



KINGSLEY LAFFER MEMORIAL LECTURE

WORK, PEOPLE AND GLOBALISATION: TOWARDS A NEW SOCIAL CONTRACT FOR AUSTRALIA

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Despite rising levels of prosperity in Australia in recent decades, there is growing economic and social inequality. Many people are working longer hours and more intensively in insecure jobs. Australia has one of the highest levels of casual employment in the industrialised world. Stress at work is one of the major causes of occupational illness. A more decentralised system of industrial relations has contributed to this situation by removing many of the previous safeguards that workers had under awards and agreements. This is exemplified by a number of award-based employment arrangements related to various forms of leave (e.g. sick leave and maternity leave) which have been 'traded off' in enterprise agreements, often without union involvement or worker representation. This process has been assisted by the federal government's legislative reforms which have been hostile to unions and have contributed to a decline in unionisation. The government has also weakened the powers of the Australian Industrial Relations Commission to protect workers whose bargaining power is weak.

Many of those who advocate an even more deregulated and individualised form of industrial relations for Australia argue that the forces of globalisation provide no alternative. Yet other countries, particularly in northern Europe, have retained strong labour market institutions to provide adequate social protection while competing effectively in the international economy. Indeed, rather than seeing globalisation as a threat, Australia should be supporting the efforts of international agencies, such as the International Labour Organisation, to assist other small nations to strengthen the rights of their citizens in the workplace and labour market.

To ensure that Australia remains both a prosperous and an equitable society, we need a new social contract or partnership between employers, workers, unions, community, organisations and government. The three pillars of a new social contract comprise

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policies that are well established in many of the advanced industrialised societies. The first pillar is an active labour market policy that has been long advocated by the Organisation for Economic Cooperation and Development (OECD) and would see resources invested in job creation rather than job reduction. The second pillar is the rebuilding of Australia's skills and intellectual capital by encouraging greater investment in training and development of the workforce. The third pillar is the establishment of a national superannuation system to ensure both universal coverage and secure entitlements. To achieve these goals, the federal government must develop a comprehensive industrial relations policy that involves greater regulation of the labour market and restoration of labour market institutions to ensure more equitable wages and working conditions. These measures are required to ensure that economic efficiency is achieved without undermining social equity, which is the basis of democratic society.

CHALLENGES FACING INDUSTRIAL RELATIONS

In the inaugural Kingsley Laffer Memorial Lecture in 1993, the former Australian Prime Minister, Bob Hawke, chose the title: *Industrial Relations in Australia: A Turbulent Past—An Uncertain Future*. He forecast that the industrial relations system faced 'a challenge of unprecedented difficulty in moving from centralised wage fixing and arbitration to workplace bargaining' (Hawke 1993). The move to an enterprise focus would, he argued, place considerable strain on the cohesion of the parties engaged in industrial relations. The solution proposed by Bob Hawke was for Australia to maintain a 'hybrid approach' to industrial relations, including elements of both centralised and decentralised wage bargaining, so that it would contribute significantly to controlling inflation and increasing productivity. He quoted Kingsley Laffer who, at an earlier period of time, advocated 'not the abandonment of our compulsory arbitration system, but the development of direct bargaining concerning wages and conditions above the minimum' (Laffer 1962). In this year's Laffer lecture I wish to extend this line of argument and demonstrate that the current federal government's industrial relations policies, which have resulted in many of the elements of our long-established system of conciliation and arbitration being dismantled, have had negative outcomes for people in the workplace as well as for Australian society as a whole. There is merit in the concept of enterprise bargaining, if it is implemented correctly and used in conjunction with other appropriate industrial agreements. But the means by which enterprise bargaining has been introduced, and particularly, the attempt to exclude unions from the process, has been destructive for those whose wages and jobs are most vulnerable. Australia never had a fully centralised system with all controls vested in tribunals. On the contrary, there was usually considerable scope for the parties to negotiate wages and conditions above the award minima. What is currently needed is a more balanced approach that facilitates enterprise bargaining for those who wish to choose this option, while protecting those whose bargaining power is weak and may be exploited. As many other countries have found, there are some issues for which bargaining at the national level is the most appropriate, such as incomes policies, while other matters are best negotiated at the industry level, such as training arrangements across an industry. However, the current federal

government has promoted enterprise bargaining to the exclusion of all other approaches.

