

THE LABOUR FLEXIBILITY IMPERATIVE

John Burgess and Duncan Macdonald¹

There is a widely held view of a productivity imperative which must be followed if Australia is not to become a 'banana republic'. Central to the government's agenda for recovery is a policy of micro-economic reform encompassing improved labour flexibility and industry re-structuring. Faced with a slow-down in Australian labour productivity growth in the 1980's and a large current account deficit which continues to be unresponsive to conventional macroeconomic policies, the Government has shifted its policy emphasis towards microeconomic reform. In this context one key area identified for reform is the labour market.

It is argued that the central function of the current labour market reforms is to shift the balance of power in favour of capital over labour, to intensify work effort through weakening the trade union role in the workplace, to increase management control over employees and to break down the existing system of industrial awards and wage relativities. In such a context the reform terminology could take on new meanings :

- improved work-place flexibility could mean increased managerial control;
- award re-structuring, the erosion of working conditions and industrial awards
- industrial relations reform, the diminution of the trade union role in the work-place.

When the impetus for labour market reform is viewed as a part of a broader conservative political agenda for the transformation of power in labour markets, some scepticism about its objectives, rationale and effects is

1 Helpful comments were provided by John Fisher, Frank Stilwell and Gavan Butler

inevitable. Combined with an emerging reform agenda, including reduced government participation in the economy and further market de-regulation, the restructuring of awards and re-organisation of work towards greater labour flexibility has potentially ominous portents for many workers. The supposed benefits of greater labour market flexibility are unlikely to be distributed evenly across the community. Indeed, many workers will find themselves materially worse off and subject to less protection within a more flexible labour market.

This paper begins with a consideration of the various meanings and interpretations of the term 'labour flexibility'. To what extent, for example, does the current focus on labour flexibility require a break from past work organization and industrial relations practices in Australia? Attention then turns to the origins of the push for labour market flexibility and the strategies and rationale for achieving greater labour market flexibility are outlined. Finally, the consequences of increased flexibility are examined; it is pointed out that a more flexible and de-regulated labour market has come to exist in Australia and that this development has largely been independent of the Accord, award restructuring and microeconomic reform.

What is Labour Flexibility?

'Labour flexibility' has become the catch-call for improving labour productivity specifically and industrial performance in general. The term is ambiguous and rarely defined. Attempts to categorise the many forms that labour flexibility can take have been numerous (see Macdonald, 1988a and 1989) and range in complexity from a simple distinction between functional flexibility - numerical flexibility (Hyman, 1986) to schemes with up to five categories including external numerical flexibility, internal numerical flexibility, functional flexibility, wages flexibility and procedural flexibility (Rimmer and Zappala, 1988).

Like 'beauty' or 'taste', labour flexibility can mean all things to all people. While both trade union and employer groups support the need for labour flexibility, each interprets the concept differently. Disputation surrounding the implementation of the 'structural efficiency principle' of the Accord mk III has highlighted the differences in these interpretations. Under the Accord mk IV, unions attempted to limit award restructuring to a revision of occupational classifications and wage rates, with a strong

emphasis on the introduction of career paths and associated training opportunities. The employers, on the other hand, have sought a much wider agenda that includes award provisions covering hours, penalty rates, and the scheduling of holidays and leave. Employers have also interpreted multi-skilling much more liberally than the unions which have, despite their rhetoric, been very reluctant to agree formally to significant changes to traditional job boundaries. Despite all parties publicly acknowledging that labour flexibility is essential for the future viability of Australian industry, each has a markedly different perception of its meaning.

Moreover, considerable debate has surrounded the question of whether this impetus for changed employment practices constitutes a break with the past, a new era, or whether it is simply a new version of longstanding traditions of labour management. In Australia those heralding the new era of 'post-Fordism' include the Federal Government, the ACTU and certain employer organisations such as the MTIA. Also announcing the end of Taylorism and the dawning of an age of enlightenment in the world of work are certain academic commentators (see Mathews, 1989; Badham and Mathews, 1989) whose optimistic outlook has been challenged by those who subscribe to the more pessimistic viewpoint and who see only a revision of past practices, in effect 'neo-Fordism' (see Bramble, 1988 and Bramble & Fieldes, 1990).

Taylorism was first widely promoted in Australia during the 1920s (see Cochrane, 1985 and Nyland, 1987) with the Australian steel industry adopting much of Taylor's model in its formative years. However the Great Depression and World War II prevented any large scale implementation of scientific management in Australia for another two decades. Not until the manufacturing explosion of the 1950s and '60s did Australian industry really experience the operation of Tayloristic work methods (Waters, 1982; Cochrane, 1985 and Wright, 1989). Not surprisingly US automobile manufacturers who established their Australian operations in this period introduced many elements of scientific management ('Fordism') into Australia (Waters, 1982). The pattern of work organisation established then has remained virtually unchanged in large areas of Australian industry and has been complemented by the fragmented, occupationally based structure of Australian unionism. Its rigid demarcation between the various occupational groups was consistent with the division and specialisation of work tasks that characterised Taylorism.

