

*WEE*ON THE DRY SIDE John Hyde

CORPORATISM AND THE ACTU

Alien ideas change fashions in government as in clothing. However, in government the consequences of bad choice can be dire with none of the compensations of the mini skirt. We dare not insulate ourselves from alien political ideas but most will not improve on the liberal democratic tradition. Neither is every new idea really new. Corporatism (or corporativism), which the ACTU would like us to import from Sweden, is an old idea which is already found wanting. It was tested in Mussolini's Italy.

Denis Mack-Smith author of 'Mussolini' writes: "One of Fascism's least uninteresting contributions to economic history is the corporative system by which it was intended to replace or transcend the out-of-date ideas of liberalism and socialism.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....This was an attractive suggestion, because a prolonged period of social peace would in theory enable Italy to maximise production and compete in international markets.

"Such a harmony of interest could, in (Mussolini's) view, survive only in a fascist system where 'the individual has no existence at all except in so far as he is subordinated to the needs of the state', where it would be for the state to prescribe a 'just wage' instead of relying on the laws of supply and demand.

"At first, a limited number of 'fascist strikes' were permitted to pressurise the captains of industry into accepting state control. Then in 1926 Mussolini created a special ministry of corporations and explained that a new corporative machinery, as well as fixing wages and conditions of work, would eventually regulate the whole economy."

On 'grand tour' in Europe the ACTU conceived 'Australia Reconstructed'. They now threaten us with prolonged industrial strife should we question their offspring's lineage or otherwise belittle it. Nevertheless, there is a joke going the rounds that the mission, no doubt at great expense, purchased Mussolini's lost diary. The joke is fair. Judge for yourself.

'Australia Reconstructed' advocates tripartite consultative and planning bodies and goes into ecstasies about the 'successful consensus based economies' of Sweden and Austria. However, their consensus is not between individuals, but between unions, representatives of management and government---the same big three favoured by Mussolini.

It says, "A national agreement on industrial democracy between peak union and employer councils and the government would provide the basis for subsequent industry and enterprise level agreements... Employers and unions, as a matter of priority, MUST (my emphasis) then reach agreement... Legislation will also be necessary to provide a system of industrial democracy." The authority of the state is to be employed to impose the consensus of the great upon the small--like Italy in the twenties and thirties.

Australia is already more 'corporatiste' than most nations. Its recommendation No. 2.1 reads, 'Australia should maintain a centralised wage fixing system.'

Recommendation 2.9 calls for a six month 'conditional price freeze' and 2.10 for a price monitoring bureaucracy. Number 3.1 calls for a complex industry development plan, worked out between the big three but binding on everybody. Among other things the plan will determine investment; new product, process and enterprise development; management and work practices; and training.

The Foreign Investment Review board is to target foreign money to industries recommended by 'industry councils'. Soft loans for foreign companies must be co-ordinated by the 'National ISO'. (I was able to look an ISO up in the two page glossary of alphabetical abbreviations. When Australia is reconstructed it will be the Industrial Supplies Office.) There are 72 recommendations. Some of them are sensible and some such as the proposal to risk workers' superannuation monies to make soft (that is low interest and/or high risk) loans have already been widely ridiculed.

Two Australian Institute for Public Policy publications explain why 'Australia Reconstructed' shouldn't be taken seriously. Felicity Simpson and John Nurick explain that on balance Sweden has performed even worse than Australia; that Sweden's success, while it lasted and such as it is, is based on free trade; that, unlike Australia, the Swedes claim to set wages to suit the export sector; and that 'Australia Reconstructed' attempts to reconstruct Australia, one of the most highly protected countries in the world, without considering industry protection. It is Monty Pythonish. I do not believe the government will go along with much of it, yet it is frightening.

Denis Mack-Smith has this to say about how Italian corporatism worked out: "a plethoric corporate bureaucracy---with higher salaries than the civil service and often duplicating work done elsewhere---was already by 1930 becoming a grave burden on the national economy...Though lacking much substance, corporativism became a happy-hunting ground for place-seeking academics who endlessly discussed its theory and practice. They were helped when fascist economic theory was codified by Mussolini in the 'Charter of Labour'....Every business and factory would be obliged---in theory---to hire labour from lists provided by the government, and preference had to be given to fascists." The last sounds like a preference-to-unionists clause!

By 1934 "an expensive and cumbersome corporative bureaucracy had become a powerful vested interest that was determined to perpetuate itself, but its functions were not clear except that it cost a lot of money and sometimes acted to clog the wheels of industry....Mussolini...supplanted them with alternative agencies that often cut across each other in a constricting administrative tangle."

I answer the inevitable charge that, in choosing to compare the ACTU's preferred position with Italy's corporatism rather than post-war Austria, Germany or Sweden, I am attempting to damn it by a needlessly unsavoury association, in the following way. The roots of corporatism are pre-war; corporatism, albeit in a much muted form, survived the war in Germany and Austria and the Axis sympathiser, Sweden. It is not reasonable to think that Italians, Austrians, Germans or Swedes are evil, therefore the leadership of their countries must have been elevated or corrupted by an evil system. Corporatism with its concentrated arbitrary power was that system, and Italy provides the clearest example of it.