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THE AUSTRALIAN TRADE UNION MOVEMENT AND THE WELFARE SECTOR: A NATURAL ALLIANCE?

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Over the past decade and a half, trade unions (which claim to represent the working class, including the working poor) and the welfare lobby (which claims to represent the poor and disadvantaged - whether employed or social security recipients, including unpaid carers) have increasingly collaborated on matters of common concern. As a result, commentators such as the former Deputy Prime Minister Brian Howe have argued the existence of a "natural alliance" between the two groupings (Howe, 1985:30-31; Howe, 1986:114).

The assumption underlying such an alliance is that trade unions and the welfare lobby are the two interest groups most committed to a social democratic agenda. By social democratic, I mean a commitment to substantial government intervention in the economy and a wide-ranging welfare state to alleviate market-based inequality and ensure minimum standards of support for all citizens. In political terms, united pressure from unions and welfare would arguably be central to influencing a future ALP government in a social democratic direction.

In the current unfavourable political climate, united pressure from the unions and welfare is equally important for resisting the New Right/neo-liberal campaign to simultaneously cut wages and working conditions and welfare entitlements (Mendes, 1998). The Howard Government's introduction of a work for the dole scheme and its stated preference for lower minimum wage rates would suggest the need for urgent and more effective resistance if Australia's existing welfare safety net is to be salvaged (Mendes, 1997a).

Yet, despite the considerable political and ideological common ground between the two sectors, such an alliance has not always proceeded smoothly in the past. The principal obstacle to more effective collaboration has been that the economic interests of the workers (including well-paid workers) have not always proven to be the same as the interests of the poor. In addition, the narrow labourism of the union movement based on wage protection rather than broader social democratic concepts has tended to militate against such an alliance.

However, the argument of this paper is that an alliance based on broader political and strategic (rather than narrowly defined economic) interests is more likely to be successful. Such a coalition of interest may at times be based on a formal joint framework or affiliation, and at other times be more flexibly and informally directed at particular areas of common interest. This argument is developed by examining the ideological and political factors that have both facilitated cooperation between the unions and the welfare sector, and acted as barriers to a more effective alliance in the past. Part One examines the traditional labourism of the union movement, and its impact on the ACTU's approach to social welfare issues. An understanding of the labourist tradition is seen as central to explaining the historical emphasis that the ACTU has placed on wage claims at the expense of broader social policy concerns. Part Two examines the changing ideology of the welfare lobby, and its impact on the welfare sector's capacity to form broader alliances. Part Three documents the relationship between the two peak union and welfare groups, the ACTU and the Australian Council of Social Service (ACOSS) from 1956 to the present day. An analysis of the relationship between these two groups, which are responsible for articulating the ideological and political objectives of their respective constituencies, is seen as the best means of understanding the convergent and also divergent interests of the two sectors. Part Four draws some conclusions about the extent to which an alliance can or should exist between the two sectors.

The conclusion drawn is that it is currently simplistic to talk of a "natural alliance" between the two sectors since, at least on some issues, their narrow economic interests tend to conflict. However, should the union movement be able to shift from a narrow labourist to broader social democratic definition of working class political constituency and interests, it is possible

to conceive of a tighter union-welfare alliance in favour of social democratic objectives.

The Labourism of the Australian Union Movement

The Australian union movement's attitude to welfare issues and the welfare sector can best be explained by reference to its laborist tradition. Labourism emerged from the indirect, pragmatic representation of craft unions at the parliamentary level. The principal focus of labourism was to secure the wages and working conditions of male workers. Far less emphasis was placed on a broader redistribution of income that alters the basic structural inequities between rich and poor.

The dominant tenets of labourism did not prevail without challenge. Prior to the formation of the ACTU in 1927, groups of socialist workers influenced by an alternative revolutionary tradition argued that workers should aim to abolish capitalism, rather than seeking a fair deal within the existing system (Hagan, 1981:14-15 & 442). Subsequently, groups of the unemployed and trade unions controlled by the Communist Party sought to influence the union movement in a more radical and less reformist direction (Hagan, 1981:443-448).

