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RESTRUCTURING THE AUSTRALIAN LABOUR FORCE: FROM FULL EMPLOYMENT TO WHERE? ¹

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Profound and widespread workforce restructuring has taken place in nearly all OECD countries over the past two decades. The course of restructuring has been catalogued for Britain (Allen, 1988), USA (Bluestone and Harrison, 1982), France (Caire, 1989) and Australia (Barlow, 1991). Of course, change in labour markets is an integral part of the process of economic growth, so restructuring of the workforce is hardly a new phenomenon. However, the nature of recent changes to the workforce raises some important questions about the future of work into the next century.

Will there be sufficient work available to serve the needs of those who desire employment? Can traditional working patterns and work arrangements survive the impact of technology and labour displacement? How are the material needs of individuals to be supported if access to full-time employment is restricted? These questions are far from futuristic speculation. High unemployment rates together with dramatic shifts in workforce composition have forced the Federal government to evaluate these issues (DEET, 1991; Green Paper, 1993). The official policy prognosis remains largely optimistic and conventional in stressing the need for appropriate supply side policies combined with stable macroeconomic management (White Paper, 1994). However, the underlying shift in the employment regime has not been addressed.

¹ This article has benefited from the critical comments and suggestions of Gavan Butler, Evan Jones, Frank Stilwell and an anonymous referee. The usual caveats apply.

The key issue which needs to be addressed is the growing insecurity of employment over the past two decades and the reasons behind this development. Over the past 20 years employment has become more insecure, partly because of the growth of insecure employment arrangements such as casual employment, and partly because of pressures undermining permanent full-time employment. This paper assesses these changes and evaluates them in the context of previous historical experience. What changes have occurred in the industry, gender and occupational composition of employment? What changes have occurred in working time arrangements and in payment arrangements? Is the recent period of high unemployment combined with the growth in casual working arrangements unique? In order to address these questions the following discussion provides a brief overview of the workforce developments throughout the century and then considers two distinct periods since 1945. The 1945-1973 period was characterised by relative growth, stable economic conditions and full-employment. In contrast the post 1974 period has been one of relatively low growth, high unemployment, and economic instability. These past two decades represent a significant break with the previous regime governing employment in Australia. More precarious employment forms such as casual and part-time employment are flourishing. The centralised wage determination framework is giving way to a decentralised framework. Wages and working conditions are under constant threat from high unemployment rates, internationally mobile capital, state deregulation policies, attacks from employers and the ideological imperative of labour flexibility (Campbell, 1993). The nexus between work, income and minimum living standards has been systematically eroded. The final section of the paper considers the implications of these changes, especially in the context of the recent policy documents on unemployment (Green Paper, 1993; White Paper, 1994). The 'shape of things to come' (Massey, 1988), while always difficult to predict, seems likely to bring more of the same: the growth of insecure employment and a gradual dismantling of the regulatory regime governing employment in Australia.

The analysis uses conventional aggregate workforce measures to describe workforce developments which gloss over developments at the more micro level including regions and cities, and within firms and workplaces. Recent assessments of employment transformation have acknowledged that the observed manifestations of change also transmit considerable

institutional and political change across the labour market.² Each industry has its own history of industrial relations and trade union organisation; it is subject to different forms of government assistance, taxation and regulation; it is unevenly distributed spatially; and it has its own industrial structure and competitive regime (Storper and Walker, 1992). For these reasons the following analysis can at best be only partial and suggestive.

Historical Overview³

Since the turn of the century the following broad features and developments have characterised the Australian labour force:

- a decline in male labour force participation rates alongside an increase in female (especially married females) labour force participation rates. The process was disrupted, and given a temporary acceleration in the case of female participation rates, by the effects of the two world wars (Withers, 1987, 264).⁴

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- 2 A case in point is the growth in service sector employment in combination with increasing female participation rates and part-time employment growth. Labour has been traditionally fragmented with low union densities in the private service sector, females have been segregated into low paying occupations with low union densities. In concert with part-time employment growth these trends have contributed to a fragmentation of labour and a decline in trade union densities. Though, it should be added that trade union policies, especially towards females, also have made a contribution towards this outcome (Berry and Kitchener, 1989).
 - 3 The development of the Australian labour market in the twentieth century has been documented in the mainly statistical studies based on conventional labour force concepts and data by Butlin and Dowie (1969), Keating (1973), Barnard, Butlin and Pincus (1977), Withers (1987) and Boehm (1993, ch.3). Institutional developments have been documented by Hagan (1981), Hancock (1984) and Deery and Plowman (1991). The shortages and breaks in official data, periodic revisions and changes to definitional and measurement techniques (Scherer, 1978), together with the unusual effects on the labour force generated via the participation in two world wars, makes it difficult to develop a detailed statistical breakdown for the history of the Australian labour force. Butlin (1977, 3) suggests that only labour force data post-1948/49 can be regarded as being both consistent and accurate.
 - 4 Female participation rates increased sharply during WW2 and fell just as sharply in the immediate post war period. Female employment increased by 32 percent over the war period and fell by 14 percent in the 2 years following the war (Keating, 1973, 388-389).

