

LABOR REVIEW

No. 26



**Capitalism in Australia
Results and Prospects**

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Edition**

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Contents: - Editor Chris Gaffney

"Capitalism in Australia Results and Prospects" by Lynn Beaton	Page 2
The Period We Are in 1982-97	Page 2
Capital	Page 4
Make Up of Capital	Page 6
Exports, Imports & Foreign Debt	Page 10
Industry Break-Downs	Page 14
Privatisation - the Big Con	Page 17
Corporate Ethics - Legal and Illegal Corruption	Page 20
Income & Wealth	Page 20
Income Disparity	Page 20
Wealth	Page 22
Poverty	Page 23
Labour	Page 24
Labour Market	Page 25
Working Conditions	Page 27
Trade Unions	Page 32
Social Conditions	Page 38
The Asian Miracle Evaporates	Page 42
John Pilger: Australia, the Republic and Imperialism	Page 48

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“Capitalism in Australia Results and Prospects”

**by
Lynn Beaton**

The Period We Are In 1982 - '97

1. Australia, since the mid 1980s, along with the rest of the world, has been going through dramatic and far reaching change. Economic, social and cultural institutions are being challenged and in many cases dismantled.
2. The world in this period is beset on the one hand with de-regulation and on the other hand with forming trading blocks, which are highly regulated. There is increased pressure on all nations to become part of international agreements. At the same time there has been a dramatic increase in the amount of international capital controlled by transnational (TNs) and multinational (MNs) companies which are able to move capital around the world internally, thus avoiding national regulations and restrictions and blurring the lines of national trade.
3. As the international capitalist crisis has developed it has become harder and harder for Australian capital to find a place in the world - it is a small player in a large market trying to establish itself in the morass of re-alignment.
4. Its geographic situation - in the Asian region - and its historic links with Europe (particularly Britain), and the USA have clearly become a contradiction. Capitalist Australia was modelled on British state, cultural and economic traditions and until the last two decades it has been largely dependent on Europe and the USA for trade and investment. In the past two decades Australian capital and governments have been forced to re-evaluate its international orientation in response to two major features in world trends.
5. The first has been the move of Britain away from a preferential relationship with the old commonwealth countries in favour of forming a strong trade block with Europe, the EU; and of the USA into a trade block with Canada and Mexico (NAFTA). The second has been the economic development of Asia, which has been so rapid that it is now considered to have the potential to become the economic centre of the world. The refusal to allow Australian representation at the Asian-European Meeting (ASEM) in 1996, highlights the 'betwixt and between' situation of Australia - it was not regarded as part of Asia, nor as part of Europe. Australia and New Zealand are the only countries in the world without clear regional identity, and the formation of the ASEM threatens to by-pass Australia and New Zealand and open easier access of trade and investment between Europe and Asia.
6. This has left Australian capital economically vulnerable and struggling to become part of Asia. Its regional isolation was compounded by a long history of government regulation of the economy, using mainly

protective but restrictive high tariffs and quotas on imports and strict regulation of money and finance.

7. The Hawke/Keating government sought to rid Australia of its isolation by developing closer relations with countries in its geographic region and to increase manufacturing products for export. It has struggled to set up a regional trading block APEC, which has met with little success. Each Asian country has its own agenda and Australia, with neither a large market for overseas producers, nor cheap labour to attract investment, doesn't feature highly in Asian development. This leaves Australia still largely dependent on exports of primary products, from both agriculture and mining, but both have serious problems.

8. A summary of this new orientation, made by the government in its 1996 Year Book says,; 'Australia has maintained a strong commitment to the advancement of a more liberal multilateral system as the most effective means of supporting and promoting global and national economic growth.'⁽¹⁾

9. Yet despite this positive sounding rhetoric the truth is that Australian capital is struggling to maintain economic growth, to find

markets for many of its exports, to curb the inflow of imports and to maintain its manufacturing and agricultural sectors. It's attempts to improve economic growth have rested on increased attacks on the working class in vain attempts to extract ever increasing amounts of surplus value, to balance government budgets by cutting services and by raising prices to extract ever more consumer dollars.

10. It is faced with the eternal contradiction of capitalism, to increase attacks on the working class is to expose the lie that we are 'one nation', with 'common interests' and to invite, sooner or later, increased combativity. Sporadic and isolated outbreaks of working class struggle are beginning to emerge and state and federal government attacks on industrial relations legislation were met with mass protest which was stifled by the ACTU which promised to provide leadership, but provided only suffocation.

11. The enormous attacks of the past fifteen years have made little improvement on the economy if any. Given the fluctuations over the past fifteen years, there is mostly only maintenance taking place. There is no doubt that for this maintenance to continue the crimping of the working class

share of resources must continue. Expectations by business, collected in a survey by the ABS, show an expected fall in profits, prices and employment for early 1997.⁽²⁾

12. Anyone who still believes that Australia is an egalitarian country with opportunity for all is living in yesterday's dream and needs to wake to today's nightmare. Australia has among the worst figures in OECD countries for income disparity and for poverty, and has one of the lowest levels of government spending on public services. The indigenous population live in conditions more like the old third world than a modern industrialised country. While the myth of Australia as offering its working class a good comparative standard of living still persists we are, in a sense waiting for consciousness to catch up with reality and when it does, we can expect widespread struggle.

13. The development of capitalism in Asia introduce millions of new workers into the region and this has the potential to bring massive struggle and eventually direct challenge from the working class. The latest developments in Korea and Indonesia, have laid to rest for ever, any idea that the Asian working classes will passively accept continued

exploitation. Whilst capital may find obstacles in its developing relations with Asia, the way is clear for the working class to develop strong links and solidarity.

Part 1 - CAPITAL

14. In attempting to compensate for the loss of traditional trading relations by developing closer links to Asia the Hawke/Keating government based its policy on the argument that governments, especially Australia, could not control the economy. They implemented two main policies. The first was to lower tariffs on most manufactured items, which led to an influx of imports and the loss of whole swathes of the manufacturing sector especially in textiles, footwear and clothing.

15. The second was the de-regulation of the finance sector and the floating of the Australian dollar. As a result the dollar became a commodity currency, used for international speculation whilst greatly increased import and export of finances led to the entry of foreign banks into Australia and a glut of corporate borrowing from overseas. It also led to an extension of banking services into non-banking areas such as credit unions, housing and other cooperatives which were able to offer unrealistic rates to

investors leading to the crash of Pyramid. De-regulation meant that merchant banks had no government regulators and were free to over-extend their capacity, such as Tri-Continental which collapsed and took the Victorian State Bank and the Victorian State Labor Government with it.

16. Technically we have experienced two recessions in the period, (actual falls in the GDP). The first in 82/83 when GDP fell \$7 billion (2.5%) to \$275.106 billion. This was followed by debt blow outs



which racked the late 1980s and led to a further recession in the early 1990s, where profitability and GDP both fell. GDP fell in 90/91 by nearly \$3.4 billion (0.8%). This second recession was much more strongly felt because there had not been full recovery from the

80s.

17. The economy has returned to positive growth, but it is slow. The National Accounts, (adjusted for inflation) show the growth levels.⁶³

Table One
% growth of GDP

83/84	5.5
84/85	5.2
85/86	3.9
86/87	2.2
87/88	5.4
88/89	4.5
89/90	3.3
90/91	-0.8
91/92	0.7
92/93	3.2
93/94	4.4
94/95	4.5
95/96	4.2

Average rate of growth per year for period is 3.55%.

18. This period has been dominated by the now infamous, economic rationalism, which advocates non-government intervention in the economy. It is an extension of the argument that if capital is left to flow freely, without being hindered by government regulations, the resultant free market development will assure economic and social benefits for all. Everything is therefore judged in purely market terms. This rationalisation rode high throughout the Hawke-Keating years and generally the Libera

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Federal and State governments want to take it further. They are committed to further de-regulating industrial relations, requirements for companies to comply with industrial and environmental guidelines, abandoning industry policy, reducing business taxation. Economic rationalism was used to justify everything from the de-regulation of the finance sector and the floating of the Australia dollar to the closure and sale of community health centres. However as we shall see, the results have been far from beneficial to the whole society, and their success even in terms of benefits to capitalists are arguably unsuccessful.

19. One of the main features of the 80s and 90s has been the almost continual process of asset acquisition and sales, both locally and overseas.

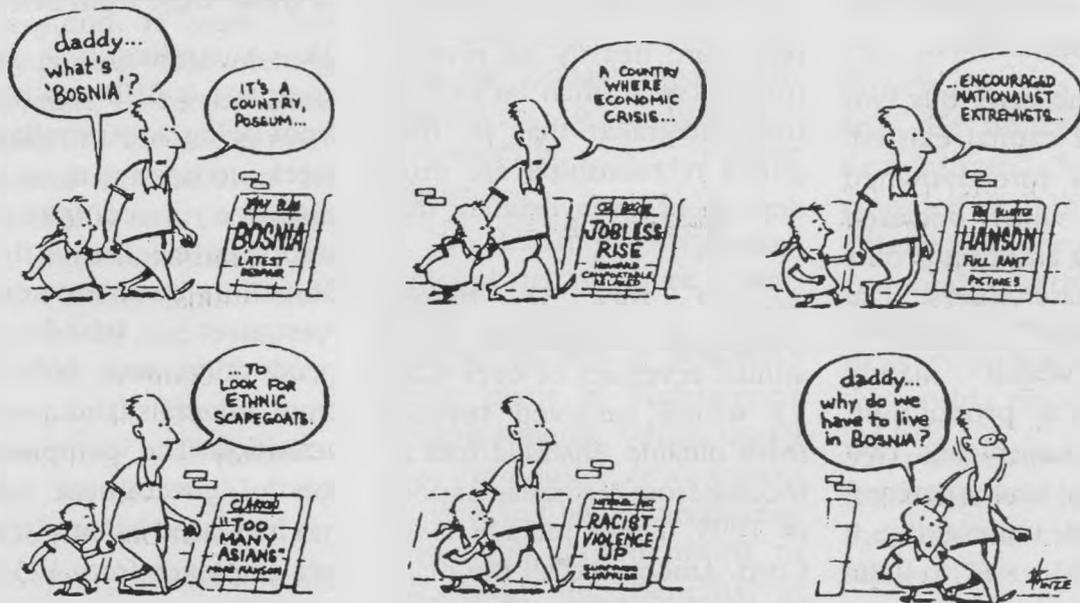
These are justified because they claim to improve market conditions, but in reality they have been accompanied by market failure and result in super-conglomerates developing as they swallow up their competition and increase their global power to avoid regulation and cut costs - a large part of which are labour.

20. This tendency seems to get ever more rapacious, and in itself indicates the very advanced stage of the capitalist era. In 1996, facilitated by high stock prices and low interest rates around the world, mergers hit a record level. There were 22,000 at a combined value of \$1300B.

21. In Australia where the mergers are internationally a drop in the ocean, records were also broken - \$21B of mergers took place. Six of the

10 largest were in the finance sector and several involved the take-over of Australian companies by foreign ones, not least in importance the sale of Victoria's Yallourn Energy and Hazelwood power stations which combined were worth \$4.78B.

22. Mergers, take-overs and speculation in Australia, saw 'old' money challenged in the 80s by the 'raiders' Bond, Skase, Elliot and Spalvins. The prominence of the speculators was replaced more recently by the pandemic of corporate managers, with their feverish salaries and bags of jargon. They introduced the era of re-structure, but without great success. A study by accountancy firm KPMG found that only 50% of corporate restructuring had succeeded. Still faith in the ability of global market forces to resolve all



"Capitalism in Australia Results and Prospects"

world trade.⁶⁶ This has meant that foreign direct investment is now more important than trade as a process for linking world economies.

36. These companies have global capital and can mobilise production, exchange and investment internationally to extract higher profits within national arenas. They integrate operations through the simultaneous use of substantial intra-firm sales (assisting transfer pricing and tax avoidance) use of competition between contractors at an international level; and licence-holding arrangements that establish royalty streams to 3rd party destinations (tax havens). And they avoid tax and other government payments with their ability to extract tax holidays, subsidies and other commercial benefits by playing off one jurisdiction against another when making capital investment decisions. It is estimated that intra-firm sales of TNs account for one-third of world trade.⁶⁷

37. All of these features are

severe in a small economy like Australia's where some major industries such as oil, motor vehicle manufacture, computer manufacture, are either wholly or almost wholly operated by foreign companies. The increase in the profits and dividends paid from Australia to overseas investors rose from 0.3% of GDP in 1987 to almost 1.1% of GDP in 1994.⁶⁸

38. There are 21 wholly foreign owned companies in Australia with Australian revenues of over \$1 billion. On average Australian branches of foreign companies are between 1% and 2% of the global revenue. This enables these companies to wield a heavy fist when arguing for government policies and support. They are able to withstand extended periods of loss to force greater benefits in the longer term.

