

Children and the Future of Work

Louise Crossley

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REVIEW 3



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Foreword

This report, part of the Child Poverty Policy Review, conducted by the Brotherhood of St Laurence in 1988-90, examines Australia's future and the implications of ignoring our present large group of children in poverty, estimated at 1 in 8 of the child population of the nation (King *et al.* forthcoming 1990). Despite Prime Minister Hawke's attempts to reduce child poverty through an income security package in 1988-89, few would not agree that there is still a herculean task to lift the remaining 500 000 Australian children out of poverty.

Australians, by and large, have been careless about the futures of their children. During the 1980s high levels of child poverty, homelessness, youth unemployment and child abuse combined with relatively low levels of income and family support by government and poor educational outcomes mean that major investment is still needed. As a national resource, our children are at least as important as our natural environment or raw materials.

Louise Crossley has a scientific interest in Australia's future and our long-term capacity to provide employment for disadvantaged children. Other Brotherhood of St Laurence reports argue for a return to full employment as a national policy (Carter & Trethewey 1990; Dixon, forthcoming 1990). Crossley, however, makes it clear that if we do not plan for full employment that we will be unlikely to achieve it.

In late nineteenth-century Australia, the next century was actively and eagerly sought by political and social reformers. Casting off the shackles of feudal Europe and the local restrictions of convictism, the possibility of a new democratic society was greeted with enthusiasm and hope. Egalitarianism was to be the cornerstone.

At the end of the twentieth century it is our tragedy that the vision of an egalitarian Australia has been dimmed. An acceptance of the haves and the have nots as the status quo, the subversion of egalitarianism into the acceptance of mediocrity through the culling of tall poppies, the hail-fellow-well-met manners of mateship are not substitutes for a vision of social, economic and political equality. They obscure the national hope that Australia should be a land of opportunity where every child has the chance to develop his

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or her full potential and overcome adversities of birth engendered by low socio-economic class, racial prejudice, gender discrimination or disadvantages connected with a particular place of origin.

Louise Crossley's report reminds us that a decent future for all Australia's children must be actively and eagerly sought for the twenty first century.

Jan Carter
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Abbreviations

ABS	Australian Bureau of Statistics
ACER	Australian Council for Educational Research
ACOSS	Australian Council of Social Service
ACTU	Australian Council of Trades Unions
AGPS	Australian Government Publishing Service
ALS	Australian Longitudinal Study
BLMR	Bureau of Labour Market Research
BSL	Brotherhood of St Laurence
GMI	Guaranteed Minimum Income
OECD	Organisation for Economic Co-operation and Development
TAFE	Tertiary and Further Education
TDC	Trade Development Commission

Introduction

For at least the last hundred years, Australia has been one of the world's richest nations. At the turn of the century, we had the highest per capita income in the world and, although our relative standard of living has fallen since then, Australia still ranks high in the OECD league of "first world" countries.

Despite this overall prosperity, poverty has always existed in Australia. But it was not until 1972 that the Commission of Inquiry into Poverty was established to carry out a comprehensive investigation of the extent and degree of maldistribution of income and resources in our country. Its first main report, published in 1975, delineated the demography of poverty, and revealed that the burden of deprivation was borne mainly by the old, the sick and the disabled (Commission of Inquiry into Poverty 1975, p.20).

Since that time, social security policies, economic forces and demographic and social trends have radically altered the distribution of poverty, so that now the burden falls disproportionately on the young: that is, young, single people and children in families (Cass 1988a). While in 1972-73 income units with dependent children comprised 28 per cent of all income units in poverty, by 1985-86 their incidence had increased to 49 per cent of income units in poverty after paying for housing costs (King 1986), and by 1987 over 20 per cent of Australian children were living in families whose income was below the Poverty Line (Saunders & Whiteford 1987).

The Hawke Government's response to this situation, a pledge that "by 1990 no Australian child will live in poverty", is probably the most specific commitment made by an Australian Government on any welfare issue. What creates this imperative to eliminate child poverty specifically, rather than poverty as a whole? After all, although the incidence of poverty increased from 8 per cent to 19 per cent of the *child* population between 1972-73 and 1981-82, the proportion of the *total* population in poverty rose almost as much, from 8 per cent to 13 per cent, over the same period (Cass 1988a, table 7).

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In addition to general humanitarian values, which deplore the suffering and injustice entailed in poverty of any kind, there are deep-seated social attitudes that make children in poverty a special focus for concern. Children are the weakest, most vulnerable members of society, lacking legal and constitutional powers to protect or enforce their interests, or to choose their circumstances. Thus poverty is an even greater denial of justice to them than to others. Similarly, the denial of opportunity that poverty imposes is seen as a far greater handicap at the beginning than at any other stage of the life cycle. But perhaps the deepest cause of concern about child poverty springs from the perception of children as society's hope for the future. This has both a biological perspective deriving from evolutionary imperatives for the survival of the species, which demand that children should thrive and successfully reproduce in their turn; and also a social and economic perspective in which children are seen as an investment for sustaining and enhancing the nation's culture and prosperity. Children raised in poverty are less likely than their more fortunate peers to fulfil either of these roles effectively. And so a situation in which 20 per cent of a nation's children are living in poverty is clearly cause for alarm.

There is mounting evidence of disaffection and despair about the future among Australia's young people, which is exacerbated by low socio-economic status (Eckersley 1988), and which is leading increasingly to self-destructive behaviour such as drug and alcohol abuse, violence and crime, and — all too often — suicide (Howard 1987). On the material level, young people's experience of rewarding economic activity is also becoming increasingly negative, in the wake of a decline in their share of employment by 20 per cent between 1970 and 1983 (and of full-time employment by 34 per cent) (OECD 1986). As a result, there is a trend for young people to go into lower-paying, lower-status, lower-skilled, less stable, and more marginal jobs, which gives them little prospect of future economic success. This is likely to have national as well as personal repercussions in terms of the erosion of the tax base needed to support an ageing society in the 21st century (Dixon & Thame 1984).

In exploring this context, this paper is primarily concerned with child poverty in Australia from the perspective of its impact on children in their role as the "seedcorn of the future". It focuses on the consequences of child poverty, in the medium-term future, for both the individual in terms of her/his future life chances, and for Australian society as a whole. Other papers in this series (Harris 1989, Choo 1990, Harris 1990, Taylor 1990, Prosser, Carter & Trethewey (in press)) focus primarily on the *causes* of child poverty; the range of deprivations that results from limited access in areas

such as housing, health, education, employment and recreation; the processes that create and sustain these inequalities; and the policies required to implement the Prime Minister's pledge to eliminate this cumulative disadvantage.

This paper is informed by these analyses, and by extending the outlook to the longer term, it reinforces many of their conclusions. In particular, it demonstrates that eliminating child poverty is not simply a matter of augmenting family allowances and income support measures in the short term to bring families at risk close to or above the poverty line as currently defined. Rather, the policy response to the current incidence of child poverty in Australia must incorporate a longer-term perspective with the capacity to treat not just the symptoms, but to change the conditions that generate child poverty.

The main focus of this paper is on the relationship between child poverty and employment — or rather the lack of it. The unemployment of parents is well documented as a major cause of the poverty of children. In turn, the experience of growing up in poverty results in deprivations that lead to difficulties in generating adequate income through employment in adult life. Thus a second generation of children will be born into and grow up in poverty, and so a self-perpetuating cycle of deprivation becomes established. The mechanism by which this cycle is created, and the characteristics that it imposes on those caught up in it, are discussed in more detail in chapter 2.

In assessing the likely future incidence of child poverty, and the life chances as adults of those who experience it, a critical factor will be the extent to which economic and social conditions may tend to reinforce or to break down this cycle of deprivation.

Predicting the economic and social environment even a decade or so ahead is a speculative exercise, and so this paper uses the "scenario" methodology of futures forecasting to construct a series of alternative possibilities based on varying assessments of current trends. "The primary purpose of . . . scenario generation is not so much to predict the future but to allow a systematic exploration of 'alternative futures' and to better understand the change process. Scenarios can also provide a description of a desired future state, and thus provide parameters for planning" (Tydeman 1987, p.48).

The scenario methodology is neither predictive nor prescriptive. In conjunction with the philosophy of futures research that argues that the future is not predetermined but created by human choice and action, based on acknowledged values, it also provides a technique for identifying appropriate current strategies for avoiding

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undesirable, and achieving desirable, future outcomes (Schaars 1987).

Thus the process of scenario building and analysis comprises four stages which are treated in later chapters. The first stage is to assess evidence, evaluate predictions and analyse trends in the major variables that make up the scenario relevant to the issue under discussion. In the context of this paper, where the relationship between child poverty and employment has been identified as the major issue, chapter 3 focuses on an analysis of trends and predictions for the future of work and employment in Australia. The next stage is to construct, from the analysis of the previous stage, a range of possible future scenarios based on varying assessments of current trends. In the context of this paper, four different scenarios for the future of work and employment are constructed in this way, and their characteristics discussed in chapter 4. The following stage is concerned with identifying the advantages and disadvantages of each scenario in relation to one or several "desirable" values. In the context of this paper, each scenario for the future of work is analysed in terms of whether it is likely to enhance or erode the life chances of children brought up in poverty, and also the extent to which it may exacerbate or relieve the conditions that perpetuate child poverty. These issues are discussed in chapter 5, and the results of this analysis provide the criteria on which each scenario is judged "desirable" or "undesirable".

The final stage of the process is to identify how the current situation can be transformed into the desired future scenario. Thus chapter 6 explores the implications for current welfare policy of seeking to implement the desirable, and avoid the undesirable scenarios identified in chapter 5.

◆ TWO ◆

Children's life chances: poverty and work

In addressing the key question "How will the experience of growing up in poverty affect a child's life chances for the future?" we must consider the characteristics—in terms of self-esteem, social competence, educational attainment, employment skills—likely to be acquired by children who grow up in poverty.

