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The relevance of the Accord for unions today

Address by ACTU President Ged Kearney to 'The Accord 30 Years On' symposium
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***** EMBARGOED TO 2.45pm. CHECK AGAINST DELIVERY *****

Thank you for the invitation to address this symposium today and congratulations to Macquarie University for putting together such an excellent list of speakers.

I am honoured to be in such august company, particularly three of my predecessors at the head of the ACTU in Bill Kelty, Simon Crean and Bob Hawke. And I take this opportunity to put on record again the sympathy of the ACTU over the passing of Hazel.

Within the union movement, the Accord has attained almost mythical status and casts a large shadow to this day.

There are very few union leaders still active from that time: in 1983, I was coming to the end of my teenage years, Dave Oliver still had his skateboard, and Paul Howes wasn't long out of nappies!

So, I do welcome this opportunity to step back and re-examine the legacy of that part of our history.

The Accord was a highpoint of the political and industrial wings of the labour movement linked informally and formally in the national interest to deliver economic stability and historic reforms.

Born in a period of economic crisis, the Accord broke the nexus of stagflation that had blighted Australia's economy in the 1970s. It delivered a stable foundation for economic growth and prosperity from which current generations have benefited.

The internationalisation of the Australian economy that took place in the 1980s was a lasting product of that partnership, as were the improvements to the social wage from the establishment of Medicare, improved school retention rates, the overhaul of social security, reform of the Award system, and the introduction of the Superannuation Guarantee.

The Accord was a process characterised by deep trust between key players of the two wings of the labour movement. Both realised they could not repeat the disunity that characterised the Whitlam years and could achieve more by together, even if that meant sacrifice and compromise.

We owe a debt to the leadership of the ACTU of that time for demonstrating that unions could embrace economic change and wealth creation to be positive agents for change, while acting as a ballast against the extreme ideology of the free marketeers.

However, despite being given plenty of opportunities, most business leaders never wholly embraced the consensus model of the Accord. There were a few like Bert Evans, but they were few and far between. For the business community then – and sadly still, now – self-interest too often has trumped the national interest.

Australia in the 1980s faced similar - perhaps more pressing and intimidating – challenges to the United Kingdom and the United States. We were still a very heavily regulated, inward-looking economy, with a narrow export base and limited prospects.

That these changes took place in Australia in the 1980s without damaging social cohesion must be attributed to the partnership of a Labor Government and working Australians. It is impossible to envisage the same social stability during such a period of significant economic restructuring under a Liberal Government.

The difference was the Accord, and the important role that unions played in mitigating the impact of reforms by demanding a social trade-off for both wage restraint and continued cooperation with massive restructuring of the trade and financial system.

It is worthwhile to contrast the way that unions rallied to the national interest in the economic crisis of the early-1980s, and the sacrifices that workers made during that period, with the approach of the Australian business community to some of today's economic challenges.

We frequently hear business leaders and their cheerleaders in the media calling for a return to the Accord, but where is their willingness to compromise in the same way that the labour movement did in the 1980s? When are they ever prepared to put aside their self-interest for the national interest? The moment any reform is floated - whether it be a resource rent levy or a price on carbon - they are quick off the mark to oppose it if it poses even the slightest threat to their bloated profits.

And despite a Global Financial Crisis that was caused by rampant free markets, corporate greed and unregulated business practices, we are yet to see the business community as a whole accept any responsibility. Instead, after a short blip, it has been business as usual.

So, current generations of the ACTU and the union movement are immensely proud of what was achieved by the Accord, and of the role that we, as unions, played in those reforms.

The Accord and the union movement today

But there is today, some mythologising of the Accord. For those of us in the leadership of today's union movement, it sometimes feels like a heavy cross to bear.

The comparisons that are made with the ACTU of the Accord era are often plainly wrong, and they fail to acknowledge the vastly different economic and political environment of today. It ignores that the Accord was always about much, much more than just wage restraint.