39. The same pressure is used on workers to force them to accept diminished working conditions as seen most clearly in the Nestle dispute last year, when a Melbourne factory was shut and workers were locked

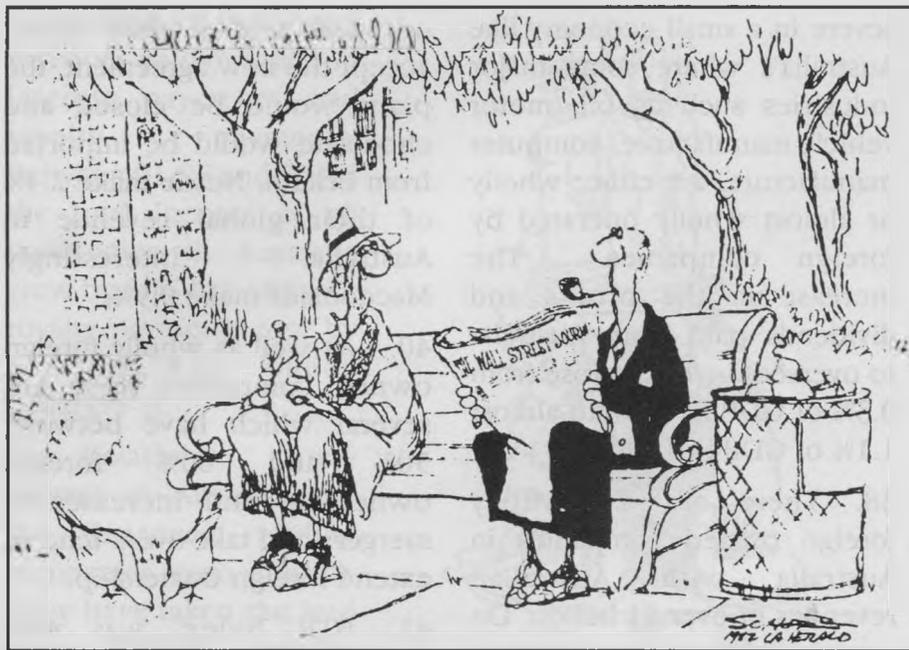
out and told if they didn't accept the new agreement, the plant would be closed and chocolate would be imported from Britain. Nestle make 2.4% of their global revenue in Australia. Interestingly Macdonalds make 9.9%.

40. As well as wholly foreign owned companies there are several which have between 50% and 80% foreign ownership and increases in mergers and take-overs tend to extend foreign ownership.

41. BTR Nylex, was 40% Australian owned until 1995, when the British base company bought out the Australian share holders in the biggest ever take-over in Australia. Twelve months later the company was involved in a long industrial dispute, forcing diminished working conditions on workers at the Melbourne Spotswood plant.

42. Money from foreign owned companies doesn't only flow out of Australia in the form of profits and dividends, they also have a much greater





*"... First I was a Keynesian ... Next I was a monetarist ...
Then a supply-sider ... Now I'm a bum ..."*

now has the highest ratio of exports to production of any major steel producer in the world. BHP purchased the US copper smelter company, Magma worth \$3.2 billion, the largest acquisition for an Australian company. Now BHP is worlds second largest copper producer and it now has company control over smelting facilities that could be used potentially for copper concentrates derived from its Ok Tedi (PNG) and Escondida (Chile). These links help with negative effects of problems encountered by the company in individual production sites, such as at Ok Tedi where environmental performance has led to lawsuits from traditional owners.

29. Alongside the deliberate

policy to diversify extensively, BHP has built a global share holding base, listing shares in NZ, Germany, Japan, Switzerland, the UK and the USA as well as in Australia.

30. News Corp has used international networks to lever increased benefits. Between 1985 and 1995 it paid only 1.2% tax globally, it uses its largesse to influence governments to change policies...

31. Australian industry is also attracted to off-shore cheap labour sources. a prime example of this is Bradmill's textile plant in Melbourne's western suburbs, which won a prize for industry development last year, but has, nevertheless, announced its intentions to investigate the benefits of

going to Asia.

32. A major indicator of the health of domestic capital is the number of bankruptcies. A record level of 19,819 was reached in the financial year 95/96. This represents 10 times as many bankruptcies as 20 years ago, and 20% more than in the worst days of the 90/91 recession. In the six months to December, 10,559 bankruptcies represent 31% more than in the same period of 1995.

1.1.2 Vegemite, Holden - Australian icons, foreign capital

33. That our two most famous icons, vegemite and holden cars are both produced by wholly foreign owned companies is a simple portrayal of the strength of foreign capital in Australia's development.

34. Around the world the powers of TNs is increasing and the unhealthy result is demonstrated clearly when we consider that the 200 largest TNs account for one quarter of economic activity on the planet, yet employ 18.8 million workers or less than 0.75% of the world's population.

35. This growing dominance reached a new level, when, for the first time ever in 1991, the sales of TNs offshore affiliates exceeded the total volume of

"Capitalism in Australia Results and Prospects"

world trade.⁶⁶ This has meant that foreign direct investment is now more important than trade as a process for linking world economies.

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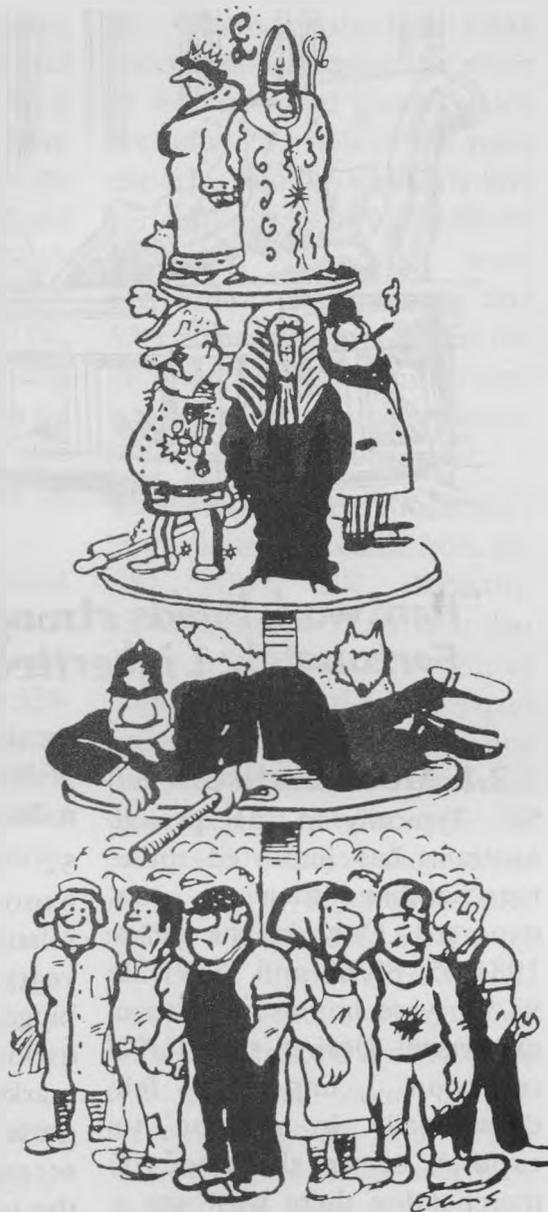
percentage of their total revenues paid overseas in interest payments and royalty payments. Between 91/92 and 93/94 the total income of all companies in Australia grew by 30% but offshore royalty payments rose by 51% to \$1.3 billion dollars.⁴³

43. Relatively new players in Australia are the Japanese trading companies (sogo shosha). They have taken the lead from British trading companies. In 1995 they controlled 8.5% (\$12 billion) of Australia's foreign trade, and are set to make huge gains from the de-regulation of agricultural sectors. These companies declare little in terms of profits, but are suspected of avoiding Australian taxation regulations with transfer pricing strategies for which they are currently being investigated by the Australian Tax Office.

44. Privatisation and contracting out have also led to a surge in new foreign companies in electricity and water and food production.

1.1.3 Profits

45. Satisfactory increases in rates of profits continue to



allude the ruling class. Recent announcements that the last six months are expected to be the worst for five years are leading to some predictions that after-tax profits in the year to June will be only 2.8% up on the previous year, still other commentators argue that figure will depend on a pick-up in the second half of the year and any abnormal losses may put

the bottom-line into the red.

46. These predictions tend always to be optimistic, and this figure is a far cry from the predictions one year ago that resources profits for 1997 would be up 24.5%, now expected to fall 9.1%.⁴⁶

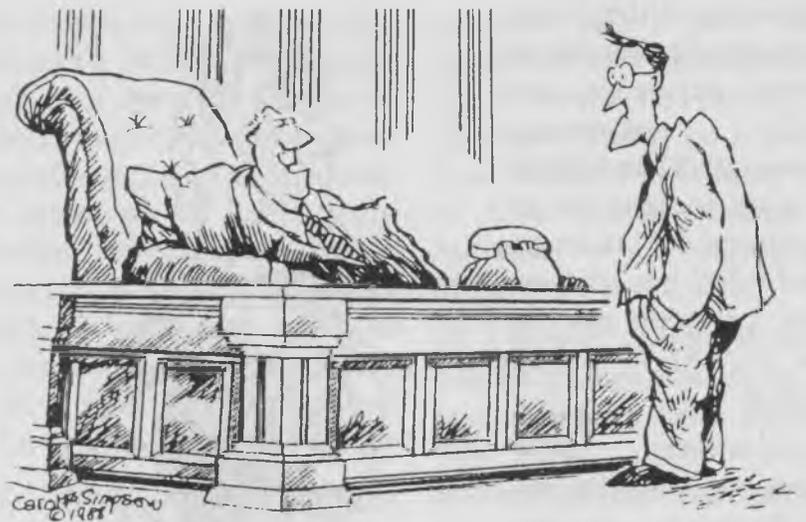
47. In 94/95 income from sales of goods was 68% of operating income, this had fallen 3.1% from 92/93. In terms of total sales of goods and services in 94/95 all industry groups recorded increases except the private community sector and personal & other services. But in adjusted averages the only increases were recorded by agriculture, gas and water, accommodation, cafe's and restaurants, property, business services, culture & recreation.

**Table 2
Rates of profit in 94/95
by industry**

	%
Gas, water electricity	12.4
Manufacture	8.2
Mining	16.8
Private community serv	11.6
Property & business serv	13.9
Finance & banking	23.0
Community services	14.2
Transport & storage	5.8
retail	3.5
wholesale	4.1
construction	5.6

1.1.4 Attempts to invest OS

48. Traditionally Australia has invested in North America and Europe, but there is currently a great deal of talk and some evidence to suggest there is a change taking place towards increased investment in Asia. In 1994 Australian investors were the second largest foreign investment source for Indonesia, the eighth for Malaysia, Singapore and Taiwan and the 16th highest for China. (See attachment 1)



"Hard work builds strong moral values. Fortunately, I inherited my money."

1.2 Exports, imports & foreign debt

49. Attempts to increase exports over imports have largely failed. Whilst exports have risen as a percentage of GDP from 14.9% in 82/83, to 19.2% in 93/94, imports have also risen from 16.7% to 19.5% in the same period. Concern about the subsequent imbalance in foreign accounts is compounded by the fact that overall foreign accounts, which include financial transactions have been constantly in the red by billions of dollars.

1.2.1 Merchandise

50. Typically in this period Australia has imported more merchandise than it has exported. Only in the years 1984/85, 88/89 and 90/91 to 93/94 were imports less than exports.⁽¹⁾ During the 91/92 recession imports fell dramatically in relation to exports, so on the trade of merchandise there was over a \$4 billion surplus, but that shrunk to just over \$1 billion the following year and returned to a small deficit in 93/94 and jumped to an enormous \$7.6 billion in 94/95.⁽²⁾ In the year ended June '96 the deficit on merchandise trade was back to 1.7 billion.

In the September quarter of 96/97 imports were \$765 million in excess of exports.

52. The need to increase exports to Asia has been relatively successful. For many years Japan has been the biggest receiver of Australian exports and its proportion of market share continues to grow. The USA has been the second largest receiver until the last two years when it has fallen behind both South Korea and New Zealand. China has also received increasing numbers of exports and if we include the amount received by Hong Kong in 95/96 China would become the second largest recipient of Australian exports.

53. Latest figures show continuation of a deficit.

53. Exports overall have grown in monetary value by 155% since 1984/85. In the



same period exports to Korea have increased by 471% and last year were worth \$6.6 billion, exports to Taiwan have increased by 307%, to Singapore by 354%, to Thailand by a massive 789% (although the amounts are reasonably small), to Indonesia by 545%, to Malaysia by 280%, to Hong Kong by 266% and to China by 255%, New Zealand has also seen a substantial increase of 263%.⁽¹³⁾

54. The more traditional trading partners have seen lower increases, Japan by 105%, but the USA by only 33% and Britain by only 20%. These shifts brought many Asian countries into the top twelve receivers of Australian exports.

Table 3
Merchandise export value
in \$M (95/96)⁽¹⁴⁾

Japan	16428
Korea	6613
New Zealand	5600
USA	4608
China	3780
Singapore	3553
Taiwan	3449
Hong Kong	3072
United Kingdom	2827
Indonesia	2782
Malaysia	2298
Thailand	1778

55. There has also been small success in increasing the share of manufactured goods which accounted for 64% of last years exports, mining was 21% and agriculture was 11.9%. In 89/90 15% of exports were agriculture, 24% mining and 57% manufacturing. Whilst the increase in manufactured goods is considered positive, the fall in agriculture is not.