Other ideological influences have also exerted some influence on the union movement. They include a tradition of populism which emphasized the threat posed by external enemies such as non-whites or foreign bankers (Beilharz & Watts, 1986:97); an emphasis on electoral success for the ALP as the political representative of workers (ibid:101); a legacy of Keynesian economic planning including substantial intervention in the free market (Scalmer, 1997:308), a process of modernization in response to changing social and cultural practices, and the challenges of globalization, and a growing sympathy for economic rationalism (Watts, 1996:60-67). At times, laborism has extended beyond the narrow economic self-interest of workers to embrace a concern for the unemployed and disadvantaged in society generally (Singleton, 1990:193).

Internationally (particularly in Britain), the labourist/pragmatic emphasis on concrete wage demands and working conditions has also broadened to include campaigns for greater social expenditure in the areas of health,

housing, education, transport, and social security pensions and benefits (Beilharz, 1994:36; Watts, 1996:45).

However, overall, the dominant Australian tradition has been that of fair wages for (principally) male workers, rather than minimum social rights for all citizens (Beilharz, 1994:17 & 40). Not surprisingly, this labourist philosophy has paid little attention to the needs of those who do not participate in the workforce, except for the sick and the aged (Castles, 1991:10-14). As noted by sociologist Frank Castles, the welfare state that developed in Australia emphasized the protection of wage levels, with supplementary provision of social security for those who could not work (Castles 1985).

The basis for this "wage earners welfare state" was the class compromise between urban manufacturing interests, represented by Deakin's Liberal Protectionists, and the labor movement. The three key components of this alliance were compulsory arbitration, industry protection and the White Australia policy (Hagan, 1981:14; Castles, 1985:102-103).

Arbitration was enshrined in Higgins' 1907 Harvester Judgement which defined "a fair and reasonable wage" for adult males as seven shillings a day. Protection enabled the manufacturer to pay "fair and reasonable wages without impairing the maintenance and extension of his industry, or its capacity to supply the local market". The White Australia policy was justified as a defense of white workers from cheap non-white labour (Markey, 1982:110-122).

During the 1930s Depression, for example, the union movement, whilst expressing sympathy for the unemployed, with some exceptions (ACTU, 1931; ACTU, 1932), generally made little attempt to organize the unemployed or to lobby on their behalf for adequate unemployment relief. As noted by historian, L.J. Louis, unemployed workers quickly became isolated from the mainstream union movement (Louis, 1968:156-192).

However, in the mid-late 1960s, the rediscovery of poverty by welfare groups, academic researchers, and the popular media (Garton, 1990:146-148) encouraged the union movement to begin considering broader social policy issues. For example, the 1961 ACTU Congress promoted the establishment of a national health service, and called for increases in all the existing forms of social service payments (Hagan, 1981:336).

In 1969, Bob Hawke was elected President of the ACTU. Hawke immediately declared his intention to develop policies beyond the traditional areas of wages and working conditions. Hawke said that the union movement would intervene in "anything that constitutes discrimination or hardship against our people" (Hawke quoted in Nicolaou, 1991:24).

The 1969 ACTU Congress supported proposals for a minimum standard of social services to be provided by the Federal Government. Specific claims were for a child endowment payment of \$3.60 per child and a basic single pension equal to 30 per cent of average weekly earnings, plus increases in unemployment and sickness benefits. The Congress condemned the failure of the Federal Budget to address the needs of hundreds of thousands of Australians who were living in poverty. The Congress also ordered the establishment of a Social Welfare Committee to prepare a comprehensive social welfare policy for submission to the 1971 Congress (Miller, 1970).

Under Bob Hawke's Presidency, the union movement involved itself in a number of broader social and political issues not directly related to employment conditions. These included the green bans of the Builders Laborers' Federation, the first ever national strike over Medibank in 1976, strikes against the mining and export of uranium, the work bans on the Newport power station, and the ban on drilling at Noonkanbah in Western Australia in support of the Aborigines (Hagan, 1981:385-386).

Influenced by the Henderson Poverty Inquiry which drew attention to the link between low wages and poverty (Henderson, 1975:23-24 & 129-130), the ACTU also undertook some research into social policy issues. For example, the ACTU in conjunction with the Commission of Inquiry into Poverty conducted a survey into the conditions of juvenile workers in Melbourne. As a result of the survey, the ACTU recommended the introduction of a minimum wage for young workers (ACTU, 1975).