And I have to ask: are those false comparisons due to a genuine misunderstanding of history, or a deliberate rewriting to suit a particular narrative and to cast poor light upon the present?

I was intrigued in the course of researching this speech, to come across a paper written by Bill Kelty in March 1994, which included an objective "balance sheet" of the Accord.

For all its achievements, there were also defects.

And I do think that subsequent generations of union leaders are also aware of the limitations of the Accord. It does not help to gild the lily.

There were unintended consequences from that period that we are grappling with today: the growth of precarious work, skyrocketing executive salaries, the spread of sham business practices grew and insufficient attention paid to inequality, especially at the top end.

The latter day Accords began to anticipate these problems, but the election of the Howard Government meant the project was left unfinished.

Wage restraint from 1983 to 1990 meant unions held back from doing their core work of bargaining with employers for better wages and conditions, and some forgot how to organise and are still paying the price.

By 1991, the centralised wage system had become a yoke and shackle for unions, and the movement fought for and won direct collective bargaining.

Of course, Bill Kelty, Simon Crean, Martin Ferguson and others, recognising the inevitability of the election of a conservative government and the attacks that would bring, also understood the need to rejuvenate the capacity of the union movement to organise, to bargain and campaign again. Hence the move in the early 1990s to push the AIRC to recognise enterprise bargaining within the wage setting framework.

One only has to leaf through the pages of Shaun Carney's excellent book from that era, *Australia in Accord*, to get the picture.

"Within the trade union movement there has been widespread disenchantment at the results of the Hawke Government, a feeling that the unions were duped by the promises held out by the Accord," he writes at one stage, also referring to a feeling that the Accord became political "window-dressing" for the government.

So the Accord was not perfect in delivering on the objectives of the union movement. It should not be overlooked that the Accord was never a truly tripartite process. Business, by and large, declined to collaborate with the government and unions at the time.

Radical changes which have taken place over the last 30 years in the way governments operate and in the structure of the union movement mean the way the two relate to each other – particularly when Labor is in power – is much more complex than it was 30 years ago.

Unions today have deep reservations about entering into a formal agreement on policy, but it still makes sense for us to manage differences and find common ground where we can.

The past is a different country

The past is a different country.

Dramatic changes have taken place in Australian economy and society in the 30 years since the Accord, which was born out of economic crisis in a landscape of centralised wage fixation and 50% union membership scattered through hundreds of disparate unions.

Australia's economy is unrecognisable today to what Hawke and Keating inherited in 1983. We have enjoyed 22 consecutive years of economic growth and last had a recession two decades ago.

Even after the Global Financial Crisis, unemployment is 5.5%, inflation is within a manageable 2-3% range and interest rates are at close to all-time highs.

In the pre-Accord era, real wages had outpaced productivity growth, pushing up labour's share of income. Since the turn of the century, the opposite has occurred. Real wages have lagged behind productivity growth, so labour's share has fallen. Today we have a real wages underhang and what is lacking is profit restraint. This latter outcome was never the intention of the Accord.

Unions have consolidated from hundreds into a few dozen large organisations.

About five in six workers today have their wages set through enterprise bargaining, either through a collective agreement or through an individual arrangement after the industrial relations system moved away from centralised wage-setting in the early 1990s.

So even if the case could be made for it, the institutional machinery required to pursue across-the-board wage restraint today is seriously depleted.

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Neither was there a great appetite from either the government or the union movement for a new Accord when Labor came to power for the first time in a decade in 2007.

From the perspective of the union movement, there was a wariness about what had over time become known as the "failures" of the Accord, as I outlined earlier.

It was unrealistic to expect unions or the government to be able to pick up the loose strands of the Accord again 13 years later. The world had moved on.

There was also the practical reality of repairing the damage of the Howard years. The Howard Government systematically locked unions out of participation in the economic management of the nation.

Instead, throughout the Howard years, Australian unions were engaged on an entirely different level at defending rights at work and the foundations of our industrial system from constant attacks by the Liberals, and developing practical solutions to market failures rather than real economic reform.