Over the last ten years or so, research on child poverty has built up a body of evidence that points to "a nexus between growing up in poverty, impaired cognitive development, low levels of educational attainment, and [high] unemployment" (ACOSS 1988a, p.8). All too often, the experience of school, for most children their first encounter with a socially structured environment outside the home, is a negative one for children growing up in poverty. It establishes a mutually reinforcing pattern of poor performance and low aspiration (Connell & White 1988), which then carries over into the labour market experience of disadvantaged young people, and produces the disaffection and alienation expressed by so many (Eckersley 1988). Creative schools and dedicated teachers can reverse this downward spiral and, as the recent film *Stand and Deliver* so movingly demonstrated, can consistently stimulate high achievement and so raise the self-esteem of underprivileged students. However, for many, an impoverished family environment is an insurmountable barrier to reaching proficiency within the education system as currently structured. This may ultimately exclude young people from the community in very simple ways, through poor vocabulary, ungrammatical speech patterns, barely functional literacy and numeracy—constituting a lack of the basic competencies needed for citizenship in the modern world (Edgar 1986).

An impoverished environment also often means poor nutrition, inadequate study space, and no money for books, let alone for the excursions, clothes or sporting equipment necessary to enable a child to participate fully in school life (Sheen 1988). Although the Karmel Committee argued (1973) that inequalities in family income

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should not affect the standard of schooling any child received, the resources subsequently allocated to the Disadvantaged Schools Program have not been sufficient to make this conviction a reality (Connell & White 1988). Inequality of access to schooling and inequality of opportunity, in terms of outcomes, are still firmly rooted in inequalities of family income, as a recent study by the Australian Council for Educational Research demonstrates (Williams 1987, p.49).

Relative to persons from the poorest 25 per cent of families, those from the wealthiest 25 per cent of families are about twice as likely to complete Year 12, to undertake some form of post secondary education, to enter higher education, to attend university, to enrol in a CAE or to commit themselves for a degree. The evidence then seems overwhelming and in support of contentions that family economic circumstance is an impediment to educational participation [and] a source of inequities . . .

Moreover, changes in economic circumstances can adversely affect the educational chances of children of low income families. The ACER study followed two groups of students in the late 1970s and early 1980s and showed that while school participation rates for the wealthiest quartile increased in the later group, they declined for the poorest quartile. This indicates that the education opportunities of children of low income families are sensitive to economic pressure, as these families appear to have been forced to curtail their commitment to their children's education by the recession of the early 1980s, while wealthy families would increase it, regardless. The current increase in child poverty can therefore be expected to result in a similar widening in educational participation rates.

The critical watershed in education is the completion of secondary schooling. Of all those in Williams' study who left school in Year 10, only one out of four ever entered formal education again. Of those who completed Year 12, however, only one out of four failed to continue their education. Since only 25 per cent of the poorest quartile in the later group in the study completed Year 12, the life chances of the majority will be permanently damaged by their experience of schooling. Those who do complete Year 12, however, escape the poverty trap to a large extent. There is only a 5 per cent difference between the wealthiest and poorest quartiles in the participation rates (adjusted for all other factors) of Year 12 graduates in higher education, compared with the 50 per cent difference in the rates for completion of Year 12 (Williams 1987, p.60). And once embarked on a career in higher education, students from low income families have a better chance of completing their courses (Davidson 1987).

It is therefore at the earliest levels of education, at secondary and even primary school, that the impact of poverty on a child's future life chances is most significant. It is at this point in the family life cycle that help is most needed with education expenses, rather than at tertiary level, in which so few children raised in poverty can or, under current conditions, ever will be able to attain. The present Austudy provisions fail to recognise this basic reality, with their emphasis on support for tertiary study, and lack of assistance for primary schooling.

Furthermore, even if financial restraints were removed, poor families and particularly their children may lack the motivation to prolong their education in a system that is institutionally alienating and has a curriculum that is irrelevant to their interests (Connell & White 1988).

This is a major concern considering the Government's policy to raise school retention rates (to Year 12) from the current 53 per cent to 65 per cent by the early 1990s (Dawkins 1988). Since retention rates at non-Catholic independent schools are already 98 per cent and at Catholic schools 55 per cent, the bulk of the improvement will have to be made in the public school retention rate of only 38 per cent. This will require a commitment to equity in education of a far more fundamental, philosophical nature than the pragmatic tone of current policy statements contains. As the Commission of Inquiry into Poverty stated in its report on education:

People who are poor and disadvantaged are victims of a societal confidence trick. They have been encouraged to believe that a major goal of schooling is to increase equality while, in reality, schools reflect society's intention to maintain the present unequal distribution of status and power. (Fitzgerald 1976, p.231)

Only if it is made abundantly clear that policies are intended to reverse this confidence trick will school retention rates rise substantially.

At present, nearly half of Australia's young people leave school before Year 12, and they are more than three times more likely to come from the poorest than from the wealthiest quartile of families. The handicap that such a lack of educational qualifications imposes on workers' labour market opportunities is demonstrated by the low status of jobs they hold, and the frequency and duration with which they become unemployed.

For example, in February 1988, only 12 per cent of workers with post-school qualifications had jobs in the two lowest categories (labourers, and plant and machine operators and drivers) compared with 34 per cent of those without post-school qualifications. Within this group, 39 per cent of those who had failed to complete

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Year 12 fell into this low status employment category, compared with only 20 per cent of those who had finished their secondary schooling. Failing to complete secondary school thus doubled a worker's chance of holding only the lowest status job; and 63 per cent of these minimal jobs were held by minimally educated workers (ABS 1988).

The rate and duration of unemployment is also closely related to educational attainment. In February 1988, 64 per cent of unemployed people lacked post-school qualifications, and 75 per cent of these had failed to complete secondary school. By contrast, only 38 per cent of those who held jobs had failed to finish school. Similarly, while 5.2 per cent of those with post-school qualifications were out of work, the rate for early school leavers was nearly twice this (10.2 per cent). Even more striking is the impact of educational attainment on the duration of unemployment. For those who finished secondary school, the average duration of unemployment recorded in early 1988 was 27.5 weeks; while for early school leavers it was 50.9 weeks, nearly twice as long.

These figures for the labour force in general reinforce the fact that completing secondary school is a watershed both for gaining further qualifications, and for achieving secure and rewarding employment. However, if we look at how young people, specifically, are faring in the labour force, the picture is, if anything, less promising. For a start, young people appear to be less qualified than the population in general. Of 15-to-24-year-olds who have left school, 73.1 per cent lack post-school qualifications (compared with 61.1 per cent of the total population who have left school), and 43.9 per cent have not completed secondary school (ABS 1988). The impact of this seen in the higher unemployment rate for young people than the labour force in general (20.8 per cent for 15-to-19-year-olds, compared with 8.2 per cent for all workers in February 1988), though other factors are also involved. However, the effect of early school leaving on the continuing employment prospects of young people is particularly dramatic.

Unemployment rate at February 1988 (per cent)

Age-group	15-19	20-24	25-34	35-44
<i>Highest Qualification</i>				
Post-school qualifications	17.5	7.1	5.1	4.1
Completed secondary school	19.2	9.7	6.2	5.3
Did not complete secondary school	20.5	16.9	10.7	6.7

Source. ABS 1988, table 10.

This shows that while all teenagers are victims of exceeding high unemployment, for young adults who failed to finish secondary school this persists far longer into their working lives than it does for better qualified members of their age-group. The fact that all young people, whatever their qualifications, find it so hard to get jobs may, however, obscure for them the realisation of how important these will be in later life.

The Australian Longitudinal Study highlights still further the relationship for young people between unemployment and lack of educational qualifications. The first report (Muir 1986) outlines the characteristics and labour market experience of a sample of 3000 people aged between 15 and 24 who had been registered as unemployed at the Commonwealth Employment Service for more than three months on 30 June 1984. In this subset of the youth labour market, a staggering 78 per cent had failed to complete their secondary schooling (compared with the national figure of 49.4 per cent of the 15-24 age-group who had left school in February 1984, and of 43.9 per cent in February 1988) (ABS 1988). This was correlated with the proportion of the reference period of the study that was spent in unemployment. For early school leavers this ranged from an average of 67 per cent for Year 11 school leavers to 76 per cent for those with only 8 years of schooling or less; compared with an average of 54 per cent of the period spent in unemployment for the 22 per cent of the sample who had completed Year 12. Although the study shows a trend to lower rates of unemployment for those with post-school qualifications, in line with the national figures, it is less pronounced since the sample comprises long-term unemployed young people and so excludes those who have most benefited from post-school education (by being employed).

Further surveys of the sample have been carried out, but only brief analyses of the results are available so far (McRae 1986). These indicate that even among teenagers, unemployment can become rapidly entrenched. For males in the sample aged under 20 with over six months' unemployment in 1984, the chances of finding a job in 1985 were only 38 per cent, compared with females over 20 with less than six months' unemployment in 1984 who had a 70 per cent chance of employment in 1985. Although the chances of escaping unemployment increase with age, they decrease with duration of employment, so that early school leavers who fail to find work may become trapped below a skill threshold that bars them from either further education or on-the-job training, and so permanently denies them economic independence.

A major source of this problem is the massive decline in full-time employment in the youth labour market, and the concomitant rise

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in part-time work, mainly casual, unskilled, marginal jobs with little opportunity for skill upgrading. Banking, which used to provide a steady if unspectacular career path for many school leavers, has now been restructured in a way that destroys these opportunities, while the decline in public sector employment for teenagers has been responsible for about half the decline in teenage unemployment since 1981 (Sweet 1987). In the private sector, young males have traditionally been concentrated in now declining occupational categories such as manufacturing; while young women have experienced a falling share of employment in growth sectors such as services (BLMR 1986). Other factors (such as competition from adults, especially married women, and increase in youth wages relative to adult rates, and structural change that has eliminated some jobs such as messenger boys entirely, and raised the skill levels for others) are also responsible for the decline in full-time youth employment (Sweet 1987).

As a result, as the Australian Longitudinal Study shows, teenagers who leave school early with the intention of getting a job rather than going on to further study, have the highest unemployment rate in the sample (Muir 1986). The consequences of this in later life are made clear by the fact that in 1984, over half the long-term unemployed lacked post-school qualifications, and 79 per cent of them had not completed secondary school (BLMR 1986). Even if they do manage to escape the unemployment trap, there is evidence that teenagers who experience substantial unemployment are permanently disadvantaged or "scarred" by earning consistently lower wages later in life (Whiteford 1987).