- the overall stability of aggregate labour force participation rates despite major gender, compositional and demographic changes to the labour force. The effects of an ageing population, increased school retention rates, increasing participation in post-secondary education and falling male participation rates have been offset by the increase in female participation rates (Withers, 1987, 264; Foster and Stewart, 1991, 152).
- reliance upon immigrant labour to augment the domestic labour supply and to overcome domestic skill shortages, especially in the post WW2 period (Horn, 1975, 13; Foster and Stewart, 1991, 149).
- generally the low rates of unemployment prevailing in 1900-20 and 1940-74, contrasting with the periods of persistent high unemployment rates in 1920-40 and 1974-93.
- a growing share of public sector employment 1910-45; its stability thereafter followed by an increase in the 1970s and its decline in the 1980s.
- the share of employees in total employment was stable at about 75 percent and that of non-employees at 25 per cent until the mid 1930s; thereafter the employee share increased to over 90 percent by the early 1970s, declining to 85 percent by the late 1980s (Keating, 1973, 392; Burgess, 1991a, 22).
- significant shifts in the sectoral distribution of employment. The agricultural share has declined throughout the century from about 25 percent to less than 5 percent; manufacturing employment was stable at 20 percent up to WW2, increasing its share to around 30 percent by the mid 1950s, declining to about 12 percent by the early 1990s; the share of building and construction has remained relatively stable at around 8 per cent of the workforce; while the tertiary and quaternary sectors increased their share of employment throughout the century from about 40 percent to around 75 percent. In the post 1945 period the share of service sector employment has remained constant, while

that of quaternary sector employment increased, especially in the community services sector⁵ (Boehm, 1993, 82-83).

- changes in the occupational composition of the workforce reflect the above industrial composition trends.⁶ Thus, there has been a secular decline in the shares of farmers, farm workers, miners and craft-workers while the shares of professionals/managerial, clerical workers and sales workers have increased (Withers, 1987, 261; Foster and Stewart, 1991, 160).

These developments conform with standard patterns of economic development (Chenery and Syrquin, 1975) and are summarised here in order to provide a broad historical perspective to the following discussion of recent labour force developments. Some changes, such as the growth in service and quaternary sector employment and increasing female participation rates, are long term. Others, such as the recent growth in non-employee status and high rates of unemployment, represent a return to a pre WW2 labour force trend. The decline in the share of public sector employment is a development unique to the recent period of Australian economic development.

On the institutional side, major developments include the growth of the centralised industrial relations system and the widening coverage of federal awards, the development of key national wage determination principles and the gradual decline in the number of trade unions in association with their consolidation, largely as a result of the above structural changes to the workforce composition. This process has been neither smooth nor systematic; many of the institutional changes being precipitated by strikes, economic recession or legal developments, especially in the domain of constitutional law (Hancock, 1984).

5 Boehm (1993, ch.3) breaks down the industrial trend over the century into the goods and non-goods producing sectors. He also differentiates between the service sector and the quaternary sector. The point of the differentiation is to demonstrate that in the post-war period that the relative employment share of traditional services (trade, utilities, transport and communication) has remained stable, while the relative employment growth has occurred in the quaternary sectors (finance, community services, public administration and recreation).

6 Occupational classifications are less reliable than the industrial classifications.¹ One problem with historical labour force analysis is the lack of continuity in the ABS occupational classifications (Scherer, 1978).

A Distinctive Regulatory Regime?

These developments in part explain the evolution and consolidation of a full-time, male-dominated, regulated employment regime. In part the institutional and legal context established by the Commonwealth Conciliation and Arbitration Commission (CCAC) allowed for the development and enforcement of national wage and employment standards. This was supported by the success of trade unions in recruiting and organising the workforce across sectors associated with male, full-time employment.⁷ The successive expansion of the public sector, through the support of the war effort and subsequent phase of post-war reconstruction, assisted in reinforcing standard employment conditions and in establishing national employment codes. In addition, tariffs supporting the manufacturing sector underpinned investment and employment conditions in that sector. There thus ensued a regulatory regime where government intervention, assisted immigration and tariff assistance underpinned a national wage regime based on solidaristic wage settlements administered by the CCAC.

