

## **Speech by Doug Cameron**

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#### **To the Tasmanian Fabian Society 13th October 2005**

The Fabian Society was founded as a socialist society committed to gradual rather than revolutionary social reform. It took its name from the Roman general Quintus Fabius to signify its commitment to gradual reform.

This was because Quintus Fabius was known as Cunctator or the delayer, due to his strategy of delaying battle until the right moment. This delaying strategy, in theory, allowed an organised and motivated left to gradually reform society. Unfortunately an unorganised and uncommitted Left is allowing society to move further and further to the right. There is no strong and popular alternative.

For the past 20 years the Left has been unsuccessfully fighting a rear guard action. We have been incapable of delaying and resisting advances from the Right that have stripped away many of the conditions, benefits, rights and privileges of a modern society.

I say enough is enough!

It is time for the Left to go on the offensive, to build upon the growing public mobilisation in response to the industrial relations changes and "free" trade agreements. It is time for the Left to put forward a positive agenda for the future of Australia.

If we do not, we are doomed to irrelevance and failure. If we continue to offer token resistance to the neo-liberal ideologues of the Federal Government, the Labour Right and the media we will be defeated. Make no mistake. We must put forward a coherent alternative, without it we will become like those crazed soldiers crouching in the jungles and hills after peace has broken out refusing to believe the war is over and that we have lost.

The first step is to mobilise the public in opposition to the governments' attempt to de-industrialise Australia.

By this, I mean its policy of turning Australia back to a farm, quarry and nice place to visit, complemented by a workforce with falling wages and failing skills. For too long there has been little difference between Labor and Liberal's approach to key economic issues. Instead of articulating an alternative economic vision for Australia, Labor politicians have fallen over themselves to talk the language of privatisation, deregulation, competition policy, public private partnerships, and free trade.

The time has come for Labor to couch its economic vision in terms that working people understand and embrace. No wonder many Australians believe Labor has lost its way, lost its branding and lost its vision. The time has come for Labor to take the fight up to the Conservatives and articulate a vision of the Australian economy based on Labor values.

- A vision that delivers for Australian families, no matter where they live and work.
- A vision that creates good-quality secure jobs in industries that matter.
- A vision not based on insecure jobs in low wage service industries.
- A vision that delivers high skilled, high wage jobs in industries that give career opportunities, skill development and security to our children.

#### **China Free Trade Agreement**

The first step on this path must be for the ALP to oppose a free trade agreement with China. Despite no long term planning or independent research being conducted, the Australian public are being told that free trade agreements will deliver a 'better economic future'. This fairytale is wearing very thin!

The Federal ALP leadership elite have determined to take a "positive attitude" to a free trade agreement with China.

Federal Labor's position cannot be determined on the basis of a half baked, starry eyed, unrealistic and biased assessment of the issues surrounding a free trade agreement with China. The issues surrounding a China Free Trade Agreement are well known to you.

Human rights and Labour rights abuses, denial of the right of workers to freedom of association and effective collective bargaining rights. Metal workers, steelworkers, electricians, teachers, academics are languishing in Chinese jails or in mental asylums for daring to stand up for their rights.

Two metal workers Yao Fuxin and Xiao Yunliang were charged with sedition and sentenced to seven years and four years prison for organising a mass demonstration in the north-eastern city of Liaoyang, for demanding payment of outstanding wages and pensions after 10,000 workers were sacked from the Ferro

Alloy Factory. Both men are seriously ill and are still in prison despite the best efforts of various international trade union bodies to free them.

- Environmental standards are ignored in the quest for increased productivity, competitive advantage and development goals.
- Health and Safety standards are amongst the worst in the world; conservative estimates are 15,000 workplace deaths per year, with Chinese coalmines accounting for 80% of all deaths in world mining.

Australian politicians attempt to legitimise these human rights and environmental abuses by signing a preferential trade agreement with China. We send a message to the world we support this system as long as we can buy cheap shirts and sell them some more coal and iron ore

Chinese workers earn between \$0.60 and \$0.80 per hour resulting in a huge and unfair competitive advantage. If we support a free trade agreement with China - we are supporting a race to the bottom. When the Bangladesh ship breaking industry complains that they are unable to compete with China the scale of the problem becomes apparent.

Despite the recent revaluation, the Chinese currency is estimated to be undervalued by 40 per cent. This provides another significant competitive advantage over international competition. The Government claims that the FTA would provide an extra \$24.4 billion over 10 years. As with other government economic studies, this study was seriously flawed. For example it assumed all trade barriers would be removed immediately in 2006. Two thirds of the alleged gains come from service and investment liberalisation. Even the government admitted the estimates of these gains are unreliable.

How many jobs would Australians gain from this liberalisation? Zero!

The other 1/3 of "gains" and comes from reducing tariffs in Australia and China. This will supposedly result in no job gains in any industry except agriculture. The employment gains and 60% of the trade gains will come from selling more wool to China. So we're back to riding on the sheep's back.