In summary, then, there is a demonstrable correlation between lack of educational qualifications and labour market disadvantage resulting in poorly paid, unskilled employment or persistently recurring unemployment. There is also evidence that those most likely to lack educational qualifications, particularly by failing to complete secondary schooling, are children from the poorest quartile of families. The findings of the ACER study on this point (Williams 1987) are reinforced by the ALS study (Muir 1986), which shows that in the sample of long-term unemployed young people, not only is there a greater than average proportion of early school leavers (78 per cent compared with 49 per cent in the whole age-group), but also a greater proportion of young people from large families and from single-parent families than in the age-group as a whole. These have already been found to be the two types of family most prone to poverty (Cass 1988a).

Furthermore, the ALS study shows that young people from these two family types experience a longer duration of unemployment

than those in the sample from small and/or two-parent families. And this in turn mirrors the experience of the adult breadwinners of these two family types, upon whom it has been shown that the burden of unemployment falls disproportionately heavily; and moreover, that their children are indeed more likely to become unemployed when they enter the labour force (Bradbury, Garde & Vipond 1985; Whiteford 1987). Whiteford's figures illustrate the 75 per cent increase in unemployment for heads of large families and 64 per cent increase for single-parent families between 1980-86; while Bradbury *et al.* found that children who had either parent unemployed were twice as likely to be unemployed themselves as children of employed parents.

Thus there is evidence of an intergenerational transfer of disadvantage, through the experience of unemployment. Most recent research has identified unemployment, or the inability to earn income, as the major factor in the incidence of poverty in Australia. Henderson (1975) concluded that "the dominant factor which determines poverty is whether or not the head of the family is able to work", while Cass (1988) emphasises that "unemployment and joblessness . . . lie at the heart of the causes of poverty". This creates a cause and effect relationship between generations, in which parents' poverty, as the *effect* of their inability to generate income through employment, is passed on to their children as the *cause* of *their* earning inadequacy, and ultimately *their* children's poverty, thus creating a self-perpetuating cycle of poverty and deprivation.

From the evidence and argument of this chapter it can be seen therefore, that a critical factor in the future life chances of children brought up in poverty will be the extent to which it is likely that children will inherit their parent's poverty, through a repetition of their experience of unemployment and joblessness. Thus the emphasis in the next chapter analysing the future of work will be first on, the probable trends in job opportunities and the employment environment, and second, on the work skills that will be needed and the opportunities that will be available to acquire them.

◆ THREE ◆

The future of work

Since the relationship between poverty and employment — or rather the lack of it — is so clearly defined, a major effort has been made in this paper to assess the evidence and predictions available in the literature of futures research on the future of work and employment. While this may appear to be somewhat remote from the issue of child poverty *per se*, most current strategies being advocated as a means of reducing or eliminating child poverty implicitly depend upon a return to “full” employment defined as 2-3 per cent unemployment (ACOSS 1988b), and assume that this is both desirable and feasible. It is essential therefore to examine whether this expectation is likely to be fulfilled.

The debate on the future of work, like all futures issues, is characterised by uncertainties of trends and their speed, inadequate data and forecasting techniques, and conflicting ideologies and interpretations. To make some sense out of this confusing maze, it is not helpful to focus on the two major issues of the likely *quantity and quality* of work in the future and, from the various predictions of each, to create a small number of possible scenarios, within which to assess the life chances of children raised in poverty. It should be emphasised that the scope of this analysis is restricted to likely future developments within first world economies represented by OECD countries. It does not canvass the future of third world economies, nor is it within the scope of this paper to explore the possible evolution of the international economic system — even though both of these issues will inevitably impinge on the economies of OECD countries such as Australia.

On the quantitative issue, some futures analysts believe that “the question of whether there will be more or less work in absolute terms in the 21st century, is absolutely open” (Jones 1987), for “no one knows if there will be enough jobs, although 200 years of technological change have shown no general trend to greater unemployment” (Gruen 1981). As Gruen emphasises, assessment of the impact of technological change is the critical factor in this debate.

On one side of the debate are the optimists (for example, Myers 1980, Best 1984, Cordell 1985, Layard 1986, Supple 1986, Naisbitt 1986, Marchello 1987), who argue that the transition to a post-industrial economy will follow the pattern of the past, in which job destruction and job creation as a result of technological change will balance out, and new markets and increased wealth will be generated by increased productivity. Some analysts argue that "there will be increased and fulfilling employment opportunities in the future" (Marchello 1987, p.556), and that "new jobs are being created at [such] a phenomenal pace that if continued at the current rate, there will be more jobs created than workers to fill them" (Naisbitt 1986, p.7, referring to the USA specifically). The optimists point to Henry Ford's introduction of the assembly line as the model of the impact of technological change on employment. With this new process technology, Ford achieved a 56 per cent reduction in the hours needed to produce a car, which resulted in a 62 per cent reduction in price and a tenfold increase in sales and production, requiring an expansion of the work force by 450 per cent in ten years (Best 1984).

The pessimists on the other hand, argue that in a post-industrial economy this model is no longer valid. The developed countries are experiencing a quantum shift in their economic structure, brought about by the new information technologies, which have the ability to displace brain power as well as muscle power. It is this discontinuity in the evolution of technology that is the defining characteristic of the post-industrial economy.

Robots can now control as well as perform many of the tasks of process work and manufacturing, so that it is "an illusion to suppose that vast numbers of new jobs can be found in high volume production" (Jones 1985, p.79). Indeed in both relative and absolute terms, employment in manufacturing industry in Australia has fallen from a high point of 28 per cent of the work force in 1965 to 17 per cent in 1982, a sectoral fall of 40 per cent in seventeen years. Moreover, during the same period, when 2 060 000 new jobs were created, manufacturing actually lost 150 000 jobs. In his evidence to the Committee of Inquiry into Technological Change in Australia in 1980, Laurie Carmichael representing the Amalgamated Metal Workers' Union claimed that 65 000 jobs had already been lost in the metal industry, and that technological change caused jobs displacement at the rate of ten "old" jobs for every new one created (Myers 1980). Since jobs in manufacturing industry pay, on average, three times the minimum wage, this represents a substantial impoverishment not only of individuals forced

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into redundancy, but of the national economy as a whole, as a result of the loss of this purchasing power (Thurow 1980).

Five years later the concern, cited in several submissions to the Senate Standing Committee on Science, Technology and the Environment's Inquiry into New Technology and Employment, was not only with loss of jobs due to technological change, but failure to create new ones resulting in the phenomenon now labelled "jobless growth". This term describes a situation in which new technology is responsible for such large gains in productivity and output that the market is saturated and economic growth achieved, without the need, as in the days of Henry Ford, to employ more workers. In effect, in this situation the classical economic argument that economic growth necessarily promotes employment growth is no longer valid. In fact, Foster (1980) has created an Unemployment Principle, which states that "increase in productivity, cost effectiveness and national prosperity will be in inverse proportion to increase in employment — skilled or otherwise" (quoted in Claydon 1984). The recent experience of many European economies, of respectable rates of growth accompanied by still high, or even rising, unemployment is evidence of this (*Financial Times* 1986).

Nor do the new information industries themselves have the potential to reverse this situation, since although "the computer industry is often cited as a major growth area . . . it seems likely that for every job created in the computer industry about two will be eliminated" (Jones 1985, p.67). The only consistent source of growth is in the services sector, but the pessimists argue that on an aggregate basis this will be insufficient to maintain employment levels in the future (Pritchard 1981, Barton 1981, Gill 1985, Weiss 1985, Gorz 1985, Goss 1987, and Handy 1987).

Estimates for the American labour market range from a shortfall of 20 millions jobs by 2000 (Leontief & Duchin 1986) to 50 million jobs by 2010 (Porter 1986). On the world scene, the International Labour Organisation calculates that 1000 million new jobs will need to be created by 2000 to achieve full employment, and, according to its director (Handy 1987, p.3), "there will be no situation of full employment in the conventional sense, over the next twenty years we shall see a radical change in the nature of employment".

There are fewer quantitative estimates available for the Australian labour market, but the Bureau of Labour Market Research has published projections to 1995, which suggest that unemployment may range from 2.5 per cent to 14.2 per cent, and is unlikely to fall below 6 per cent of the labour force (BLMR 1986, p.191-3). Similarly, the Senate Standing Committee on Science,

Technology and the Environment received many submissions to its Inquiry into New Technology and Employment arguing that the Australian economy "could not now nor in the foreseeable future provide jobs for all who want to work" (Senate Standing Committee 1987, p.25).

The number of people who will want to work is, of course, itself a variable in the analysis of future employment levels. It depends upon a variety of demographic factors, particularly the size of the population and its age distribution, and the age and sex specific participation rates of the working-age population in the labour force. Assuming labour force participation rates as in 1985, and population projections based on a range of assumptions for fertility, mortality and migration, a recent study gives estimates of the increase in the labour force between 1985 and 2001, which range from 22 per cent to 25 per cent, or between 1.35 per cent and 1.54 per cent per year (Kane & Ruzicka 1987). Over the same period, and using the same range of assumptions, the population as a whole is expected to grow at between 1.19 per cent and 1.34 per cent per year. Thus the labour force will continue to grow faster than the population, but at a slower annual rate than between 1966-1985, when it grew at 1.95 per cent per year.

However, it is likely that the participation rates of women in the labour force will continue to rise, as they did from 36 per cent in 1966 to 46 per cent in 1985 (and of married women even more steeply), thus increasing the total labour force growth rate in the future. Higher school-retention rates and earlier retirement, also emerging trends, would on the other hand tend to decrease the rate of growth of the labour force. Similarly, the trend to a reduction in working lifetimes will reduce the overall demand for jobs. The average number of years worked by Australians has decreased by 8 per cent since 1950 (Gruen 1981), but this trend may be discouraged in future due the increasing burden of pensions on government resources.

The ageing of the Australian population, another factor that will reduce the labour force, will not be overly rapid in the medium-term future, with the median age increasing from 30.75 years in 1985 to 34.29/34.87 years in 2001, and the dependency ratio increasing from 51.22 to 51.73 on one set of assumptions or decreasing to 50.03 on another (ABS 1985). Nor will the decline in the 15-24 age-group be very pronounced; from 25 per cent of the working-age population (15-64 years) in 1985 to 21 per cent or 20 per cent in 2001. Thus the "baby bust" phenomenon predicted for the United States, of a drop for that group from 30 per cent to 16

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per cent of the labour force by 2000 (Supple 1986, Cetron, Rocha & Luckins 1988) appears to be much less likely in Australia.

