



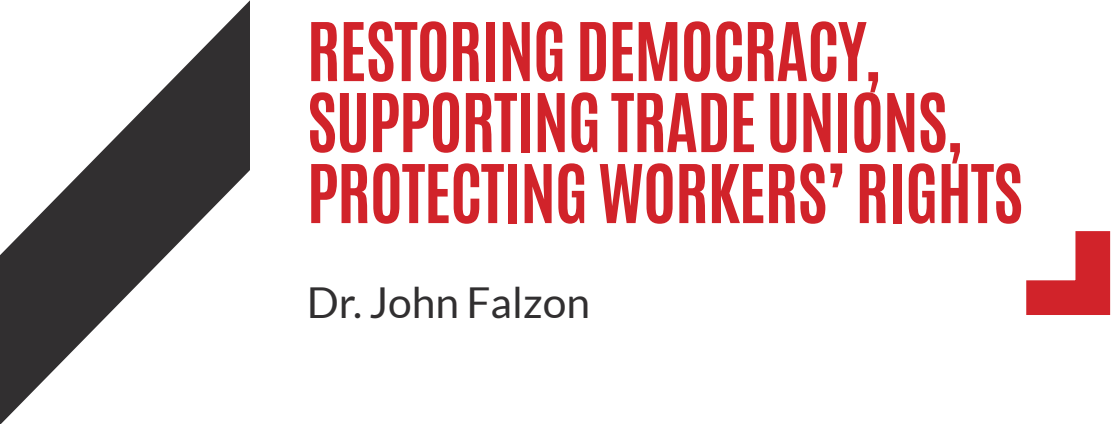

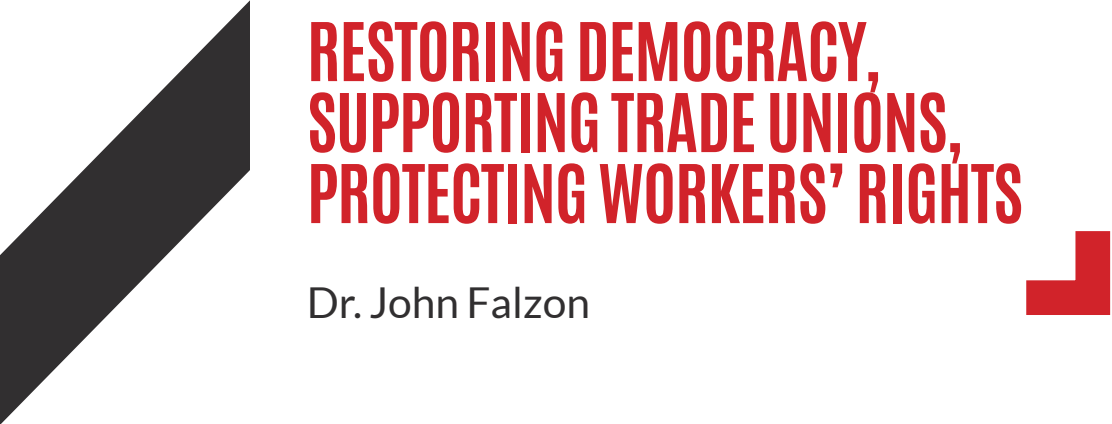

# GOODBYE NEOLIBERALISM

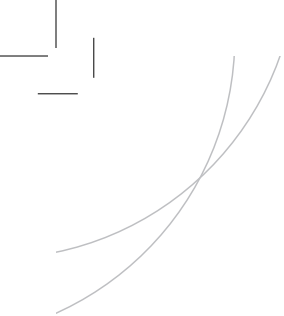


**RESTORING DEMOCRACY,  
SUPPORTING TRADE UNIONS,  
PROTECTING WORKERS' RIGHTS**

Dr. John Falzon

Towards the 2018 ALP National Conference  
Construction, Forestry, Maritime, Mining and Energy Union





# IN THE NATIONAL INTEREST

For nearly 150 years unions have been the voice of working people.

For nearly 150 years workers and their unions have fought to secure a fair share for working people.

It's workers, through their collective action, who secured us Medicare, superannuation, long service leave, the minimum wage, annual leave, sick leave, and so much more.

But the voice and interests of working people are being drowned out by the greed of big business.

Inequality is rising and is at a 70 year high.

Wages are not keeping up with the cost of living.

Maintaining inequality has become a business model vigorously pursued by too many in business.

Re-energising the collective voice of working people is more important than ever.

Conservative governments use the power of the state to oppress and suppress any attempts by working people to organise and restore balance and a fair go. The rules have been changed in the interest of big business. Meaningful and fulfilling jobs have been sacrificed at the altar of flexibility and casualisation.

The great wins of our movement across the 20th century, annual leave, sick leave, long service leave, paid parental leave and so much more have been stripped from nearly 50% of the workforce.

The achievements of 150 years are slowly undermined and diminished. But even worse than this, the very institutions that first achieved these great advances, have themselves been attacked and weakened with a view to the long term demise of working people.

This relentless attack on working people has been sustained for nearly 40 years and shows no signs of easing up.

Re-energising the collective voice for working people is more important than ever. It's time to fight back.

The Construction, Forestry, Maritime, Mining and Energy Union intends to be part of that fight back. But we will not do it alone. We need to build and grow a movement that acts in the interests of workers. A new re-invigorated union movement.

Union work is good work. Strong unions are an essential part of a democratic society.

Government has a moral responsibility to support the growth of these democratic organisations that promote a robust democracy and whose purpose is to advance the interests of working people.

In this context our Union is proud to sponsor this paper and its call for change. This is not a list of demands from our Union - far from it. This paper represents a call for our country and in particular our party and our movement to begin a conversation about the proper role of organised labour in a democratic society.

John Falzon's work opens up this discussion. It invites engagement and respectful argument.

We urge you read it and be part of determining how we work to restore the power of working people.

**Michael O'Connor**  
**National Secretary**  
**Construction, Forestry, Maritime, Mining and Energy Union.**

---

## EXECUTIVE SUMMARY

A failure to reduce inequality is a failure to govern. The Liberal-National government however, and those whose interests it represents, do not view the growth of inequality as a policy failure. Intoxicated by the fallacy that the freer the market the freer the people, they see inequality as a fruit of the freedom that neoliberalism gives to the few to exploit and exclude the many. They see inequality as a measure of ingenuity, innovation, enterprise, and unfettered individualism. They see it as a measure of our nation's freedom.

Inequality is not the measure of our nation's freedom.

Inequality is the measure of our nation's shame.

The people who bear the brunt of inequality are working people, including those who are denied decent jobs. Those who reap the benefits of inequality are the large corporations and the already rich.

