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Unemployment and training reform: A critical analysis of Australian Federal Government policy 1983 to 1993

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UNEMPLOYMENT AND TRAINING REFORM:
A CRITICAL ANALYSIS OF
AUSTRALIAN FEDERAL GOVERNMENT POLICY -
1983 TO 1993

BY

S. J. Bark B. Soc. Sci.

A Thesis Submitted in Partial
Fulfilment of the Requirements for
the Award of

Bachelor of Social Science
(Human Service) (Honours)

at the
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Edith Cowan University

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USE OF THESIS

The Use of Thesis statement is not included in this version of the thesis.

Abstract

Unemployment levels in Australia are a problem that have confronted governments since the mid-1970's. Since the 1983 election, Labor Government policy has sought to combat unemployment by linking training reform within the parameters of economic restructuring. This thesis argues from a critical perspective that Australian Labor Government unemployment and training reform policies aim to develop people's economic potential rather than their personal potential. To this end, six policy documents form the basis of the analysis. There are four Reports (Australia Reconstructed, 'Finn', 'Carmichael' and 'Mayer'), one Policy Statement (One Nation), and one Discussion Paper ('The Employment Green Paper').

The thesis sets out to critically challenge the Government's 'taken-for-granted' strategy of international competitiveness to solve the unemployment problem. Drawing on critical policy analysis, the themes of economic rationalism, unemployment, active citizenship, post-Fordism, globalisation and training reform provide a framework for discussion. Rather than addressing the problem of unemployment, Government policies tend to alienate the growing number of unemployed people, devalue their self-worth, extend Australia's indebtedness, allow greater foreign control of our wealth, and, transform the education and training system into a carefully managed production process focusing on economic ends.

In this context, the thesis asks the critical question of 'who benefits?' Structural impediments restrict the overall benefits to unemployed people. Policy delivery stakeholders benefit from increased use of their services. Employers stand to benefit through a supply of subsidised labour. Large corporations stand to benefit because they abdicate their responsibility for employing large numbers of people. Finally, the burden of employment shifts to the small business sector thereby allowing 'defacto' subsidisation of large corporations' profits as they 'downsize' their workforce.

As an alternative, the thesis develops the strategy of self-reliance as a way forward. Australia can achieve self-reliance by shutting out imports that it can produce and by focusing on production suitable to the nation's natural advantages. Reintroduction of labour intensive industries would largely solve the unemployment problem. In addition, a reversal of current training reform towards a 'whole person' approach is necessary. Individuals need to develop their own sense of self-reliance. This includes becoming more informed about their own society and pursuing a lifestyle based on the idea of personal potential.

The thesis concludes that Government unemployment and training policies aim to develop people's economic potential rather than their personal potential, because of the Government's commitment to dominant economic interests. A strategy of national and individual self-reliance, can reverse the current trend toward international competitiveness and increase Australia's control over its own destiny.

Declaration

I certify that this thesis does not incorporate without acknowledgment any material previously submitted for a degree or diploma in any institution of higher education; and that to the best of my knowledge and belief it does not contain any material previously published or written by another person except where due reference is made in the text.

Signature

Date 7 FEB 1995

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CHAPTER 1

INTRODUCTION

Australia has changed more in the past 10 years than in any period since the first decade after Federation in 1901 (G. Henderson, 1993, p. 31)

It is to the discredit of Australian sociologists that so little has been written analysing the actual impact of [the] . . . transformation of the last decade and the decade to come (Edgar, Earle & Fopp 1993, p. xiii)

1.1 BACKGROUND

Unemployment in Australia has become a major social, economic and political issue since the mid-1970's and particularly since the beginning of the 1980's. Official Government statistics highlight the seriousness of the unemployment problem:

approximately 100,000 people (3.5% of the workforce) were unemployed in 1973, rising to approximately 900,000 people (11%) in 1993;

the number of people unemployed for 12-24 months increased from approximately 50,000 in 1978, to approximately 150,000 in 1993, and those unemployed for 24 months or more increased from approximately 50,000 in 1978, to approximately 325,000 in 1993; and

significantly, in 1993 the age group 15 to 24 years accounted for 40% of all unemployed persons (CEO, 1993, p. 17-29).

The unemployment 'problem' is not unique to Australia as other Western nations have experienced similar unemployment trends (OECD, 1994). The Australian Federal Labor Government has since 1983, adopted the philosophy of 'economic rationalism' to deal with the problem of unemployment and other social 'ills'. Put simply, economic rationalism is a philosophy characterised by a view that 'market forces' best allocate society's goods and services. Economic rationalism is not unique to Australia, it is a global phenomenon (Scobie & Lim, 1992). According to Battin (1991), economic rationalism views people as

fundamentally selfish and calculating economic agents, driven by the belief that society and the individual should be free from government interference. This includes minimizing government influence by reducing public sector spending on 'inactive' or so-called non-productive goods and services. 'Inactive' government spending includes subsidising inefficient industries and supporting people through welfare payments like unemployment benefits.

