

211

ON THE DRY SIDE    NFF, AFE & THE WAGE CASE    John Hyde

Every so often I make the mistake of running with my youngest daughter. She pulls away from me until she has a considerable lead at the top of the hill. Then the j curve starts to work and she increases her lead at a slower rate. Needless to say I me feel like the Australian economy.

It is officially conceded that the current account deficit--- the rate at which Australia is accumulating foreign debt---may increase in absolute terms in 1986-87 and as a proportion of GDP will not fall significantly. The 'recovery' will see us slipping behind at a slower rate. (Until the next hill?)

To catch up we must compete better or live poorer. The Government, the ACTU and the employers all admit that this is so.

The most recent National Wage Case decision, initially a decision to defy gravity, was, in the long run, a decision to live poorer but in a way that shares the discomfort unequally.

The Commonwealth submission to the National Wage case before last claimed, 'The course of wages will continue to have a crucial bearing on the prospects for continued growth. In this context the wage determination system has a major role in preserving the gains to competitiveness resulting from the depreciation and in minimising the inflationary effects of depreciation.' The statement is true but narrow there is more to competitiveness than wages. On-costs (holiday and sick pay, insurance, superannuation and employment related taxes) and productivity (units produced per worker) are also relevant. Because the terms of trade are largely beyond our control and living poorer is acceptable only as a short term solution to the debt crisis, productivity must be improved.

In evidence before the latest National Wage hearing the National Farmers Federation argued that 'one way or another, in the period ahead, on average, real wages per employed person must be held at least 5 per cent - possibly substantially more - below average labour productivity growth to finance the required growth in net exports needed to halt the process of external debt accumulation relative to GDP.' Their arithmetic is not likely to be refuted.

The plain truth is that because we now must service considerable debts and our terms of trade have gone sour, living standards cannot be preserved without substantial productivity gains.

The IR Club are arch-conservatives preoccupied with Industrial Relations reality---in practice with what the unions will accept. One reality they should admit is that their system will not allow wages or on-costs to be reduced sufficiently to place Australians beyond the reach of financial disaster.

To regain former affluence we must improve productivity. But our system, interposes professionals whose *raison d'être* is

industrial conflict between workers and employers. Of course these get in the way of the better work practices which individual workers and individual managers would work out for themselves. The formal industrial relations system is not conservative; it is downright reactionary. The Australian economy is not in worse shape only because many employees and bosses agree to break the sillier conditions of their awards--- they break the law. In very small businesses, where workers and bosses work with each other it is fortunately too difficult for unions and arbitration commissioners to come between them. In bigger businesses the IR system, based on class solidarity, prevents sensible give and take.

Peko Wallsend at Robe River care about their workforce as much as I do on my farm; they must, because without it nothing happens at Robe River. It is in the interest of the workers, the company and the nation for Robe River Iron to improve productivity. But on-site unions have struck to frustrate manning level changes which would not be disputed in a smaller business. The law says men who have been on strike for over a week are still employed and Peko is now criticised for appealing to the law to recover damages. If Peko must live with a system which substitutes legal confrontation for consensus and common sense, what alternative have they but to go to court?

Every employer's submission to the National Wage Case sought to address the runaway foreign account by reducing earnings. The Australian Federation of Employers (AFE) also directly addressed the reactionary, confrontationist IR system itself and hence raised the possibility of getting out of debt by improving productivity at a faster rate. Similar arguments had been put to earlier hearings by the NFF.

The centralised industrial relations system is not only inefficient, it is the most substantial blemish on Australia's record as a nation which respects individual liberty. The chairman of the AFE, Mr Andrew Hay is described by the press as a leader of the 'New Right'. A friend who appreciates Mr Hay's arguments but is worried by the mounting acrimony said to me recently, "If only Andrew did not allow his disgust with the IR system to show so plainly."

Mr Brian Powell referred to the 'New Right' as classical fascists. Mr Powell is an employee of the Australian Chamber of Manufacturers but it has neither sacked nor publicly rebuked him for it. A chance remark indicating that Mr Powell's insult had done Mr Hay injury convinced me it is time to turn the insult back on Mr Powell repeating the obvious point, well made by others, that the centralised system has far more in common with fascism than has a free labour market; and pointing out that, if Italian and German liberals with the courage of Mr Hay had spoken up while that was all the courage needed, the world might have been saved a lot of distress.

Until the underlying problem of international competitiveness is

defeated we will be condemned to confusing losing ground at a slower rate with economic recovery. Those, like Mr Hay, who dare question a system which is so obviously failing the economy and human rights deserve better than epithets such as 'right wing'. Sadly it is no use appealing for reform to the system itself.