The Labor Party was founded as a political vehicle for people who had been silenced. Its origins lie in the struggle of working people to change unfair rules. To change these rules, workers organised themselves into unions. The Labor Party was formed as a means for the union movement to have a voice within the parliamentary system. Throughout its history as Australia's oldest political party the Australian Labor Party has been strongest when it has listened to the labour movement, working people organised in unions. It has been at its weakest when it has listened to the corporate interests it was formed to stand up against. The Labor Party was formed to protect working people in the face of a political establishment that was formed to protect profits.

Neoliberalism has run its course. It was always designed to crush working people by stamping on the union movement, by dis-organising labour, by privatising the public sphere, by dismantling the social security system and cutting all areas of social expenditure, including education, health and housing. The Labor Party has, at times, been complicit in this neoliberal project, even claiming that the reform and deregulation it fostered was in the best interests of the economy and therefore in the best interests of workers.

Workers, including those who are residualised by the labour market, are exposed to legalised hyper-exploitation within the labour market and hyper-exclusion outside the labour market. There was once a time when we could reasonably say that the best path out of poverty was a job. The reality today is that the dividing line between labour market inclusion and exclusion has all but been erased. Forty percent of workers are in insecure, precarious work. People experiencing unemployment are corralled into schemes such as Work for the Dole, PaTH and the racist CDP to provide ever cheaper labour to business. The informal economy and the gig economy are growing at a pace that outstrips the available regulatory frameworks.

We must rid our society of the Liberal-National government which shamelessly pursues an agenda of arming the bullies in the yard with sticks and instructing their intended victims to stand still. The current government is deeply disunited, reflecting the unravelling of the neoliberal period of modern history and the profound rifts between competing sections of capital. But the one thing that unites this government, and its backers from the big end of town, is its extremist dogma that the union movement must be crushed. Why? Because the union movement consists of ordinary working people who, instead of standing still for the

sticks of neoliberalism, stand up to them. A strong union movement is the greatest threat to neoliberalism and the growth in inequality.

When Labor defeated the Howard government in 2007 it was thanks to the union movement, especially through its highly inclusive Your Rights at Work Campaign. Upon winning government, however, Labor kept far too much of the machinery it inherited from the Howard era. As a result, we are still grappling with a significantly reduced union density in the wake of the structural reforms to the labour market that formed the cornerstone, along with the systematic dismantling of the welfare state, of neoliberalism.

It is time to leave the neoliberal era behind and build a new era, not just in industrial relations, but in the way we organise a fair society based on an economy that serves the needs of working people. The trade union movement must be central to this project of reconfiguring our social and economic settings in the interests of the many.

Labor has aligned itself with the struggle against inequality. This means a fair and progressive taxation system so that government can fulfil its role of achieving the collective dreams of the many instead of pandering to the demands of the already wealthy few. The trade union movement has been, and continues to be, the motor force behind the struggle against inequality. This is not simply a matter of union membership correlating with higher wages and better conditions, although this in itself is a significant lever in reducing inequality. The role of the union movement equates to so much more. The struggle for a more just and equitable society is what impels the union movement. You can't have a fair society without unions. Labor in government cannot achieve a more equal society, built on the principles of social justice, without the union movement.

The union movement is strong because of its collective commitment to social justice and its practice of solidarity. But it is not respected by the current government and is prevented from engaging with members and potential members to fulfil its role as a leaven within society to raise the level not only of wages but of social conditions, equity and inclusion.

If Labor in government is to be true to its professed commitment to addressing inequality it must recognise and reinvigorate its historical unity of purpose with the labour movement. Accordingly, Labor must include a practical policy commitment to promoting and supporting unionism in its national policy platform and in its program for government.



## RECOMMENDATIONS

---

1. Strengthen democracy by supporting and promoting effective trade unions.
2. Restore the rights of unions, including the right to strike.
3. Restore free and fair bargaining at every level.
4. Regulate to ensure all agreements are union agreements.
5. Implement Government Procurement Rules that support trade unionism.
6. Reform the tax system and company tax incentives to support trade unionism.
7. Make industry assistance conditional on having a unionised workforce.
8. Require employers sponsoring migrants to have a union agreement.
9. Encourage superannuation funds to promote unionism and direct their investments accordingly.
10. Introduce a living wage.
11. Reduce the extent of unpaid superannuation and improve the ability of workers to recover their unpaid superannuation as an industrial right.
12. Eliminate sham contracting and define casual work rather than leaving it up to employers.
13. Take a tripartite approach (progressive and ethical businesses, government and unions working together) to develop specific industry plans for technological change to ensure just transition, including re-training and job guarantees for affected workers.
14. Develop the framework for a social guarantee, including access to decent jobs, social security, housing, education, health and transport.
15. Reform the taxation system so that corporations and high wealth individuals pay their fair share and so that government can fully fund the social guarantee.
16. Hold a referendum to constitutionally enshrine a First Nations Voice to Parliament, as called for in the Uluru Statement from the Heart.
17. Establish a national crisis response framework to address gender-based violence against women.
18. Subject legislation across all portfolios, including international trade, to an inequality impact test.

You don't build a strong economy or a fair society by boosting inequality. A Labor government must reduce income and wealth inequality along with social and political inequality. It must put in place the foundations of a more equal society; one in which no one misses out on the essentials of life. To achieve this, it must actively support the growth of a strong, democratic, and inclusive grass-roots trade union movement; a movement of working people organising themselves to build a better society and to protect their rights, their livelihoods and their lives.

## 01. OUR STORY

We are not an egalitarian society. We try to tell ourselves a different story; that we are inherently fair. But the truth is that whatever traces of fairness we have left in our economy and society are only there because they were fought for, and won by, the struggle of working people against systematic injustice.

Unions have historically been at the forefront of the struggle against inequality, poverty and oppression. Working people, driven by a deep sense of solidarity and compassion, have always, when collectively organised and engaged in a critical analysis of the concrete conditions, focussed their industrial and political activism on changing unfair rules.

Injustices, however, continue to be perpetrated and even institutionalised. Try as we might as a nation to gloss over the past and deny the injustices of the present, ignorance of our history will always be an obstacle to building a more just future.

