

ON THE DRY SIDE THE ACCORD, LABOUR MARKET REGULATION
John Hyde

We cannot be sure that the Accord has prevented a labour costs explosion. The honeyed words of Mr Kelty and Mr Keating are in themselves poor evidence. Mr. Willis boasted to the ACTU Conference that it was the Accord which produced the only fully indexed wages in the world and I don't think anyone knows the future cost of superannuation and other side deals to it. Nevertheless we seem to have escaped a very damaging wage-price spiral occasioned by the collapse of our dollar.

Government by agreement among society's most powerful interests has been termed 'corporatist'. Several analysts are sympathetic to the corporatist approach. They now cite the 'success' of Austria and the Federal Republic of Germany but they once cited the Netherlands and Sweden. The Hawke/ACTU Accord is described as corporatist and defended as such by them. If the Accord has meant that wages have risen less rapidly than our combination of powerful unions and uniform wage fixing would otherwise have caused them to rise, then on that important count it is a good thing. We have a corporatist system and we need a corporatist brake on its excesses. But the worth of the Accord within the system says nothing about the system itself.

The record of incomes policies is awful, but when a system gives only the powerful corporate players standing and power, what alternative means of taking the public interest into account can there be? More generally, we might say that keeping any regulated minimum price as low as possible or any regulated maximum price as high as possible leaves greatest room for the interplay of market forces and is therefore good. The moderating effect of the Accord does not mean that corporatist wage fixing itself is not thoroughly bad.

The Industrial Relations Club wishes to avoid any labour market deregulation whatsoever, and it is conning people with the oldest tricks of sophistry. Arguments which are ad hominem, circular, contradictory, assume the truth of what is not disproven and draw irrelevant conclusions are enjoying far more respect than they deserve.

Mr. Howard is a leading proponent of labour market deregulation. Argument about deregulation itself is being mixed with criticism of his political judgement. We are told that his standing in the opinion polls would be higher if he had been less generous to the Government on tax and less confrontational on industrial relations.

IR Club members say that centralised industrial relations are good because they give us the Accord. When asked why the Accord is good, they say, because it is the only way within our centralised system to prevent strong unions causing a wage explosion. When asked how to weaken strong and mischievous unions they propose only one sanction, deregistration; that is throwing

the offending unions out of the centralised system.

The Club asserts that the centralised system is the only possible way because it is not proven that collective bargaining, or opting out (which is not the same thing as collective bargaining) will work well in the Australian context.

Others draw the irrelevant conclusion that Mudginberri style opting out will not work industrially because it offers insufficient political reward.

Of course bad arguments are often used in defence of good causes, and bad arguments alone do not condemn a cause. But it is past time for a more critical look at the sweeping assertions made by the IR Club.

The Hancock Committee describes unions as centres of power which unlike civil litigants and sporting contestants are not dominated by the law. (v2 p633) The most important cause of excessive wages and uneconomic practices is not the Arbitration Commission but is the monopoly power of trade unions. Defenders of centralised industrial relations compare us with Britain which has collective bargaining and has problems similar to our own. As we have seen above, even Club opinion is divided on the question of whether recognition by the Commission enhances or countervails union power.

I suppose these considerations are the reason Mr. Howard does not advocate collective bargaining to replace awards with what are euphemistically called 'contracts' to similarly bind unwilling individual workers and employers. At one stage collective bargaining was Mr. Hawke's choice but it is not Mr. Howard's. Instead Mr. Howard is talking about a right for individuals to opt out of awards to be bound only by agreements which they have voluntarily entered.

Club supporters say that no government could guarantee the safety of all the workers who might wish to opt out the Club's control. They are right; people who defy unions are apt to fall down lift wells and Howard could not protect them. But he is not suggesting that any one be obliged to opt out of an award and the situation is not so bad that most workers need live in fear of union thuggery. Most unions are not dominated by thugs, fifteen percent of workers are not covered by awards now, and there is now a substantial black market in which workers and employers in small businesses and on farms illegally ignore awards. The fifteen percent should be gradually increased and the illegal agreements, which now keep many small businesses afloat, should be made legal.

Unions are not wasting time and effort opposing a policy that will not work. They fear that it will work, reducing their hold over workers. Big business also fears that it will work. They see themselves facing stronger competition from small shows which will not then be dominated by unions.

Those like Mr Max Burr who argue that a Government must knock the unions into shape before allowing individuals to opt out of awards have short memories. Hancock is right in one thing. Governments do not have the power to win that sort of confrontation. If they were to try, blood would be shed. Can no one remember Mr. Fraser's promise in the 1977 campaign to bring the unions into line. His inaction was excusable because he did not have the power. His promises were not.

Softly softly approaches, founded in unchallengeable general principles such as individual liberty, and which do not deny the benefits of wages pauses and accords to the still regulated sector, are the only way forward. IR Clubers should not be allowed to get away with calling that confrontationist. If the Accord is good, it is good only in the context of a bad system.

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