Overall, it appears that the demand for employment will continue to increase, based on likely demographic and labour force participation trends, at between 1.2 per cent to 1.5 per cent per year in the medium-term future. Compared with demographic projections, uncertain though they may be, projections of the future growth of employment are even more difficult to pin down to hard figures. Past performance is not a very reliable guide, for while total employment grew by 2.1 per cent a year between 1966 and 1985, the growth rate was more than six times as rapid for part-time employment (8.4 per cent per year) as for full-time employment (1.3 per cent per year). Moreover, both these growth rates have declined, to 1.2 per cent per year for full-time, and 4.8 per cent per year for part-time employment, between 1980 and 1985 (Kane & Ruzicka 1987).

Growth in employment depends, in part, on growth in the economy, and Australia's performance relative to her international competitors. One set of projections of future economic growth was prepared by the National Institute for Economic and Industry Research for the Victorian government, as a basis for planning its TAFE programs to the year 2000. It used a range of economic growth scenarios, with the preferred case being that Australia achieved parity with OECD growth rates over the period (not always realised in the past). Under this assumption, the projected growth in employment for Victoria was 17 per cent from 1985 to 2000, or 1.01 per cent per year (TAFE 1986). This represents a substantial decline from the national average over the past two decades, and would not, on the figures cited above from the Commission for the Future study (Kane & Ruzicka 1987) be sufficient to provide jobs for new labour market entrants, let alone reduce the current high levels of unemployment.

In the longer-term future, beyond 2000, the rate of growth of the labour market will decrease due to demographic trends, and at the same time a new growth phase in the Kondratiev or long wave business cycle is predicted to begin (Hopkins 1986). This would create demand-led growth stimulated by innovations that are being created in the depressed economic conditions of the 1980s. But even if we can expect a technology-led boom in the 21st century as a result of the fifth Kondratiev cycle, that still leaves an intervening period of ten to fifteen years in which there is no promise of relief from high unemployment. In a special issue on "Work: the way ahead" reviewing employment prospects in advanced nations worldwide to the year 2000, the *Financial Times* concluded that

"though it is already clear that unemployment is no mere product of a cyclical downswing, it is not clear whether or not it is with us over a long haul. Governments in all the main states continue to predict its demise, but they continue to lack proof that it will" (*Financial Times* 1986).

In summary, the available evidence and projections suggest that the employment environment in the medium-term future will continue to be characterised by a shortfall of job opportunities in the overall labour market, although the increase in part-time work may offset this to some extent. Given the acknowledged handicaps that children growing up in poverty have already been shown to contend with in the labour market, this general prognosis is hardly encouraging for their future life chances.

Turning to the issue of the likely quality of work in the future, the impact of technological change is seen by most commentators as a key factor here also. Essentially the question is whether the post-industrial society will transform the nature and skill base of all or most jobs to provide increased rewards and satisfaction for workers. On the one hand, the Myers Committee was sanguine not only that there would be more jobs in the future, but that they would be at a higher level of interest and personal reward, involve less drudgery, and afford more leisure time for hobbies, arts, and social and family conviviality (Myers 1980). Jones had a similar vision of the future in which juvenile work would be abolished, tertiary education be almost universal, and the blue collar sector reduced to 10 per cent of a work force that could look forward to spending only one-tenth instead of one-seventh of its lifetime at work, making greater discretionary time available for personal growth, education and self actualisation (Jones 1986).

On the other hand, it is argued that although it may eliminate boring, dehumanising process work in industry, and may raise skill levels and job satisfaction in some high-tech occupations, the general tendency of new technology is towards the deskilling of jobs. For example, checkout operators no longer have to be able to add up, nor typists to spell, thanks to their computerised cash registers and word processors, while computer-aided design and manufacturing (CAD/CAM) decreases the skill requirements of many technical jobs in industry (Sweet 1984). This is borne out by Commonwealth Employment Service statistics, which show that between 1980 and 1983, although they were the smallest group in absolute terms, the numbers of skilled workers registered for full-time work increased most rapidly, by 305 per cent, while semi-skilled and unskilled workers increased by 90 per cent and 44 per cent respectively. This corresponded to the period

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when industries were seeking to reduce costs by introducing more labour-saving equipment (Claydon 1984).

Even at the level of computer programming, only about one in ten programmers needs to understand the mathematics of computer languages, since to them as to all of us, computers are becoming increasingly user-friendly (Levin & Rumberger 1983). Similarly the advent of expert systems for diagnostics and prescribing in medicine, for programmed learning in education, for risk assessment in engineering, for precedent analysis in law, and for decision-making in business will downgrade the skill requirements of many professional practitioners, while concentrating the demand for expertise in the few 'super brains' who create the expert systems in the first place (Porter 1986).

The belief that a high tech, post-industrial economy will require an overall increase in skill levels in the work force is based on a confusion between high tech industries and high tech occupations (Watkins 1985). Even in California, home of the Silicon Valley ideal of the post-industrial economy with 20 per cent of all American high tech industry, this sector still only employed 15 per cent of the state's work force in 1982, and less than one-quarter of these employees require any substantial technical knowledge. Even in the computer and data processing services side of the industry, as opposed to the manufacturing of electronic components, only 26 per cent of the jobs are technically oriented. Most of the remainder are clerical or warehouse jobs, or low-skilled, repetitive process and assembly work, which may be less physically demanding than on a "smokestack" industry production line, but hardly more satisfying. In Silicon Valley these workers are often non-unionised migrant women with little say in their pay and conditions, and under the constant threat that due to the portability of the technology, their jobs could well be done next year by women in Hong Kong for 25 per cent of their wages, or in Indonesia for 5 per cent (Weiss 1985).

Extending this situation to assess the need for high level technical skills in the work force of the future, Rumberger & Levin (1985) predict that high tech jobs will provide only 6 per cent of the total expansion of the US labour market to 1995. These jobs are defined as "requiring in-depth knowledge of theories and principles of science and engineering underlying technology" (p.411). The occupations that meet this definition include engineers and scientists, but exclude computer operators or service technicians.

To understand why these occupations will contribute so little to overall job growth, it is necessary to distinguish between *rate of growth* and *gross increase*. Although these occupations are

predicted to grow by 46 per cent to 1995, they represent only 3 per cent of all occupations at present, and so will add only 1.5 million jobs to the labour market by that date, to raise their share to a still miniscule 6 per cent. The fastest-growing occupation of all, with nearly four times the overall growth rate of 25 per cent, will be computer service technician, but even this will add only 53 000 new job opportunities to the US labour market by 1995. The ten fastest-growing occupations (eight of which involve the production, use or repair of computers) will between them add only 1 million jobs or less than 4 per cent of the increase, because they currently comprise only 1.3 per cent of the labour market. Most of these jobs require post-secondary education, and as a group command earnings about 25 per cent above average.

By comparison, of the ten occupations that will add the most jobs — over 6 million or nearly a quarter of the total — none is related to high technology, only two (nurses and teachers) require any post-secondary education, and, as a group, they command earnings about 30 per cent below average. None of these occupations will have growth rates above 50 per cent, but because they currently comprise 19 per cent of the labour market, their contribution will be much more significant. For example, the occupation with the largest absolute growth, that of building security officer, will provide fourteen times more jobs than the fastest-growing occupation, that of computer service technician, in the period to 1995.

In conclusion, Rumberger & Levin state

according to the Bureau of Labour Statistics projections . . . neither high tech industries nor high tech occupations will supply many new jobs over the next decade. Instead, future job growth will favour service and clerical jobs that require little or no post-secondary schooling and pay below average wages. Even among the jobs that are generated in high tech, many are support-level and production jobs that require little or no in depth knowledge of technology. The skill requirements of other jobs, such as programming, are being lowered through advances in computer hardware and software. (p.415)

In a companion paper to this analysis, Rumberger (1985) examined trends in the qualifications of the US work force, and concluded that perhaps 25-50 per cent of college graduates were overqualified for their current job. At the same time, many jobs were being deskilled by technological change. In the future, Rumberger concluded, if these twin trends continue, as seems likely, although the best jobs will usually go to those with most qualifications, many more graduates will be underemployed. In addition, all occupations will suffer from a "credentials creep", whatever their actual skill requirements, which will severely disadvantage the less qualified in their attempts to improve their employment status.

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These US projections have not been duplicated for the Australian labour market, and no data sets comparable to those used by the Bureau of Labour Statistics exist (Windschuttle 1986). However, at a seminar held in 1984 to explore the applicability by Rumberger & Levin's work to Australia, evidence was presented that what data there are point to the same conclusions (Sweet 1984). In the 1970s and 1980s the main growth in absolute job numbers has been at the low or unskilled end of the job spectrum, especially in part-time and casual jobs for young people. For example, there was a 278 per cent increase in the demand for young men as short-order cooks, and a 77 per cent increase for young women as waitresses and barmaids between 1971-81. In the adult labour market, while the fastest relative growth was in the professional and technical category, the greatest absolute growth was at the other end of the spectrum, in jobs for cleaners, shop assistants, and hospital, security and fast food workers. Future projections of Australian trends are very scarce, but Ruthven (1987) has forecast that of the 2.5 million jobs created in Australia by 2000, 270 000 will be in the leisure industry and they will mostly be casual, part-time, unskilled jobs with few career prospects.

This evidence mirrors the more reliable US data, but given the fact that comparatively little research and development is done by Australian industry, one would expect that the growth of high tech occupations, both relative and absolute, will be less significant and the demand for these skills less marked than in America. None the less, the same trend towards a dual labour market with a vanishing occupational middle class is apparent in Australia (Windschuttle 1986).

This is clearly demonstrated in the banking industry, one of the case studies of the impact of new technology on employment examined by the Senate Standing Committee on Science, Technology and the Environment in its inquiry (chapter 3). With the introduction of computerised account keeping, not only has much of the work of counter staff been taken over by Automatic Teller Machines, but the skills they now require have also been reduced. In addition, Electronic Data Processing centres staffed by part-time or casual operators have replaced much of the other, more complicated work previously carried out in branch offices, which enabled bank staff to increase their skills. Instead, tellers are now trapped in a low skilled, low paid, routine job with no career prospects. On the other hand, managerial staff or trainees, instead of coming up through the ranks as formerly, are now recruited from tertiary educated or even more 'highly qualified specialists, to handle the increasingly complex areas of financial and corporate services that

banks now offer their customers. As a result, a stratified work force has been created, with widely differing levels of salary, job satisfaction and prospects, and virtually no intermediate steps by which to rise from one level to the other. Nor, despite the increase in bank profitability, has there been any overall increase in full-time employment, while part-time employment quadrupled between 1982 and 1985; another illustration of jobless growth.