## COLONISATION

---

We must acknowledge the fundamental fact of invasion and colonisation. In the words of former Prime Minister Paul Keating:

*"...the problem starts with us non-Aboriginal Australians. It begins... with that act of recognition.... that it was we who did the dispossessing. We took the traditional lands and smashed the traditional way of life.... We committed the murders. We took the children from their mothers. We practised discrimination and exclusion. It was our ignorance and our prejudice. And our failure to imagine these things being done to us."*<sup>1</sup>

We must acknowledge that the story we tell ourselves of our egalitarian spirit papers over this profound historical act of ongoing violence and dispossession. The toxic fruits of inequality continue to be experienced disproportionately by First Nations peoples. We will never achieve social justice until this fundamental contradiction is addressed. Top-down paternalistic responses such as the Northern Territory Intervention serve only to further disempower and dispossess First Nations peoples. In the words of Yolngu elder, Dr Djiniyini Gondarra:

*"People are sick and tired of being controlled. When people are sick and tired of control they just give up hope: ... people are dying, not just dying spiritually and emotionally but dying physically. They cannot live for the day because their lives are controlled by somebody else."*<sup>2</sup>

1. Keating, P. (1992) "Redfern Speech", accessible at: [https://antar.org.au/sites/default/files/paul\\_keating\\_speech\\_transcript.pdf](https://antar.org.au/sites/default/files/paul_keating_speech_transcript.pdf)

2. Cited in Harris, M. (ed) (2012) A Decision to Discriminate, Melbourne: concerned Australians. p.35



## **PATRIARCHY**

---

We must acknowledge that this story of egalitarianism and mateship, as convincing as it is to some, is a story that is built also on the exclusion of women, on violence against women, on the relegation of women to the margins of social, economic and political power. Gender-based violence and inequality is central in the story of colonisation, especially as experienced by First Nations women. It was also, however, experienced by women who were forcibly transported here or forced by economic conditions in Europe and Asia to migrate here. Gender-based inequality, like the historical fact of colonisation, continues to be a structural driver of inequality at the beginning of the 21st century, in the workplace, in the economy, in society and in the home. Gender-based violence against women has become a national crisis that cries out for a national response.

## **CLASS**

---

We must acknowledge that the rosy myth of building a land of opportunity has as its actual foundations the reality of class-based inequality. The relations between classes are, of course, in a constant state of change. But to blithely pretend that class-based inequality was somehow left behind by the British colonisers or that the nascent colony was characterised by an easygoing inter-class familiarity and cultural commonality, is a massive breach of faith with history. Class-based inequality, of course, does not occur in isolation from the inequality based on gender and race. Working-class women experienced, and continue to experience, the double oppressions of patriarchy and class. For First Nations women this has been a triple oppression.

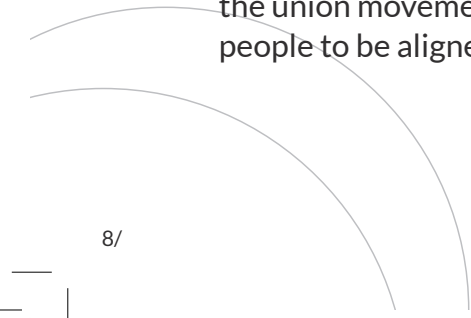
## **THE STRUGGLE AGAINST INEQUALITY**

---

The waves of migration to Australia bear witness to diverse histories and personal stories of social, economic and political marginalisation and sometimes conflict. From the Irish rebels convicted of political resistance to British oppression to the people who currently flee oppression, persecution, violence and deprivation in the global phenomenon of forced migration, Australian society is formed by, even when we attempt to be closed to, these stories that have often teetered between despair and hope.

Acts of resistance to structural inequality and injustice are also integral to our history, beginning with the Frontier Wars and exemplified in uprisings such as the Eureka Rebellion of 1856 where miners fought against colonial forces – objecting to taxation without representation and against the actions of the government. The influence of the Chartist working class movement from Britain and the republican influence from the United States turned Eureka from a provisional skirmish over largely material matters into a wider movement for social change, rights for workers, and a long battle over land; challenging the influences of the “squattocracy”. Unionists have since used the Eureka flag as a symbol of unity and defiance.

The end of the nineteenth century saw unionisation of bush workers and other unskilled labourers, bitter industrial disputes on wharves and in shearing sheds, and the birth of the Labor Party, a party that was formed by working people who were organised collectively in the union movement, a party that was built to belong to working people, formed by working people to be aligned with our political cause.





The identification of that political cause has been a constant source of tension and debate within the Labor Party. The strands of thought and action range from the social liberal tradition, which is shared by elements of the Liberal Party and seeks minimal social reforms whilst leaving economic structures intact, to the democratic socialist tradition, with its guide for action focussing on addressing the structural causes of inequality and injustice within the capitalist socio-economic formation and reconfiguring the economy and society within the parameters of parliamentary democracy. The Labor Party's constitution states: *"The Australian Labor Party is a democratic socialist party and has the objective of the democratic socialisation of industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields."* This identification with the democratic socialist tradition should be central not only to the labour movement's fight against neoliberalism, but also to its building of an alternative set of rules, institutions and policies to change society for the benefit of working people.

The Labor Party is at its best when it is attuned to the people who formed it, working people organised collectively in unions. The labour movement, however, is also a site of debate around the question of political strategy and action, mirroring the philosophical continuum described above. The labour movement has been strongest when it has been both inclusive and critical of oppressive economic structures, when it has stood in solidarity with all struggles against injustice, when it has been conscious of the reality that all struggles for justice are connected and that no one group within society can claim to have achieved its liberation while others are in chains. It has been at its weakest when it turned inwards, giving in to xenophobia, racism, sexism, homophobia and other betrayals of the principle of solidarity. The labour movement gave us the Wave Hill Walk-Off but it also gave us the underpinnings of the White Australia Policy.


There are abundant examples of the union movement's engagement with the struggles of new social movements. Based on the principle of the social responsibility of labour<sup>3</sup>, the BLF and FEDFA, for example, initiated the Green Bans of the early 1970s, in solidarity with residents to protect both the natural environment and historic buildings from rapacious developers.

The class-based lens has always been central to the analysis, organisation and agitation of progressive social change in the trade union movement's history. But the use of this lens is deeply flawed when it blocks out the oppression experienced by women. Our history is filled with women activists who led campaigns addressing gender-based inequality, in the workplace, but also within the labour movement itself. Edna Ryan, for example, played a crucial role in winning recognition of the rights of women to equal pay, preparing and presenting the Women's Electoral Lobby groundbreaking minimum wage submission to the National Wage Case in 1974. Despite initial resistance from within the union movement, she went on to organise the first Women and Trade Unions Conference in 1976, which formed the basis of the ACTU Women's Charter in 1981.<sup>4</sup> We must acknowledge the patriarchal and masculinist components of our history, the legacy of which we are only able to address by learning from the struggles and gains of the women's movement both within and outside union ranks.

A significant historical development in Australia has been the artificial separation of industrial concerns from so-called "welfare" concerns, resulting in the separate development

3. Burgmann, Verity (nd) "Labour and the new social movements: the Australian story", accessible at: [http://paperroom.ipsa.org/papers/paper\\_5422.pdf](http://paperroom.ipsa.org/papers/paper_5422.pdf)

4. Ryan, Lyndall (2004) "Edna Ryan, Feminist", [https://www.ednaryan.net.au/Edna\\_Ryan](https://www.ednaryan.net.au/Edna_Ryan)



of a community sector that, while sharing many of the social justice values of unionists, is culturally and organisationally aligned either with grass-roots social movements or with large faith-based and philanthropic institutions that are sometimes less likely to be in tune with union-based activism and are sometimes even overtly aligned with corporate interests, especially due to their reliance on corporate financial support. Today we see unions playing a key role in campaigning on such issues as the need for an increase to the Newstart Allowance. It is instructive to reflect on the union movement's history of advocacy in the area of pensions, benefits, social services, health, education, housing, childcare and the social wage.