While certain changes to traditional work organisation were necessitated by technical innovation, task fragmentation remained. Even where economic circumstances combined with technological innovations to dramatically reduce workforces, as in the steel industry in 1982/83, there was little change to work organisation. In the area of industrial relations and personnel management, more emphasis was placed on negotiation and plant-level dispute resolution. In addition certain responsibilities were devolved to line management (see for example Frenkel, 1986; Kelly, 1988 and for the public sector Macdonald, 1988b). However 'restrictive' work practices and 'inflexible' award provisions were to remain untouched.

Thus, against this historical background, it would seem that the recent push for flexible working constitutes a significant break with past methods to maximise the productivity of labour. However, both here and overseas, evidence has been forthcoming to support the contention that the degree of change has been exaggerated and the nature of the change misunderstood or misrepresented. Various British writers have argued that relatively little change occurred in that country despite Thatcher's 'reform' of British industry (see MacInnes, 1987 for a review of the literature and also Pollert, 1988a and 1988b). Other writers have seen change occurring but change that disadvantages labour through work intensification with increased pressures of responsibility, less sociable hours of work, deskilling and increasing labour market segmentation (Nichols, 1986 and 1989; Hyman, 1986; Atkinson and Gregory, 1986 and Atkinson, 1987). In Australia the most direct attacks on restructuring and the 'post-Fordism' scenario have been made by Bramble (1988 and 1989; see also Bramble and Fieldes, 1990) while other writers to point to the dark side of the drive for flexibility in Australia have been Zappala (1988) and Frenkel and Shaw (1989).

The Impetus for Increased Labour Flexibility

The push for labour flexibility has its origins in a number of broad pressures. First, there are the economic pressures, especially the apparent failure of conventional demand management policies to deal with the problems of stagflation and the current account of the balance of payments. Second, there are the free market ideas which are critical of government intervention in the economy and of efficiency impeding-institutions like trade unions and industrial awards. Third, there are the

catalysts for change: the structural transformation of the economy, the de-regulation of financial markets and the new competitive models such as Japanese work organisation and management styles. Fourth, there now exist a Government and trade union leadership seeking to demonstrate that it is economically responsible and managerially competent, thus giving credibility to the corporatist form of policy making. Fifth, there is a business sector able to appreciate the opportunities to transform industrial relations and to enhance profitability.

Each of these five elements will now be considered in more detail.

Economic pressures

The crisis in economic performance and the apparent ineffectiveness of conventional demand management measures have been powerful forces for generating policy and attitudinal changes. Long periods of stagflation have been exacerbated by slower rates of economic growth in many Western economies; in Europe inflation rates have been dented but at a cost of significant unemployment increases (see Burgess, 1990). In Australia the slowing of growth has been accompanied by instability and uncertainty in the external sector accounts where terms of trade problems, dependence on large capital inflows and volatile capital markets have made domestic macroeconomic management difficult (for a review, see Corden, 1989). The failure to return to the conditions of the 'golden age' of the 1960's after the stagflation of the 1970's undermines the credibility of traditional demand management tools. As a consequence governments have been forced to look towards the application of alternative policies. One alternative has been to focus on the microeconomic level through a programme of de-regulation and reforms designed to improve the operation and effectiveness of the market mechanism as a resource allocator and growth generator. In Australia this has largely been manifested through the push for microeconomic reforms including reduced industry assistance, market de-regulation, the privatization of public enterprises and reforms to the labour market. Recent Federal budget statements now explicitly include a section detailing the progress in realising microeconomic reforms, including labour market reforms (see *Budget Statements 1989/90*, no2, pt2). Attention has switched from the broad macroeconomic management role of Government towards microeconomic reforms designed to improve the supply side of the economy.

Free market ideology

Poor economic performance and periodic crisis in the economic system are conducive to challenging accepted orthodoxies and to encouraging the implementation of new policies. Within the conservative political climate of the 1980's, the impact of economic failure has been to place pressure upon the public sector and trade unions. The ideas of market liberalism have not only been enhanced: they have obtained broad political acceptance and have been implemented.

Influential supporting economic doctrines for this transformation include Monetarism, Supply-side Economics and Rational Expectations (see Klamer, 1986, for a survey). Collectively this set of doctrines, though not entirely compatible, seeks to destroy the credibility of active Keynesian government intervention in the economy and promote the dynamic efficiency and stability of the market system. For example, the Rational Expectations school argues that policies are only effective to the extent that they are totally unexpected or to the extent that economic agents possess incorrect information. Supply siders stress the importance of incentive and de-regulation in enhancing investment, employment and productivity. Philosophically, such doctrines represent a return to the doctrines of pre-Keynesian Classical Economics where the role of Government is largely contextual in providing the legal/military support for the operation of the market, and where recorded unemployment is illusory to the extent that it represents persons who are voluntarily unemployed (that is, they are only prepared to work at a wage rate above the 'equilibrium' wage rate). Theoretical critiques of the public sector have been widely disseminated through the economics profession; not surprisingly they have struck a sympathetic response in many political circles.