In summary, while new technology may eventually eliminate all or most of the tedious or dangerous jobs currently done by humans and provide satisfying alternatives for all, in the medium-term future its impact on the quality of work is likely to be rather less utopian. The prospects for children growing up in poverty in this time scale are equivocal. On the one hand, the likely continuance or even increase in low skilled jobs gives some prospect of them finding employment, given the fact that they mostly fall into this category of the work force. On the other hand, the fact that these jobs will continue to be poorly paid, and are increasingly likely to be part-time or casual with no career prospects, means that they will also suffer from the growing stratification of the work force, and the "creep" in credentials, though not necessarily skills, required for any jobs.

In building scenarios for the future of work in the medium term from these various projections and interpretations of the impact of technological change, the key factor will be the distribution of the quality and quantity of work that is available. As emphasised in the Introduction, scenarios are neither predictive nor prescriptive, but provide descriptions of possible or desirable futures as an aid to planning. They should therefore be seen as idealisations, and while for clarity their characteristics may be presented as specific to a given scenario, it does not follow that all the proposed scenarios are mutually exclusive.

Another important factor in scenario building is the extent to which current evidence and projections of key factors — in this case the characteristics of technological change identified above — are regarded as deterministic and immutable, or amenable to modification through conscious policy choices. Projections essentially assume no change in policy, but by the same token much of their value lies in pointing to where policy changes may be required.

Based on these considerations, and on the analysis of trends in the major variables affecting the future of work, which has been the focus of this chapter, there are four more or less plausible scenarios for the future of work, which have some credibility in the literature, and these are discussed in the next chapter.

◆ FOUR ◆

Four scenarios: the future of work

The scenarios discussed in this chapter represent a number of points on the spectrum of possible futures for work and employment, and each one emphasises to a greater or lesser degree the significance of the various trends discussed in the previous chapter. For the sake of clarity they are delineated boldly and differentiated sharply, but in reality it is unlikely that the future will be so unambiguously defined.

1 Leisure for all

This scenario is based on a utopian view of the projection of the phenomenon of "jobless growth" into the future. It is very much an idealisation, and assumes that new technology will indeed increase productivity and output without the need to employ more workers. This is seen as highly desirable, because as jobs become increasingly automated (especially dangerous or boring jobs) work will become both rewarding and scarce; a pleasure, and a privilege, for all.

In this scenario, Marx's enslaving and alienating "sphere of necessity" is all but eliminated, and a system of social "credits" ensures that the opportunities and rewards of the work that remains are equitably distributed. As a result, everyone has the resources to indulge in constructive, satisfying leisure pursuits, and employment no longer holds sway over people's status, income or sense of purpose (Watts 1983). In this scenario, the quantity of work is low, by desire, but the quality of work is high, and equitably distributed, by design.

This scenario assumes that technological progress — during the fifth Kondratiev long wave perhaps? — will increase economic growth to such an extent that the cake becomes large enough to ensure adequate shares for all (within a post-industrial society such as Australia, not the world economy at large). It also assumes that a redistributive mechanism capable of neutralising acquisitiveness and vested interest and ensuring more equal shares, becomes feasible in conditions of abundance, though unachievable in currently perceived scarcity. The skills base and general educa-

tion level of the whole community would have to be extremely high to enable all to participate equally in the work remaining, and to ensure that the automated, computerised, "smart" machines and environments operate efficiently to give everyone their rightful share of leisure. The upskilling process would have to be matched very closely to the phasing out of unskilled work if extreme stratification of the work force were to be avoided. But when this was achieved, since everyone would have equal access to the good life, there would be few differentiated rewards for acquiring and using these skills on the community's behalf. Personal incentive would be far lower than the social need for skills, so while this might decrease competition, it would require a radical realignment of the relationship of skills and work value.

This scenario is certainly not yet an economic goal of any advanced country, where the emphasis is still on seeking to reinstate full employment, and the concept of jobless growth is anathema. To achieve it would therefore require a complete reorientation of economic policy and an equally radical change in the community's attitude to the work ethic, and the relative value of work and leisure. Similarly, this scenario implies a level of social justice in employment and income distribution that even the most idealistic politicians of today regard as electorally unrealistic (Howe 1988). But unless this degree of equity was achieved, this scenario would degenerate into the next.

Overall, therefore, while this scenario portrays the situation to which humanity has aspired since the dawn of civilisation, the social, economic and political transformation it requires means, I believe, that the conditions for its achievement cannot be regarded as a foreseeable possibility in the medium term.

2 "Leisure" for some, the excluded middle

In contrast, this scenario is an all too foreseeable possibility in the medium-term future, because it is the logical outcome of Rumberger & Levin's analysis of labour market trends into the 1990s. In the absence of any policy intervention, these projections would result in an increasingly stratified economy and society, with a small and extremely busy elite of highly skilled professionals, a shifting stratum of marginalised workers who do all the dirty work not yet handled by robots, and an underclass of the permanently unemployed and unemployable (Morf 1983).

The conditions for the realisation of this scenario are already present, for monetarist economic policies could allow the unchecked operation of the market to dictate the most efficient allocation of human resources into a dual economy — a trend already apparent

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in Britain and America (*Financial Times* 1986). This would reduce the costs of production, especially labour costs, and increase the efficiency of capital leading to increased investment and economic growth. As in the first scenario, this would be jobless growth, but with no countervailing strategies to ensure equity, it would result in the paradox of rising productivity creating rising destitution — or starvation in paradise (Kuttner 1984). The race for credentials would be intensified, because of the extreme competitive premium inherent in high skill levels as the only access to the primary labour market (Davidson 1987). Those who failed to overcome this barrier would be condemned to self-perpetuating underclass status, or at best to marginal employment in the secondary labour market with virtually no prospect of a stable, rewarding career.

In this scenario, the quantity of work would be low, but not as low as in scenario 1, and the quality of work would be polarised between two extremes of skills, and very inequitably distributed.

These two scenarios represent the opposite ends of the spectrum; representing the most "optimistic" and "pessimistic" interpretations of the trends discussed above. Each, in its different way, implies a deterministic attitude to the impact of technological change on the future of work, in that technology is accepted as an immutable force that will either inevitably create a utopian leisure society, or inevitably create a polarised, strife-torn jungle.

Between these two extremes, there are a range of other options, which imply to some extent a rejection of technological determinism. These scenarios, while accepting that the projections outlined above have considerable objective reality, assume also the feasibility of conscious policy intervention to modify the market to ensure a more equitable distribution of the quantity and quality of work than in scenario 2.

3 Jobs for all, the expanded middle

Based on a perception of Rumberger & Levin's analysis as a warning rather than a forecast, "providing urgent grounds for far-reaching policy changes that will provide new directions in employment", this scenario reaffirms the right to employment in a broad range of skilled jobs (Windschuttle 1986, p.109). This would involve a series of conscious policy measures to expand labour-absorbing employment, rather than simply accepting as inevitable the tendency of technological change to promote labour-saving employment.

In this way, this scenario implies a redefinition of productivity, in which human capital is seen as being as worth while an investment as physical capital, and employment itself as having the status of

output in some contexts, and creativity and job satisfaction in others (such as "quality circles" in manufacturing) (Jones 1985). This does not require a Luddite opposition to technological change, but rather a perception of technology as a two-edged sword, and as a means to an end not an end in itself. This end is defined as maximising output of human satisfaction as well as material goods, with technology as a flexible tool for achieving this, rather than an uncontrollable *deus ex machina*. Equity thus becomes a partner to efficiency, rather than the antithesis of it, in a resurgence of Keynesianism that in turn assumes an ever higher level of state intervention than has currently been required to modify the inherent inequalities of the market (Mishra 1984). This scenario is based on continuing support for the work ethic, and a belief in the centrality of employment to social well-being as well as to personal economic security.

To create this scenario, resisting the deskilling impact of new technology will be crucial, a point better appreciated in European and Japanese than in American and, until recently, Australian economies

We have to do everything we can to avoid the creation of a "MacDonalds" labour market segmented into the highly skilled and the low skilled. This is one reason for a "qualifications offensive"; we do our utmost to get people into the qualifications system. We need more qualified people, not less. Of course the "MacDonalds" labour market will continue to exist, but we try to keep it as small as possible. (German Federal Labour Minister, quoted in *Financial Times* 1986, p.4)

In this scenario, the quantity of work would be maintained, and possibly increased, and the quality of work would be broadened and raised by regenerating many intermediate skill levels. Access to satisfying work would be much more equitably distributed because more people would have a wider range of skills, and there would be more, and a greater variety of it, than in scenario 2.

The major question mark over this scenario is whether in fact it could make a substantial impact on unemployment levels, especially the incidence of long-term unemployment. Medium-term OECD projections do not foresee much change in the overall employment situation, nor in the number of young people failing to find career openings (*Financial Times* 1986). However, the examples of Austria and Sweden, while the exception rather than the rule in OECD countries, suggest that such strategies can be successful. The more specific policy implications of adapting this model to Australian circumstances are discussed in chapter 6.

4 Work for all, the radical alternative

This fourth scenario differs from scenario 3 in that it accepts the validity of future projections of high levels of unemployment, but like scenario 3, it envisages positive policy intervention, in this case to change social perceptions of unemployment. If unemployment is always going to be with us, then it must no longer be seen as deviant, the down side in an absolute, either/or discontinuity, but as genuinely part of the culture in a spectrum of work options.

At the core of this scenario is a redefinition of work, to distinguish between employment and work. *Employment*, in a paid capacity, would not be the only recognised form of work. Instead, *work* would encompass many kinds of self-organised activity or ownwork, which would become an increasingly central focus of interest and of individual and community production.

