

WEE ON THE DRY SIDE

SUPER UNIONS

John Hyde

Australian industrial relations are less than satisfactory. Mr Willis, Mr Macphee and the bosses of the ACTU want to reform our corporatist system by augmenting the influence of the ACTU and the biggest unions within it. They wish to preserve and strengthen the structure, while enhancing the influence of its more responsible elements. Critics of the centralised system itself, such as the HR Nichols Society, see it as a prime cause of Australia's eighty years of relative economic decline and want to do away with it. They want to return authority to parliament, and industrial relations to the work place.

Leaving aside the powerful human rights case against the Arbitration Commission and its works, if we concentrate on economic efficiency alone, strictly within a structure that maintains monopolistic associations, then Willis and Co are probably right. They offer the standard corporatist solution to the economic problem of allocating resources---co-operation among the powerful. Within its own limits it works---Mussolini did get the trains to run on time.

The prime function of the Conciliation and Arbitration Act is not to settle disputes but to register unions and employers' associations. The Act prevents workers, managers and unions competing to achieve the most efficient employment practices, and it encourages people to combine at the expense of the unemployed, consumers, inflation and the balance of payments. In the absense of competition, Mr Willis' reforms seek to impose less bad direction from above, but if they are less bad, they are only so in the context of a bad system.

Other things being equal, groups encompassing more of society are less likely to injure us than narrowly based power groups. In Australia, the ACTU and big unions are more encompassing than, say, the airline crews' unions, and they therefore have more reason to take national interests into account. Recent evidence that they do is that the ACTU and some of the bigger unions went along with the government's wishes for lower minimum award wages than some other unions believe they should have won by bargaining.

However, the logic of the encompassing-organisations argument does not stop with Mr Willis' Super unions of 3000 or

more members. The logical terminus is parliament---the most encompassing organisation of all.

In a *Melbourne Herald* interview, Ian Macphee said, "I frankly am in no doubt that the wages outcome which has been delivered so far by the government could not have been delivered by a coalition government, even if I had been the industrial relations minister".

I forbear to comment on "even if I had been industrial relations minister", but must agree with Mr Macphee that if one makes important *ceteris paribus* assumptions about the nature of our industrial relations system, then the Coalition would not have delivered the wage outcome we have experienced. However, in fairness to his colleagues, Mr Macphee might have placed on record the Liberal Party policy that does not make the *ceteris paribus* assumptions. The Liberal policy, at least in its published form, is to allow more freedom of association, thereby reducing the monopoly power itself.

The important questions are these: is the success Mr Macphee describes enough, is it worth its price, will it endure, and is there a better way?

We only have to look at the balance of payments figures to say that the combination of wage restraint and productivity improvement has not been enough.

Was it worth the price? The Accord and the various side arrangements have greatly increased the authority of the trade union hierarchy. The Hawke government bought as much union restraint as it has achieved by selling the democratic mandate to a less encompassing interest---the ACTU. It got certain short-term benefits from the sale, but so what: appeasement usually gets short-term gains.

British experience indicates that not only are "Accords" not worth their price, but they are also short-lived. During the 1970s the Wilson and Callaghan governments struck a "Social Contract" with the British unions. The buzzword was different but the deal was the same---more union power traded for wage restraint. The Social Contract yielded short-term gains and it initially had widespread business support. However, when union expectations did not materialise, the unions used their enhanced monopoly powers to create the infamous "Winter of Discontent" of 1978.

One consequence of the "Winter of Discontent" was the election of the first Thatcher government. Thatcher has reasserted the sovereignty of parliament in place of the corporatist power sharing tried by Wilson and Callaghan. And as an alternative policy to buying the union moguls' cooperation she has gradually reduced union power by upholding the law and repealing some of those laws which granted special privileges to unionists. The greatest irony is that Mrs Thatcher now enjoys a measure of union co-operation that, had it been granted to Callaghan, would probably have denied her office. Now that Thatcherism is producing results and many

elements of it have found their way into other parties' manifestos, we tend to forget that in 1979 it was just a scary theory.

Finally, if the price of corporatist appeasement is too high, is there a better way? Obviously, to treat trade unions as legitimate organisations but without legal privileges or a share of the government is one other way. This policy greatly reduces unions' monopoly power, opening them up to competition from new unions and non-unionists.

For a society to function there must be a near consensus about fundamental rules, but within the rules, market competition has a far better record than the consensus of even the most enlightened ministers and trade union officials. The powerful should be lonely. It is definitely not a Minister's job to be loved by trade unions, or by employers, or indeed to have a special relationship with anybody. Special relationships between the powerful, that is, corporatism, are too often indistinguishable from corruption.

It is a Minister's job to administer impartial laws impartially and that is difficult enough. Our industrial relations system is not impartial and that is what is wrong with it.

ENDS