

COMMENTARY

Campaign for the return to free wage bargaining.

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The trade union movement in New Zealand has had its fundamental right to bargain freely with its employees denied it since the last award round in 1981/82. In the time that has elapsed since awards were last negotiated the National Government attempted to radically alter the total environment within which wage negotiations were to be conducted. In the first instance legislation was introduced which removed the unqualified preference clause from the Industrial Relations Act. Secondly, the National Government sought to reform the wage fixing system in a manner which would effectively see to it that economic conditions took precedence over wage equity in deciding rates of remuneration. Thirdly, the National Government canvassed the concept of changes to existing rules of union coverage so as to make possible the emergence of enterprise based unions and consequentially the development of enterprise based bargaining.

The entire thrust of these legislative measures was to promote a labour market policy which, given current and foreseeable economic conditions, guaranteed declining effective wage levels.

Background

The National Government's sustained legislative attack on the trade union movement had its origins in the National Party's general philosophical commitment to a "more market" oriented economy and in particular, the current economic recession. This approach to economic management has been pursued with more vigour in recent years as the National Government presided over an economy suffering acutely from massive unemployment, relatively high inflation rates, low growth and severe external balance problems. In the absence of any commitment to equity in the distribution of income the National Government if it had remained in office would have continued to prescribe more of the same medicine which had produced the current crisis.

Since 1975 unemployment increased by 1,300 percent, growth averaged out at about 1.5 percent per year, inflation averaged out at in excess of 10 percent.

The National Government said that if it was to achieve export-led growth then it must take certain steps to "free-up" the economy and allow the cool winds of the market to blow across the economy in the hope that it will transform itself into an amalgam of the Japan, USA and Singaporean economies.

This approach to economic management had its initial experiment in industrial Britain in the late 18th and early 19th century. The experiment was successful for the privileged elite in British industrial society. The working class remained in grinding poverty. The private enterprise argument is essentially an argument about the distribution

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of income. What in fact occurs in a "more market" oriented economy is a restructuring not with the objective of improving the living standards of all people in the community, but to improve the relative standard of the elite groups in the community.

The National Government's policy intentions in the field of industrial relations and wage fixing were clearly foreshadowed in its National Development Strategy published in 1983 wherein it espoused the attractiveness of the market in allocating resources and influencing the distribution of income. In particular the National Government was quite explicit about developing a labour market which responded solely to market conditions rather than wage justice for all workers. The National Government was equally explicit in singling out the trade union movement as the major institutional villain restraining the introduction of measures to promote increased flexibility in the labour market. And the National Government was quite explicit too about seeing voluntary unionism, the imposition of youth rates and more recently, the abolition of penalty and overtime rates, in this context.

Voluntary unionism, reform of the wage fixing system and changes to existing rules of union coverage had to be seen as legislative measures designed to effectively destroy the influence of the trade union movement in protecting the living standards of workers.

Voluntary unionism

The substance of the trade unions opposition to the principle of voluntary unionism has been well canvassed. Suffice to say there was absolutely no community demand for this legislation other than from the National Government and employers who conspired to have this legislation introduced. The practical consequence of voluntary unionism was an attempt to weaken the national award system.

This system covers approximately 80 percent of the workforce in New Zealand and is the only effective counter to wage levels and conditions of work for many workers being forced down below the poverty line.

In imposing a system of voluntary unionism on the workforce the National Government's intention was clearly to remove the major constraint it saw as inhibiting the operation of a flexible labour market, that is, the national award system. The Director of the Employers Federation advocated this too recently, when he admitted to the desire to see a weakened national award system. Any attempt to weaken the national award system would mean that supply and demand conditions will determine wage rates and in the present climate little imagination is required to understand what impact this approach would have had on effective wage levels.

Wage reform

The National Government made it quite clear that its wage policy was to reduce effective compensation of workers. This was made explicitly clear in the 1983 budget. Equally clear was the National Government's intention to allow market forces and productivity to dominate questions of wage equity in deciding compensation levels for workers. The employers for their part have signalled their intent to have "ability-to-pay" issues dominate wage fixing procedures. The thrust of both approaches of course was to force down real wages.

The Federation of Labour's approach to wage reform is predicated upon the necessity to ensure that the national award system remains as the pivotal point of a system which ensures that wages are maintained at a level that at the very least recognises equity factors. The "wage equity" concept is particularly crucial in a time of high unemployment since without it, the market mechanism would drive real wages down. The impact of the market in determining wage rates would be in the low skill and unskilled areas, particularly in the

smaller work places. Without the defence to reductions in real wages provided for by the national award system those who receive little would receive even less if market factors were to dominate wage fixing.

The Federation of Labor has acknowledged that obviously some cognisance needs to be taken of economic factors in the process of determining wage levels. The Federation had agreed to a system of tripartite consultations prior to the wage round to assess the economic situation generally and to set the economic environment for the conduct of negotiations. Further, the Federation had proposed measures for seeing to it that factors such as skill shortages, changes in job content and technology levels, ie industry factors, are more clearly recognised in wage negotiation.

The Federation had addressed the concerns of both government and employers whom had both sought to have general economic conditions on the one hand, and conditions in particular industries and firms on the other, as the sole determinant of wage levels. The Federation was of course not prepared to compromise the bottom line, as it saw it, in setting wage levels that was, and is, provided for by the national award system.

Changes to union coverage

The third part in the triad of industrial legislation designed to attack the position of workers and force down real wages was canvassed by the Minister of Labour in an address to the Institute of Management in April, and introduced at the eleventh hour into the wage reform talks.

The concept of plant based unions arose as a consequence of the National Government and employer attempts to coerce workers into plant based bargaining structures.

The Federation of Labour had suspected that the concept of plant unions would be developed in the wage reform talks at some stage. It came perhaps sooner than expected. This related to the haste with which the National Government was proceeding with its legislative commitment in the pre-election period.

The concept of plant based unions built onto the voluntary unionism proposal. Voluntary unionism attempts to undermine the national award system. Plant based unions would shrink the coverage of national awards dramatically and allow employers to circumvent national awards and impose below award workplace agreements on their workforces.

The National Government's legislative reforms and intended reforms attempted to create the conditions under which national awards would be destroyed. Voluntary unionism and proposals for plant based unions, youth rates and the abolition of penal and overtime rates would have left only a skeletal structure masquerading as a national award. The cool winds of market forces would have been unimpeded in their relentless downward revision of basic wage rates and conditions.

The trade union response

The campaign of industrial action in the months prior to the election was a response to the persistence of high unemployment levels, the enforced reduction in real wages of workers and the legislative attacks outlined above.

In the current economic situation the more powerful groups in the community simply will not make concessions in their position. The least powerful groups in the community were therefore forced to make sacrifices. The burden of adjustment as a result of the wage freeze had been transferred onto the backs of working people. Their living standards and employment security were placed under severe attack, and still are.

The Federation of Labour's Alternative Economic Strategy lies at the heart of the trade union movement's fightback against the political changes arising as a consequence

of the current depression. This strategy provides the framework for an alternative development of the New Zealand economy based on the objectives of full employment and equity.

Significant gains for workers will only be achieved, as has been the case historically, through the election of a Labour Government. Accordingly the trade union movement focussed its attention on assisting in the election of a Labour Government in July this year.