Many of those who advocate an even more deregulated and individualised form of industrial relations for Australia argue that the forces of globalisation offer no viable alternative. The term 'globalisation' is generally used to refer to changes in the international economy associated with increases in international trade in goods and services, greater flows of foreign direct investment and the operations of multinational enterprises (Wade 1996). Some argue that the impact of globalisation on smaller economies, such as Australia, leaves little room for national systems of industrial relations and trade unions, in particular, which impede the operation of the free market. Yet there are many successful smaller economies, particularly among the Nordic and other European countries, which have maintained strong labour market institutions and high levels of unionisation while competing effectively in the international economy (see Auer 2001; Hammarström & Nilsson 1998). Indeed, much of the debate about globalisation and industrial relations reform in Australia has assumed that there is no alternative but to follow the US model of deregulation and to dismantle our labour market institutions. However, there is considerable merit in the more regulated approaches adopted by the countries of the European Union, which have placed greater emphasis on social and economic equity. Furthermore, there is another important element in the debate about globalisation and industrial relations reform which relates to the issue of human rights at work. This assumes a broader definition of industrial relations than one which simply focuses on bargaining between employers and employees over wages and conditions in the Australian workplace.

In last year's Laffer lecture, Justice Michael Kirby argued that while Australia is a 'unique country with its own responsibilities to its own people ... it is also part of its geographical region and part of the global economy' (Kirby 2002). With this in mind, Justice Kirby argued that industrial relations also involves the protection of human rights. In Kirby's view: 'no land is an island, entire unto itself. The days when Australia could hide behind tariff walls cocooned in the national system of compulsory arbitration are gone forever'. But Kirby did not argue that Australia should submit passively to global economic forces and abandon a system that sought an equitable outcome for the workforce and employers. On the contrary, he claimed that 'amongst the most powerful ideas affecting our planet at this time are those that assert the common obligation to respect and defend fundamental human rights and human dignity in all aspects of life' (Kirby 2002). Kirby's view is that Australia must not only strengthen the rights of individuals at work in Australia, but it should also be a force in the world, through organisations such as the International Labour Organisation, to assist other nations to achieve fundamental workers' rights. Hence, while globalisation of trade and economic competition have important impacts on domestic systems of industrial relations, governments are not powerless to determine how their workplaces are regulated. Indeed, it can be argued that industrial relations is one area in which governments can retain an important influence if they choose to do so (Wailes *et al* 2003).

Previous Laffer lecturers have been drawn from a wide range of backgrounds including the private sector, unions and the industrial tribunals. Yet all have taken a view of industrial relations not only as being concerned with workplace issues but also as having significant importance for economic and social policies. This mirrors Kingsley Laffer's concept of industrial relations education as one that draws upon a wide range of disciplines to explain the relationship between people at work including history, economics, law, sociology and organisational behaviour. For this reason, Laffer advocated an interdisciplinary approach to the subject. A description of his first lectures in the subject at the University of Sydney noted that he covered 'the complex of factors affecting industrial relations including the economic background, the psychological foundations, the legal framework, management problems and policies and trade union functions and policies' (Laffer 1981). This was a more encompassing view of the subject than many of the others held at the time and provided a valuable foundation for subsequent developments at the University of Sydney and for the future direction of industrial relations as a field of study in Australia (see Lansbury and Michelson 2003). The Department of Industrial Relations, founded by Kingsley Laffer, has subsequently expanded its areas of interest to adapt to changing circumstances in keeping with Laffer's vision. The work and organisational studies group (which incorporates industrial relations) describes its role as 'providing students with a well rounded understanding of the way in which individuals, groups, organisations and institutions shape the employment relationship and the overall management and strategic direction of organisations'. The Australian Centre for Industrial Relations Research and Training (ACIRRT) also grew out of the former Department of Industrial Relations and is the nation's leading multidisciplinary research and training organisation addressing all aspects of the world of work.

