

Dear Comrades

An Australian newsletter on IR changes which also looks at income security for those not working

john

OASIS-Australia

Organisation Advocating Support Income Studies in Australia

Convener: Allan McDonald 28 Prince St Urangan Qld. 4655

email: allanmcd@keypoint.com.au

Tel: 07 4128 9971

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The implications of the proposed changes to industrial relations legislation announced by the Australian Federal Government have prompted this revival of the OASIS-Australia Newsletter. This response introduces two concepts which I believe provide the basis for a new approach, and a new perspective to the proposed changes. The present debate must continue. Is there a place for the ideas put forward in this newsletter? I will appreciate your comments.

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The Prime Minister has signalled sweeping changes to the industrial relations system in Australia. These proposed changes are significant, limiting the role of the trade union movement, the Industrial Relations Commission and the State and Territory governments. In essence there are three main proposals:

1. Strengthen the right of employers to determine conditions of employment to maximise business efficiency,
2. Strengthen the ability of employers to select and dismiss employees,
3. Establish a federal industrial relations system with a new authority to determine rates of pay.

These proposed changes have been, and no doubt will continue to be debated extensively and intensively. There is also no doubt that they will engender extreme divisions within the community. The purpose of this newsletter is not to add to this debate in regard to the detail of the proposals, but rather to extend the debate towards two areas.

First, to help gain a better understanding of the ideology that lies behind the decision of Government to introduce these changes. There must be some reason other than good governance.

Second, to help in the development of a suitable response to ensure the social needs of the community are better protected and maintained. Again an understanding of the ideology will assist in the development of this

response.

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A feature of the current political scene in Australia is the dominance of the Australian Labor Party (ALP) in the Parliaments of all States and Territories, matched by the dominance of the Conservative Coalition parties in the Federal Parliament.

Last year the dominance of the Coalition government in the Federal Parliament was confirmed when it was re-elected with an increased majority, including control of both Houses of Parliament as from 1st July. Recently the dominance of the ALP in State/Territory Parliaments was also confirmed when the ALP was re-elected in the Northern Territory with a vastly increased majority.

Following the Northern Territory election the Prime Minister expressed the view that for State and Territory elections people were voting on managerial skills, whereas for Federal elections people were voting on ideology. The Coalition is certainly playing the ideological card very strongly, moving further and further to the right and making it more and more difficult for the opposition to present an alternative ideology. The conservative government under the leadership of Prime Minister Howard and Treasurer Costello has embraced an economic philosophy which can well be described as economic fundamentalism.

Is this a valid assertion? Fundamentalism is usually associated with religion, and most of the studies of the subject see it as being a religious phenomenon.. Can fundamentalism also be associated with political ideology? I suggest there are observations which support this assertion.

Political ideology, like religion, has an ability to influence the minds, the emotions and the actions of individuals, and we don't have to look beyond the area of industrial relations to see how apparent is this ability to influence people.

Looking further, some of the significant features of fundamentalism in religion can also be found in conservative political policies which are based on an ideology embracing economic fundamentals.

What are some of these significant features? Scott Bidstrup (www.bidstrup.com/religion.htm) suggests the following.

1. "A fundamental religion.....when confronted with a conflict between love, compassion and caring, and conformity to doctrine, will almost inevitably choose the latter regardless of the effect it will have on its

followers or on the society of which it is part."

2. "Another facet of fundamentalist thinking is belief in the correctness of their thinking. Invariably they will make the claim that they are right to the exclusion of others...."

3. "He [the fundamentalist] is concerned not only with his own conformity to doctrine, but the conformity of the rest of society.....The belief that they are right without question, justifies, in their own minds, taking it upon themselves the right to enforce their point of view, by force if necessary."

4. "Fundamentalism often justifies hatred in the minds of its adherents. This is undoubtedly the most dangerous aspect of fundamentalism. Fundamentalism, like any other system, has to propagate itself in order to survive and prosper. A method used by many fundamentalist religions is to appeal in a very subtle way to some of the basic instincts of man....They have justified slavery to the slaveholders.....They have justified the disregard and even oppression of the poor and dispossessed by the wealthy and powerful."

How well can we relate recent events and proposed changes in the Federal political scene to these basic aspects of fundamentalism? The lack of "love, compassion and caring" in our employment and immigration policies and the use of force through incarceration, the "we are right, you are wrong" attitude on tax reform, the hatred of the trade union movement at the heart of the industrial relations reform, the appeal to the basic instinct of greed to gain support, are examples which indicate a fundamentalist outlook. These significant features of fundamentalism in religion can certainly be found in the political policies of the current conservative government in Australia.

