 3 per cent in employer superannuation contributions and a 4 per cent productivity allowance would come irregularly.

To begin with, payment of the first rise was delayed. Given the delay and rumblings among the rank and file, major companies, with complex internal labour markets such as BHP Ltd. and ICI, started to reach independent agreements on a number of worksites, as did the Australian

Federation of Construction Contractors with the Building Workers Industrial Union (BWIU). This, in fact was a significant shift in policy for the BWIU which had, in the past, been highly suspicious of enterprise bargaining. The policy shift was explained away by a new found resolve among union officials to "move the decision making process closer to the grassroots"⁴. Other employers and unions were unsure how productivity gains should be measured or were at odds on the manner of delivery of agreed-upon productivity payments. Seven thousand member companies of the Metal Trades Industry Association (MTIA) were hit by two 24-hour strikes by eight metal unions. These unions had decided in October, 1990 that they wanted the 4 per cent productivity payment immediately. The national director of MTIA, Bert Evans, said he was exasperated that his member companies were being made the guinea pigs for "some obscure thing known as enterprise bargaining"; and Senator Cook said that such industry-wide claims were not exactly what he had in mind (*Australian Financial Review*, 24-10-90: 5).

By November, 1990, the ACTU executive saw the necessity of re-negotiating Accord VI in order to reconstruct "stability". In the re-negotiated package, the 1.5 per cent rise (re-calculated as 0.7 per cent given a lower than expected inflation for the September quarter) was omitted and replaced with a further tax cut of \$2.95 from January, 1991. The \$12 per week was to be paid in May. Calculations of the wage and tax implications under Accord VI 1/2 are shown overleaf:

⁴ Stan Sharkey, National Secretary of the Construction, Mining, Energy and Timberworker's Union (CMETU), quoted in (*Australian Financial Review*, 23-10-90). The CMETU is the new amalgamated form within which the BWIU now sits. In September, 1992, Mr. Sharkey presented the CMETU 'Wages Policy and Enterprise Agreements' statement to the union's National Conference in Hobart, and moved its adoption. An amendment was moved from the floor to "permit full participation of the rank and file by allowing them to ratify the policy at mass meetings throughout the nation." The amendment was seen as divisive and resoundingly defeated.

Table 2: Wage and Tax Implications Under Accord VI 1/2

Annual Income (\$pa)	Top-Up Tax Cut (\$pw)	Total Tax			Wage Increase May 1991 (\$pw)	Total Income Pre-tax (\$pw)
		Cut From 1/1/91 (\$pw)	Wage Equivalent Pre-tax (\$pw)	(%)		
6000	0.10	1.30	1.70	1.5	12.00	13.70
15000	1.85	3.05	3.90	1.4	12.00	15.90
25000	2.95	9.85	16.45	3.4	12.00	28.45
35000	2.95	11.75	22.70	3.4	12.00	34.70
45000	2.95	15.20	29.40	3.4	12.00	41.40
55000	2.95	16.20	31.25	3.0	12.00	43.25
65000	2.95	16.20	31.25	2.5	12.00	43.25
75000	2.95	16.20	31.25	2.2	12.00	43.25

Source: *The West Australian*, November 21, pp. 1 and 4.

No mention was made of the fact that in the meantime new state taxes and charges of between \$8.00 to \$9.00 per week in states such as Western Australia and Victoria during fiscal year 1990/91 had virtually wiped out the benefits offered by the cuts in personal tax rates. And the Secretary of the W.A. Trades and Labor Council complained that, as of August 1990, one-half of the workers in W.A. covered by State awards had not yet received any payment under Accord V which had been ratified a year earlier.⁵ Confusion existed throughout the union movement as to why the ACTU had negotiated Accord VI, and then renegotiated Accord VI 1/2, when the previous Accord V had yet to be consolidated. The answer was provided by an unnamed government official quoted in the Australian Financial Review: "The move to break

⁵ "Trade union leaders argued that there is a growing tendency for the ACTU to act without consultation. Only a week ago the ACTU secretary Kelty told his council's wage committee that a wage-tax trade off was not an option. The ACTU vice-president, Tom McDonald read of the decision in a newspaper and said he was opposed to the deal" (*The West Australian*, 31-7-90: 13; 18-10-90: 1; and 22-11-90: 4)

out of the centralised system is ACTU-driven, but they have presented us with the opportunity to steal the Opposition's clothes on industrial relations in a way which will become very politically significant" (Australian Financial Review, 22-4-91: 5). Apparently, the ACTU had been transformed into little more than a powerful lobby group for the Australian Labor Party.