Similarly, the struggle of First Nations activists has helped form the union movement's consciousness of how racism and colonisation are tools of oppression and inequality. But in this sphere too we are challenged to learn from the struggles fought outside our organising framework and to reflect on how we can better reflect this history in our future activism. The First Nations Workers Alliance, for example, is leading the campaign against the racist and exploitative Community Development Program. The union movement is also, significantly, at the forefront of the call for a First Nations Voice to Parliament, as called for in the Uluru Statement from the Heart.

## **02. THE NEOLIBERAL DISEASE**

When we talk about neoliberalism we are talking about the history of an idea; albeit an idea that seeks to promote and justify the destruction of workers' lives and the systematic theft of the commons. Liberalism, characterised by state intervention to promote and enable economic freedom for the owners of capital both at home (in relation to labour, the state and society) and abroad, especially through "free" trade (in the interests of specific class interests within wealthy nations and generally imposed through colonisation and, in some cases, slavery). It was an economic doctrine that was especially well articulated in the 18th and 19th centuries, in response to the emerging interests of the owners of capital vis a vis the role of the state. Neoliberalism is the term used to describe its later iteration beginning in the 1970s and gaining momentum in the late 1980s and early 1990s, again responding to the changing conditions in the global political landscape and world markets and laying out a pattern of preferred policy prescriptions for the state, especially for the liberal democracies of the industrialised world, but also having catastrophic consequences for the working people of the majority world who were to be subjected to new forms of exploitation, debt and dispossession.

The language of neoliberalism focussed on small government, free markets, rewards for individual enterprise and endeavour, privatisation, innovation, consumer choice, efficiency, deregulation and labour market flexibility. The reality was one of a strong, interventionist role for the state but one that was clearly intervening on the side of capital, especially large transnational corporations, and unmistakably against the working class.

The structure of the working class, in this period, was undergoing rapid and enduring changes. Large sections of the middle class, especially those involved in intellectual labour, including workers with specialised technical knowledge as well as some sections of middle-

management, were being shifted into the working class due to technological changes in the means of production and broader changes in the labour market which eroded elements of their privileged status. At the same time this period saw a burgeoning informal economy (primarily in the majority world economies) and a growing pool of surplus labour in industrialised economies. This was the era that saw the spread of trickle-down ideology, in an attempt to rationalise the cuts to corporate taxes, re-regulation of the labour market as a means of lowering the cost of labour, and a retrenchment of the welfare state.

Conservative UK Prime Minister, Margaret Thatcher, for example, made it a priority to smash the collective power of the trade union movement, arguing that unions were a negative force in the economy, a handbrake on enterprise and a dangerous vehicle for political militancy that was not in the national interest. She explicitly flagged that her government should “neglect no opportunity to erode trade union membership.” Unions were stripped of legal protection, closed shops were outlawed, industrial action was restricted and strike ballots became compulsory. As a result, unions were weakened and trade union membership in the UK fell from a peak of 12 million in the 1970s to almost half that by the late 1980s.<sup>5</sup>

In the United States, the election of Ronald Reagan in 1981 saw the extension of neoliberal and anti-union policies, including sacking striking workers, making it more difficult for workers to join a union, stacking the National Labor Relations Board with anti-unionists, undermining minimum wages, and using temporary workers to replace unionised workers.

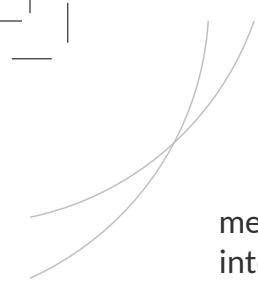
In Australia, neoliberal policies began to be embraced by both sides of politics in the 1980s. The Labor Government pursued microeconomic reform from the early 1980s. This included the floating of the Australian Dollar, privatisation, deregulation of financial markets and increased free trade. However, Australia’s approach was initially much less cut-throat than the U.K. and U.S. Unions were directly involved in Australia’s economic rationalist agenda.

Under the prices and income accord, the Australian Council of Trade Unions and the Labor Party adopted a strategy that incorporated income protection and social reform in addition to wage and employment growth. To minimise inflationary pressures, restricted wage demands would be coupled with improvement in the social wage: such as Medicare and compulsory superannuation; and an industry development policy to reinvigorate manufacturing. A key feature of the Accord was to design policies ‘to bring about an equitable and clearly discernible redistribution of income’ through improvements in the social wage and better targeting of low and middle income families. This was achieved through improving wages for low income earners; increases in family income supplements for low income families; tax relief for low and middle income workers; the introduction of tax avoidance measures and ensuring companies pay their fair share of tax.

The 1980s also saw a call for industrial relations reform by employers that would ‘undermine the role of unions in industrial arbitration as the voice of workers.’<sup>6</sup> It wasn’t until later in the 1990s however that anti-union legislation really had its impact. In 1993, the Keating Labor Government amended legislation to allow for non-union enterprise bargaining. The election of the Howard Government in 1996 saw the commencement of a much stronger anti-union agenda by the Government. It included the establishment of a Royal Commission into the Building and Construction Industry, provisions for individual Australian Workplace Agreements and the passage of WorkChoices legislation that took away many union rights. In 1996, the freedom of association provisions in the Workplace Relations Act recognised the right not to join a union and prohibited discrimination over membership or non-

5. Wilenius (2004), ‘Enemies within: Thatcher and the unions’, BBC News, 5 March 2014, accessible at: <http://news.bbc.co.uk/2/hi/3067563.stm>

6. Patmore (2009)



membership of a union, rendering preference clauses void. Unions were restricted from intervening in non-union agreements unless the agreements covered their members. Rights of entry for union officials into the workplace were restricted. Individual agreements known as Australian Workplace Agreements were introduced and used by employers to weaken unions.<sup>7</sup> In 2002, clauses in certified agreements that require payment of bargaining service fees by non-union members were prohibited under the Workplace Relations Amendment (Prohibition of Compulsory Union Fees) Bill.

While union density had already started to decline due to a fall in blue collar jobs, both Labor's social and economic changes and later Howard's anti-union policies contributed to the large decline in union density and power in Australia. Between 1986 and 2008, union density fell from 45.6 to 18.9 percent.<sup>8</sup> Howard's deliberate anti-union reform led to a sharp decline in union membership. The rise of non-standard forms of work and structural change away from industries that had traditionally been highly unionised contributed to further decline.