Common sense and compassion now demand . . . that we examine the possibility of encouraging other activities in place of employment, of enabling people to receive an income in other ways than from employment, and of removing the causes of personal distress and social damage that now attach to the condition of being unemployed. (Robertson 1987, p.24)

While this scenario may be technologically deterministic in accepting the inevitability of a shortfall in employment in the future, it is socially and politically more radical than scenario 3 in its response to the threat of extreme social stratification portrayed in scenario 2, while being more realistic than the utopian vision of scenario 1. The main change required would be a very much more flexible labour market, which would allow people to move between ownwork and employment as their preferences or circumstances dictated, with the economic value of ownwork being acknowledged by some form of social wage.

This scenario has the greatest potential for equity, since a universal social dividend would guarantee all citizens a livelihood in a non-stigmatising way, while at the same time allowing access to income-generating employment, which current social security systems forbid (Jordan 1985). It implies a more communal and compassionate consciousness, which ceases to assign blame to those who fail in the employment stakes, but instead assigns value to many socially beneficial pursuits not currently regarded as "economic" activity, by including them in a broader definition of work.

In this way, while the quantity of *employment* might be restricted, the quantity of *work* would be almost infinite, and its quality would be as high and as varied as human imagination or aspiration could create. It would also accommodate many skill levels, and although high skills would still bring greater rewards,

there would always be incentives to augment skills incrementally to fill particular niches. Because so many kinds of activity would be included, work would be widely distributed, and its rewards, though not equal, would at least be assured, through a guaranteed minimum income scheme.

However, this scenario would require a major ideological shift away from the dominance of the traditional work ethic in our society, both as a source of economic independence and of self-definition. This is unlikely to occur at the level of national consciousness within a medium-term framework, although more and more individuals and groups may be able to make their own trade-offs between employment and ownwork, and thus encourage the exploration of the possibilities of this scenario.

In assessing the future implications for Australian society as a whole of these four scenarios of the future of work, the greatest social threat is clearly that posed by scenario 2, with its vision of a large proportion of the population marginalised and alienated, resorting to crime, disruption, drugs and deviance as their only available expressions of identity. This is a syndrome identified by Eckersley as emerging particularly among young people in Australia, but he also found that "they have become more socially conservative, more politically apathetic" and concluded that "it is hard to avoid the suspicion that we are seeing among a small but growing section of the community, evidence of the sort of cultural disintegration experienced by indigenous peoples such as the Aborigines, Maoris, American Indians and Eskimos, when they come into sustained contact with western industrial society" (Eckersley 1988, p.50). Nor is this a peculiarly Australian phenomenon, for in Europe the "much remarked-upon apathy of the unemployed and the lack of revolutionary potential they have displayed . . . is a measure of the growing political impotence of the working class" (*Financial Times* 1986, p.4). While this makes it perhaps less likely that "those with nothing to lose and everything at stake [may] disrupt the rest of our society and economy" (Thurow 1980, p.155), the very existence of such a group within any society destroys its moral validity and makes it a worse place to live in for everyone.

But as well as this threat of social disintegration, scenario 2 poses an equally grave economic threat also. The costs of current levels of unemployment have already been documented by Dixon (1988), who shows that as well as the hardship endured by individuals and their families, the national income as a whole suffers both from the cost of benefits paid to the unemployed, and the loss of the income tax that would have been paid by them had they been in work. These two factors are estimated to cost the govern-

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ment 40-50 per cent of the loss of private incomes resulting from unemployment, while the cost of additional services (such as health, housing, education and training, community services and law enforcement consumed by the unemployed) amounts to a further 10 per cent (Dixon 1988, p.14, 23). This analysis illustrates conclusively that inequity does not promote economic efficiency, and self-interest alone should prompt governments to do everything in their power to reduce unemployment levels. If they were to rise to the 25-30 per cent implied for the United States, for example, by forecasts of a shortfall of 50 million jobs by 2010 (Porter 1986), the burden would be intolerable.

Demographic trends will exacerbate this in two ways in the future. Firstly, with an ageing population the dependency ratio (the ratio of the dependent population, aged below 15 and above 64, to the working-age population, aged between 15 and 64) will rise, though not significantly, in the time frame being considered here (from 50.2 per cent in 1988 to 51.7 per cent in 2001, but to 54.1 per cent by 2021: ABS 1985) so that there will be proportionately fewer people of working age in the population. If a substantial percentage of these are out of work, then the revenue base will be severely eroded. More significantly though, the composition of the dependent population will change, with a decreasing proportion of children below 14 years, and an increasing number of aged people over 70, rising from 6.2 per cent of the population in 1985 to 8.6 per cent in 2001 and 10.5 per cent by 2021 (Kane & Ruzicka 1987). In terms of government expenditure, the rise in the proportion of aged people will not be offset by the fall in the proportion of children, since private expenditure contributes more to the costs of the young than of the old, while per capita Commonwealth outlays on the old are four times per capita outlays on the young (Dixon & Thame 1984). Furthermore, since per capita outlay increases with age, and the aged population over 75 will increase by 98 per cent by 2001, total Commonwealth outlays will increase by 34 per cent by 2001.

As much for reasons of economic rationality as of social justice, therefore, Australia cannot afford a future situation similar to scenario 2, in which a large proportion of the working-age population is under-employed or unemployed. As Keynes himself put it, "idleness is sheer economic and human waste", which disadvantages the whole nation in terms of productivity and output forgone, as well as the unemployed themselves. Such a level of unemployment is thus highly inefficient in economic terms as well as inequitable in human terms.

Four scenarios: the future of work

Following on from this broad assessment of the general social and economic desirability of these alternative scenarios for the future of work, in the next chapter the four scenarios are examined in more detail in relation to the specific issue of whether each is likely to enhance or erode the life chances of children brought up in poverty, and also the extent to which each may exacerbate or relieve the conditions that perpetuate child poverty.

◆ FIVE ◆

Four scenarios: children's life chances

As discussed in chapter 2, the major determinant of the life chances in these scenarios of children raised in poverty is the extent to which they will be able to acquire the skills needed to take advantage of the job opportunities available, and to develop a secure and rewarding career. A further issue relating to the future life chances of their children, and thus the prospects of entrenching the cycle of poverty, is the likely status of children and parenting, and the availability and quality of schooling and child-care, in each scenario.

Scenario 1, as we have seen, is a utopian vision in which work of any kind is reduced to a minimum, and all citizens have equal access to the remaining jobs and the rewards derived from them. These might vary in the skill levels required, but in this ideally equitable society there would be no socio-economic barriers to acquiring whatever level of skill one desired or was capable of, and rewards would not be directly related to credentials (Morf 1983). This might not provide an adequate incentive to acquire skills, but the abolition of routine and repetitive jobs would mean that the intrinsic interest of most jobs would be sufficient motivation in itself.

There would probably be fewer children and a lower birth rate in this scenario, in line with the trend to smaller families already evident in the better educated and more affluent sectors of the population (Kane & Ruzicka 1987). However, the high-tech high-productivity economy would provide ample resources and schooling for children, and the leisure society would provide ample opportunity and support for parenting roles. By implication, this scenario abolishes poverty through its commitment to equitable distribution of material and personal advantage, and so the cycle of deprivation would become a disappearing point. However, as discussed in chapter 3, this scenario is unlikely to eventuate in the medium term.

Scenario 2 in contrast appears to promise only disaster for children raised in poverty, given the extreme polarisation of the labour market. Their labour market disadvantages identified in chapter 2 will only be exacerbated in this scenario, because there

will be no broad-based demand for skills that would generate training programs to which they might gain access. Access to the primary labour market will be all but impossible without excellent credentials, and even in the secondary labour market there will be sufficient competition to put a premium on skills for the more secure jobs, even at low wages. Early school leavers, for example, are likely to face a lifetime "career" alternating between casual, seasonal or other marginal employment, and more or less extended periods of unemployment. Older workers displaced by technological change and denied retraining opportunities would also be competing with young people in this market, while single parents without access to child-care would be condemned to the very fringes. The poor and unskilled would thus be fighting one another for survival in this economic subculture, while the primary economy generated rewards and wealth to which they could not gain access. With the dominance of the market and of monetarist economics, the polarisation of the economy would worsen other problems such as access to adequate and affordable housing.

In these circumstances, since the poor and unskilled themselves are seen as surplus resources with no market value, their children and their role as parents would be similarly regarded as of little worth and given minimal support. The conditions for the establishment of a cycle of poverty and deprivation that perpetuated disadvantage from one generation to the next would be almost inescapable.

Scenario 3 represents an intention to modify the market driven extremes of scenario 2 through state intervention. The life chances of children raised in poverty will depend on how determined and successful this intervention is. For example, job creation policies will do little to help if they are concentrated in high tech areas, or even spread across the board "so that employers are encouraged to take on as many computer operators as machinists. It is machinists who are unemployed, and firms must be persuaded to take on the less skilled and the unemployed" (Layard 1986, p.3). This will not be an easy task, because in a poll conducted in 1986, the *Financial Times* found that 74 per cent of firms in six OECD countries were reluctant to take on long-term unemployed workers (*Financial Times* 1986, p.22). There will still be a polarisation of jobs and skill levels, but job creation and job sharing strategies must be carefully targeted to ensure that the disadvantaged bear a less exorbitant share of the burden.

Similarly, training and retraining programs, to be successful in increasing the life chances of children raised in poverty, will need to tackle their specific disadvantages. Many will have had little

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chance to develop work discipline, as well as their lack of formal education, so on-the-job training is as important as classroom instruction. The range of skills sought by employers will include cognitive and affective, as well as narrowly vocational skills, as is already becoming apparent (Beare & Millikan 1988). These are rarely acquired through normal schooling by children raised in poverty (Sheen 1988), and so retraining programs will require additional scope.

Older workers whose skills become redundant, even with retraining may find it difficult to find work that is as well paid as their previous jobs (Weiss 1985), and may require special assistance in maintaining their families. Single parents, especially women who have never been in the labour force before, will be able to climb out of poverty only if their training and employment package includes the provision of affordable child-care.

With policies such as these, based on a commitment to equity as equal partner to efficiency in the economy, children who experienced poverty themselves will be given a chance to avoid passing it on to their children. Attitudes to parenting and child-care in this scenario will certainly be more supportive than in scenario 2, and children will be valued rather than regarded as a liability, because the economy will be structured to give them socially and financially useful roles.

