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## Beyond Voodoo Economics and Backlash Social Policy: Where Next for Working Life Research and Policy?

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### Abstract

*This paper begins with a brief overview of the fragmentation of Australian working life. This process has the potential for positive as well as negative outcomes. The bulk of the paper then considers five challenges in working life. The recurring theme in this section concerns the need to transcend the limitations of the past by nurturing standards for flexibility. The concluding section addresses the question: can institutional forms be created which simultaneously nurture the benefits of autonomy and solidarity while avoiding the limitations of isolation and sectionalism? We call this the challenge of promoting cohesive diversity and suggest that developing the notion of 'pathways' may offer a way forward for new directions in both working life analysis and policy.*

### Introduction

It is commonly argued by mainstream policy advocates that the key challenge for contemporary Australia is to overcome market rigidities. In working life these are defined as awards, unfair dismissal laws and state support for multi-employer unions (e.g. BCA 1989; IMF 2004; OECD 2004; ACCI 2005). This paper argues that the major problems in Australian working life are intellectual rigidities associated with Voodoo Economics and backlash social policy. A particularly powerful discourse holds that 'deregulation' is needed to allow a spontaneous order to flourish in both economic and social life. The reality is, of course, quite different. The issue is not more or less regulation – it is the form regulation takes. Voodoo Economic policies attempt to impose the fantasy that all economic relations are merely commodity exchanges mediated by markets. Backlash social policies mobilise disenchantment generated by the dislocation associated with neoliberal policies

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that do little to ameliorate and often intensify the periodic upheaval associated with market economies. Such social policies purport to provide order based on 'proper' notions of households (especially concerning gender relations) and the nation (especially concerning race relations). As we have shown elsewhere the ascendancy of this neo-liberal/neo-conservative policy mix has been associated with contradictory legacies for Australian working life – some gains (e.g. increased choices for some concerning things like part-time work) but increasing problems for nearly all in the labour market (ACIRRT 1999; Buchanan et al. 2001; Watson et al. 2003).

In this paper we do not intend to again restate the problems. Rather, our aim is to outline what can be done to solve them. Our primary thesis is that far from being part of the problem, many of Australia's unique labour market institutions are part of the solution. This is not a call for the restoration of the glory days of some mythical 'golden age'. On the contrary, in drawing on the legacies of the past we are keen to avoid their limitations. We do, however, believe that there is much worth building on – especially strong social institutions that promote fairness at work. In thinking through new approaches, we have found the ideas concerning transitional labour markets and coordinated flexibility developed by Günther Schmid and his colleagues particularly helpful. They are not just 'good ideas' in their right. They have been particularly useful in helping make sense of the strengths and potential limitations of previous Australian working life policies and practices. That is, the foundations on which any new approach to Australian working life should be built.

Our paper is structured as follows. It begins with a brief overview of how working life has changed in Australia in the last two decades. In this we highlight the fragmentation of working life, with its potential for positive as well as negative outcomes for people. This is followed by an even briefer account of what is causing these changes. In this section we highlight the significance of changing gender relations within households and increasing pressures on workplaces rising from chronic excess capacity and unrelenting pressures to maximise shareholder value in the short run. These changes in supply and demand conditions now mean that Australia, like many other English-speaking nations, is on a growth path in which economic development is based on deepening inequality. The bulk of the paper then considers five challenges in working life and offers pointers based on contemporary Australian experience on how these can be overcome. The recurring theme in this section concerns the need to transcend the limitations of the past by nurturing standards for flexibility. The paper concludes by noting that the key challenge for analysis and policy concerning working life is how to handle

deepening labour market fragmentation. Can institutional forms be created which simultaneously nurture the benefits of autonomy and solidarity while avoiding the limitations of isolation and sectionalism? We call this the challenge of promoting cohesive diversity and suggest that developing the notion of 'pathways' may offer a way forward. If reforms of this nature are not implemented, we believe Australia can only look forward to a future of increasingly unequal freedoms in working life.

