

## COMMENTARY

### The Government's role in industrial relations

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Since the turn of the century, the Government has played a major role in the country's industrial scene. The interest of successive governments has focussed on two principal areas. First, it has reflected the community's concern that the level of strike activity be minimised and that strikes, when they do occur, are resolved speedily. Second, and more recently, it has been concerned to ensure that the wage bargaining decisions of the parties are consistent with broader economic objectives.

In respect of strike activity, the Government has sought, through legislation, to contain the number of strikes in the following ways:—

1. by establishing bargaining units and in effect guaranteeing the right of unions to bargain;
2. by guaranteeing a registered union unique bargaining rights in respect of the class of workers covered by its membership rule;
3. by specifying the procedures for resolving disputes and by providing, at state expense, conciliation, mediation and arbitration services. The procedures were recently strengthened to deal specifically with strikes in essential industries;
4. by conferring on an award of the Court the status of a statute, in the sense that it automatically binds all workers and employers in the industry to which it relates, whether party to the original negotiations or not;
5. by establishing machinery for the enforcement of awards and agreements by Government inspectors;
6. by placing certain direct restrictions on strike activity;
7. by conferring on the Minister special powers in the dispute settlement area i.e. the power to call a compulsory conference or appoint a committee of inquiry;
8. by prescribing and enforcing minimum standards in the safety, health and welfare area. For example, the *Factories and Commercial Premises Act 1981*.

Clearly, the extent of Government intervention is wide ranging and fundamental in nature. Not surprisingly there are some who urge the Government to reduce its involvement in industrial relations, but these people fail to appreciate the significance of this request in terms of reforms to the industrial relations system. A point that is often overlooked is that, in many respects, intervention has operated to the advantage of both trade unions and employers.

The Government's critics tend to focus only on the sharp end of Government involvement, namely, the involvement of the Minister. However, to be meaningful, any withdrawal of the Government from the industrial relations scenes would entail reforms which would give much greater emphasis to freedom of association, on both sides of the bargaining table. In simple terms, it would involve weakening the monopoly position conferred, in particular, on trade unions. This sounds attractive but both the community and the parties would have to understand the possible implications of such a move. They include a potentially less stable system of union coverage, because of the possibility of more union recognition disputes, inter-union rivalry, and so forth.

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A move that could be to everyone's advantage would be to change the *Industrial Relations Act* so as to permit smaller "plant" unions to become established. Smaller plant unions could be expected to have a closer affinity with management and the needs of a particular plant than is possible under a national union. This suggestion is contrary to conventional wisdom which has it that trade unions should be restructured on an industry basis, with a small number of large unions. The arguments for this kind of restructuring focus on the relationship between the structure of trade unions and the structure of collective bargaining.

The main arguments in favour of industry bargaining are that it lessens the chances for relativity disputes between different groups or workers within industry and that it results in a more rational, flexible and less inflationary wage structure. The principal qualification to these arguments is that the labour market does not differentiate neatly on an industry basis alone. A further qualification relates to whether or not the further centralisation of trade union power would be desirable. This is particularly so, when trade unions make decisions of a political nature, such as the present trade ban on Chile.

The wider arguments about trade union structure must not overlook the fact that underlying any particular form of union organisation, is the notion of "community of interest". Historically workers in New Zealand have identified with their skill or occupation and have organised along these lines. In an earlier series of meetings between the Government, the F.O.L. and the Employers Federation, the possible establishment of a number of large industry groups for wage negotiations was explored in some detail. If the industry groups were agreed to, it would make sense to eventually have industry unions along similar lines.

This concept of a very small number of large union groupings has been discussed often, mainly due to the success of such a system in West Germany. It is important to observe, however, that few other countries have been able to adopt a similar structure, and most have a mixture of craft, plant, and industry based unions. In a pure sense, the right to associate freely confers on individual workers the absolute freedom to join, or form any organisation of their own choosing. In practice, this right has been circumscribed, in the majority of countries, on measures designed to promote stability in trade union structure.

In New Zealand, the measures to promote this stability are more restrictive than in most other countries. Through a process of registration, a union is in effect guaranteed bargaining rights over the class of worker covered by its membership for all. When these restrictions are combined with the effect of the unqualified preference provision — compulsory unionism — it can be seen that it is extremely difficult under existing law, for workers to develop alternative forms of union organisation.

I believe we must question now whether it is desirable to maintain the present restrictive law in this area. The Government has recently moved to restore more of a balance in the relationship between unions and employers, a move brought about by a tendency, on the part of certain unions, to abuse the position of privilege conferred on them by legislation. Any further change would certainly have major implications for the trade union movement. However, if the protection existing trade union structures have in the law is changed, it should make trade union leaders more responsive to the attitudes of the rank and file membership.

In respect of the second broad area of government interest, the reconciliation of wage bargaining with broader economic objectives, there is no clear path for the government to withdraw its involvement while, at the same time, continuing to protect the wider community interest of maintaining price stability and employment. This potential conflict is particularly acute in New Zealand because of the very tight system of horizontal relativities.

In the past decade, we have witnessed respectively, periods of general wage controls (1971-1977), a period of selective intervention under the *Remuneration Act* (1979-1980) and more recently tripartite wages policy talks. These talks have now recommenced and clearly the importance of them cannot be overstated. Tripartism is the most desirable way of reconciling the interests of the Government, the employers, and the unions. However,

the process of reconciling interests involves a willingness on the part of all sides to negotiate and to be prepared to compromise on occasions.

Crystal ball gazing is not a profitable past-time especially in the area of industrial relations, and I don't propose to indulge. History however, records that there have been many changes in industrial law over the years. Given the debate that is taking place in all areas of society, it is certain that further changes in industrial law will follow. A likely thrust of these changes will be to give the individual more freedom of choice.

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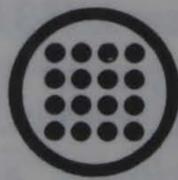
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