The union movement's Your Rights at Work campaign targeted the clear injustice of Howard's WorkChoices legislation and led to the election of the Rudd Labor Government in 2007.<sup>9</sup> The Rudd-Gillard governments' Fair Work Act brought a new industrial relations framework that – while causing some renewed growth in union membership, fell well short of reinstating the rights of working people and unions that had been eroded in the years prior; in particular, working people's rights to collectively bargain. The Labor Government failed to restore pre- Howard union rights such as preference clauses, right of entry, wage inspections and closed shops. It also failed to remove the Australian Building and Construction Commission, replacing it instead with Fair Work Building and Construction. Labor's approach to rewriting Australia's industrial laws in the post-Howard era still yielded to the neoliberal narrative, giving too much heed to the desires of employer groups at the expense of working people. Labor seemed to shift away from the union movement from which it had been founded, framing itself more as an arbitrator between capital and labour; rather than as the political party formed by working people to redress the imbalance of power in relation to capital.

The subsequent election of the Abbott government in 2013 brought a renewed anti-union push – including the establishment of the Royal Commission into Trade Union Governance and Corruption, the establishment of the Australian Building and Construction Commission, the Registered Organisations Commission, the Ensuring Integrity Bill and the Proper Use of Workers' Benefits Bill; all part of an agenda to restrict unions' rights of entry, right to strike, right to undertake industrial action, right to campaign, and right to self-governance.

While structural change in the economy had been the principal factor in union decline between 1954 and 1970, after the 1980s industrial relations deregulation, anti-union strategies and precarious employment combined to dramatically reduce union density.<sup>10</sup>

7. Patmore (2009)

8. Bowden, B. (2011), 'The rise and decline of Australian unionism: a history of industrial labour from the 1820s to 2010', *Labour History*, volume 100, accessible at: <https://research-repository.griffith.edu.au/handle/10072/40801>

9. Ibid.

10. Bowden (2011)

## **THE RISE OF CORPORATE POWER AND GREED**

---

The forces working within Australian society to promote a neoliberal agenda have undermined the living and working conditions of ordinary people. They have weakened the bargaining power of workers by attacking unions. They have redistributed even more of the nation's wealth and opportunities to the already rich. And they have given more political power to the already powerful. These policies have created an unrelenting drive by business for profits and power at the expense of the nation. It has resulted in 'free' trade that benefits multinationals but not working people; increasing power to financial institutions and banks at the expense of productive industry; the rise of insecure work and inequality; and the undermining of our democracy.

## **GLOBALISATION AND FREE TRADE**

---

One of the fundamental principles of neoliberalism is a free market, including free trade. But recent free trade agreements are best described as agreements that maximise the profits of business at the expense of national sovereignty. Agreements now include clauses such as tighter intellectual property and data rights which have implications for access to medications while protecting the profits of pharmaceutical companies; and Investor State Dispute Settlement clauses that allow multinational corporations to sue governments for implementing regulation in the national interest.

Many of these agreements are now being negotiated in secret, with no transparency and no involvement by unions or civil society, but rather comprise a group of self-interested multinational corporations influencing agreements for their own benefit. As a result, the winners from these agreements have been large multinationals, while workers, many industries and most citizens lose. The result is simply a redistribution of income from the working class, including those experiencing poverty, to the wealthy.

Some within the Labor Party argue that working people benefit from this agenda through access to cheaper consumer goods. While this is true of some categories of goods, it must be remembered that lower prices come at the expense of wages for workers in the countries in which they are manufactured. By taking a more globally inclusive approach we recognise that the principle of solidarity should not stop at our borders and that we must support the struggles of workers subjected to exploitation and oppression wherever they are. We also recognise that, in a globalised labour market, a cut to wages and conditions anywhere is a threat to wages and conditions everywhere. We are already seeing this evidenced in the maritime industry, in the off-shoring of our large sections of our manufacturing industry, and in the subjection of workers brought here from other countries to slave-like conditions as a means of lowering labour costs. The upshot of this is that the movements of both capital and labour are tied to the deeply unjust trade in jobs and wages. The union movement in Australia has stood firm against this exploitation of workers across the globe, and has participated actively, for example, in international union confederations and institutions committed to the protection of labour rights.

## **FINANCIALISATION OF THE ECONOMY AND CORRUPT BIG BANKS**

---

Neoliberalism has also been characterised by the increasing role of financial services and markets in the economy. Since the 1970s and 80s, deregulation of financial markets across the globe has led to a growth in the financial sector, institutions and products. Non-financial firms have increasingly focused on investment in financial assets rather than in production.

Rather than being treated as entities that produce things, companies are increasingly being viewed as tradeable assets with their only value being their share price. A successful economy, rather than being measured in terms of what it produces, rising living standards or stable employment, is assessed in terms of movements of the stock market.

Financialisation is one of the fundamental drivers of rising inequality. It not only channels income to top managers and shareholders from ordinary working people, but also to the finance sector from non-financial productive firms. It distorts the economy, reducing productive investment in favour of financial investment – in turn reducing employment and economic well-being for wage earners. As these firms become larger, they lobby and manipulate the regulatory and political environment to further benefit themselves. It has also been responsible, in large part, for elements of the current housing crisis.

The drive for profits has seen financial institutions undertaking increasingly risky and corrupt practices (as demonstrated by the Global Financial Crisis). The recent Banking Royal Commission has exposed shocking corruption and unethical behaviour by Australia's biggest banks including false advice, faked payslips, forged documents, bribes, liar loans and charging dead people for advice.<sup>11</sup>

## **LABOUR DEREGULATION AND INSECURE WORK**

---

The neoliberal consensus has argued that a more deregulated labour market and high levels of 'flexibility' would make business more profitable and result in more jobs and higher wages. What we have instead is increasing numbers of workers in insecure work: casualisation, labour hire, sham contracts, part time work, gig economy workers and exploited workers on temporary overseas visas.

Australia now has one of the highest levels of precarious work in the developed world, with around 40% of workers in insecure work. Many of these workers do not receive basic work entitlements such as access to sick or annual leave and do not know whether they have work from one week to the next.

'Flexibility' has not meant flexibility for workers, but flexibility for business. Emphasis has been on a specific type of deregulation: the removal of regulation protecting workers and exploitation of gaps in workplace laws. At the same time, regulation has restricted the ability of unions to stand up for working people.

## **THE RISE OF INEQUALITY**

---

Neoliberal policies, including labour market deregulation, free trade, the gutting of the public sector, of social security and social expenditure, and attacks on unions have resulted in reduced power for labour and increased power for the owners of capital. The decline of unions has reduced the bargaining power of workers, increased levels of insecure work, and made it difficult for working people to negotiate a fair share of national income.

Since the introduction of neoliberalism in the mid-1970s, the share of national income (i.e. the total amount of money earned in a country) going to labour (i.e. wages) has declined across the globe. Conversely, the share going to owners of capital (in the form of profits etc.) has increased. This has directly led to increased income and wealth inequality. Corporations and the wealthy are getting richer at the expense of working people.