56. The majority of Australia's imports last year came from the USA, Japan, UK, Germany, China and New Zealand in that order. In the mid-eighties imports from USA and Japan were similar in value, but since the late eighties the amounts from the USA have consistently increased whereas those from Japan have remained fairly stable. A recent and increasing player in imports is China. Overall the monetary value of imports increased by 157% but the monetary value in the increase of goods from China was 969% - \$4010M worth of goods to Australia.⁽¹⁵⁾

57. Australia has a trading deficit with the USA which has increased by 14% in the last year to \$13,152 million, with the UK which has increased 4% in the last year to \$2,208 million and with China which has fallen 86% in the last year to \$128 million. Surpluses were recorded in the last year with Japan which increased 33% to \$5499 million, the Republic of

Korea which increased 32% to \$4653 million, New Zealand increased 41% to \$2036m and with Taiwan and Singapore.

1.2.2 Services

58. The importation of services has remain fairly constant since the early eighties, but the export of services has constantly increased from 2.7% of GDP in 1980/81 to 4.5% of GDP in 1994/95 and accounts for 2% of the overall growth in exports. These services include tourism and education.

59. Higher Education is one of the fastest growing exports. The NTEU estimated that if fees paid and money spent while in Australia, higher education would come just behind wheat and steel as a major export.

1.2.3. Financial transactions

60. When figures for financial transactions are included the balance is, and has consistently been, well and truly in deficit for many years. The Overseas Transactions Account⁽¹⁶⁾ shows the negative imbalance over the period. We get some idea of the size of the debt from financial borrowing when we consider that in 84/85, 88/89, 90/91 and 93/94 trade balances were surplus.

"Capitalism in Australia Results and Prospects"



Table 4
Total Foreign Debt in raw
figures and % of GDP
Figures are negative

	\$M	%
82/83	7296	3.7
88/89	7291	5.1
89/90	21794	5.8
90/91	15009	4.1
91/92	11296	2.9
92/93	14339	3.6
93/94	15179	3.9
94/95	27600	5.9
95/96	20300	4.2

61. The figures particularly show the swelling of foreign debt in the late eighties which was due to the rapid flow of foreign lending to the corporate sector. This has exacerbated substantial deficit on net income in subsequent years and is the main reason for sustained high deficits in the current account. Even as late as 1991 this was the case. In that year, the following was borrowed in billions:⁽¹⁷⁾

Murdoch's News Corp. -	11
Bond Corp -	9.3
Elliot's Elder's IXL -	6
Elliot's Harlin -	1.9
Skase's Quintex -	over 1

62. This total of only the borrowing shown above is over \$29 billion dollars and in the same year, 1991, the total debt was \$13 billion.⁽¹⁸⁾ When we consider that many of the companies among the top borrowers have now disappeared through over-extension we begin to get some idea of how damaging the overseas borrowing was in this period, and how much it is still effecting the foreign debt today.

63. The situation is even more ludicrous. Only 1% of capital inflow was used for development of the productive capacity, the rest for speculation. In other words 99% of the capital inflow was used for economic parasitism, which creates no goods or services, creates no jobs and benefits no-one except the speculators who buy and sell

without adding value, but only to line their own pockets. The flurry of mergers and take-overs in the 80s were motivated primarily by the financial gains from the re-organising of the structure of asset holdings, and adds little to productive capacity. The ascendancy of the 'corporate cowboys' and 'paper entrepreneurs' lies at the heart of the general economic malaise. 'Capital has not been used with social responsibility nor even, in some cases, with commercial success.'⁽¹⁹⁾

64. Debt from financial transactions was 2% of GDP in 81/82, rose to 4.8% in 90/91 and was 4% in 94/95. In 1994 private sector debt was \$163 billion and in 1995 it had risen to \$171.5 billion.

65. Australia's debt problem is largely due to the lack of funds in the country, so borrowing must take place overseas. One of the causes of this is the lack of savings. From time to time the working class is told it must save more, but the very lack of savings, is an

indication of the struggle of the working class to keep afloat. They want us to save more, but they don't want to pay us more and they keep ramming consumer advertising down our throats and offering us more and more credit.

1.2.4 Tariffs

66. Another plank in the deregulation policies of the Labour government was lowering of tariffs which has been of mixed benefit to capital and consumers, but has caused great job loss. It also resulted in a widening of the manufacturing trade deficit from 3.4% of GDP in 1973, (just before the first lowering of tariffs by Whitlam) to 9.4% in 1995.⁽²⁰⁾

67. Tariffs were lowered especially in the clothing, footwear and textiles industry and the government tried to compensate with an industry policy handing out large amounts to selected industries. Much of this was in the form of R & D (Research and Development) grants and which had some success and a few industries prospered. But whole swathes of manufacturing plants were wiped out.

68. Industry assistance packages were developed to try and compensate for the effects of lowered tariffs, but their success was limited. Although between 1988 and

1993 government assisted exports grew by 614%, and Australia's world share of government assisted products (automobiles, computing, pharmaceuticals and telecommunications) doubled. In the same period overall manufacturing exports grew by 48% and non-assisted products by 24%.

69. Reformists argue that government assisted Research and Development (R & D) can improve the ability of Australian companies to develop exports. In 1994-95 two programs which cost \$430M are claimed to lead to have led to exports worth \$1.8B, however whilst this might help with balance of payments, it is tax payers money being used to boost profits of private companies, who minimise their own taxation contributions, so the benefit to all Australians is questionable.⁽²¹⁾

70. There is now pressure to lower tariffs further and this is the cause of great concern among car, clothing and textile and chemical manufacturers and sugar growers. The problem with tariff reduction is that it suits the exporting sections of capital, but disadvantages manufacture for the domestic market. Commitment to the level playing field is theoretical around world but Australia and New Zealand have made it a

reality. Every bourgeoisie around the world have same difficulty dismantling tariffs. Further tariff reduction would certainly result in the closure of some car plants. Already Mitsubishi has been reduced to less than 10% of the car market, which is considered the critical mark at which it is no longer viable. If it decides to close its plant in SA it will mean the loss of 5000 jobs. Ford and GMH are also considering closing plants if tariffs are reduced. In particular GMH, which is owned by Toyota may well close to consolidate the profits of Toyota. The clothing and textile industries have claimed further tariffs reductions would mean a loss of a further 50,000 jobs, Hoechst plastic manufacturers have already announced their intention to quit Australia for lower tariff locations and the local sugar industry is afraid of being swamped by cheap sugar.

71. The maintenance of high tariff levels, is not necessarily the answer to all problems that some reformists propose. There is no question of the loss of jobs due to tariff reductions, but too often the benefits of tariff reduction are not necessarily passed on to local consumers. for example while tariff protection increases the cost of imported cars, locally produced cars are not necessary reduced significantly in price. In the recent period,

the dollar has been substantially devalued against the yen twice. This has increased the cost of imported cars significantly, but local manufacturers, (who are the same companies who import cars), have used the opportunity to increase the cost of locally produced cars.

72. The Centre of International Economics has independently calculated the cost of tariffs to each Australian household at \$1200 per annum, 45% of which is directly attributable to the effects of car manufacturing assistance. The Productivity Commission, which is recommending the tariff cuts, asks; why should Australian households fund subsidiaries to four of the world's largest companies.

1.3 Industry break-down

73. The past two decades have seen acceleration of the historic tendencies for a fall in the relative share of GDP contributed by primary and secondary industries and an increase in the contribution of tertiary industries

74. Between 1985 and 1995 there was a 79% increase in jobs in accommodation, cafes and restaurants, a 72% increase in property and business services, a 56% increase in culture and recreation, a 45%

increase in health and community services while there was only a 2% increase in manufacturing.

1.3.1 Mining

75. 50% of the Australian mining industry is foreign owned. It accounts for 7% of business economic activity, which is relatively small considering the power of mining companies. Part of its perceived importance is its share of exports, 21% in 95/96. But the clout of big multinational mining companies is major.

76. The Wik decision has implications for the pastoralists and mining companies who don't want to be tied up in long negotiations over questions of title. If they can deal directly with pastoralists, who have no interest in the land except fiscal, life is much easier for them. On the other hand protracted negotiations with Aboriginal and Torres Strait Islander Communities are problematic.

77. Mining, which has large profits, 16.8% in 94/95, but predicted to be much lower this year. Profits for resources are down this six months despite an expected rise of 24.5% predicted twelve months ago. The reasons for the low profit rate is the stronger Australia dollar and lower base metals prices.

Nickel and Cobalt prices are down 17% and 30% from a year ago. Gold has become an increasingly important export for Australia, but its price is currently falling too.

1.3.2 Agriculture

78. The agricultural sector has been in crisis. Its share of GDP has fallen, its exports are falling and it is environmentally in danger. Last financial year it accounted for 11.9% of exports, down from 15% in 89/90, but slightly up from 10.9% in 92/93. Problems with exports are directly linked to re-organised trading agreements and increased competition, particularly for wheat and wool markets. In 94/95 the country that used to be seen to be 'riding on the sheep's back' saw only 3.9% of its business economic activity in agriculture. The farming sector has gone from being a wealthy privileged group to being in crisis. Until the end of the 1950s between 85% and 95% of Australia's export earnings were regularly contributed by agriculture. By 1986, agriculture's contribution had fallen to 35%, mainly due to the increase in mining exports. The spiral down has accelerated since the mid-1980s. Similarly agriculture's contribution to GDP has declined from 25% in the late 1940s to just 5% in 1986.

79. The recent period has

seen the demise of the family farm. De-regulation of banks encouraged large investors to buy farms, and small farmers to become over-extended with debt. Over 90% of sheep farms recorded a loss in 1991-2, averaging out at \$45,200 per farm. 35% of broadacre farms recorded negative cash farm incomes in 1991-2, with farm profits declining to a record average loss of \$29,100 that year. 25% of all broadacre farms had debts in excess of \$128,600. To service these loans farmers spent 40% of their gross cash incomes on interest payments during 1990-92.

80. Since 1975, more than 40,000 farmers have left the industry. During the 1980s many farm families gained off-farm employment to maintain family income and keep up with increasing interest payments to the banks. Off-farm income accounted for one-third of the family's gross income. Many former farmers are now managers of the properties they formerly owned. This has been accompanied by the creation of a rural class of former farm workers whose lack of literacy and numeracy skills make them virtually unemployable.

81. The family farm has been both vertically and horizontally integrated into the web of global capitalism.



Accumulation of land by agribusiness .. increased dependence of family farms on agribusiness firms for "upstream" products and "downstream" marketing and distribution.

82. The crisis of the early 90s was turned around briefly when drought ended and exports rose, but farmers are expecting the crisis to return in 1997.

83. The vulnerability of agricultural product export is shown by wheat prices in the last year, which began with a shortage and a high price of \$245 a tonne to an oversupply and a fall in price to \$185 a tonne.

84. Land use has been counter to the environmental needs of Australian land and

much of the country is in serious problems. Salination and soil erosion are major features of land that was cleared of forests without any understanding of the role of the total ecology.

1.3.3 Manufacturing

85. Between 1970 and 1990 the share of GDP from manufacturing decreased by 40% in Australia, although there was an increase in jobs. In Japan, France, US, Germany, UK and other advanced capitalist countries the same decrease was around 20%.

86. When Hawke came to power he claimed he would increase manufacturing exports (see section above 'exports') and has had some success. But the lowered tariffs have meant increases in

imported manufactured products, so overall the sector has decreased. In 1982/83 gross product of the manufacturing sector was 17.8% but it had fallen to 14.4% by 93/94. The loss of jobs in the sector shows an uncannily similar variation. In 1984/85 17.1% of Australian jobs were in the manufacturing sector, in 1994/95 they accounted for 13.8%.



1.3.4 Service sector

87. This sector is the fastest growing and has become the largest in all senses. It includes finance and banking, tourism, hospitality and community and welfare services. The expansion of this sector at the expense of primary and secondary adds to the vulnerability of the economy because it is dependent on the incomes derived from other sectors for its continuation.

88. As already mentioned, the de-regulation of the financial

sector led to massive borrowing from overseas, and little investment in productive enterprise. The finance sector has huge asset holdings, the banks have over \$413 billion, the finance corporations another \$114 billion, and the life insurance and superannuation funds have \$255 billion - a total between them of \$801 billion.

89. Banks receive higher than



average profit rates (23% in 94/95). Between 1984 - 91 there was massive expansion in the banks and high profits largely derived from increased charges to consumers. In 94/95 23.7% of total operating profits before tax were in the finance and business sector and 41.1% of total net worth of all public trading and private employing businesses.

90. In the last quarter NAB has become the most profitable company in Australia with a

massive \$582 million which gives it an expected annual profit of \$2.3 billion. Whilst we might imagine that most of the banks enormous profits come from large financial transactions, we would be mistaken a great deal of the profit comes from the working class. The recent success of the NAB has come from capturing a greater share of home mortgage market with clever marketing offering low interest rates. But the costs are more than made up with non-interest charges. The bank made \$1.17 billion from higher loan fees, higher fees for ATM and EFTPOS transactions, increased credit card fees and trading income. The increase in non-interest charges from the same time last year was 19% and the earnings from non-interest charges in the December quarter was \$813 million.²²

91. But even this massively expanding sector is not increasing jobs. Between 84 - 91 46,500 jobs were created in the finance sector. In 1992 9,300 jobs were shed. Between 1992 and 1995 CBA cut 25%, Westpac 20% ANZ 11%. NAB used its profits to make purchases overseas rather than expanding its Australian services and employing more workers.