The Government is clearly implementing policies that are causing a fundamental 'restructuring' of the Australian way of life (Hawke, 1985 & 1988; Moore, 1988/89; G. Henderson, 1990; Sloan, 1993; Keating, 1992b; "Structural adjustment", 1988). While this restructuring helped to reduce the unemployment rate from approximately 10% in 1983, to approximately 7.5% in 1989 (CEO, 1993 p. 17-19), the effects of restructuring caused a significant increase in unemployment since 1989 (Arbouw, 1993). The Bureau of Industry Economics reported that 80% of jobs lost through restructuring had now 'gone forever' (cited by Reid, 1994f). In response, the Government introduced strategies to reduce unemployment, especially long term unemployment. The main strategy was to make unemployed people more 'attractive' to employers. 'Attractiveness' strategies included subsidies for employers to hire unemployed people and expanding the number of skill-based training programs available to unemployed people. This 'attractiveness' strategy highlighted a significant agenda of Government policies, that is, reforming employment related training both outside of (school and 'the unemployed') and within (employees) the workplace. Government unemployment and training reform policies are the focal point of this thesis.

1.2 THESIS STATEMENT AND FOUR KEY QUESTIONS

This thesis proposes that current Australian unemployment and training reform policies of the Federal Labour Government, aim to develop people's economic potential rather than their personal potential. Four key questions underpin the thesis:

- What are the key documents guiding Australian Federal Government unemployment and training reform policies? (Chapter 3)
- What are the major themes and limitations of these policy documents? (Chapter 4)
- Who benefits from the Government's unemployment and training reform policies? (Chapter 5)
- What are some alternative strategies that should be included in future unemployment and training reform policies? (Chapter 6)

1.3 THESIS STRUCTURE

The thesis is organised into seven chapters. Chapter 1 (Introduction) sets the scene and addresses 'housekeeping' issues. It considers the nature of key terminology used, ethical considerations, the relevant literature, and, the significance, scope and limitations of the thesis.

Chapter 2 (Theoretical Context) examines the sociological context of the thesis. It briefly outlines the major sociological perspectives outlined in the work of Burrell and Morgan before moving on to consider the characteristics and the contribution to this thesis of radical humanism, critical theory and critical policy analysis.

Chapter 3 (Government Policies) sketches the nature of the Federal political scene in the early 1980's. Against this background it briefly describes six major

Government unemployment and training policy documents. These are: Australia Reconstructed (ACTU/TDC, 1987); the 'Finn Review' (AECRC, 1991); One Nation, (Keating, 1992a); the 'Carmichael Report' (ESFC, 1992); the 'Mayer Report' (Key Competencies, 1992); and, the 'Employment Green Paper' (CEO, 1993).

Chapter 4 (A Critique of Policy Themes) critically analyses the documents' collective themes rather than focusing on the specific content of individual documents. The focus on themes partly avoids being drawn into a narrow debate on any one document. The purpose is to highlight themes within the Government's unemployment and training reform policy. 'International competitiveness' is the major theme highlighted by the Government. The Chapter critically focuses on the themes of economic rationalism, unemployment, active citizenship, post-Fordism, globalisation, and, training reform.

Chapter 5 (Who Benefits?) identifies and explains how four 'stakeholder' groups stand to benefit from the Government's unemployment and training policies. The four groups addressed are the unemployed, policy deliverers, employers and large corporations. Unfortunately, of all the stakeholder groups identified, the latter three benefit more than the unemployed.

Chapter 6 (Towards Self-Reliance) shifts the focus towards an alternative strategy based on self-reliance at a macro or national level and micro or individual level. Macro self-reliance puts Australia 'first' by shifting production towards satisfying local markets, with a concurrent move away from high technology. Micro self-reliance encourages development of personal potential based on wide sense of individual enterprise.

Chapter 7 (Conclusion) summarises the contents of the thesis to answer the four focus questions posed in Section 1.2 and outlined some policy implications. In closing, a range of future research questions are identified.

1.4 KEY TERMINOLOGY.

The Australian Bureau of Statistics (ABS) defines **unemployment** as a situation where people are *actively* seeking work. It closely relates to the ABS definition of **employment** where people provide their labour or skills for cash or in-kind reward (Appendix 1). **Long term unemployment** requires that a person be officially registered as 'unemployed' for at least 1 year. Employment-related **training** refers to instruction leading to a desired performance or standard of behaviour, usually obtained through formal rather than informal means. The term **education** at times interchanges with training. **Reform** is a key concept within the policies and infers the improvement of something through the removal of faults and is usually presented herein as 'training reform' or 'economic reform'.

