

THE INCOMES ACCORD

The Labor Party's stock view of unemployment is that it is cruelly thrust upon at least half a million people who would work if only they could find an employer who could profitably employ them. They are emphatic that in nearly all cases unemployment is involuntary. So confident are they of this that they increased young people's unemployment benefits, apparently without fear that the higher benefits would increase the numbers who made use of them. The lowest corporate profits since the Thirties depression and the applicants who present themselves for the available jobs both indicate that, at this time, Labor's assessment that unemployment is involuntary is substantially right.

This leaves Labor with the inescapable conclusion that wages are too high to allow every willing worker to be employed. This logic has been accepted by the Economic Summit, by Mr. Hawke and Mr. Keating, and by Premier Burke when he cut senior civil servants' and politicians' salaries.

Australian wages are set in markets which are not even approximately free. Instead of voluntary agreement between individual workers and bosses, workers' and bosses' representatives meet periodically in ritualised battle before the arbitration commission. These proxy warriors turn each negotiation into a confrontation, keep the parties apart and have a dreadful record of strikes, unemployment and shortages of specific skills. None the less it is Australia's way and Mr. Hawke is determined to persist with it.

Having denied himself a flexible labour market which would, by private negotiation, find a job at some, possibly low, price for every person who wants a job, and a skilled worker at some, possibly high, price for every job vacancy, Mr. Hawke has no option but to concentrate on getting the averages right. He has relied on the incomes accord, not to give us the best average wage now, but to slowly increase profits and reduce unemployment. By conceding full indexation to the unions,

Hawke leaves himself only economic growth and any savings on unemployment benefits to be divided between higher distributed profits, jobs for the unemployed, and the natural growth of the workforce.

Although this year will be better, our average yearly economic growth is barely 3%, and our population grows yearly by about 1.5%. If the strategy is not to go backwards, causing even more unemployment, for a long time to come, almost nobody can be afforded salary increases over indexation. The government has no option but to stand up to the builders' labourers, electricians and doctors. New south Wales and South Australian members of parliament, who once endorsed Labor's and now the Tasmanians, strategy, deserve a swift kick.