

ave their representatives in the
ment of these industries, and like-
trade unions are involved on the
neural side through their owner-
bank and a number of industrial

de union organization in Austria
centralized: the prewar structure
eting labour organizations of dif-
eological and party loyalties has
y to one Austrian Trade Union
on, the *Oesterreichischer Gewerk-*
und or OeGB. Its member unions
y little more than branches of the
ion, one for each industry or group
tries. Power resides at the centre.
ese are the structures upon which
ed in 1957, as the coping-stone,
re, of social partnership, the so-
oint Commission on Prices and
Its job is to contain inflation by
labour justify its wage demands
business its price increases. The mem-
includes the head of government,
nt Dr. Bruno Kreisky, a Socialist,
presidents of the OeGB and of
he networks of chambers of labour, com-
merce and agriculture. Meetings are held
monthly.

to legal powers

he crucial point about the Joint Com-
mission is that it has no legal powers to
prevent either wage increases or price in-
creases. Its subcommission on wages dis-
cusses wage claims as they arise. There
is a firm understanding that collective
bargaining will not begin before the Joint
Commission has approved; in practice that
means that the frequency with which wage
adjustments are made is less than it otherwise
might be. The Commission has no in-
fluence over bargains struck at plant level
and hence over the phenomenon of wage
drift or effective wages rising more quickly
than the minimum rates negotiated by
collective bargaining. That was an impor-
tant factor in a rapid rise of Austrian unit
labour costs in the final phases of the last
boom.

The powers of the subcommission on
prices are equally slender, except that the
Chamber of Business, the head of the
Chamber of Commerce organization, has
undertaken that its members
intended price increases to the
Commission and abide by its view as to
whether they are justified by costs.

Not every commodity or service is
subject to this very loose form of price
control, or rather price restraint. Clearly,
it does not apply to goods subject to
agricultural marketing orders or those
being officially-manipulated prices. But

new products are also exempted, as are
those subject to the vagaries of fashion.
Fewer than half the prices charged by the
retail trade come under the Commission's
purview, though the proportion is much
higher in the field of capital goods.

It has been argued that the entire
approach is less able to deal with "demand
pull" than with "cost push", since on the
incomes side it is applied only to wages
and salaries, and even in their case ex-
cludes plant contracts.

What really emerges is that partner-
ship has worked because the "partners"
want it to. Mr. Derek Robinson, in the
OECD study, says it has been suggested
that the success of this sort of policy de-
pends upon whether people believe in it.
In Austria they seem to believe in it, and
it has, therefore, prevented inflationary
expectations from getting out of hand and
in their turn aggravating the problem. To
what extent faith healing is involved may
be deduced from the extremely flimsy
nature of the sanctions provided.

If a firm decides to break ranks and
puts up a price against the judgment of
the Joint Commission the sanction pro-
vided is very nearly ineffectual: should the
Commission unanimously ask for it, the
Ministry of the Interior has powers to
freeze that particular price for a maximum
of six months. In practice it has never
happened.

What this really means is that social
partnership works as long as the partners
wish it to. The fundamentally informal
nature of the entire elaborate structure is
further emphasized by the fact that, as
often as not, the tenor of what happens in
the Joint Commission is settled in restric-
ted meetings between the top men of the
organizations involved, and in particular
between Dr. Rudolf Sallinger, a small
industrialist who is President of the
Chamber of Business, and Herr Anton
Benya, President of the OeGB. It is no
mere accident that both are of a *petit*
bourgeois background (the Austrian work-
ing classes having long acquired *petit*
bourgeois colouring). That fact symbolizes
the end, at least for the time being, of
class conflict in Austria.

Challenge to state

Critics of the whole system (if something
so pragmatic may be dignified with the
name of system) argue that it has created
a *de facto* authority challenging the
authority of the state. There is some truth
in that; as long as Herr Benya and Herr
Sallinger agree, there are few men in Aus-
tria who wield greater power. But the
critics overlook the fact that, in a relatively

*Slender powers
of enforcement
never used*