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The WIKI Encyclopedia (<http://en.wikipedia.org/wiki/fundamentalism>) also claims that "fundamentalism describes a movement to return to what is considered the defining or founding principles of the religion."

Fundamentalism, whether in religion or political ideology, is a movement to reverse liberalisation and return to a rigid interpretation of basic fundamentals. Is this the driving force behind the proposed industrial relations changes?

Have the "defining or founding principles" of economics become the defining or founding principles of conservative political ideology in Australia today? If so, what are they? What are these "defining and founding principles"?

These principles can be found in any basic economics text book. Over time we have certainly gained a far greater understanding of how the economy works, and of the matters that influence economic growth, but these basic principles remain.

(In this study the basic economics text book I refer to is simply entitled "Economics" (4th edition) written by John Jackson, Ron McIver, Campbell McConnell, Stanley Brue. Unless otherwise stated, page reference numbers in the following text will apply to this book.)

Economics has traditionally been accepted in academic circles as one of the social sciences, if not the major social science. One can be forgiven for accepting this point of view. In fact economics is neither social or scientific.

Economics is not concerned with society, but with individuals.
"Economics is concerned with the efficient use of limited productive resources for the purpose of attaining the maximum satisfaction of our material wants." (p.3)

Economics also is not a science, to the extent that it can present a reasoned and sustainable sequence of events. The so-called science of economics is subject to qualifications and generalisations.
"Economic principles are generalisations, and as the term implies subject to exceptions and quantitatively imprecise statements." (p.6)

However, despite these shortcomings economics has managed to usurp responsibility for many of our social problem areas, and responds by providing guidance based on economic principles. Thus it can be claimed:
"the spectrum of economic issues with which political leaders must grapple, and for which they may need expert analysis, is very broad indeed." (p.4)

Economic principles may have expanded to embrace these social issues, but the operation of the market system still remains the basis of economic principles and policy.
"... the simple tools of demand and supply can help us understand not only specific economic issues, but also the operation of the entire economic system." (p.53)

This market system is based on the operation of a free and open market, a perfectly competitive market.
"a market with large numbers of independently acting buyers and sellers interested in exchanging a standardised product." (p.53)

Such a market has never existed, and probably never will, but it is the objective, the goal of economic fundamentalism. The principles upon which

it is based are the founding and guiding principles of conservative political ideology. The drive for changes to the industrial relations system is a drive to eliminate or reduce impediments to achieving this goal.

How far back in time must we go to seek the origin of these principles? A good starting point is the late 18th century and through to the early to mid 19th century in the U.K., with the industrial revolution in full swing and before the growth of the trade union movement, the liberalisation of economic policies, and the development of a comprehensive social welfare program. These defining or founding principles are in essence the basic economic fundamentals that prevailed in the early days of the industrial revolution when the objective was a free and open market system - i.e. laissez faire capitalism.

Why is it that today, in the early 21st century, this drive towards economic fundamentalism based on economic principles established in the 18th century is now being so strongly pursued? Why is it that we are now trying to reverse the liberalisation of economic policy, and the infrastructure of social welfare reform developed during the last 150 years or more?

One simple, but misleading answer often provided by economic fundamentalists is globalisation. Social economic policy, such as developed by John Maynard Keynes (1883-1946), operated within a national framework, and with the ability to legislate to support the reforms. Globalisation changes all this. There is no global mechanism to provide supporting legislation, thus the simple answer/reason/excuse is that with globalisation there must be a free and open market system. Liberalisation of this system within nations will be an impediment to achieving this system.

This is part of the answer. What is more valid is the drive by conservative politicians to take the opportunity provided by the trend towards the globalisation of economic activity to revert to the economic fundamentals which accompanied the industrial revolution - to revert to the guiding and founding principles upon which the industrial revolution thrived and grew - to maximise economic growth at the expense of social growth - and to remove some of the impediments to economic growth created by social welfare and workplace reform. In short, the answer is fundamentalism.

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Fundamentalism implies a dedication to return to the basic fundamentals, whether it be of a religion or a political ideology. This will always be an on-going process. Total and unequivocal adherence to the fundamentals can never be fully achieved.