The main shock to the back-room deals of the ACTU-ALP was yet to come. In April, 1991, rather than accept the near-unanimous submissions from the parties, the AIRC rejected Accord VI 1/2. The reasoning behind the Commission's decision was based on: (1) the necessity to follow up the process set in place in 1987 with reference to the 'efficiency and restructuring' and 'structural efficiency' principles; (2) the high rate of unemployment minimising the possibility of any increase in wages; (3) the fact that EB in the Australian context normally means over-award payments; (4) the serious challenge with insufficient argument to the long-established principle that the benefits of productivity should be distributed on a national rather than industry or enterprise basis; (5) reservations about the ability of the market to prevent wage breakouts; (6) that EB places at a relative disadvantage those sections of the labour force where women predominate; and finally, (7) that employer and employees at large had not yet reached a level of maturity to handle a decentralised wage system (AIRC, April, 1991: 12-59). Instead, the AIRC offered a 2.5 per cent increase in wages for those unions that could show efficiency gains through award restructuring.

Both the Labor Government Cabinet and the ACTU announced their rejection of the AIRC decision and chose to follow through on the agreement, thus ensuring a decentralised wage system in which workers bargained directly with employers for productivity-based wage rises. Section 134 in the Industrial Relations Legislation Amendment Act of 1992 was set up to provide flexible 'Certified Agreements' which remove most of the power of the AIRC to influence agreements between unions and employers in a single place of work. The AIRC may still influence results that cover more than a 'single business' such as industry agreements, but it is almost completely prohibited from interfering with agreements that apply to a single business. Most

importantly, the Section 90 'public interest test' does not apply to the new Section 134 (CMETU, 1992).

This new commitment increased the level of confusion and the unanswered questions. From the simple to the more complex: How is the 'enterprise' to be defined? (Kelly, 1990). Should minimum award conditions be determined centrally with productivity deals on top or do the parties negotiate a new deal from the ground up without using bench marks.⁶ Could teachers and academics negotiate wage increases in return for larger class sizes as a proxy for productivity? (Gupta, 1990: 154-162). How do we measure the productivity of public servants? (Marginson, 1992: 53-70). In those sectors of the economy with oligopolistic structures, will EB simply mean higher costs passed on to consumers? Should executive salaries be tied to profitability ratios in EB agreements? In measuring true productivity increases, and not simply cost reductions, how does one determine the differences between the contributions of capital and labour? (Chew, 1988: 110-119; and Robinson, 1978). If a reduction of wages causes a decline in the capital/labour ratio and therefore, lower productivity, should wages be lowered again, *ad infinitum*? (Burgess, 1990; Burgess and MacDonald, 1990:44-57; and Frenkel and Peetz, 1990: 79).

In May, 1991, the building industry sealed a pay deal for 200,000 building workers which did little to settle the confusion. It gave building workers a \$12 per week, a \$10 rise in superannuation contributions from May 1, another \$10 super rise a year later and a \$15 per week rise in payments to a special severance pay fund for building workers. The deal - the first in the private sector - was hailed by the ACTU as a breakthrough in its rebel wage campaign. Yet it was an industry deal, earlier rejected by Senator Peter Cook for the metal workers, and not a set of enterprise negotiations. In July, Bill Kelty informed the wages committee of the ACTU that the wages accord was

⁶ In January, 1991, workers for the SPC Pty. Ltd. cannery in Melbourne, negotiated a pay cut, and agreed to forego penalty rates, rostered days off, over-award payments, and leave-loading, in order to protect their jobs (*The Australian*, 4-1-91: 2).

finished and would be replaced by an industry by industry campaign similar to the building industry, to negotiate pay deals (Sunday Times, 14-7-91: 6). This implies that a different system from either Accord V or Accord VI 1/2 is now at work.