Other research focused on the major disadvantaged groups within and outside the workforce such as women and migrants, and the consequential social welfare initiatives required to ameliorate their situation. The ACTU welcomed the "initial steps taken by the Australian Labor Government to improve the position of social security recipients and other under-privileged members of the community", and called for the establishment of "a

comprehensive social security system" to provide "complete protection throughout life" (ACTU, 1976:192).

However, a prominent Whitlam Government staffer, Peter Wilenski, complained that the union movement continued its narrow laborist focus on wage claims, rather than concerning itself with the broader interests of working people (Wilenski, 1980:56-58).

The Social Wage

During the Fraser Government years, the union movement promulgated the notion of the social wage: that standards of living are affected by far more than just private incomes received by individuals through wages and salaries and non-wage benefits. The movement argued that government spending on goods and services, such as education, health, social security and welfare, and housing and community amenities, was just as important.

The social wage campaign reflected the growth of unemployment and its detrimental impact on union strength. Large numbers of union members were not only forced to survive on social security benefits, but also ceased to pay their union dues and/or terminated their involvement with the movement. Other related influences and concerns included the development of an incomes policy agreement with the ALP which subsequently led to the corporatist wage Accord, increased women's labour market participation, and the impact of structural adjustment within industry which destroyed many old blue-collar jobs whilst new opportunities emerged in the service industry (Singleton, 1990:4-5 & 62; Watts, 1996:57).

In response, the union movement developed a political strategy that was designed not only to protect the immediate economic interests of unemployed and employed via increasing the social wage, but also to buttress the overall strength of the union movement by promoting policies that would hopefully reduce unemployment and so reverse the decline in union membership.

The prime force behind the social wage campaign was the left-wing Amalgamated Metal Workers and Shipwrights Union (AMWSU). The AMWSU published a series of pamphlets criticizing government attacks on

the social wage. The pamphlets were particularly critical of the widespread growth in poverty and unemployment under the Fraser Government, and the erosion of social security benefits (Singleton, 1990:61-69). In addition, the AMWSU published a guide to Social Security Benefits for "the information and benefit of members of the union and their families". The AMWSU emphasized that "social security and welfare were an important part of the living standards of Australian workers" (AMWSU, 1979).

The ACTU also displayed increased interest in social welfare policies. Consecutive ACTU Congresses published lengthy documents on the social security system, calling for increases in unemployment benefits and job creation schemes, and condemning attempts to blame the unemployed for their predicament (ACTU, 1977; ACTU, 1979; ACTU and CAGEO, 1980).

In Victoria, 21 trade unions formed the Trade Union Unemployment Centre which aimed "to provide a service to unemployed people, to highlight the issues around unemployment, to make representations on their behalf, and to get a better deal for them". The Unemployment Centre published a leaflet titled *Survival on the Dole* which aimed to give unemployed workers practical survival information, and to raise the level of unemployment benefits (Trade Union Unemployment Centre, 1985). In addition, the Victorian Trades Hall Council published a monthly *Social Welfare Information Bulletin* which advocated greater support for income security recipients (VTHC, 1979-1983).

The Accord and Social Policy Objectives

The ultimate creation of the trade union social wage campaign was the 1983 ALP/ACTU Accord. The Accord endorsed "a fairer taxation system and social wage involving increased provision by the government of health, education, housing and social welfare services" (ACTU and ALP, 1983:3). The Accord promised to "address anomalies in welfare coverage; to foster social equity by striving to improve the relative position of the most disadvantaged; to take urgent action to restore the position of the recipients of unemployment benefits; and to develop automatic indexation provisions (and restoration of the relative value of pensions) to the basic rate of 25 per cent of average male earnings" (ibid:12).

Most importantly, the Accord recognized "the inherent limits to improvements in the existing welfare system, and the need to develop new alternatives less subject to the vagaries of the annual Budget process and conservative cost-cutting" (*op cit*:12). This passage suggested that the union movement might finally include social security claims as part of its annual wages submission. However, this did not happen and welfare payments remained vulnerable to the economic rationalist approach which characterized the policies of both major parties (Stewart, 1989:229).

In retrospect, however, it is debatable whether this proposal would have necessarily constituted (in practice) a gain for social security beneficiaries since their already low payments would almost certainly have ended up being subjected to the restraint of the Accord.

