

BOSSSES AND WORKERS

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AT MOST TIMES during the past half-century a casual observer could easily have thought that 'industrial relations' meant disruptive strikes caused by irresponsible trade unions. Unions have had bad press, with biased and oversimplified judgments obscuring the difficult issues confronting bosses and the people they employ, concerning the experience and organisation of work. Why newspapers, radio and television so often display animus against unions is easy to explain. For one thing, they hire between them almost 20 000 workers of various kinds, and the gains that unions make increase their costs. They also rely for income on advertising from private enterprise, so are unlikely to contradict employers' views on industrial issues. The sensational side of the news—always evident in newspapers and radio broadcasts—gets even more attention in television: crowd scenes, especially angry confrontations on picket lines, provide good drama. Even the publicly owned ABC seizes on the most combustible elements of industrial relations. The causes of disputes and the practical difficulties of solving both employers' and workers' problems attract much less attention.

Australia's record on strikes is commonly depicted as bad by international standards, though it is notoriously difficult to make valid comparisons. One reason for this is that few other countries count as strikes disputes as small as those included in Australian official statistics. Even so, when such figures as we have are accurately compared, it appears that a number of other countries including Canada, Italy and Finland have usually lost more days per worker through industrial disputes than Australia. In the early 1980s strikes accounted on average for a loss of about half a day a year per worker. In 1974, when the relative strike loss was greater than in any other year since 1929, it amounted to 1.27 days per worker. The introduction of one new public holiday would have cost nearly as much in output. Far greater losses are caused by industrial accidents.

Over the past 50 years strikes have become generally shorter and more numerous. Costly lessons were learned by all sides in long disputes during the first years after World War II. Individual unionists' increasing commitments to hire



The hairy arm, clenched fist and menacing tattoo of organised labour: a media image. Bulletin, 8 Nov 1975.

purchase and mortgage repayments, and the use of penal powers in the 1950s and 1960s to fine unions for striking, also helped to bring about a change in tactics. Moreover, workers in different industries and locations began to use the strike to gain their demands. Coalmining and maritime work—dispute-prone industries—both declined in relation to manufacturing and later to the service sector. The concentration of coalfields in New South Wales had long helped that state to register large numbers of days lost by strikes, and the proportionate fall since 1950s in the New South Wales figures registers, among other things, the diminishing importance of coalmining there.

Newspaper and other media reports often imply that industrial harmony is the natural state of things and that disagreement or conflict arises either because unionists are bloodyminded or because communications have broken down between management and workers. But in any modern society disagreement between workers and management will occur and needs to be brought into the open. Workers feel better after getting frustrations off their chests, public attention is drawn to problems, and established procedures for settling industrial disputes can be set in motion. Productivity often actually increases after a work stoppage. If hidden or suppressed, workers' discontent will reveal itself in other, indirect, ways which injure output and efficiency. These range from poor timekeeping, increased absenteeism and labour turnover, through general lack of interest and deteriorating quality control, to actual sabotage.

In Australia since 1939 the unions have tried to improve their members' lot, and there are many other areas of conflict besides the split between wages and profits. Employers have been similarly working to achieve their own ends; individually and collectively, industrially and politically, they have tried to resist pressure from unions and to maximise their firms' profits and growth. Four major factors have determined the ebb and flow of the contest: the business cycle; changes in technology; the rules of the game prescribed by government regulation; and the expectations of the parties. Later we discuss the contribution of each of these elements to the processes that make up industrial relations, but first we need to look more closely at the main people involved.



Employers collectively have had a number of advantages during the past 50 years. The onus for change rested on the unions: all the inertia of the *status quo* worked in favour of the employers. The unions were always liable to incur public odium for being the disruptive element and at the same time causing inconvenience to the public. The employers' bargaining position also tended to be fortified by sympathy from the media and by the disposition of arbitration tribunals to support 'management prerogative' within the workplace. All federal and state governments believed in private enterprise: none envisaged any permanent redistribution of the share of income from profits to wages. Since at least the late 1940s the general opinion has been: 'What's good for profits is good for Australia.'

The employers' main problem has been the diversity of interests within their own ranks. The most sympathetic of governments have been frustrated by the apparent inability of employers to speak with one voice. If we exclude farms and other rural businesses, Australia in 1983 had about 600 000 different enterprises, 27 000 in manufacturing alone. Most are very small: for example, in Japan in 1981, 41 per cent of manufacturing plants employed more than 100 people, whereas the Australian figure was a mere 7 per cent.

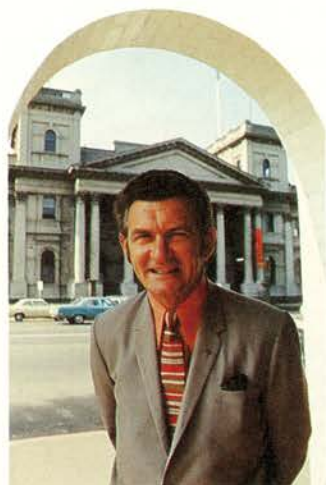
Employers' groups progressed only slowly and suspiciously towards representation by one peak council. Spurred on by the growth of the arbitration system, certain employers, most notably those in the metal trades, set the pace in the second quarter of this century. In 1961 a National Employers' Association was founded, to be succeeded, after discontent over the leadership of the metal trades employers, by the Confederation of Australian Industry (CAI) in 1978. But the CAI in turn led a troubled existence, marked by breakaways and rivalry. By one count there were about 700 employers' associations in 1976, ranging from the mighty Australian Metal Industries Association (AMIA), whose members employed nearly half of the manufacturing workforce, down to small bodies such as the 90-member Footwear Repairers' Association. For professional industrial relations services, most of the small associations rely on their states' umbrella organisations—the Employers' Federation, the Chamber of Manufactures or the Chamber of Commerce—so that their natural fragmentation is to some extent modified. The variety of their interests nevertheless remains; and even the large, independent associations have their difficult times, when tactical disagreement between members reduces the strength which their size would otherwise give them.

At the level of the individual firm, the owner-manager remains important in many thousands of enterprises, but in larger, pace-setting companies the shareholding owners do not run the business themselves. That task is delegated to professional management staff who are thus in the front line of workplace industrial relations. Compared with people holding similar positions in other industrialised countries, such as the United States, Germany and Britain, Australian managers have typically had less experience of working on the shop floor, have been less professionally qualified, and have relied more heavily on family connections to gain their positions. In recent years, however, there has been some recruitment of better-qualified managers from a wider spectrum of backgrounds, and this may help to make for a more sophisticated approach to industrial relations.