### **How is Working Life Changing?<sup>2</sup>**

This is best understood as involving fragmentation in working life policy and practice. At the level of policy this involves a rich mix of a decay in the traditional breadwinner model of work and the steady ascendancy of neo-liberal and neo-conservative notions of working life. For much of the past century policies on working life in Australia have been shaped by a variant of the traditional model of breadwinning. This has been called the 'Harvester Man' model of employment and domestic relations (Watson et al. 2003, ch. 2). This model was never fixed and evolved dramatically over time (Nolan 2003). The key precepts of this model are well known. Males were assumed to work in full time, full year jobs and accrue a wide range of entitlements associated with 'standard' employment. These were accrued against longstanding employers at rates of pay that allowed a man and his family to live a civilised life in 'frugal comfort' (Justice Henry Bournes Higgins quoted in Macintyre 1985). Women were assumed to be financially dependent on men and primarily responsible for looking after households. From at least the 1960s onwards, however, this model declined in significance as both an account of labour market reality and aspiration for many citizens. Since the 1980s another policy model has steadily emerged. In the realm of economic and labour market policy neo-liberal precepts have become increasingly influential (Pusey 1991, 2004; ACIRRT 1999, ch. 2). In the realm of social policy notions of defining access to benefits on a modern notion of the 'deserving poor' have becoming increasingly influential. In short, in place of the 'Federation settlement' we have witnessed the emergence of what could be described as a 'Neo-liberal/Neo-conservative' social settlement based on Voodoo Economics and backlash social policy (Wheen 2004; Frank 2000, 2004; Marr 1999; Marr and Wilkinson 2003).

Developments at the level of policy are one thing. Developments at the level of practice are another. Policy models rarely exist in pure form in any social domain. This is especially true in contemporary Australian working life. At the level of practice diverse forms of employment have emerged to replace the once near dominant Harvester Man model of work. Wages and hours of work have become

more unequal – driven partly by a wages ‘breakout’ amongst the top deciles and partly by growth in involuntary part-time and extended hours workers. And working life transitions involving education/training, family formation and retirement are often difficult and people’s capacity to navigate them are unequally distributed. This is because, for high income earners market services (for example child care) can be bought to ease the pressures of balancing work with life beyond it. For many people, however, navigating transitions can only be achieved by working as a casual and/or significantly compromising the subjective quality of life as discretionary time is squeezed out of households. Hence, while fragmentation of the older model has provided the potential for increased diversity – it has resulted in a deepening and reconfiguration of inequality. In particular, this new policy mix has been most successful in shifting the cost and risks of working life away from employers and the state and increasingly onto households in general, but especially more marginal participants in the labour market (Watson et al. 2003). Low- and middle-income households where women are the secondary earner have been particularly big losers (Apps 2004, 2006).

#### **Why Have These Changes Occurred?**

The short answer is that they have not been solely, or even primarily, induced by economic policy. The changing nature of households – especially the role of women – has had profound effects on labour supply and the provision of care in the community. While women have a wider range of choices in the labour market today than in the past, they still carry a disproportionate proportion of the burden of care work in the home (Pocock 2003). As consumption norms have changed their increased opportunities for labour market participation have helped raise household incomes levels dramatically. This has, however, come at a price. While households in general and women in particular have been very adaptable in meeting the changing needs of the labour market – workplaces have not been very adaptable in supporting or accommodating the requirements for care work that was once primarily performed in the home. On the demand side of the labour market, the underlying instability in the market economy – especially the long down turn, the crisis in excess capacity and the preoccupation with shareholder value – has played a critical role in restructuring work (Brenner 2002; Watson et al. 2003, ch. 12; Froud et al 2000; Froud et al 2006). We are now on a growth trajectory of economic development based on inequality (Froud et al. 2002). The shift to neo-liberal approaches to working life policy, especially in industrial relations, has intensified these changes and limited the capacity of the state to engage effectively with new and emerging realities of inequality (Buchanan and Pocock 2002; Briggs and Buchanan 2005). In this way it is working to promote a

future of unequal freedoms (McMurtry 1998, 1999) and undermining institutions that could help promote genuine (i.e. freely chosen) diversity in working life. That is, a working life with real choices available to all.

### **What are the Challenges for the Future of Australian Working Life?**

Our analysis has highlighted key legacies of the distant and recent past that need to be understood when thinking about possibilities for the future and the constraints limiting their potential realisation. In particular our analysis has revealed that five key challenges need to be addressed if research and policies concerning Australian working life are to be improved.