11. Soos, P. (2018), 'Banking inquiry has already exposed shocking corruption but it needs more time', The Guardian, 22 March 2018, accessible at: <https://www.theguardian.com/australia-news/commentisfree/2018/mar/22/banking-inquiry-has-already-exposed-shocking-corruption-but-it-needs-more-time>

Across the world, the richest people are holding increasing shares of countries' income and wealth.<sup>12</sup> It is estimated that the richest 1% of the world own half of the world's wealth. Oxfam estimates that of all the wealth created in 2017, 82% went to the richest 1% while the poorest half got nothing.<sup>13</sup> It estimates that just 42 people hold the same amount of wealth as half of the world's population (approximately 3.7 billion people).

In Australia, inequality has also risen. The top 1% of Australians own more than the bottom 70% combined.<sup>14</sup> In fact, just two billionaires – Gina Rinehart and Harry Triguboff – have the same amount of wealth as one fifth of Australians.<sup>15</sup> At the same time, wage growth for ordinary working Australians is at record lows and more and more working people are being pushed into insecure work.

## THE UNDERMINING OF DEMOCRACY

---

The rise of corporate power has undermined our democracies. While many liberal democracies continue to enjoy regular elections, free speech and freedom of association (although even these are being undermined), policy is becoming less and less in the national and public interest. The balance between liberalism and democracy is increasingly skewed towards the neoliberal agenda at the expense of democracy.<sup>16</sup>

Information is increasingly being controlled by private corporations and family interests, the same interests that have increasingly significant political influence in Australia. In fact, Australian media concentration is among the highest in the world. Globally, private corporations like Facebook, Google and Twitter now control large amounts of media and information.

Multinationals and economic elites are also having massive influence on government policy. International trade negotiations, such as the TPP negotiations, are being largely conducted by corporate interests with no transparency for civil society. Business lobby groups are increasing profits from rent seeking rather than creating any benefits for society. Revolving doors between industry and government mean industry is looked after at the expense of the national interest. Many corporations are manipulating our policies, paying record low wages, and contributing no tax at all to the public purse, all the while receiving government subsidies and exploiting our natural resources.

In Australia, one out of three large businesses pay no tax at all. More and more government work is being outsourced to private interests. The big four accounting firms, PwC, EY, KPMG and Deloitte, have received more than \$2.6 billion in consultancy reports and policy advice in the last 10 years alone. This has included advice to government on tax (from the same multinationals that advise large corporate clients on reducing their tax) and \$10 million (or \$75,000 a page) for a PwC report on the future "burden" of welfare costs prior to the Government's attack on social security.<sup>17</sup> At the same time, corporate regulators are increasingly being stripped of the resources needed to appropriately monitor and enforce existing regulations and controls.

12. Credit Suisse (2017), Global Wealth Report 2017, accessible at: <http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=12DFFD63-07D1-EC63-A3D5F67356880EF3>

13. Oxfam (2017), 'Richest 1 percent bagged 82 percent of wealth created last year – poorest half of humanity got nothing', accessible at <https://www.oxfam.org/en/pressroom/pressreleases/2018-01-22/richest-1-percent-bagged-82-percent-wealth-created-last-year>

14. Hutchens (2018), 'Top 1% of Australians own more wealth than bottom 70% combined', The Guardian, 22 January 2018, accessible at: <https://www.theguardian.com/australia-news/2018/jan/22/top-1-per-cent-of-australians-own-more-wealth-than-bottom-70-per-cent-combined>

15. Oxfam (2017), 'Just 8 billionaires as wealthy as poorest half of the world', accessible at: <https://www.oxfam.org.au/media/2017/01/just-eight-billionaires-as-wealthy-as-poorest-half-of-the-world/>

16. Dwyer, T., (2016), 'Factcheck: Is Australia's level of media ownership concentration one of the highest in the world?', The Conversation, 12 Dec 2016, accessible at: <https://theconversation.com/factcheck-is-australias-level-of-media-ownership-concentration-one-of-the-highest-in-the-world-68437>

17. Money, D. (2017), 'Australia's march towards corporatocracy', The Conversation, 20 Feb 2017, accessible at: <https://theconversation.com/australias-march-towards-corporatocracy-73192> 16. Dwyer, T., (2016), 'Factcheck: Is Australia's level of media ownership concentration one of the highest in the world?', The Conversation, 12 Dec 2016, accessible at: <https://theconversation.com/factcheck-is-australias-level-of-media-ownership-concentration-one-of-the-highest-in-the-world-68437>

### **03. RESTORING THE BALANCE OF POWER TO WORKING PEOPLE**

When you change the government you can change the nation. Or you can also leave things substantially as they are. An incoming Labor government has an unprecedented opportunity to change the nation by reversing the slide into deepening inequality. It can only do this by removing the shackles that have been placed on the union movement. Labor, from the time of its founding, has an historic mission to protect working people. If Labor in government is to be faithful to this mission of bringing about social justice and progressive social change it must treat this opportunity not as an optional choice but as a core responsibility; a responsibility to the very people who will have placed their trust in the Labor Party by putting it in power.

More than removing the shackles, however, Labor must also use the power that comes with government to encourage and facilitate the growth of the union movement and to change the culture and discourse of the nation. Just as the neoliberal project is committed to boosting and buttressing inequality, the social democratic project of the Labor Party must take the form of a practical and achievable commitment to boosting and buttressing the rights of working people. This is not only in the interest of unions, it is in the interests of the nation. As even the OECD<sup>18</sup> points out you don't build a strong economy by ramping up inequality. Additionally, the IMF<sup>19</sup> has produced research demonstrating the correlation between lower union density and higher income inequality. The union movement is central to the battle against structural inequality. Its rightful place in the nation's imagination should be as a strong and respected member-based, grassroots social movement, playing a leading role within broader civil society, advocating not only for industrial justice but for a positive, progressive and all-encompassing agenda of social justice.

We have just marked the 10th anniversary of Labor's historic stimulus package which earned international recognition and respect for its success in protecting the nation from the worst effects of the Global Financial Crisis. The challenge for Labor now is to again lead the nation, rather than following the urgings of corporate interests or heeding the confected outrage at any attempts to bring about some measure of fairness. It must steer the nation towards a program of redistribution not only of resources and income but of hope. Charting a path out of the chronic catastrophe of neoliberalism is at the heart of this challenge.

There are sections of the mainstream media that are unapologetically aligned with corporate greed and social injustice. They use their powerful media platforms to attack the rights of working people, regularly demonising and degrading union members, people in low-paid, insecure work, people experiencing unemployment and underemployment, as well as people with a disability, sole parents, students and young people. Even the cuts to income and services experienced by aged pensioners are justified by these media outlets while, in the same breath, they champion the largesse that is offered to wealthy retirees.