Jeffrey Smart, Factory Staff, Erewahyna, 1972 oil on canvas.
NATIONAL GALLERY OF VICTORIA



So far, management has never been accorded in Australia as high a prestige as in the United States, Germany or Sweden, for example. Many managers here have chosen their careers only second, after failing to gain entry to another profession. Within the managerial world, engineers and accountants have usually been respected more than specialists in personnel and industrial relations. The lowest echelons of management, the line supervisors and foremen, those who act at the point where workers and management actually meet, rarely have any training about the problems of understanding and managing staff. Traditionally they have little say in company decision-making. Often caught between two fires, some even began tentatively in the 1980s to organise themselves into unions.



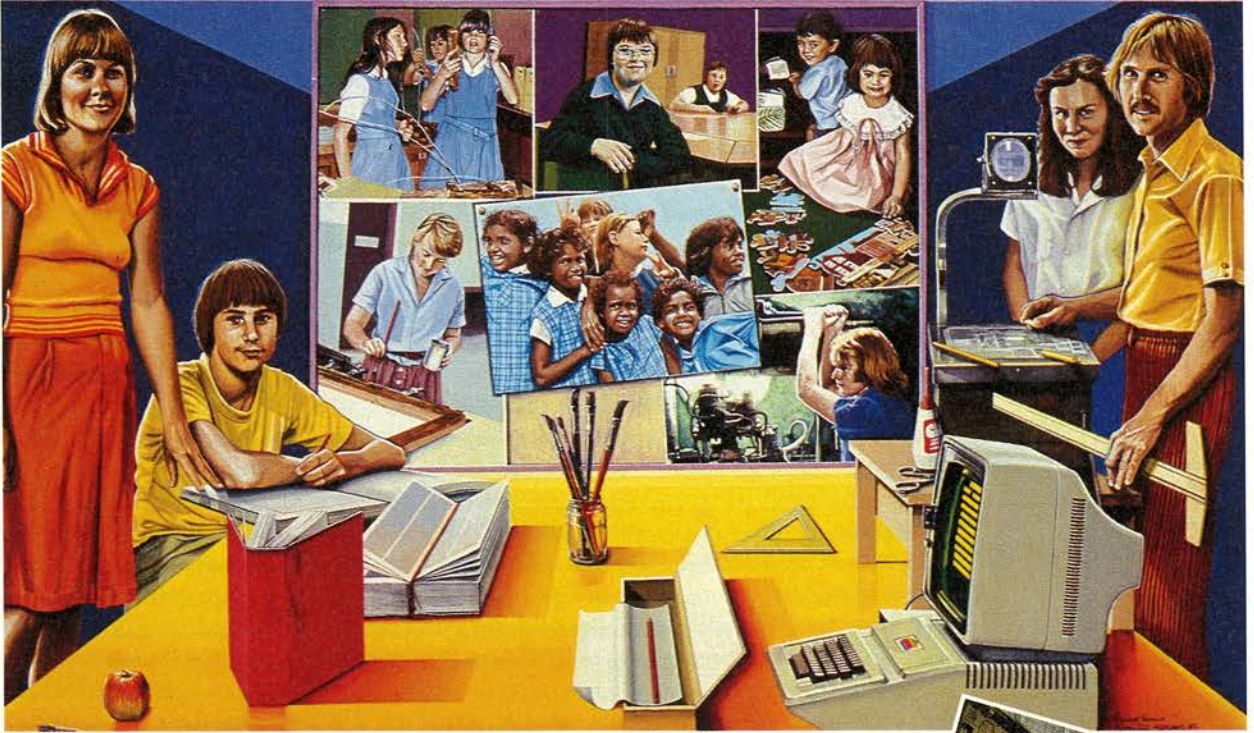
Bob Hawke in 1966, an advocate for the ACTU, outside the Melbourne Trades Hall. In 1970 he became president. Photograph by David Moore.

As we saw in the previous chapter, the structure of the workforce has changed considerably over the past half-century. Though affected by these changes, by developments in technology, and also by swings of the business cycle, Australian trade unions have remained numerous, small and pragmatic. The arbitration system has so sustained and nurtured them that a very high proportion of workers are members. From 1938 to 1951 the proportion of workers in trade unions grew from 46 per cent to a peak of 60 per cent. In 1982 the figure was still 57 per cent.

In 1938 there were 366 federal unions and 885 000 unionists—an average of 2418 members per union. By 1982 there were still 322 unions, although the average number of members had risen to 9355. By most relevant overseas comparisons that figure was still low. Among the major economies, only in Japan, with its many company-based unions, was the figure lower. In 1980 the average membership of unions in West Germany, the United States, Britain and Sweden was about 431 000, 116 000, 43 000 and 40 000 members respectively. The Australian figure overestimates union size because virtually all important federal unions consist of state branches which usually operate independently. The average also conceals a wide disparity in size. In 1980 the range was from 165 000 in the Amalgamated Metal Workers' Union (AMWU) to the fourteen members of the New South Wales Rope Makers' Union. Arbitration has sheltered many small unions from the worst risks of the labour market. There is, however, no simple causal connection between size and bargaining power or militancy: the pilots' and doctors' organisations are small but potent.

The fastest-growing unions have been those in the service industries, particularly those organising government workers and females. In 1982 public employees made up about one-third of the workforce but nearly half of all unionists. Of the nine largest unions in 1980, four had a majority of females, and in two others women represented nearly half the membership. Yet old images die hard. Although groups such as pilots, public servants, teachers and doctors made headlines, the public conception of a typical unionist has remained a horny-handed, boiler-suited male. The union movement is no longer as openly sexist as it was in the 1940s, when male members vehemently opposed many female workers retaining their jobs in peacetime. As yet, however, the trend towards women unionists has not been reflected among union officials, the vast majority of whom are men. The expansion of white-collar unionism also affected the outlook of the Australian Council of Trade Unions (ACTU) with which the major white-collar peak councils merged between 1976 and 1981. The ACTU has been the subject of much misinformation, especially during the presidency of R.J. Hawke (1969–79), at whom the media spotlight was pointed in a flattering but often

HUNTER REGION TEACHER ASSOCIATIONS.



The trade manual, official publication of the Commonwealth Council of the Amalgamated Engineering Union, sets out apprenticeship and training details for tradesmen, and is also a technical reference book. ANU ARCHIVES OF BUSINESS AND LABOUR

Contrasting faces of unionism. Two banners by Birgitte Hansen.
NEWCASTLE TRADES HALL

misleading fashion. Although its biennial congress is an important forum for delegates from affiliated members, the ACTU's actual power rests largely on moral suasion. Its electoral processes guarantee that ACTU full-time officers are drawn from the middle of the road and pursue conciliatory policies with affiliates, employers and government alike.