#### ***Challenge 1: The Traditional 'Standards' Approach to Promoting Fairness is not Enough.***

Our analysis in *Fragmented Futures* (Watson et al. 2003) showed inequality is deepening and creating unfairness at work in the traditional areas of unemployment, wages and hours of work. On all of these issues there have been poor outcomes for many Australians since the 1980s. For example, while unemployment and underemployment rates vary with boom and recession, with the passing of time they settle at higher levels at each stage of the trade cycle. Wage outcomes are becoming more unequal, and hours of work are fragmenting. While this has desirable outcomes for some people, especially part-timers with caring responsibilities, for others it is undesirable, with approximately 40 per cent of males working part time wanting longer hours, and two-thirds of females working extended hours wanting shorter hours. Clearly, traditional approaches to addressing these issues are not working as most of these developments commenced before neoliberal and neoconservative ideas gained policy ascendancy. New approaches need to be developed.

But the problems of fairness related to work are not just about renewing standards for the traditional issues. New issues must also be addressed. Non-standard work is on the rise and many of the jobs emerging in new industries and occupations are limited in the skills required and the wages and conditions associated with them. Work intensification is becoming an increasingly serious problem for growing numbers of workers. Special attention also needs to be devoted to ensuring workers' skills are more effectively developed on the job. Finally, changing roles at home and at work raise profound challenges. While households have proven to be very adaptable in adjusting to the labour market, the labour market has not been as adaptable in adjusting to the needs of households. The traditional

Harvester Man model has failed to address these developments and in some cases unwittingly nurtured their emergence.

**Challenge 2: *Free Market Inspired Approaches to 'Flexibility' are not Working***

The major policy alternative to the Harvester Man model to date has been 'deregulation' in the name of 'flexibility'. Far from solving problems concerning fairness at work this has merely exacerbated them. This has been the explicit aim of wages policy. Increased wage inequality has been the result. This has not delivered lasting reductions in the level of unemployment. While unemployment did fall as real wages fell in the later 1980s this proved to be only a temporary achievement. Unemployment and especially underemployment remain at unacceptably high levels. 'Deregulation' has, however, made an enduring contribution to a reduction in job quality, especially at the lower end of the labour market. The major result of recent changes appears to have been an increase in the number of workers moving between unemployment and low paid casual jobs. Meanwhile, at the top of the labour market high earners have drawn further away from the mainstream. In a similar vein, it is now clear that enterprise bargaining has very successfully facilitated changing working time standards, but this has not given flexibility to individuals and allowed them to strike their own balance between life and work. Rather it has created growing numbers of people dissatisfied with their hours of work and the balance between their work and life beyond it.

**Challenge 3: *Capturing the Benefits of Coordination with Autonomy: Standards for Flexibility***

How do we get beyond the limitations of the traditional 'standards' and emerging 'flexibility' approaches to promoting fairness associated with work? At numerous points in *Fragmented Futures* we identified the potential benefits for both fairness and efficiency if coordination in the labour market is improved. Coordination needs to be improved amongst employers to ensure better management of the risks associated with hiring and managing labour occurs so that economies of scale can be realised. Improved coordination amongst workers is needed to ensure the risks and benefits associated with work and working life are more fairly distributed. How is this to be achieved? Special attention needs to be devoted to clarifying the concepts that help make sense of the world and which thereby structure thinking about options for the future.

Our starting point, with apologies to John Donne, is that no workplace is an island. Rather production and service provision are increasingly organised on

a network or supply chain basis. Equally, no worker is an island. Most share labour market experiences caused by important labour market transitions, such as taking up study, moving to a new city or region, having children and retiring. Many share the experience of unemployment and finding a job. Günther Schmid (1995, 1998, 2002a, 2002b) has described these periods of life-cycle change as producing 'transitional labour markets'. Few people would disagree with these general propositions. But what do they mean for how we approach the future of work? This paper does not offer precise details on where to go next. It does, however, offer some leads on the key issues we need to focus on in developing a new approach to work. The essence of this new approach is that we need to take fairness seriously but do so in a way that is compatible with an efficient economy.