Alongside the formal Accord process, the ACTU continued to promote the interests of social security beneficiaries in various other submissions and statements. Consecutive ACTU Congresses published lengthy policy documents calling for improvements in the level of social security payments (ACTU, 1985; ACTU, 1987a; ACTU, 1989; ACTU, 1991; ACTU, 1993; ACTU, 1995). Another ACTU publication (produced jointly with the Federal Government's Trade Development Council), *Australia Reconstructed*, called for Australia to develop "a comprehensive social wage and social insurance safety net" similar to that existing in Sweden, including a compulsory national health insurance program, occupational injury allowance, pension schemes, and social benefits such as family housing allowances for low income groups (ACTU, 1987b). In addition, the Victorian Trades Hall Council persistently campaigned against unemployment (VCOSS and VTHC, 1991).

Considerable debate has occurred as to whether the Accord met its social policy objectives. Critics of the Accord have argued that the social security reforms promised in the Accord were treated as of secondary importance to the achievement of macro-economic objectives - that is, the maintenance of appropriate wage outcomes, and a reduction in public spending as a proportion of Gross Domestic Product. Consequently, the union movement's commitment to specific social security objectives, whilst genuine, were not of high priority (Burgess, 1988; Preston, 1991). Narrow labourism based solely on wages policy constantly triumphed over broader social democratic prospects raised by the Accord.

As noted by former Australian Social Welfare Union activist Peter Davidson, "Unions are used to bargaining over wages and conditions; they aren't geared up to campaign over social expenditure. Even the term 'social wage' equates social welfare with wage bargaining" (Davidson, 1984:6).

The differing interests of union members and social welfare beneficiaries also influenced the priorities of the Accord. Critics argue that the Accord actually safeguarded the interests of the employed at the expense of welfare recipients. For example, the use of tax cuts as alternatives for wage increases may have benefited those in employment, but tended to limit the expenditure available for social security initiatives (Stewart, 1985:30; Stilwell, 1986:55).

Defenders of the Accord pointed to significant social wage gains including the introduction of the Family Allowance Supplement for low income working families; indexed family allowance payments; the establishment of helpful labour market schemes designed to redress the labour market disadvantages of the long-term unemployed (NewStart) and of sole parents (Jobs, Education and Training - JET); the introduction of Medicare; the extension of child care places; the raising of the old age pension to 25 per cent of average weekly earnings; and rental assistance for social security beneficiaries (ACTU, 1991:155-162; Evatt Foundation, 1995:169-175).

However, whilst there is little doubt that the union movement has viewed low income and disadvantaged Australians as part of its constituency and on occasions actively lobbied for their interests, there is equally little doubt that this lobbying has been secondary to the movement's prime aim of representing the immediate interests of its members. In general, the ACTU did not challenge or protest spending cuts by the Hawke/Keating Governments which hurt and disadvantaged low income earners.

Nor did the ACTU challenge the Hawke/Keating Government's policy of removing universal payments and targetting welfare payments to those "most in need" which arguably merely involved the transfer of resources from one disadvantaged group to another, and led to the stigmatization and resentment of recipients (Carter, 1993:279). Moreover, the union movement, whatever may have been its original intentions, has certainly not succeeded in placing social security claims outside the whims of the annual Budget process. The obvious exception was the national superannuation

scheme which has removed some retirement incomes, albeit inequitably, from the budgetary debate. In short, the movement has arguably remained wedded to a narrow labourist, rather than social democratic, definition of its constituency.

Nevertheless, as already noted, the union movement has devoted considerable time to formulating its social welfare policies. The major problem appears to lie with the gap between formulation and implementation. This is also characteristic of union policies in other areas such as those dealing with immigrant and non-English speaking workers (Nicolaou, 1991).

The Ideology(ies) of ACOSS

The Australian Council of Social Service is the peak lobby group of the non-government welfare sector. ACOSS affiliates include the eight State and Territory Councils of Social Service, the national peak organizations of both consumers and service providers, the national religious and secular welfare agencies, low income consumer groups, and human service professional associations. ACOSS claims to represent the interests of low income and disadvantaged people in social and economic policy debates.

Activities undertaken to achieve its objectives include submissions to and meetings with Government Ministers, presentations to Parliamentary Inquiries and Hearings, public campaigns, media releases, addresses to public forums such as the National Press Club, and alliances with other lobby groups in order to influence government and other key lobbying targets such as media, trade unions, business, and general public opinion (Mendes, 1996:539-549; ACOSS Annual Report 1996/97:6-7 & 34).