The period from 1945 to the late 1960s was one of sustained growth and relative stability. In this time the standard, full-time employment regime was consolidated and extended (Rodgers, 1989). This era has been identified as the high point of Fordism in the advanced capitalist economies; that is, a regime of mass production and rising living standards being able to support full employment and continuous capital accumulation underpinned by stable industrial relations and stable domestic and international macroeconomic conditions (Lipietz, 1992, ch.1). The ongoing areas of concern for employment policy were labour shortages and recurrent industrial disputation. In Australia the latter arose largely as a result of the fundamental tension between a national regulatory wage regime and various forms of collective bargaining, especially in the area of over-award payments (Dabscheck and Niland, 1981, 332). Behind the facade of prosperity there were on-going political tensions associated with the cold war. This manifested itself in the considerable conflict within the trade union movement and the ALP

7 The trade union density peaked in 1954 at 68 per cent. The female trade union density peaked in 1945 at 52 per cent. In general the female trade union density has been around two thirds of the male trade union density. In turn females accounted for less than a fifth of trade union members (Dabscheck and Niland, 1981, ch.5).

involving the Catholic Social Studies Movement (Industrial Groupers) and the Communist Party (Hagan, 1981, ch.8).

The regime of centralised and national wage determination allowed for the implementation of a surrogate national incomes policy. National wage determination incorporated a minimum or basic wage⁸ through which employment generated an income compatible with a CCAC determined minimum standard of living. In return for paying minimum wages employers were compensated in three ways. First, the minimum wage was linked to the protection afforded by tariffs from 'cheap' labour based imports. Second, the minimum wage ensured that domestic competitors could not gain competitive advantage through wage cutting. Third, labour shortages were offset by a programme of mass immigration.

Another equity aspect built into the national wage system was that it became a mechanism for delivering the benefits of productivity growth across the workforce. National wage case determinations generated a minimum productivity dividend across the workforce regardless of the productivity growth rates in individual enterprises and sectors. This process was, however, not uniformly or consistently applied over this period. The CCAC abolished quarterly wage indexation in 1953 and until 1958 the basic wage was all but frozen and wage dispersion increased (Hagan, 1981, ch.9)⁹. Distribution of productivity gains beyond the national dividend was the province of over-award bargaining (Dabscheck and Niland, 1981, ch.12).

However, the application of equitable wage principles was largely gender specific. The basic wage applied to a male full-time employee with dependents in on-going employment. In contrast, lower rates of pay and lower minimum wage rates were institutionalised for females whose work was regarded as supporting a single person's 'need' and whose

8 The basis of the Harvester judgement, subsequent criticisms of it and the 1919 Royal Commission into the minimum wage are all reviewed by Hancock (1984). Hancock (1984, 64) claims that there was little basis for the 42 shillings per week determination by Justice Higgins for unskilled labour apart from the fact that it was the standard wage rate that applied in Melbourne during the more buoyant years of the 1890s.

9 The 1960s saw considerable fluidity and tension in wage determination principles. Both the CCAC and the ACTU were torn between basic wage adjustments for low paid workers (the needs principle) and margin adjustments for skilled and industrially strong workers (the capacity to pay principle). To circumvent the tension total wage increases were granted from 1967.

participation in paid work was regarded as transitory. Females were also segregated into a small number of relatively low paying occupations such as salesworker, garment worker and clerical worker (Eccles, 1983). In general, females were located on the periphery of the labour force, even in the post-1945 period when strong economic growth generated severe labour shortages.

Maintaining a minimum standard of living and distributing productivity gains with equity across the workforce were important areas of Australian social policy administered not by the legislature, but by the CCAC. This implicit social policy function was underpinned by full-time waged labour, a high rate of unionisation, a high rate of award coverage across the workforce and an assumed family structure based on the male 'breadwinner.' It was also dependent upon the decisions of the CCAC having wide currency, either directly through federal awards or indirectly via flow-ons through State tribunals. This was in part facilitated by the strong growth in federal government employment and by the growth in direct federal award coverage as a consequence of the increasing national integration of the economy.