Scenario 4 offers the most benign future environment to children raised in poverty, through the establishment of a social dividend or guaranteed minimum income. With the pressure to provide subsistence removed, the labour market will be much more flexible, and able to provide a far wider range of jobs and skill levels, some at lower wages rates than are currently viable, which would increase productivity and work opportunities for the less skilled (Jordan 1985). More importantly, the social dividend will eliminate the poverty trap of current social security provisions, and create an incentive to seek additional income through part-time, co-operative community work, as well as more traditional employment. Such community work will enable the disadvantaged to gain additional experience and skills in an environment that may be less intimidating than a formal training course and will help to overcome the barriers to developing personal skills and self-esteem, which childhood poverty has been demonstrated to inhibit (Connell & White 1988). "Ownwork" of this kind can be tailored to accommodate a range of skills in a way that gives value to all contributions, and restores the self-respect of people who feel worthless because their skills, or lack of them, render them "unemployable" in the market economy: and this will often in turn

create the motivation to develop new skills (Robertson 1987). Training programs will need to be provided for those who wish to seek new opportunities, but they are likely to be much more successful because ownwork can provide a positive alternative to employment, instead of the negative, demoralising experience of unemployment.

In this scenario, child-care and parenting will be one of the major forms of ownwork that, for both men and women, is regarded as socially productive, and supported by the guaranteed minimum income. Similarly, child-care will be a form of community ownwork, so that the obstacles to single parents increasing their income above the minimum will be far less severe. For these reasons, as well as the more flexible economic opportunities it offers, this scenario, like scenario 3, also has the potential to inhibit the establishment of the cycle of poverty that seems so inevitable in scenario 2.

In summary, in assessing these scenarios in terms of the life chances of children raised in poverty, it can be asserted unequivocally that scenario 1, while desirable, is unattainable, and scenario 2 is highly undesirable. The relative merits of scenarios 3 and 4 are harder to judge, even in their ideal manifestations. Scenario 4 can create equity, autonomy and economic independence for the disadvantaged through the social dividend, but represents a radical reorientation of policy. Scenario 3, while less radical, may be more readily achievable, but may be less capable of delivering a substantial improvement in the life chances of children raised in poverty.

But if scenario 2 is to be averted, then some positive steps towards either scenario 3 or 4 are necessary. The final chapter of this paper examines some of the policy issues that arise from the foregoing assessment of the various scenarios in terms of their desirability or otherwise for enhancing the life chances of children brought up in poverty, by considering how the current economic and social environment would have to be altered to achieve either of the "desirable" scenarios.

◆ SIX ◆

Four scenarios: policy issues

The scenario technique of futures forecasting used in this paper has identified access to jobs and skills as the critical factors affecting the consequences and perpetuation of child poverty in the future, and has been used to create four possible medium-term scenarios focused on these issues. Two scenarios, it is argued, are either unattainable or highly undesirable. The other two both offer the possibility of remedying the consequences of child poverty, but are based on two different perceptions of how the market economy of a nation such as Australia can best be managed to provide an adequate income for all families. The major policy issue raised by this paper is, therefore, whether it will remain appropriate in the future to insist that work, and therefore full employment, is the only strategy that can guarantee an adequate income for all families. Or whether, in a post-industrial society in which technology increasingly displaces labour as the engine of productivity, a different strategy, which uncouples the traditional bond between employment and adequate income, may become not only possible but also more appropriate. These are the strategies broadly represented by scenario 3 and scenario 4 respectively.

In the first part of this chapter, the policy implications of these two scenarios for the medium-term future will be pursued independently, to clarify more fully the different principles they embody. In the conclusion, the ways in which strategies from both scenarios could be combined to develop an appropriate policy mix for reducing child poverty in the immediate future will be discussed.

Looking first at the policy implications of scenario 3, it is clear that to retain a Keynesian commitment to full employment in a post-industrial society will require considerably more than Keynesian policies. "The old confidence that governments could solve the problem of unemployment through demand management has gone for good" (*Financial Times* 1986, p.22), because the capacity of new technologies to displace labour is now on a scale far greater than Keynes could ever have envisaged. His definition of technological unemployment as "unemployment due to our dis-

covery of the means of economising labour outrunning the pace at which we can find new uses for labour" is very apt, but he regarded this as "only a temporary phase of maladjustment" (quoted in Jones, 1985, p.7); and no simplistically Keynesian strategy is able to cope with the persistent incidence of long-term unemployment in the work force.

The countries that have most successfully combated unemployment in the 1980s have developed a far more integrated, corporatist welfare state, relying on the recognition of capital, labour and government as equal partners in the national enterprise of production and distribution (Mishra 1984). This requires massive intervention by the state to dissuade the market from fulfilling its inherently inequitable tendencies depicted in scenario 2; strong union organisations willing to subordinate short-run wage demands to long-run equity goals for all workers; and strong employer groups with the vision to see efficiency as a social and collective, as well as an economic and individual, value (Kuttner 1984). Only Sweden, and possibly Austria, can offer viable models of this scenario, and Australia is still a long way from emulating them.

To do so would require substantial changes in education, labour market and welfare policies (ACOSS 1988b). The federal Government has already demonstrated its awareness of the need to make education even more firmly an instrument of national policy, but the present emphasis on restructuring the tertiary sector will not in itself achieve the goal of a more skilled and flexible work force. The proposed expansion of the output of higher education from 88 000 to 125 000 graduates a year by the turn of the century will not only absorb unmet demand, currently estimated at about 20 000 places per year, but also implies increased recruitment from graduates of the secondary school system. This in turn implies raising both the school retention rate from 53 per cent to 65 per cent by 1995, and increasing the transfer rate of Year 12 graduates to higher education from its present low 40 per cent (Dawkins 1988).

However, since private school retention rates are already 80 per cent or higher (Williams 1987), the major increase will have to come in the public school sector. Inadequate family resources and lack of motivation to study seemingly irrelevant courses are the major causes of early school leaving in this sector, but any policy to increase the skills of the work force must assume that these "low achievers" are capable of doing better, otherwise efforts to increase school retention rates are simply a waste of money. Therefore as much effort will need to be put into strategies that encourage the

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potential of these untapped resources, as providing opportunities for those who have already made it to the start of tertiary education. Furthermore, the solution will need remedial programs and financial support that start long before Year 11, because attitudes to study are formed early in primary school, and for many low income families the costs of education are a burden throughout their children's school career (Sheen 1988). Thus, while the education debate is currently focused on the tertiary sector, the real, long-term issues of creating a skills base for scenario 3 are far broader and deeper.

Similarly in the area of training and retraining, the need is not just for the technical and vocational skills that the TAFE system has traditionally provided, but for a wide range of personal and attitudinal skills that are generic rather than specific. In a recent project on future skill requirements for user groups (including business, industry, the public sector and higher education) the Commission for the Future found a common thread in requirements for critical and analytical skills, oral and written communication, decision-making and leadership, numeracy and the ability of understand and apply scientific and technological knowledge, and creativity, personal application and a positive attitude to learning (Beare & Millikan 1988). The most important skill for workers in the future will be the ability to adapt to change, and this is based as much upon confidence and self-esteem as on formal qualifications. But these are the very capacities that unemployment destroys, and which lower skilled workers have little opportunity to acquire. Recent changes in retraining programs for the long-term unemployed that put greater emphasis on personal counselling to identify individual skill needs are a welcome acknowledgment of this issue, but, in general, retraining programs must be much more carefully targeted, as well as being broadened to give access to all those who need them.

In other OECD countries, much training and retraining is provided by private industry rather than government programs, as part of a firm's investment in its long-term profitability. Many firms also accept some responsibility for retraining their redundant workers; for example, Ford USA offered retraining as part of a redundancy package to 55 000 workers laid off in 1982, of whom 70 per cent subsequently found new jobs as a result of this assistance (*Financial Times* 1986). By comparison, a Business Council of Australia survey indicates that employers in this country spend less than 1 per cent of their labour costs on training, barely one-third as much as their American counterparts, while Japanese firms spend the equivalent of 1.4 per cent of GDP on training com-

pared with Australia's 0.4-0.5 per cent. Similarly, a metal trades union survey revealed that less than 25 per cent of tradesmen and only 14 per cent of blue collar workers had received any training from their current employer (Commonwealth/State Working Group on Skills Formation 1986), compared with the situation in Germany, where employers spend an average of DM 17,000 (approximately \$4500) per employee per year on training (*Financial Times* 1986). There is an urgent need for Australia to develop a tripartite Skills Accord on the same lines as the Wages Accord if education and training are to become really effective instruments of national policy.

Creating a more skilled and flexible work force "with a greater capacity to take advantage of opportunities in the future" (Dawkins 1988, p.7) is pointless, however, unless those opportunities are created as well. Thus labour market policy and education and training policy must go hand in hand. This means that job creation programs must be targeted at industries and skill levels where there is an excess supply of labour over demand, without at the same time increasing the demand for other types of labour by a general reflation. Unemployment is currently much higher among the unskilled than the skilled labour force, even though the absolute number of jobs is higher, and the absolute rate of growth will continue to be higher in the unskilled sector relative to the high skilled sector. This means that simply encouraging people to raise their skill level will ultimately lead to higher levels of skilled unemployment as well. The solution is to create jobs where they are most needed — in the less skilled areas, which are labour absorbing — rather than encouraging the trend to high skill employment, which is labour displacing, and cannot therefore ever provide employment for all who seek it, even if they did acquire the necessary skills (Layard 1986).

Layard advocates increased government spending on infrastructure and community employment programs to absorb unskilled labour, plus a reduction in payroll tax for employers who take on unskilled and long-term unemployed workers. He argues that if high levels of unemployment are a result of mismatch between jobs skills and jobs, then it is at least as important to try to match the jobs to the skills available through job creation programs, as to match the skills to the jobs available through training programs. This is a strategy that has received very little support from either Government, employers or unions in Australia, and in fact its basic philosophy runs counter to the current orthodoxy supported by all three groups, which pins its faith for the future on a high skills, high tech, high growth economy. But, as we have seen, it is the

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less skilled who are most at risk in scenario 2, and so if full employment is seen as the strategy to avoid this, then some policy that positively enhances their employment opportunities is essential.