From its formation in 1956 until approximately 1983, ACOSS favoured either charitable models which provided material benefits to individuals whose poverty was viewed as the result of individual failure (Watts, 1988:92-93), or welfarist models which emphasized minor increases in means-tested social security payments rather than structural redistribution. These models essentially mirrored the union movement's emphasis on incremental improvements to wages rather than a concern with structural inequities. They also provided little ideological justification for ACOSS to

make common cause with the union movement against broader inequities in society.

Both the charitable and welfarist models fitted in with and arguably reinforced the dominant Australian social policy model of targeted welfare. In contrast to universalistic social democratic models which emphasized high levels of social expenditure to promote greater overall equality, the Australian model favoured lower levels of expenditure directed specifically via means tests at poor and disadvantaged groups (Esping-Andersen, 1990:26-28 & 68).

The argument advanced by Castles & Mitchell, however, would suggest that the pressure from the Australian union movement (even amidst the electoral domination of conservative parties) at least served to maintain existing levels of relatively egalitarian benefits (Castles & Mitchell, 1992:17).

Conversely, the subsequent movement of ACOSS towards a social justice model would suggest possibilities for a social democratic realignment involving universalistic principles, provided the union movement is willing to commit to the idea of social rights for citizens, rather than just for producer groups (Beilharz, Considine & Watts, 1992:95).

In its formative years from 1956 until approximately 1965, ACOSS favored a charity model; that is, the provision of material benefits to the poor individual for reasons of compassion and altruism (ACSWC, 1992:2). This paradigm was rarely accompanied by any analysis or criticism of the broader social conditions and structures that cause poverty, inequality and injustice (Pixley, 1993:100).

On occasions, this charitable model was challenged by social policy activists who argued that ACOSS should attack the structural causes of poverty. There was also limited lobbying of government to improve social security benefits for particular disadvantaged groups such as widows with dependent children. Nevertheless, overall, ACOSS emphasized support for the work of voluntary welfare agencies providing charitable or benevolent assistance (ACOSS, 1956-1965).

From the mid-sixties until the election of the Hawke ALP Government in 1983, ACOSS policies primarily reflected a welfarist or poverty-alleviation

model, which sought to improve the relative conditions of the poor via increases in social security benefits. In general, welfarism is restricted to incremental increases in income, and does not challenge the socio-economic structures that create poverty, or concern itself with broader income distribution devices such as the taxation system, education, housing, and health.

To be sure, there was some social democratic influence particularly during the Whitlam years when ACOSS responded to government structural initiatives in health, housing, urban development, and education by endorsing an explicitly universalist approach to welfare. Nevertheless, overall ACOSS policies favoured the elimination of poverty, rather than a broader attack on market-based inequality (ACOSS, 1965-1983).

Since 1983, ACOSS has adhered to a social justice model which aims to improve the conditions of the poor via addressing the broader structural causes of poverty and inequality. Instead of seeking incremental increases in particular social security benefits within a stable or shrinking social security budget, structuralists seek a broader redistribution of income from the rich to the poor via reforms in taxation, superannuation, and public infrastructure, in order to increase the total amount of money available to be spent on the poor. Structuralists concern themselves with the macro-economy as a whole, rather than focusing solely on the micro-issue of social security (De Carvalho, 1994:31).

ACOSS' movement towards a social justice model reflected the election of a Labor Government committed (at least in principle) to social justice concerns, and the inclusion of ACOSS within corporatist frameworks and forums such as the Economic Planning Advisory Council (ACOSS, 1983-1997). Such a model also provided welfare groups for the first time with a clear ideological justification for a broader alliance with the union movement.

ACOSS and the Trade Unions, 1956-1998

Prior to the Fraser Government years, there was little contact between ACOSS and the union movement. As already discussed, the union movement with its laborist emphasis on wage rates and employment

conditions displayed little interest in social welfare payments or the rights of social security recipients. Since unemployment was at a low level during most of this period, few unionists experienced the poverty faced by those dependent on the social security system. Equally, ACOSS, with its initial charitable perspective and later welfarist emphasis on incremental increases in social security payments, displayed little interest in joint action with the union movement.

