The labour market and the future of employment

Paul Boreham

Any discussion of labour markets risks emphasising an abstract, conceptual discussion of changes in the macroeconomy over the actual experiences of individuals, families and communities. For centuries, what an individual does at work has been both cause and consequence of social and economic status. For most people who work, occupation or place of employment continues to shape identity and feelings of self-esteem as well as material and social aspirations. Consequently any sudden change in employment circumstances often has shattering economic, social and psychological consequences. The labour market lies at the core of these processes, operating as a series of social filters between the educational levels, qualifications and socio-economic status of individuals and the structures of the wider economy. Public policy influences this relationship by addressing the threat of economic insecurity in this market; however, current policies have been required to respond to profound changes in the economic and political environment in which work takes place.

Changes that have been reshaping the conditions of employment in Australia during the past two decades have been wrought by a series of policy choices made by political decision makers in Australia set against a background of social, economic and technological changes in the broader international economy. This chapter sketches a map of these developments and their consequences for industry, patterns of employment and unemployment, and the future of work. The aim is not only to provide a chart of the changing contours of contemporary work and employment but also to demonstrate the manner in which these changes have been determined by political choices and non-choices by Australian policy makers.
Three interrelated developments currently dominate the contemporary political economy of the developed countries. First, advances in technologies for both information and materials processing have precipitated changes in industries, occupations and employment organisations. The capacity for rapid adjustment both to consumer demand and to production processes has become a central component of competitive strategy in industry. Since the 1980s the availability of relatively inexpensive information and communication technologies has made possible a radical redesign of work to produce simultaneous improvements in responsiveness to market demand and product quality in the production of goods and services. As a result, the forms of mass production that framed the industrial system of the twentieth century have given way to new forms of more 'flexible' work organisation on a scale that has been described as a new Industrial Revolution.

Second, as outlined in Chapter 13, the development of a system of more closely integrated global economic processes and financial networks has facilitated the international flow of goods and services on an unprecedented scale. These circumstances have reshaped the rules for national regulation of industry development, corporate behaviour and industrial relations as nation-states grapple with issues of sovereignty in an environment increasingly responsive to international codes of (competitive) behaviour and economic agreements. A critical issue for the future concerns the implications for employment conditions of the growing interdependence of international labour markets and the outcomes for pay and conditions of work in national labour markets.

Third, Australian political decision makers, the policy community within the federal bureaucracy and the media have been dominated by an international economic policy agenda of neoclassical economic liberalism. The prescriptions of this regime have required a comprehensive retreat from the extensive regulation of social and economic activity that prevailed for half a century until the early 1980s. Microeconomic 'reform' has been expected to 'free' markets in an endeavour to promote economic growth and to provide the conditions for employment expansion (see Chapter 14). This new orthodoxy has targeted prevailing institutional and regulatory structures as obstacles and rigidities to be overcome. In the interests of imposing criteria determined by the market as the primary signal for economic activity, governments have sought to roll back collective and protective regulations in labour markets and to disband the institutions of industrial relations and wage setting.

The direction and pace of these changes will be influenced by the form and capacity of worker representation. Emergent employment conditions and labour standards will be contingent on the ability of trade unions to maintain their status as representatives of the workforce and to formulate appropriate policies and strategies to resist or accommodate changes in employment practices. Yet trade unions themselves and the institutions that provide them with a voice in
national social, economic and industrial policy making are also under challenge by contemporary political ideologies that promote individualism and free markets over collective agreements and institutional regulation.

As a result of these factors, the workplace we currently observe in Australia is characterised by high levels of insecurity and uncertainty. Labour market and industrial relations deregulation has resulted in a dramatic decline in full-time jobs with regular hours and security of employment. Unemployment rates three to four times those that prevailed throughout the first four decades of the postwar era, high levels of involuntary underemployment in part-time and casual work and disagreeable terms and conditions of employment have increasingly become the norm for many Australian workers. Growing inequalities within the workforce in terms of real income, social wage benefits such as pensions and superannuation and security of employment are becoming apparent. For many employees, career paths are becoming anachronism and shifting employment from one to another occupation and employing organisation is increasingly commonplace. A transformation is taking place in the world of work.

**Industrial relations reform and the labour market**

Australian policy makers at the beginning of the twentieth century erected an elaborate but narrowly focused institutional framework intended to facilitate national economic development while protecting the key economic protagonists. State intervention in the postwar era was built on a framework of compromise between capital and labour. State institutions and the regulatory practices they enshrined sustained these social compromises in what has become known as the 'Australian Settlement'. Industrial protection through tariffs facilitated manufacturing growth, immigration barriers protected industrial workers from 'cheap labour' and the arbitration tribunals distributed the benefits to Australian wage earners in an equitable manner. The tribunals assumed a central role in the Australian social policy framework through their capacity to influence wages. The system established itself as a successful alternative to publicly provided, universal welfare state mechanisms and allowed the continuation of a residual welfare state that relied heavily upon the private purchase of welfare services provided as market commodities (see Castles 1988; Chapter 17, this volume). Thus, from the outset, Australian policy makers expected industrial relations institutions to be drawn beyond industrial dispute settlement into the logic of Australian economic development, social protection and employment conditions.