Nearly all Australian unions have decided on low contributions from members. In 1984 subscriptions ranged between \$70 and \$90 a year—or less than half of one per cent of average annual earnings. Operating on tight budgets, unions have traditionally lacked qualified legal, research and other staff, and have relied on the jack-of-all-trades ability of full-time officials whose dedication has been tested by low salaries and long hours. The officials have largely been drawn from the ranks of members. The spurs to office among the rank and file range from crusading zeal to the hope of preselection one day as a Labor party candidate. For many blue-collar workers, while the income and hours would not necessarily represent any improvement over their old jobs, the interest and status of a union position have proved an important incentive. The typical profile of full-time union officers began to alter with the rise of white-collar unions, which tended to appoint more highly paid and better-educated people, often from outside their membership.

Internal union affairs have traditionally been conducted with an honesty encouraged by a host of government regulations controlling financial and electoral procedures, making it easy for any member to check out suspicions. In general, however, rank-and-file members seldom display much interest in their union's affairs. They care little, as long as the leadership is seen to be effective in protecting and advancing their material interest. As in most organisations, a few activists take the voluntary part-time positions and compete for full-time vacancies. When political or personal difficulties arise between the activists, faction fighting breaks out, as it did most notably during the controversies about communist activities in the 1940s and 1950s. If the troubles are well publicised, the core of activists and voters may swell at such times, but apathy soon returns. In addition, the centralisation of dispute settlement in arbitration tribunals worked against a high level of rank-and-file involvement in shop committees.



Governments play two important roles in industrial relations. They are the biggest employers of labour, and they make laws governing all aspects of work, industry and labour regulation.

Government employment has always been important in this country. Between 1938 and 1983 the proportion of people in public employ—federal, state and local government—rose from 23 to 27 per cent of the workforce, with most growth occurring in state and local government. While state legislatures provided concessions such as workers' compensation, occupational health and safety, union preference, superannuation, and long-service, annual, sickness and maternity leaves, the central importance of both the federal arbitration tribunal and the federal government's economic policies made Canberra the crucial seat of government. The main aim of politicians and their advisers there has been to restrain unions' bargaining strength. This goal has been natural enough to conservative coalitions; but some of the most effective restraints were fashioned by ALP ministries.

As well as making authoritative submissions to the Arbitration Court or, after 1956, Arbitration Commission, federal governments used two main avenues of restraint. One was to hinder the chances of militants gaining or keeping control of

unions. This was done in three main ways. First, governments regulated unions' internal affairs more and more closely, in order to encourage and protect dissenting minorities of less aggressive outlook. Secondly, because politicians believed that the apathetic majority were likely to be influenced by criticism, especially in the media, of militant leaders, measures were taken to draw all members into free, postage-paid ballots. Finally, imagining that larger unions tend to be more militant, governments put obstacles in the way of amalgamations.

The other and more important method of restraint was to move against unions in the labour market itself by impeding the use of their bargaining strength. As we shall see, these moves varied over time.



The state and federal arbitration tribunals are not neutral umpires. Arbitrators are guided not by a set of rules or even a notion of objective justice, but by a sense of what is likely to prove acceptable to both sides or cause fewest problems in the firm or industry they are dealing with. Governments have put constant pressure on the main federal tribunal to shape its decisions with an eye to combat inflation. Doing their best to fulfil this responsibility and to accommodate both the competing interests of capital and labour and the wishes of government, the arbitrators' practice was to set minimum standards only. By so doing, they have ensured, whether wishing to or not, that haggling between employers and unions continues after an award has been handed down.

There are other impediments to the smooth working of the system. In the earlier decades of arbitration the overlapping state and federal jurisdictions created a legal jungle which, though cleared to some extent since the 1950s, left precedents that continue to encumber the Arbitration Commission's work. Its long refusal to intrude into 'management prerogative' left Australians well behind most American and European workers in 'non-wage' working conditions such as severance pay, reinstatement claims and a say in the impact of new technology. Moreover, High Court interpretations of such matters as the Arbitration Commission's constitutional powers and of how an 'industry' should be defined long hampered the commission's work. And wage settlement had been centralised so early that most Australian workers remained almost as concerned about 'relativities' as about the actual level of their own wages.



Just as war intervened in 1939, it seemed possible that industrial relations in Australia might be in for a reasonably stable period. Behind lay the worst days of the depression when unemployment and wage and pension cuts created bitterness which few in the labour movement would forget. The late 1930s saw a new, less forgiving militancy among a minority of union activists, while a wider belief that technological change had aggravated the effects of the depression underpinned fresh agitation for reduced hours. A shorter week, it was argued, would both share out employment and be a gain less easy for employers and arbitrators to withdraw during future economic downturns. The lead was taken in campaigns on wages and hours by the men who were first to recover their bargaining power: coalminers, skilled metalworkers and printers. They won victories in 1938 which showed clearly that union power to press demands was returning.



A communist newspaper sees the arbitration court judges as part of the barrier that protects bloated capitalists from the workers. Tribune, Sydney, 29 Oct 1946.



BHP as mechanical master, in a publication of the Federated Ironworkers' Association of Australia, Sydney, 1941.

REEVES COLLECTION

Top.
Here BHP workers leave the steelworks at Newcastle, March 1942.

MAGAZINE PROMOTIONS

Inset.
War hastened the growth of the Australian manufacturing industry. Australia to-day, 1952.

After war began in Europe, leaders of the industrial labour movement looked warily on the Menzies government's seemingly hesitant attempts to put the economy on a war footing. The more powerful unions continued to assert their independence. Early in 1940 coalminers pressing for shorter hours went out for ten weeks. The sense of emergency caused by Germany's victories in France was probably the most important influence ending this dispute. Exaggerated estimates of the communists' role in the strike helped persuade the government to suppress the Communist party, which was declared an unlawful organisation on 15 June 1940. Raids were mounted on the offices and homes of its supporters, and some were imprisoned.

The government had asked the ACTU to represent unionists on a number of new wartime committees and panels. But the ACTU, established in 1927, still had only a little over 10 per cent of union members affiliated to it. Powerful unions such as the Australian Workers' Union (AWU) and the Amalgamated Engineering Union (AEU) insisted that they would co-operate only if given separate representation on the bodies concerned. In May 1940 the AEU independently reached a self-protective agreement with the government to allow a carefully controlled expansion of the skilled workforce in essential war industries through adult training schemes. A rapid growth in the supply of tradesmen was essential for the war effort, but such was their suspicion of the Menzies government's motives that union spokesmen from right and left combined to attack the AEU 'sell-out'.