The success in publicising the above views highlights the political ascendancy of 'free market conservatism'. Beliefs in the allocative and technical efficiency of unencumbered markets and in the gross inefficiency of the public sector underlie the claims for market de-regulation and smaller Government. This is the essence of economic rationalism; implying that 'market forces' typically unleash growth, innovation and efficiency, whereas government regulations and expenditures typically impede growth, stifle productivity and entrepreneurship...' (Head, 1988, p.466). In America this movement manifested itself initially in the first Reagan term with the official endorsement of supply-side policies through an

agenda of tax cuts and welfare cuts. And while the rich were given more income as an incentive to work, the incentive for the poor was less income. In the UK it was embodied in Thatcherism with its combination of Monetarist macroeconomic policies together with the privatisation of public authorities and a direct assault on trade union authority and legitimacy.

Australia has seen the rise to prominence of many free market 'think tanks' and lobbies which have been collectively labelled as 'the New Right' (see Sawyer, 1984). They have actively campaigned for and directly intervened in several industrial relations cases on behalf of employers (eg Mudginberri, Dollar Sweets), as well as instituting civil action against trade unions. They have published tracts on labour market and industrial relations reforms (see H.R. Nichols Society, 1986) and have their views published regularly in the mass media.

This in turn suggests that another reason for the labour flexibility agenda is the existence of a common belief that Australian labour markets are inflexible. As Horstman (1988, 412) notes, 'commentators spanning most of the political spectrum believe that (whatever it is) we need more of it.' This has resulted largely from a concerted campaign by the media and the free market lobbies to highlight 'restrictive work practices', worker 'rorts', trade union inflexibilities and work 'shyness' on the part of the labour force (see Keegan, 1988 and Stone, 1988). Poor productivity performance has been publicised as a problem to do with employees and trade unions. This is in spite of evidence to the contrary, and the broader macroeconomic explanations for the decline in Australian labour productivity growth rates (see Burgess, 1989a).

Catalysts for change

The imperative for change within a market-orientated framework has been legitimised and reinforced not only by poor economic performance but by the pressure of international competition. Australian industry must not only become internationally competitive, it should also replicate and learn from the experiences of economies that are internationally competitive. Such an approach was contained in the ACTU's *Australia Reconstructed* (1987) which endorsed the Swedish system of centralised collective consensus in order to strengthen the legitimacy of the Accord. Further references to the successful have largely concentrated upon the 'Japanese' model of production, work organisation and industrial relations as an

archetype for labour flexibility with its enterprise based unions and its multi-skilled workforces. According to Graham (1988:74) 'the adjective 'Japanese' creates an imperative for introducing changes in working practices' although Ackroyd *et.al.* (1987) emphasise the structural and organisational barriers which make it difficult to replicate the Japanese model in Western economies. What the West gets is an incomplete and partial version of the Japanese model which contains those elements that enhance the workplace controls of management and diminish the power of trade unions³

Furthermore, the precedent of financial de-regulation has been used as an argument for de-regulation elsewhere, especially in the labour market. This is in spite of the fact that concentration ratios in banking have increased, that there has been a shift of funds away from the smaller non banking financial institutions towards the larger banks and that the Reserve Bank has to regularly intervene in the foreign exchange to 'smooth' out the volatility created by speculative capital flows. In addition, the recent failures of some financial institutions in Victoria must cast some doubts on the benefits of de-regulation for many small depositors.

The Labor Government and the ACTU

The Federal Labor Government has been striving to demonstrate its economic competence and credibility. It presides over falling real wages, record interest rates, an increasing profit share in national income, a relatively diminishing public sector and a record budget surplus: it is the antithesis of the popular image of Labor in office. The Government has embraced economic rationalism and accepted the need for smaller Government and de-regulated markets. Treasurer Keating (1989) regularly derides the Opposition parties for not taking the 'tough' economic decisions and for not being sufficiently market orientated in their outlook. Head (1988) labels the Government's style as 'managerialism'. That is, it seeks to create the conditions whereby it merely presides over the economy while letting the market generate the requisite growth and

3 As yet there has been no attempt to replicate the Taiwanese and South Korean models, two of the fastest growing and export successful economies. Their system of authoritarian Government intervention, trade union repression and poor wages and working conditions have not yet been proclaimed as models for Australia or Europe.

employment. In part this reflects the need to establish a new image in the light of the perceived profligacy of the Whitlam years and the necessity to establish credibility with the business sector in the context of its corporatist, consensus framework. Moreover, its adoption of the market-based ideology and policies leaves little scope for the opposition parties to articulate a creditable alternative policy agenda within a free market framework.