What a crazy thing to do in a country continually ravaged by drought. What a 1950's view of Australia. These gains are based on the unlikely scenario of China liberalising its agricultural sector. The government report predicts that this will cost China almost 200,000 rural jobs. It's inconceivable that the Chinese government will agree to this. What will really happen under a free trade agreement with China?

- Jobs will go in the textiles and automotive sectors.
- We will export primary products to China, where they are transformed into manufactured goods and we buy them back. These aren't just toys and cheap shirts. Chinese producers are flooding the world with increasingly sophisticated products such as computers, televisions, cars etc.
- It is probable that you will be able to buy a Chinese made car in the next two years. This will get worse under a FTA. Manufacturers have said that this FTA will not increase jobs it will just make it easier to shift production to China.
- We will witness the continual de-industrialisation of Australia.
- We will again become the world's farm and quarry, and if poverty does not become publicly visible, a nice place to visit.

## **Industrial Relations**

In this low skills-low road vision of our future it is inevitable that the business community will argue that wages are too high. Our only choice will be try to compete on wage costs. The government is already laying the ground work for this in its IR "reforms". This is the greatest assault in 100 years on our wages and working conditions.

By attempting to destroy trade unions and the IR commission Howard is fulfilling his dream of removing effective protection for workers. If Howard has his way collectivism would be dead. It would be individual workers trying to negotiate with their bosses.

This will result in a widened gap between the rich and the poor. A race to the bottom as wages and conditions are removed. What is the justification for this?

The government is claiming we need to increase flexibility to generate the next productivity wave to secure Australia's future. Is this true? Will de-regulating industrial relations increase productivity? No! The evidence, both in Australia and internationally, demonstrates the fraudulent nature of these claims.

If you look at the productivity league tables prepared by the OECD you would assume that the United States with its poorly regulated labour market would be the most productive economy. You would be wrong. The United States comes in seventh. Who are the most productive economies in the world? Norway,

Luxembourg, Belgium, France, Ireland and the Netherlands. Don't look now but 'old Europe' is the most productive. Some of the nations with the greatest labour market regulation are also the most productive.

What about long term productivity growth rates, surely the United States lead this? Wrong!

Over the last 30 years, the United States has had the third worst productivity growth rate in the OECD countries surveyed. This is a nation that removed significant sections of employment protection, implemented the most draconian welfare to work policies and yet its productivity growth rate was almost the worst in the OECD.

Who are the top countries? Ireland, Norway, Germany, Japan, Spain, Belgium and Finland. Countries that rejected the neo-liberal free market agenda and instead concentrated on implementing coherent industry policies to lift productivity and ensure their long term competitiveness.

## **The New Zealand Experience**

What about experience closer to home. We always hear from ideologues that we need to follow the path of New Zealand. We need to de-regulate, emphasise the individual, and leave it to the market.

What exactly happened in New Zealand?

- The minimum wage fell.
- The median income fell dramatically.
- Income inequality exploded as did poverty.

For example, in the four years immediately after the reforms were introduced on New Zealand, the number of food banks in Auckland grew from 16 to 130.

So the conditions of workers fell, but did economic performance lift? No!

How did New Zealand perform compared to Australia in this period? GDP growth was dramatically worse. Unemployment was significantly higher. And Productivity growth was one sixth of Australia's. What does experience here tell us?

Professor Peetz of Griffith University has examined the historical rates of productivity growth in Australia and has found that Australian productivity was growing the fastest in the early 1990s when the IR system favoured collective bargaining. Professor Peetz even demonstrated that productivity grew faster in the era of the centralised award system than now with an IR system biased towards individual contracts.

1. 'Flexibility' through individual contracts does not increase productivity. Over the last decade labour productivity growth in the seven industries with most individual contracts averaged less than in the six industries with the fewest individual contracts.
2. Individual contracts isolate workers and set worker against worker. Countless studies have shown that cooperation is the best way to increase productivity.
3. Workplaces with high union density and a collective agreement are more productive than non-unionised workplaces on individual contracts. Even studies funded by the Business Council have found that: "...unions apparently are good for productivity" and that "...collective bargaining coverage was associated with higher levels of self claimed productivity."

**In the end these industrial relations changes are not about increasing productivity, they are about reducing wages and driving us down the low road to international competitiveness.**

## **The Way Forward**

The labour movement has been quite successful in mobilising opposition to these reforms. However, we can't just run a negative campaign. In all probability, even if there is widespread public opposition, Howard will probably get the legislation through parliament.

So what is the long term solution to the IR changes and the FTAs? The election of a Labor government committed to progressive, coherent, well articulated policies. Since the New South Wales ALP State conference, opposition to the free-trade agreement has materialised through resolutions opposing the agreement by Queensland, ACT, and the Tasmanian State Conferences.

The free trade debate epitomises the key weakness of Labor's current political position. The Parliamentary leadership seems determined to distance themselves from rank-and-file policy forums such as National conference and State conference. The party has lost its branding and the majority of Australians do not know what it stands for. Parliamentarians behave as individuals and, sometimes petulant individuals at that. They seem to have little concern for a collective stand on a range of important issues.