Labor must not give in to these constant attacks on working people and their unions. If it is to be faithful to its mission and purpose it must respond by reaffirming its proud history that stems from the union movement and is bound up with the objectives of working people in the broader labour movement.

18. "Inequality hurts economic growth, finds OECD research", OECD, <http://www.oecd.org/newsroom/inequality-hurts-economic-growth.htm>

19. Jaumotte, Florence and Carolina Osorio Buitron (2014) "Inequality and Labor Market Institutions". International Monetary Fund, <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1514.pdf>



The union movement unashamedly makes tangible its commitment to helping Labor win power through, for example, its financial support and its contribution of volunteer activists, especially in campaigns for marginal seats. The commitment must go both ways.

## **TRADE UNIONISM IS THE KEY TO RESTORING THE BALANCE OF POWER**

---

Wage stagnation and inequality are hurting the economy. The OECD argues that declining union coverage has had a 'disequalising effect' on wages, and that improving industrial relations is an important element of more equitable and inclusive growth. They find that high union density and bargaining coverage go hand-in-hand with lower wage inequality.<sup>20</sup> The IMF also argues that decreasing trade union membership reduces the relative bargaining power of workers and exacerbates wage inequality.<sup>21</sup>

Income and wealth are going increasingly to corporations and the wealthy because the bargaining power of workers has been under attack by business and governments for decades. It is through union collective bargaining strength that workers are able to stand up for better wages and working conditions. Unions strengthen democracy by giving working people a voice.


In Australia, the Reserve Bank has argued that a pick-up in wage growth is necessary for economic growth. Wages will only improve if we strengthen the voice and bargaining power of workers through strengthening trade unions and increasing trade union membership. Unions provide the opportunity for working people to get better wages and conditions. Unionised workplaces also have better health and safety conditions. Unions act as a counterforce for working people against the interests of big business.

Unions not only provide direct benefits to trade union members but also indirect benefits to the community; benefits such as increased wages for all working people, increased safety standards, increased political participation, and social justice. In Australia, unions have fought and won the eight hour day, Medicare, superannuation, sick and annual leave, etc. These benefits are received by union and non-union members alike. As these positive externalities are enjoyed by the community, as a result of trade union activities. There is a clear role for the state in supporting and promoting trade union membership.

When working people join unions, they help build fairness not only in their workplaces but in society as a whole. The freedom to join a union is a foundation for the common good through the collective achievement of social justice and social change. We have seen this freedom deceitfully re-framed by the neoliberal agenda as a means of promoting individualism and the freedom to go it alone, based on the fiction that there can be an equal balance of power between an individual employee and the employer. All of the evidence points to the contrary. Workers will never improve their wages and conditions unless they stand united. The disunity wrought through the attempted destruction of worker solidarity is a proven means of lowering labour costs as well as the costs of ensuring safe and decent workplace conditions. Legal restrictions, political attacks and full protection for 'free-riders' has decimated the union movement. The time has come for government to reaffirm the central role that unions play in achieving the common good. Government should encourage, and even require where it has the ability, the unionisation of a given workforce and that union members are given protection, with their interests being specially advanced in both

20. OECD (2015), 'In it together: why less inequality benefits all', accessible at: <http://www.oecd.org/social/in-it-together-why-less-inequality-benefits-all-9789264235120-en.htm>

21. IMF (2015), 'Causes and consequences of income inequality: A global perspective'.



employment opportunities and in situations where redundancies are necessitated. The right to organise to secure a decent standard of living is a moral good. Democratic societies around the world recognise this basic right of employees to pursue their interests. Labour rights are human rights that have been recognised internationally by organisations such as the International Labour Organisation and the United Nations. Unions ensure that these rights are protected. To do so they must be protected and supported by any government that is committed to reducing inequality and governing for the many, rather than the already powerful and wealthy few.

## **04. A LABOR RESPONSE TO THE NEOLIBERAL CRISIS**

The Labor Party was founded by the trade union movement. Attacking the trade union movement is a key plank of the neoliberal agenda. This line of attack should not be viewed or analysed in isolation from the broader socially destructive agenda of neoliberalism. The war against the trade union movement is an attempt to crush not only the labour movement but the Labor Party itself. At the heart of the neoliberal campaign is the objective of dis-organising workers and dis-integrating labour. Nothing stands in the way of the neoliberal agenda like labour organised around the principle of social justice and collective hope.

In the ALP Constitution Labor recognises its origins in:

- the aspirations of the Australian people for a decent, secure, dignified and constructive way of life;
- the recognition by the trade union movement of the necessity for a political voice to take forward the struggle of the working class against the excesses, injustices and inequalities of capitalism; and
- the commitment by the Australian people to the creation of an independent, free and enlightened Australia.

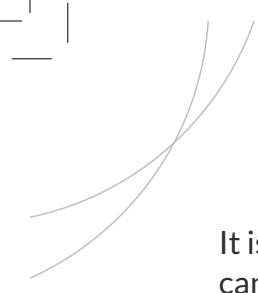
The constitution also outlines Labor's longstanding objective to democratically socialise industry, production, distribution and exchange, to the extent necessary to eliminate exploitation and other anti-social features in these fields.

### **A LABOR GOVERNMENT MUST BE A VEHICLE FOR COLLECTIVE HOPE**

Labor will only reverse the slide into deeper inequality by completely shaking off the remnants of the neoliberal agenda. It has recognised that the aggressive program of union-bashing, privatisation, labour market and financial deregulation, an uncritical embrace of the market and the retrenchment of the social security system and social infrastructure are all contributors to growing inequality. Neoliberalism has helped produce an Australia that is deeply divided. A social democratic agenda for the 21st century can build a society that is both deeply connected and respectfully diverse.

Governments that follow the neoliberal playbook portray trade unions as criminal organisations. The only crime that the union movement is collectively guilty of is the crime of having and giving hope. What the union movement expects from a Labor government is not only the de-criminalisation of this hope but also a concrete program based on joining with the labour movement to be a vehicle for this collective hope. The hope of working people is that a better life and a better kind of society is possible. The union movement is the organisation of this hope and it belongs to the people who nurture this hope for themselves and their children. It is time for a Labor Party in government to support this hope and to turn this hope into well-crafted policy and legislation, turning radical ideas, as Labor Leader Bill Shorten put it at the ACTU 2018 Congress, into universal rights.

It is time for Labor, and for the nation, to say goodbye to neoliberalism. It is time to embrace a different paradigm, a different set of actions, a different vision.



It is essential, but not enough, to roll back the vicious attacks on the union movement. We cannot be satisfied with a mere return to the pre-neoliberal era, before union bashing was institutionalised and protected by unjust laws.