This need to demonstrate managerial competence extends beyond the Government to the trade union movement. The Accord has enshrined the objectives of real wage moderation and improved profitability. The leadership of the ACTU has been instrumental in promoting and implementing the work-place reforms encompassed in the two-tier and award restructuring phases of the Accord. The irony is one of conflicting interests: the ACTU wishes to set the agenda for labour market reform and to use its support for such reforms as a basis for securing concessions from the government in other areas of policy, for example the social wage. Moreover, it has a strong vested political interest in ensuring that the Accord process demonstrates its flexibility and effectiveness. Yet these very reforms, initiated in part by the ACTU, are eroding the power of trade unions.

Through the Accord, both the ACTU and the Government demonstrate economic competence and a capacity to implement reforms within a consensus framework which would appear to be beyond the capacity of the Opposition. Thus, the survival of the Accord framework and the access of the ACTU to political decision making, requires that labour market reforms are implemented.

The business sector

Not surprisingly, the business sector has been willing to accept and implement reforms of the labour market. Central to their concerns are the award system, the role of the Industrial Relations Commission, and the power of trade unions. The Business Council of Australia (1988) has a restructuring agenda of reducing the number of unions, re-locating and establishing non-union plants at greenfield sites and internalising trade unions to the enterprise.

Many of the changes currently sought under the name of flexibility have long been on the employers' agenda for workplace reform. The ability to vary working time more readily, to make greater use of short term

contracting arrangements of various kinds, and to utilise labour over a larger variety of functions are changes that have been sought by employers for many decades and have been resisted just as keenly by workers and their unions. Suddenly these objectives have taken on a new legitimacy under the banner of labour flexibility. Flexibility in these circumstances can be seen as a smokescreen for increased managerial control and work intensification. This objective is not new, however its means of attainment and its legitimization by the trade union movement is.

To summarise then, labour flexibility is viewed as the solution to the problem of poor economic performance, encompassing stagflation, large current account deficits and low rates of productivity growth. It is compatible with the prevailing conservative ideology and is legitimised by the predictions of orthodox economic theory. It fits within the context of a government striving to demonstrate managerial competence and a trade union leadership promoting the advantages of corporate consensus. Replication of the successful, notably the Japanese, requires significant labour market reforms. Finally, the business sector is supportive of an agenda which extends the authority of management, diminishes the power of trade unions, and undermines the system of awards and relativities.

In Pursuit of Flexibility

The labour market in Australia is rapidly becoming more flexible in a number of ways. First, the effects of international competition, the restructuring of capital and industry, and the impact of unemployment have been used to enforce a new regime of work organization and industrial relations. Second, unions have attempted to take the initiative, to set the agenda and to control the type and extent of reform taking place in the labour market. Third, the state and employers have attempted to use the force of legislation to hasten the extent of change occurring in the labour market. This approach can be seen in the UK and in Australia via State government initiatives (eg the Niland Report in NSW) or through the use of trade practices and common law provisions (eg Mudginberri, Dollar Sweets, the pilots dispute). All the above forces have combined to generate some substantial changes in Australian work organization and industrial relations.

Burawoy's concept of 'hegemonic despotism' provides a means of modelling the legitimisation of labour market reform in Australia. Not

only is the drive for efficiency and labour flexibility in Australia being legitimised by threats of competition from abroad, but many Australian enterprises find themselves facing a more competitive situation domestically. In industries such as steel, producers previously enjoying monopoly positions in the domestic market have now found themselves in competition from emerging enterprises utilising new technology (e.g. mini mills in the steel industry). This technology has removed the necessity for the large scale of operation which previously protected the monopoly position of the original enterprises and has changed the market to an oligopolistic one. In such situations the intensification of work effort is justified as needed to match the efficiency of a readily identified competitor. Furthermore, some of these operations have been strategically located in 'greenfields' sites. This, in combination with the advanced nature of the technology, has given rise to a very different kind of union presence from that which characterised the original enterprises. It intensifies the competitive pressure and further legitimates the need for yet more concessions on the part of workers and their unions.

Also consistent with Burawoy's 'hegemonic despotism', is the closure of sections of enterprises because of relative inefficiency and the use of such closures to reinforce the urgency of reform. In the Hunter region of New South Wales a 1989 decision by the heavy engineering firm, Goninans Ltd, to retrench over 60 workers strongly reinforced fears of employment insecurity not only in that enterprise but in many others in the region. Managers were able to point to this episode and advise workers and their representatives that similar action would take place in their organisations unless efficiency improved and costs fell. Also a certain competitiveness within organisations is being fostered with attention focused not so much on the good performers but on those sections performing relatively poorly. Groups of workers and their supervisors are placed under pressure with the prospect of either collectively improving the efficiency of their section or collectively losing their jobs. The break-up of organisations into business units and profit centres has been significant in this respect⁴

4 Burawoy highlights the significance of the collectivization of labour in providing the pre-conditions for hegemonic despotism to prevail, but the outlined management strategies have also been very important.

