

MTIA, WAGES AND PROTECTION

Mr. Bert Evans, chief executive of the Metal Trades Industry Association (MTIA), has been heard to protest that the metal trades are not the wage pace setters which they are commonly thought to be. However, the weight of the evidence of metal trades awards going right back to the famous Harvester Case of 1907 is against him.

In a speech to the Australian Steel Convention Mr. Evans now argues that Australia's labour cost structure and free trade are incompatible. One can but agree; without product markets which are protected from competition excessive labour costs would indeed be less likely.

It is a rather obvious double standard for employers to defend the anti-competitive practices which raise the prices of what they sell, while condemning the anti-competitive practices of their employees. The trade unions do to the unemployed only what the protected industries do to competitive industries.

Mr. Evans slammed the prices and incomes accord for making manufacturers' competitive positions more difficult. To the extent that last year it kept wages up, at a time when Australian Gross Domestic Product declined and the market should have reduced Australian real wages as it did in most Western World nations, he is undoubtedly right. To the extent that ^{it} is now keeping the minimum award wage down he is probably wrong.

He is reported as coming close to advocating a free labour market but stopping short in the obvious belief that it was not possible because of the unfettered power of the trade unions. If the labour market were free there can be no doubt that wages would be lower and employment higher in the protected metal trades, as everywhere else; but the new jobs which would most increase aggregate production and hence future wages and living standards, would be found in internationally competitive industries.

There is another reason why an MTIA advocate might stop short of advocating a free market in jobs. It is the certainty that other people would be encouraged to point out that a free market in metal products would result in lower metals prices and more activity in all those industries which use metal products.

Dabscheck and Niland described the connection between trade protection and regulated labour markets this way, "...The emergence of industrial tribunals in Australia was linked to the erection of tariff walls.... The wage policies pursued by the Arbitration Commission are one of the reasons that Australia has such a high level of tariff protection."

But in 1907 Alfred Deakin, then Prime Minister explaining the new protection, put it the other way around, "[protection] does not stop there. Having put the manufacturer in a position to pay good wages it goes on to assure the public that he does pay them."

While there is little doubt that high wages have encouraged some industries to demand protection; other industries have paid the high wages and paid protection inflated prices for their inputs to boot, but have not themselves been protected from international competition. These latter are the disadvantaged industries. That the disadvantaged industries include all miners and most farmers is well known; it is not so well known that many unprotected manufacturers, including some metal trades and service industries, are equally disadvantaged. These efficient, low cost industries alone can lift Australia's economic performance.

That the Metal Trades were significantly instrumental in the 1981 wage hike - the thirty-eight hour, \$20 wage hike - which is the most immediate cause of the high wages about which they now complain, can hardly be doubted. This is what Mr. Evans himself had to say in his submission to the Arbitration Commission on 10 August 1981, "... we have advised the unions that MTIA has been given specific authority in these terms: To endeavour to negotiate a consent award through a Full Bench of the Conciliation and Arbitration Commission on terms to be approved by members. In other words, our member companies have authorised us to enter into discussions with unions to see if the claims can be resolved by way of conciliation under control of this Commission.... we would anticipate that all the parties to the Metal Industry Award would be seeking an appropriate award variation to reflect any changes agreed upon."

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Since all parties to the Metal Industry Award were bound by it, to the extent that the parties - both companies and unionists - were protected from international competition, they were protected from the consequences of their consent award. Those consequences were visited only upon the users of metal products, or so it seemed at the time.

No monopoly is perfect however. If the price of any commodity, however widely defined, is raised sufficiently, some other product will eventually take its place. Mr. Bosch, managing director of Nyllex, told the same Australian Steel Convention how cheaper plastics were in the process of gradually displacing steel from some of its traditional uses.

The threat of competition from non steel products aside, for three quarters of a century the metal trades have been in a privileged position to pass their costs on and it is only to have been expected that this industry should have become a benchmark by which unionists measure wages.

It is not only by way of metal products that the metal trades awards have been passed to non-metals industries. The principle of comparative wage justice, or flow-on, has ensured that other industries faced pressures to concede higher employment costs than they would have faced in the absence of the metal trades settlements. This is what Mr. Evans had to say about flow-on, "Indeed, we submit that other industries will undoubtedly face claims to be dealt with on an industry basis....." The difficulty for other industries is that they are not all in the metal trades good position to pass costs on to others.

The metal trades have been feather-bedded for so long that the margin between the international price of metal products and the Australian price has been absorbed by employees and sloppy management practices but it seems that, if not foreign made metal products, then plastics are about to rip the blankets off their feather bed.

Only when employers and employees both know that they, and not someone else, will bear the consequences of their agreements, will wages and conditions reflect the true cost to the community.