Prunty (1984, pp. 4-5) recognises definitions of **policy** range considerably. Tropman, Dluhy and Lind (cited in Burch & Michaels, 1991, p.2) describe policy as a course "of action, whether intended or unintended, that ... [is] deliberately adopted or can be shown to follow regular patterns over time". Prunty (1984, pp. 5-8) indicates that the term **policy analysis** also attracts a wide range of definitions. This paper uses Majchrzak's (1984, p. 13) definition of policy analysis as being "typically ... interested in the process by which policies are adopted as well as the effects of those policies once adopted". Smith (1993, p. 86) believes that **critical policy analysis** involves "the critical re-interpretation of policy as text in the name of equality, justice and a caring community". Critical policy analysis gains its structure from the broader field of **critical theory** that questions social, political and economic 'givens' to bring about social justice and greater equity. **Personal potential** or 'human potential' is a key component of critical theory. Smith (1993, p. 78) describes personal potential as "enhanced personal autonomy, self-determination, assertiveness, and a commitment to take greater responsibility for shaping one's life". Section 2.2 discusses in further detail some key critical theory terminology relevant to the thesis.

Government is the publicly elected, national (Federal) authority of Australia and refers to two Houses of Parliament: the 'Upper House' or Senate, and the 'Lower House' or House of Representatives. As the Australian Labor Party has held office since 1983, hereafter the term Government will refer to the 'Australian Federal Labor Government'. Traditionally, Labor Party policy came under the influence of trade unions. It aimed to benefit those people considered 'less fortunate'. However, **economic rationalism** (defined and identified in Section 1.1) infers that economic factors are the primary consideration when setting policy. The notion of '**active citizenship**' reflects economic considerations in that it refers to those people who actively participate in a society's economy. Citizen here means any person normally resident in Australia, rather than formal implications associated with passports or voting. Economic rationalism encourages major economic reform or **restructuring** which Probert (1993, p. 19) refers to as "a bewildering range of changes, including changes in the organisation of a particular industry, or even firm, to improve profitability". Internationalisation or **globalisation** closely links with restructuring and refers to the world-wide decentralization of manufacturing predominantly through implementation of 'high-tech' equipment. Finally, **Post-Fordism** describes the 'high-tech' move away from mass production towards worker autonomy and highly specialised yet flexible production processes and personnel (Bramble & Fieldes, 1990).

1.5 ETHICAL CONSIDERATIONS

Ethics is 'correct or right conduct' in undertaking research (Benoliel, 1988; Judd, Smith & Kidder, 1991, chap. 20; Seaman, 1987, chap. 2). Often, answer to a series of relevant questions addresses key ethical issues. If everyone involved agrees to the answers, then ethical issues may not be a cause for concern. However, if there is disagreement, then ethical issues may well exist. Ethics usually concentrate on two central issues: 'informed consent' and 'privacy'. However in the case of literature-based policy analysis, these two issues are

largely redundant. Nonetheless, a number of other pertinent ethical questions are still relevant. These questions include:

- What situations or issues lead to the creation of the research topic?
- Why should the topic be studied?
- Who can or should generate the research question/s?
- What is the research trying to promote?
- What are the values informing the research?
- By what criteria is the research information selected, presented and used?
- Will information sources be acknowledged?
- What peer review will occur?
- How public is the research process?
- Who funds or controls the research?
- Will the research cause harm to people, living things or the environment?
- What are the short, medium and long term benefits?
- Who owns the results?
- Do the ends justify the means?
- Will the evidence be detailed enough to ascertain credibility?
- Are the results generalisable?

Personal And Professional Interests

Past and present factors lead to a number of personal and professional interests in Government policies relating to unemployment and training reform. These interests include: various roles within a private training company that delivers Government-funded training for unemployed people; personal experience of unemployment; working as a self-employed person; and, a general interest in encouraging people to develop their personal potential.

1.6 METHODOLOGY

This thesis focuses on official policy documents relevant to unemployment and training policies. Therefore, the research methodology is relatively straight forward, with no living subjects involved and the materials used being publicly available documents. This also simplifies ethical considerations, as explained in Section 1.5.

This study began informally in late 1993 based on searches of library computer databases and my professional activities. By the beginning of 1994, potential research topics had been narrowed down to Government training programs for the unemployed. Soon after, a decision was made to focus on a selection of official unemployment and training policy documents. Two factors influenced the decision to focus on policy documents. One factor was to make sense of various public debates occurring in the fields of unemployment and training. The other was to obtain a 'window' into Government policy generally.