1945 to 1974: Full Employment and Employment Security

The 1945-1970 period is seen by many as representing the 'golden age' of growth across most Western economies (Maddison, 1980, 248-259). Per capita Australian consumption doubled in the period 1940-70; whereas it had increased by a mere 10 percent in the period 1880-1940 (Maddock, 1987, 79). Reconstruction and resettlement after the war, combined with a growth in world trade and investment, assisted in spreading the growth process between advanced economies. In Australia the key features of the period were:

- the expansion in public sector infrastructure/capital expenditure and the general increase in private investment following the stagnation of investment and the ageing of the capital stock during the inter-war period (Maddock, 1987, 82);
- a significant foreign capital inflow to support the development of the mining sector and the growing manufacturing sector;
- the mass immigration program of the 1950s and 1960s;

- the expanded protective support for the manufacturing sector¹⁰. Both agricultural and industrial protection was extended by the Menzies government, reaching its summit in the 1960s McEwin era (see Capling and Galligan, 1992, ch.3).

Policy makers across the leading Capitalist nations made a commitment to strategies promoting economic growth and to the maintenance of full employment; in Australia this was articulated through the 1945 White Paper on Full Employment presented by the Chifley Labor government.¹¹ Finally, the period was characterised by general economic and political stability at the national and international level (Maddock, 1988), the latter assisted by the US financed post-war reconstruction and the expansion in world trade and finance under US leadership.

Within the labour market, the key issues remained the extent and the composition of the migrant intake, and the criteria regulating wage increases. The primacy of the CCAC was extended through the growth of national award coverage and the key status given to national wage cases. However, the CCAC followed a fine, and at times contradictory, line between labour cost/inflation principles and labour income/equity principles that inevitably generated tensions and industrial conflict (Hancock, 1984, 81-85).

The Report of the Vernon Committee (1965) into the Australian economy reflected the continuing legacy of the post 1945 optimism combined with some anxiety over whether the good times would continue. The three employment issues the Vernon Committee (1965, vol.I, ch.4-5) addressed were: the appropriate rate of immigration and population growth, the appropriate policies for increasing labour productivity growth and the administration of wages policy. The major problems identified with respect to employment were those associated with a supply shortage: ensuring that vacancies could be filled; ensuring that the excess demand for labour did not generate excessive real wage pressures and ensuring an

¹⁰ A review of developments and policies in the economy for the post-war period can be found in the Report of the Committee of Economic Inquiry (Vernon Report, 1965), especially vol.I, ch.1.

¹¹ There is a difference between a commitment to full-employment on the one hand, and an active Keynesian strategy of demand management intervention on the other. Growth in the post-war period probably owes more to American leadership and financing of global growth than to the national policy regimes of individual economies. Jones (1988) argues that the relationship between post-war growth and the implementation of Keynesian policies is at best tenuous.

adequate supply of skilled (and cheap) labour¹². Active government participation in and management of the economy was accepted, as was a centrally administered wages policy with an equity element. Immigration was considered as being a contributing factor towards the generation of the post 1945 prosperity (Withers, 1988). Although the extent of industry protection was questioned in the Vernon Committee Report, the rationale for protection and its link to wages and living standards was supported (Capling and Galligan, 1992).

The key labour force features which stand out over this period include:

- almost continuous full-employment, with the estimated unemployment rate rarely exceeding 2 percent (Butlin, Barnard, Pincus, 1977, 50; Foster and Stewart, 1991, 172);
- rates of growth in real GDP, real GDP per capita and GDP per worker were historically high (McLean, 1989, 9; Maddock, 1988, 85). This was held to justify and support the mass immigration program while at the same time it underpinned rising living standards and real wage growth.
- the economy absorbed into the labour force a historically high rate of immigration relative to natural population growth and relative to the experience of the previous two decades (Withers, 1988, 262). The average labour force participation rate gradually increased by around 3 per cent over this period, with married females gradually returning to the labour force after their mass withdrawal after 1945 (Foster and Stewart, 1991, 151).¹³
- there was an occupational shift away from trades-workers, production process workers and unskilled labourers - employment associated with manufacturing, construction and mining. This occupational group was characteristically male, highly unionised and employed under full-time award conditions. This occupational group's share of

12 The irony is that the period coincided with with an initial decline then stagnation in female labour participation rates. No attempt was made to supplement the post-war labour shortages through boosting female participation rates, especially married females.

13 One reason for this was the gradual return to the labour force by females who were forced out of the labour force in the immediate post-war period. Their re-entry was constrained by trade union policy and the gender based wage and occupational structure in the Australian labour force (Eccles, 1983).

employment declined from around 40 to 30 per cent over the period (Foster and Stewart, 1991, 161).

- there was a corresponding decline in the share of manufacturing employment and growth in quaternary sector employment (Boehm, 1971, 61). The reason for the shift in industry shares was largely the dramatic employment growth in quaternary sector employment, rather than an absolute decline in manufacturing employment; for example, communications employment increased by 65 per cent between the 1947 and 1954, finance and property employment increased by 50 per cent between 1954 and 1961 (Boehm, 1971, 61).