The second half of 1941 was a time of change in attitudes to the war. When Germany invaded Russia in June communists, hitherto mindful of the Nazi-Soviet pact of 1939, suddenly embraced the Allied cause. In October Labor, under John Curtin, was back in office after ten years; and in December Japan's attack turned the war into one of direct defence for Australia. The union movement swung fully behind an all-out war effort.

During the war years Australians accepted an unprecedented level of government regulation and interference both at home and at work. Military conscription, the suggestion of which had split the nation in World War I, was introduced in 1943, acceptable now because of the national emergency and on condition that men could be made to serve only south of the equator. The civil counterpart of such conscription, vehemently resisted by unionists as late as 1939, was tolerated when at the height of the emergency tight manpower regulations directed both men and women into particular jobs. Wages were pegged, the campaign for shorter hours was abandoned, working hours were increased, and shift work became common; skilled workers agreed to invasion of their trades by adult trainees (even, eventually, women—though with strict safeguards). Like the rest of the community, workers suffered the shortages that made the home front in wartime so austere: more importantly, they contributed the bulk of those men and women who joined the fighting services. Taken, then, in the round, the wartime industrial relations record looks impressive. But what would happen after the danger was over?

War hastened Australian manufacturing industry's growth in scale and complexity of production and in the total number of people employed. Especially important was the growth of the female workforce. Alarmed unionists feared that women would retain in peacetime jobs hitherto regarded as being exclusively men's. Confident of their own higher value to employers, male unionists mounted towards the end of the war a campaign for equal pay while warning that in peacetime most females would have to withdraw from the workforce. The campaign for equal pay failed: employers resisted it; and leaders of the Labor government were concerned that it would jeopardise their policy of price stabilisation. At the end of the war only a few women had achieved equality of pay, and then only temporarily. Clothing and rubber workers were on 75 per cent of male wages, but overall female rates averaged only about 60 per cent of male awards. This represented little improvement on the prewar level of 54 per cent of the male basic wage. Not until 1951 was the female basic wage lifted to 75 per cent. Two more decades would pass before nominal equal pay was achieved.

Immediately after the war unions campaigned for shorter hours, higher pay and more annual leave. The claims were spontaneous and, after the general experience of wartime austerity, had widespread public support. The unions had every reason to be confident. Labour was scarce as the economy picked up after the war, and in politics the Labor party was riding high. In Canberra between 1944 and 1949 the Labor party controlled both the House of Representatives and the Senate. In the first year of peace Labor governments held office in five of the six states, and conservatives hung on in South Australia only with the help of a rurally biased electoral distribution. Labor had long promised a new order for ordinary Australians. More specifically, the 1943 ALP Conference had decided that the federal government should within six months of the war's end use its emergency powers to implement both a 40-hour week and a higher basic wage.

Disputes broke out in all sectors of the economy. Workers with no previous record of militancy moved to make their gains while the going was good. In 1945 major stoppages occurred among printers and power workers, while coalminers, seamen and wharf labourers showed constant readiness to strike. The intransigence of Broken Hill Pty Ltd (BHP) ensured closure of steelworks first at Port Kembla and then at Newcastle. For fifteen weeks these two steel towns experienced one of the largest stoppages in Australian history. Many of their citizens relished the opportunity to take on, for the first time on something like equal terms, the giant monopoly which had so long dominated their lives. Alleged 'scabs' were subject to 'tin kettling' (groups of women assembled outside scabs' houses to beat pots and



The Communist party takes up the cause of equal pay for women workers. Tribune, Sydney, 11 Aug 1948.

pans as noisily as possible when the culprits appeared) and to similar forms of moral suasion and physical harassment familiar in working-class tradition.

But the major obstacle to improved conditions in what was becoming a tight labour market was not private employers like BHP but the federal Labor government itself, which sought to maintain as long as possible the wartime freeze on wages and hours. Though the mood of the time made union gains inevitable, the Chifley government, worried at the danger of inflation, reacted cautiously. It conducted a skilful rearguard action by ignoring the 1943 ALP Conference decisions and by diverting claims into the arbitration system, with its ponderous pace of decision-making. It refused to decentralise the arbitration system and make it more responsive to market forces. It did reduce legalism somewhat and increased the number of conciliation commissioners, but its Arbitration Act of 1947 failed to abolish the role of the judges, as the unions hoped. Instead it ensured that judges alone determined the basic wage, standard hours, holidays, overtime and shift rates.

Anger with the Chifley government reached its peak late in 1946 and early in 1947 when the ACTU almost called a national strike. A six-month Victorian metal trades dispute begun by an employers' lockout proved the occasion for lifting the wage freeze, and gains flowed on to most workers by the beginning of 1948, when the national 40-hour week was also at last inaugurated.

Wage gains were soon eroded, however, by the failure of a referendum proposal in 1948 to continue the federal government's wartime power to control prices. The still enormous backlog of civilian demand produced inflation, which became much worse when in 1950–51 commodity prices shot up because of the Korean War. In a free market, wages might be expected to follow prices upwards, but the Menzies government, which came to office at the end of 1949, moved to restrict unions' ability to pursue this aim. Simultaneously, in the belief that wage rises fuelled inflation, the Arbitration Court decreed in 1953 that the 40-year-old practice of tying the basic wage to the cost of living was to end.

Unionists resisting these moves were distracted by internal friction and by the change in the political climate which came in 1947–48 with the Cold War. The Communist party had grown in size and prestige during the war, when Soviet Russia was an ally. The return of peace, combined with communists' traditional industrial militancy, allowed the party to ride and sometimes lead the spontaneous aggression of workers. Some ALP leaders branded such major disputes as those in steel and engineering as communist plots to wreck the ALP and the economy. The charges were false; but when made in the climate of Cold War and magnified by press, radio, the Opposition and employers, they seemed plausible to many people.

Eventually, Communist party leaders came to believe their opponents' propaganda and thought they were powerful enough to direct rather than ride the waves of rank-and-file sentiment. Misapplying Russian global analyses to the Australian scene, they embarked on an adventurist period. The result was almost complete failure, a decimation of communist influence among the unions and a rapid growth among anti-communist elements led by the ALP's Industrial Groups and B.A. Santamaria's Catholic Social Studies Movement. The climax came in the winter of 1949 when an industrial dispute in the coalfields was seized on by Communist party and ALP leaders as the occasion for a showdown. There were no winners apart from the Opposition, revived now by the Cold War and alarm at Chifley's attempt to nationalise the banks. The miners were forced back to work. The Communist party gained no converts. The Labor government introduced severe retrospective legislation against the miners and anyone who supported them, gaoling union leaders, levying fines, freezing union funds, and sending troops into mines. But it still lost the election later that year. The Menzies era had begun.