In collaboration with the University Supervisor, Barry Down, we decided to adopt a critical perspective as it best suited my desire to analyse the literature in more than a descriptive manner. Relevant literature was identified through library computer databases, journal articles and newspaper articles. My reading and writing then focused on preparing a thesis proposal. Once completed, a presentation of the proposal followed at a public, university-based seminar to

gain feedback on the research topic and methodology. Subsequent modifications reshaped the proposal before submission to the University's Faculty of Health and Human Services Higher Degrees Committee for formal approval. After gaining that approval, re-reading of six key policy documents and other appropriate literature began in earnest.

Burch & Michaels' (1991, p. 211-224) four step policy analysis model of (1) identifying the issue, (2) analysing what exists, (3) determining what should be, and, (4) deciding what is possible, guided my thinking at this stage. The first word processed draft of the thesis started in August 1994. Comments from the Supervisor and other friendly critics, along with further re-writing, data analysis and computer spelling/grammar checks, moved the thesis towards finalisation in late October 1994.

1.7 LITERATURE REVIEW

Along with the literature search for key policy documents, the author gathered an array of literature focusing on Australian unemployment and/or training reform issues and policies. The literature reviewed fell into four broad categories: **educative**, **descriptive/prescriptive**, **implementive**, and, **alternative**.

The **educative** literature largely focuses on the debate about the function of education and how training reform impacts on that function (Dempster, 1992; Marginson, 1992; Sweet, 1992; McTaggart, 1992; Preston & Symes, 1992). While this literature does include strong critiques of training reform policies, the dominant writing of community-based educators and training providers narrowed the debate to formal educational institutions. In contrast, this paper recognises formal **and** informal avenues of education and training. In addition, it is written from the perspective of a private training provider who also has experience in the provision of public and community training.

The **descriptive/prescriptive** literature examines unemployment policy in a manner that described unemployment as an 'illness' that required 'curing' with appropriate policy prescriptions. This sort of literature includes econometrics (Layard, Nickell & Jackman, 1991; Sinclair, 1987), comparisons of international policies (Richardson & Henning, 1984; Fiddy, 1985), policy formulation (ESFC, 1992; CEO, 1993), surveys (Graetz, 1987), and accounts of the 'human face' of the unemployment experience (Brewer, 1975; Maurer, 1979). A major weakness of the 'descriptive/prescriptive' literature is its functional approach to unemployment. The focus is on producing people to 'fit the system'. This literature is system-supporting despite at times being mildly critical of Government policy. In contrast, this thesis argues that the 'system should fit people' and is therefore critical of Government policy.

The **implementive** literature pre-occupies itself with how to implement Government training requirements to suit the needs of business. This type of literature is particularly prevalent in the training field. A major weakness of the 'implementive' literature is its non-questioning and uncritical acceptance of the assumptions informing Government policies (Hedberg & Gillet, 1993; Borthwick, 1992; Kennedy, 1993; Cheshire, 1994; SSAB, 1993; ATO, 1992; TG News; "Identifying need", 1994). This thesis aims to shift the focus away from the largely unquestioned business/Government perspective, to a people/community perspective that includes the encouragement of a more critical questioning of policy.

Finally, the **alternative** literature in 'left-leaning' journals and magazines such as *Arena* and *Education Links* (formerly *Radical Education Dossier*) attempt to develop a more critical discourse. Unfortunately, these sources tend to attract socially negative labels such as 'radical', 'leftist', 'communist', or 'Marxist'. In addition, they tend to focus on macro solutions at the expense of micro issues. In other words, they tend to focus on what should be done to 'change the world', almost to the exclusion of what individuals can do to 'change their world'. This thesis will examine Government policies drawing on the alternative literature in

order to understand both macro **and** micro 'solutions', to then promote a radical alternative that focuses on Australia and Australians first.

1.8 THESIS SIGNIFICANCE

This research is significant for three main reasons. First it will provide an alternative explanation of current Federal Labor Government unemployment and training reform policies. The significance is highlighted by the release on 4 May 1994 of the 'Employment and Growth' White Paper entitled Working Nation (Keating, 1994). The 'White Paper' is a culmination of a plethora of reports, statements and legislation including unemployment and training reform policies between 1983 and 1993. Working Nation (Keating, 1994) is not only a significant document for unemployment and training reform, but is also significant for the sweeping impact it will have on the Australian way of life. These reforms sit within and reflect a global context.

Second, this analysis will heighten my own understanding of these policies and help to clarify my professional role in delivering Government-funded training programs to unemployed people. In particular, it will help me to help unemployed people develop their personal potential through a better understanding of the Government's unemployment and training reforms.