The industrial relations framework provides a deeply, historically embedded structure of incentives, roles, obligations and discourses that have shaped the structural form, decision making arrangements and day-to-day processes of the labour market. The Australian Industrial Relations Commission and the state industrial tribunals enabled the federal government, unions and employers to intervene in other key areas of economic activity through decisions about
wages, employment conditions, labour markets and welfare provision. One of the most significant implications of the central role of the tribunal is that it gives the Commonwealth indirect responsibility for one of the key elements of economic policy—the labour market. The Australian Industrial Relations Commission has become the authority most directly responsible for establishing economy-wide labour market conditions through their inclusion in awards.

The industrial tribunals are required to be responsive and beholden to the economic, political and social contexts in which they operate; however, these contexts were to be the object of fundamental change. Commencing in the 1970s, most of the major capitalist economies faced crises in both their economic and political spheres. The economic developments that needed to be addressed included acute inflationary pressures, exchange instability, balance of payments difficulties and increasing public sector debt. In many respects the management of these economic issues posed additional problems of political legitimacy and questions concerning political authority.

The course of action adopted in many of the major capitalist countries including Australia was a substantial disengagement of state political regulation from the economy (see Fairbrother et al. 1997). Economic and political developments led to a significant re-evaluation by unions, employers and governments and the institutional elements of the ‘Australian settlement’ were gradually dismantled. The arbitral system became increasingly contested. Focused on a shifting policy diagnosis centring on the tenets of economic liberalism, policy makers felt obliged to create conditions for a retreat by the state from policy formulation and implementation. State institutions were dismantled or diminished in authority and jurisdiction (see Boreham 2002). The objective of this process was to take responsibility for the operational activity of state industrial relations institutions away from direct government involvement, placing it in the hands of enterprise management. Such developments were presented as operational reforms to facilitate innovative and flexible practices by private sector management, a more assertive leadership role for management in leading workplace change (see Chapter 15; Quinlan & Rimmer 1989) and the withdrawal of labour-management relations from the formal institutions of political decision making (Fairbrother 1998).

The new settlement centred on enterprise bargaining and labour market decentralisation and deregulation. Enterprise bargaining was seen as more compatible with the efficiency imperatives said to face the Australian economy. Federal industrial relations and employment policies were directed at decentralised bargaining over such matters as flexible work practices, skill formation and flexible labour market arrangements with respect to hours and security of employment. The role of the centralised tribunals was restricted to establishing general wage movements thus placing ceilings on the labour cost outcomes of decentralised bargaining negotiations and monitoring the legitimacy of the outcomes of such negotiations (Quinlan & Rimmer 1989: 446).
The new politics of labour market regulation: implications for employment

In the period since deregulation was given further impetus by the new Liberal-National Party Coalition government which took office in 1996, many economic commentators have lauded the success that it has wrought for the Australian economy. During the five-year period from 1997 to 2002 the aggregate figures appeared excellent. Economic growth has been maintained at average levels of 3.8%, substantially in excess of the OECD average (ABS 1350.0 2003; OECD 2003). Inflation has been kept in check with rates of only 2.74% during the period (ABS 2003e). Employment has increased by 600 000 to 9 567 900 in March 2003 and the official unemployment rate has fallen from 7.8% to 6.1% (ABS 2003b). Significantly, company profits have been buoyant recording a growth of 29.3% in the 12 months to December 2002 (ABS 2003d).

However, underlying the complacency that these figures have encouraged among some commentators, there exists a broadly based degree of community dissatisfaction and discontent. The structural origins of this discontent lie in the replacement of known institutional arrangements that empowered labour to address security of employment and equitable pay and employment conditions with the anonymous, individualised and highly competitive processes of the neo-liberal order. A widely shared view among employers was that a major obstacle to the competitiveness of the economy was a set of institutional rigidities which greatly reduced the ability of enterprises to adapt to increasingly turbulent market conditions (Business Council of Australia (BCA) 1987; Hilmer et al. 1993). As a result, limitations on the freedom of employers to hire and employ labour under non-standard conditions have been gradually broken down by legislation. These developments are part of the current neo-liberal policy agenda which seeks fundamental change to prevailing institutional arrangements for establishing equitable wages and working conditions. The rubric under which these changes have been promulgated is one of microeconomic reform:

- a large part of the focus of the current microeconomic reform agenda will lift efficiency by varying award conditions and reducing non-wage costs and working conditions ... [this is because] ... labour market rigidities such as restrictions on how employers may hire and dismiss workers artificially raise the cost of labour and amplify unemployment (Reserve Bank of Australia 1993:15).