Prime Minister J.B. Chifley, lifelong Labor man, has a painful encounter with miners at Katoomba, NSW, during the coal strike of 1949.

NATIONAL LIBRARY

For the next two decades workers and just about everybody else came to believe in the permanency of full employment. The bitter memories of prewar years faded. White-collar employment went on expanding. The communist issue provoked a split in the ALP which distracted union energies and allowed both employers and the Liberal–Country parties to kick the communist can for another decade. Anti-communists who broke with the ALP continued to allege undue communist influence and helped form the new Democratic Labor Party to oppose the ALP. Although Santamaria’s Movement was disbanded in 1957 its successor, the secretive National Civic Council, continued to influence the union world.

Full employment for the first time made it possible for many low-skilled workers to gain margins—award rates above the basic wage. These gains were countered by the 1953 decision to abandon the procedure of automatically indexing the basic wage component to quarterly movements in the cost of living index. The end of indexation ensured the spread of direct bargaining outside the arbitration systems and a ‘drift’ between award rates and actual earnings, hampered though increases were by employers’ use of the penal powers. The inclusion of clauses into federal awards prohibiting the application of bans on overtime and fining unions for stoppages had begun in the Chifley era and become more common under Menzies. Unions protested, challenged the practice, and had their case upheld by the Privy Council. Menzies then radically reformed the arbitration system in 1956 by creating an Industrial Court to police the awards of the new Arbitration Commission. Fines were virtually automatic once employers appealed to the court: the rights and wrongs of an issue could not be considered. Employers did not always need to proceed to the court: the threat was usually enough. Union tactics changed, with brief rolling strikes and lightning stoppages replacing the old set-piece disputes. Another circumstance that affected the character of disputes was labour-displacing technological change in those traditionally turbulent places, the coalfields and the wharves. While mechanisation and containerisation forced miners and wharfies on to the defensive, manufacturing in general and the metal trades in particular were coming to the fore in industrial disputation.

The wage victory of 1947 confirmed the central pace-setting importance of the metal trades award. For the next 30 years fears of inevitable flow-on made employers reluctant to concede ground in this industry. Their stance encouraged the militancy of unions, which began to coalesce around the AEU in what eventually became known as the Amalgamated Metal Workers’ Union (AMWU). On the employers’ side the lead was taken by the Metal Trades Employers’ Association (MTEA) which, through a series of amalgamations with other associations, eventually constituted the Metal Trades Industry Association of Australia (MTIA). In 1959 prompted by MTEA persuaded the leading employer groups formally to pool their research resources. The new think-tank thus created was by the early 1960s arguing that the traditional wage structure of a basic wage plus margins was outmoded and gave the unions two bites at the same cherry.

Pressed by governments and employers to contain inflation by keeping wages down, the Arbitration Commission from the mid-1950s zigzagged inconsistently in an effort to reconcile its own changing notions of the national interest with the realities of the industrial marketplace. One important decision in 1963 (after a four-year union campaign) was the extension of annual leave to three weeks; but then the major decisions came between 1965 and 1967. The employers succeeded in getting the 60-year-old dual structure of basic wage and margins abolished. In moving to a national wage case which determined a total wage, the Arbitration Commission also announced that it would make ‘work value’ studies to discover whether specific occupations deserved wage changes. It did not get far along this



A communist portrait of R.G. Menzies as anti-communist during the federal election campaign of 1949. Tribune, Sydney, 26 Jan 1949.

hazardous track. The bench used its first work value decision to try to end the wages 'drift' in the metal trades by encouraging employers to 'absorb', in existing over-award payments, pay rises they were at the time granting in the award. The MTEA and associates needed no second prompting, the unions prepared to resist, and the country was in for the biggest industrial explosion for twenty years. In the first two months of 1968 there were 400 separate stoppages of work, and on 6 February 180 000 metalworkers went on strike for 24 hours. A compromise settlement was reached, whereby the tradesmen's formal rates were reduced, but over-award payments continued. More importantly, the employers invoked the penal powers so often as to create what proved to be an unstoppable tide of unionist determination to break this unfair hobble. In May 1969 Judge John Kerr of the Industrial Court sent Clarrie O'Shea, secretary of the Victorian branch of the Tramways Union, to gaol indefinitely for refusing to hand over the union's books after it had failed to pay previously imposed fines. On the morning of O'Shea's arrest 5000 shop stewards demonstrated in Melbourne, and over the next few days an estimated one million workers were involved in stop-work meetings of protest.

O'Shea was released after six days when an anonymous benefactor paid the fines. The industrial turmoil provoked the federal government to negotiate on the penal provisions with unions and employers. In 1970 the Act was amended to allow the Industrial Court, before applying the sanctions, to make some inquiry into the merits of the situation which had given rise to a strike. Nevertheless the Gorton and McMahon ministries in 1970–72 resisted union demands that the sanctions be withdrawn completely. In March and December 1971 confrontations on the issue were avoided by other anonymous benefactors paying outstanding fines. After that no union paid a fine, with the exception of two metal unions which wanted to ensure amalgamation with the AEU to form the AMWU.

Some industrial issues were fought out in the state rather than the federal arena. State Labor governments improved work conditions either by granting pace-setting concessions to their own employees or by legislating for all workers under state awards. Unions used the precedents to apply pressure on private sector employers, state arbitration tribunals, non-Labor governments and the federal Arbitration Commission. New South Wales led the way on many issues, including

Left.

Six Hour Day (formerly Eight Hour Day) procession, Sydney 1939. Australasian Society of Engineers, South Australian branch.

ANU ARCHIVES OF BUSINESS AND LABOUR

Right.

Six Hour Day procession, Sydney 1959. Margins for skill above the basic wage are the theme of the float representing the Federated Ironworkers' Association of Australia, one of the pace-setting metal trades unions. Labor News, Oct 1959.

ANU ARCHIVES OF BUSINESS AND LABOUR



annual leave (two weeks in 1944 and three in 1958), long-service leave (1951) and equal minimum pay for men and women (1958). These initiatives spread to workers in other states at differing speeds. For example, Western Australians employed in the private sector waited a further seven years for long-service leave; women on federal awards waited eleven years for a decision promising 'equal pay for equal work', fourteen years for 'equal pay for work of equal value', and sixteen years for equal minimum wages.

