

OASIS-Australia
Organisation Advocating Support Income Studies in Australia

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How valid is the claim made in the previous newsletter of 14th January 2006 that labour market restructuring without social reform is not labour market reform? How valid also is the claim that labour market restructuring without social reform will lead to a divided society, and may well lead to the demise of capitalism? After all, the USA developed a labour market model years ago without a strong supporting social structure, and capitalism is still surviving. Could Australia do the same? Could European nations do the same?

The reports we have indicating the increasing degree of inequality in America present a picture which is not sustainable in the long term. The Australian IR legislation will help create even greater inequality than currently exists in America, it will empower employers to a far greater extent than in America, and it will restrict trade union activities far more than in America.

Employers in Australia have, directly or indirectly, been granted increased powers to determine working conditions and to appoint and dismiss employees. Their bargaining power has increased as employers have lost the right to collectively bargain with union support. The range of working conditions to be determined by the bargaining process has been increased as the range of standard minimum conditions prescribed by law or by tribunal is reduced to four. The relative strength of bargaining power will become more and more the determinant of working conditions. This may be of advantage to employees with highly specialised skills or experience, but most of the workforce, and especially that part of the workforce previously reliant on union support, will be disadvantaged.

Employees will also lose institutional support and the ability to consult with government as the authority of the trade union movement is severely eroded, and with it the ability to service the needs of members.

On the other hand, employers have retained their institutional support. They have two peak bodies, The Business Council of Australia (BCA) and the Australian Chamber of Commerce and Industry (ACCI). The BCA is an association of chief executives of leading Australian corporations with a

combined national workforce of almost one million people. The ACCI has 10 state members and a range of national industry associations representing many state and regional bodies.

As part of its long term restructuring of the labour market the Australian Government has effectively shut down lines of communications with employees. The government will no longer be talking to, listening to or consulting with employees. The government will be talking to, listening to and consulting with employers. This will become more and more apparent as participation in deregulated global markets increases and economic targets and objectives outweigh social targets and objectives.

How can the ability of employees to bargain sensibly and evenly with employers be increased to ensure a more level playing field? There are two alternatives - to increase the ability to bargain collectively or to increase the ability to bargain individually.

Increasing the ability to bargain collectively may require a restructuring of the trade union movement so that it can successfully operate in the interest of its members in a changed industrial environment. This will take time and patience, and the longer it takes the more difficult it may be to achieve an accepted and acceptable position in the industrial relations process.

Increasing the ability to bargain individually, on the other hand, can be achieved in one step through social reform in the nature of a system of universal support income or basic incomes. The benefits of such a system were covered in the previous newsletter of 14th January 2006.

The labour market restructuring in Australia will empower employers. Social reform in the nature of universal income support will empower employees.

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The restructuring of the labour market in Australia has been designed to strengthen the role of employers, to severely limit the authority of the trade union movement, and to relate changes in minimum rates of pay to economic rather than social needs. These changes are considered desirable to increase ability to compete on global markets.

There is no doubt that the USA dominates the global economic scene at the moment, and these changes will bring the labour market more into line with the USA labour market. Does this mean that other nations wishing to compete more successfully on the global scene will likewise follow this pattern. China and India, and to a lesser degree Japan are in a position to compete without extensive labour market restructuring. What about other nations,

such as European Union members? Are they also contemplating some form of labour market restructuring along the lines of the Australian legislation?

In a deregulated global economy economic strength will prevail. Economic strength creates wealth. Wealth creates power. Without a strong social commitment nations will succumb to economic power, the ultimate goal of economic fundamentalism. Capitalism, and democracy, will be diminished.

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Does this point to a more clearly defined role for universal income support, or basic incomes, as a social reform to accompany labour market reform? Is it now time for Australia, and for other nations, to be looking at the possibility and desirability of introducing a system of universal income support to provide the social reform necessary to accompany labour market restructuring? Is it now time to consider to what degree many of the problems associated with the operation of the labour market such as continuing high unemployment are primarily social problems rather than economic problems?

As I stated in 1995, "We are looking for a solution to unemployment and the consequent social problems with almost total reliance on economic theory. Little wonder that we appear to be looking for a solution to what is a seemingly insoluble problem." Unemployment Forever or A Support Income System and Work For All", Allan McDonald, 1995, p.2.

At that time unemployment was seen as one of the major social problems. With globalisation and consequent labour market restructuring there will be further social problems such as under-employment, a growing number of working poor, and increasing income inequality - all problems associated with the labour market. More than ever a strong social response will be required. These problems will not be solved with "almost total reliance on economic theory." In fact it can even be claimed that these problems are attributable to "almost total reliance on economic theory".

Will a system of universal income support such as a national dividend, or basic income, provide this strong social response?

Allan McDonald
for OASIS-Australia
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