We need a government that recognises that unions and the working people who make up the membership of unions, should not just be protected from attacks but strengthened and given the help to prosper and to grow.

We have strong foundations. We are used to the crushing ball that neoliberal governments have unleashed against us. We are our own edifice. But we can benefit from the scaffolding that the state has at its disposal in order to re-build and reinforce our movement.

What we expect from a Labor government in 2019 is a systematic program to dismantle neoliberalism just as Liberal governments have committed to a systematic program to dismantle workers' rights. Labor has an obligation to dismantle the vicious apparatus of the state that has been used against working people, including people who try to survive outside the labour market. But it also has an obligation to assemble a new apparatus that works in favour of working people, not only in the workplace, but in the economy and in the social sphere.

When workers, including people who need income support, are denied access to appropriate and affordable housing, this is a violation of their rights. When pre-schools, schools, universities and TAFE institutes are not properly funded, denuding their resources or putting them out of reach for working families, this is a violation of their rights. Access to housing, education, health, social security and transport are workers' rights as much as the right to decent wages and working conditions.

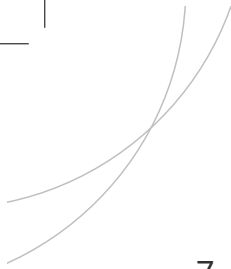

There have been those who put their faith blindly in the power of markets to deliver the goods to workers. What has the agenda of privatisation, market liberalisation and labour market deregulation given us? Not only job losses but higher prices on utilities and other essentials, disproportionately impacting on lower-income households. This trajectory will only gain momentum unless the Labor Party, working with the union movement, steers a different course for our nation and decisively bids farewell to neoliberalism, not just with comforting words and good intentions, tempered by pleas for "reasonableness", but with concrete actions; not with a foot in both camps, but with both feet planted firmly in the ground of working class experience and reality.

## RECOMMENDATIONS

---

To this end, we call on the next Federal Labor government to:

1. Strengthen democracy by supporting and promoting effective trade unions. The Government needs to recognise that union representation is a public good that benefits working people and society. Unions strengthen democracy by giving working people a voice. To lift wages and conditions of working people, to grow the economy, and to end the exploitation of Australian workers by corporate power, we need to support and promote effective unions. The Government must implement policies that support and promote trade unionism.
2. Restore the rights of unions, including the right to strike. The restriction preventing workers from including union-preference clauses in agreements must be removed. Unions must have free access to workplaces to represent and protect workers. Unions should be a participant in any agreement in an industry in which they have coverage. Non-union collective agreements should be banned. The right to strike must be effectively restored, as must be the right for unions to enforce the working conditions to protect the safety of workers. The ABCC and ROC must be abolished. The Fair Work Commission must be completely reconfigured so that its composition and conduct are representative of, and respectful towards, workers and their rights.
3. Restore free and fair bargaining at every level. The enterprise bargaining system is broken. Workers need to be free to bargain with employers without restrictions. We need to allow bargaining at any level (enterprise, industry, regional, or national) to give working people and their unions the ability to negotiate with the people or organisations that really have the power to set their wages and conditions. We need to lift the restrictions on who can be covered in agreements.
4. Regulate to ensure all agreements are union agreements. Employers must be stopped from making legally binding non-union collective agreements. We need to stop employers from imposing agreements on workers who weren't represented in negotiations, particularly sham agreements which are only voted on by a handful of people who will never actually be covered by the agreements. Employers must not be able to terminate existing agreements simply to get an advantage in negotiations.
5. Implement Government Procurement Rules that support trade unionism. Government should use their procurement decisions to achieve broader policy objectives that support the economy, jobs and working people. As such, Labor should implement procurement rules that require tenderers to meet conditions of participation in order to qualify for government work, including having a unionised workforce/union agreement. This should be modelled, in the first instance, by the Commonwealth Public Service encouraging union membership, proactively making union membership information available to new and existing workers and making staff details available to the appropriate union.
6. Reform the tax system and company tax incentives to support trade unionism. Tax incentives should be conditional on having a unionised workforce/union agreement. For example, corporate or payroll tax rates should vary based on whether a company is unionised; companies should only be eligible for R&D tax concessions, Tariff Concession Orders, or fuel excise exemptions if they are unionised.

- 
7. Make industry assistance conditional on having a unionised workforce. Eligibility for skills and training incentives; eligibility for finance assistance such as export finance assistance, manufacturing assistance, clean energy finance assistance; and access to Australian natural resources, should be conditional on a company being unionised.
  8. Require employers sponsoring migrants to have a union agreement. The ability to host skilled migrants (e.g. temporary overseas workers, permanent skilled migrants) must require the host company be unionised.
  9. Encourage superannuation funds to promote unionism and direct their investments accordingly. Superannuation is workers' capital. This capital should be used to promote the interests of members as workers.
  10. Introduce a living wage. The minimum wage must be raised to the level of a living wage, on which a low-paid worker could support themselves and their family. Penalty rates should be strengthened rather than undermined.
  11. Reduce the extent of unpaid superannuation and improve the ability of workers to recover their unpaid superannuation as an industrial right.
  12. Eliminate sham contracting and define casual work rather than leaving it up to employers. Casual employees, and those on rolling contracts, who have worked on a regular or systematic basis for six consecutive months, should have the right to convert to permanent work if they choose.
  13. Take a tripartite approach (progressive and ethical businesses, government and unions working together) to develop specific industry plans for technological change to ensure just transition, including re-training and job guarantees for affected workers.
  14. Develop the framework for a social guarantee, including access to decent jobs, social security, housing, education, health and transport. Working people have the right to a job with decent wages and conditions, social security rather than heightened insecurity for people who need income support, housing, healthcare, education and transport. Access to these essentials of life must be central to a Labor program. This must include not only an urgent increase to inadequate social security payments but a reconfiguration of the social security system so that it is reflective of both the changing nature of the labour market and the way we, as a society, should recognise and value the usually unpaid work of caring.
  15. Reform the taxation system so that corporations and high wealth individuals pay their fair share and so that government can fully fund the social guarantee.
  16. Hold a referendum to constitutionally enshrine a First Nations Voice to Parliament, as called for in the Uluru Statement from the Heart.
  17. Establish a national crisis response framework to address gender-based violence against women.
- 

18. Subject legislation across all portfolios, including international trade, to an inequality impact test. We have allowed policy development to be captured by a “productivity” framework which has become ideologically conflated with an uncritical pro-market agenda. Labor should either completely reframe the Productivity Commission’s remit, giving a central place to the reduction of inequality, or establish an alternative institution to achieve this end, noting that the union movement must play a key role in the setting of this policy agenda, its implementation and its monitoring. Inequality should be measured and monitored by a properly resourced institutional structure, with the remit to advise government on policy to address the structural causes of economic, social and political inequality based on class, gender, race, disability and any other area for which an evidence base can be produced.

