

Interview with George Polites (1918-2019)

Interviewed by former Chief Economist for the Australian Chamber of Commerce, Steven Kates (26 April 2003)

SK: So basically we are doing an interview to get a bit of the history of the system with particular emphasis on the employers' side. I'm interested in knowing the personal 'who was who' and what they did, and I guess the really interesting stories that you can remember from the days of the wild west or whatever was way back. And the thing most interesting speaking to you would be to know first of all who do you remember from the days when you were a young man thinking about industrial relations and your predecessors in kind of centralised employer politics.

The Great Employer Reps of the Past

SK: Who comes to mind - from the longest time back that you can think of? I'm thinking you go back to the 1940s - who do know from the 1940s?

GP: Well, even though I was involved in the 1940s it was only peripherally because I was working for the Melbourne Metropolitan Water Works in those days and it was a very provocative employer organisation as it was a very peripheral association.

But I knew some of the people, but if you say who comes to mind well the sort of people that come to mind immediately are Ken Boycott who was at the Victorian Chamber of Manufacturers' and who was a doyen in the 50s and 60s and the late 40s, the 50s and 60s certainly, but particularly the 50s. D Yelland (inaudible) from South Australia. Sid Wright, who became Mr Justice Wright, who was back in McEwans in Adelaide was a solicitor.

Pat Barrister whether he got an amalgam in South Australia he did the employers work in those days. Drewand (inaudible) who comes to mind who again become a member of the Commission and Drew took over as advocate when Sid Wright went to the Commission, or 'the Course' as it was then.

And who else comes to mind? Bob Herbert's father was at Nestle in those days Tom Herbert (laughs with SK) and Doug Foulter was at MTIA (Metal Trades Industry Association) and Doug was a very forceful character in that period. He took over after the plane crash killed the then-secretary of MTIA and Doug took over and stayed until quite late into the 70s.

Organisation of Wage Cases by Employers

SK: If I could ask you about how were wage cases organised and fought on the employers' side when you got into this?

GP: When I became active in the area there was the Victorian Chamber of Manufacturers' Ken Boycott, who was in effect the architect of any cooperation and consolidation there was. They used to have a meeting every year and there was always a basic wage case of course. They would have a meeting and they would try and make a policy, instruct council and that would be the end of the participation of the organisation. Their next role was to put in money. The policy was decided, you know we'll oppose the application, we did it to the best of our ability and it would cost \$x. That was when I became to think that that wasn't quite the way it should be done and I had a strong view about it. Then in 1960 when I was fortunate enough to be appointed

to the Directorship of the Australian Council of Employers' Federation we set about changing that policy. The 1960s was the turning point in my view, and I'm prejudiced of course, but in my view it was the turning point in the way employers approached the applications which were pursued before the source.

SK: But how was policy determined before then? Who would make the decisions?

GP: Well, there would be a general meeting of member organisations, a widespread of industry associations, the Council of Employers' Federation would send their representatives, the Printing and Allied Trades people. They would send their representatives and they meet and they would agree that this was an outrageous claim, and it should be opposed, and the advocates would give a presentation as to what way it might be tackled. There would be a general agreement, and a couple of people and Ken Boycott in particular, would be appointed the leader to work in close collaboration with the council to resist the application and that would be the policy.

SK: So would Ken Boycott basically be the person?

GP: He was the person - there was no question Ken was the master of the thing, and then he retired at the end of the 50s there and that's when, fortunately for me, I suppose, we didn't have to have a clash. We didn't have to have a competition for the post of control. Doug Fowler came along at that point and MTIA and their view was much the same as mine. So we were able to use our influence to persuade the organisations that what was needed was some sort of co-ordinated congregation of organisations which would decide the policies which would know what was being said, who would do it and would be responsible to them for the conduct of the proceedings. That's how the national employers council came into existence which preceded CAI (Confederation of Australian Industry).

There was the National Employers Association that we formed. This group of all the national associations of employers came together under the National Employers Association. They had a policy committee. It was the representatives of their principals, their owner principals, not the operatives and not the workers. And there was the National Employers Industrial Committee which was their working class. And both those groups reported to the National Employers Association which would meet at least a couple of times each year. The policy committee would report to them and the Industrial Committee would report to the policy committee and so on and from out of this some coordinated policy came into existence.

SK: So there was a kind of loose net for a couple months?

GP: Very loose.

SK: And then the first policy?

GP: It was still loose.

SK: Oh. It was still loose was it?

GP: It was still loose. There was an agreement that's all there was. It wasn't one formal organisation in any sense of the word, but it was agreed that the National Employers' Policy Committee would be made up of a representative of the Associated Chambers of Manufactures, the Australian Council of Employers' Federations, the Metal Industries Association and the National Farmers' Federation. So that way we had the whole of industry covered, and the Industrial Committee was the Chief Officer of each of those

organisations. The Chief Operating Officer of each of those organisations comprised the Policy Committee. Doug was the Chairman of the Industrial Committee when we first got off the ground. He retired and I became the Chairman of the Industrial Committee from that point on somewhere towards the mid-60s.