This was a period of general prosperity and stability in the Australian economy. Full employment persisted, the majority of the workers were male, employed under craft occupations, unionised, full-time and located in construction, manufacturing and agriculture¹⁴. The perceived labour market problems were those associated with prosperity, the shortage of skilled labour and industrial disputation. The centralised wage determination process was consolidated, though there were disruptions to the system in the mid 1960s associated with the introduction of the total wage concept and the attempts by some employers to absorb over-award payments into the total wage (Deery and Plowman, 1991, 359). Moreover, there was tension within the ACTU between the needs of the low paid workers who relied on basic wage adjustments and the demands of skilled workers who sought margin adjustments (Hagan, 1981, ch.9).

As with other OECD economies the public sector employment share was growing and female labour force participation rates were increasing. Females were granted formal wage equality in 1972, though male-female wage differentials persisted well beyond this date (Deery and Plowman, 1991, 497).¹⁵

14 The workforce composition was not constant over this period. There was a gradual increase in the female share, the part-time share and the service sector share. Taking 1966 as a representative mid-point: the male share was 70 per cent, of which 59 per cent were employed in the primary and secondary sectors and by far the largest occupational group was tradesworker (36 per cent).

15 The "equal pay for equal work" decision was handed down in 1969, though it was to be phased in until 1972. However, differentials persisted well beyond this date largely as a result of the bias in the gender occupational distribution, with females dominating low paying occupations (Eccles, 1983).

Uniformity of working conditions and across-the-board wage settlements restrained wages growth and distributed productivity in line with historical notions of equity in the wage structure (comparative wage justice). It satisfied the need of employers to retain labour in the context of full-employment and to provide specific skills through on-the-job training. The implicit employment contract was secure and the threat of unemployment was remote. The standard employment model complemented and supported the prevailing economic conditions, the institutional structure of the labour market and the gender/industrial distribution of the workforce.

Post 1974: Unemployment and Employment Insecurity

The selection of 1974 as the end of the post war boom for Australia is based solely on the criterion of unemployment. The average unemployment rate jumped from 2.4 percent to 4.6 percent between 1974 and 1975 (Foster and Stewart, 1991, 172)¹⁶, a significant deviation from the low post war unemployment rate. Since 1975 the average annual unemployment rate has not once been below 4.6 percent.

While the timing of the down-turn differed slightly between countries, the general deterioration in employment conditions is apparent across most OECD economies (Jackman, Pissarides, Savouri; 1990, 451). In Australia the extent of deterioration in aggregate economic performance was particularly severe (Dowrick and Nguyen, 1989, 42-43). For Australia the broad labour force developments which stand out for this period are:

- the persistence of unemployment rates of a magnitude and over a period comparable with the stagnation in employment growth recorded during the inter-war period (Gregory, 1984, 4);
- the associated increase in the average duration of unemployment,

- growing hidden unemployment and increasing numbers in long-term unemployment (Gregory, 1984, 13-20; Chapman, Junankar and Kapusinski, 1993);
- the slow down in the rates of labour productivity growth (Pagan, 1987, 122);
- the growth in non full-time, non-employee forms of employment, including part-time, casual and self-employment (Burgess, 1990a, 22; Campbell and Burgess, 1993);
- the rapid shift in the gender and industrial composition of the workforce, with significant growth in the relative female employment share (see Lewis, 1990)¹⁷, a continuation of the shift away from manufacturing and growth in the quaternary sector employment share (Foster and Stewart, 1991; 152, 164);
- the cyclical sensitivity of labour force participation rates and the sluggish response of the unemployment rate to significant job growth (Gregory, 1991).

The permanent presence of high rates of unemployment¹⁸ is the most striking feature of the transformation of the labour force over the last two decades. In turn a growing proportion of the population has become dependent upon social transfers as their primary income source (Freeland, 1993). The relative decline in private (largely labour) income dependency and the corresponding growth in social transfer income dependency is a persistent source of pressure for both fiscal and social welfare policy.

Gregory (1993) catalogues the dramatic developments in workforce composition over this period, emphasising the concurrence in growth of part-time jobs with the stagnation in full-time job growth. Since full-time jobs were typically male dominated and unionised, and part-time jobs have been typically female dominated and with low union densities, the demographic and institutional features of the workforce have also been transformed. In addition labour force participation rates have become more volatile in the face of cyclical fluctuations in labour demand and the

¹⁶ The most widely reported unemployment statistic for the post war period was the number registered as full-time job seekers with the CES as a percentage of the labour force. The CES based estimate reveals the same deterioration over 1974-1975; the unemployment rate jumped from 1.3 to 4 percent (Foster and Stewart, 1991, 172).