Labour rights and entitlements consolidated from 1945 to the mid-1970s have been rapidly diminished as the era of labour market deregulation has been ushered in. OECD assessments confirm that Australia’s employment protection legislation is one of the least strict among the developed economies (OECD 2003: 100). This has enabled enterprises to put more emphasis on flexible or non-standard forms of labour contract as compared with the traditional full-time employment contract with no specified time duration which was previously the
norm in Australia particularly for men's jobs. The main trend has been the spread of temporary or precarious forms of employment promoted by legislative intervention (Burgess & Campbell 1998). As a consequence, there is now an established and rapidly growing pattern of casual workers, part-time workers, contract labour, outworkers and teleworkers in most industrial sectors.

As a corollary of the large increase in marginal jobs, labour market segmentation has significantly increased—full-time versus part-time (mostly female) workers and core, permanent (mostly male) versus peripheral or casual (mostly female) workers. The enlarged segment of the peripheral workforce has become a growing division of an officially sanctioned dual labour market. Recognised and even encouraged by public policy, such employment is characterised by considerably less protection and contributes to increasing numerical flexibility around the 'periphery' of enterprises (Boreham & Hall 1999). In particular, these are jobs that may be easily terminated in periods of economic downturn. Typically such employment also involves fewer social entitlements such as paid leave and sick leave and has more limited access to industrial protection (Brosnan & Walsh 1998).

**Unemployment**

During the 1970–2003 period, the number of people in employment in Australia increased considerably from 5.55 million to 9.57 million (ABS 2003h); however, underlying these figures are some important issues. First, as Figure 16.1 shows, employment growth has significantly failed to provide sufficient jobs for those who wish to participate in the labour force. The substantial gap between the two lines illustrated in the figure reflects the high ratio of unemployment to vacancy rates. During the past three decades, unemployment has become an entrenched feature of the Australian economy with unemployment rates prevailing over the past 20 years at levels three and four times the average rates of less than 2% that existed throughout the 1950s and 1960s (see Figure 16.2). In interpreting these data, it is important to remember that the Australian Bureau of Statistics uses an extremely parsimonious definition of employment as:

> All persons aged 15 years and over who, during the reference week, worked for one hour or more for pay, profit, commission or payment in kind; or worked for one hour or more without pay in a family business or on a farm (ABS 2003b: 89).

While aggregate unemployment data are important general indicators, other measures concerning the nature of the employment that has been created provide deeper insights into the issues facing policy makers. In the period from the 1970s to the present, these trends have amounted to quite radical changes in hours of employment, the way work is performed and by whom.

Figure 16.3 illustrates changes over three decades in the full-time and part-time labour force participation rates for men and women.
expressed as a percentage of the civilian population aged 15 years and over in the same group). The overall participation rate for men has declined from 83.1% in 1970 to 72.5% in 2003 while that for women has increased from 40.8% to 56.8% during the same time period (ABS 2003g). Declining participation rates, especially among male full-time workers, represent among other things a withdrawal from the labour force of older men who consider that there are no jobs in their areas of expertise. Many of these have been made redundant from restructured industries and 'downsizing' organisations such as those in manufacturing, which has undergone a continuing decline as a source of employment. In 1971, 28.7% of all employed persons worked in manufacturing. Some 30 years later, in 2003, the sector accounted for only 12.0% of employment (ABS 2003g). The spectacular loss of jobs in manufacturing is only part of the process of industrial restructuring and occupational reorganisation that has shaped Australia's contemporary labour market. Associated developments have seen the decline of trades and blue-collar jobs that had been a major area of male full-time employment and the parallel growth of white-collar service sector jobs in which the growing number of women being drawn into the workforce have found
part-time employment. The factors noted above have contributed to some major disparities across regions where rates in excess of 13% have continued to prevail in areas centred on former manufacturing centres (see McGuire 2001).

The decline of key sectors of industry and categories of employment is central to a new phenomenon that has emerged in the lexicon of Australian labour market studies—that of long-term unemployment. The average duration of unemployment has increased from three weeks in the 1960s to 52 weeks in 2002 (ABS 2003g). About a quarter of those unemployed are classified as long-term unemployed; that is, they had been out of work for 52 weeks or more. The average duration of unemployment for this group was 169 weeks in 2002 (Burgess et al. 2003).

**Divergent working hours and underemployed labour**

The clear trend in working hours is toward employment characterised by increasingly long hours of work, on the one hand, and part-time work with too few hours to meet the needs of many employees, on the other. Changes in industrial relations and labour market regulation concerning, for example, penalty rates for overtime and the regulation of shift work, have precipitated changes in the
'normal span of hours' and in unsociable hours. Consequently, employers have increasingly addressed employment flexibility through hours adjustment rather than through reductions in the number of persons employed although both processes are quite prevalent (see Burgess et al. 2003; Campbell 2002a; Gully & Ngo 2002; Watson & Buchanan 2001). Unpaid overtime has also become a significant phenomenon in Australia (Campbell 2002b).