Finally, labour market policy must be integrated with welfare policy so that the well-documented poverty traps that discourage the unemployed from seeking work are removed. This applies particularly to single parents, for whom the costs of child-care are an added disincentive to seek work. The social security system must provide an adequate safety net for those who still cannot take advantage of improved labour market and training policies, but if it is to become a springboard for the majority (Howe 1988), then it must generate a positive, propulsive force for the unemployed back into the work force. This means that benefit levels must be sufficient to ensure that the unemployed are not cut off from participation in the normal activities of the community and forced into an alienated underclass, and that their children do not suffer the kinds of deprivation discussed above, which may prevent them from ever enjoying full social citizenship (see other papers in this series for a fuller discussion of these issues).

All of these policies will require a more progressive tax system and transfer strategies to achieve the redistribution of resources, which will be necessary to fund the investment in integrated training, jobs and welfare programs implicit in a commitment to full employment as the means of eliminating child poverty and ensuring adequate incomes for all families. This is the integrated model recommended by Cass (1988b), which in turn implies a far more highly developed structuralist, interventionist state on the Scandinavian model than even current Labor policy envisages, and which is of course anathema to a Liberal, free market philosophy. The major reason for Sweden's success in containing unemployment is the existence of strong, cohesive labour and employer groups, which regard each other as equals, with a common commitment to maintaining both employment and profitability, while the central Government plays little part in wage bargaining (Kutner 1984). In Australia, by comparison, there is a tradition of confrontation between unions and employers, with the state playing a major role in arbitration. The Swedish model also depends on creating distributive equity through wages equalisation across industries and considerable union flexibility on work rules and job definitions, all of which are current sources of rigidity in the Australian labour market (BLMR 1986).

Certainly, many of these principles have been absorbed into union thinking at the peak level since the ACTU/TDC Mission to

Western Europe (1986), and are beginning to emerge in, for example, the recent ACTU proposals on wages restructuring. A more serious obstacle to the adoption of this model is likely to come from the private sector in Australia, where unlike Sweden there is no established tradition of private enterprise within a socialist political environment. For even if a Labor Government sought to pursue the integrated approach to social and economic policy advocated by Cass (1988b), its success will depend on the acknowledgment by the whole community that as a society becomes more productive, distribution rather than production is the key economic issue, and that a free market cannot achieve an equitable distribution of resources (Thurow 1981). To modify the market sufficiently to achieve equity would require a degree of state intervention that would almost certainly be unacceptable in the current political climate, and would in fact run counter to the trend towards the deregulation of private enterprise.

Thus the policy implications of the full employment strategy of scenario 3 include not only a far greater degree of integration of education and training, labour market and welfare policies, but also the development of a much more interventionist, corporatist state than at present. This scenario therefore presents a political and ideological challenge for Australia, as well as the need for economic and social reform.

Some economists, however, argue that the degree of state intervention required to distort the market into producing full employment and adequate incomes for all in scenario 3 is counter-productive, since it destroys the efficiency of the market while failing to achieve equity (Jordan 1985). Coupled with the belief that full employment is no longer an achievable goal, this argument leads to the alternative of scenario 4 as a more appropriate strategy for averting the social and economic threat of scenario 2.

As discussed in chapter 3 above, scenario 4 regards the fact that a post-industrial society will not need to employ fully all workers as, in principle, a desirable situation for all its citizens. It does not seek to create employment simply as a mechanism for distributing income, but instead purposely uncouples employment from income through the payment of a guaranteed minimum income to all, generated by the increased productivity of those who are employed. This serves the goal of equity in the most direct, non-stigmatising way, by making an unconditional payment, which is then "clawed back" by the taxation system from those whose income from employment or other sources exceeds the guaranteed minimum. There are none of the poverty traps associated with benefits and pensions, because the GMI is not paid in compensation for some

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disadvantage that has to be constantly demonstrated, but as a right of citizenship, which everyone also has a right to augment in whatever way they choose. At the same time, the market is freed from the necessity of providing subsistence wages for all workers, and so can operate with greater efficiency by creating demand in low skill, low pay areas that would not otherwise exist. This is the same goal as advocated by Layard, but achieved by a different mechanism.

The policy implications of this scenario are, firstly, the abandonment of the Keynesian commitment to full employment as being no longer appropriate in a post-industrial society. From our present perspective, this is a drastic ideological shift. If, however, one accepts the evidence of the current and probably future impact of new technology on employment discussed in chapter 3, then it is one that must be considered in the longer term. The evidence is disputed by some authors, but while Layard claims that "there is no clear [upward] trend in unemployment" (1986, p.10), much of his evidence supports Thurow's view that "the current economy has never provided enough jobs and never will; the lack of employment opportunities is not a temporary, short run aspect of the [US] economy, but is permanent and endemic" (1981, p.203). If this is indeed the case, then scenario 4 at least "merits substantial ongoing discussion" (ACOSS 1988b, p.5).

Secondly, the uncoupling of employment and income that flows from the abandonment of the goal of full employment implies a radical rethinking of the work ethic. Acceptance of the idea that people should get paid for doing nothing, and should be able to choose their own trade-off between paid work and leisure, will not come easily to many sectors of society. There is no evidence that the few guaranteed minimum incomes schemes that have been tried do substantially reduce people's desire to find paid work (Salmon 1974), but they do substantially reduce the hardship of not being able to do so. A guaranteed minimum income would allow recognition of the value of many activities that have not been seen as "work" because they were not part of the paid labour market, such as child or invalid care (Cass 1988b), and would also give much higher status to socially useful community work (Robertson 1987). To achieve this, the GMI would have to be paid to individuals, not families, and for children as well at appropriate rates. In this case it would provide a degree of equity for women, which no other social security system has achieved (Saunders 1988).

Thirdly, the administration of a GMI system would require the integration of the social security and taxation systems into a

simpler, unified system, which most advocates regard as a major advantage (Henderson 1975, Burbage 1979, Tulloch 1980, Saunders 1988, Allen 1984). The percentage of average income represented by the guaranteed minimum, and hence the flat rate of income tax needed to finance it, has varied in different proposals, but Saunders (1988) believes that a rate above the 40 per cent originally proposed by Henderson would now be necessary, due to the increased dependence of government revenue on income as opposed to other forms of taxation.

The fourth policy implication of this scenario is therefore whether such a substantial redistribution would be politically feasible, especially in the light of current proposals to reduce even the highest marginal rate of personal income tax below that level. Although a flat rate of income tax, without any deductions, and a taper rate of 50 per cent on private income above the minimum, would provide progressivity in the taxation system, additional wealth, sales or super taxes have also been suggested as ways of increasing both revenue and its redistributive effect (Burbage 1979). However, while the pattern of distribution of wealth in Australia is becoming increasingly top heavy, any attempt to alter or reverse this trend is likely to have severe political repercussions (Dixon & Henderson 1989).

Finally, there is the issue of whether a GMI scheme would eliminate all other forms of welfare services. Jamrozik (1986) argues that people need income *and* services, not just one or the other, and if GMI resulted in a trade-off, then many disadvantaged people could be worse off. Cass (1988b) argues that a weakness in the "basic income" model of social security is that "it gives insufficient attention to linkages between income support arrangements and programs to enhance job opportunities and earnings potential" (p.22). There is no intrinsic reason why this should be so, because increased skills would obviously give people greater scope for augmenting their minimum income, and contributing more to the national income. Training and job creation programs would still be in the government's interest, but in this scenario individual incentive on the one hand and a more efficient market on the other might be expected to make this less of a priority than in scenario 3.

An associated issue is the implications of these two scenarios for economic growth and its global and environmental consequences. Scenario 3, with its commitment to full employment in a context of rising productivity, will result in exponential growth. But as Eckersley argues, "economic growth is inextricably linked to an accelerating rate of social and technological change, and it is equally clear that there are limits to our social capacity to cope

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with and absorb these changes and their consequences, quite apart from any environmental constraints" (1988, p.40). The environmental constraints, in terms of exhaustion of the world's natural and depletion of the ozone layer have been extensively documented by the World Commission on Environment and Development (1987), which "serves notice that the time has come for a marriage of economy and ecology, so that nations and governments can assume responsibility for environmental damage and for the policies that cause it" (p.5). Scenario 4 on the other hand, has been subtitled "sane, humane, and ecological" (Robertson 1987, p.3). It does not require, nor need it create, exponential economic growth, but is based on a redistribution of existing, or moderately enhanced, resources. Because it is no longer driven by the imperative of full employment, and can provide many other rewarding and socially useful kinds of activity, scenario 4 offers society the possibility of sublimating, at both the personal and the national level, the acquisitiveness of the rat race, which is at the root of exploitation, and giving people more incentive to care for their environment, locally and globally.

In conclusion, while scenario 3 represents an extension or adaptation of existing policies to the Australian environment in the expectation that a resumption of full employment can be achieved in the future, scenario 4 is an attempt to create a strategy to deal with an expected radical discontinuity in the structure of employment. In their ideal, typical forms as presented here, these scenarios represent different policy emphases. However, both have as their objective the avoidance of the threat posed by scenario 2, and in the current policy context of seeking means to eliminate child poverty, each offers viable strategies to that end.

For example, a drive towards the integration of education, training and labour market programs, identified in scenario 3, to reduce unemployment and assist particularly young people and single parents, will increase the life chances of many children currently living in poverty. Similarly, exploration of a tax-integrated GMI scheme identified in scenario 4, as an alternative form of social welfare to the present system of pensions and benefits, would greatly reduce the hardship and inequity of a failure of scenario 3 policies to achieve their goal of full employment. This strategy is in line with an earlier policy statement of the Brotherhood of St Laurence on *Reforming Australia's income security system*, which "argues for modification of the existing system to remove . . . deficiencies, while at the same time, preparing the ground for the eventual introduction of a guaranteed income scheme" (BSL 1984).

Similarly, in a recent review of models of social security, Cass (1988b) states that the underlying principles of the basic income model "adequate, uniform payments paid on the basis of equity and simplicity, and the capacity to supplement low earnings — must be given strong credence" (p.22); while O'Higgins (1988) in the same issue of *Australian Society* argues that "creative income support programs can help smooth the traumas of economic restructuring". Thus the most effective policy mix in the immediate term for creating the conditions for the elimination of child poverty and breaking the cycle of deprivation that can perpetuate it into the future will be a combination of these strategies derived from both scenarios 3 and 4.

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