As Burawoy emphasises, it is not a matter of particular individual workers being under threat of dismissal because of their inefficiency but workers and their managers, as a group, being at risk. 'The new despotism is the 'rational' tyranny of capital mobility over the collective worker' (original emphasis, Burawoy, 1985:150). Moreover, the 'collective worker' includes managers who in earlier times would have been responsible for wielding the 'whip of unemployment' rather than themselves facing the prospect of job loss. Also workers may not face the prospect of job loss as such but may be threatened instead with having their employment status downgraded. One example is that of public sector workers facing the prospect of their particular function being privatised with services being supplied on a contract basis⁵, or of service functions (i.e. cleaning or catering) being contracted out and the previous workforce facing at best less secure employment. In addition the growth in part-time and in casual labour and in outwork (the expansion of the secondary labour market) has been a further significant factor in inducing employees to accept change: significant concessions will be made, it seems, to preserve permanent, full-time status.

Moreover, labour flexibility in this context has taken on a specific and narrow interpretation, namely, reducing the power of the trade unions, reducing labour costs, watering down industrial awards and giving more discretionary power to management. Brown (1989) argues that this narrow focus of labour flexibility has the potential to constrain productivity through focusing exclusively on labour costs and undermining those institutions that offer a stable investment and employment environment. Cost-cutting is being equated with productivity enhancement, when in fact cost-cutting may be productivity limiting (see Burgess, 1989a).

Certain parallels can be drawn between Australia and recent experience in the U.K.. Nichols (1986) argues that many so-called objective productivity studies conducted in that country are indeed very subjective and perform a strong ideological function, that of perpetuating the view of the British worker 'problem'. As he points out, in periods of poor labour productivity performance in Britain, employees and trade unions are seen as the culprits. Throughout the last century emphasis was given to the

5 For example, there is the recent closure of the NSW Government Printing Service and cut-backs in electricity generation

'variations on the theme that British workers work less hard than those of other nations, and that they work less hard than they used to.' (Nichols, 1986, p.8) This view has been legitimated by the many studies which explain the low productivity residual for British industry by the non quantifiable variables of worker attitudes or industrial relations systems. Furthermore by attributing poor productivity performance to trade unions and workers, justification is provided for trade union and workplace reforms.

A similar process has been followed in Australia with restrictive work practices and award provisions being singled out as productivity-limiting. As stated, the broader macroeconomic and structural explanations for productivity generation are generally excluded from the agenda for productivity enhancement which rests exclusively with 'microeconomic reforms'. But even at the microeconomic level there are several notable absences from most of the policy agendas. These include managerial competence, industry investment performance, low levels of industry training and internationally low levels of business expenditure on training and education (see ACTU, 1987, ch.4). Also virtually absent from all the agendas has been the issue of how the gains generated by increased productivity should be distributed in the community. Implicit in the past and recent Accord arrangements has been the view that productivity gains should either be distributed to capital or to consumers; any distribution to labour via real wage increases has been regarded as inappropriate.

The Accord between the Federal Government and the ACTU has explicitly embraced the objective of increasing the profit share to provide an incentive for industry investment and restructuring. While record employment growth has been achieved⁶ investment growth was largely absent until 1988/89. One of the consequences of the Accord has been, *de facto*, to bring about a more flexible and de-regulated work-force; but this also means lower rates of productivity growth (see Burgess, 1989a). Low and falling labour costs relative to capital, combined with a growing secondary labour force, has seen an increase in labour to output ratios and a fall in capital to labour ratios. The dialectic of the Accord is that through depressing labour costs it has contributed to low productivity growth rates and low rates of investment; in turn this provides a justification for the

6 The fastest growth occurred in part-time, casual and self employment.

continued restraint over real wages into the future and for further 'reforms' to the labour market.

It is also surprising that while the emulation and flexibility arguments are presented in universal terms, they are quite narrow in their application. Discussion has invariably focused upon large scale, manufacturing production, with export orientation (see ACTU, 1987) as represented by the Japanese and Swedish models. However, the Australian situation is quite different. The manufacturing sector is relatively small (about 15 percent of total employment) and declining, it is orientated largely to the domestic market, and comprises many small producers among a few large enterprises (about 85 percent of enterprises employ fewer than 20 persons). Despite this the process of award restructuring under the Accord has given prominence to the manufacturing sector, especially via the restructuring of the Metals Industry Award. Yet the bulk of manufacturing enterprises have low levels of unionization and for the bulk of employees in the tertiary sector the relevance or need for award re-structuring remains to be demonstrated. Indeed in many tertiary sectors (e.g. teaching) it constituted an excuse for continued procrastination and denial of wage increases.