The growth of extended working hours has characterised the Australian workforce during the past two decades. Data presented by Campbell (2002a) indicate a relatively large and growing proportion of full-time employees who are working a substantial amount of extra hours. In particular, these data show that the proportion of males working very extended hours (50+) has increased from 14.7% in 1985 to 25.3% in 2000 (Campbell 2002a: 95).

In contrast, one of the most significant aspects of the labour force data is the almost threefold increase within three decades in the proportion of the workforce who are employed part-time. Part-time work has increased
significantly from 3.2% to 15.2% of jobs for men and from 26.1% to 45.5% of jobs for women in the period 1970 to 2003 (ABS 2003g). Part-time employees are defined as those working for fewer than 35 hours per week. The actual hours are much less, averaging approximately 17.7 hours per week in 2003 (ABS 2003b). Currently, 53.4% of female employees compared with 84.9% of male employees are engaged in full-time work while women make up 71.3% of the part-time workforce.

A large and increasing percentage of the part-time workforce is so employed because there are insufficient full-time jobs. In 2002, about 22% of part-time employees indicated that they would prefer to work more hours and the numbers in this category have increased by over 25% in the past decade (ABS 2003d). Most (73%) male underemployed, part-time workers wanted full-time work but job opportunities were scarce with 43% reporting that there were too few jobs available for the number of applicants, no vacancies in their line of work or simply no vacancies at all (ABS 2003d).

The ABS produces a labour force underutilisation rate that includes both unemployed persons and underemployed persons (ABS 2003b:17-23). At 1.2 million persons, or 12%, of the labour force, this is almost double the unemployment rate in 2003. When the increasing number of additional persons who have dropped out of the labour force but who will return if jobs become available is added to this total the number of job applicants to vacancies (ABS 2003e), especially for full-time jobs, becomes a problem of substantial proportions both for workers and for society more broadly.

Non-standard forms of employment: Casual work and home-based work

Paralleling the growth of part-time work has been the significant development of casual work. One of the most notable outcomes of the shift to enterprise bargaining has been a significant increase in 'numerical flexibility' or the ability of employers to respond to changes in demand by increasing or decreasing the number of casual employees or adjusting the hours they work (Watson & Buchanan 2001). Casual work is generally characterised by an expectation that the employment relationship can be terminated at any time. Casual workers are also identified by their exclusion from statutory benefits such as paid annual leave or paid sick leave entitlements which are available to other employees. Employees who work on a casual basis have increased from around 13% of all employees in 1982 to 27.3% in 2000 (see Campbell & Burgess 1997, 2001; Preston 2001; see also Whitehouse et al. 1997). In the decade to 1998, the percentage of male casual employees increased by 115% (ABS 1999).

The vast majority of part-time workers are employed as casuals with 80% of male part-time jobs identified as casual (Preston 2001). The incidence of casual employment is much higher in small firms and also among young workers (Wooden 1996). Part-time casual work characterises employment in "Retailing"
and in 'Accommodation, Cafes and Restaurants'; however, there is an increasing proportion of employees in full-time casual work in 'manufacturing' and 'construction' leading Watson and Buchanan to comment that 'former "traditional" full-time jobs (standard employment) are being converted into "precarious" jobs (non-standard employment)' (2001: 198). A great deal of the growth in casual employment may be attributed to employers contracting out work from permanent employees to subcontractors, labour hire companies and employment agencies.

Another significant contemporary trend in non-standard employment conditions in Australia concerns the increasing prevalence of homeworking or 'those who use their homes as their primary workplace'. Some of these changes are facilitated by new information technologies that allow trusted, often professional employees to 'telecommute'. However, many such developments, particularly in the 'Textile, Clothing and Footwear' industries, are more likely to be driven by economic concerns to shift the employment status of permanent employees to that of pieceworkers paid only for each specific item that is produced. Many such arrangements are also designed to shift the cost of accommodation, equipment and other overhead costs from the employer to the homeworker.

Data on those working from home are difficult to collect as many homeworkers are part of the hidden economy of those working outside of the ambit of employment regulation. Nevertheless the ABS estimates that approximately 20% of all workers perform some work at home and those classified as 'homeworkers' constitute more than 10% of the workforce (ABS 1995). By far the greater percentage of homeworkers are women (67%), while people from ethnic minorities, people with disabilities and those from non-English-speaking backgrounds also often find employment as homeworkers. Most (over 60%) are paid an hourly rate and 70% are casual employees (ABS 1995; see also Lafferty & Whitehouse 2000; Lafferty et al. 1997; ABS 2003c: 141–5).

