

The Annual Convention of the  
Industrial Relations Society of  
WA (Inc)

*John Hyde*

Last weekend I was probably the only member of the H R Nichols Society to attend the Annual Convention of the Industrial Relations Society of WA (Inc). Of course the Nichols Society got a few minor serves, but all in the best humour.

Deregulators were well represented among the speakers, and people disagreed amicably. The Hawke Government's handling of the pilots' dispute was a topic of much debate but little dogmatism. After all, what should be made of Jack Marks, a union boss defending Hawke's attempts to crush the Pilots Federation; or of me arguing that the armed services ought not be used for strike-breaking. Old intellectual loyalties are being so thoroughly shaken by this dispute that it may in time prove to have been a watershed. But, as yet, in spite of current bemusement, there are two views of employer-employee relationships which are poles apart.

Just how far my own views were from some others, and how little meeting of minds there really is, was brought home to me by a metaphor used by Michael Easson, Secretary of the Labour Council of New South Wales. Having criticised Mr Greiner for not consulting with the unions, he asked whether, under the discipline of Mr Greiner's baton, industrial relations in NSW would prove to be a symphony or a cacophony. He, obviously, saw the choice in NSW in terms of a selection of scores and conductors. A society in which harmony is internally generated, and in which ordinary people do not fiddle and blow in time with a conductor's baton to a predetermined score, did not cross his mind.

In the context of the choice between top-down control and enterprise bargaining, the success or failure of the Accord kept coming into the argument. The Accord has succeeded in keeping wages down. It has failed/succeeded in controlling inflation. It has failed to maintain wages. It has succeeded in reducing industrial disputes. Disputes have merely changed in style. There are fewer disputes, but this is because tariff reduction and actual and impending deregulation make them less

profitable. The Accord should be judged by the past, by the performance of our trading partners, or by reference to the deregulated alternative. By ruling out fiscal policy options the Accord has caused too great a reliance on high interest rates. And so on.

It was Senator Chaney---in a speech which encouraged me to look somewhat more hopefully upon the Opposition---who crystallised the problem. The Accord---the archetype of the top-down approach---may have delivered wage restraint and hence employment, he said, but it has not delivered prosperity. It is a truism that total income cannot for long exceed production, and a fact that Australian productivity gains have been dismal. Even if we admit that it would be worse for wages to run ahead of production, something is plainly wrong when we measure 'success' in terms of how much average real wages fell.

Wage restraint has increased the share of total income taken by corporate profits and this, in turn, has recently encouraged more investment. Since the investment will eventually permit higher wages to be paid, people who do not in the meantime leave the workforce may look upon wage restraint as deferred income. And those formerly unemployed workers who found jobs because of wage restraint have, of course, gained a substantial increase in their living standards. Nevertheless, holding average wages down will do next to nothing to increase productivity and to raise wages and other incomes.

The powers that be, under the rubric of 'restructuring', are attempting to raise productivity. Nevertheless, while a few anti-productive features of awards have been eliminated, 'restructuring' has produced very little. Nor is it likely to. Improvements in productivity are won not by changes in average earnings, but by changes in relative earnings. Falling earnings have to drive people out of activities where the productivity of labour and capital together is low, and rising earnings must suck them into high-productivity activities. The wage incentive has to be active at the micro level.

Individual employees have to be free to trade hours of work, manning levels, overtime, holiday pay, meal breaks, rosters, reporting procedures, responsibility, authority, etc. for each other; for higher pay; or in declining industries, for job security. Sensible trade offs are, however, stifled by industrial awards which are, at least in theory, applied with rigid uniformity to differing times and workplaces.

Whether the award system remains or not, does not matter very much. What does matter is that people who think they have found a better way of doing something escape its dead hand. If an innovation is a real improvement, people will soon follow the innovators, to maintain their market share---perhaps any market share. Accords and monopoly super unions can only get in the way of such a process.

By deregulating capital and product markets, the Government is encouraging industry to restructure. And, sooner or later, it will have to squeeze Australia's inflation down to that of our trade competitors. If it does not at the same time make the labour markets flexible, needless unemployment will be caused, as it was in Great Britain.

The most fundamental reason why labour market deregulation has not proceeded was unintentionally summed up by the trade union official who said: "The great mass of society are nongs." I believe that he genuinely cannot envisage a harmonious society in which ordinary folk are not regulated by the few people who are not nongs, nor does he appreciate that even nongs might be the best judges of their own affairs.

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