KEY CHANGES AT WORK OVER THE PAST DECADE

Before outlining the reforms that I believe are needed in Australian industrial relations, I will review the principal changes that have affected people at work over the past decade or so. I do not argue that all or most of the changes have been negative, but I believe that they present significant challenges for governments, employers and unions. In summary, the past decade has been one of strong economic growth, relatively low inflation, stabilisation in the level of unemployment and low levels of industrial disputation. Against this positive background, however, Australians who are in full-time jobs are generally working longer and more intensively than before, and many have less secure jobs than in the past. Indeed, much of the growth in employment over the past decade has been in jobs that are casual, part-time or for a limited duration. Australia currently has one of the highest proportions of 'atypical' or non-full-time employees in its labour force in the industrialised world. A more decentralised regulatory system of work and employment relations has removed many of the safeguards and protection for workers that existed under the previous system of awards and collective agreements (Zappala 2002).

Unions are less effective in representing workers as their activities have become more restricted by laws and the level of unionisation has fallen to less than 25 per cent of the workforce. Many employers, however, complain that they find it difficult to find and retain workers who have a long-term commitment to the enterprise. Yet workers claim that they are simply acting rationally by moving to whichever employer offers them the best deal. However, this is undermining the implicit social contract that used to underpin relationships between workers, employers and their unions. This trend has been enhanced by the increasing use of labour hire, which has been growing at an annual rate of 15–20 per cent, as well as expansion in the outsourcing of various functions by organisations (Hall 2000). While these developments are not necessarily negative in themselves, they are radically changing the traditional relationship between the employer and the worker and are eroding a sense of mutual obligation (see Callus & Lansbury 2002; Wooden 2000).

Other major features of the changing nature of work are longer hours spent at the job and work intensification. In the early 1980s approximately 50 per cent of the labour force worked standard hours (35–40 hours per week). By 2002, this had declined to around one-third of the labour force. By contrast, the proportion of full-time workers working very long hours (over 50 hours per week) has increased from 19 per cent to 32 per cent during these two decades. Hours of work have been the single most frequently changed issue in enterprise agreements since the early 1990s. A survey of enterprise agreements in 2000 revealed that 80 per cent dealt with changes in working time arrangements while 55 per cent dealt with occupational health and safety issues (ACIRRT 1999). Generally, these provisions were concerned with increasing the span of ordinary hours and introducing other flexibilities such as averaging hours of work over a month, quarter or year and changing the payment for working additional hours or weekends. Surveys of workers' attitudes to extended hours reveals that more than half would prefer to work less hours. Among women, this figure is more than 60 per cent. A large proportion of the extended-hours workforce are therefore working long hours reluctantly and the extent of those excess hours is considerable (HILDA 2002). Recent data published by the Australian Bureau of Statistics also indicates that more than half of employees surveyed worked overtime and of these, most were not paid. White collar workers were the least likely to be paid for extra hours. Extended working hours have been shown to have health and safety risks for individuals (Dawson *et al.* 2001), as well as negative effects on family relationships, children and communities (Pocock 2001). Long hours lead to fatigue and stress, and undermine social relationships, particularly when they are irregular, unpredictable and poorly paid. They also reduce the levels of productivity among employees and organisations.

There is also evidence that people are working harder and more intensively. The Australian Workplace Industrial Relations Survey (AWIRS) in the mid-1990s revealed that approximately half the workforce reported increases over the previous 12 months in work effort, the pace of work and stress levels. Workers' compensation data in NSW showed that stress claims were the fastest growing and largest single cause of occupational disease during the 1990s, particularly

among white collar workers. Work intensification is not confined to certain occupational groups (such as blue collar workers) or industries (such as manufacturing) but takes a variety of forms in different sectors. It is particularly apparent in the so called 'knowledge economy' involving workers in areas such as IT, education, banking and finance. It appears to be associated with economic restructuring, in general, and with work reorganisation, in particular (Watson *et al.* 2003: 97). Some of the solutions lie with management providing greater autonomy for employees at work, allowing workers to redesign their own jobs, implementing genuine teamwork and enabling people to obtain a better work-life balance (Davis & Lansbury 1995). But this is difficult to achieve in the current environment of long working hours and work intensification.