At a time when the trade union movement is fighting for survival against the imposition of individualism, it is quite tragic that individualism seems to be dominating the approach of the Labor Party in Canberra. Labor seems to have lost its capacity to develop an ideological approach to politics based on the interests of ordinary working Australian families. Labor is easily dragged from positions of principle and value based on editorials in the Australian and the Financial Review.

The domination of big business and the media in the current political climate requires an opposition with courage and conviction. The opposition must develop courage. The opposition must not fear the media and behave with timidity in the face of business driven editorials.

The consequence of Labor's loss of values has resulted in the dominance of conservative politics in this country. Trying to be more conservative than the Tories is not a recipe for electoral victory.

The Labor Party must distinguish itself from the conservative forces in a courageous and effective manner. Labor's timidity and lack of electoral appeal has meant:

- The dominance of the market system over a caring society.
- The destruction of values of fairness, equity and mateship.
- The Americanisation of Australian culture and values.
- The emergence of a dog eats dog individualistic society.
- Increasing insecurity for a working Australians.
- Increased and unsustainable national and household debt.
- A skills shortage which is affecting economic growth.
- A loss of Australia's economic independence in the manufacturing and food industries with a reliance on minerals and gas for our economic prosperity.
- Workers rights being stripped away by extreme ideological attacks on trade unions and their members.

The factional system within the ALP has disintegrated to the point of irrelevance. It only seems useful as a mechanism to distribute the meagre spoils of opposition. It is incumbent upon progressive forces within the ALP to demand accountability and performance from members of Parliament who claim to be progressive and of the Left. The Left must ensure a proper mix of renewal and experience within its Parliamentary representation. The Left must also ensure the focus of its work is on policy development and debate designed to make a difference for the Australian working-class. The challenges facing the Left are substantially the same challenges faced by progressive forces over the last 100 years.

The fundamentals of our struggle have not changed; we still need to fight for:

- Peace/human rights/free speech.
- An end to unnecessary inequality.
- Against the misuse of corporate and political power.
- Develop a critical analysis of the unfettered role of the market.
- Fight against the misuse of competition powers by the ACCC.
- A new period of government intervention in the interests of working families.
- Increase the skills and training of the Australian workforce.
- Provide affordable and quality education and health services for Australian families.
- Develop a new role for government which focuses on improving the quality of life of all Australian working families.

On economic policy Labor should develop new policies which challenge the current market based economic policies of the Howard government. Surely Labor must:

- Accept that there is a role for debt in providing services to the public.
- Move away from the rhetoric of balanced budgets for the sake of balance budgets.
- Defend the role of taxation in providing quality services to Australian working families.
- Oppose the misuse of Public Private Partnerships and develop more economically effective sources of funding government infrastructure projects.

- Learn the lessons of Ireland and intervene to develop a world-class manufacturing sector within Australia.
- Oppose the individualisation of Australia's industrial relations and implement the ILO conventions that guarantee freedom of association etc.
- Accept that some Australians will require welfare support and, provide support without demonisation and alienation.

For Labor to win the next election we will need leadership stability. Labor must abandon the media driven quest for a new messiah to lead the party to victory. Our parliamentarians must demonstrate some discipline, professionalism, and a belief that they can win the next election. It is up to Labor parliamentarians to re-establish our brand identification and a range of values that ordinary working Australians will accept and support. Labor must engage in a dialectical debate to ensure that we are differentiated from the conservative forces in this country.

Some of the contrast between what we stand for and what the conservatives stand for are:

- Collective agreements versus individual contracts
- The national good versus globalisation and free trade
- Secure full time jobs versus casualisation and part-time work
- Workers being the problem versus bad management being the issue
- Legitimising government expenditure versus Public Private Partnerships and long-term indebtedness
- Taming the market versus letting it rip
- An independent foreign policy versus Australia being a lackey of the Bush administration
- Protect and promote key industries versus trade liberalisation and free trade agreements
- Implementing ILO conventions versus taking workers rights away
- Creating jobs versus off-shoring
- Inquiring into bank fees versus capitulation to banking greed
- Rural and regional growth versus stagnation
- Indigenous dignity versus paternalism
- Urban renewal versus urban decay.
- Labor must mark out its values.
- Labor must refuse to be intimidated by the media or the conservative opposition.
- Labor must carve out a new economic agenda, not just rely on the Keating legacy.
- We must have a big picture nation-building agenda for success at the next election.

To begin this, the Left can not simply try to delay the reforms imposed by the Conservatives. We must put forward our own vision of Australia. One that begins with a comprehensive rejection of the IR changes and free trade agreements and it must be led by the Labor Left.

It is time Labor became again, the light on the hill, not just a candle in the wind – the beacon on the hill for ordinary people in this country. We must voice the hopes and dreams of Australians. We must put in place policies that deliver full time, secure jobs that help guarantee their future, and the future of their communities.

When the candle in the wind once again becomes the light on the hill Labor will defeat the Howard government and consign them to the dustbin of history. We have much to do, let us do it in a spirit of determination, conviction, vision and working-class solidarity.