

Article for Minelife

Tripartitism Examined

Introduction

Dealing with changing political systems is a continuing challenge for industry and industry associations.

At Federal and State level the current 'consensus' style of government is increasingly seeing major issues affecting society 'negotiated' in tripartite forums made up of peak councils.

John Hyde examines some of the philosophical and practical problems for those invited to enter the game of tripartitism.

The term, 'tripartitism', has come to be used to describe clubish arrangements between three centres of authority--- government, trade-unions and employer councils. The most important and best known of these is 'The Accord'. Others include the steel plan, the State Employment and Skills Development Authority (SESDA) and various occupational safety and environmental protection arrangements. Unions and employers' bodies in practice tend to be represented by their peak councils, such as the ACTU, or the body with the biggest membership, such as the Confederation of Western Australian Industry (CWAI).

Tripartitism suffers inherent objections. It sits particularly badly with our liberal democratic form of government. The people who gain authority by virtue of membership of a tripartite body do not derive that authority from the people they subsequently bind by their decisions. Indeed the business and union organizations which are supposed to represent business and worker interests have no mandate to trade off one set of community interests against others. Yet they strike deals, usually behind closed doors, which bind people who are not part of the process and may want no part of it.

Nevertheless, most industry organisations and managers of large companies cannot resist the status tripartite councils and conferences (summits) confer on them. At the time of Mr Hawke's first Summit Meeting, true democrats disliked the sight of almost every force that should countervail an overweening government sitting in the House of Representatives---their cooperation cheaply purchased for a taste of authority. (Indeed, they might blush whenever they

are moved to criticise the party hacks who usually occupy those benches.)

Since then, however, the Business Council of Australia has specifically rejected the tripartite approach in the "interests of a democratic market-based economy." And Robe River Iron Associates has recently declined to join the Iron Ore Consultative Council. Whether these attitudes are the beginning of a trend it is far too early to say.

Like all regulation, tripartite regulation freezes the *status quo*. SESDA, with its sub-authorities, the 'Skills Standards and Accreditation Board' and 'Industry Employment and Training Councils', for instance, is potentially a new bureaucratic quagmire. Committees of employers, unions and government will put young workers in strait-jackets with the laces pulled tight by whatever vested interests do not want to accept their own obsolescence. Because conservative bureaucrats will give yesterday's formal skills status in the employment market ahead of new and informal skills, the skills we don't yet know about and informal skills such as co-operation, initiative and the ability to learn, for which there can be no accreditation, will tend to be crowded out.

SESDA is a typical tripartite arrangement. Each tripartite club's purpose is in some way to regulate (govern or restrict) some aspect of the activities of employees and employers. These regulations are always said to be in the interests of the regulated individuals and indeed sometimes they are---particularly when the regulations, by restricting competition, allow them to raise prices.

Typically, the individuals who are being regulated have no direct say in decisions reached by the tripartite committees, although they may exercise a much attenuated influence through the votes they cast for the government and the union or employer-body executive. And individuals who experience tripartite authority seldom have the option of avoiding it---the law obliges them to abide by the regulations and contribute to the costs.

Under such arrangements, decision making passes out of the hands of employers and employees into the hands of 'experts' who, needless to say, do not have their own money and jobs on the line. As Mr Hawke was once fond of pointing out, a 'consensus' is reached. However, it is the consensus of those who already hold a substantial measure of authority and it inevitably degenerates into agreement about a division of the spoils. Mr Hawke did not point out that, in the absence of regulation (tripartite or otherwise), 'consensus' will also be reached by people who have no authority over others. This latter form of consensus is the consensus of the market. So far, it has produced most wealth and most peace.

Since it is people with authority (legitimate and otherwise) who can most disrupt economic plans and harmony, buying them off is, at least, potentially efficient---but only in the short run. They can be bought off by increasing or

legitimising their authority. By doing so a government may increase its own chances of re-election. This action on the part of the government, however, like all appeasement, suffers the drawback that it encourages further demands.

Tripartitism is often employed by governments to obtain the support of unions and employers' associations for policies which would otherwise be resisted. It is probably not over-cynical to observe that in these circumstances governments purchase the support of the other two centres of authority (unions and employers) by making their leaders an integral part of government---by giving them the power, within a limited area, to exercise the authority which is traditionally the prerogative of the state.

Tripartitism sometimes produces good short-run outcomes because it can be employed to shift authority from organisations, such as individual unions, who use authority particularly irresponsibly to other organisations, such as the ACTU, who use it less irresponsibly. Although it is not usually put quite in these terms, the transfer of authority to those more fitted to exercise it is a major claim of the Accord. Some Labor Party MPs and some academics have in the past credited the economic success---now somewhat tarnished---of Austria and Sweden to the fact that their militant unions were tamed by allowing the union peak councils to share power with their government.

Tripartitism has been employed similarly in the environmental area to bring together narrowly-based environmental groups whose demands a government cannot meet but cannot ignore without political cost. The proposed Environmental and Economic Development Council (EEDC) is a case in point.

There are theoretical grounds for expecting 'more encompassing' centres of power, such as the ACTU, to be less careless of the national interest than 'less encompassing' bodies, such as the BLF or TWU. There is, however, the alternative to both: free markets within which nobody has power over other people. Tripartitism only looks good when compared with some of its least satisfactory alternatives.