The current debate in Australia is an early step in what can be a long and protracted series of changes. It is not the final step, nor is it the first step. Earlier this year the Government introduced legislation extending the basis upon which single parents and people with disabilities can be regarded as "able-bodied" for the purpose of unemployment relief. A "work for the dole" scheme is already in existence, and can be seen as the equivalent of the work-houses of the 18th and 19th centuries.

The second objective of this paper is to help in the development of a suitable long term response to ensure that during this on-going process the social needs of the community are properly protected. We cannot wait.

If the Government is determined to continue the process, and the fundamentalist philosophy requires that this process be continued, then the current social welfare provisions are at risk. There is no suitable response available within the framework of the "founding and guiding" principles. We need a new response which will not only provide income support for those at present regarded as being "in need", but also to cater for those who will be disadvantaged by changes in areas such as industrial relations.

Means tested or conditional income support stems from an attitude of caring and compassion for those in need. This does not sit well with a fundamentalist approach. We need a response based on universality rather than selectivity - a response which does not rely on emotive or subjective considerations.

We also need a response which caters for more than the needy and disadvantaged who are assisted under the existing provisions. With the the proposed industrial relations changes, for example, many workers will suffer through a loss of income and bargaining power. The degree to which this will occur is one of the subjects under debate at present, but there seems little doubt many will suffer. We need a response which will help prevent poverty rather than merely relieve poverty. Again we need a response based on universality rather than selectivity.

There is no doubt that the proposed industrial relations changes are divisive, and the continuing debate will accentuate this divisiveness. This may be of some concern to individual members of the coalition government, but in their pursuit of economic fundamentals there must be an appreciation that the principles of economics are divisive.

"Labour is a broad term the economist uses for all human physical and mental talent that can be used in producing goods and services. (This is with the exception of a special class of human talent - entrepreneurial ability - which because of its special significance in a capitalist economy, we choose to consider separately.)" (p.47)

We need a response that will help to reduce this division - that will treat all citizens equally and not be subject to arbitrary or subjective decision making. Again we need a response based on universality rather than selectivity.

To match these needs I suggest that a system of universal income support such as the Support Income System which has been advocated by OASIS-Australia for many years, which is the topic of a Master of Philosophy thesis, and which is the subject of a book published privately in 1995 entitled "Unemployment Forever or A Support Income System and work for all", should be considered.

In essence, this proposal suggests providing every citizen with an income free of tax and free of means test, and sufficient to provide a basic standard of living. For adults this income could be similar to the basic single adult rate of pension. As has been demonstrated in the book and in various papers such a system can be developed which is financially viable, and will not add to our overall tax burden. The key to financial viability is replacement of part of existing income with the support income.

This support income system will provide all people, and especially those with a limited ability to save, a level of lifetime financial security not possible under any other system. A support income system will also enable more workers to consider part time or casual work as a means of providing greater family support, increasing their working life, and accepting greater flexibility in the work place.

If the government is determined to press ahead with the proposed industrial relations changes, (and it has the political power to do so if all coalition parliamentary members support this action), then the concurrent introduction of a support income system along the lines proposed will go a long way towards protecting the social and financial welfare of the community whilst maintaining the integrity of the move towards fundamentalism.

The ultimate test will be whether the electorate supports this fundamentalist approach. If it does give this support the community will be divided. If it does give this support, and an alternate income support system along the lines proposed is not introduced, the social structures built up during the past 100 years and more will be at risk, and it will take a further 100 years or more to repair the damage.

Allan McDonald
1 July 2005

Some early responses to the July Newsletter

First, an oversight on my part.. The Support Income System which I suggested as the model for a new income support system is similar in principle to the Basic Income concept, and should be seen as such. Basic Income has been the subject of extensive research world wide, and a visit to the web site - www.etes.ucl.ac.be/BIEN/index/html will provide a wealth of information covering the Basic Income Earth Network.

The Basic Income concept has also been developed extensively by a Queensland University of Technology (QUT) group under the title of a Basic Income Guarantee Australia (BIGA) Visit their web site www.basicincome.qut.edu.au/index.jsp

Second, my statement on page 2 that the coalition, by moving further and further to the right is making it more difficult for the opposition to present an alternative ideology, was questioned on the basis that surely this would make it easier for the ALP to adopt an alternative ideology. In my view, the coalition will rapidly declare any more liberal views than their own as "left wing" or not to be trusted, thus making it harder for the ALP to promote policies which to the employer groups and industry leaders are economically sound and which at the same time are also socially progressive.

These are a couple of the early comments. Others will be relayed to you as they come to hand.

Allan McDonald