SK: Yes

GP: I can't remember a precise date until the formation of CAI

SK: Now they've been in the ACTU going right back to the Federation...

GP: Yes, the 1920's when the ACTU came into existence. There was again a loose network, but Albert Monk really was the man who put the ACTU together, and made it an ongoing concern (for employers).

SK: In the 1920's?

GP: In the 1920's yes.

SK: Oh my goodness. So for 40 years there was a national body of unions but not one of employers?

GP: Well, again, no not there. It's hard to say that, you know, there was no national body - they did meet and they did talk to each other, but they were not in any way integrated as an organisation. But they were, generally speaking, able to agree, for instance, in basic wage cases. They were able to agree to say 'no'.

SK: (laughs)

GP: And on the basis of saying 'no' to everything there was no problem of getting agreement. There would be arguments amongst us about who should do it and what you might say. But even again, not too much about what you might say, but how vehemently you said it, rather than what you said. And so in the 60s we sought to change that a bit and indeed we did change it - on one occasion we made an application for a wage increase which was the first time that it had ever been done.

History of Employer Wage Policy

GP: We made an application for a wage increase and there was a whole lot of nonsense that was going on in an attempt to bring it to a head, so that reasonable increases were probably right. But stupidity was not on the agenda. So we got it, and in that year we were first cab off the rank to present the state of the economy before that got wound up. It was a remarkable turn of events, because up until that point any suggestion that you would even concede that there might be half a case of some change it was just unacceptable. I can remember one leading advocate, who became a member of the Commission to fight them right the way through, you know.

SK: (laughs)

GP: Which was the philosophy of that, we want, you take, we get, we won't get, you know.

SK: And not.

GP: And from what I see now I don't see much difference. I really do not see a great deal of difference, I think we've reverted.

GP: Well, that's roughly the sort of how it used to go. But you've got the history. We did produce a very good historical documents – there is one produced by the organisation in my time which is called *An Outline of Conciliation and Arbitration'*...The other one is *A History of Wage Fixation in Australia* and those two documents got the dates and they are factual I guarantee you that. They are factual as to what happened and who did what and why. And they will give you the exact dates of changes and times and things.

SK: In the beginning I take it that the only issue was the basic wage and you just say no. There must have been other issues that were around as well?

GP: Well the wages. And again that history of wage fixation. Australia's wages were fixed on two bases. There was the basic wage and the secondary wage which was the margin. And the total of the basic wage and the margin became the paid rate. The basic wage began back in 1907 with Higgins. And again it was, interestingly enough, not under the Conciliation and Arbitration Act fixed that the basic wage was fixed.

We fixed the basic wage under the Excise Tariff Act, because the Excise Tariff Act granted an exemption from the excise which was imposed on imported agricultural machinery and because we were a free trade state we had an excise to match the tariff. But you could get exemption from the excise, if you paid “a just and reasonable wage” which was to be determined by the Industrial Relations Commission. The court, the Conciliation and Arbitration, was the Australian Court of Conciliation and Arbitration. The Commonwealth Court of Conciliation Arbitration was there. And if they gave a certificate to you for paying a just and reasonable wage you could get an exemption from the excise.

And a number of cases were taken. Mr Justice O'Connor was the first President of the Commission and he heard some nine applications under the Excise Tariff Act and granted the certificate. When Higgins became President, he decided to have a hearing to decide what was a fair and reasonable rate. And the application in that case for the exemption from the excise was HB Mackay, the Sunshine harvesting company. They sought the excise. He had the hearing. He had witnesses. He had people come. He heard the household budgets of nine women, amongst a whole range of other things. And in the end, he decided that seven shillings a day would be the proper wage. That would be a just and reasonable wage under the act. And if you paid that you get it.

Yet the interesting thing was that the budgets varied a bit in these women. I can't remember the details of those but they were there. But the interesting thing about it was the seven shillings a day was the rate being paid by some of the statutory authorities who were seeking to make a profit. The Melbourne Metropolitan Water Works comes to mind as one. And they were paying seven shillings a day to their unskilled labourers. And he latched onto that in my view. It was the dawn, in my view, of comparative wage justice. That's my view ... and so it came along.

And then having fixed this seven shillings a day, 42 shillings a week as the basic wage, then there was the question of what do you pay skilled workers, because that's the living wage for. And again, interestingly enough, which reflected the social, and moral ways at the time, it was designed to look after a man, wife and three children. And 42 shillings a [week] would look after the family. So it was a family wage, just and reasonable and which was therefore a living wage. So if you had skill then you should get something more than that. If everybody was going to get that, the Metal Trades Industry, the fitter and turner again, who is a very important person in agricultural import making, and in the iron trades, and had an apprenticeship thing of four years and it was agreed that, by and large, and not even the employers in the metal industry really objected to regarding the fitter as the

standard and an important person. The argument of how much you had to pay, that was different. But his competence was accepted, so whatever he was granted became the upper end of the range. The basic wage plus that margin and then the skills varied down between that down to nothing.

Basic Wage and Margins

SK: So how did it spread to virtually every kind of industry?