WORKING LIFE ACROSS TWO GENERATIONS

Let me illustrate the way in which these changes at work impact upon individuals by contrasting the experiences of two generations in my own family. Both of my parents were fairly representative of middle class Australians who were born in the early 1900s. My children are reasonably typical of the generation who were born in the 1970s and joined the workforce in the mid to late 1990s. My mother, Freda, was both typical and different from her generation. Like many of her peers in the 1920s, she left school at 15 and obtained an office job as a typist and bookkeeper. But after moving from Tasmania to Melbourne in her late twenties, she remained with the same employer for the rest of her working life. In her day, there was a social stigma for an aspiring middle class woman to remain at work after her family was born, but Freda enjoyed the independence of having a job and the extra income. Yet she always felt that her career ambitions and prospects had been limited by her lack of education.

By contrast, Freda's granddaughter Nina obtained two degrees and became an environmental activist with a non-governmental environmental organisation while still at university. She continued as a employee with that organisation for a couple of years after graduation in a variety of roles and then joined a university-based environmental research centre. Nina receives a relatively modest pay and is employed on a casual basis, but enjoys the flexible hours which allow her to balance work with family responsibilities, now that she has a young child. Moreover, like many of her co-workers in the environmental movement, she is committed to achieving broader goals through her job. So unlike Freda, Nina does not feel that her career prospects are limited and her work is personally and professionally fulfilling. But she is attempting to pursue both a career and parenthood, in part-time roles, and is determined to strike a balance that meets her goals.

My father, Len, left school at the age of 15 and became an 'office boy' in a British-owned insurance company, where he remained for the next 40 years. With the exception of five years in the army in World War I, Len spent all his working life progressing from junior clerk to senior clerk in the same office. He was a loyal member of both his union and his company. His pay was low but his job was secure. Yet he lived a life of quiet desperation. He enjoyed his family, golf, and a drink with his mates at the pub, but he disliked his job. However, having

experienced the uncertainties created by the Great Depression and World War II, he was too afraid to change jobs. He reasoned that his employer was likely to regard such a move as disloyal and the other insurance companies might not want to hire him. He strongly believed that education was the key to success in life and felt that he had 'missed the boat' by leaving school too early and limiting his options.

By contrast, Len's grandson Owen gained a university degree and joined the IT industry in the mid 1990s. In the first eight years of his working life he has been with five different employers as well as being self-employed for various periods of time. His career has also included two years of work overseas. Yet, two of the companies for which he worked collapsed when the IT bubble burst and another retrenched him. Like many of his generation, with similar education and skills, Owen is well paid, but works long hours and has little trust in the long-term viability of employers in his industry. Unlike Len, Owen enjoys his job but feels little long-term commitment to or from his employer. Owen also dislikes the long hours he is required to work in order to maintain his job. He is currently undertaking further studies in teacher education to enable him to obtain skills in another field so that he can have an alternative to the IT industry and avoid becoming burnt-out by long working hours and stress. So Owen's attachment to work is more limited and calculated and he is seeking a more balanced and fulfilling life than Len was able to achieve.

While their ability to balance the social and professional dimensions of their lives have differed, both Owen and Nina are among the more privileged sections of the workforce in that they are able to obtain jobs that utilise their skills and qualifications. They also enjoy a degree of autonomy over their hours of work and are relatively well rewarded for their efforts at work. Unlike their grandparents, they do not feel dependent on or trapped by their employer because they have skills that are in demand. Yet Owen and his co-workers have experienced the uncertainties of the marketplace and have little protection against adverse circumstances. Nina is fortunate to have been in two workplaces which have family-friendly policies, but this is not the norm in Australia and the federal government has done little to facilitate improvements in this area.