This finding is supported by recent research from scholars working in disciplines as diverse as economics, sociology, education, industrial relations and law. Over the course of the 1990s a growing body of research has highlighted the benefits for both efficiency and fairness in simultaneously capturing the benefits of coordination at sectoral and national level and adaptability at the workplace and regional level (Briggs 2002). Pointers as to the types of issues that need to be confronted if work is to be fairer in the future than in the recent past can be summarised as follows.

#### *Redefining Employers: Network Production*

In thinking about employers we need a more encompassing set of categories and social arrangements to define and enforce work related rights. Currently most labour market rights and obligations are defined with respect to employers conceived as operating independent businesses. The construction industry offers some powerful examples of how standards can be enhanced for all workers, not simply employees and the responsibilities more effectively shared across all employers in the industry. In several States the entitlement to long service leave is accrued against the industry (not an individual employer) and is available to all who contribute to the industry – contractors as well as employees. Equally, the operation of the Memorandum of Understanding on safety in the NSW industry also revealed how coordination amongst the head contractors could help standardised safety procedures amongst sub-contractors and thereby provide a better platform for promoting safe working practice throughout the industry for all workers, not just 'employees' of particular firms.

#### *Redefining Workers: Transitional Labour Markets and Pathways*

The problem with old regulatory approaches is that workers are neither as 'standardised' nor as 'unique' as commonly assumed. It is more accurate to

recognise that they often share experiences and circumstances which make it possible to increase choices for individuals by better coordinating the provision of services for people in common situations. Consider the issue of work/life balance for example. This is a growing problem for many people. These problems are not, however, unique to each household – many households face very similar pressures. Amongst households with working parents most problems emerge within four distinct situations:

- the 'traditional' model of one full time worker and one full time carer
- the 'career couple' model of two full time workers
- the 'sole parent' model
- the 'one plus' model with one full timer and on part-time worker

(Buchanan and Thornthwaite 2001)

As such, the pressures involved in managing work and family life for employed parents are not unique and because of this they are not efficiently solved on a workplace by workplace or household by household basis. If people are to have the capacity to choose between these different arrangements support will need to be available in terms of child care, flexible rostering arrangements and possibly some home-help arrangements. These are the kind of arrangements for which there can be considerable economies of scale when needs are co-ordinated through new collective structures. Traditionally, Australia has nurtured a dynamic community-based child care sector to provide quality, affordable child care. These initiatives and ones like it need to be developed further as social innovations that enhance the choices available to individuals and households.

Defining choice in terms of a range of pathways offers a far more useful way of thinking about both standards and flexibility. The issue is not identifying one universal standard and imposing it on all people. Equally the issue is not allowing unlimited 'choice' through supposedly 'individual' contracts of employment. Rather the challenge is to work with the reality of a limited range of work-parenting pathways and making access to them as equally accessible to all so that choices are made on preferred modes of child rearing and interest in work and not primarily on capacity to pay.



Developing standards for flexibility requires more than redefining the basic categories involved in the employment transaction. It will also require the development of new approaches to the classic working life issues: hours of work, skill formation and wages.

### *Working Time*

Hours of work provide a particularly good example of how standards for flexibility can achieve better outcomes than either totally 'standardised' or totally 'flexible' arrangements. For extended hours workers this could take the form of having a cap on the number of overtime hours worked over a six month period. Once all workers in a work area filled their quota, management would be required to recruit additional labour to meet further demands and reduce work intensification problems. This would facilitate flexibility in the short run and nurture sustainability in the longer term.

Equally, more attention needs to be devoted to promoting quality part-time work. Such an approach could involve rights for workers to request part-time work with the onus being on the employer to prove why such arrangements were not possible for particular jobs. The specification of new standards of this nature would nurture increased choices for many people, ensuring flexibility for (and not simply of) workers (Pocock, Buchanan and Campbell 2005).

### *Skills*

The issue of skill formation provides another good example of how coordinated flexibility can achieve superior outcomes. The essence of a new approach would involve establishing arrangements which pool the risk of training so that the individuals and employers who take responsibility for nurturing skills do not acquire a cost disadvantage for doing so. Insights into how this might be achieved are provided by the better examples of group training companies. These arrangements ensure that no one employer has to bear the risk of training an individual, and means that more training places than would otherwise emerge are offered by employers. More importantly, it ensures that support structures are in place to help trainees and employers get the best out of the training system in ways that minimises risks to them. As such, coordination increases the range of choices available for individual workers and employers (Buchanan and Evesson 2004, Buchanan 2006).