The first significant link between ACOSS and trade unions appears to have emerged in 1970 when ACTU President Bob Hawke and two representatives from the Australian Council of Salaried and Professional Associations addressed the Sixth National Conference of ACOSS on the topic of "The Trade Unions and Social Welfare" (Miller, 1970; McLeod, 1970). The Union interest in ACOSS reflected the growing public and labor movement concern with poverty, as provoked by the Henderson Report on poverty in Victoria. Equally, ACOSS' growing interest in welfarist and even social democratic ideas led it to value a closer association with the trade union movement (ACOSS 1970:7).

Further meetings between ACOSS and the ACTU were held during the Whitlam Government years to discuss common concerns such as the Australian Assistance Plan, a cooperative regional participatory social planning program formulated by the Social Welfare Commission which envisaged the creation of new local governing bodies, Regional Councils for Social Development, to coordinate and advise on matters of social welfare. Individual ACTU officials such as Ralph Willis also participated in ACOSS policy committees. Nevertheless, such cooperation remained limited and informal (ACOSS, 1973-1975).

During the Fraser Government years, ACOSS established stronger and more organized links with the union movement (Hagan, 1981:386). The union movement's interest in ACOSS reflected its growing concern with the issue of unemployment and the financial impact on its retrenched members. ACOSS' interest in links with the union movement reflected its growing sympathy for social democratic ideas, and its concern to form alliances against the policies of the Fraser Government.

Nevertheless, at times, ACOSS' agenda was far narrower, and it often seemed to merely bracket the union movement with the Business Council of

Australia as a potential means of financial support. Whilst ACOSS succeeded in establishing a Corporate Associates Program comprising 16 major companies interested in corporate philanthropy, which provided a small amount of revenue (ACOSS, 1980; ACOSS, 1981-1982; ACOSS Annual Report 1982/83:20-21), a similar proposal to the union movement does not appear to have come to fruition (ACOSS Annual Report 1980/81:9).

ACOSS/ACTU dialogue addressed a number of issues, including unemployment, legal aid, Medibank, and social security payments. A joint ACOSS/ACTU Action Committee was formed to promote ACOSS' "Work Together" campaign on unemployment (ACOSS, 1977:56-57; ACTU, 1979:7-8). ACOSS also formed links with white collar unions such as the Australian Council of Salaried and Professional Associations (ACSPA) and the Clerical and Administrative Government Employers Organization (CAGEO). However, ACOSS rejected approaches from the public sector unions and the AMWSU to join broader anti-government political campaigns due to concern at their partisan political nature (Mowbray, 1980:57). Overall cooperation between the two sectors continued to be *ad hoc* (ACOSS, 1976-1983).

During the Hawke/Keating Government years, ACOSS developed a stronger, more formal working relationship with the union movement. Yet, this relationship remained too fitful and inconsistent to be designated a formal alliance. Certainly on some issues, such as opposition to a consumption tax and support for social security reforms such as the Family Allowance Supplement, ACOSS and the ACTU acted in close alliance. However, on other issues, such as tax cuts and superannuation, ACOSS and the ACTU sat on opposite sides. What was most noteworthy was not that the interests of the ACOSS and ACTU constituencies often converged, but rather the fact that on other occasions their interests sharply diverged.

To be sure, ACOSS and the ACTU broadly agreed on most issues. Cooperation was particularly effective on opposition to privatization of public services and cuts to welfare spending. For example, ACOSS combined with public sector unions and welfare groups to place advertisements in every major metropolitan daily protesting proposed Budget cuts to welfare expenditure and the social wage (ACOSS, 1986/87 Annual Report:6).

Spokespersons from both the welfare and union sectors also began speaking of the value of closer cooperation (Howe, 1985; Read, 1986). Particularly close links were formed between unions and peak welfare bodies at State level (VCOSS/VTHC, 1991). ACOSS also participated in the New Visions Alliance alongside the ACTU and seven other national peak bodies (Evatt Foundation, 1995:274-275). In addition, an ACTU representative, Sharan Burrow, participated in the Future of Work Commission established by ACOSS (ACOSS, 1995b).

Yet, welfare advocates continued to express concern that the union movement's agenda was limited by its adherence to the Accord, and its prioritizing of the wage claims of its comparatively highly-paid members (ACOSS President quoted in Browne, 1986; Fell, 1988). This divergence of interests was characterized most strongly by disagreements over the issue of the ALP Government's superannuation scheme. ACOSS campaigned vigorously against the scheme, claiming that the tax concessions were inequitable in that they favored higher income earners at the expense of people with lower disposable incomes (ACOSS, 1995a). In contrast, the ACTU remained a strong supporter of the scheme (ACTU, 1995:43-44).