Nina and Owen are more satisfied with their working lives than their grandparents were but they still have to contend with conflicting demands between their work and family responsibilities. Owen is struggling to resist the long number of hours demanded by his employer while Nina faces the insecurity of casual employment and short-term contracts which are increasingly characteristic of the academic labour market. Not surprisingly, both are more committed to their professions or areas of skill than to their employing organisations, to which they feel less attachment.

The issue of work and family is one that illustrates the negative impact of the shift towards enterprise bargaining without the safeguards provided by the previous award-based system (MacDermott 1998). A number of award-based employment arrangements have been eroded by leave being 'traded off' for monetary inducements offered by employers in enterprise agreements. These include maternity and paternity leave, leave for family purposes as well as annual

leave and sick leave. The Howard government has been reluctant to intervene to preserve workers' rights in these matters. The result is that Australian women (and their families) suffer one of the most limited rights to paid maternity leave among the Organisation for Economic Cooperation and Development (OECD) countries (Baird 1999; 2003). The *Workplace Relations Act 1996* provides entitlements to 52 weeks unpaid maternity leave for permanent employees who have completed the required period of continuous service with an employer. Yet many women are not even eligible for this minimal provision either because they are casual employees or have less than 12 months continuous employment with their current employer. Access to paid maternity leave is even more limited, with an estimated 60 per cent of employed women not eligible to receive it. Despite more than a decade of debate and statements by the Federal government that it favours measures to improve the balance of family life and working life, longer hours of work and low levels of employee-centred flexibility have rendered most workplaces hostile to meeting family responsibilities (Cass 2002; Gray & Tudball 2003; Pocock 2001; 2003).

RESTORING THE SOCIAL CONTRACT AT WORK

It will not improve life at work for Australians if we further weaken our labour market institutions and industrial tribunals. Rather, we need to strengthen the pillars of what might be called the 'Australian social contract at work' (Baird 2001). The notion of a social contract has often been used in industrial relations although it is derived from the writings of philosophers such as Rousseau, Hobbes and Locke. The social contract at work has been defined by Thomas Kochan as:

the mutual expectations and obligations that employers, employees and society at large has for work and employment relationships... it is a set of norms that holds us all accountable for adding value at work and providing work that is a productive, meaningful life experience (Kochan 1999).

In Australia, Paul Kelly (1994) has used the term 'social settlement' to describe the historic compromise between labour and capital at the beginning of the 20th century to establish the conciliation and arbitration system which recognised both the prerogative of employers and the collective bargaining rights of workers through their unions. Yet a broader interpretation of the social settlement or social contract in Australia should be extended beyond bargaining relationships between employers and unions for the establishment of reasonable wages and conditions. We need a new social contract at work that will provide access to employment for all those willing and able to work (and decent levels of social security for those unable to work). We need to extend entitlement of Australian citizens to education and training in the workplace. Finally, we must ensure genuine economic security in retirement for all citizens. All of these elements have been gradually undermined by the rising tide of neo-liberal free market thinking or 'economic rationalism' (Pusey 2003). Yet, these are the three pillars of a new social contract which are required for the current century.

The first pillar

The first pillar of the new social contract is access to employment for all who are able and willing to seek work. The commitment to full employment was one of the key planks of both Labor and non-Labor parties following the White Paper on Full Employment issued by the first post-war Labor government. The end of the 'long economic boom', which lasted from the late 1940s to the early 1970s has often been blamed for the acceptance that full employment is an impossible goal for current governments to achieve. By the beginning of 2003, the official unemployment rate was around six per cent and it was estimated that 16 per cent of working-age households were jobless in 2001 (HILDA 2002: 16). Yet it is widely acknowledged that the official statistics underestimate the real level of unemployment as there are a large number of 'discouraged job seekers' who withdraw from the labour market and are not included in the unemployment rate. There is also a proportion of the workforce, estimated at 12.6 per cent in 2002 who are 'under-employed', and are not able to obtain enough hours per week to provide an adequate wage. This group is linked closely to those in precarious and non-standard employment who go through periods or cycles of unemployment as they 'churn' through short-term jobs (ACIRRT 1999).