Once the penal powers lapsed into disuse, workers were free to use their bargaining power in full employment for the first time since the brief period at the end of Chifley's wage freeze in 1947–48. They could confidently expect advances in the prosperous sectors of the economy. The Arbitration Commission no longer acted as a brake on wage rates when direct negotiations between the parties became normal. Even the metal trades award was determined by agreement. Over-award deals began to be incorporated in 'going rates' awards. The monolithic centralised wage-fixing system was fragmenting. By 1973 less than half the increase in male adult federal award rates could be attributed to national wage cases. A change in outlook seemed to be required from those unions long used to letting other, militant bodies persuade the Arbitration Commission of the need for improvements. Simultaneously, some of the rank and file faced the disturbing possibility that long-established 'relativities' might be altered in the new world of market forces. No longer might an engineering fitter's rate be the pivot for all movements in skilled workers' award rates.

At the end of 1972, just when workers were using their newly freed bargaining power, a Labor government came to office in Canberra for the first time in 23 years. The Whitlam government introduced paternity leave for public servants, increased their annual leave and maternity leave, and strengthened their unions by threatening to give improved conditions only to members. Other developments which assisted white-collar unionism included closed-shop agreements in retail, banking and insurance industries. Female workers were aided further. The 1969 'equal pay for equal work' decision caused bitter dissension between employer groups. It was strengthened by an 'equal pay for work of equal value' decision in 1972 and the removal in 1974 of the longstanding differential in minimum wage fixation. As a result the ratio of official female to male rates rose from 74 per cent in 1970 to 94 per cent by the late 1970s. The ratio of earnings rose from 65 to 86 per cent.

As chapter 10 reveals, 'green bans' and political strikes over Vietnam, old age pensions and other social issues all added to an upsurge of participatory street politics. Enthusiasts sensed a new social era in the offing. Unfortunately 'stagflation' was then imported from the international economy, and as in the 1930s, most economists concluded that wage costs were the major problem. As inflation raised prices and took wage-earners into higher income tax brackets, wage claims increased when unions tried to preserve their members' real income. In 1974 the rate of wage increases was higher than ever. The overseas sources of stagflation were ignored by critics, who blamed the greed of unions for rising unemployment and high prices. The Whitlam government abandoned its original view that direct bargaining was desirable, and the Arbitration Commission resumed its position at the centre of wage fixation. With the government's qualified support it moved in the 1975 national wage case to index wages for inflation. In the Korean War boom the federal tribunal had abandoned cost-of-living adjustments because of their alleged inflationary effect. Now, in the gloom of the 1970s the wheel had turned full circle and indexation was restored in order to counter workers' fears about declining real incomes. For each quarter of 1975 wages were increased by a

Bosses at play with workers. Roderick Carnegie (left), chairman and chief executive, Conzinc Riotinto of Australia, and Russel Madigan, chairman of Hamersley Holdings and Comalco, mingle at a picnic of the CRA Social Club, 1975.

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proportion equal to the increase in consumer prices. This decision allayed unionists' fears about the effects of future price rises. Employers and conservatives continued to call for cuts in real wages.

The election in 1975 of the Fraser government, which amended the Arbitration Act to make more explicit the Arbitration Commission's responsibility to consider the likely effects of awards on levels of employment and inflation, increased pressure on the new system. From 1976 the commission gave full indexation for lower-paid workers only. Later this 'plateau' indexation gave way to 'partial' indexation whereby all wages were adjusted at a rate lower than the rise in prices. When real wages fell the stronger unions reverted to bargaining. In 1981 indexation was abandoned. At the end of 1982 the nervous Fraser government initiated a six-month federal wage freeze.

By the late 1970s full employment was only a memory. The national rate of unemployment was now officially about 9 per cent, and in reality higher, for the statistics did not count those elderly and youthful male workers, and women of all ages, who were forced to withdraw from the workforce. Manufacturing shrank. As in the 1930s, workers saw technological change as a major cause of unemployment. The silicon chip and computerisation threatened scores of jobs. Those groups and occupations strong enough moved to protect their own positions, and the weaker went to the wall. Weakest of all were the school leavers, with neither bargaining power nor cohesive organisation. Public concern with their plight ensured considerable sympathy for calls, enthusiastically supported by employers, to reduce junior award rates. Other calls for cutting real wages included proposals to abolish weekend penalty rates in the leisure and tourist industries.

The sectional character of unions was clearly revealed. While deploring high unemployment among young people and supporting the idea of a shorter week to spread available work, each union moved to protect its own members. From outside, the increasingly influential supporters of 'free market' economics criticised the centralisation of the arbitration system. Yet at the same time people in government and the media gave freely negotiated settlements of disputes the pejorative label, 'sweetheart agreements'. The more powerful unions felt hampered, if not blackmailed, by Arbitration Commission 'guidelines'. As manufacturing slumped, the construction, transport and oil industries emerged as pacesetters ahead of the metal trades. Following the worldwide trend, hours were gradually reduced towards 35 and 38 a week, despite the resistance of the commission. Unions belatedly became interested in a range of non-wage benefits pioneered in America and western Europe. Superannuation, pensions, redundancy and severance allowances, occupational health and even worker participation began to appear on the stronger unions' agenda for change. The Arbitration Commission and the High Court separately made more feasible the inclusion of such items in awards, and expanded federal coverage of awards by liberalising their definitions of 'management prerogative' and what constituted an industry.

The new economic depression exposed divisions among employers. While larger, capital-intensive firms saw the advantage of making concessions in return for higher productivity, small firms found it harder to pay for newly granted benefits. For them inflexible award conditions, state industrial legislation and workers' compensation schemes seemed ever more irksome as profit margins were squeezed. A trend began for regular employees to be nominally engaged as self-employed 'subcontractors' in order that firms could avoid paying all these 'oncosts'. This helped the decline in the proportion of workers covered by awards—particularly federal ones.

Complaints about employers' public disunity helped bring about the establish-

ment in 1978 of a new employers' peak council, the Confederation of Australian Industry (CAI). But the divisions widened. While the ACTU could on the union side usually present a united front on major issues, the employers were unable to follow suit. The two main building employers' organisations resigned from the CAI in 1982 and 1985 respectively, as did the rural employers' organisation in 1983. A separate Council of Small Business Associations was formed in 1982. The leading executives of big business, dissatisfied with the influence of the state-based employer associations, imitated North American and British initiatives to form in 1983 their own Business Council of Australia to promote their interests directly in the national political arena.

Regional rivalries also impeded unity among employers. The independent assertiveness of the Victorian Chamber of Manufactures, which changed its title to 'Australian' in 1985, helped persuade the CAI to reorganise itself and give manufacturers a national forum through a new CAI manufacturing council. A trend towards greater nominal cohesion did appear within several states where the umbrella organisations moved closer to merging, but in New South Wales plans to merge the Employers' Federation and the Chamber of Manufactures in 1985 broke down at the last moment.