92. Retailing accounts for 7.4% of GDP and wholesaling

for 10.8%. They are both labour intensive and return relatively low levels of profit. There is a high proportion of small business particularly in retailing, but at the same time, two of Australia's biggest companies Coles-Myer and Woolworths hold the lions share of business. Coles Myer is the 2nd biggest company after BHP and is said to take about 20 cents of every dollar spent in Australia.

93. Retail is biggest single industry group employer, it's employment rates have increased from 84/85 - 13.5% and 14.7% in 94.95.

94. While retail profits overall have been down in the recent period and some retailers are calling Xmas '96 the worst in 25 years, Coles-Myer recorded a 5.4% increase, a mere \$5.5 billion, in sales revenue for the quarter to January '97.

1.3.5 Public sector

95. In the 1960s Australian public spending capital was over 8% of GDP, in the early 80s it was 6-7% and the early 90s was 5%. There is every reason to believe that by the time the Howard government, and state Liberal governments have finished their cuts to public spending the figure will continue to fall significantly. Already by OECD standards, Australia fares badly. It is the 14th country in proportion of

GDP spent on road infrastructure, which is surprising for a country so dependent on road transport, and it is 19th on the amount spent on road and port facilities. The decline is also evidenced in public enterprises. Between 1967 and 1994 capital investment in electricity, gas and water has fallen from 2.5% to less than 1% of GDP. This slow-down in public infrastructure spending is generated by a desire to improve government budget's on paper, but in fact decreases efficiency in the private sector, which depends on extensive and efficient public sector services.

96. Governments are struggling to meet their expenditure, although the extent to which this is as major a problem as is made out is arguable. In any case, taxation is low in Australia, particularly corporate tax.

97. In 1988 corporate tax was lower from 49% to 39% and to 33% in 1993 and back to 36% in 1995. However the rates were further decreased by the introduction in 1986 of a dividend imputation scheme which provided personal income tax credits to shareholders for taxes paid by companies. But corporations are infamous for not paying the tax due in any case, trusts and other methods of tax avoidance

are common place. In 1993-94, corporate Australia actually paid only 23.4% tax. The Australian Tax Office estimated that the use of trusts to minimise or avoid tax by the highest earning individuals cost \$800 million a year.

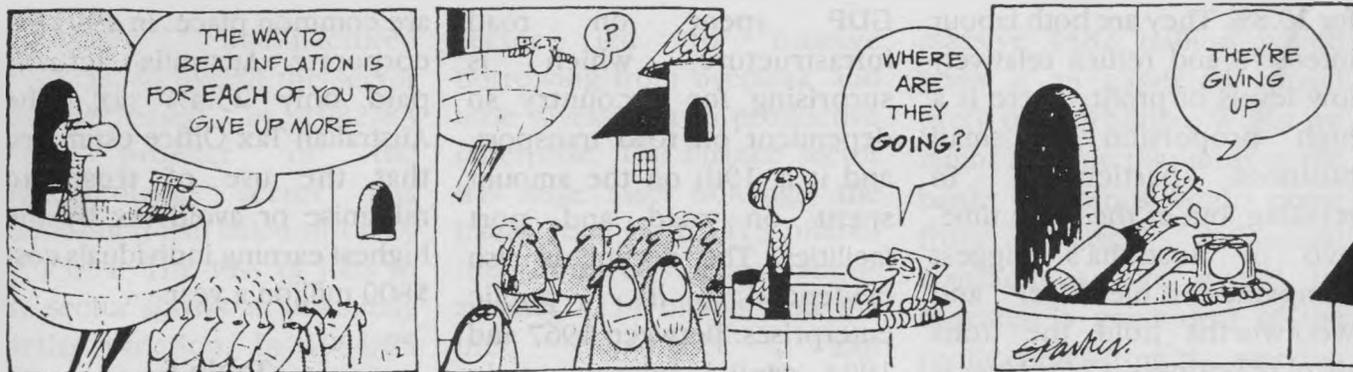
Table 5
% tax paid of operating profits paid by some public companies in 1995.23

News Corp	5.8%
Fosters Brewing Group	5.9%
Burns Philp	9.9%
Lend Lease	13.5%
Consolidated foods	14.3%
Pioneer	15.6%

1.4 Privatisation - the big con

98. Privatisation takes place in the public view, but its objects and methods take place by stealth in the sense that the real agenda behind privatisation is never aired. Governments and the media report and comment voluminously about improved efficiency, saved costs to tax payers and benefits to GDP of privatisation, but they never talk about the real reason for the deliverance of government-run enterprises or semi-government institutions, which is to increase the profits of private companies. For example, we never hear of the enormous benefit of the privatisation of the health

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system to Mayne Nickless. Its subsidiary company, Health Care of Australia, which is a beneficiary of privatisation and health care contracting out, made a profit of \$47 million in 1995 and grew by 18%. Nor we hear that the deregulation of agricultural marketing has benefits transnational trading houses such as Cargill who are eager to take control of the Australian grains trade, or that the deregulation of meat increases profit opportunities for TNs Con Agra and Nippon Meats.

99. An indication of the profits available to businesses becoming involved in privatised services can be gauged from figures of average profits in selected industries in 1994/95 when the overall profit rate was 9% it was 12.4% in gas, water & electricity and 14.2% in community services.

100. Privatisation has been one of the catch words and the main motivations for change in the last ten years. It has consisted of moving state infrastructure and services

from the public to the private sector. This changes the expectations and objectives from provision of services to meet community needs to the extraction of profit.

106. The NSW Greiner/Fahey government actually adopted a policy - 'that the onus within government is now for public sector Departments to demonstrate why the private sector cannot provide infrastructure.' Yet the merits of such a policy are never evaluated in light of the fact that this same Nik Greiner has made a personal fortune from brokering privatisation deals since he was kicked out of Parliament.

102. In NSW the major privatised projects were the M4, M5 and M2 motorways, the Sydney Harbour tunnel, the Port Macquarie's Hospital, the water treatment plants of Sydney Water. In Victoria the sale of the State's electricity distribution system, a controlling interest in the Loy Yang power station, the City Link tollway, and the Ports of

Portland and Geelong.

103. While the justification for privatisation is always presented as increased efficiency, cost savings to governments and improved service from competition the real reasons for privatisation are exposed when government make special regulations and/or compensation clauses to new private owners or when assets are sold below market value. Often private infrastructure providers are given various public sector commitments that lock out policy alternatives and thereby make the meeting of community goals subservient to the meeting of the profit needs of the investors. For example Victoria's City Link project includes commitments that the government will compensate if the project does not meet its profit goals, will not construct transport alternatives, is spending a fortune in narrowing throughways and blocking off access to alternative routes and allows the City Link operator to

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increase their roll at rates above inflation.

104. Auditor Generals in both NSW and Victoria have criticised privatisation deals in terms of their monetary inefficiency and their negative impact on the development of community services, yet the process goes on unheeded and governments continue to parade privatisation as planks of policy. Victoria has been forced to set up an electricity power ombudsman to handle complaints which have flooded in, since privatisation of electricity distribution.

Inefficiencies such as power surges, which can wreck electrical equipment of consumers have increased to such an extent that one company, Citi-Power, is offering consumers who pay their bills early, or agree to a direct debit scheme, free insurance against power surges.

105. No function which was public seems to be excluded from the possibility of privatisation, education, health, welfare, transport infrastructure, public transport, communications

infrastructure & facilities, airports, regulation bodies. In the USA they are reviewing the possibilities of privatising the DSS, and already in Australia the CES has been privatised.

106. There has been a continual transferring of government education funds from public to private schools. The latest in this trend is the recently offered \$1700 to each private school student for vocational studies, compared to \$300 offered to each state school student. The money is calculated on the proportion of year 11 and 12 students, not the number studying vocational studies.⁽²⁴⁾

107. The privatisation of universities have been slowly creeping in, with more and more fee-paying students and increase fees for all students. The business of university study has become so profitable that they are becoming brand names in the market place.

108. Privatisation takes many forms, direct sales from the public to the private sector,



contracting out of public functions to private operators, re-orientation of public sector workers to private sector companies, some of which senior management is offered the opportunity to buy.

1.5 Corporate Ethics - legal and illegal corruption

109. We would argue that the practise of capitalism by capitalists is unethical in itself. But even the legal exploitation which provides enormous profits has not been enough. A feature of late 20th Century capitalism is the corruption and cheating of speculators and managers. Declining rates of profit and an atmosphere of de-regulation has led to almost daily reports of yet another speculator or chief exec being investigated for misdealings, or another company being investigated for operating outside of government regulations. The extent of such corruption is much greater than the media reports, most of them are never exposed to the public.

110. Infringements of environmental regulations, tax evasion, illegal hiring and work contracts, insider trading, neglect of health and safety regulations and price fixing are all common practices the only 'ethics' involved seems to be the maxim of 'don't get caught'.



111. The practices of the Bonds, the Skases, the Elliots are too well known to give space. The second largest Australian company Coles-Myer has been riddled with allegations and investigations of its ex chief-exec Solomon Lew, who made favourable transactions with his company, Yannon. Currently senior Macquarie Bank adviser Simon Hannes, has been charged with trading irregularity, which netted almost two million dollars just before the \$2 billion take-over bid by the Dutch group KPN of TNT.

112. Two of Australia's largest companies, Boral and Pioneer (both building supply companies) were fined \$21M in 1995 for price rigging in the SE Queensland cement market and then in SA for roof-tiling price-fixing.

2. Income & Wealth

2.1 Income Disparity

113. In 1974/75 wages were 63.5% of GDP and by 1988/89 they had fallen to 51.1% and since then have been rising slightly.⁽²⁵⁾

114. Income distribution has become a non-existent category of economic analysis in the later part of this century, therefore figures are hard to come by. But even more importantly, it is not referred to by economists in their analysis or predictions, nor by those advising governments. So policy is made without consideration of what, arguably is one of the most vital features of a healthy society - equity of resources. Even capitalism, which depends on the denial of resources to the majority to force them to produce surplus

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value for capital is working best, when workers have adequate wages and good conditions.

115. Income disparity in the last fifteen years has grown alongside of the takeovers and mergers which have transferred capital increasingly into fewer hands. This leads automatically to greater power also invested in fewer hands, and they have enormous influence on prices and wages and the form and direction of government policy. At the same time the countervailing power of organised labour has fallen by a drop in the number of union members.

116. In a study of nine comparable countries, Australia ranked third highest in terms of the proportion of income in the hands of the top 20% of households, and also third in terms of the dearth of income in the hands of the poorest 20%.⁽²⁶⁾ With the exception of the USA, Australia has the lowest proportion of households between the two extremes of affluence and poverty. This polarised distribution is in striking contrast to the popular view of Australia as a relatively egalitarian society. 'Australia is among the most unequal of the countries studied... despite many claims to the contrary. Australia's wages system, selective income tested social

I DECLARE THIS TIN
OF BAKED BEANS WELL
AND TRULY OPEN.



security system, and heavy reliance on progressive income tax have not, in fact, produced a more equal distribution of income than elsewhere. This naturally leads to the central question of why this is the case...one that poses a fundamental challenge for those who view Australia as an egalitarian country.⁽²⁷⁾

117. The inequality of income increased steadily through the eighties. In 1983 the top 1% of income earners got as much as the bottom 11%; by 1989 they got as much as the bottom 21%.⁽²⁸⁾ Another study shows that between 1980 and 1990 the share of the bottom 20% of earners decreased from 9% to 7% and the share of the top earners increased from 36% to 40%.

118. Labour's share of the national income comprises wage, salaries and supplements linked to work; capitals share comprises the gross operating surplus, consisting primarily of profits, interest and rent. Between 1983 and 1989 labour's share fell from 74% to 64% with a corresponding rise in capital's share from 26% to



"IF YOU CAN'T SUPPORT A FAMILY ON WHAT I PAY YOU NOW...
...THEN ANOTHER PAY CUT SHOULDN'T MAKE ANY DIFFERENCE."

36%.⁽²⁹⁾ Effectively about 10% of the national income was re-distributed from labour to capital in the six year period. There has been some slippage from this position since, but the trend continues.

119. Among wage earners the trends are the same. The value of the average full-time wage for the top 20% of wage earners has risen more rapidly than for those at the bottom. From 1975 to 1991 there has been a persistent polarisation of employee earnings, with high and low wage categories both rising at the expense of the 'shrinking middle.'⁽³⁰⁾

120. The increasing polarisation is most evident in the wages offered for new jobs created. Between 1976 and 1990 there was an increase of 1,379,000 new jobs. Of these 982,000 fell into the lowest fifth in terms of wages paid, 243,000 fell into the highest fifth and only 153,000 fell into the three categories in the middle.⁽³¹⁾

121. In 1990 the richest quarter had incomes over ten times higher than the poorest quarter. In six months during 1992-93 Kerry Packer made \$100 million just by buying and selling shares in Westpac bank. That averages to an increase in his wealth by an amount equivalent to over \$20,000 an hour for a whole six months, when the total income of over

half of all Australian households was less than \$16,000 a year, or \$308 a week.⁽³²⁾ This rate of earning was eclipsed by Packer at the end of '96 when share prices rose after he purchased a huge share in the Sydney Casino - this made him \$40 m in 24 hours, and all of this is only a small part of his income.