GP: Because everybody who had did a little bit more than a pick and shovel went along on sought a margin.

SK: From the union for the site?

GP: Yes, the unions made the applications.

SK: I mean it wasn't our employers. Employers had originally done this because they could get out of the excise.

GP: That's right. The excise, the history of that is the Excise Tariff Act was declared invalid (laughs) and I dealt with the Excise Tariff Act. But by that time of course we had established the social standards in the community of a living wage, that would be, that we wouldn't allow to fall below. We regarded ourselves as a civilised community which thought that any person who was at work should be able to earn a living to look after his family. And that if the court and independent body decided that that was the amount of money that you needed, then that was to be the amount of money. And that was the living wage.

And that wage became accepted almost across the board. And there would be very few employers who argued against the concept. And I don't know of any in my time, but quite early, you know right up until almost when I retired, that I don't remember anybody really arguing about having a basic wage, a minimum wage. We sought to get rid of the basic wage but not to get rid of the minimum wage.

If I can go back on that, that the real reason was this margins question. And the margin for a fitter was fixed by – I think it was Detheridge – and again you'd have to look up that book. That was fixed at 3/7ths of the basic wage. And it was 18 shillings, and so having fixed this 3/7ths principle, every time the basic wage went up there was a case to raise the margin. And so we got this built-up effect. And that went on and on and on, and then margin cases virtually grew every time. You would see a margins case about every three or four years. That would be because in the intervening period the basic wage has gone up. You've lost your relativity so you have another, and you built on it. Whereas the justification for the first increase was reasonable the second one wasn't necessarily proper.

SK: So do I get this right that for all the period of the basic wage in margins, the concept of it wasn't in dispute.

GP: Not the concept of paying a minimum wage.

SK: And the basic wage?

GP: Yeah, the basic wages was the minimum wage. And the concept of paying a basic wage was not argued. It was in the Act. There was a statutory requirement the Commission had to be fixed by a full bench to deal with the basic wage. The basic wage was a definition that wage or that part of a wage which is just and reasonable.

SK: But I mean I'm actually sitting here and you know almost 100 years later, it's a bit strange to find that on the employers side no one objected to that even as a concept.

GP: Well, they did at the start. But it just became accepted as a social thing, that's all. Society acknowledged it and that was it. When it came into question there was this constant ratcheting.

SK: Hmm.

GP: And the basic wage had lost its meaning. In effect nobody was being paid the basic wage. There was no person in the community being paid the basic wage. Everybody had a margin. And so that was what destroyed its integrity in my view. And that's when some of us set about, and myself included, set about seeking the Commission to abandon the fixing of basic wage and a margin and fixing a total minimum wage, which would be paid, and that nothing would be added to it. That would be the total wage for the lower end of the scale. Go back to what the basic wage originally was. But that minimum wage would not be a foundation wage on which you would put margins.

You would fix a rate of pay. If somebody had a skill you would fix a rate of pay for that skill. You wouldn't fix a margin on top of the minimum wage. The only wage you would adjust for any purpose at all would be the minimum wage, except by negotiation on skills and productivity. We sought to introduce the concept of productivity bargaining or productivity wage fixation, because up until then the whole concept of the basic wage had been that it was just a minimum.

SK: So about when are we talking??

GP: We are talking mid-70s. We are talking about getting onto changing the concept of the basic wage and margin and abandoning that. We took it up to the High Court to have that section of the act, which declared the basic wage invalid. Actually that started it off. And it was invalid and they virtually told us it was invalid but it had been there for so long that there was no point in changing it. Now that's my interpretation of the decision but that is essentially what it was.

And it makes my point about the community accepting it up until that time. But nobody ever thought to even challenge it, wouldn't challenge anything in the old days. But nobody wanted to shut the basic wage. While it was a paid wage and a wage nobody wanted to do anything about.

Well some wanted to but nobody would really run the gauntlet at being seen in the community as being opposed to the concept.

SK: So you started out in the 60s sometime?

GP: The late 60s we started. We got there in the 70s. I can't remember exactly when it was, you would have to look that up, that's in that book, I can't remember the exact dates. But I can remember ... you know what happened.

SK: It was a very unique system. I don't think anybody in the world had anything even remotely like it.

GP: Well, New Zealand.

SK: Maybe New Zealand.

GP: ...it's not too different, no it was a unique system that's true - it was a proper Australian product.

SK: Did it work?

GP: Well it worked – of course it worked

SK: I mean we certainly had low unemployment all the post-war period.

GP: We built a viable community, and a viable economy. To blame wage rates for all of the problems of the community is nonsense.. I really get a bit cranky about it. That's not to say they're not important. I'm not suggesting that for a minute. But to suggest that it's the real cause of the economy going badly is the wage, is sheer nonsense.

SK: Well you were there, mind you there is one period, now is the famous wage explosion of the 70s. Now what happened then?

GP: Well what happened then we went a bit mad (laughs).

GP: Some of our people decided that. Well the unions took the view that they could extract it by a little bit of pressure and leave the Commission aside and put a bit of negotiating mutter on employers. Employers were strong in some cases, not in others.

