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Causes of union thuggery run deep

HENRY ERGAS SEPTEMBER 03, 2012 12:00AM



Illustration: Eric Lobbecke Source: The Australian

LAST week's violence in Melbourne is merely the most visible sign of resurgent union thuggery. Far from keeping peace, the Fair Work Act is fanning conflict, allowing negotiation to descend into extortion. And far from addressing root causes, Julia Gillard and Workplace Relations Minister Bill Shorten are at best papering over the symptoms, at worst tolerating criminality.

Those root causes run deep. Since its late 19th-century origins, Australian industrial relations has had an undertow of violence, on occasion lurching into organised illegality.

The stain was present at the creation. The union movement emerged less in the major cities than in isolated areas where groups of itinerant workers confronted employers handling time-sensitive, sometimes perishable, output at periods of peak seasonal demand. As visiting American scholar Carter Goodrich put it in the 1920s, this was a "large man's frontier", whose concentrated land ownership bred not the individualism of the American farmer but a "nomad tribe" of male wage-earners. While their status as wage-earners induced a "collectivist outlook", "remoteness and hardship taught them the virtues of co-operation"; but those traits combined with a hatred of authority that readily turned to loutishness.

It was unsurprising that northern Australia's shearing sheds proved the flashpoint where those combustible forces collided: for already by the 1880s, they were the world's first truly industrial wool-handling operations, far larger than their European counterparts and working to stringent timing constraints.

Nor was it surprising that the strikes that erupted in the 1890s were marred by widespread violence, not merely because each side wanted to punish the other but also as the strikers struggled to prevent "scabbing" by their fellow shearers. Henry Lawson, observing those events, celebrated "the spirit roused beyond the range", in which "Australian men are joining hand in hand"; but Peter Coleman was right that beneath that spirit lurked "the snarl of the collectivist bully".

That snarl has never died away. Rather, it has resurfaced whenever circumstances have made its use profitable. The crucial component was the ability to engage in hold-ups: to disrupt time-sensitive operations at a cost to the employer far greater than the payment demanded.

But for the hold-up to succeed, the extortionist had to be able to make good on the threat that labour would be withdrawn, and on the promise that payment would ensure a truce. All too often, giving those commitments credibility required violence.

Nowhere have the mechanisms involved been clearer than in construction. Following the repeal in 1957 of the 150-foot (45.7m) limit on building heights, the 60s construction boom led to the introduction, notably through Sydney's Australia Square and MLC projects, of building techniques heavily dependent on lofty cranes and on the tightly sequenced work of crane-drivers, "dogmen" (who connected and disconnected loads and directed crane-drivers as to where loads were to be deposited) and riggers. At the same time, financing burdens meant delays could inflict crippling losses.

Developers were consequently immensely vulnerable to hit-and-run industrial tactics, creating an opportunity seized, as of the late 60s, by the Builders Labourers Federation and its allies in the Federated Engine Drivers.

As well as breaking into construction sites and destroying property, their co-ordinated campaigns involved cancelling concrete pours moments before they were to occur, trashing costly materials and causing lengthy delays.

That set a pattern other unions, in industries from meatpacking to mining, readily imitated. And the arbitration system, instead of curtailing those abuses, encouraged them.

True, the system had penal powers, under which unions could be fined and unionists pursued for contempt; but particularly after the 1969 Victorian tramways strike, those already ineffectual sanctions were an entirely spent force. As for deregistration, it was a complex process even the worst unions could easily avoid. By the 70s, the Ship Painters and Dockers, for example, were little more than a criminal syndicate; but they eluded deregistration by being careful to breach only laws (such as those against murder and malicious wounding) not administered by the industrial courts.

Rather, the IR system's main effect was to entrench unions' monopoly status. No matter how rotten a union might be today, employers knew they had to live with it tomorrow. So did those workers who might otherwise have dissented. Capitulation was therefore the dominant strategy, allowing unions to combine the facade of industrial legalism with standover tactics when disputes flared.

The Howard government was the first to tackle that duplicity head-on. In contrast, the Hawke government ignored the Sweeney royal commission's findings on the need to enforce anti-racketeering prohibitions and abolished the modest investigative machinery Malcolm Fraser had put in place.

It also stayed the proceedings Andrew Peacock, as Fraser's industrial relations minister, had launched against the building unions, gifting the BLF two more years of mayhem. And last but not least, it brushed aside the Costigan royal commission's call for a new authority focused on eliminating union corruption.

Reversing that legacy of tolerated criminality was at the heart of Howard's IR legislation, which also sought, however imperfectly, to eliminate the monopoly position that made union extortion possible.

Now all that is gone. And no wonder. For the unions are not only Labor's financial backbone. Their bloc votes assure them a controlling ownership stake in the ALP. And they provide jobs that are the power bases of today's faceless men and the springboards for tomorrow's.

Nor is that on a small scale. In 1975, when the unions had nearly three million members, they employed 2000 officials. Now, with only 1.8 million members, they employ 4000.

Doubtless, many officials are scrupulously honest. But the rents the unions can extract inevitably act as magnets for sleaze buckets. And environments in which violence, extortion and misappropriation can flourish attract those whose comparative advantage lies not in selflessly pursuing members' interests but in illegally advancing their own.

Yet it is worse than that. For criminal ventures are rarely solo operations. Drug lords need money launderers, thieves need fences, racketeers need accountants. And union crooks need lawyers.

The underworld and the over-world therefore merge at points of collusion. And when they do, skeletons always get left in the cupboard: skeletons that underpin mutual loyalty. "The best about this deal", says con artist Eddie Marsh in Carl Hiaasen's novel *Stormy Weather*, "is that nobody's in a position to screw anyone else. You've got shit on me, I've got shit on you. And we've both plenty of shit on Snapper. That's why it's going to stay so clean."

Stay clean indeed. Just as last week, unionists, including convicted criminals, illegally shut down Melbourne's streets in the name of workplace safety. What did the Prime Minister and Shorten do? They stayed clean away.