Homeworking provides employers with extensive opportunities for flexible working arrangements and the opportunity to evade employment regulations (Burgess et al. 2003). Only 3.7% of homeworkers are protected by union membership (ABS 1995) and much work at home falls outside of collective agreements and other forms of employment regulation. Many homeworkers have long working hours with virtually no bargaining power and few career prospects (see Brosnan & Thornthwaite 1998). As Burgess et al. put it, 'the dark side to the potential benefits of telecommuting and the extension of home based work is the loss of choice, the loss of entitlements and the extension of working hours' (2003: 140).

In concluding this section, it is important to emphasise that the employment growth that has recently characterised the Australian economy has not led to a significant reduction in unemployment. The new jobs that have been created have provided part-time and casual work that has in many respects failed to meet
the aspirations of those seeking employment or those who have been displaced from existing jobs. Continuing high levels of unemployment, underemployment and employment in low-paid non-standard jobs has been the result. These outcomes have been strong contributing factors to the significant increase in poverty and social inequality which has occurred in Australia over the past decade. The following section offers some further analysis of this key issue for political decision makers.

The social costs of political change
In most contemporary accounts, the labour market tends to be portrayed as an abstract concept describing social processes at a macroeconomic level. However, it needs to be remembered that the labour market is a concrete element of the social structure which determines inequalities in income, wealth and status as well as the social and political power of particular categories of people in Australian society. The aim of this section is to identify some of the dimensions of disadvantage in the labour market both for particular social groups and for Australian society more broadly.

Growth in non-standard forms of employment has been evident in all sections of the Australian labour market as employers, abetted by political decision makers, have demanded more flexible employment conditions and working arrangements (Burgess 1997; Burgess & Campbell 1998). While it is possible to conceive of these changes as responses to the preference of particular categories of workers for part-time employment and the transformation of the workplace to accommodate more flexible working arrangements, the reality is that most of the new jobs involve a deterioration of working conditions (Watson & Buchanan 2001). There is no doubt that the growing army of workers in these jobs receive inequitable treatment with respect to promotion, training and conditions of service. They are faced with a radically altered form of career which is likely to involve multiple organisations and different forms of work (see Norris & McLean 2000).

Particular social groups have borne a disproportionate share of the costs of these trends that characterise the contemporary Australian labour market. The material that follows focuses on female employees, new entrants to the labour market and the economic circumstances faced by the long-term unemployed.

The labour market position of women
At the beginning of the twenty-first century after decades of equality policies in the workplace it could easily be argued that we are now in an era of equal opportunity for men and women. The formal implementation of equal opportunity policies is widespread and consciousness of gender issues permeates most workplaces. However, conventional equality policies have had only a very limited impact on women’s position in the labour market (see Strachan & Burgess 2000; Boreham et al. 1996). As Wajeman demonstrates, this outcome is
not simply the result of a failure to pursue reforms with sufficient vigour. Rather it is an inability to challenge male organisational cultures and the power of men to determine occupational success within work organisations (Wajeman 1998: 29).

Women have often been pushed to the periphery of the labour market. They currently occupy 71.3% of all part-time jobs, 67% of homeworking jobs and 54.5% of all casual jobs. The empirical evidence demonstrates the high concentration of women in particular, often lower status, occupations. In 2002, 75.9% of all employed persons in ‘Clerical and Service’ occupations were women, the percentage for ‘Elementary Sales Workers’ was 68.5, while 60% of all ‘Cleaners’ were women. In contrast, women made up only 29.5% of ‘Generalist and Specialist Managers’ (ABS 2003b). In spite of some encouraging trends, occupational segregation by gender seems likely to remain a feature of the Australian labour market. While casual employment remains more prevalent among women with 32.3% of all female workers employed on a casual basis compared with 25% for males (Preston 2001), there will be large gender gaps in paid leave, sick leave and superannuation (Preston & Austen 2001). Thus, the relatively low economic returns associated with peripheral employment roles (Whitehouse 2001) tend to perpetuate the social disadvantage faced by groups such as single-income families headed by women and low-income families dependent on two wages.

There remains a view that the increase in casual work and part-time jobs will provide security while allowing women to concentrate on other needs and responsibilities, particularly childcare. However, the growing interest in permanent part-time work has been driven as much by a flexibility agenda by employers who have been able to adjust both the number of persons employed and the hours worked to meet annual, monthly and weekly fluctuations in business activity (Whitehouse et al. 1997; see also Still 1997; Junor 1998; Burgess 1997; Boreham et al. 1996a). Labour market deregulation involves both costs and benefits but there is accumulating evidence that the costs are borne disproportionately by women in non-standard employment (see Boreham et al. 1996b).