Once somebody broke the spell, then comparative wage justice took over and the commission would rule and say they went down that path unfortunately. Government assisted a bit too. There was a period when the Government was a bit weak in its approach to holding the line on all sorts of things.

SK: We're moving into the 80s

GP: No, no still in the 70s.

SK: Oh, I see, in the Whitlam era..

GP: The Whitlam era was the period when there was a bit of a gallop aboard but it mainly in ours. We got the 35 hours week in the oil industry as a result of the government decision. The fact that whatever you do you're going to give them a 35 hour week, and we got equal pay. You know female equal pay came in that period. And they were all part of the Labor Party platform and they were able to exert enough pressure to have them implemented by the Commission. And then having got that feeling of power during that period between 72 and 75, 78, 79 the intuitive was to give it fly with the conservative government in Fraser's time. There was a period then when there was a bit of weakness about and transport workers led the push, I think, if I remember rightly. The Government actually did a deal accordingly. The Prime Minister called a conference and it was settled and that was the end of it from that time on. I can't remember the figure, but it was a substantial increase, and it flowed across the board and that was the explosion.

SK: Should the system back then have been able to contain it?

GP: I don't think the system can contain it. People are prepared to pay it, how can the system contain it? What are you going to do, prosecute them if they are paying over the award rate? We sought to do that. There are a couple of awards I think we used to say was an offence to pay over.

SK: You should pay rate awards?

GP: They were paying over the award rate. There were attempts to control.

SK: No, I mean, if you can you do.

GP: Of course people have paid under award - that's why people get prosecuted, you know, when it's all said and done.

(Both laugh)

GP: That's why we used to have arbitration inspectors and all sorts of things to ensure that the requirements were met. It's a well-known fact that a lot of people are not paid their award rate or were not. I don't know now. And the magistrate courts used to be full of people being prosecuted for failing to pay correct wages.

SK: Seems like a very risky thing to do since the person not being paid enough knows it the whole time.

GP: Yeah, but sometimes he can't get a job - that's why I hear people saying now. That if you reduce wages everybody will get a job. I hear some people say that.

(Both laugh)

GP: Yet we had lower rates of unemployment at the time when they reckon that things were crook, on the most front. Our levels of unemployment were much less than they are today when they've got the wage system under control and we didn't have it under control, so you can make your own judgements about that..

SK: And what's more, real wages rose faster in that period than they do now...

GP: They do now, yes, sure.

SK: It's quite an extraordinary time.

GP: Well obviously. See part of that, I think we can claim a little bit of credit on the employers' side for bringing that back to reality. And it used to have quarterly adjustments, automatic quarterly adjustments used to be applied, and they were based on the first of all up the quarter of the A series index numbers, and afterwards the depreciation and the restoration - there was a 10% cut in wages during the depression. Again which showed the system was capable of adjusting to a serious issue and wages were cut 10% across the board in the depression. And when that 10% cut was restored the commission changed the index number for further adjustments from the A series to the C series in which the regimen was different and it didn't have the same up continuancy of the old A series. It was a slower method but the quarterly adjustments were continued through that period and it was in that 60s period that we were talking about before we were trying to get policy. So we took the view that that was the most stupid way you could possibly adjust wages which had absolutely nothing to do with productivity, which was sought to convert the thinking from simply saying 'you can't have a wage increase' to saying, 'you can have a wage increase if you back it with productivity'. But if you don't back it with productivity, whatever happens is not our fault. So that was the beginning of the formulation of positive policies on the part of employers in relation to wage fixing as distinct from negative policy while we can't do it because there is a drought.

SK: Well that's interesting. I mean, we say almost the same thing today, but it doesn't occur to me we're actually saying something that the others always see as being a negative. Oh no, you're trying to hold us back, and when you see it, it was an approach that would actually grant an increase.

GP: That's right.

SK: Rather than stop an increase.

GP: Sure, and the productivity argument became the basis of the increase. And the ACTU was arguing that they should get an increase for prices in minimal, on top of that the increase for productivity, and our argument was that you couldn't have both. So we made the application of increase to go back to the rate of increase with the amount of productivity improvement. You took the GDP per person employed, the extent of the improvement in GDP per person, as the basis of productivity and that was the maximum increase you would have.

Formation of the Confederation of Australian Industry

SK: Now, I think of you as a person who was instrumental in creating the first employer association that brought everyone together. Now, in a brief sense give me the steps towards the creation of CAI.

GP: Well, the steps were that the formation of the National Employers' Policy Committee. You know that integral group of the National Employers' Association the NEA, which was not a structure, just a group of people agreeing to meet together. The creation of the Policy Committee which consisted of the four major groups, MTIA, Associated Chamber of Manufacturers', Farmers, National Agricultural and NFF which originally was the Australian Wool Growers and Graziers Council rather than the NFF, because they hadn't even merged at that stage. The most active group on the industrial relations side was the shearing industry of course, and the AWGC were the fourth member of the group. So that was the first sort of step. The next step was the thunderous thought that it was a bit silly for ACEF and ACMA to be at logger heads and they had been for various reasons. And some of us thought that there ought to be a way in which we could find a mechanism by which they could join their forces at a national level, but leave their state bodies intact.

