

# ALP–Union Link Corrupts Political Process

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**A**T THE Labor Party's National Conference held in January this year, the party agreed that a future federal ALP government would favour 'union friendly' firms when awarding government contracts. A few days after this decision, the Australian Electoral Commission released details of the funding of political parties. Of course, trade unions were a key source of funding for the Labor Party.

According to the Minister for Workplace Relations, Kevin Andrews, unions donated nearly \$5 million to the ALP in 2002–03, and since 1995–96 have donated around \$40 million. For the Minister, the ALP was 'a wholly owned subsidiary of Australia's big union bosses'. The Commission's data also showed that, as a result of a lease between the ALP as landlord and the Australian National Audit Office—entered into under the Keating Government at massively above-market rates—the ALP gained over \$1 million directly from the Australian taxpayer.

By contrast, figures for the Liberal Party's fundraising showed that one particular company, Manildra, gave the Coalition approximately \$300,000. Manildra was a company affected by government decisions about the use of ethanol. Manildra also gave \$50,000 to the ALP, which the ALP later returned. But what dominated the media the day after the Australian Electoral Commission's information was released? The headline in *The Australian* read, 'The Coalition fills up on ethanol'. In *The Australian Financial Review*: 'Manildra fills the coalition's tank'.

Donations from Manildra accounted for less than one per cent of

the Coalition's fundraising, while the total of the trade unions' donations to the Labor Party was ten times bigger than that of Manildra's to the Coalition. But none of the headlines said 'ALP policy payback for union donations'. Those double standards demonstrate the depths to which Australian democracy has descended. The fact that the Labor Party tolerates the provision of discriminatory preferences to its largest donors is accepted without complaint. But when a corporation decides to donate to the Liberal Party, the story is turned into a major controversy.

## DOUBLE STANDARDS

A healthy and vigorous democratic system relies on strong competition between political parties, and the parties need financial resources to run their day-to-day operations, as well as to campaign. This was the justification for the introduction of taxpayer funding of political parties by the Hawke Government. The success of a political party, however, is not dependent on its absolute level of resources but on its resources *relative* to its competitors.

The party with the biggest advertising budget (which is what the bulk of donations are spent on) has a clear advantage, and the success of Australian democracy is being jeopardized because one party (the ALP) has access to greater resources than its main competitor (the Liberal Party). Last financial year, Labor raised \$35.5 million against the Liberals' \$34 million. This advantage to the ALP represents a long-term trend. At the national level, in 2001–02, Labor raised \$25 million compared to \$20 million for the Lib-

erals. In 2000–01, a financial year in which there was no federal election, the ALP raised \$6 million, which was double that of the Liberals.

Labor does, and has always relied on, the trade unions, not only financially but also for human resources, especially at elections. On the other hand, the Liberals can no longer rely on their traditional funding base from corporations. Increasingly, companies are deciding either not to make political donations at all, or if they do, to make sure they are providing funds in roughly equal proportions to both parties.

The decision of companies not to support this country's political process is short-sighted and self-defeating. Often it is the result of the timidity of directors in the face of a feared backlash from company 'stakeholders'. The irony is that the 'stakeholders' that the directors are attempting to placate are usually hostile to the company and antagonistic to the notion of the market economy which allows the company to operate in the first place.

## 'SPECIAL INTERESTS' POLITICS

Despite the faults of the American political system, its participants are well-funded, and public policy debate is energetic. Corporations and individuals feel a responsibility to sustain the quality and quantity of politics in the United States, and they do this by making donations on a scale that is quite alien to anything known in Australia.

Beyond political parties and candidates for public office, the American system of 'special interests' is also well-funded. 'Special interests' are much maligned, but the right of

those 'special interests' to lobby, to represent their case and to support parties and candidates is an essential element of a representative democracy. Decisions by governments have the capacity to impact on individuals' lives and on the operations of business in ways unforeseen by legislators, and lobbying and industry representation can improve the quality of law-making.

Much of the criticism of 'special interests', both here and in the United States, is misdirected. 'Special interests', by definition, are self-interested and nothing should prevent them from making their self-interested arguments to government. In this context, the role for government is to adjudicate between the self-interest of one group against that of another, and against the community as a whole. When 'special interests' claim a victory against the interest of the community as a whole, it is not the 'special interest' that should be criticized, but the government for making such a decision.

### **TRADE UNIONS AS A 'SPECIAL INTEREST'**

The biggest and most powerful 'special interest' group in Australia is the trade union movement. Its influence is a product of the fact that one of the country's two largest political parties is committed to the advancement of its interests, and of the hundred years of Australian political history over which time both Liberal and Labor governments enshrined a privileged place for unions.

There is hardly an aspect of life in this country that has not been shaped by the union movement. Everything from the hours we can go shopping for groceries to the hospital we can attend for a hip replacement has been affected in one way or another by unions. Many of the central policy planks of the newly-born Federation in 1901, including industry protection and centralized wage fixation, were put in place to protect the status of trade unions. Over its history, the ALP has sought, at every oppor-

tunity, to advantage the organizations to which it owes its existence. This is hardly surprising. In government, Labor has done this directly, by giving preference to unionists, and indirectly through its economic policies, of which the 'Accord' of the 1980s was just one example.

Australia's very first national Labor Government under John Watson lost office in 1904 when the Protectionists and Freetraders combined to defeat a proposal to give preference to unionists under industrial awards. After the First World War, the ALP was divided over whether returned servicemen should get preference in employment over unionists, and the

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same issue arose after the Second World War. The decision, therefore, of Labor's National Conference to support the idea that 'union friendly' firms should be favoured in the awarding of government contracts is not new, and because it is not new, it has gone practically unnoticed.

### **UNION PREFERENCE AND THE RULE OF LAW**

That a future Labor Government would positively discriminate in favour of companies that were 'union friendly' is obnoxious. Were the Liberal Party to propose a measure whereby government contracts were more likely to be awarded to companies that were 'worker choice friendly', the outrage would be widespread. What the ALP is proposing

to do thus represents a disturbing trend in Australia. It is a trend whereby companies and organizations are required to comply with both legislation and with obligations and requirements which have not been passed by Parliament, and which are not subject to parliamentary scrutiny.

The ability for the executive of government to exercise arbitrary discretion basically amounts to the usurpation of Parliament—but, then again, the ALP has never been a party to take the Westminster tradition too seriously.

If Labor proposed to achieve these aims through legislation, such legislation would still be abhorrent, but at least it would be subject to the parliamentary process. Preference to 'union friendly firms' is of such significance that it is not legitimate to regard it as simply a run-of-the-mill contractual condition. Our system of government is based on the rule of law, and one of the fundamental principles of the rule of law is that individuals are required to obey the law, no less and no more. The idea that governments can impose non-legislative obligations contradicts the rule of law.

Unfortunately, what the ALP proposes to do is just part of a long list of deviations from the rule of law in Australia. Another example is the exploitation of the principle that laws should be unambiguous and able to be understood. The *Financial Services Reform Act*, passed by the Commonwealth Parliament in 2002, requires that superannuation funds and fund managers report on the extent to which they take account of 'labour standards'. This provision was inserted at the instigation of the ALP. What does this mean? No-one knows, and yet it is now a law that must be complied with.

The favours that a Labor Government will provide for its trade union partners are dangerous to democracy and to the rule of law in this country.

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