Successive Australian governments appear to have 'given up' on developing active labour market programs to achieve a return to full or near full employment. The last major policy initiative was by the outgoing Keating Labor government which sought to target the long-term unemployed in its Working Nation program. The current Australian government has privatised large parts of the former Commonwealth Employment Services (CES) and established a largely privatised Job Network system. Earlier attempts at job creation, whether through public works or employer subsidies, have been abandoned and the private sector has shown little inclination to provide retraining for the unemployed. Employers have preferred to meet increases in demand for labour by intensifying the workload of their existing workforce rather than training or employing new workers. Outsourcing work to labour hire firms is also used to meet fluctuations in work loads. Although there have been a number of policy initiatives suggested by academic economists to address both labour supply and demand issues (e.g. Burgess *et al.* 1998; Mitchell & Watts 1997), the current government has relied on rhetoric to blame the unemployed for being 'welfare dependent' and unwilling to work in order to 'shame' the recipients and shift responsibility away from government (Argy 2003).

The second pillar

The second pillar is the entitlement of citizens to education and training. This has been justified not only by the need to ensure that workers can effectively perform at work but also on the grounds that the provision of skills will enable workers to adapt to new demands of technological and economic change which require different capabilities. In the past, government departments and instrumentalities (particularly those providing electricity, gas, water and public transportation) were major employers of apprentices and supplied skilled labour to the rest of industry. With privatisation, outsourcing and the rationalisation

of services, governments have reduced their commitment to providing apprenticeship training. As Buchanan and Thornthwaite (2001) indicate, long established apprenticeship systems for trades training have been gradually dismantled in favour of applying market principles to skill formation. Yet employers have been unwilling to assume responsibility for apprenticeships and other vocational training activities. Although the federal government has expanded shorter traineeships under the title of 'new apprenticeships', independent researchers have been critical of the quality of both the work and the training provided by these schemes (Cully & Curtain 2001). Furthermore, the 'reforms' in skill formation have been accompanied by stagnant employer contributions to training, especially financial contributions (Hall *et al.* 2002; Cully & Richardson 2002). While there has been an increase in the proportion of the workforce gaining access to training, the actual hours of training has declined as short-term traineeships replace traditional apprenticeships. Furthermore, the main form of training, reported by employers, has been 'unstructured', which includes 'showing or explaining how to perform a task on-the-job as the need arises' or 'acquiring knowledge/skills relevant to performing a job through group discussion' (Watson *et al.* 2003: 157–8). Australia is simply not keeping up with the level and quality of training provided by most other advanced industrialised economies to their citizens (see Lansbury & Pickersgill 2002).

The third pillar

The third pillar of the social contract is economic security in retirement. One of the major initiatives by the previous Labor government and the ACTU, through the Accords, was to boost retirement incomes through the superannuation guarantee contribution. In a series of national wage cases throughout the 1980s until the mid-1990s, unions agreed to forego wage increases in exchange for increases in superannuation payments by employers. This was partly to redress the inadequacy of the aged pension which provides an income of only 25 per cent of average weekly earnings and is only received at the full rate by 45 per cent of people aged 65 years and over. Although the coverage of superannuation has been greatly extended as a result of the initiatives by the unions and the previous Labor government, only 78 per cent of men and 71 per cent of women had superannuation accounts in 2000. Many women are still not covered by superannuation as a result of taking career breaks to raise families and having casual employment (Jefferson & Preston 2003). Furthermore, a number of groups fare quite poorly in terms of superannuation: the unemployed; low income earners; and those in casual work. Many workers find that they have inadequate amounts of superannuation spread over various accounts as a result of changing jobs. The Australian Bankers Association has noted that 'there is a significant gap between the aspirations [and expectations] of Australians for their standard of living in retirement and what the present system will actually deliver. Australians will achieve outcomes lower than in comparable OECD countries' (Report by the Senate Select Committee on Superannuation 2002: 15).