**New entrants to the labour market and young workers**

One of the most significant impacts of changes in labour market regulation has been on the employment conditions and career prospects of new entrants to the labour market. In particular, young workers in the 15–24 years category have been subject to a transformation in conditions of employment during the past three decades. Table 16.1 portrays some of the key characteristics of the labour market faced by young people entering employment in 1966 compared with those faced by young employees in 2002. The data clearly show the dramatic increase in the incidence of part-time (and casual) employment as full-time entry-level jobs in industry have diminished to be replaced by part-time work in services and retailing (see Wooden 1996). An increase in participation in higher
education has removed a large number of young people from seeking full-time employment (although the labour participation rate for those attending a tertiary education institution full-time stands at 70% in 2003). Of those who remain, unemployment rates of 17% indicate that the outlook is increasingly unlikely to involve secure, full-time employment. In particular, many of those in regional locations, Indigenous communities or from non-English-speaking backgrounds will be victims of the significantly increased rates of youth unemployment and underemployment (ABS 2003b).

### Table 16.1: Characteristics of the youth labour market: 1986 and 2002

<table>
<thead>
<tr>
<th>15-19 year olds</th>
<th>Males (%)</th>
<th>Females (%)</th>
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<tbody>
<tr>
<td>Participation rate</td>
<td>1986: 66.5</td>
<td>62.4</td>
</tr>
<tr>
<td></td>
<td>2002: 58.5</td>
<td>60.0</td>
</tr>
<tr>
<td>Part-time share of employment</td>
<td>1986: 5.2</td>
<td>6.0</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>1986: 2.5</td>
<td>4.0</td>
</tr>
<tr>
<td></td>
<td>2002: 17.7</td>
<td>15.7</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>20-24 year olds</th>
<th>Males (%)</th>
<th>Females (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation rate</td>
<td>1986: 93.0</td>
<td>57.0</td>
</tr>
<tr>
<td></td>
<td>2002: 85.6</td>
<td>77.2</td>
</tr>
<tr>
<td>Part-time share of employment</td>
<td>1986: 3.5</td>
<td>14.1</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>1986: 1.4</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>2002: 11.0</td>
<td>9.4</td>
</tr>
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Source: ABS Cat. No. 6203.0 (2003g).

### Unemployment and social inequality

Unemployment affects the lives of those directly affected. It impairs the life prospects of those whose careers are limited. Ultimately, unemployment impacts on the economic and social fabric of society as a whole as labour market outcomes tend to reinforce and reproduce social inequalities. Unemployment not only means a loss of economic security but it also feeds poverty and social dislocation as the ties of civil society are severed—evidenced, for example, in crime and violence and acts of self-destruction. The unemployed are significantly overrepresented among people who appear before the courts while suicide rates for unemployed males are twelve times the average rate. In general, unemployment severs an important set of social relationships without which many people have little support or security in dealing with often profound economic hardship.

In 2003, 43.0% of unemployed persons had been unemployed for 12 months or more while 47.7% of unemployed males in the 35-54 age group had been out of work for two years or more (ABS 2003b). The social and economic costs of
current labour market conditions impact very heavily on the long-term unemployed. Labour market outcomes for this group, in particular the inability to find work in the long term, were clearly related to other elements of socio-economic disadvantage (ABS 1998). As Saunders concluded from a study of employment and poverty in Australia in the 1980s, the rise in unemployment ‘left its mark in terms of a “new poor” comprising working age families, many with children, whose unemployment condemned them to a situation of joblessness and poverty’ (1990: 41).

One of the key developments in the labour market revealed by research undertaken by Gregory (1993) was that almost all of the net growth in men’s employment between 1970 and 1990 occurred in the lowest income quintile. An attendant marked decline of middle paying jobs in both the public and private sectors is likely to see experienced, displaced workers occupying lower-level positions that would otherwise have been available for unskilled workers thus exacerbating the problems of unemployed low-skilled workers. Paralleling these changes is evidence of rapidly rising real incomes for those in the highest income bracket (Saunders 2002; Fincher & Saunders 2001). The resultant extension of the distributional ranking, which allows the highest income earners to extend their advantage over those below them, is a natural consequence of the market-oriented policies that have been pursued in Australia.

The overview of the data relating to work, employment and unemployment in Australia presented in this chapter suggests that changes in labour markets, the organisation of employment and industrial relations systems since the mid-1970s have had adverse consequences for many Australian employees and their dependants. This adversity has affected different social groups in different ways: declining employment opportunities and declining wages have affected men seeking full-time work with devastating consequences for families dependent on a male ‘breadwinner’, increasing casualisation and the proliferation of part-time (in place of full-time) employment have provided both men and women with some labour market opportunities but they remain disproportionately locked into jobs characterised by low pay, poor conditions, limited career opportunities and low levels of job security. Tight labour market conditions, inadequate training and low returns on education have compounded the predicament of disadvantaged social groups, particularly Aboriginal people, youth and migrants (see Foster & Hawthorne 1998). Present trends suggest a deterioration rather than an amelioration of these conditions.