However, emphasis on the manufacturing experience has been extremely useful for ideological purposes in that the alleged need there for flexibility has been extrapolated to the rest of the workforce. It has proved convenient to ignore the fact that a large (and growing⁷) proportion of the workforce is not unionised and in many cases does not have its work output limited by the array of restrictive practices depicted as bedeviling the manufacturing sector. This strategy of concentrating on manufacturing also helps to boost the credibility of award restructuring in that potential economic gains can more easily be demonstrated as compared with the service sector.

While the rationale and the means for increasing labour market flexibility have been criticised, two qualifications to the above arguments should be made. First, in the absence of any formal programme of reform, such as award restructuring, considerable changes would still be occurring in

7 The Australian Bureau of Statistics reports that in 1989 trade union density stands at 41 percent of the workforce, a fall of about 10 percent over the past decade (ABS cat. 6325.0)

work organization, industrial relations and the power relationship in Australian labour markets. Unemployment, growing labour force participation rates and significant structural change in the composition of output are forces for a more de-regulated and flexible labour market. Second, given this inevitability, the virtue of the Accord process is that it allows the union movement to have some input over the pace and extent of change occurring in labour markets.

The Consequences of a More Flexible Labour Market

Labour flexibility is supposed to involve increased productivity, improved industrial relations and improved competitiveness. Through flexibility, labour market and production systems become more adaptable and responsive to market signals. While flexibility is stressed in the labour market, increasing product market concentration and increasing foreign ownership of Australian industry are not regarded as potential impediments to improving international competitiveness. The only product market areas addressed are those connected with public utilities and their possible privatization.

The labour market has already been rendered more flexible and more de-regulated over the term of Labor in office. The 'core' labour force of full-time employees has fallen (see Burgess, 1989b). Part-time, casual and self employment continue to grow. Correspondingly, the proportion of trade union membership in the work-force continues to decline with the fall in manufacturing employment and the growth in part-time service sector employment. This conforms with an international trend towards more insecure employment contracts and atypical employment forms (see Cordova 1986, Brown 1989). More Australian workers are located outside the protection of awards and trade unions. The vast majority of part-time and casual workers are female and are located in the service sector. Labour flexibility is generating an increasingly segmented workforce characterised by a growing proportion of marginal workers.

There is, however, an important difference between the present situation and the changes observed in earlier periods of structural adjustment when market competition legitimated what Burawoy (1985) called a 'despotic' factory regime and others have called the 'drive system' (Jacoby, 1984) or 'simple control' (Edwards, 1979). As Burawoy points out, in describing the present period as one of 'hegemonic despotism'⁸, market forces in this era are seen as threatening whole enterprises and industries rather than individual workers and their job security. Workers as a group and often their managers as well are now at risk rather than simply those individual workers who were depicted as failing to provide the work effort required. However, in those enterprises that do survive, increased flexibility will undoubtedly reduce the demand for labour. In combination with the introduction of new technology, the breaking down of job barriers and the performance of various functions on a contract basis will see the size of workforces shrink dramatically. Indeed unions have already agreed to this happening with one such example being provided by the 'Agreement on International Competitiveness' negotiated between the Structural Products Division of Tubemakers of Australia Ltd and the relevant unions. This agreement contains a clause in which the unions, subject to conditions concerning consultation and protection for existing employees, agree to specified employee reductions.

Also it seems the future role of the Industrial Relations Commission will be diminished, wages and conditions will be far more varied across industry, with the disappearance of traditional wage relativities. Responsibility for the basic or living wage may be relocated from the wages system to the Government via a system of family allowances and tax concessions. Within larger enterprises, the internal labour market will take on new characteristics. Multi-skilling will reduce demarcation and limit the ports of entry into the enterprise. Fewer trade unions and the internalisation of unions into the enterprise will limit industrial disputes. Guaranteed career paths will be available to the limited number of core enterprise workers. For many enterprises the bulk of employment and

8 According to Burawoy (1985:164) 'the despotic regimes gave way to hegemonic regimes as the economic whip of the market was softened by unemployment compensation outside the factory and the arbitrary dictatorship of the overseer was constrained by grievance machinery and bargaining rights inside the factory.'

production will occur through sub-contracting and part-time and casual employment.

By virtually all external labour market criteria the OECD (1988) concedes that the Australian labour market is flexible. The publicised agenda is for internal labour market flexibility: adjustable working schedules, multi-skilling, career paths, enterprise unions and enterprise awards. All these reforms require a change in the role and responsibility of trade unions and arbitration authorities. While Deery and Mitchell (1986, 136) see the current reforms as being instigated by employers, the reality is that many changes are emanating from trade unions through the Accord process and are being implemented via the Industrial Relations Commission. Much of the erosion of working conditions and award provisions is taking place at the behest of trade unions and the Government; flexibility is being publically orchestrated and monitored from the centre. However, the absence of such programmes would not have stemmed the tide of change flowing through Australian labour markets. Rather, the Accord process and the policy emphasis upon microeconomic reform provides a legitimization for such change.