¹⁷ Much of the female employment growth was part-time and casual (Lewis, 1990).

¹⁸ While there was significant employment growth of around 1.3m. in the period 1983-89, nearly 40 per cent of the additional jobs were part-time. Despite the job growth the unemployment rate hardly dipped below 6 per cent over this period.

changing workforce composition. Put simply, net job growth did not result in falling numbers in unemployment. Rather, net job growth encouraged increased labour force participation rates and increased the numbers in unemployment (Gregory, 1993).

Successive governments developed an array of employment and training programs in a piece-meal and experimental manner in the 1970s and 1980s in response to rising unemployment rates (Stretton and Chapman, 1990). The Kirby Report (1985) into labour market programs recommended a human capital orientation be given to labour market programs. This recommendation was subsequently adopted by the Hawke government through a number of initiatives such as the Active Labour Market Program of 1991 which formally linked labour market programs with training, education and welfare programs. In reflecting this approach the unemployment benefit payment became a jobsearch or newstart allowance for recipients as part of the new employment strategy of 1990 (Pixley, 1993, ch.7).

The institutional structure governing employment has also been transformed leading effectively to a new employment regulatory regime. The relative decline in manufacturing and continued growth in quaternary sector employment gradually eroded the key status of tariff protection, which in turn undermined the nexus between tariffs and wage determination (Ewer, Higgins and Stevens, 1987, ch.2). The macroeconomic regime based on growth-sustaining full employment was undermined by the stagflation experience of the 1970s and 1980s. The ascendancy of policies based on 'economic rationalism' supported a policy stance of de-regulation and redefined the government's economic policy function as one of setting the correct 'fundamentals' rather than directly regulating the economy. This new policy approach was at odds with the equity and solidarity aspects of Australian wage determination (Burgess, 1991b). An array of supply-side policies under the heading of 'microeconomic reform' was developed as a response to the increase in unemployment and the perceived weakness in the current account of the balance of payments.

Concurrently the 1980s saw the emergence of a number of well funded libertarian pressure groups who lobbied assiduously for deregulation and privatisation. Their activities have focussed particularly on labour market deregulation, with their proclamations being matched by legal action against trade unions in a number of well publicised disputes (Dabscheck, 1989, ch.6). This was reinforced by what Gruen and Grattan (1993, 122)

call a "distinctly less favourable legal climate" following amendments to Section 45 of the Trade Practices Act in 1977 and the application of common law damages against unions¹⁹. In turn, the trade union presence in the workforce continued to decline in the face of a number of pressures ranging from structural change through to growing feminisation of the workforce (Berry and Kitchener, 1989). Since 1990 the conservative state governments have amended their industrial relations legislation to facilitate enterprise bargaining, and at the same time, reduce the 'intrusive' role of trade unions and industrial awards.

Hence the economic context, the political context and the institutional context underpinning employment and wage determination altered significantly. Low growth and high unemployment rates became the norm, while a relatively growing female workforce, characteristically part-time and casual, with low union densities, was developing alongside a relatively contracting male, unionised and full-time workforce. Both major political parties no longer regarded centralised wage setting underpinned by tariff protection as appropriate for an economy with a declining manufacturing sector located in an increasingly volatile world trading economy (Drake and Nieuwenhuysen, 1988, ch.4). Significant institutional change to wage fixing arrangements were being sponsored through the Accord (Stilwell, 1986) which realised real wage reductions together with the successive dismantling of centralised wage determination in order to introduce greater microeconomic flexibility into labour market arrangements (Ewer et al, 1991). By the late 1980s the wage system had moved towards 'enterprise bargaining', with productivity and efficiency becoming the prime formal wage determination principles (Burgess, 1991b). In turn this heralded a diminished role for national wage cases, now only applying to workers who could not conclude enterprise agreements. Also, the national distribution of productivity gains through the wage determination system has all but ended.

The restructuring of employment over the past decade has been associated with a net redistribution of income from labour to capital, and

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The Dollar Sweets dispute of 1985, the Mudginberri Abattoir dispute of 1986 and the 1989 airline pilots dispute all saw unions being successfully prosecuted for common law damages following industrial action.

a decline in real wages (Ewer et al, 1991, ch.3)²⁰. It has also led to an intensification of income, wage and wealth inequalities (Stilwell, 1993, ch.2) despite the promises of the Accord to compensate real wage restraint with social wage adjustments (Gregory, 1993).

