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ON THE DRY SIDE 159 The Wages Debate John Hyde

Notwithstanding prevailing opinion, the wages and industrial relations debate is progressing as fast as can be expected. Until a government has a clear mandate to curb trade union excesses and can rely on the support of a substantial proportion of rank and file unionists, reforms which reduce union privileges will encourage the unions to ravage the economy and bring the government down. This balance of government/union power is unsatisfactory but it is the fact, and every politician knows it. The fate of the Bruce and Heath Governments is political folklore.

There will be no substantial reforms until demand for them has been generated. Traditional Labor loyalties, recent commitments and the pressing need to renegotiate 'The Accord' mean we won't see them before the next general election, which is two years away unless the Prime Minister sees the economy falling in a heap sooner. The time should be used by those who want to change the system to focus critical debate on the system itself rather than on the Gallaghers and other contestants.

Since 1906, many people, who have felt the weight of industrial tyranny or sympathised with the unemployed, have whispered softly that one or all the emperors descended in the line of Henry Bourne Higgins were naked.

John Howard was not the first, but he carries sufficient weight to encourage others to trust the evidence of their eyes. The Industrial Relations Club, sensing ridicule, turned on the sceptic - just as the courtiers did in the nursery story. The sceptic's credibility suffered a bit - just as in the nursery story. But scepticism is spreading - just as in the nursery story.

Unemployment, inflation, the collapse of the dollar, lost foreign markets, go-slows, holiday season strikes, conspicuous overmanning, the incompetence of Australia Post, the bloody mindedness of the BLF, the Queensland power strike, Mudginberri and Dollar Sweets are evidence enough that something is dreadfully wrong with our labour markets.

The I.R. Club has until recently escaped much blame because it is expert in generating myths favourable to itself. It blames Government macroeconomic management for unemployment, inflation and the dollar; individual union leaders and bosses for strikes and go-slows; and seldom discusses overmanning and incompetence. The Club will not admit the possibility that the rules of the game, and the referee, might contribute to these disasters. It is so reactionary that its eighty years of existence are offered as the prime justification for its continued authority: what is, is good.

Recent debate has concentrated on the shortcomings of the present system. That is necessary to counter the Club's myth-making. The

difficult task is not to design an alternative to the Arbitration Commission, nor is it to choose among the several meritorious alternatives on off it is to generate an overwhelming popular demand for changes which must diminish trade union power.

Most people resent the abuse of union power, but fear that the trade union movement will bring the nation to its knees rather than give up its privileges. This fear brings demands for appeasement.

The appeasers are right not to want a confrontation that the public interest must lose, but they are wrong not to arm themselves to win; they are wrong to counsel despair. Public opinion could be their sword and shield and they have a perfect democratic right to woo and win it. When it is won, reform will follow.

'Wages Wasteland' published by Hale and Iremonger with the Australian Institute for Public Policy (\$14.95) joins the battle for public opinion. It assaults the IR Club's myths and makes its stand on the moral and intellectual high ground long claimed by the Club.

Professor Lauchlan Chipman, one of the twelve authors, writes, "What can those who are committed to the value of representative government do? The first is to acknowledge that it is unrealistic to expect governments to do anything positive, for the very problem is not the absence of legal or constitutional capacity but an absence of political capacity which paralyses governments in their dealings with agreed union excesses."

Professor Alan Powell writes, "A satisfactory strategy for a restoration of macroeconomic health involves an essential element of real wage restraint. I see this view as largely independent of the ideological stances taken by individual economic analysts."

The authors show how the system, far from being Justice Higgins' 'province of law and order', has been the cause of industrial conflict; the cause of aboriginal and youth unemployment; the cause of total unemployment; and how it has walked over human rights. Dr Peter Scherer, who is generally sympathetic to the union cause, describes unions as 'creatures of the state, yet not subservient to it - unruly principalities rather than vassals'.

For those who think it is past time to start designing the alternative, Gerard Henderson, of John Howard's staff, suggests simple legislative adjustments.

'Wages Wasteland' notes that the Economic Summit, by rejecting Scenario 'C', sacrificed employment to 'industrial reality'. Professor Kasper, writing in another AIPP publication (Policy Paper No. 4. The Destruction and Creation of Jobs) writes of 'the official abandonment of the objective of high employment.' Although this happened long before, since the economic summit it has become impossible for the IR Club to deny that it has

abandoned the goal of full employment. The best the Club can claim is that it is amorally realistic.

Professor Kasper writes that unemployment can be cut back to 2% by the year 2000 by adopting policies which will allow Australia the same job creation rate it enjoyed in the sixties or the US enjoys now.

Legally binding awards and trade union monopoly powers which condemn people who have committed no offence to suffer unemployment are morally reprehensible. They will be tolerated only to the extent that the public is permitted to avoid the truth about them. The war of words is everything and slowly it is being won by the deregulators.