SK: Is this, oh I see, the idea was to bring the national bodies together but leave each of the state organisations as they were?

GP: That's the whole idea to bring the national bodies together and the state organisations still played their part as control in the national body. We merged, you know. The step in that chain was to merge the industrial relations activities of the Associated Chambers of Manufacturers' and ACEF, and we had a merged industrial relations group again leaving the states alone. The ACMA and ACEF acted in unison in industrial relations and their representatives met together to consider the policy, except they had the same policy and so they still keep their separate identities but met together for purposes of having this group and the policy committee and industrial committee. And that worked.

SK: And what was that called? The CIS or?

GP: Yes, the CIS the Central Industrial Secretariat and it was the creature of both organisations. They both owned it. I was the secretary of CIS. I was also secretary of ACEF. So I ran ACEF as a separate organisation but there was an agreement that I should run CIS. And I ran the joint body for both ACMA and ACEF.

SK: Where was the Secretariat housed?

GP: Oh, in our office.

SK: And where was that?

GP: ACEF.

SK: In Melbourne?

GP: Yeah, in Melbourne.

SK: What was the address?

GP: Well, we've had a couple at that stage we were in Flinders Street .And then in Exhibition Street.

SK: That's when I arrived

GP: Well you came in then. And then that worked well enough for a lot of the time without whatever jealousies or competition, which were put to one side and it was agreed that there was a case for merging ACEF and ACMA completely. But if we did, that we ought to try and bring in all the people who were in the old NEA which was still being run. And so that was the concept behind the formation of CAI. To become the Confederation of Australian Industry.

SK: It was even more than the NEA people at that stage. I mean it was just about everybody at the beginning.

GP: Well nearly all NEA.

SK: That was the NEA was it?

GP: Virtually NEA. Nearly everybody was in the NEA. We even had Qantas form an organisation called the International Airlines Association so that they could be an association. We couldn't have state bodies, we only had national bodies. And that was again to placate our own constituent state members who saw their own areas as being overridden if we sought to take state bodies into the national body. It wouldn't be any need to be an associate to the state level.

SK: Wasn't the example of the ACTU one that the employers began to think that maybe they should follow?

GP: There was always a lot of talk about it but not much action.

SK: Wasn't there a concern, I mean the ACTU was doing more and more?

There was no sense that we were losing when we should of won and...

GP: There was always a sense of being done like a dinner.

(Both laugh)

SK: Were we done like a dinner?

GP: No, I don't think so (laughs). A couple of decisions were wrong in my view, but then.

SK: Is that sort of like an LBW?

GP: Well that's right. I can think of one - I can't remember the other – the economy standing around giving them a pound.

(Laughing)

Reflection on Wage and Tariffs

GP: You know the 60s decision, before decimal currency, we were standing giving a pound in the round. And the fair fare, I don't know, I can't remember. We had a major victory if it had been about 12-15 bob. You know, but a quid was too much.

SK: I know just what you mean...

GP: When you stop and think about it, we still ran a very tight ship. The thing, of course, I suppose you have to acknowledge, is that the tariff played a big part in maintenance of the level of employment in this country. And the association of the tariff with the wage fixing system should never be underestimated.

SK: Tell me some about that.

GP: Well, it's again it's inherited in a way the system began, because it begun as part of the tariff mechanism.

SK: So how were the two coordinated?

GP: Well they weren't in the end, but...

SK: Even in concept?

GP: Well they were ...you go to the Tariff Board and say 'well your costs were too high you get an increase in the tariff'. And if the cost we pay you go on you could go to the tariff board for an increase in the tariff on the basis that we have been set a wage component which was far too high and couldn't be matched by your productivity.

SK: And the tariff board would actually adjust your tariff?

GP: Well, after they would adjust the tariff in due course - it was slow and torturous and tedious but it worked in that way so you could never underestimate the effect of the tariff. And the tariff made a significant contribution in my view and I'm an old timer of course, also have been regarded as bloody Methuselah. The tariff made a substantial contribution to the development of industry in this country. We've never had an industry without it. And we should never forget it. But it's paid dividends to this country and it's all free and good to talk about war nowadays, but in those days we wouldn't have even survived if we hadn't had an industry with two world wars....

SK: I'm more interested in just the mechanics of it. Just that the fact that the wages system would say this is a fair wage so we'll push the wages up this amount or we will have a tariff rate that will make sure the industry isn't knowing, comes in a complete set of lower wages?

GP: And that's right ...

SK: And we end up with full employment and rising real wages. We'll have to rewrite the textbooks.

GP: No, well you see that's true...if people rewrote the textbooks you would have to rewrite the textbooks on marketing.

SK: I agree with that.

GP: You're going to have another Bretton Woods of some sort, I don't know what it would be, it won't be Bretton Woods. The Bretton Woods Institutions are not functioning properly by any manner or means.

SK: The whole idea is for them not function.

GP: Well, yes.