Third, the style and content of this paper will hopefully allow a greater number of people to access and understand the issues involved. A common weakness of all four literature categories outlined in Section 1.7 is their terminology which sets them apart from mainstream public language. Unfortunately, most of this literature appears in journals and books that are outside the standard reading of the general public. This thesis deliberately uses language that is more accessible to the general reader, although the critical theory framework and policy focus do not allow for total 'light reading'. In addition, self-publication of the thesis, planned publications, and workshops within professional networks will serve to share the insights of this research with a wider audience.

1.9 THESIS SCOPE AND LIMITATIONS

Analysis of policy encompasses a wide range of techniques and theories, each of which contains its own scope and limitations. This section focuses on the scope and limits of the thesis. In particular, issues related to time, the theoretical framework and competency-based training. Sections 2.2 and 2.3 clarify the scope and limitations relative to critical policy analysis.

Six policy documents outlined in Chapter 3 set the scope of the thesis. Australia Reconstructed, (ACTU/TDC, 1987) serves as the 'bench mark' setting the agenda for both the training of Australia's workforce and the structure of its labour market, including unemployed people. From here, the 'Finn Review' (AECRC, 1991), the 'Carmichael Report' (ESFC, 1992), and the 'Mayer Report' (Key Competencies, 1992) are **the** three other key policy documents that flesh out the 'entry-level' training system that will transform Australia's workforce. One Nation (Keating, 1992a) widely announced the political intent to solve the unemployment problem through the new training structure with the 'Employment Green Paper' (CEO, 1993) signalling the final political stage. By focusing on these policy documents, the thesis provides a basis from which to analyse the most recent unemployment and training policy document Working Nation (Keating, 1994), as well as providing a window into Government policy and where it is taking Australian society.

Turning to the first limitation of the thesis. Time, relating both to policy 'age' and research time, is a crucial factor in policy analysis. Policy 'age' is a limiting factor because the more recent the policy, the more difficult the analysis because evidence relating to policy effects often becomes more apparent and/or available as time goes by. Considering the 'oldest' policy document is seven years old, policy 'age' is an issue. Concerning research time, there is never enough time to access all available and/or relevant information on any topic, particularly in this 'information age' where voluminous information on endless topics is still being generated at an unprecedented pace. The research time

frame for this study was officially February 1994 to October 1994 with some prior data collection occurring informally before that. As a result, this study is a starting point on a journey that will take many years to travel.

Another important limitation relates to critical policy analysis itself. While it is important to outline the basis and particulars of the relevant critical theory and techniques (Chapter 2), it is not within the scope of this study to address the nature of critical theory in any great detail. While critical theory itself focuses on social justice issues such as equity, gender and/or race, it is not within the scope of this paper to address these matters in any depth.

Finally, debate on the specific aspects of the policy documents does not occur. For instance, the 'mismatch' resulting from skill shortages particularly in times of high economic activity is not addressed at all. Similarly, the fashionable idea of competency-based training (CBT) which is a key issue in the discussion of training reform, rates only passing references to avoid an unnecessarily narrow behavioural debate.

In summary, the past decade in Australia saw major social changes. So far, little analysis of these changes has occurred. As part of the economic 'solution' to Australia's economic and social problems, the Government implemented a strategy of training programs and 'attractiveness' subsidises to assist unemployed people into the workforce. The thesis states that Government policies aim to develop people's economic potential rather than their personal potential. The focus on public policy analysis simplifies some of the major ethical and methodological issues because no living things are being researched. A review of pertinent literature revealed four broad categories of material, all of which had limitations. This thesis provides a significant 'window' on Government policy both for the general reader and myself.

CHAPTER 2

THEORETICAL CONTEXT

Theory dominates all research. Therefore, it is important to clarify the theoretical context used in this thesis. This section begins by describing four sociological perspectives identified by Burrell & Morgan (in Prunty, 1984, pp. 3-16) and broadly locates this thesis within one of those perspectives - the 'radical humanist' paradigm. This is followed by a brief exploration of critical theory, including a focus on specific critical ideas relevant to this thesis and the nature of critical policy analysis.