Tasmania and South Australia were the states with most industrial peace, in the sense of fewest days lost per worker in disputes, although each experienced its own *cause célèbre*. Between 1956 and 1959 Hobart's Frank and Denis Hursey made front-page news across the nation as they challenged the authority of their union, the Waterside Workers' Federation, to impose a levy on members to support an ALP election campaign. Newspaper readers saw photographs of police escorting the Hurseys to work in the face of overwhelming hostility from their erstwhile workmates, and the embattled father and son cleaning their guns. As the case went from court to court, conservative commentators proclaimed the primacy of the individual's rights, and Labor supporters dwelt on the threat to unions' freedom to give financial support to a political party. The High Court eventually awarded damages for the Hurseys' loss of earnings but found that the political levy had been validly imposed.

At Elizabeth, near Adelaide, the sacking by General Motors-Holden's (GMH) of an AMWU convenor of stewards in 1974 produced some unexpected results. The dismissal of Ted Gnatenko, a Bulgarian immigrant who had worked at GMH for more than twenty years, was seen by his workmates as an attempt to provoke a wholesale strike at a time of slack demand for motor vehicles. Instead they conducted a guerrilla campaign based on lightning strikes of a few hours by key workers in different parts of the plant. For 18 months the union and the employer battled through the various avenues of appeal. Under its Labor premier, Don Dunstan, South Australia had the only industrial legislation which could order an employer to reinstate workers if the dismissal was found to be harsh, unjust or unreasonable. The decisive move came when a federal arbitration commissioner varied the GMH award to retrospectively incorporate in it the South Australian provisions. When the High Court and the full bench of the Arbitration Commission confirmed the commissioner's action, Gnatenko was triumphantly reinstated and the benefit of the Dunstan legislation was extended to all GMH employees across the country.

From the 1960s Western Australia began to figure more prominently in news of national industrial relations. The trend was aided here by the belated separation of the political and industrial wings of the labour movement. Until 1963 the ALP itself was the Western Australian branch of the ACTU, but in that year the two were separated and an autonomous Trades and Labour Council took shape. In the

Pilbara region, which became Australia's major source of iron ore, there was much unrest as mining companies and their employees evolved a pattern of bargaining suited to the particular problems of this new industrial location. The conservative government of Sir Charles Court sided with employers in word and deed. Repressive legislation limiting public assembly resulted in the arrest of AMWU officials in 1979 for addressing workers on a vacant lot. The ACTU responded by calling a national protest stoppage on 21 June. Other legislation in 1979, making it unlawful for anyone to obstruct or hinder development projects, brought conservationists, nurses, teachers and church leaders before the courts. In 1980 a union ban on transport to a proposed mining operation on an Aboriginal site at Noonkanbah was broken by a security firm acting in concert with private firms and the state police.

In 1985 Premier Bjelke-Petersen of Queensland raced special legislation through parliament to allow him to sack 800 striking power workers, but provocative government intervention in industrial relations was an old tradition in that state. In 1948, trying in vain to defeat a railway strike aimed at securing a flow-on of the recent federal metal trades award, the Hanlon Labor government introduced some of the most severe anti-strike legislation in Australian history. As well as forbidding press and radio even to report the unions' viewpoint, the government gave the police sweeping powers and helped send them on a baton charge into a peaceful protest procession. In 1964, in a dispute worsened by rank-and-file resentment of neglect by officials of the Australian Workers' Union, the Nicklin conservative government invoked the Hanlon legislation to declare a state of emergency in the mining town of Mount Isa. This was one dispute in which at least the southern press was generally critical of the government. Rupert Murdoch's new daily, the *Australian*, considered the powers given to the police better designed for a revolutionary situation in Tsarist Russia or Stalinist Hungary. The government grossly smeared the personal character and motives of the flamboyant strike leader, Pat Mackie, and when he left the town tried to stop him returning. Mackie succeeded in slipping back through the blockade, but the president of the Mount Isa Trades and Labour Council was hauled off an aircraft at Longreach to prevent him going back to Mount Isa, which had been his home for twelve years. During nearly eight months of bitter struggle, picketers were arrested, strikers were evicted from their company-owned quarters, and senior union officials brawled in Brisbane arbitration chambers, before the government, AWU officialdom and the Mount Isa Mines Company won their combined victory.

The AWU, the conservative outback giant of the labour movement, had long stood apart from the ACTU. When its influence was dissipated by the growth and increasing diversity of the economy, it was persuaded to affiliate in 1967. In South Australia Clyde Cameron and later his brother, Don, won leadership of the state branch of the AWU after hard fighting, and gave it a new drive despite the opposition of the federal executive. In New South Wales, from a perspective different from that of the Camerons, branch secretary Charlie Oliver also occasionally disagreed with federal officers such as Tom Dougherty and Edgar Williams. Although fighting with sections of his rank and file who urged more radical policies, Oliver nevertheless proved himself an industrial militant on several occasions in his legendary career, notably in the New South Wales oil industry. Similar industrial consistency of purpose in the face of factional struggles for power was evident in several other unions, including the AEU, which remained militant despite a see-sawing of control between right- and left-wingers between 1945 and 1965. If militant leaders lost touch with rank-and-file sentiment, they too could be



as shocked by the resulting blast as were AWU officials at Mount Isa. The rank-and-file explosion in 1973 at Ford Motors' plant in the north Melbourne suburb of Broadmeadows alerted many union officials to their longstanding neglect of the growing section of their membership to whom English was a foreign language.

Weakening demand for members' skill in the labour market could inhibit even the most radical union official. The leader best known in the metal trades battle to resist absorption of over-award wages and the fight to end the penal powers was Laurie Carmichael, who spent most of his career in Victoria in the 1950s and 1960s urging and co-ordinating rank-and-file participation in campaigns to extend over-award payments. In the depressed 1980s, now a federal AMWU official and ACTU executive member, he took a different stand. At the 1983 ACTU Congress he denounced the Food Preservers' Union, whose members had retained enough bargaining power to win improvements outside the indexation deal struck with the new Hawke government, the preservation of which seemed to Carmichael to be the best hope for AMWU members and other manufacturing workers.

