

OASIS-Australia

>Organisation Advocating Support Income Studies in Australia

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>One of the justifications put forward by the Prime Minister in the current  
>debate on the industrial relations amendments is the need to bring  
>Australian industrial relations legislation into line with the needs of the  
>21st century. In doing so he mentioned some of the changes that have  
>occurred in recent years such as the move away from the traditional 5 day  
>working week, the increased flexibility in working hours and conditions, and  
>the reduced level of union membership.

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>The previous newsletter of 27 October highlighted a number of other changes  
>that have also occurred, reflecting the reduced level of social  
>responsibility by both government and industry. The question today is in  
>which direction should we be moving.

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>As stated in the final paragraph of the 27 October newsletter, "Unless the  
>divisiveness of economic theory is offset by governments and employers  
>accepting greater social responsibility, Australia will move towards an even  
>more divided society. The proposed changes to industrial relations  
>legislation will accelerate this move and Australian taxpayers are paying  
>over \$20 Million [now over \$50 Million] to promote these changes."

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>How will these proposed changes further divide the community?

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>There appears to be a general acceptance by proponents and opponents of the  
>proposed changes that they will lead to lower wages and working conditions  
>for those workers most vulnerable to competition from the unemployed. The  
>Workplace Relations Minister has confirmed that employers can offer such  
>work to the unemployed, and refusal to accept such work will lead to  
>penalties. Justification for this approach is based on the economic argument  
>that lower labour costs will lead to the creation of more jobs. This  
>approach has the support of economists and employers, who also support the  
>moves to limit the rights and responsibilities of the trade union movement  
>to help ensure that the lower wages and conditions will eventuate.

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>This raises the question whether there will be any acceptance by industry or  
>government of the responsibility to ensure that these lower wage and  
>conditions will provide a satisfactory and acceptable standard of living.

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>As mentioned in the previous newsletter, it was a feature of the industrial  
>relations system through to the 1970's that this was a responsibility of  
>industry. Today it is seen by economists and others as a responsibility of  
>government through the social welfare system. (refer article by Christopher  
>Pearson mentioned in the previous newsletter) This is a meaningless  
>approach when there is a requirement that any decisions must also take into  
>account economic considerations. This principle will apply to decisions by  
>the Fair Pay Commission, and it obviously applies to government decisions.  
>The Workplace relations Minister has already stated that any reduction in  
>wages and conditions will not be offset by increases in welfare support.

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>Economists in general are supporting a reduction in living standards for the  
>lower paid.  
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>Currently there are over half a million unemployed in Australia. There are  
>also hundreds of thousands, perhaps over a million workers in employment who  
>are vulnerable to competition from the unemployed. They are all faced with  
>the probability of lower wages and working conditions.  
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>These workers and their families make up a significant proportion of the  
>Australian population. They are at risk of suffering a reduction in living  
>standards below that which today is regarded as acceptable, and they are at  
>risk because of economic argument.  
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>Politicians and political commentators are very fond of referring to "the  
>Australian way of life' and to "Un-Australian behaviour. One can question  
>whether condemning such a large part of society to the risk of what we now  
>regard as an unacceptable standard of living is also un-Australian, and is  
>also not in line with the Australian way of life. It certainly goes against  
>the social and Christian principles upon which the Commonwealth of Australia  
>was formed, and upon which the industrial relations system was developed in  
>the 20th century. There is an obvious area of conflict between economic  
>principles and Christian principles, and recent comments by the  
>Chairman-elect of the Fair Pay Commission highlight this conflict.  
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>This raises the question - can practising economists be practising  
>Christians? There is a lack of compatibility between the two. However,  
>if we look at the current industrial relations environment in Australia and  
>the USA this lack of compatibility is perhaps not so apparent to those who  
>are influenced by fundamentalism - and this applies equally to Christian  
>fundamentalism and economic fundamentalism.  
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>It is claimed that the proposed industrial relations changes will lead to  
>lower wages and working conditions for a significant section of the  
>community - leading to a more divided society. What is the basis for this  
>claim?  
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>First there is the obvious progression of change. Wages and conditions will  
>be reduced for some without any offset through the welfare system. This  
>will reduce the difference between welfare benefits and wages and  
>conditions, and thus in the eyes of economists reduce the incentive to move  
>from welfare to employment. There will be calls to reduce the welfare  
>benefits to restore the difference, with consequent flow-on effects.  
>Economists and employers will once again declare it is a government  
>responsibility, not an employer responsibility, to compensate through the  
>welfare system. And once again they will applaud the government for keeping  
>welfare costs at a minimum to ensure a budget surplus.  
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>Second, there is the changing nature of the labour market. Economists have  
>traditionally related the labour market to other commodity markets, with  
>many buyers and sellers and price determined by supply and demand. (This is  
>the current basis for recommending lower labour costs in those job  
>classifications where unemployment is most pronounced)  
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>However, there has always been one significant difference. There is no  
>transfer of property in the labour market. The market is one of hiring or

>leasing, not of buying and selling. The employer has no contractual  
>obligation to maintain or develop the labour being hired or leased. This  
>obligation remains a direct responsibility of the owner of the labour.  
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>In the early 20th century the industrial relations system attempted to place  
>some responsibility on employers to contribute to the maintenance and  
>development of labour. This was accepted when hiring or leasing of capital  
>equipment was not a common practice. Today hiring or leasing is more widely  
>accepted, allowing for the better utilisation of capital and the development  
>of skilled service providers.  
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>Employers have built on this practice, with the cost of maintenance and  
>development built in to hiring or leasing costs. Their experience in this  
>field has led to a similar approach to labour costs. Hiring or leasing  
>costs for skilled and specialised workers have increased, reflecting not  
>only shortages of qualified workers but the higher costs associated with  
>developing and maintaining their skills and special abilities. The proposed  
>changes to industrial relations will have little impact on their employment  
>conditions.  
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>On the other hand, hiring or leasing costs for the semi-skilled and  
>unskilled workers reflect the lower costs associated with developing and  
>maintaining their skills and the competition from other workers. What is  
>not taken into account is the need for these workers to maintain the family  
>and social responsibilities necessary to ensure satisfactory job  
>performance, and they have very little bargaining power to enable them to  
>meet these needs. Without government assistance these needs will not be  
>met, and with a government intent on promoting private education and private  
>health insurance there is now evidence that family education and health  
>standards reflect family income levels.  
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>Workers have the ultimate responsibility to not only maintain and develop  
>their own labour, but also the labour of their families. If wage rates and  
>working conditions at the lowest levels do not provide for this  
>responsibility then there are very serious long term consequences for  
>society.  
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>Allan McDonald  
>for OASIS-Australia  
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