2.1 SOCIOLOGICAL PERSPECTIVES

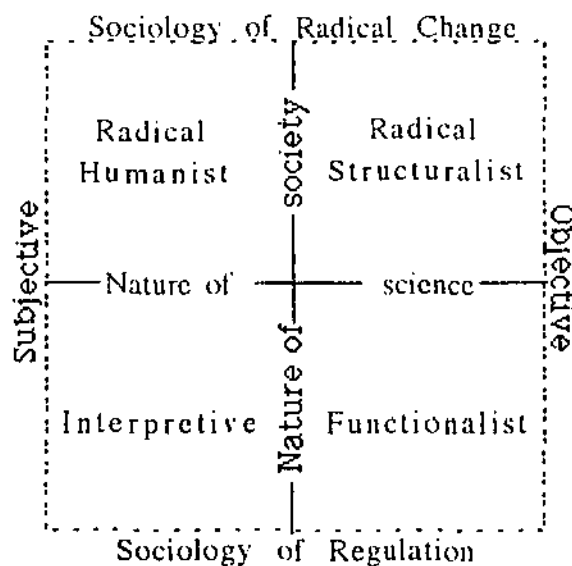
Prunty (1984, pp. 9-16) draws extensively on Burrell and Morgan's work to describe four perspectives or paradigms based on assumptions about the nature of science and of society. In relation to the nature of science, Burrell and Morgan (cited in Prunty 1984, pp. 9-11) identify two opposing 'vantage points' or perspectives: objective and subjective. They clarify and contrast each perspective by considering their assumptions about: ontology (essence of phenomena investigated); epistemology (knowledge groundings); human nature (people-environment interrelationships); and, methodology (investigation patterns for building knowledge). From the objective perspective: ontology is 'realist' because it assumes reality is concrete and relatively unchangeable; epistemology is 'positive' because it assumes an ordered world; human nature is 'determined' because it assumes external influences shape and control people; and finally, methodology is 'nomothetic' because it assumes systematic and correct procedures. In contrast, from the subjective perspective: ontology is 'nominal' because it assumes reality exists in people's minds or their consciousness; epistemology is 'anti-positive' because it assumes the world has no given order; human nature is 'voluntary' because it assumes people can shape themselves and control external influences; and, methodology is

'ideographic' because it assumes information results from observing and recording whatever happens.

Turning to the nature of society, Burrell and Morgan (cited in Prunty 1984, pp. 11-13) also identify two opposing perspectives: the sociology of regulation and the sociology of radical change. The sociology of regulation concerns itself with the status quo, social order, consensus, social integration and cohesion, solidarity, need satisfaction, and actuality. In contrast, the sociology of radical change concerns itself with structural conflict, modes of domination, contradiction, emancipation, deprivation, and, potentiality.

From the assumptions associated with the nature of science and society, Burrell and Morgan (in Prunty, 1984, pp. 13-16) identify four perspectives or paradigms: 'functionalism' characterised by objective regulation; 'interpretivism' characterised by subjective regulation; 'radical humanism' characterised by subjective radical change; and, 'radical structuralism' characterised by objective radical change (Figure 1).

Figure 1
Four Paradigms for the Analysis of Social Theory
(after Prunty, 1984, p. 13, from Burrell & Morgan)



Further explanation of each of the four paradigms is beyond the scope of this thesis. However it is important to clarify the radical humanist paradigm because it has most relevance to what follows.

Radical Humanism

Based on the four paradigms previously identified, this thesis draws heavily upon the 'radical humanist' paradigm. According to Morgan:

The radical humanist paradigm ... emphasizes how reality is socially created and socially sustained ... (and) ties the analysis to an interest in what may be described as the pathology of consciousness, by which human beings become imprisoned within the bounds of the reality that they create and sustain. ... The contemporary radical humanist critique focuses upon the alienating aspects of various modes of thought and action which characterize life in industrial societies. ... The radical humanist is concerned with discovering how humans can link thought and action (praxis) as a means of transcending their alienation (quoted by Prunty, 1984, p. 15, italics Morgan's)

Essential to the radical humanist paradigm is the idea of alienation. For this thesis it has significance because the Government's unemployment and training policies heighten the sense of alienation felt by many unemployed Australians. Radical humanism highlights the idea of alienation by focusing on conscious realities, the manipulation of those realities, and how people can transcend that alienation through praxis. Critical policy analysis draws on critical theory which in turn draws on the radical humanist paradigm. To highlight the links, Section 2.2 outlines critical theory and Section 2.3 outlines critical policy analysis.

2.2 CRITICAL THEORY: AN OVERVIEW

Gibson (1986) believes that critical theory involves the re-interpretation or revision of Karl Marx's writings (p. 6), although more in line with Marx's earlier rather than later writings (p. 10) which tended to focus more on 'economics' than structural institutions. However, as Gibson (1986, p. 6) argues, the attempts to move away from a preoccupation with economics or the 'base' on which society's 'superstructure' rests have proved very difficult. While critical theory comes out of the Marxist tradition, this thesis takes the position that Marxist

thinking influences but does not restrict critical theory. In other words, critical theory is a collection of theories, rather than a single theory. Rubington and Weinberg support the collection of theories scenario by arguing that:

within the "critical perspective," there are thinkers who emphasize philosophy, those who emphasize political activism and the need for social change, and those who focus on the perspective's explanatory potential (Rubington and Weinberg, 1989, pp. 236-237)