While the media dwelt on militant union officials such as Carmichael or Jim Healy, the revered communist secretary of the wharfies from 1937 to 1961, employers' leaders seldom operated in the public gaze. Only in the 1970s did the names of national employer spokesmen such as George Polites become familiar to outsiders. In particular communities, where a single company loomed large, plant managers such as Cecil Hoskins (Australian Iron and Steel, Port Kembla) or Keith Butler (BHP, Newcastle) could achieve local fame. The top men of individual companies—even those as large as Ford, Mount Isa Mines or Colonial Sugar—remained fairly anonymous. Behind the scenes contact was common—in 1945, for example, Warwick Fairfax of the *Sydney Morning Herald* wrote privately to BHP's Essington Lewis imploring him to help improve the company's image in the steel

Bruce Petty's striker draws some comfort from the standstill of production. Mount Isa Mines were controlled by an American company. Up the right channels, University of Queensland, 1970.

dispute then going on—but the political affiliations and sentiments of company chairmen and managing directors were seldom aired by the media. On the other hand, the media loved to publicise a ‘little battler’ such as Maurice Mabarrack, an Adelaide furniture manufacturer whose business in 1983 seemed threatened by a Trades and Labour Council ban.

Similarly, restrictive practices by unions and employers received differing treatment. Bus and train crews trying to preserve jobs by demanding traditional manning levels were presented as selfish and uncaring. Small businessmen such as milk producers and petrol retailers who tried to maintain their income by price collusion were depicted more generously. A Sydney radio talk-back compere who lambasted transport unionists could also offer sympathy to owner-driver truckies blockading cities to support their demands. Faced with such double standards certain unions in the 1970s began at last to take their public relations seriously. White-collar workers usually led the way, but Telecom technicians and Victorian railway workers devised a popular means of pressuring their employers, not by withdrawing labour but by refusing to charge the public. The Trade Union Training Authority established by Clyde Cameron in 1975 helped widen the horizon of many rank-and-file unionists.

The threatening posture of the Fraser government, while possibly useful to the conservative parties at election time, did little immediately to affect industrial relations. The much-vaunted Industrial Relations Bureau, supposedly created to clamp down on unions, in fact behaved mildly; and so, usually, did Fraser’s ministers of labour. The government did, however, stir up the federal public service by imposing staff ceilings, withdrawing some of the leave concessions granted in the Whitlam years, and introducing tough provisions for dismissal and stand-down. Fraser also left Hawke a polemic legacy by tightening still further the regulation of internal union affairs, widening the scope for deregistration from the federal arbitration system and adding Section 45D to the Trade Practices Act, which provided employers with a new legal procedure for ending disputes involving secondary boycotts.

Two other moves by Fraser had surprising results. These were attempts to investigate the alleged illegal activities of the Federated Ship Painters’ and Dockers’ Union and to deregister the Australian Building and Construction Workers’ Federation, commonly known as the Builders’ Labourers’ Federation (BLF). The first enterprise, conducted by the Costigan Commission, ran into the even murkier waters of ‘bottom of the harbour’ tax avoidance schemes and organised crime. As for the BLF, the Hawke government, after first rejecting Fraser’s initiative, decided, in company with ALP governments in New South Wales and Victoria, to take a strong line. Deregistration had been shown in the past to be a dubious weapon. As far back as 1938 when Judge Beeby was forced, in humiliating circumstances, to re-register the AEU, strong federal unions had shown that they could flourish outside the arbitration system. The deregistration of the communist-led Building Workers’ Industrial Union (BWIU) between 1948 and 1962 had not fulfilled right-wing hopes that its replacement, the Amalgamated Society of Carpenters and Joiners, would take over the BWIU’s role and membership. In 1967 the Holt government actually passed special legislation to force the powerful airline pilots’ association back into the arbitration network from which it had opted out. Between 1974 and 1976 the BLF itself had lost none of its drive and efficiency while deregistered because of its involvement in green bans.

In the 1970s the BLF and its federal leader, Norm Gallagher, occupied the place in popular demonology previously held in succession by coalminers, wharfies and metalworkers and their various ‘red’ leaders. This time, though, other unions



Workers', government and bosses' representatives, 1979: Bob Hawke, president of the ACTU, Ian Macphie, minister for productivity in the federal Liberal–National coalition government, and George Polites, executive director of the Australian Council of Employers' Federations, at the launching of a book on employee participation.

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objected to the BLF's two-fisted approach to interunion affairs. Gallagher's alleged alliance with employers to bring down the New South Wales branch leadership of Jack Munday, the leading proponent of green bans, was seldom discussed in the media. In a throwback to the Cold War, when leading communists were imprisoned on what in retrospect appeared to be flimsy grounds, Gallagher himself was gaoled in 1983 for contempt of court. It was a measure of his isolation that no other union took official industrial action in his support.

After the Winneke Royal Commission investigated allegations of corruption in the BLF, Gallagher was found guilty, in 1985, of taking bribes in the form of building work and materials for his own and his son's beach houses. He was sentenced to four years in gaol and automatically lost BLF office for five years under the 'Norm Gallagher Act' introduced by the Fraser government to disqualify union officials from holding office if found guilty of dishonesty. Four months later his conviction was quashed and a retrial ordered by the Criminal Appeal Court. Gallagher returned to the helm of the BLF as it resumed its independent campaign to wrest concessions from building employers outside the ACTU umbrella. In 1986, supported by an alliance of state and federal governments, building trade employers and the ACTU, the deregulation of the BLF succeeded in destroying its power, at least for the time being.



The sectionalism of the union movement can always damage the electoral prospects of the ALP. Even before former ACTU advocate and president, Bob Hawke, became Labor's federal leader, the ACTU and ALP were working out an 'accord' whereby restraint was offered in return for efforts to maintain real wages and to dismantle Fraser's anti-union legislation.

In the early 1980s the ACTU reached its peak of prestige. Its influence, and the moderation of its policies, were heightened by its absorption of the white-collar peak councils, the Australian Council of Salaried and Professional Associations (ACSPA) and the Council of Australian Government Employee Organisations (CAGEO). A change in leadership image which began under Hawke was confirmed and consolidated by the well-educated and articulate team of Simon Crean and Bill Kelty. Although the ACTU's first attempt to organise a national 24-hour stoppage—on the political issue of the dismantling of Medibank—had proved only a partial success in 1976, the deepening economic depression lent it greater authority as weakened unions, particularly in manufacturing, turned anxiously to the ACTU for support. An increasingly corporatist approach to the problems of the labour market was now apparent in many mixed economies. The election of Hawke and his love of 'consensus' ensured that Australia would follow the trend. The problem was to persuade those unions which retained bargaining strength to continue travelling at the slow pace of the general convoy. Inevitably some bolted, imitating the Australian Medical Association in taking direct action to protect their members' sectional interests. Fortunately for the ACTU, the increasing emphasis on non-wage benefits such as superannuation initially helped maintain the appearance that all unions were behind the accord.



Australian holy family, 1974, watercolour
by Garry Shead.
ART GALLERY OF NEW SOUTH WALES