The Howard government has suggested that Australians need to work beyond the current retirement age. The government introduced the pension bonus system in 1998 to encourage people to continue working and defer receipt of the aged pension. The government rejected recommendations to the Senate Inquiry in 2000 that the superannuation guarantee contribution by employers be raised from nine per cent to 15 per cent. But other concerns have emerged about the security of superannuation funds as the value of stock market has declined and many funds have registered losses. The need for the federal government to take a more active role in protecting workers' superannuation entitlements and ensuring that there are adequate retirement incomes for all Australians is made more urgent by projections of the ageing population. The Australian Treasury's *Intergenerational Report 2002* warned of a blowout in 'demographic spending' by an ageing society both in terms of age pensions and increased health spending (Dowrick & McDonald 2002). As with unemployment, the prevailing ideology promoted by the current government is one of individuals taking responsibility for their social and financial concerns and not becoming 'dependent' on the community. Yet many of the assumptions on which retirement incomes have been based relate to a society in which people can expect to have long-term careers in stable employment and in which there will be genuine mutual obligation between the worker, the employer and the government. In many cases, these assumptions are no longer valid as workers are now expected to bear the responsibility for risks incurred in an increasingly volatile and unpredictable economy.

THE WAY AHEAD

The past decade has witnessed rising economic and social problems despite a period of economic prosperity. While there have been significant gains in wealth among the top tier of income earners and property owners, those at the bottom have fallen further behind in both a relative and absolute sense. Middle income earners have experienced stagnation in terms of both their wages and their living conditions. Long-term unemployment has persisted and the average duration of unemployment has increased. There have also been rising debt-to-income ratios and falling levels of private savings, which raise questions about the long-term sustainability of economic prosperity. Australia urgently needs an integrated approach to economic and industry development, education and training, and the labour market and social policies. While the Accord between the previous Labor government and the trade unions had limitations, it did provide a comprehensive policy framework for a national approach to incomes policy, low-inflationary economic growth, industry restructuring, superannuation and healthcare—to name a few key areas. The federal government needs to bring together employers, unions and other key interest groups into a dialogue on these matters.

Unions are faced with many challenges as a result of the decline in unionisation and hostile legislation by the Coalition government. But the ACTU has been developing organising skills to revitalise workplace unionism and forging alliances with the broader community (Cooper *et al.* 2003). Regional strategies

have also been successfully implemented by unions in areas such as the Pilbara, to win back members and restore collective bargaining rights (Ellem 2003). The ACTU is also looking beyond traditional union and workplace structures to secure greater rights for employees to information and consultation, including the possibility of establishing works councils—similar to those in parts of Europe (Combet 2003). A revitalised union movement is essential for developing a social partnership between labour and capital in Australia. But it is also important to consider alternative forms of employee voice and representation to strengthen the role of employees in decision making within the enterprise (Lansbury & Wailes 2003).

It is not just the pillars of the system that need to be restored but also the foundations on which they rest. This is something that might be called trust or a sense of mutual obligation between workers, employers and government. This was what gave people like my parents, Freda and Len, a sense of confidence in the future and a belief that they could fulfil their aspirations and dreams; at least for their children. There are no easy solutions but one important element in the process of social reconstruction is to improve the quality of working life for Australians. This requires a willingness by the government to take bold initiatives to forge a new social contract or settlement between the relevant groups within the Australian community and to implement appropriate policies. It requires a comprehensive industrial relations policy that is broader than enterprise bargaining alone and is integrated with other social and economic objectives. It requires a willingness to regulate the labour market in an effective manner and to ensure that equitable wages and working conditions can be achieved. It requires a serious attempt to reduce pressures on workers and their families from job insecurity and long working hours in order to create better work and family balance. It involves ensuring that people are adequately funded by superannuation and government pensions and that they not simply told to work longer, unless they wish to do so. Finally, it requires the development of a skilled and knowledgeable workforce able to adapt to economic and technological changes and to create sustainable work. While Australian workers, workplaces and organisations cannot be insulated from the impact of globalisation, proactive government policies and strong labour market institutions are required to ensure that economic efficiency is achieved without undermining social equity, which is the basis of democratic society.

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