It then became the AIRC's turn to try to stabilise the wages system. On October 31 1991, the AIRC brought down a 22 page decision giving the go-ahead for EB. The reasoning behind the decision, which adopted a new "Enterprise Bargaining Principle", seemed to be that since inflationary expectations were low, decentralised bargaining provided an escape valve for industry to secure productivity gains to assist in surviving the recession. The main mechanism for the provision of wage increases was to be through consent or certified agreements between employers and 'single-bargaining units' of unions. National wage rises would be examined as a safety net for those unable to get bargained rises. It was evident that the AIRC expected bargained wage increases to be limited to industrially powerful unionised sectors only. The 2.5 per cent increase mentioned in the April decision was allowed to flow to those workers who had been unable to complete the restructuring process (Australian Financial Review, 1-11-91: 1 and 8; and Business Review Weekly, 6-3-92: 27-28).

Conclusion

"You couldn't have it if you did want it," the Queen said. "The rule is, jam to-morrow and jam yesterday - but never jam to-day."

"It must come sometimes to 'jam to-day'," Alice objected.

"No, it can't," said the Queen, "It's jam every other day: to-day isn't any other day, you know."

"I don't understand you," said Alice. "It's dreadfully confusing!"

"That's the effect of living backwards," the Queen said kindly:
"it always makes one a little giddy at first." (Carroll, 1986: 85)

1992 has brought very little in the way of coherent policy proposals by the ACTU or union executives. Most of the effort continues, as it has in the past, to support Labor Government principles of economic rationalism at the level of the firm and political corporatism *a la* the Scandinavian model at the macro-economic level. Living standards continue to decline and union membership is falling about as fast as living standards (ABS, Catalogue 6325.0). When the rank and file raise the banner of struggle and confront management over issues of wages, hours and working conditions, management uses the new-found weapon of civil and criminal litigation to force union officials to call off the disputatious members. This has led media commentator, Brian Toohey, to reflect that "far from being a threat to the economy, it's hard to see the Australian union movement as anything other than a joke" (The West Australian, 15-10-90: 11).

By January 1992, the ACTU was moving to apply for a general wage increase of 1.5 to 2 per cent through a National Wage Case in April, in order to compensate for increases in the cost of living since the middle of 1991. However, at the end of February 1992 a new, somewhat garbled agreement was announced. What was described as a "new Accord wage deal" in the Economic Statement of February 26 suggested that: local wage rises would be set by inflation rates in our major OECD trading partners; that EB would provide for productivity-based wage increases; and the Government would provide \$5.2 billion in personal income tax cuts by 1995-96 (Australian Financial Review, 27-2-92: 9; and 2-3-92: 7). This policy integrated the Scandinavian model, which ties national wage increases to the trade-exposed industries, used in Sweden and Norway;⁷ micro-economic reform through EB; and tax reductions for those earning more than \$20,000 per year in 1996 if the

⁷ The Swedish economy has been shaken by a political and economic crisis characterised by 8 per cent inflation, 16 per cent interest rates, stagnant output and widening current account deficits. Gross domestic product per capita has now slipped below the OECD average. (Woodall, 1990).

ACTU did not pursue claims for past CPI increases in 1991/1992. The question remains whether this package is still part of Accord VI 1/2 or Accord VII, or indeed, whether 'Accord' is any longer a useful adjective to describe the collapse of working class living standards.⁸ The even more serious problem is that those workers being exploited were in a much better position than those not being exploited as the unemployment rate continued to climb into the realm of double-digits throughout 1992.

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⁸ A report released by the Australian Bureau of Statistics on April 22, announced that Australian living standards continued to fall comparative to other OECD countries, as they had throughout the period of the Accord (*The West Australian*, 23-4-92: 22).

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