### *Wages*

In recent times Australia has moved rapidly from a highly centralised to a highly decentralised system of wage determination. The problems with both approaches

are now clearly evident. The challenge for wages policy is to work with the grain of the labour market – especially the notion of comparability as a basis for defining fairness. The idea of accepting 'the going rate' is as common among employers as it is among workers. This is clearly evident in the data on pay movements for CEOs and senior executives. If pay relativities are not properly managed, wage rates tend to leapfrog up as people try to maintain their standing in the relative pay structure. These forces are clearly at work at the top of the labour market today. If these forces are to be effectively managed we need to move beyond the fiction that somehow wages can be set at enterprise or individual level as if such entities exist in a vacuum. Instead, greater attention needs to be given to the potential benefits of coordinating bargaining on a multi-employer basis. Coordination need not necessarily mean rigid prescriptions in pay rates and movements. If properly managed, it can deliver both stability at national and sector levels and adaptability at local and workplace level. Shorter hours in the German engineering sector, for example, involved wage agreements at industry level specifying overall standards for wage movements and length of the weekly working hour week (i.e. 36 hours). As framework agreements, however, workers and managers at the local level had considerable discretion in how the new standards were to operate in their workplaces (Thelen 1992).

In dealing with the problem of executive pay, consideration could be given to devising taxation based incomes policies. These involve imposing additional taxes on companies which increase earnings in excess of community norms. Another proposal for the management of relativities has recently been made by Jerry Waltman. He argues that the standards at the bottom of the labour market need to move from a notion of 'minimum wages' to a 'living wage' (Waltman 2004). He argues that movements in the living wage should be linked to movements in the total earnings of the top 5 per cent of the population to prevent levels of inequality spiralling out of control.

Such arrangements do not prevent adaptation at enterprise level, but they send a powerful signal about how wage relativities should be handled. As such they would put a break on unstable and unfair pay structures, much of which currently emanates from the top of the labour market. Such policies also ensure the community shares in super-normal profits, most of which currently accrue to a very small band of people (Briggs, Buchanan and Watson 2006).

#### ***Challenge 4: Keeping Working Life in Perspective.***

Powerful economic forces shape the extent and nature of the key problems in working life like unemployment, wage inequality, fragmentation in working time

and sub-standard forms of employment. Improved policies on working life alone will not solve issues such as these. Policies concerning full employment and industry development are particularly important. Any advance in these areas of policy need to grapple with the limitations of strategies pursued in the 1980s and 1990s. For example, while the Accord shifted factor shares from wages to profits, the increase in profit share delivered only transitory labour market gains. To ensure that increased profits and savings are put back into positive and sustainable economic development new institutions need to be established to ensure priority is accorded to creating quality, sustainable jobs. Such institutions could take the form of an enlarged and invigorated public sector – especially in education, health and social services. Wage earner funds, which involve the redistribution of excess profits through networks of regionally elected local economic development councils, offer another possible basis for shaping more desirable forms of economic and social growth (Pontusson, 1992, Quiggan and Langmore 1994).

There is also a need to have a more active industry policy. This is necessary if we are to directly shape the industry and occupational composition of employment – ie the content of work. In short, any serious improvement in working life will require that policy on work is no longer regarded as a discreet area of policy. Instead, a commitment to promoting sustainable, quality employment must become the defining feature of the overall mix of public policies directed at shaping economic and social development in general (Buchanan and Pocock 2002, Briggs, Cole, Evesson, Larcomb and Saddler 2006).

#### ***Challenge 5: Building New Linkages in Policy and Practice***

Too often responses to new issues in working life occur on an ad hoc basis. The currently fashionable status of 'work and family' initiatives is but the latest example of this trend. Arguably the greatest challenge in responding to the problems of working life today and in the future concern changing established realms of activity, such as wages policy and practice, in ways that successfully engage with emerging issues. It is not simply a matter of adding further issues to the bargaining, test case or policy agenda. The push for new entitlements such as universal, paid maternity leave is to be welcomed, but on its own is of limited impact. Moreover, when proposed in isolation from a broader shift in policy, single issue initiatives can be easily defeated. Rather, it is necessary to identify ways in which issues can be linked to address traditional and emerging concerns simultaneously. Staffing levels, for example, have implications for work intensification, skill formation and (potentially) levels of non-standard employment – as well as aggregate labour costs. They also have implications for the quality of service provided by workers