SK: That's the modern cons.

GP: And therefore disaster reigns supreme around the traps. This comes in for a hell of shock I think ...

SK: Hmm. (laughs)

The Accord

SK: What are some stories of the system? Just stories from the employers' side of industrial relations. And in particular if it has a relationship to the system - conciliation and arbitration. Decisions, funny things, strange things.

GP: Well Steve, I'm not very good at that.

SK: No you're the best at. I should take you as the Billy Burns sitcom.

(Both laugh)

GP: Well the accord was brought out at a failure of the British Labour government's attempt to have an understanding with its own unions. The Unions revolt against the British government and the Labour Party lost power in the UK because it couldn't control the unions and Hawke and company took the view that when they got power, they would have an understanding with the unions. And the unions wouldn't rat on them but that they would work together and they would guarantee a reasonable increase in wages or whatever and they would consolidate them in our system before the Commission on the understanding that everybody would behave. And that's at the heart of the whole thing. But in my view, the unions at that point became part of the apparatus of government. And they lost their rights for independence in the same way as other institutions lose their control when they agree to accept something from a superior being. You lose your place and the Accord therefore, removed in large measure I suppose, the relevance of the arbitration commission. The union knew they could get the increase from the government or get the government's support for increases. Therefore, stand over, for the want of a better term, the arbitration commission and get the results that you want.

Therefore you don't need the Arbitration Commission as much as you did. And if you've got government backing you with the Accord you could always go to the employers. You could get a bit more from each particular employer. So you had the idea of having the control mechanisms for the minimum wage and the enterprise bargaining approach should be in place to pick up the rest. But then that's past my time. I wasn't around during that period.

SK: If you want you can mention your role in the creation of the ... I mean it was tripartite in a sense.

GP: No, no, no! The only thing that was agreed was that there should at the National Employers, National Economic Conference. The thing that was agreed was that there was a casual restoring of the level of profit. So to the community there was a case for it arisen for that, but the share of GDP going to profits had fallen too low and needed to be restored. At the same time there was an understanding that there should be a fair distribution. The wage level shouldn't fall below the reasonable figure. But the relationship between the unions and the government, which was the Accord, had nothing to do with the

employers. That economic summit had a communique which, in effect, said that there was a case for maintaining the system of adjusting wages for productivity, that there was a need to ensure that business was profitable. My phrase used to be “you can't have a profitable employee without a profitable employer”. Then I don't know what happened after that, because I retired fairly soon after that. As I say I've kept out of it. I read a bit about it, and I know what they're doing, but I don't want to publicly discuss it.

Relationship with the ACTU

SK: At the National level, what was the relationship like between employers and unions, basically us and the ACTU?

GP: On the personal level in my experience it was always good. There was an understanding of the roles that people had to play, an understanding of the pressures that were on them, internally and externally. There was an understanding that they could not in any way act to the detriment of their members. On the other hand they respected the other person's view. There was a willingness to talk about issues without conceding the principle of on which they stood. There was never any fighting. They'd talk about a problem and seek to find if there was any common ground. It's one of the things that I find difficult to understand these days that you were supposed to be a “wickie” if you talked to the other bloke. I don't see how that works. My view is the more understanding you have with the other bloke, the probably more chance you've got of getting around this head. If he's of the same mind, that works. And in my time, well one or two people were different, but by and large and certainly at the ACTU level, in my time, I never found anybody who'd seek to in any way misuse information that they received or in any way seek to denigrate people.

SK: Did you find them honest?

GP: Honesty and purpose. There are always strange people from time to time. At the head of the ACTU in my time, I never found anybody who would act in any way other than absolutely with honesty and purpose.

SK: Honesty and purpose. That's an interesting phrase. What does that mean?

GP: Well it means that he's got his own job to do and he acts honestly towards it. He can understand you and he won't use anything against you. He believes in what he is doing and he will pursue it to the best of his ability.

SK: There is a sense of being above board and that rather than there's an understanding of how the game is played.

GP: Oh, yes. Well that is you don't try and score points. Well I don't know. You can't get honesty and respect for the other person that's all.

SK: And that's what there was? It was on both sides – mutual was there?

GP: Yeah, in my experience, yeah. For example at that dinner you people gave me when I retired ...Two people turned up and wouldn't stay for the dinner but turned up to g'day. One was Normy Gallagher and the other was Ted Hill. They said 'well you'd understand we just wanted to say g'day but you'd understand why we won't stay for dinner. I think that is illustrative of what I mean. You know daggers drawn on an issue of substance.

SK: Because one of the things I've always found remarkable about industrial relations is that things never leak. I've never seen a leak yet. You talk to people all over the system and it never leaks.

GP: That's right.

SK: And the other one is that when someone says I'll do something they always do it.

GP: That's right. Not to try to say to somebody to do something. You know, you can't, because that's a bigger problem as any. As people obviously believe they can do something and can't do it, and it falls apart and everyone loses respect for everything. So you've got to be honest with yourself.

SK: And now you're on strengths and weaknesses.

GP: Yes, as to whether you can bring it off or whether you can't bring it off.