122. The massive rise in executive salaries has been well publicised with Peter Bartells of Coles/Myer getting a massive \$3M. The trend has been consistent since the middle eighties. In one year to March '92 average earnings increased by 1.3% but senior management remuneration grew by 5.4%. There is overt hypocrisy in the rationalisation of this - whilst worker's salaries must be kept down in order to keep productive costs competitive with third world countries, management salaries have to be competitive with those in the most advanced capitalist countries. Typically recipients of executive salaries receive income from capital, ie owning shares etc. and are not reliant on their salaries for total earnings.

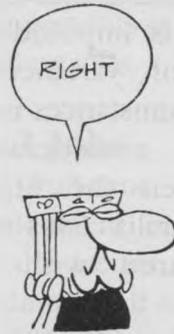
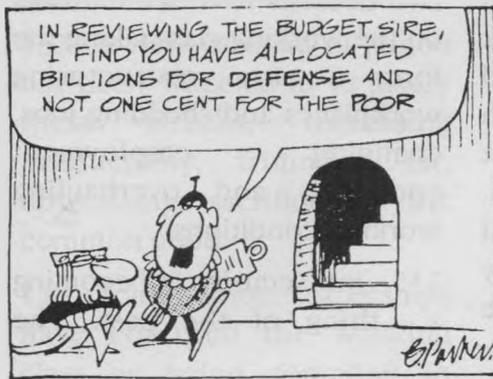
123. There is difficulty in establishing the incomes of the very rich, because they have developed a thousand and one tricks to hide it away to avoid tax and realisation of the basic injustice these incomes

expose. For this reason the real picture is much worse, that the figures provided can show.

2.2 Wealth

124. Income from the ownership of capital is even more difficult to calculate, it is less easily identified than wage incomes. It takes the form of interest payments, rents, dividends and profits retained by the owners of businesses. Incomes received from these sources are also becoming increasingly concentrated among the wealthiest. In Australia it is particularly hard to get figures on individual wealth because there is no wealth tax and death duties, so there is no regular collection of wealth data for taxation purposes. However information based on 1986 ABS figures, which probably under report, showed the level of wealth among the 'super-rich', the top 1% of wealth holders had 19.7% of total wealth, the top 10% had 55.2% and the top 20% had 72%. The top half had 98.4% of wealth.⁽³³⁾

125. Wealth comprises income and cars, yachts, antique furniture, art works, bank deposits and share holdings. Figures from the Business Review Weekly show that the trend of more and more wealth being concentrated in fewer and fewer hands continues at the very top levels as well. Between 1983 and 1992 the



value of the assets held by the top 100 Australian asset-holders rose from \$3,472M to \$21,075M - a six-fold increase. The increase among the top 10 was from \$870M to 10,135M over the same period, more than a ten-fold increase. Marx talked about the tendency for capital to be concentrated in fewer and fewer hands and this trend is certainly exhibited in Australia over the last fifteen years and is largely the outcome of the increasing number of mergers and take-overs. In the same period the GDP increased by 154%, so the share of the top wealth-holders increased dramatically, both in terms of the value of their assets and relative to the growth in the economy as a whole and the rate of inflation.⁽³⁴⁾ This enormous surge in wealth holdings in the mid 1980s followed the process of financial deregulation and there is no evidence to suggest that the acceleration of wealth was effected by the 1990-92 recession.

126. Kerry Packer's - estimated wealth grew from \$100 million in 1983 to \$2700M in 1992 and \$3000M in 1993. Murdoch family's wealth grew from \$250M in 1983 to \$2300 in '92 surging to \$4500M in '93.

127. In 1990 of the top 200, only 22 got wealth from manufacturing compared with 89 from real estate. Overwhelmingly the most profitable areas of investment seemed to come from property development and land speculation, neither of which are very productive.

128. The 1990 rich list of individuals shows 55 of the top 200 inherited part or all wealth, although 72 of the top 200 were migrants, suggesting they had made their own fortunes. But the rich list of families shows 51 of 66 family fortunes were based partly or wholly on inheritance (77%).

129. Women have smaller incomes than men. Their income share has improved due to the increase of women's participation in the workforce

but their earnings are still far short of those of men. On average they earn about 66% of that earned by men. This is largely due to the greater number of women who work part-time, but even comparing full-time wages we find women earned 84% of that earned by men in 1993. Among the very wealthy women are still barely represented although their situation is improving, in 1987, 3 women were in the 200 richest, in 1990 the figure had risen to 8 and in 1993 to 18.

2.3 Poverty

130. For some groups the situation is drastic. In 1986 the average earned by Australian Aborigines and Torres Strait Islanders was 64.6% of the average earnings in the rest of the population. 54% of Aboriginal income comes from social security compared to 11% for average Australian households.⁽³⁵⁾ The extent of relative economic disadvantage of the Aboriginal people is a source of national shame. Even so, we are currently witnessing

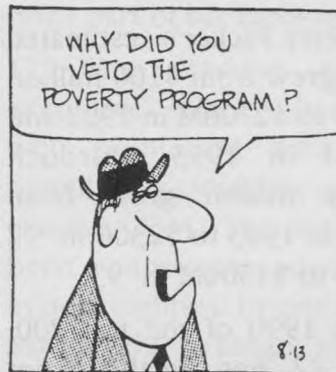
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the shameless attempts of mining companies, pastoralists and liberal governments to deny indigenous Australian rights to land which might help to rectify this imbalance.

131. As unemployment increases greater numbers are forced onto benefits and low



will know. The difficulty with poverty in official arenas is that its definition is imposed and the reality of variance in individual circumstances is not taken into consideration. However given the official markers, Australia fares very badly compared with the



two decades have seen attacks on the working class taking the form of restructuring workplaces and shedding jobs, changing employment contracts, and overhauling working conditions.

135. Job security is becoming a thing of the past. The



incomes. It was estimated in 1993 that about 25% of Australian adults are in this category.

132. There is a growing sub-welfare class - figures are only calculations because they don't show up on any of the national accounts, but conservative estimates put youth homelessness at 20-25,000,⁽³⁶⁾ and if adults were included the figure would almost certainly more than double.

133. In March quarter 1995 the poverty rate was set at below \$215.6 per person \$288.4 for a couple and approximately \$60 for each child. This is a conservative estimate as anyone who has tried to live on \$215 a week

OECD countries. In 1993 Australia had the second highest proportion of its population living in poverty. The best performer, Belgium had 4%, Australia had 12.9% with only the USA with 19% faring worse. The situation is even when aged persons are removed from the figures Australia showed 15% of its population under 60 were in poverty, high only than Ireland and the USA. Figures show that poverty is very high among some immigrant populations notably Asians and South Americans.

3. LABOUR

134. Attempts to keep the economy buoyant in the last

traditional full-time permanent jobs with career prospects are fast being transferred into part-time and casual work, sub-contracting, fixed term fixed contracts, and unofficial, irregular agreements which are not declared. Periods of unemployment are increasingly part of the lives of all workers and for many it is the more common state.

136. Centralised fixing of working conditions through the award system is being decimated, changes in government legislation and services are whittling away health and safety standards, worker's compensation and training opportunities, and wages are being kept low by

high unemployment levels.

137. A new cartload of jargon has been wheeled in to justify these attacks, increasing productivity, trimming fat, downsizing, sacrifice for the common good.

138. Trade union leaderships have confused the working class by being complicit in many of these changes, through their ties with the Labor governments and their increased collusion with bosses.

139. Large companies are increasingly turning to subcontracting labour and small business is increasingly turning to sub-standard, irregular employment practises.

3.1 Labour market

140. The dominant trends in the labour market have been dramatic. With the main employment growth in hospitality, property and business services and culture and recreation, which rely heavily on part-time and casual employment. The main feature

has been a massive increase in part-time and casual working arrangements at the expense of full-time jobs.

3.1.1 Jobs

141. Full-time permanent employment is still dominant but the trends moving against it. Almost half of all employees in 1995 had a different sort of employment. The figures however are distorted in the sense that many casual workers have periods of unemployment, so at any time only the number actually in work are being counted, if we were able to collect figures of all those who depended on casual work, or alternative working relations, it would almost certainly be more than half the workforce.

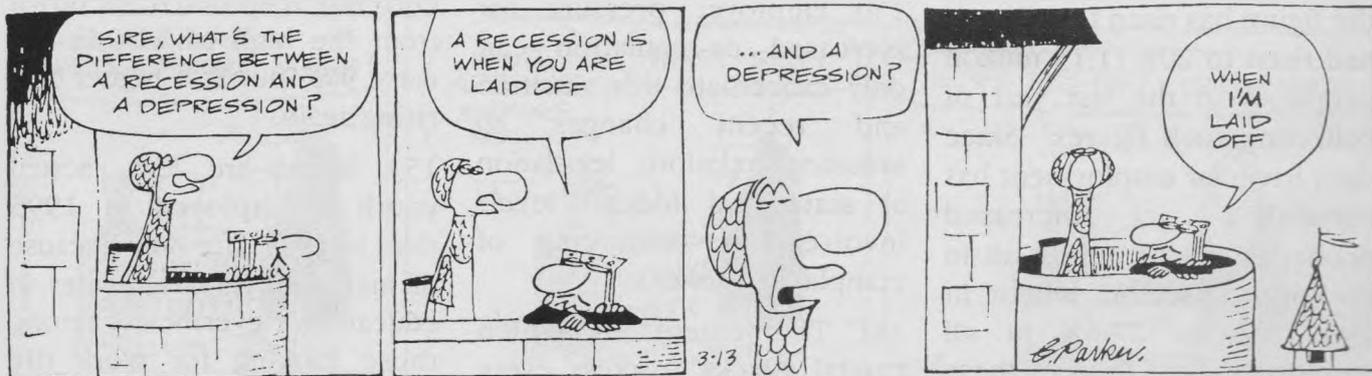
142. Casual employment is the fastest growing and has more than doubled over the period from August 1992 to August 1995, from 10.8% of the total workforce to 20.1%.

143. Australia features a very high rate of temporary or casual employment, showing

the highest levels in the OECD except for Spain.³⁷ Casual employment is found throughout all sectors, but 58% are concentrated in companies with less than 20 employees. It is more common among women than among men, 30.8% of women and 18.5% of men. Among the small group of full-time casual employees however, 70.3% are men.

144. In August 1995 the number of employees who were casual in their main job reached of 1.65 million which is almost one quarter (24%) of the workforce. A small proportion of these are full-time casual and comprise, 9.5% of all full-time workers. The great majority are part-time and comprise 65.8% of part-time workers.⁽³⁸⁾

145. Only 14.5% of casual employees are in unions. The rest are left to fend for themselves in asserting that award or agreement conditions are exercised. "...enforcement of award regulations in Australia has been poor, with widespread avoidance and



evasion of award conditions by management, especially in small workplaces. Enforcement through the inspectorate (government, industrial relations departments) tends to be under-resourced, haphazard and characteristically genteel.⁽³⁹⁾ this was written during the Labor years and since enforcement services have been, and are continuing to be, severely cut.

146. A vast majority of employees are unaware of their rights and even if they are aware of an infringement, they are unlikely to complain for fear of losing their job, in a situation of high unemployment.

147. There is a fast growing proportion of unregulated employment. ABS figures are collected irregularly from employers, and are certainly conservative because many irregular arrangements are kept 'off the books'. Even they show the growth. In 1974 the 12% of workers were not covered by awards, determinations or collective agreements. By 1985 the figure has risen to 15% and had risen to 20% (1.13 million people)⁽⁴⁰⁾ in the last year of collecting such figures. Since then irregular employment has certainly increased dramatically. It is almost all in the private sector, where in 1990 it was 27.6% of all employees. One third of these

were managers, leaving 720,000 workers who are almost certainly at the bottom levels of employment which offer no access to regulated conditions.

148. We could safely estimate now, that at least one third of Australian workers are not covered by any formal employment regulation. This estimate is also born out anecdotally - all of us have experienced, or know many people who have experienced forms of irregular employment. The incidence of 'cash in hand arrangements' which are anecdotally common, but would not be declared by employers in official statistics give us some idea of the conservatism of these figures.

149. Also increasing and at the very bottom of the pile are workers who work for absolutely nothing - unpaid trial work, unpaid training are common practises used to avoid paying any wages at all. Some cases last up to six months and then there is no paid job offer at the end.

150. Employer pressure for increased de-regulation can only exacerbate this situation and recent changes to industrial relations legislation at state and federal levels involve less resourcing of complaints services.

151. The extent to which capital attacks workers every

time it is troubled was exposed in January when figures of lower than expected profits were released for the six months to December. Immediately business representatives predicted 'that this will lead to downgrades'⁽⁴¹⁾, and the Financial Review editorial advised companies to go offshore.⁽⁴²⁾ Both courses of action will increase unemployment.



3.1.2 Unemployment

152. Even the most optimistic expectations for job creation over the next five years do not expect more than 1.8%. This will do nothing to alleviate unemployment which is currently at around 8.5%, down from the high of 11% in the early 90s, but still higher and rising again.