to customers/clients as well as the quality of work experienced by those producing a product or service. Making links between different issues requires establishing links between a range of social groups. Establishing these links in practice will be necessary if lasting changes are to be achieved. For example, problems of work intensification for nurses arise from the steady rise in influence of concerns with controlling costs (as opposed to providing quality care) becoming the defining feature of labour management strategies in public hospitals today. (Buchanan and Considine 2002). Skill shortages in manufacturing are linked to an industry policy environment, which encourages the sweating rather the development of labour assets, i.e. a process akin to farmers eating their seed (Buchanan, Evesson and Briggs 2002). And problems in work/family balance for shop assistants has as much to do with wage rates, rosters and levels of public funding for child care as they do with any fancy 'work/family' packages promoted by employers (Buchanan and Thornthwaite 2001). In short, achieving a fairer future for work is intimately linked to establishing a broad coalition committed to achieving a fairer society.

### **Conclusion: Unequal Freedoms or Cohesive Diversity?**

Our major conclusion is that policy objectives need to be clarified and the categories that guide working life analysis and policy need to be updated and refined. Clearly neo-liberal notions of free individuals and flexible firms are failing to deliver diversity that offers real choices to growing numbers of workers. Equally traditional approaches to working life intervention, based as they were on gendered notions of breadwinning, have failed to grapple with changed labour market realities and workers' (especially women's and young people's) aspirations.

This way of framing current challenges has echoes of the need for a 'third way' beyond the limits of traditional 'labourist' and 'neo-liberal' approaches. Recent Australian experience, however, has highlighted the limitations of this approach. As we have argued elsewhere (Buchanan and Watson 2001) a prototypical version of 'the third way' was pioneered by the Australian Labor Party (ALP) Government in the 1980s – years before Clinton and Blair gained office. This policy approach only deepened and reconfigured inequality as noted in our analysis. The root cause of this policy failure was the obsession with developing market and quasi-market mechanisms to solve most social and economic problems. Interest in direct interventions and service provision (the hallmarks of traditional Australian 'labourism' and European Social Democracy) gave way to reducing tax levels and increasing 'targeting' of public expenditure to achieve 'growth with equity'. The Hawke and Keating ALP Governments worked vigorously to implement this policy agenda. Levels of tax and government expenditure fell as

proportion of GDP and the targeting of welfare was amongst the tightest within the OECD. As the analysis of this paper has revealed – problems of working life, especially inequality, continued to deepen and expand on the key dimensions of working life – wages, hours of work, forms of employment and the major life course transitions.

Our analysis highlights that if we are concerned with equality, policy needs to move beyond a preoccupation with income redistribution by means of lower taxes and tighter targeting of government transfer payments. If diversity is to be real, in the sense of offering an increase in the choices open to people, the 'quasi-market'/targeted transfer-payment/enterprise bargaining policy must be abandoned. Equality is not just about slightly reducing income inequality (as is assumed in third way policy and practice). It's about how we live our lives. The notion of transitional labour markets (TLMs) provides a powerful framework for thinking about this issue. The transitions it draws analytical attention to involve profound social experiences like learning, caring for the young, aged and infirm, experiencing unemployment and living life beyond work. Profound experiences need not necessarily be desirable or pleasant. For many Australians today these experiences are painful. Support for many in skill formation, raising children or when unemployed is limited and often non-existent. Having extra money helps navigate these transitions – but money alone is of limited use if the support services available are limited in quality or scale. In making increased diversity desirable (i.e. choices real), more thought and resources needs to be devoted to new institutional arrangements that actively assist or facilitate the fairer sharing of the costs and risks of making these transitions. Such arrangements need to be designed so as to achieve, simultaneously, the benefits of coordination and increased choice for workers and workplaces. In short, the key challenge for working life policy today is to ensure that fragmentation diversifies options and does not deepen and reconfigure inequality. This means particular attention has to be devoted to rethinking notions of equality and diversity. How can both be achieved simultaneously? In particular, how can we ensure increasing diversity does not simply result in reconfigured inequality and that increased equality does not just result in the annihilation of difference through the imposition of uniformity? For us the key idea needing further development to answer questions such as these is 'cohesive diversity'.