Bringing People Together

SK: Alright, now on our side. Who are the great names of people who were good at that? You know, bringing people together, getting results, getting outcomes and coming away with no bad blood?

GP: There were the Boycott's, there were the Wright's, there was Fry, Bert Evans, Dean Yallen (inaudible) from SA, John Connefer. He used to work for the SA Chamber and after he became an independent freelance practitioner. A man like Fred Gibson who was the Secretary of the NSW Employers' Federation of whom I owe a lot. Sassel in NSW Employers' Federation. Frank Cross in WA. George Gill from WA.

Employer Associations

GP: Well in my view an employer body, and in my time was seen to be a body which represented the interests of its members. It was not a professional think tank, or an ideal logical organization. It was a practical business structure, designed to look after and protect the interests and advance the interests of its members. Interests were varied. And it had to have understanding of the varied interests which make up the whole of the employer core. Because there is more than one view. And you get differences of opinion between, for instance, in my time there were differences of opinions between the farmers, who were totally opposed to tariffs, and the engineering industry, which abided by tariff, which was virtually dependent on tariff. And the idea was to bring about some understanding between the two of them. That's how they needed each other to live. Without the farmer nobody wanted to buy an agricultural instrument. Without an agricultural instrument the farmer wouldn't work. So there had to be some understanding of the problem. And the employer associations, in my view, have a role to be as practical as that, and to be of use to their members not to themselves.

SK: Well, how do you get that kind of a combination between such diverse interests on something like tariffs? Which have always been the area of great conflict?

GP: Not easy by any means, but the first step is to start talking to each other. Because if you don't talk to each other you'll never know. And one of the basic things that we thought about was the fact that the farmers would come to a meeting with the engineering employers. And they would talk about tariffs. They would talk about it. They would explain their positions and there would be understanding of their positions. And there would be an understanding effect. The farmer would argue that the engineer would be willing to give

money away to wages because they could always go to the Tariff Board and get it back. And they would hurt the farmer. When they had an understanding about how hard it was to persuade the Commission to do this, that or the other. Farmers had a different view about them. They still had a difference of opinion about the tariff but they still had to work together.

The Industrial Relations Club

SK: There is the famous fact that there was you, Bob Hawke and Sir John Moore. What was it called? The Industrial Relations Club?

GP: Well yeah. If there was a club. I was a member. I don't believe there was a club. I think that was pure nonsense, invented by people who were trying to denigrate the system. That's if you meant that the three of us talked to each other, about the issues which the Commission faced. And the Commission would talk to two of the people who would always appear before it, arguing respectively their points of view. And neither side compromised the other. No one ever did anything to the detriment of the other and the Commission treated the discussions as useful and in confidence. I was never party to any fix. There was never ever a fix in my time.

SK: Wow.

GP: Discussions are discussions. It would still go back to be that way if I were running the place. I'd still go back there and have discussions with anybody who wanted to talk to me.

GP: Well, the point about it was, we were always seen to be negative. We always had to be in opposition and one judge in his decision said that the employer adopted the usual position of saying 'no' to everything. Some of us who thought that was probably right, and we shouldn't be that sort of person. That wasn't doing our membership and our constituents any good at all. Because, if that's your standard, no one takes any notice of you. But you can't win anything if you're not being listened to. And obviously that judge wasn't listening to us. So we had to do something about it, and the only way was to go on the offensive, in my view. And a number of other colleagues felt the same way. And we agreed that our system would work, and it was going to be with us anyway. No matter what we did it was going to be here, what we had to try and make it work for us as well as for the other side. And not work only one way. Just automatically increasing. And so we took the view that the proper basis for a wage increase was movements in productivity. That's so we would make an application for a wage increase based on productivity and not prices. And that would direct all of our energy to the abandonment of prices basis of wage adjustment and the adoption of productivity. I'd say that was a positive policy.

SK: Has the system managed in your view to stay in the middle between the two competing sides?

GP: By and large, yes. If we had to again make a decision to disagree with, but by and large.

SK: How does it do that?

GP: By making certain that both are dissatisfied.

SK: How can be you satisfied with the dissatisfaction? I mean how do you tell that it's working?

GP: Well, in my time again, by the effects. Catastrophic effects that some of my predecessors used to think would always happen, didn't happen. And if they didn't happen then, the system must be working. Because if employment continues at high levels and by and large inflation was running in those early days until we had that mad rush. That you know round about three per cent. We would get a movement in prices to the order of three per cent or something of that nature. Productivity moving at two, we were going reasonably well. There was a respective economic view in those days, the productivity number wasn't a bad thing anyway. We kept it in the bounds of that thinking at the time.

SK: So essentially you manoeuvre by just looking at the economic indicators?

GP: Are we staying within the parameter? That's what it is. And if you're doing that you're not bugging up your employment levels. Then you must be doing alright. There is no magic about it. I know people and they've got all sorts of econometric models and things but I think you know there is a simple old rule which is not a bad one - and that's how bad your gain is - the GDP per person employed or per hour input. You tell me what that is and I'll tell you whether we are doing all right or whether we're not. I don't need a thousand models to help me. You show how the price level is moving and let me be satisfied about the timing that taking the prices. Because all sort of things can be done by changing the time of which you do it and something - you can get any results as you know. Statistics don't lie but liars use statistics.