153. There are less, actual youth unemployed in 1995 than in 1987, but only because of increased retention rates in education. Nevertheless among those looking for work the

figures have increased, and the percentage working has decreased.

**Table 6
(15-19 yrs olds)
Employment Status⁴³**

	1987		1995	
	Females	Males	Females	Males
Unemployed	11%	9.7%	12%	11%
Employed	37.5%	42.5%	30%	35%
Full-time education	53%	49%	60%	55%

(For explanation of relation between unemployment and wages, see section of wages - 3.2.2)

154. The Labor government managed to turn the unemployment figures around by funding extensive labour market programs, which were often an excuse for intense exploitation of program participants. The Liberals have dumped most of these and continue to increase job loss in the public sector. Their stated intention of creating jobs through industrial relations deregulation is a hypocrisy, but proven not to work in Victoria where four years of Kennett government has only seen

unemployment rise.

155. The announcement that a 'work for the dole' scheme will be introduced in 1997 is indicative of the intention of the Liberal government, not only to attack the working class, but to be seen to attacking it. The scheme they have suggested is actually less exploitative than some of the labour schemes which required full-time work for the dole, whereas these schemes are for part-time work at award rates equivalent to dole payments. This scheme could have been dressed-up to seem humane, but instead the very provocative label, 'work for the dole' has been used. In introducing this terminology the government is waving a flag to judge support for much more drastic, exploitative and compulsory schemes - preparing for increases in unemployment.

3.2 Working conditions

156. After financial deregulation and lowering of tariffs the third major policy of

the Labor governments was to weaken the working class by lowering working conditions. Hawke promised the ruling class that he would control labour if he was elected, and in this he was more successful than in other policies. The plan was spear-headed by a series of Accords which tied the trade unions to government in an unprecedented way and introduced tri-partite negotiations and complex bargaining processes, which tied up union resources in endless negotiations with government bureaucrats and employer representatives. Most union officials were convinced that the way forward was through such negotiations rather than through traditional industrial bargaining methods which were dismissed as unnecessarily confrontational. The myth was accepted by most union leaderships that mutual interests existed between workers and bosses and that consensus through endless reviews and negotiations would bring



successive outcomes to all - the famous win-win situation.

157. Successive Accords, which were in effect successive frameworks for industrial bargaining were developed by government and the ACTU and implemented, each one denying more to workers. At first these developments were justified in terms of the need to update working conditions and workplace structures to benefit both workers and bosses and later simply to improve productivity to increase 'competitiveness'. First Sweden, then Japan and finally the tiger economies of East Asia were put up as models to be followed by Australia.

158. The first period saw the introduction of wage indexation tied to principles and many workers, especially low-paid workers, gained financially in the short term. But this was merely the carrot.

159. The stick came stealthily, hidden in a velvet glove called Award Restructuring which claimed to be an anti-dote to outmoded, restrictive and inefficient work practises and lauded as the champion of increased flexibility through multi-skilling the workforce which would benefit workers and bosses alike. It was to end dead-end jobs for workers by creating career paths for all, improve job satisfaction by

offering greater variety of work, and increase access to a greater range of jobs for a greater range of workers by increasing flexibility of skill acquisition and hours worked. It was to offer employers increased efficiency by maximising their newly 'multi-skilled' workforce.

160. It was also a requirement for pay increases so unions became tied up with industry group negotiations, workplace negotiations, training program negotiations and skills audits before pay claims could be lodged with the AIRC. The result was that the strong and well-organised sections of the workforce succeeded in their claims because they could demonstrate achievement of the criteria, while less strong and poorly or non-organised sections were left behind.

161. The third period was the era of Enterprise Bargaining, which shifted the much talked about goal-posts on the much flaunted level playing field further afield for workers, requiring them to trade conditions for pay increases and introduced 'single-business' agreements.

162. When state liberal governments were elected they began dismantling state award systems, following the model from New Zealand. This process went furthest in Victoria where awards were

simply abolished and worker's were encouraged to move to individual agreements with their employers. The awards were replaced by an unworkable, across the board, set of minimum conditions, which at first had no minimum wage rates, or maximum hours clauses. Massive demonstrations showed the preparedness of workers to fight these draconian changes, but the trade union leadership assured workers that a move to federal awards would solve the problem. However, apart from state government employees, most workers on state awards, which operated as a catch-all for those without federal coverage, worked in small businesses on a casual basis and moving to Federal awards, was impossible. Their conditions, already bad, were driven further down. A similar scenario unfolded when the WA Court government changed its state legislation.

163. Those who did move to Federal awards, had short-lived victories. Only a few years later the Federal Government introduced similar, if milder policy. The Workplace Relations Act (WRA) which came into effect on January 1st, is also designed to encourage workplace agreements, both individual and collective.

164. It has two main prongs. The first is to further drive back

the conditions of unorganised, already over-exploited workers, the second is to attack the conditions of the industrially strong sections of the class whose conditions and organisation, although weakened, have been largely maintained.

165. The weapon for attacking the first group was the changes to unfair dismissal procedures. After the Victorian and WA state changes, made state unfair dismissal legislation almost useless the Labor federal government introduced national procedures which provided access for all workers whether covered by federal awards or not. Unfair dismissal procedures are the basic and vital to all other conditions of workers. Without it, worker's cannot ask why their pay is short, or why their workload has increased without risking the sack. The WRA has limited access and effectiveness of unfair dismissal legislation. Fees for applications have been introduced, the onus has been shifted from employers having to justify sacking to workers having to justify ongoing employment, compensation payments have been tied to the employers so-called 'ability to pay'. These measures remove incentive to fire only with good cause from employers, and access to the procedures for workers.

166. The second prong is designed to attack worker's organisation. It favours workplace agreements over industry ones and negotiations which have no union presence and limits worker's ability to use industrial muscle. Workers must invite unions onto a site, and unions can only represent workers who have signed the invitation. It has no-strike clauses, with large fines for contract periods and has outlawed secondary boycotts.

167. Awards have been downgraded to sets of minimum conditions seen as safety-nets, rather than as statements of actual industry standards. The effect of this in the long run will be to undermine those standards. It will also boost income disparity, among workers, and those who are already disadvantaged will be more so. Equal pay for equal work, whilst still nominally included, has no longer any teeth with employers being able to negotiate different rates with different groups of workers in the same enterprise, let alone across industries and occupations.

168. The working of the legislation is still largely untested, but already many employers are trying to force its limits. Murdoch, in WA, as soon as the legislation came into effect installed a security

firm in his printshop to prevent union officials from entering. Whilst this is outside the framework of the legislation, it is an indication of the level of 'testing' which employers are prepared to take. At the same time the WA state government is trying to legalise the same practise by introducing legislation which will prevent union representatives from visiting building sites. The government itself has shown a strong hand with Reith determining, 'From now on public servants who breach their agreements and disrupt consumer services by applying bans will not be paid for the period they fail to carry out the full range of their duties.' He said. 'Managers have been provided with detailed advice on how to implement the new instructions to ensure processes are fair and focused on the individuals who are taking the industrial action.'⁴⁰

169. The increase in irregular methods of employment are all designed to undermine working conditions. Sub-contracting has become widely used instead of employment. It involves direct self-employment sub-contracts with workers, who are denied any access at all to minimum conditions, but are solely responsible to bargain for themselves. This practise has been widespread in some industries for some time,

notably junk mail distribution, which is run by large print media conglomerates including Murdoch and employs thousands of workers. Street walkers are employed as sub-contractors and paid as little as \$2.00 an hour.

170. Outwork in the clothing trades industry, which has flourished since the lowering of tariffs, works in the same way. Workers are sub-contracted and paid wages more akin to standards in Indonesia than Australia. Because the work is performed at home, the actual pay per hour is hard to determine, but the union has released reports which detail people working sixty hours for as little as \$30. This form of employment has in fact become the normal practise, the union estimates that the growth of outworkers has reached 330,000 outnumbering factory based workers by a ratio of 14 to 1. Again we are not talking here about small operators, but the biggest retail chains in the country, including Australia's second biggest company, Coles-Myer and chains like Country Road, who contract work to 'middle-men'.

171. Even the low rates are not the worst feature of this type of employment, payment at all, is precarious, because the relation between the worker and the company is intercepted

by the contractors who are often small-time operators finding survival a battle. Secondly the repercussions of not paying a worker for work done away from the premises of the company are not nearly as threatening as not paying workers on site.

172. Whilst this form of employment is technically illegal, there are legal precedents to determine what constitutes genuine self-employment, the regulations are never enforced. In fact there have been a few landmark cases in the last decade. The most important of these was the so-called 'Troubleshooters' case which found that building trades workers, employed by body-hire agencies were in fact self-employed sub-contractors. The intention was to undercut conditions in the building industry and met with some success. However strong industrial organisation of building workers has managed to ebb the flow of diminution of conditions and are now forcing some body-hire agencies to offer award conditions.

173. The growth of body-hire is alarming. It is becoming increasingly common for large corporations to have no staff management resources, but rather to contract workers from agencies. Boral for

example, Australia's 13th biggest company, employs only one person in staff management. The trend is growing and has serious implications, because the company offering the work, is not the employing body and this limits the ability of workers to negotiate conditions and use industrial muscle.

174. Much of the job shedding which has taken place over the last decade has been, not so much to downgrade production, but to shift the relationship between workers and the employing companies. In increasing numbers of cases, the very same workers are being re-hired as independent sub-contractors, or from body-hire agencies. They are doing exactly the same work, but their conditions have been depleted and their job security abolished.

175. Contract workers suffer many disadvantages: They are under constant pressure to work longer hours, without overtime pay, to complete their assigned project, lest their limited contract not be renewed. Without a union to support them, they have virtually no bargaining power and are compelled to accept their employer's terms on wages and conditions of employment.

176. In the workplace, tension inevitably develops between

full-time employees and contract workers, who see themselves as competitors in their striving to earn a livelihood. Full-timers are daily reminded that job security may soon be a thing of the past, and that they, too, may some day, possibly soon, have the status of a temporary worker with their company or another one.

3.2.1 Health & Safety

177. A recent study found that 'an epidemic of injury and disease in Australian workplaces.'⁴⁵ More Australians die each year from work-related causes than from car crashes, and more Australians die each year from work-related poisonings than from car crashes. Australia has one of the lowest workplace safety records in the OECD with 84 deaths per million workers in Australia compared with 22 in Sweden and 24 in the UK.

178. The worst figures are recorded in Victoria where workers are almost twice as likely to be killed at work as in NSW, but their employers are four times less likely to be prosecuted than in NSW.

179. In 1995 the Victorian government deregulated the Occupational Health and Safety (OHS) including an 80% drop in statutory workplace OHS inspections. The result has been a 50% increase in workplace deaths over the last year. The drop in inspections from 1512 in April 1994 to 250 in April 1996 ensure that accidents and injury will increase as equipment gets



older and is not inspected.

180. Federal government plans to cut Worksafe Australia (the national OHS watchdog) by \$6 million and 200 staff can be expected to have a similar effect national as the cuts to Victorian government regulation has had there.

181. The worst injuries are in agriculture where one quarter of workplace deaths have taken place in the last decade. In 1995/96 31,084 claims for injury were made by workers in Australia.⁴⁶

3.2.2 Wages

182. In real terms wages levels have fallen and the share of wages of GDP has fallen (see income & wealth). This has been because of restraint by union leaderships but also because of the increasing economic share of the service industries which traditionally pay low rates.

183. There has been small or negative employment growth in sectors with high average weekly earnings ie manufacturing and mining, whereas there was high growth in service sectors which are low paying. In November 1994 average weekly earnings were \$550 while in accommodation, cafes and restaurants they were \$360, in culture and recreation sector \$330.

184. The ACTU is currently running what it calls a living

wage case which is based on an increase in the minimum hourly rate to \$12 over three years. It's status as a 'living wage' case is spurious, in a time when more and more workers have part-time employment.

185. The Federal government has intervened in the 'Living Wage' case supporting a minimum of \$8 an hour. But it has also clouded the issue of accessibility to any increases at all. It has asked the AIRC to make it easier for employers facing economic difficulties to obtain exemptions from paying national wage rises and other arbitrated increases in award conditions. They have asked that these exemptions are available to whole industrial groups, not just individual applicants. In a period of falling rates of profit, this would potentially make such claims rampant, so the granting even of minimum rates would be undermined.

186. The 'work for the dole' scheme, announced by the government threatens concepts of a living wage - if unemployed people are expected to work part-time for the equivalent hours of dole payments, there is a covert sense in which this is being presented as a living wage. Changes to wage bargaining, with the trading of conditions for increased wages cloud the

issue of real wage rates.

187. One of the tactics used by the trade union bureaucracy to keep wages down has been to offer supposedly lucrative superannuation schemes. This has been little more than a con for workers who will be denied government pensions because of their 'private' pensions. The regulations as to tax on super benefits and entitlement keep changing and in any case their existence depends on financial speculation.

188. The conditions of women workers are well below those of men's. Their wages are less and often they are concentrated in jobs with poor conditions. Women's working lives are interrupted by maternity leave which leads to skill loss, loss of promotional opportunities etc. but many have overcome this.