**Politics, policies and the future of employment**

The momentum of orthodox economic prescriptions concerning the efficacy of unfettered markets to clear unemployment has produced a policy agenda dominated by a vocabulary of labour market flexibility. It needs to be clearly understood that this means low wages, insecure jobs and declining employment
conditions (see Reserve Bank of Australia 1993). The same policy orthodoxy has created a context for these changes which has involved the dismantling of the two key elements of social protection in Australia—the centralised system of wage determination and the comprehensive system of industrial awards that established the conditions of employment. Wage determination at the enterprise level has promoted a marked increase in wage dispersion (Saunders 2002: Ch. 7). Low-paid workers whose wages scarcely lift them above the poverty line have made the term ‘working poor’ a reality of the Australian labour market. The ability of the social security system to provide adequate levels of social protection has been severely compromised by these developments. The tensions placed on the social fabric have affected the lives of most Australians. Yet these results have not occurred as a result of capricious forces that lie outside of our understanding or our control. On the contrary, they are outcomes of deliberate political choices and more recently a lack of political will to redress the mistakes of past decades.

Politics can be defined as the efforts of a community to control its destiny by arranging collectively for the solution to problems which are not amenable to individual solution. But politics is now itself subject to utilitarian forces through which collective or public forms of decision making, values and knowledge have been replaced by individual needs, privatised self-interest and individual economic calculation (see Walter 1996). During the 1980s, these forces encouraged what might be termed a depoliticisation of the problem of unemployment. Despite the experience and lessons of the 1930s, governments have demonstrated an increasing reluctance to intervene directly to achieve full employment. Throughout the 1980s, a high degree of consensus emerged among professional economists in the finance sector, in the media, in academia, in the public sector and in the political realm that the task of government was to improve the functioning of labour markets. This was apparently expected to bring about the most efficient allocation of resources in accord with the preferences of individual employers and employees and was expected, in turn, to lead to low or optimum levels of unemployment.

The outcomes of this policy milieu have been, to a very great extent, self-fulfilling. That is, as regulatory institutions have been eliminated or have had their realm of activity greatly circumscribed (e.g. in industrial relations and wage fixation) and as other regulatory practices have been removed or diminished (e.g. termination of employment, shiftwork regulations and penalty rates), public policy interventions have increasingly and overwhelmingly given way to determination by market forces. Restrictive macroeconomic policies and regressive industrial relations approaches both purportedly designed to ‘fight inflation first’ had the imprimatur of ‘the market’ even though the consequences were non-standard employment, precarious employment conditions, significantly increased unemployment and underemployment and increasing social inequality.

The contemporary focus of Australian business is on short-term profitability and shareholder value at the expense of long-term commitments to the workforce.
Associated management practices manifest themselves through contracting out of support services, encouragement of decentralised industrial relations and labour market interventions which increase the proportion of work which can be undertaken by casual employees, subcontractors or outworkers (Boreham et al. 1996). Employees are the clear losers in this process. They suffer not only from a deterioration in job security and conditions of employment but also from repressive legislative interventions which weaken the ability of trade unions and industrial institutions to support working arrangements that minimise risk, insecurity, competition and uncertainty.

Current government policies aimed at microeconomic reform focus on the ability of the labour market if unfettered by government regulation to clear the surplus of labour. The aim is to reduce unit labour costs. The policy vocabulary is one of flexibility for management to redeploy labour outside of the constraints of custom or legal convention. Microeconomic reform also concentrates on intervening in the social and historical structures which have determined how work is done and the social relations through which it is collectively organised. Both of these developments are fostered by a deregulation of employment and labour market conditions and an accompanying shift from more centralised regulatory structures for the control of wages and industrial relations to unregulated bargaining at the workplace level. Labour movement goals achieved through the political process and enshrined in legislation or regulation are whittled away. The ability of the organised labour movement to contest these changes is significantly reduced through enterprise-level negotiations where employers are more likely to hold sway particularly in times of high unemployment.

Governments under pressure to create jobs at any cost and who pursue these policies will need to pay very serious attention to questions about the nature of the new jobs that have been created and the extent to which they fulfil the aspirations of current and potential employees. The ability of the national economy to sustain a restructuring of industry and employment favouring sectors in which skill formation, innovation and the development of secure careers is scarcely able to be contemplated in the present policy milieu.