A major and telling criticism of it is that it eventually corrupts the processes upon which it depends. The power of major vested interests is formalised, and rule-making taken out of the relative openness of parliament to be placed in smoke-filled rooms. Union, employer and government representatives come to these meetings not to serve the whole community but to carry a brief for their own narrower constituency. A tripartite committee's survival depends upon it never doing anything that is unacceptable to one of its members and decisions are reached, not by majority vote, but by consensus. Each tripartite element, therefore, holds a veto---a fact that is formally recognised in the SESDA legislation. In the Western Australian mining industry one party, the Trades and Labour Council, overturned two-and-a-half years of tripartite discussions concerning industrial

safety. Since, unlike parliament, the debates are not public, there is little check on such misuse of power.

Tripartitism relies for its plausibility upon the fallacy that elected representatives speak for a whole industry. However, the TLC claims to represent only 30-35% of workforce, the Confederation of Western Australian Industry (CWAI) is only one of several employers' organisations and so on. Sometimes, such as is the case with the environmentalist movement, the available organisations are very narrowly based indeed and atypical, yet the EEDC comprises 3 environmentalists, 3 from the CWAI and 3 government appointments.

What is more, although members of tripartite committees often claim to express the wishes of electors, that is more than can be claimed legitimately for their democratic background. In the first place, up to half the voters, even on a two-party preferred basis, might have voted against an elected spokesman. In the second, people vote for a package of personalities and measures. In the third, the issues before a tripartite committee will seldom have been election issues. It is true that these sorts of criticisms can also be made of democratically elected governments. But governments in a properly run polity---of which our Federal Government is not too awful an example---have the discipline of parliament, of established procedures and of traditions, all of which require ministers to respect wider community interests and citizens' rights.

In practice tripartite committees:

- | determine matters that the parliament could not consider because it has not time---particularly in WA where the government has tended to call parliament together for relatively short periods;
- | determine detail that no liberal-minded politician would legislate for; and
- | sit behind closed doors so that the argument is neither challenged (as it could be in parliament) nor the public educated by the exchange.

Inevitably the good citizens who sit on tripartite authorities become concerned for the continued existence of their own authority---their perks, emoluments and status depend on it. They quickly form a tripartite club of increasing exclusivity with its own arcane knowledge---of which the Industrial Relations Club is the most notorious. The list of tripartite bodies which have completed their allotted tasks and wound themselves up is far from long.

Tripartitism is not new (although the term may be). It is a major ingredient of corporatism and was, for instance, tried extensively in Mussolini's Italy of the 1920s. Initially it had some apparent success---the trains did run on time. Corporatism was hailed as the new political way to go, even by

many in the United States. When Mussolini's excesses became better known, enthusiasm for corporatism waned. Writing in 1983, however, Dennis Mack-Smith in his biography, "Mussolini", had these things to say about it:

One of Fascism's least interesting contributions to economic history was the corporative system by which it was intended to replace or transcend the out-of-date ideas of liberalism and socialism. The corporations were trade unions that included both employers and employees. The expectation was that each corporation as well as regulating its individual trade, would minimise industrial strife and mobilise productive potential in the interests of the whole community....

The corporations were intended to run the economic life of the country, but failed to do so.

Of course, no Australian political party has the worst attributes of the Italian Fascist Party, and Australians are protected by traditions which limit the reach of legitimate authority. Nevertheless, parallels between corporatist Italy and Australian and Western Australian tripartitism are striking.

Among the many costs of this form of administration is the likelihood that these, at best, useless committees will be taken to be an alternative to the deregulation and privatisation which are needed to give people appropriate incentives to get on with producing. If so, then tripartitism will have contributed to the falling living standards and social tensions it is supposed to avoid.

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ENDS

TRIPARTITISM EXAMINED

10:10

Dealing with changing political systems & controlling inflation for industry and industry associations.

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Suggestions

1. The attached introduction is set out for you, for the article for an audience that is primarily mining industry managers. You could usefully conclude your article by discussing what it will mean for industry people invited to enter the game of tripartite at community, regional or State/National level.

2. After your opening description of tripartite and before going into the SEMA example, suggest you outline the difficulties for the business community in dealing with this approach. This is really a question of structure, most of the points following are covered later in your article:

(i) philosophical concerns about democratic government's 'negotiating' policy with peak interest groups (ii) presence of representativeness and (iii) business organisations have no mandate to make regulations with government, which trade off one set of business or community interests against another.

3. It would be of interest to briefly touch on the different approaches of industry organisations and companies - The Business Council has refused to enter the tripartite process in "the interests of a democratic and market based economy". Aoba River Iron Associates has also withdrawn from the process. Most other bodies and companies appear to have found it difficult to forgo the potential for influence.

4. Suggest you only focus on the SEMA and BEBC examples broadly rather than in detail as the article will not be published until early February. The application of tripartite to the environmental arena through the proposed SEMC has appeal to Government (and perhaps to industry) because in 'consolidated' the octopus of different environmental groups with different aims that regulators and developers are having to deal with. But as you note, the suggested environmental group participants are all unrepresentative as is the OWA.