189. Employer arguments against wage increases, which are largely accepted by governments are contradictory. Low inflation announcements have immediately led to claims that wages don't need to be lifted yet when inflation is high, wages must be kept down to deter rising inflation. Wage rises are also claimed to cause unemployment - this is untrue. Whilst on a very basic common sense level it seems logical, in reality it is false and the reverse is true. High unemployment keeps wage

levels down. Wages, like all prices are influenced by the market, therefore when employment levels are high, wage levels are high and when they are low, so are wages.

190. Greenspan, the US Federal Treasurer, made this clear recently when he spoke about the US economy - he said that unemployment had kept wages at a reasonably low level, and now that unemployment had decreased wage rises would be a problem.

191. Further the Howard government is planning to lift the age of receiving superannuation payments from 55 to 60, which will have the effect of keeping thousands of workers in the workforce, and workers who's super would pay for their retirement, not state funds. In a climate of high unemployment and high welfare bills as a result, this seems to make no sense. But in fact it makes great sense to capital when we consider that they rely on high unemployment to keep wages down. To keep thousands of workers between the ages of 55 and 60 in the workforce will certainly have this effect.

3.3 Trade Unions

192. Union membership has been falling consistently over the past period. In mid-1996 35% of the workforce were

union members, compared with 47% in 1990. This represented a slight rise from the year before in response to Liberal government policies. In the year to July 1996 there were 2.8 million unionists, 45,000 more than the year before, but still 90,000 fewer than in 1994.

193. Unionisation is concentrated in some industries, especially the public sector where proportions of permanent employees rise to 69% in communications services and 63.9% in education and 59.3% government administration and defence. The lowest rates among full-time workers are in agriculture, forestry & fishing - 16% and the wholesale trade - 16.3 and property and business services - 17.4%.

194. Among temporary employees the rates fall to as low as 3.3% in the finance and insurance sector, 4.4% in wholesale trade, and 6% in personal and other services.

195. Interestingly the rates for government administration and defence for temporary workers are very low 4.2%, this in part represents the policy of some state public sector unions not to allow temporary workers union membership, and the extent to which in the public sector, temporary workers are often contracted and non-unionised.

196. The fall in membership is due to changes in the labour market which have opened up new unorganised areas of work, but also to a general disillusionment in unions who have often been too busy with amalgamations to provide service to their members. One study recently found that one-third of unionised workplaces has no union delegate.

which the trade union leadership of this country have moved to the right and see themselves as 'equal partners' with 'mutual interests' with bosses.

198. The corporatisation of Australian unions advanced when the Labor government came to power in 1982, but even before then it the ground was being laid. The election of Bob Hawke to the ACTU



3.3.1 The Union Bureaucracy

197. Leadership - 'It's an emotional commitment and passion' Bill Kelty talking about his friendship with trucking boss, and multimillionaire, Lindsay Fox.⁽⁴⁷⁾ This quote from the Secretary of the ACTU Bill Kelty, sums up the extent to

Presidency in 1969 signalled the move towards importing academically training industrial relations 'experts' away from workers rising through the ranks of their unions. A whole new breed of these bourgeois trained officials have emerged, they are recruited straight from university and have little understanding of the

conditions in which most of their members live their lives.

199. When Hawke moved into politics he left his mantle with the then Assistant Secretary of the ACTU Bill Kelty who soon found a way to dump Secretary Peter Nolan and assert his power as Hawke's successor. Kelty, like Hawke before him, had gone straight from university to work as a researcher for the Storeman and Packers Union and then on to the ACTU. The advantage of moving the power to the Secretary was that the figurehead, could be a moving feast of Presidents with power bases in particular unions - Cliff Dolan, Simon Crean, Martin Ferguson and now Jennie George.

200. Kelty has created an entrenched union bureaucracy which is more interested in supporting capital than workers. First the accords and then the creation of super-unions from amalgamations has removed the bureaucracy from the members and destroyed union democracy. Workers are increasingly alienated from their unions by the complexity of protracted legalistic negotiations and by the sheer size and dispersal of members and the bureaucracy itself.

201. The role of trade union bureaucrats as policemen of the working class has, perhaps never been clearer in Australia.

Kelty's position on the Reserve Bank Board during the Labor years is a prime example. And the salaries paid in some unions to their officials is obscene. These were justified by claims that union leaders needed equal salaries to the chief execs of companies they negotiated with, as was first class air travel and accommodation, and many fringe benefits.

202. Also showing the corporatisation of union officials has been the ease with which former officials have moved into senior business management positions. For example, Jim Young, ex-Secretary of the SPSF, is now General Manager, Industrial Relations, NAB; Gary Weaven, ex ACTU assistant secretary moved to a 3 day a week \$300,000 a year job, providing consultancy advice on superannuation to Westpac. Anna Booth, ex General Secretary of the Textile, Footwear and Clothing Union has become the Chief Exec of the Sydney Casino.

203. The only real beneficiaries of the superannuation mania, have been a small number of trade union bureaucrats who have earned a fortune administering funds. And the whole move towards union involvement in the high finance of such schemes has not been a small

part of the bourgeoisification of the union bureaucracy.

204. In all this, the most contemptible role was that of the ex-Stalinist union leaders particularly in the metal workers. They played a vital role in the confusion of union members. They were seen as left-wing and militant so when they advocated that workers would benefit from the Accords they were believed in a way that Hawke (who had become known as sell-out Bob), or Kelty, (who was still seen as only a kid from Uni) could not have been. The leader of this group was AMWU Secretary Laurie Carmichael. He was one of the designers of the Accord and convinced all unions but one to sign it. He then went on to master-mind Award Restructuring which was the beginning of dismantling of award conditions.

205. The metal workers union built a virtual empire of officials to 'liaise with' and 'develop policies for' management. Perhaps the most ludicrous point in all this was their response to corporate callousness, corruption and inefficiency - the AMWU wasted resources on developing a 'Code of Corporate Citizenship' instead of leading an industrial battle against corporate exploitation of workers.

206. Another important role was played by TUTA which changed from teaching shop stewards and job delegates how to be combative to teaching them how to understand, or at least repeat, parrot fashion, the complex language in the documents of the various stages of degeneration of conditions.

3.3.2 Members

207. Despite all this and showing the persistence and strength of the working class to fight despite a traitorous leadership, there have been an array heroic battles since 1983.

208. Most have been about the nature of the employment contract, although some notable exceptions have been for wages and other conditions. Most of these battles were lost, but again there were notable exceptions.

209. The first wave of disputes was about the introduction of independent contractors into a permanent workforce. It was first tried at Dollar Sweets, where a picket line lasted for months and was eventually defeated. (The solicitor representing the employer was Peter Costello, current federal Treasurer). This same struggle was taken up in meatworks in Wodonga, Colac, Portland and Kilmore; in the Mudginberry dispute, by the SEQEB workers who fought for a valiant six

months, and at 417 St Kilda Road. All struggles were prolonged, picket lines were attacked by police and they were defeated. Whilst sections of the union movement supported all these workers, generally they were isolated by the ACTU which stood by and watched these defeats using them as lessons for the rest of the class, to accept changes or be isolated and defeated.

210. Isolating unions who took action became an art form in the bureaucracy. The pilots strike was the best example. Trade Union bureaucrats didn't only refuse to support the pilots, they were openly hostile to their claims for a wage increase. The pilots union was broken as a result.

211. Also broken were the NSW, ACT and Victorian branches of the Builders Labourers. Again they were isolated from the rest of the trade union movement, treated as lepers. When the Victorian government moved to de-regulate them, to sequester their funds and ban their officials from holding office, the rest of the union movement didn't lift a finger. Again it was a lesson that militancy would be punished in this period.

212. In 1986 the Victorian nurses had a prolonged strike and won a pay increase. They were not so easy to isolate, although their leader Irene

Bolger was certainly isolated and stabbed in the back after the strike. But during the strike the nurses, had so much rank and file support that the bureaucrats could only try and sell them out, not leave them isolated.

213. In Victoria the Tramway workers also held a victorious and protracted strike over the abolition of conductors on trams. Again rank and file support was massive, support groups sprung up in tram depots and for a period the trams were lined up through city streets as a blockade.

214. In NSW workers at Cockatoo Island, occupied the plant for a number of months to fight closure. The dispute was again isolated and workers left the sight with slightly increased redundancy packages. NSW DSS workers fought valiantly for six weeks over wages and conditions.

215. In the early 90s a new wave of strikes broke out over the nature of the employment contract. These were not about self-employment contracts, but rather about contracts which gave incentive for workers to leave the union. Worker's at Hamersley Iron fought for months, but eventually lost - 84% of workers are now on contracts and printers at Vista in NSW stood on a picket line for months over their employment contracts.



216. The same issues were raised at Weipa a few years later when contracts offered to non-union workers were said to be \$20,000 a year higher than those offered to union members. In this battle the ACTU intervened. By this time they had become sensitive to falling union membership, and were keen to show preparedness to give leadership. The Weipa contracts were a further threat to membership. The ACTU even brought Bob Hawke out of retirement to show their seriousness. Perhaps all it showed was their inability to understand anything about those they claim to represent. In any case the Weipa contracts were undermined by the AIRC which ruled that they were contrary to equal pay principles.

217. Workers at AMP in Tasmania, went to battle over redundancies in the small town of Burnie was nearly completely dependent on work at the paper mill. Scab labour

was turned away, massive support came from all around Australia, but eventually they settled, for increased redundancy packages.

218. In Melbourne in the early nineties there were long and bitter disputes at Hoechst and Ford. The Hoechst strike was over health and safety conditions but quickly turned into a dispute about self-employment contracts. Contractors were used as scabs to break the strike, which put the status of employment in centre stage.

219. The tactics used in all these struggles are most important. The two which stand out as victorious were the nurses and the tramway workers and in both cases rank and file involvement from the start was high and varied. In the case of the nurses, Irene Bolger emerged as a leader with confidence in the membership, (she had only recently come out of the membership herself) and a determination to involve them at all levels. During the struggle, daily strike meetings were held, where the progress of the strike and strategies and tactics were discussed, pickets were set up at all hospitals, fund raising and community

awareness campaigns were organised. But central was probably Bolger's refusal to give in, until their demands were met, despite pressure from the ACTU and other leaderships. She was strengthened in this resolve by the close contact she maintained with the rank and file nurses.

220. In the Tramways dispute, rank and file involvement varied from depot to depot and it was clear that the leadership were being pushed from below. The most militant depots were set up as strike centres, where food was served and tactics discussed and planned. At the end of the strike, the difference in consciousness in workers from depots which were organised well, was noticeable and it was the militancy of these depots which kept the dispute alive and prevented the leadership from caving in.

221. In 1996 two major disputes in Victoria drew attention to loss of conditions in the renewal of enterprise bargaining agreements. At Nestle, the plant was shut down and workers left on a picket line until demoralisation set in and all but the militants agreed to sign the new contracts and return to work. The union never fully supported the workers, leaving them without any leadership,

unaware of what was happening in negotiations, and without any proposals for extending their campaign.

222. In contrast the recent dispute at BTR Nylex, ACI Glassworks in Spotswood, Victoria workers showed strong militancy from the start and were supported by rank and file members from other plants. Five unions were involved which probably helped to gain widespread supports, but also the initial militancy of sacked maintenance workers drew support from the start. The dispute dragged on for months over the period of the election of the Howard government, which added fire to the support from other unionists. In this case the union area organisers played a superb role in support and leadership, and in the end, national leadership had to be flown in to settle the dispute over the heads of the active officials, which left workers with a partial victory, once again showing the importance of militancy and the importance of solidarity.

223. The union bureaucracy has lost a lot of the confidence of workers, but it is still powerful simply as a plug, which blocks the flow of militancy and union democracy.

224. Amalgamated monster unions make it difficult now for

rank and file groups to exercise influence or challenge elections, unless they've got the backing of the ALP or other funding. In a union with a national membership of over 200,000, one mail-out would cost in excess of \$100,000. Rank and file organisation is now difficult but vital, and one of the challenges of the next period will be the ability to succeed in challenging current leaderships. This will require building support on the ground between elections.

225. Democracy in unions, more centralised control, flowed from accord and amalgamations, has meant the disappearance of suburban and or active workplace branches of unions.

226. One way around the problem is the formation of new unions such as the Shearers and Rural Workers Union, which developed as the natural outcome of amalgamation when individual groups of workers don't want to lose their militancy or control of their own destiny. When the AWU sold out the wide comb dispute, disenchanted sections of the union had a meeting at Ballarat and formed the break-away. The union is struggling, but has again shown that militancy will win support. Their most recent dispute at EP Robinson in Geelong was over workers' rights to have the

representation of their choice. Although after months of picketing, the workers lost, it is a battle which will continue as workers increasingly realise that their leaderships will not fight their causes.

227. Nevertheless the difficulties faced by new unions, the splitting of the membership of older unions, make this choice a last resort. The first option is to organise rank and file groups in unions to challenge redundant leaderships.

228. The question facing unions in this period, is whether they can defend themselves. They have been weakened, but are still far from defeated, but in many cases it will take successful leadership challenges, and/or disaffection to smaller, more militant unions to succeed. There is no possibility of the established bureaucracy being able to win. Years under Labor governments have trained a whole generation of officials how to become complicit, but not how to engage in struggle, or even to sight victory.