Various other writers support the position that critical theory is a 'collection of theories'. Bryson (1992, p. 5) speaks about a 'broadly critical' approach, Smith (1993, p. 75) refers to the "*methodologies of critical orientation*" (italics Smith's); and, Tripp (1992, p. 13) refers to "a group of sociopolitical analysts". While there are different emphases within the critical paradigm, a number of common assumptions do exist. Gibson summarises the shared central elements of critical theory as follows:

- a preoccupation with theory itself;
- a rejection of 'pure science' in favour of recognising and highlighting the value-ladenness and subjectiveness of research;
- a resolve to 'enlighten' people by highlighting or disclosing true or vested interests behind any given situation;
- an aim and/or a claim of assisting people to empower themselves to take greater control of their own lives (emancipation);
- 'revision' of Marxist theory through not reducing social ills to economic factors;
- critique of the Western/Modern world's dominant feature of 'instrumental/technical rationality' that focuses on how and when rather than why;
- a placement of high value on 'culture' and how people interact with (rather than dominate) the natural environment;

- a focus on the individual-society relationship by recognising personal (human) potential, the importance of personality formation, and how each person's ideology is a form of their consciousness and therefore a basis of their own 'reality';
- the centrality of arts (aesthetics) to revealing a society or being used to shape it;
- the importance of psychoanalysis (especially Freud) in understanding complex personal traits such as unconsciousness, sexuality and emotions;
- three levels (inter/personal, institutional and structural) of analysis to explain social events;
- and, the importance of language in terms of life being conducted, determined and understood (Gibson, 1986, pp. 3-16).

While these common assumptions are important to critical theory itself, there are a number of critical theory constructs that are central to this thesis. Each of these constructs requires some further explanation to highlight their underlying importance to this thesis.

Specific Constructs

In the radical humanist tradition, reality is a construct within individual **consciousness**. Gibson (1986, p. 4) highlights the centrality of consciousness in critical theory when he argues that "in human affairs all 'facts' are socially constructed, humanly determined and interpreted, and hence subject to change through human means". As a result, it is possible that a person's sense of reality or series of realities is false or at least unrepresentative of certain situations. Critical theory describes this 'unrepresentative sense of reality' as **false consciousness**. Ritzer (1983, p. 87) believes that false consciousness involves people having "incorrect assessments of how the system works and of their role and interest in it". Prunty (1984, pp. 33-35) argues that the existence of

false consciousness also reflects the existence of dominance and subordination. The importance of consciousness and false consciousness to this thesis is that Government policy is a significant shaper of public consciousness, giving it subsequent ability to establish and maintain false consciousness and the associated relationships of power and domination.

Smith (1993, p. 78) defines **personal or human potential** as "enhanced personal autonomy, self-determination, assertiveness, and a commitment to take greater responsibility for shaping one's life". Prunty (1984, p. 28) states that "critical-theory ... centres around knowledge, and how it liberates or constrains human potential". Ritzer (1983, pp. 71-73) identifies consciousness as a central component of personal potential, as it is consciousness that sets people apart from all other animals. In essence, personal potential is a balance of economic, social, political and spiritual factors. Achieving personal potential entails a person identifying situations that disadvantage them, setting personal goals, and identifying pathways to reach those goals. Ritzer (1983, p. 78) subsequently defines **alienation** as "the structurally imposed breakdown of the natural and total interconnectedness that is ... the opposite of what people can be potentially". Therefore, a state of alienation negates personal potential.

Enlightenment counters the constructs of false consciousness and alienation. Gibson (1986, pp. 4-5) explains enlightenment as a way of disclosing the true interests of particular groups within particular social systems. 'Interests' relate to advantages possessed by privileged groups and how they protect those advantages to the disadvantage of other groups. In Gibson's view (1986, p. 5), "conflict and tension rather than ... consensus" are central. The idea of enlightenment is important to this thesis because it aims to raise consciousness about the impact of Government unemployment and training policies on people's lives.

Empowerment is the process of providing people with the means to overcome their false consciousness and alienation. According to Smith (1993, pp. 77-82), empowerment is identifiable in three separate constructions: as self-growth and freedom from dependency; as political interpretation and identification of false consciousness; and, as the mobilising of collective action to achieve social goals. Empowerment through self-growth centres on individuals acquiring knowledge, skills and attitudes in preparation for efficient and effective contribution to a particular task. Empowerment through political consciousness raising involves a degree of scepticism about routine thoughts and actions. Empowerment through collective action centres on 'energising and mobilising' significant numbers of people, to identify the need and push for significant changes in the structures of their society. According to Prunty (1984, p. 29), critical theory "carries an unwavering commitment to changing the human condition". For this thesis, empowering both Australia and its citizens is the cornerstone for developing an alternative approach to Government unemployment and training policies (Chapter 6). Importantly, empowerment through self-growth can reduce individual levels of false consciousness and improve self-reliance.