SK: Oh well, not in our time.

GP: Well, I don't know about that. I'm sure there must be some changes in the structure of the regiment and the takings of the CPI. If it can only reflect what it does when I compare the prices I pay at the supermarket. I just don't believe that that's right. If you bring housing in and bring rents down and you play around with the regimen and the ratings, you can get anything you like.

SK: I'll tell you, if you brought housing in and put the Sydney and Melbourne property markets in it the CPI would be about double.

GP: We used to have rent in it once and I don't remember. But you can do anything with it, that's all I'm saying...

SK: It is a tricky business.

GP: "Give the Lion's Share to the Lion"

SK: But you're right - there is no science in it. I guess there is no science in settling disputes either.

GP: No.

SK: To me the most characteristic phrase of yours was "give the lions share to the lion".

GP: You see that's why some of these people who talk about - you know - we've got to be more like America. There's a thing called the conciliation/mediation service in the United States and it was one of their senior mediators who said that he'd had been a very successful bloke and so somebody asked him 'and to what do you own your success as reconciliatory?' He said 'Well I always give the lion's share to the lions, and the trouble sometimes is identifying the lion.'

GP: Well that's it, the lions head - and the settlement of the dispute would depend in large measure on the extent and the incidence of the power of the moment. Who's got the power at that precise moment will win it. ..

SK: If you can't win it in the field you can't win it in the Commission, is that right?

GP: You can win some things in the Commission - I used to think you can't but yes you can win. There were different sorts of disputes - you see I don't think wage cases are disputes. They're a mechanism by which we fix wages, they're not disputes. They're disputes because the only powers there is to prevent and settle industrial disputes yet to create a dispute to get the Commission's power. Until you use the corporation's power, well like this current government is using at the current moment, started by the Labor party of course, seeking to use the other powers other than the conciliation and arbitration power. But in the early days nobody sought to use any power other the CIA power. The idea of using external companies power, corporation's power and the like, were not seen as being desirable. It's better to that for the social side of things rather than the industrial side. But the government's prepared to do that.

Short but Frequent Strikes

SK: We're famous that we've had - especially in the past - many strikes for a very short duration - why was that?

GP: Because the Commission would make people talk to each other and conciliate them and a threat to arbitrate sometimes might be the settled. The Commission had power in those days to arbitrate the industry. If it was an interstate dispute then they could arbitrate, call the parties and act on its own motion. People would very often on the ground prefer to settle it themselves rather than some other bloke interfere with it and he doesn't know what he is doing and make a botch of it. And the Commission has done that on a couple of occasions. Like when they granted an increase to the Metal Trades and said it would absorb all over-award payments. They fixed the rate to be the going rate and the employers who were paying more than that were entitled to bring any over-award they didn't have to pay this increase above the over-award if the over-award payment was a disaster. It couldn't be helped. That could be changed after months of disputation. And those sort of things lead people to think it's better to settle it yourself that's hanging over your head. If it's not hanging over your head you can go on forever.

SK: But even now our disputes tend to be short

GP: They do.

SK: That's an Australian way.

GP: I think that there's a psyche in it ...yeah there's an Australian way about it but nobody wants it to go on. You're not very popular if you had to strike. The newspapers would be ringing you five minutes after you start it. You're a genius to stand up, but if it goes for too long, people start to get hurt. It's all your fault. And people don't like that. And business doesn't like to be criticised in that way.

SK: Oh I see, so it's actually the pressure goes on the business not on the unions.

GP: It's interfering with the workers, interfering with our bread supplies.

SK: Well, how do strikes get settled?

GP: They just get settled because people agree to that, they have to. You weight up the costs and say can I get it back in this way? Can I get it back that way? He says how much longer can we stay out? I've had the experience at being told that the strike was now settled and then you know we should open the gate. And all be friendly. My view has been that that is quite inconvenient for us to open the gate over this while there is still a lot of work to be done before we could open the gate. We stay out a bit longer.

The Great Depression

SK: Many years ago when I first started you told me about your days growing up in the great depression. Now did that have much effect on your attitude to IR?

GP: Oh, I think so. One could never ever forget the sight of men lining up at 5 o'clock at Frank Start Gardens at a soup kitchen. Just because there was no work to be had. And young men being encouraged to put their swag on their back and go bush and being given five shillings a week as a sustenance to get out of the city, scratch around in the country- you can't ever forget those things. And there must have been something wrong with society that got to that point. And again what was the dreadful part of that was that it only became good because of the war. We were starting to head for another round of depression and then the war caused a great change in attitudes in many areas. And not the least of which of course was Bretton Woods and other things of course. Changed the nature of the beast.

SK: Is Australia better off for having had the CAI develop as it did?

GP: It's hardly answerable. You can't answer that question - all I'll say is that it's only been done badly by comparison with the rest of the world without the CAI system.