229. Finally it's important to mention the enormous one-day general stoppages and demonstrations against the introduction of Liberal IR legislation. First in NSW in 1988, then in 1992 in Victoria, and a year later in Western Australia. Each of these strikes



216. The same issues were raised at Weipa a few years later when contracts offered to non-union workers were said to be \$20,000 a year higher than those offered to union members. In this battle the ACTU intervened. By this time they had become sensitive to falling union membership, and were keen to show preparedness to give leadership. The Weipa contracts were a further threat to membership. The ACTU even brought Bob Hawke out of retirement to show their seriousness. Perhaps all it showed was their inability to understand anything about those they claim to represent. In any case the Weipa contracts were undermined by the AIRC which ruled that they were contrary to equal pay principles.

217. Workers at AMP in Tasmania, went to battle over redundancies in the small town of Burnie was nearly completely dependent on work at the paper mill. Scab labour

was turned away, massive support came from all around Australia, but eventually they settled, for increased redundancy packages.

218. In Melbourne in the early nineties there were long and bitter

disputes at Hoechst and Ford. The Hoechst strike was over health and safety conditions but quickly turned into a dispute about self-employment contracts. Contractors were used as scabs to break the strike, which put the status of employment in centre stage.

219. The tactics used in all these struggles are most important. The two which stand out as victorious were the nurses and the tramway workers and in both cases rank and file involvement from the start was high and varied. In the case of the nurses, Irene Bolger emerged as a leader with confidence in the membership, (she had only recently come out of the membership herself) and a determination to involve them at all levels. During the struggle, daily strike meetings were held, where the progress of the strike and strategies and tactics were discussed, pickets were set up at all hospitals, fund raising and community

awareness campaigns were organised. But central was probably Bolger's refusal to give in, until their demands were met, despite pressure from the ACTU and other leaderships. She was strengthened in this resolve by the close contact she maintained with the rank and file nurses.

220. In the Tramways dispute, rank and file involvement varied from depot to depot and it was clear that the leadership were being pushed from below. The most militant depots were set up as strike centres, where food was served and tactics discussed and planned. At the end of the strike, the difference in consciousness in workers from depots which were organised well, was noticeable and it was the militancy of these depots which kept the dispute alive and prevented the leadership from caving in.

221. In 1996 two major disputes in Victoria drew attention to loss of conditions in the renewal of enterprise bargaining agreements. At Nestle, the plant was shut down and workers left on a picket line until demoralisation set in and all but the militants agreed to sign the new contracts and return to work. The union never fully supported the workers, leaving them without any leadership,

unaware of what was happening in negotiations, and without any proposals for extending their campaign.

222. In contrast the recent dispute at BTR Nylex, ACI Glassworks in Spotswood, Victoria workers showed strong militancy from the start and were supported by rank and file members from other plants. Five unions were involved which probably helped to gain widespread supports, but also the initial militancy of sacked maintenance workers drew support from the start. The dispute dragged on for months over the period of the election of the Howard government, which added fire to the support from other unionists. In this case the union area organisers played a superb role in support and leadership, and in the end, national leadership had to be flown in to settle the dispute over the heads of the active officials, which left workers with a partial victory, once again showing the importance of militancy and the importance of solidarity.

223. The union bureaucracy has lost a lot of the confidence of workers, but it is still powerful simply as a plug, which blocks the flow of militancy and union democracy.

224. Amalgamated monster unions make it difficult now for

rank and file groups to exercise influence or challenge elections, unless they've got the backing of the ALP or other funding. In a union with a national membership of over 200,000, one mail-out would cost in excess of \$100,000. Rank and file organisation is now difficult but vital, and one of the challenges of the next period will be the ability to succeed in challenging current leaderships. This will require building support on the ground between elections.

225. Democracy in unions, more centralised control, flowed from accord and amalgamations, has meant the disappearance of suburban and or active workplace branches of unions.

226. One way around the problem is the formation of new unions such as the Shearers and Rural Workers Union, which developed as the natural outcome of amalgamation when individual groups of workers don't want to lose their militancy or control of their own destiny. When the AWU sold out the wide comb dispute, disenchanted sections of the union had a meeting at Ballarat and formed the break-away. The union is struggling, but has again shown that militancy will win support. Their most recent dispute at EP Robinson in Geelong was over workers' rights to have the

representation of their choice. Although after months of picketing, the workers lost, it is a battle which will continue as workers increasingly realise that their leaderships will not fight their causes.

227. Nevertheless the difficulties faced by new unions, the splitting of the membership of older unions, make this choice a last resort. The first option is to organise rank and file groups in unions to challenge redundant leaderships.

228. The question facing unions in this period, is whether they can defend themselves. They have been weakened, but are still far from defeated, but in many cases it will take successful leadership challenges, and/or disaffection to smaller, more militant unions to succeed. There is no possibility of the established bureaucracy being able to win. Years under Labor governments have trained a whole generation of officials how to become complicit, but not how to engage in struggle, or even to sight victory.

229. Finally it's important to mention the enormous one-day general stoppages and demonstrations against the introduction of Liberal IR legislation. First in NSW in 1988, then in 1992 in Victoria, and a year later in Western Australia. Each of these strikes

received massive support from around the country, workers showed their preparedness to fight. Victoria saw the most people protesting in its history, twice in a couple of months, but the bureaucracy used the protests, as a way of letting off steam, not as the beginning of a concerted campaign.

230. The same was true when workers from around Australia descended on Canberra to protest federal legislation. The storming of Parliament House was a small indication of the anger and frustration and preparedness to fight which exists, a bigger indication was the numbers who endured long overnight bus rides and loss of pay to attend. The subsequent attitude of the ACTU to those who had been involved in the Parliament House storming was the strongest sign yet, of their hostility to workers and their struggle.

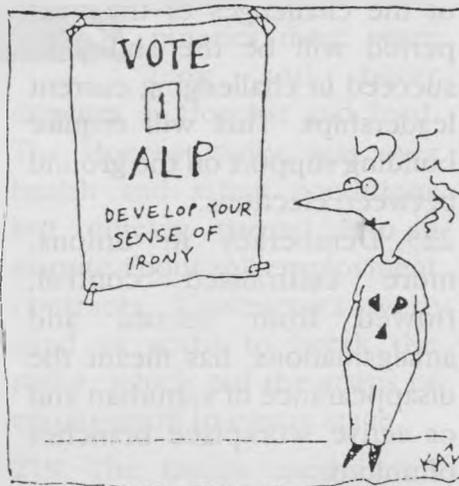
3.4 Social conditions

3.4.1 Aboriginal people

231. The whole of this country was stolen from the indigenous people and a campaign of genocide was perpetrated against them, including massacre, forced starvation, the dissemination of disease and dispersion by forced adoption into 'white' families which only ended a decade ago. The

survivors, denied the resources to continue living in their traditional way, have been marginalised to the fringes of capitalist society.

232. The wealth of all white Australians rests to some extent on the stolen land - in particular the development of the agricultural and mining



sectors, but also industrial development, have all been advantaged by cheap and/or free land. One of the conditions valued by the working class, and lauded by the ruling class is the high rate of home ownership in this country - but it cannot be separated from the fact that the land was stolen only 200 years ago, which makes it relatively cheap. This factor aids the myths of egalitarianism and a 'well-off' working class.

233. The first overriding legal recognition of the rights of original owners to land title was made in the Mabo decision

which rejected the Terra nullus verdict and made way for Aboriginal groups to win title of land if they could prove an uninterrupted presence. Pastoralists and mining companies along with right wing state governments, especially in Queensland and Western Australia launched a campaign of fear against the potential outcomes of this ruling and handed out thousands of pastoral leases to protect pastoralists against Mabo-type claims. However the Wik decision has put the validity of these new leases into jeopardy and has also ruled that pastoral leases do not extinguish native title.

234. Again State governments and pastoralists are creating a furore of fear and pressuring the Federal government to overrule the Wik decision. The main protagonists are the small players, nervous of high legal costs etc... the large mining companies are confident they can manipulate any situation with sophisticated legal tactics Branches - often TNs, therefore bring all sorts of pressure to bear on govt.....

235. Deaths in custody continue to rise despite a Royal Commission which found them a national shame, and made recommendations for their alleviation.

236. The conditions in which Aboriginal people live, are

worse than non-aborigines by almost every indicator. Life expectancy is around 56 and 64 for Aboriginal males and females respectively, around 71 and 78 for the whole population. Infant mortality rates are three times that of the general population. Access to health and education facilities are sub-standard. About 32% of Aboriginal children aged 0 to 9 years suffer from Trachoma (eye disease), compared with 1.6% of non-Aborigines in the same age group. A large majority of Aborigines live in improvised housing with no sewerage, running water or electricity.

237. The rate of incarceration of Aborigines is much higher than for the rest of the population. Deaths in custody are still growing, despite a Royal Commission which made recommendations.

3.4.2 Women

238. Women have made many gains since the second world war, their workforce participation has grown from 26% to 54%, but they have a much higher rate of part-time work and they are still concentrated in 'female occupations' which have lower rates of pay, so their overall earnings are 65% lower than those of men. Anti-discrimination legislation evidences changing attitudes to the ability of women to

participate in all aspects of society, but still discrimination persists.

239. Women still do the lions share of unpaid domestic work, and this will increase as social services are cut. There is still high levels of violence against them and sections of the justice system continue to disregard these issues.

3.4.3 Immigration

240. Just as Australian capital relies to a large extent on imported capital, it has also relied on imported labour in the form of immigration. As a settler colony, almost the entire population have at one time been immigrants, at first, almost entirely from Britain, after the war from Europe, particularly southern Europe and later from South America, the Middle East, Asia and most recently from Africa.

246. As waves of migrants arrive, they are slotted into the most marginal and undesirable jobs and are easily exploited because they have limited English language and knowledge of employment rights.

242. Multiculturalism and tolerance were incorporated into the

national psyche in the years of the Labor government with enormous benefit of variety and choice for all.

243. Yet recently migrants from Asia have become the butt of a rising tide of racism. The Liberal government has turned around the policies of Labor - limiting the migrant intake and cutting social services to migrants for the first two years after arrival.

3.4.4 social services

244. Australia has never had a high level of social services compared to other OECD countries but the levels which were reached in the early 80s have been run down since then. It has become fashionable for governments to



claim that budget deficits and public sector inefficiency require the shedding and reduction of all social services. These cuts have been so thorough that in almost all areas there is now a crisis, including requirements that individuals take responsibility for their own...super, and that migrants are not to get the dole for two years.

245. Health services have been run down and the Liberal governments will intensify the attacks, they are trying to run down Medicare by forcing people into private health insurance schemes, by limiting funds to public health systems and by privatising services and subsidiary services wherever possible. The intention of governments to shed responsibility for health services is most evident in the long-running battle between the Federal and State governments over funding obligations. There is currently a crisis in ambulance services, hospital bed shortages, increases in incidence of contagious diseases. A model which rose in the early 80s for de-institutionalising residents in state centres of all kinds to improve their quality of life and incorporate them into the wider community, have been abused, with people being thrown out of institutions without any of the back-up services necessary to make this

a viable option. In Victoria this has led to barbaric shooting by police of a number of 'intellectually disabled' people.

246. Education has been cut as viscously as health, with a current government policy of bolstering private education at the expense of state. Staff/student ratios have been lowered, schools have been closed, resources have been cut, whilst high unemployment forces higher retention rates in schools. The cost of higher education is increasingly being passed to individual users, ensuring that it will soon be unavailable to the working class. 85% of university budgets used to come from state funds and that is now down to 50%. Subject choice has been limited with growth areas increasingly determined by the stated and ill-advised demands of the corporate sector. At the same time attacks on student unionism are designed to deny students the ability to organise and oppose these trends. Funds to state funded and community run child care centres have been cut and use of private centres encouraged.

247. Social security services have been dramatically cut, the latest budget cut \$1.4 billion over the next three years. Staff have been reduced, offices closed and attempts to limit access are being introduced. The Commonwealth

Employment Service and most labour market programs have been abolished and the government is planning to introduce a work for the dole scheme for young people.

248. Large cuts to child welfare services, community services, legal aid, housing, anti-discrimination commissions, have all led to crisis in these areas.

249. The recent outbreak of Anthrax in Victoria which has followed close on the heels of a number of serious poisoning outbreaks has been caused by de-regulation and cuts to agricultural services.

250. A reduction in public housing, coming at the very time when fewer and fewer people can afford to buy houses has led to a growth in public housing waiting lists and a hike in private rental prices.

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- 11 International Merchandise Trade, Australia, ABS (5422.0)
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- 13 Calculated from figures provided in ABS (5422.0). These percentages have been calculated only for comparison. They only represent the monetary value of the increases which includes price rises and inflationary rises, they do not represent volumes or amounts.
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41 Anton Tagliaferro, at BNP Investment Management; quoted in AFR 28/1/97
- 18 Figure is calculated for calendar year from financial year figures and therein may be only approximate.
32 Stilwell, (1993) Economic Inequality, Pluto Press
42 Australian Financial Review, Editorial, 28/1/97
- 19 Stilwell (see above)
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