Workers went backwards under Howard: casual and precarious work with inferior entitlements and conditions rose, the inequality gap grew and minimum wages growth fell behind average earnings, there was a deficit of investment in skills and training, and immoral business practices spread.

For the first two years of the Labor Government, the number one priority of the ACTU was to negotiate the Fair Work Act with Labor and the business community. This was where we directed our resources, and I think it was the correct investment at the time.

If there is to be a legacy of the current Labor-union "partnership", the Fair Work Act is not to be scoffed at.

At the same time, unions have compiled an impressive list of other achievements for Australian workers from paid parental leave to the planned increase of the Superannuation Guarantee to 12%.

None of these necessitated a formal "accord" with the Labor Government.

Conclusion: a modern day Accord?

It is a tantalising question to ask whether there could be a modern day Accord.

Sadly, I doubt whether the Accord could have lasted long today in an environment where the media is overtly hostile to workers interests and to the ALP, compounded by a rapidly moving news cycle and short-term attention span which treats national affairs as a blood sport and rarely focuses on the nuances of public policy.

Since the Accord, the way unions achieve reform has changed. We have mobilised into an independent campaigning force, capable of multiple campaigns at the same time.

The Your Rights At Work campaign was the archetype of an approach that involves building community support and using sophisticated communications channels to convey a message that resonates beyond the corridors of Parliament House and the chambers of the IR tribunal.

Unions have consolidated their own structures which means that the larger unions can and do successfully pursue individual economic and industrial issues on their own, often by adopting the same techniques pioneered by the ACTU in Your Rights At Work.

Some successful examples of this include the Australian Services Union's achievement of pay equity for workers in the social and community sector; the Transport Workers Union's safe rates for truckies; improved rights and protections for textile, clothing and footwear outworkers; and increased funding for childcare achieved by United Voice's Big Steps campaign.

These are all significant achievements that will make life better for Australian workers.

Unions seek to engage with employers wherever they are open to it. We negotiate with governments at all levels and participate constructively on boards and committees across the policy spectrum. We win some, we lose some.

Today's economic challenges are different but no less compelling than those of 30 years ago. They include the rise of insecure work, the spread of inequality, improving productivity growth, spreading the benefits of the mining boom, climate change, the rise of Asia, and preventing the hollowing out of our manufacturing base.

We would welcome more tripartite engagement and dialogue at industry, sectoral and regional level.

At last year's economic forum, the ACTU proposed the establishment of a series of industry councils where unions, employers, government and wealth managers like superannuation funds can identify problems and develop solutions.

Today, I want to renew this call and particularly invite industry to engage with unions to work together in the spirit of the Accord era to develop a sustainable base for Australia's economy beyond the mining boom.

We need tripartite dialogue and agreement in all major sectors of the economy with unions and employers talking to each other and working through the issues, with government at the table as necessary. The business community – and the Coalition – must get over the attitude of looking at every significant national reform proposal through the filter of their own self-interest. It needs to constructively engage rather than blocking at every step.

These agreements must take place at a sectoral or industry level because in today's diverse Australian economy a one-size-fits-all approach is no longer appropriate for sectors as difference as resources, auto manufacturing and financial services.

For these types of tripartite industry agreements to work, all sides need to have respect for and trust in each other.

The scope of discussions must include a mature debate about tax reform, investment, skills and training, not just a narrow focus on a capricious notion of wage restraint. Megaphone negotiations and chest-beating through the media will not deliver.

We could start with the high-level talks proposed for the car industry.

But the wage and cost pressures in the emerging LNG industry, reported in the media this week, are another obvious area of focus.

In calling for a more open, tripartite dialogue, I am not hankering after the past.

We do not need to resuscitate extinct institutions from an era now long gone.

Just as the union movement of the 1980s was focussed fairly and squarely on the main game – protecting and advancing the interests of working people and their families so is today's union movement. But times and circumstances have changed, necessitating new demands, new campaigns and new methods.

Thank you for your attention.

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