The Shift Towards a New Employment Regime

The Australian experience over this period has not been unique. What dominates the post-1974 period for OECD countries is the general deterioration in economic performance across a range of standard criteria (Maddison 1980; 1987).

Manufacturing employment, the back-bone of the post-war revival, has experienced relative decline across many of the OECD economies (Ewer, Higgins and Stevens, 1987, ch.4). Unemployment rates have been high (Burgess, 1990b; Stevens and Robertson, 1993), periodic crisis has been the norm and the libertarian policy regime has been in the ascendancy, especially under the rubric of deregulation and labour market flexibility (Meulder and Wilkin, 1987). Labour markets are being restructured in the face of stagnation and crisis. For libertarians, mass unemployment has become a manifestation of labour market rigidity, centralised wage determination and excessive labour regulation (Moore, 1989).

With persistent high unemployment rates has come the growth in less secure, less regulated and more marginal workforms, right across OECD countries (Rodgers and Rodgers, 1989; Cordova, 1986). New work forms and traditional insecure workforms such as temporary and contract work have been on the increase (OECD, 1993). Many of these workforms have developed as a means of circumventing traditional regulations and entitlements associated with regulated full-time wage employment.

As has been the case in Australia the regulatory regimes supporting the traditional wage employment model have been undermined either through the legislative erosion of trade union representation and powers, as in the UK (Rubery, 1989), or through the deregulation of product markets, the withdrawal of support for the manufacturing sector and through the

20 Over the period 1983-1991 the wages share of non-farm output declined from 0.690 to 0.656, at the same time the profits share increased from 0.31 to 0.344. For the same period the decline in real award wages was estimated to be 15.6 per cent (Ewer et al., 1991, 29-32).

reduction in employment in the public sector, as in France (Marshall, 1989). Frobels, Heinrichs and Kreye (1980) posited a new international division of labour then developing in the face of developments in information and manufacturing technology, the internationalisation of product and capital markets and the emergence of rapid growth in the Asian region. In turn, the traditional employment regime in the mature OECD economies has been undermined by the spatial re-allocation of manufacturing industry either to green-field sites within the same country or to new external sites with plentiful and less regulated labour (Allen, 1988).

The culmination of these pressures is that organised labour has come under pressure to maintain traditional rights and representation across the OECD countries (Wilkinson, 1988). Stagnation combined with a relaxation of the labour regulatory regime, together with increased political action and opportunism by employers, inexorably shifted the balance of bargaining power across labour markets. Regulated full-time, waged employment is under pressure from a variety of developments and sources.

All this points towards a tentative explanation as to why there has been a retreat from full-time, permanent and regulated wage employment over this period. The persistence of high unemployment provided employers with potential power to vary the terms and conditions of employment because workers are in a diminished position to bargain or to resist through quitting. High unemployment also assists in establishing political pressure for unions and labour to accept variations in their terms of employment. The diminished prospects of finding employment forces many workers to seek forms of employment outside of full-time waged employment as a refuge from unemployment or as a stop-gap measure until the labour market improves.

Meanwhile, the growth in female employment has been largely channelled away from full-time and permanent employment. While the share of females in total employment has increased, as is the case in Australia, females tend to dominate part-time and temporary employment and low paying occupations (Rubery, 1988). Many females, because of the domestic gender division of labour, desire more flexible working time arrangements than are to be found with full-time waged employment. In turn they are prepared to accept part-time work, employment under casual conditions or forms of external work such as homeworking. The preference of many married females for flexible working time

arrangements, together with economic stagnation, allows employers to place pressure on existing employment conditions and on existing employees (Deery and Mahony, 1994).

The industrial shift in employment composition has also been important in undermining full-time, waged employment. The decline in manufacturing employment is important in explaining the decline in male, full-time and unionised employment. The growth in service and quaternary sector employment has contributed to less regulated and non-permanent employment growth. In general, service production directly provides the end consumer, whereas manufacturing output is distributed through a chain of intermediaries before reaching the end consumer. Service sector employment can be less continuous, organised on a needs basis and less regulated than manufacturing employment. Service sector growth has tended to generate a large number of low paying, semi-skilled jobs filled by females along traditional gender segmentation lines in the workforce.

Trade unions are in retreat across the OECD economies. The political pressure for deregulation and labour flexibility has allowed labour regulations to be undermined and has facilitated legislative and legal challenges to the rights of representation of trade unions. Despite attempts to legislatively protect employment conditions, especially in Europe, the common rules and regulations governing employment have been systematically eroded across the board (Kane and Marsden, 1988, 112; Rodgers, 1989)

Employers have been able to strengthen their position relative to labour. Employers have been politically more active in directly lobbying governments and in directly pushing for labour market deregulation²¹. In addition, employers are actively promoting 'labour flexibility' strategies that encompass a more flexible work patterns and working-time arrangements, including part-time, casual and contracted workers (Business Council of Australia, 1988).