Since the election of the Howard Liberal/National Coalition Government in March 1996, ACOSS and the ACTU have tended to minimize their differences whilst forging a common opposition to government policies. Shortly before the election of the Coalition Government, for example, a combined ACOSS-ACTU delegation toured New Zealand to examine the social and economic impact of the New Zealand Government's free market reforms. The delegation concluded that it would be economically and socially risky for Australia to follow the reforms which had contributed to increased levels of inequality and poverty (ACOSS/ACTU, 1996).

ACOSS and the ACTU also co-commissioned a study of the distributional impact of the 1996-97 Federal Budget. The study found that the Budget had left most households worse-off - with low-income people hit the hardest (ACOSS and ACTU, 1997).

Even more noticeably, ACOSS joined the ACTU in opposing the Liberal/National Coalition's proposed industrial relations reforms on the basis that they would hurt low-income workers (ACOSS, 1996). ACOSS also intervened for the first ever time in a major national wage case to

support the ACTU's call for a significant wage rise for low-paid workers. In its submission to the Australian Industrial Relations Commission, ACOSS argued that wages and welfare policies were closely connected, and that the interests of income security recipients and low wage earning households are "one and the same" (ACOSS, 1997:5).

For and Against: "A Natural Alliance"

Both the welfare sector and the union movement can identify potential gains from a closer alliance. From the viewpoint of ACOSS, closer cooperation with the ACTU offers the potential of support for social welfare objectives from an influential and powerful lobby group. Whilst ACOSS has considerable influence itself, most authors agree that welfare lobby groups enjoy less political power than producer groups such as unions and business. This is mainly because welfare groups lack the economic sanctions open to producer groups such as strikes and disinvestment (Donnison, 1982:133-134; Whiteley and Winyard, 1987:5).

For example, it is unlikely that ACOSS alone could resist or dissuade a conservative Government committed to a substantial contraction of the welfare state. However, it is possible that the union movement (backed by ACOSS) would have the power to initiate the combative strategy necessary to alter or change such an agenda.

From the viewpoint of the unions, closer cooperation with ACOSS and other social movements also appeals in that it offers a broadening of the union movement's own dwindling base of support (Ogden, 1993:73-74; Evatt Foundation, 1995:237). This is particularly important in the current political climate whereby the ACTU is able to exert little influence on the policies of the Howard Liberal Government (Singleton, 1997:201). In contrast, ACOSS (whilst at odds with much of the government agenda) has managed to retain its influence on key public policy debates such as tax reform (Mendes, 1997b).

ACOSS' recent intervention in support of the ACTU's "Living Wage" claim also provides a concrete example of the potential gains for the unions from a closer alliance (ACOSS, 1997).

However, mutually beneficial movement towards a tighter or "natural" alliance arguably depends on the union movement's capacity to abandon its traditional labourism in favour of the adoption of a broader social democratic agenda.

Under the currently existing circumstances, the ACTU and ACOSS may continue to enter into tactical alliances from time to time, but any broader alliance is likely to be circumscribed by notions of economic self-interest. Whilst a labourist union movement may claim to represent the needs of all low income earners including the ACOSS membership (Beilharz & Watts, 1986:103-104), the limitations of labourism are in practice likely to prevent the unions from adequately representing the political interests of this larger constituency.

Consequently, the narrow economic interests of these two different - albeit sometimes overlapping - constituencies will not always be the same. Sometimes, they may come into direct conflict, as is the case when limited government spending can be applied to tax cuts or welfare increases, but not to both. Alternatively, the ACTU may prioritize the wage demands of more influential higher paid workers at the expense of low-paid workers. Reasonable wage gains for middle and high income union members are not necessarily compatible with either greater overall equality, or the availability of greater resources to combat poverty. In addition, the ACTU may develop renewed corporatist agreements and trade-offs with ALP Governments which exclude the needs of community and other less powerful groups (Stewart, 1985).

The alternative social democratic strategy would mean the ACTU articulating working class political interests independently of narrow economic interests. This would mean the union movement making a commitment to the political mobilization of non-workers (particularly the currently disenfranchised unemployed) instead of just its wage-earning membership, and would require a radical break with its history and ideological framework. It would mean the union movement prioritizing social democratic strategies, involving redistribution of income and greater overall equity, rather than the narrow wage claims of employed unionists.