Conclusions

Award restructuring involves the introduction of a considerable degree of labour flexibility. This ultimately involves workers being expected to perform a wider variety of tasks, being expected to work more varied hours over a larger part of the week, and being expected to accept arrangements other than full-time permanent employment. In addition, greater flexibility is seen as going hand-in-hand with various forms of group working in which there will be less need for direct supervision and responsibility for output and quality will increasingly lie with the group. Many of the 'reforms' introduced under the banner of labour flexibility represent radical departures from Tayloristic systems. Direct control of the labour process may still be evident (and may even now be stronger) but barriers in the previously fragmented work process have been broken down and efficiency is derived from workers being more skilled and more committed, especially with respect to quality control, rather than from task specialisation.

The message for the Australian workforce has consistently been that future employment prospects depend on increased labour flexibility.

While the threat of unemployment is not a new-found means of increasing work intensity and encouraging the acceptance of changes to work practices, the manner in which it is being used at present is rather different. Previously it was individual workers that faced the prospect of losing their jobs if their work efforts failed to meet the demands of employers in their bid to compete successfully in the marketplace. In this era it is whole enterprises and even whole industries that face economic disaster as a consequence of being unable to satisfy the imperatives of the market.

However, the logic underpinning the drive for labour flexibility is flawed. First, the publicised notion that Australia has a relatively inflexible labour market does not hold up to empirical analysis. Second, the proposed benefits for labour of flexibility, such as a more varied and more challenging worklife, have to be weighed against costs, including a greater prevalence of less sociable work hours, less secure employment and a general expansion of the secondary labour market. Third, employment in manufacturing, especially on a full-time permanent basis seems set to continue to decline with flexibility contributing to, rather than arresting, the trend. Finally, it should be appreciated that the push for labour flexibility is part of a wider conservative agenda that includes an attack on trade union power and a reduction in the working conditions that are currently enshrined in Australia's industrial award system.

References

- Ackroyd S, G Burrell, M Hughes and A. Whitaker (1988) 'The Japanisation of British Industry' *Industrial Relations Journal*; Vol 19, No.1, 11-23
- Atkinson J (1987) 'Flexibility or Fragmentation? The United Kingdom, Labour Market in the Eighties' *Labour and Society*; Vol 12, No.1, 87-105
- Atkinson J and Gregory D (1986) 'A Flexible Future', *Marxism Today*, April 12-17
- Australia: Parliament of the Commonwealth of Australia (1988) *Budget Statements 1988-89*, AGPS:Canberra
- Australia: Parliament of the Commonwealth of Australia (1989) *Budget Statements, 1989-90*, AGPS:Canberra
- Australian Council of Trade Unions and the Trade Development Council (1987) *Australia Reconstructed*, ACTU - AGPS:Canberra
- Badham R and Mathews J (1989) 'The New Production Systems Debate', *Labour and Industry*, 2 (2) June 194-246
- Bramble T (1988) 'The Flexibility Debate: Industrial Relations and New Management Production Practices', *Labour and Industry*, Vol. 1 No.2 June

- Bramble T (1989) 'Award Restructuring and the Australian Union Movement: A Critique', *Labour and Industry*, Vol. 2 No.3
- Bramble T and Fieldes D (1990) 'Post-Fordism': Utopian Fantasy or Historical Break', *Industrial Relations Working Papers*, School of Industrial Relations and Organizational Behaviour, The University of New South Wales, April
- Brown W (1989) 'The Paradoxical Role of Pay in Eliciting Labour Productivity', *Labour Economics and Productivity*, Vol.1 No.1, March, 1-7.
- Burawoy M (1985) *The Politics of Production: Factory Regimes Under Capitalism and Socialism*, Verso.
- Burgess J (1989a) 'Productivity: A Worker Problem?' *Journal of Australian Political Economy*, No. 29.
- Burgess J (1989b) 'Small Business and the Secondary Labour Market' Fourth National Small Business Conference, Newcastle
- Burgess J (1990) 'European Unemployment in the 1980's', Centre for European Studies, Monash University
- Business Council of Australia (1988) 'Policies for Skill Formation' Business Council of Australia Bulletin Nov/Dec.
- Cochrane P (1985) 'Company Time: Management, Ideology and the Labour Process, 1940-60', *Labour History*, No. 48, May
- Commonwealth Department of Industrial Relations (1989), 'Workplace Change' No.3, July
- Cordon M (1989) 'Australia's Macroeconomic Policy Experience' *Economic Record*, No.65
- Cordova E (1986) 'From Full-time Employment to Atypical Employment: A Major Shift in the Evolution of Labour Relations' *International Labour Review*, Vol.125 No.6
- Deery S and R Mitchell (1986) 'Industrial Relations: The New Management Offensive' *Arena*, No.77
- Edwards R (1989) *Contested Terrain* (Basic Books: New York)
- Frenkel S (1986) 'Management, the Large Corporation and Industrial Relations Research' in Bray, M. and Taylor, V. (eds) *Managing Labour? Essays in the Political Economy of Australian Industrial Relations* (McGraw-Hill: Sydney)
- Frenkel S and Shaw M (1989) 'No Tears for the Second Tier: Productivity Bargaining in the Australian Metal Industry' *Australian Bulletin of Labour*, Vol.15 No.2 March
- Graham I (1988) 'Japanisation as Mythology' *Industrial Relations Journal*
- Head B (1988) 'The Labour Government and Economic Rationalism' *Australian Quarterly*
- Horstman R (1988) 'Labour Flexibility Strategies and Management Style' *Journal of Industrial Relations*, Vol.30 No.4
- H R Nichols Society (1986) 'Arbitration in Contempt' (mimeo: Melbourne)
- Hyman R (1986) 'Flexible Specialisation: Miracle or Myth?' (mimeo, University of Warwick)
- Jacoby S (1984) 'The Development of Internal Labour Markets in American Manufacturing Firms' in Osterman, P. (ed.) *Internal Labour Markets* (MIT Press: Cambridge, Mass.)

