

## The Summit: coming to grips with the recession

ONE OF the major events in Australia this year has certainly been the Economic Summit in Canberra. Hopefully, it marks the beginning of a whole new style in industrial management and economic planning. The *Financial Review* said in its leader (15 April) that 'it must be counted one of the most significant national events since federation'.

*Outlook* is devoting considerable space to the Summit in this issue. Rob Castle examines it in his article 'The Economic Summit' and Jean Skuse offers her comments as a church observer. *Outlook* also would like to add its words.

It seems that an economy sometimes has to be very bad before politicians, businessmen and unionists will come together to start hammering out a new way of doing things. Australia's economy has reached that stage. If it is not to remain indefinitely in the same or even a worsening condition, then present policies have been clearly inadequate. In particular, as Rob Castle points out, the 'fight inflation first' philosophy has been killed. The Summit buried it without ceremony, with business helping dig the grave.

This is a victory for those arguing, as *Outlook* has, that the old policies were unfairly penalising the unemployed, and hence were unjust. The effort to set up a prices and incomes policy is at least an attempt to distribute the burdens and recognise the injustice of some groups making major wage gains while many others lost their jobs altogether. The social cost in family stress and break-up has been enormous already.

### Positive results

Despite scepticism that the Summit would achieve anything substantial, most observers would agree that the initial results have been very promising. First, the Summit brought together many of the top economic planners and industrial relations representatives from around Australia, not to engage in political or industrial

confrontation, but to face the grave issues confronting Australia as honestly and as completely as possible.

Stepping outside their adversary roles, many participants were able to recognise that representatives from all sides of industry and commerce are genuinely concerned about the economy, and particularly about the plight of the growing numbers of unemployed.

The Summit frankly recognised that if Australia is not unfairly to lay the burden of the recession on the unemployed, then wages must be moderated. Even then it will be difficult to reduce unemployment, as the various 'scenarios' made clear. Just preventing unemployment increasing beyond the March CES figures of 823,000 will be a major achievement.

Unions have also had to recognise that businesses need profits to run. The new prices justification authority can hopefully eliminate excessive profit margins. But the hard economic facts are that businesses need to make profits. Without them there can be no capital accumulation or incentive for further investment, and hence fewer jobs.

Ideologists of the far left need to be reminded that such capital accumulation and investment must take place under both Socialist and capitalist economic systems; and since Australia has a capitalist economy and is not likely to change in the foreseeable future, then there can be no revival unless business can recover from the present historically extremely low profit levels. Hence the need to prevent excessive wage growth while demand is suppressed.

Less easy to judge is the positive effect the Summit has had on business expectations. It is impossible to underestimate the importance of these expectations. In a capitalist economy where investment is governed by them, they will make or break an economy. The Summit has helped allay the worst fears of businessmen and economic planners, restore investors' confidence and possibly helped steady capital outflow from the country.

The Hawke Government is not setting out on a Socialist crusade against

capitalists. It is showing signs of being a highly proficient government trying to institute major reforms in the capitalist economy, set up new processes in economic planning and industrial consultation, and review social and welfare policies to ensure greater equity and fairness.

### The way ahead

The way ahead seems definitely to require greater consultation between unions, business and government in economic planning. This means three things.

Firstly, employers must continue to organise themselves into a confederation which can adequately represent their common and at time, competing interests. This will allow them to contribute more positively to the long-term economic planning and marshal their resources accordingly.

Secondly, the unions need to rationalise their excessive numbers which are often competing or fighting one another for members. At the same time, the peak union organisations need to have their authority strengthened so that they can more forcefully speak in national assemblies and also discipline dissident unions.

Thirdly, the Government must continue to foster joint consultation and planning between unions and business. It needs also to protect consumer interests, and to ensure that all sections of the community are adequately represented at appropriate levels.

Thus the Summit is a promising start to a new way of conducting economic relations in this country. There is much to be learned from countries such as Japan, West Germany, Austria, etc., to make such joint consultations work; but the Summit is a good start.

Sceptics will say that little has been achieved so far, and that traditional class-conflict ways of doing things are too deeply ingrained in Australia to be removed. The sceptics may well be right. But Australia now has the chance to move to a more rational system. If the Hawke Government can achieve this, then the *Financial Review* may indeed be correct that the Summit is indeed 'one of the most significant national events since federation'.

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