Across the majority of the advanced economies governments have had difficulty in coming to terms with a new international trading regime and

a regime of low growth. The dominant political and policy reaction has been towards 'market rationality' and away from the dictums of Keynesian discretionary demand management (Stewart, 1993, ch.4). This retreat has encompassed different policy responses across countries (Lipietz, 1992) ranging from supply-side policies in the USA, to monetarist policies in the UK and corporatist type policies in Australia. Low growth and high unemployment have become an acceptable means for controlling inflation and maintaining international competitiveness.

Employment Beyond 2000

In one sense the conditions shaping employment are similar to those of the 1930s, characterised by economic stagnation, considerable international uncertainty and considerable pressure on trade unions. Indeed, the challenges facing labour and unions in the 1990s are remarkably similar to those of the 1930s (Rawson, 1992). The recent trade union action against labour sub-contracting and the use of temporary agency workers in the construction and meat processing sectors (Underhill and Kelly, 1993) is reminiscent of similar battles earlier in the century over piece-working in the manufacturing sector (Hagan, 1991, ch.1). However, the occupational, industrial and gender characteristics of the workforce in the 1990s are very different from these earlier periods, as is the supporting social welfare system.

Taking a different perspective, Jones (1985) views workforce developments over this century as being part of the evolution towards a post-service society in which not only will the nature of work be transformed via information technology, the availability of work and full-time labour income will diminish. Consequently, the real problem confronting communities will be to productively utilise extended leisure time while at the same time finding some means of distributing work and income across the community in the decades to come, especially if economic stagnation persists.

Whether the current restructuring of labour markets does represent a new era for advanced capitalism and whether the labour process has been irrevocably transformed into a post-service or post-industrial mode (Mathews, 1989; Lipietz, 1993) is beyond the scope of this analysis. The important point to emphasise, however, is that the economic, political and institutional regime supporting regulated full-time waged employment

²¹ In Australia this has involved the formation of well funded "think tanks" and the active participation in industrial disputes via common law action or trade practices action against striking workers and their unions (Dabscheck, 1989, ch.6).

has been systematically eroded over the past two decades. This erosion has in general applied right across the OECD countries, though the available evidence suggests that the Australian experience represents one of the more spectacular departures from the standard employment model (Campbell, 1991). It is within this context of labour market restructuring and an associated institutional and political shift away from the regulated wage regime that the growth in non-regulated or non full-time employment can be comprehended. No one factor by itself is responsible for the transformation of the workforce, but the combination of forces outlined in previous sections in part explains the emerging shape of the workforce and employment opportunities in the 1990s.

While the recently released White Paper (Working Nation, 1994) outlines a policy agenda for tackling mass unemployment, even under the best economic growth scenarios, unemployment will still be around five per cent by the year 2000/01. The White Paper still envisages a growing number in part-time and casual employment, indeed the reforms to the welfare support provisions attempt to make it easier for the unemployed to move into part-time and casual employment. With similar candour, the DEET (1991) workforce projections to the year 2000, while acknowledging the likely growth in skilled employment, especially information technology-related, at the same time forecast an increase in part-time and unregulated (non-employees) employment.

The political and international context is hardly propitious for a return to sustained growth and full-employment. Macroeconomic policy is increasingly constrained by the dictates and volatility of international financial markets together with a preference for market based, supply policies (Stewart, 1993, ch.6). The persistence of unemployment can be expected to intensify the divisions within the workforce and contribute towards the undermining of employment conditions.

Having fewer workers employed under full-time, regulated and permanent conditions raises important social and economic issues. Work in itself will no longer be sufficient, even on a regular basis, to generate an income level compatible with socially acceptable living standards. The spectre of growing numbers of working poor who cannot hold down a full-time or a continuous job is a real one. Likewise, once the regulations governing employment are eroded under the banner of labour market deregulation and labour market flexibility, the process can become cumulative. Employers will use the base agreements and conditions of competitors as a benchmark for reducing the conditions of their own

employees. The scope for widening wage and income differentials will expand. A small pool of employees will still work under permanent full-time and regulated conditions, in contrast with the bulk of workers employed under a mix of less than full-time, non-permanent and deregulated employment conditions. Enormous pressure will be placed on the state to augment the incomes of those who cannot secure work, those who cannot secure a full-time income and those who cannot secure a continuous income.

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