- Keating P (1989) 'Why My Critics Have Got it Wrong', Sydney Morning Herald, 28 April
- Keegan D (1988) 'Hawke Flies Off the Handle, but Productivity is Grounded' *The Australian*, 2nd July
- Kelly D (1988) 'Towards Tripartism: Industrial Relations in the Steel Industry 1978 to 1987', *Journal of Industrial Relations*, Vol.30 No.4 December
- Klamer A (1986) *'Conversations with Economists'* (Rowman & Allenheld: Totowa)
- Littler C & Salaman G (1984) *'Class at Work: The Design, Allocation and Control of Jobs'*, (Batsford Academic and Educational: London)
- Macdonald D (1988a) 'Labour Flexibility, Industrial Relations and Productivity' Workplace Industrial Relations Project - Working Paper No.2, (Centre for Industrial Relations Research, University of Sydney and Labour Studies Programme, University of Melbourne) June.
- Macdonald D (1988b) 'Political Patronage; Autonomous Bureaucracy; Review and Reform: An Historical Perspective on the Management of New South Wales Government Organisations', Research Report or Occasional Paper No. 152, (Department of Economics, University of Newcastle)
- Macdonald D (1989) 'Labour Flexibility, Industrial Relations and Productivity', *Labour Economics and Productivity*, Vol.1 No.1.
- MacInnes J (1987) *Thatcherism at Work* (Open University Press: Milton Keynes)
- Mathews J (1989) *Tools of Change: New Technology and the Democratisation of Work* (Pluto Press: Sydney)
- Nichols T (1986) *The British Worker Question: A New Look at Workers and Productivity in Manufacturing* (Routledge and Kegan Paul: London)
- Nichols T (1989) 'The New Realism and Reality about Manufacturing in Britain' Conference Paper, 'Economic Restructuring and Industrial Relations, An International Conference', University of Sydney, March
- Nyland C (1987) 'Scientific Management and the 44-Hour Week', *Labour History*, No. 53, November, 20-37
- OECD (1988) *Economic Report: Australia 1987/88* (OECD: Paris)
- Pollert A (1988a) 'Dismantling Flexibility' *Capital and Class* No. 34, May
- Pollert A (1988b) 'The 'Flexible Firm': Fixation or Fact?', *Work, Employment and Society*, Vol.2 No.3
- Ramsey H (1985) 'What is Participation For?' in Knights, D., Willmott, H. and Collinson, D. (eds) *'Job Redesign'* (Gower: London)
- Rimmer M & Zappala J (1988) 'Labour Market Flexibility and the Second Tier', Workplace Industrial Relations Project - Working Paper No. 3, (Centre for Industrial Relations Research, University of Sydney & Labour Studies Program, University of Melbourne, June)
- Sawer M (1984) *'Australia and the New Right'* (George Allen & Unwin: Sydney)
- Stone J (1988) 'A Fundamental Sense of Purpose', *The Australian*, 7th April
- Waters M (1982) *Strikes in Australia* (Allan and Unwin, Sydney)

Wright C (1989) 'The Management Consultant and the Introduction of Scientific Management in Australian Industry' Paper presented to the Association of Industrial Relations Academics of Australia and New Zealand Conference, February

Zappala J (1988) 'Just-In-Time Techniques in Metal Manufacturing - An Assessment of its Implementation and Impact'; Department of Industrial Relations, Occasional Paper, No.5, University of Sydney.

Copyright of Full Text rests with the original copyright owner and, except as permitted under the Copyright Act 1968, copying this copyright material is prohibited without the permission of the owner or its exclusive licensee or agent or by way of a license from Copyright Agency Limited. For information about such licences contact Copyright Agency Limited on (02) 93947600 (ph) or (02) 93947601 (fax)