



LETTER TO THE EDITOR

KEATING'S VERSION OF POLITICAL HISTORY

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Paul Keating's adversarial approach towards the business community ("Consensual wages model has failed Labor", Letters, September 28) would be a matter of historical record but for the fact that he is trying to pressure the federal Labor Party to jettison a relationship with industry.

If he succeeds, he would be putting Labor on a slippery downward slope. So far the Labor Party has sensibly resisted that pressure.

Recent policy announcements on industrial relations by Labor have raised significant concerns for employers, making consultation and dialogue more important than ever.

Keating is also using the AFR letters page to try to influence Labor policy, this time arguing "federal Labor should no longer be wedded to a consensual wages model".

Keating is writing his version of political history. His government never had a consensual wages model with business. His prices and incomes accord was a bipartite agreement - between unions and a Labor government. Business was left out in the cold, by deliberate act of government policy. Wages were determined by those two accord partners, with industrial tribunals expected to go along with it, and employers required to pay for it.

Now Keating thinks politicians should put their hand directly into small-business payrolls and themselves decide wage increases in private businesses.

Keating also claims productivity growth in the 1990s should satisfy business. He fails to acknowledge that most of this was catch-up growth - a catch-up after the economy had been flattened by a recession induced by high interest rates. In contrast, the jobs surge we are now seeing since this latest round of labour-market reform are new jobs following 13 years of economic growth, not catch-up jobs after a recession.

As federal treasurer, Keating made sensible decisions in the mid-1980s to open parts of the economy to competition. Business leaders have never denied that, indeed many (but not all) in business urged it. But Keating made a dreadful and costly mistake in waiting another eight years before making any real moves to reform the labour market. By then 1 million Australians had lost their jobs in his recession because the labour market was not flexible enough to adjust to the collapse of our economy. Australia needs to learn the lessons from Keating's years in government; economic reform adds value but delaying reform costs jobs.

That is why business needs to implement fully and effectively the Work Choices system, notwithstanding its defects, because it will lead to more jobs and higher living standards. That is also why federal Labor needs to keep talking to industry and small business about industrial relations reform, and why the Australian Chamber of Commerce and Industry welcomes that dialogue.

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