In their efforts to dismantle the institutions that ameliorated the social impacts of the labour market, policy makers have cultivated an environment in which social inequality has begun to intensify. The results are likely to be social alienation of communities and social groups and the potential for political instability. This in turn draws attention to the delicate balance between labour market policies and welfare policies. Current policies have focused on ‘welfare dependency’ and have therefore sought to encourage welfare recipients back into the workforce. The concept of ‘mutual obligation’ has provided the ideological background against which these policies of moving the unemployed from state welfare to self-reliance on the labour market have been played out.
The material consequences of these policies for the unemployed centre on three key issues. The first is the extent to which there is a realistic prospect of finding work. Compulsory engagement in job search, education and training programs is of limited value to the extent that the number of unemployed or underemployed applicants for each available vacancy stands at least 15 (ABS 2003b: 23). The effect is simply to change the order of the unemployment queue, not to create more jobs. The second issue is that enforcing paid or unpaid work on those who are on welfare benefits is most likely to increase labour supply at the low end of the labour market. It is not clear that wages now paid to many such workers are sufficient to sustain an appropriate level of economic self-sufficiency. Moreover, unless regulatory interventions are put in place to guarantee minimum incomes, the result will almost certainly be further downward pressure on wages and conditions at the lower levels of the labour market (see Saunders 2002: 226–9).

The 1983–96 Labor government in Australia initiated a renewed public discussion of the policy aspects of unemployment, through the Green Paper, *Restoring Full Employment*, in 1993, and subsequently in the White Paper, *Working Nation*, in 1994 (Australian Government 1994). Since the change of government in 1996, there has been very little official enthusiasm for any direct approach to the ongoing problem of unemployment and this has now become a phenomenon that characterises contemporary politics. In their critique of the policy orthodoxy of the moment Langmore and Quiggin conclude that a large part of the fault lies with those incumbents of political office who have developed a narrow view of what can be achieved through politics (1994: 235).

The manner in which policies interact with social structures and political institutions to achieve economic outcomes is illustrated by Boreham *et al.* (1999). Their historical, comparative study shows that an array of public policy approaches centred on manufacturing industry development, labour market strategies and training, the direction of investment through government industry policy, the determination of public capital expenditure to provide the infrastructural support for private investment and centralised incomes policy all have strong positive effects on unemployment. The critical element suggested by this analysis concerns the significant role to be played by political institutions in acting as a conduit for policy development and implementation. Governments, they suggest, have considerable room for policy manoeuvre but fail to exhibit the political will to do so.

The alternative approach favours strategic political intervention and regulation not only to create employment but also to ensure that if it is created in ways that meet socially desirable goals and values. Most important is the commitment by governments to policies directed towards maintaining low levels of unemployment and the development of permanent political institutions to implement these policies (Thorburn 1986; Boreham *et al.* 1999). A second issue is the need to allow labour movements and industry representatives to have a broader institutional
participation in economic policy in order to introduce a longer-term perspective on industry development and employment on to the policy agenda (Boreham & Hall 1994). The final set of measures, in part an outcome of the former, for which there is considerable empirical support (Boreham & Compston 1992) concerns the implementation of policies concerned with public infrastructural development, industry policy and active labour market policies (see Green & Burgess 1987). Under these circumstances, there is a high probability that developments in the organisation of employment will move beyond a narrow focus on short-term enterprise profitability to accord with broader national interests and the aspirations of working people.

Further reading

Boreham et al. (1999) in Room to Manoeuvre: Political Aspects of Full Employment provide a detailed comparative and historical analysis of Australia’s economic performance and its impact on employment. The authors show how Australia’s neo-liberal policy framework has led to a significant decline in the quality and quantity of employment compared with what has been achieved in many other industrial nations. They conclude that a more assertive national policy focus on industry, employment and the economy is required to restore full employment and economic wellbeing. The contributors to The Unemployment Crisis in Australia: Which Way Out? edited by Ball (2000) argue that the main macroeconomic policy priority has been a two-decade-long fight against inflation waged with policies that have made unemployment worse. These policy prescriptions have been implemented in the context of structural change in the economy that has eroded the central role of manufacturing as the engine of employment. The overall result has been a significant increase not only in unemployment but also in wage inequality.

Langmore and Quiggin (1994) in Work for All: Full Employment in the Nineties provide a comprehensive analysis of the dimensions of unemployment and the human, social and economic costs that are associated with Australia’s unemployment record. The latter sections of the book critically examine the public policy approaches adopted in Australia that have been responsible for unemployment and articulate proposals for policy innovation that would contribute to achieving work for all. The authors of the Australian Centre for Industrial Relations Research and Training (ACIRRT) publication Australia at Work: Just Managing? (1999) examine the implications for working life arising from the neo-liberal policies pursued in Australia since the mid-1980s and the regulatory and institutional changes that have accompanied them and changed the face of employment and industrial relations. They emphasise the core issues of earnings, hours and job security and provide a thematic study of how notions of efficiency and competitiveness have been emphasised at the expense of equity and fairness in contemporary approaches to workplace change.

Australia at the Crossroads: Radical free market or a progressive liberalism by Argy (1995) presents a comprehensive review of Australia’s economic performance against the background of the radical free-market agenda that has dominated
policy models. Argy argues that, after 20 years of rapid economic change following the free-market policy prescriptions, Australia has stubbornly high unemployment, increasing job insecurity and a deteriorating work environment. The book provides a systematic critique of the radical free-market approach and advocates an alternative political and social agenda.

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