The recommendations of the 1987 ACTU publication, *Australia Reconstructed*, concerning a broader social democratic incomes policy

suggests that such a cultural change is not impossible (Beilharz, 1994:140), although *Australia Reconstructed* proved to have a very marginal impact, as noted in a previous special issue of this journal (JAPE, No.39, June 1997).

In addition, ACOSS would need to adopt a more strategic approach to lobbying government based on a broader definition of its constituency's interests. This could include subsuming on occasions the particular interests of low income earners to a broader social democratic or pragmatic political agenda. Again, ACOSS' recent alliance with the Australian Chamber of Commerce and Industry to promote socially equitable tax reform suggests that the welfare lobby is able to form coalitions based on mutual compromise when required (Mendes, 1997b).

The relative success of the above alliance also reminds us that (short of a fundamental shift in union movement philosophy from labourist to social democratic) a union/welfare coalition may not always be in the best interests of low income earners, particularly when confronted with an anti-union Liberal Government. Under such circumstances, ACOSS may sometimes achieve greater influence through a tactical alliance with business groups, rather than with the ACTU.

Equally, under a future Labor Government ACOSS may wish to tread warily in forming too close an alliance with a union movement which may prioritize support for the policies and success of the government, rather than the specific needs of the poor. The recent attack on ACOSS by leading ALP MPs for taking a supposedly pro-Liberal position in expressing its willingness to consider a Goods and Services Tax as part of a tax reform package (Megalogenis, 1997) suggests precisely the dangers posed by an inflexible alignment with groups possessing different agendas and interests which may unreasonably seek to restrict ACOSS' political choices.

All such scenarios suggest that, whilst there is significant common ground for ACOSS and the ACTU to collaborate on issues of mutual concern, any mutual action should be based on the continued organizational and campaign independence of the two parties.

Nevertheless, in line with the ideas of the British sociologist Barry Hindess, I believe that a closer alliance between the unions and welfare lobby has considerable potential if we define their respective interests independently of supposedly fixed economic constructs. In other words, there is no

necessarily simple or objective connection between the social conditions and structures impacting on workers and poor and disadvantaged groups, and their actual assessment of, and definition, of their interests (Hindess, 1989:66-70).

It is possible, therefore, to conceive of a union/welfare alliance based on a strategic assessment of political interests. The Scandinavian experience suggests that such an alliance of different economic groups can be utilized to develop popular majorities for social democratic ideas and outcomes (Korpi, 1983:46-52; Esping-Andersen, 1985:xiv-xvi & 36-38). What would be most important for such an alliance would be to advocate a move from Australia's current heavily targeted welfare state towards a universalistic welfare state based on greater de-commodification and protection for workers from market-based inequalities (*Ibid.*: 31-34; Esping-Andersen, 1990:21-23).

A more universalistic welfare state would arguably address the major deficit of the existing welfare state, which is its failure to address the emergence in recent decades of social problems not directly linked to wage outcomes such as high unemployment and the increasing number of single-parent households (Castles, 1991:7). Whether or not such a proposal (which would almost certainly require vastly increased tax revenue) is politically feasible in the current conservative Australian political climate is another matter.

Conclusion

This analysis indicates that there are some difficulties with the concept of a "natural alliance" between the unions and the welfare lobby, particularly one based on the assumption of union leadership or domination.

Nevertheless, the continuing divergence between the economic self-interest of the respective constituencies does not in itself preclude the possibilities for a broader alliance, particularly if the union movement is able to move towards a broader social democratic definition of its political constituency and interests.

On the contrary, the current debate around minimum wages (and its potential implications for welfare payments) suggests that the unions and welfare groups possess similar strategic interests. The involvement of

ACOSS in the "Living Wage" campaign and the active encouragement of such involvement by the ACTU suggests that this commonality of interest to prevent the development of a larger group of "working poor" is already understood. There have also been steps at State level in NSW and the ACT towards tighter coalitions of this nature to work together on issues of common concern (Botsman, 1996).

Whilst such an alliance may take different forms depending on particular political contexts and objectives, it does appear that the ACTU and ACOSS will continue to work closely together both on specific issues and campaigns, and more broadly to promote social democratic ideas about greater social and economic equality.

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