Promoting cohesive diversity will be difficult. To begin with there is the need to move beyond traditional notions of breadwinning with its conservative notions of women and acceptance of the market. It also means breaking with the fictions underpinning neo-liberalism – especially the fantasy that human labour is a

tradeable commodity. But most challenging of all it also means recognising the limitations of what some US researchers have termed 'money liberalism' and traditional notions of tax-transfer payments as the primary tool for achieving equality (Waltman 2000). The reconciliation of equality and choice is not easily achieved. The redistribution of income can only, at best, reduce inequality in the consumption of market goods and services. Such a strategy has a number of limitations. The problems of residualism have long been recognised and are now becoming evident. More significantly, the market just does not meet social needs (e.g. the provision of quality care for children and the aged) – it only addresses solvent demand. In addressing social need we need social innovation. Cohesive diversity requires ascertaining what the social dimensions of diversity are and developing institutional arrangements to help make options real. Economics and money are part of the equation. But deepening social capacity is equally important. Formulating the problem about the future of working life in this way highlights the importance of dealing with social regularities. If the problem of traditional labourist/social democratic notions of equality was uniformity, the problem of neo-liberalism is that nurturing 'market' based 'choices' does not result in a limitless range of outcomes between myriad buyers and sellers. Rather, studies of societies which have been subjected to vigorous neoliberal policies (e.g. the USA, UK and New Zealand) reveal that they have as many 'statistical regularities' or social patterns as more 'regulated' counterparts. Far from being shining examples of rich diversity, they are more accurately characterised as societies with domestic populations experiencing increasingly unequal choices and freedoms. In all societies only a limited range of choices are possible at any one time. The key issue is identifying what these are and ensuring access to the really key opportunities is available to all – not just the well off. As we noted earlier, this is not simply a matter of redistributing income. It is also a matter of ensuring that the options available are of a decent quality. From our research the key issue is support structures that help mediate complexities associated with the supply and demand for labour. For individuals, the issue is accessible pathways available to navigate the key transitions identified in the TLM framework. For workplaces the key issues is intermediary structures that more fairly share costs and risks associated with engaging labour in production or the provision of services.

To date this is an issue that has received too little attention in the literature on the future of working life. Fortunately leads on what a more effective approach to working life might look like are implicit in aspects of 'spontaneous' labour market and social practice. As Polanyi noted over sixty years ago: while *laissez faire* had to be planned, planning was spontaneous (Polanyi 1957, p. 147). Good examples are provided by the challenges facing working parents and skill formation. Current

policy on work and family is predicated on the assumption that abstract individual households interact with abstract firms. Operating alone such entities have very limited choices. In the work/family transition we identified four work/parenting pathways. The challenge for policy is to devise effective ways of enabling people to choose between one of these four. By defining the problem socially – that is collectively – it becomes possible to identify potential economies of scale and to redistribute resources to make choices in that domain real (Buchanan and Thornthwaite 2001). Similar considerations apply to the issue of skill formation. Individual workers and employers do not just need subsidies for the public good aspects of skills. They also need institutional forms to help spread the risks of employment based training. In particular, they need brokers who can network training providers, employers and workers with common training interests/needs. They also need support structures to help develop better system of on-the-job training (Buchanan et al. 2001, Buchanan, Evesson and Briggs 2002, Watson et al 2003 Ch 10, Buchanan and Hall 2004, Buchanan 2006). Encouragingly organisational forms are emerging which deliver such services and improved outcomes. The clearest examples in Australia are provided by the better group training schemes (Buchanan and Evesson 2004). Greater attention needs to be devoted to identifying, nurturing and developing arrangements such as these. Unless greater attention is devoted to them, the choices available to growing number of people will be limited and the future will be marked by increasingly unequal freedoms, not cohesive diversity.

### Endnotes

<sup>1</sup> The authors wish to acknowledge the very useful comments that Ron Callus provided on an earlier version of this paper. All errors are those of the authors.

<sup>2</sup> Full documentation on the issues summarised in this and the next section can be found in our book, Ian Watson et al, *Fragmented Futures – New Challenges in Working Life*, Federation Press, Sydney, 2003

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