Closely associated to the idea of empowerment is the notion of **praxis**. For Ritzer (1983, p. 80), praxis is "not [to] be content with [just] philosophizing ... but [also to] develop a critical intellectual stance that will help ... [cause the concrete] action needed to revolutionize society". Prunty (1984, p. 34) clarifies praxis by describing it as the unity of "thought and action, ... theory and practice". This indicates a 'hand-in-hand' rather than a 'hand-over-hand' approach. In particular, Prunty (1984, p.29) argues that critical theorists "flatly reject any notion that theory should guide practice, seeing this as yet another form of domination". The importance of praxis to this thesis rests with the unity of thought and action.

Enlightenment and empowerment closely relate to emancipation. Gibson (1986, p. 5) explains **emancipation** as "gaining the power to control your own life".

However, it is important to note that having "*an emancipatory intent is no guarantee of an emancipatory outcome*" (Acker, Barry and Esseveld, quoted in Smith, 1993, p. 75, italics Smith's). Gibson also acknowledges the difficulties associated with 'emancipatory' behaviour:

critical theory seeks not simply to explain ... problems, but to provide the means of resolving them by enabling people to gain more control over their own lives. This emancipatory endeavour (the prime characteristic of critical theory) makes it a difficult and demanding enterprise. All thinking is difficult, but critical theory makes for additional discomfiture. If you take it seriously, it won't make you popular or easy to live with because it radically questions taken-for-granted assumptions and familiar beliefs, and challenges many conventional practices, ideas and ideals. (Gibson, 1986, pp. 1-2)

Therefore the pursuit of freedom is a difficult task that takes much mental and physical effort to achieve. Emancipation is also one way of describing the attainment of personal potential. The importance of emancipation to this thesis is that while a state of emancipation may be difficult to achieve, the **processes** involved with the pursuit of that state (particularly enlightenment, empowerment and praxis), are just as important. As these processes are central to this study, so therefore is emancipation.

Finally, it is important to note critical theory's overall concern with historicity. Prunty (1984, p. 29) explains that critical theory is "at once historical and at the same time anchored in the subjective experiences of the moment". This thesis covers relatively recent historical events and 'anchors' itself in current experiences. With all these constructs in mind, the next Section will examine critical policy analysis itself.

2.3 CRITICAL POLICY ANALYSIS

As already noted, critical theory is a range of theories, one category of which is critical policy analysis. In summarising the major characteristics of critical policy analysis, this part of the thesis will outline the thinking of three critical analysts - Rein (1983), Prunty (1984 & 1985), and Smith (1993).

Rein (1983, p. 101) explains critical policy analysis through 'frames'. In his words, a "frame is a way of describing how people think about reality and linking this description to human purposes". In particular, Rein (1983, p. 103-106) refers to three types of value-critical analysis: criticism of frames; building of frames; and, redefinition and integration of frames. Criticism of frames is the most common form of critical policy analysis and focuses on "taken-for-granted assumptions of established policies and the context nourishing these tacit assumptions" (p. 103). Building of alternative frames comes from a discontent with current actions due to a "failure to deliver on its [policy] implicit moral promise" (p. 103). Redefinition and integration of frames focus on a reworking of existing frames to ensure change is steady rather than radical. This thesis draws upon all of Rein's three types of policy analysis.

Prunty (1984, pp. 35-45 & 1985) highlights six criteria that critical policy analysis needs to address. These criteria are: being overtly political in pursuit of a fair society; exposing sources of domination; focusing on values conveyed by institutions; addressing people's consciousness and how consciousness concedes to domination so readily; a commitment to praxis; and, developing a knowledge of and being actively involved in different policy types. This thesis draws on aspects of each of Prunty's six criteria.

As noted earlier when addressing empowerment, Smith's (1993) critical policy analysis focuses on three constructions of empowerment. Self-growth, political consciousness raising, and, collective action all pursue policy analysis through emancipatory intent. Each construction of empowerment has its own particular focus. Self-growth focuses on people illuminating and reflecting on individual

experiences. Political consciousness raising focuses on raising knowledge levels so that people can reinterpret rather than just accept information. Collective action goes beyond both self-growth and political consciousness raising to focus on stimulating the political actions of many people at once. This thesis provides self-growth empowerment for the author in the first instance. This thesis also seeks to increase political consciousness by re-situating "the particular into the wider social and cultural arena" (p. 80). This means understanding how individuals can act within a society's structures to minimise the disadvantages they experience from those structures. Smith (1993, pp. 83-86) argues that political consciousness raising involves a 'critical, non-participatory, and non-interventionist' approach to critical policy analysis. For Smith and for this thesis, it means reinterpreting text for social purposes; viewing policy as the allocation and legitimation of benefits to a politically dominant group; and, answering the question 'who benefits'. Together, the ideas of these three theorists give a sense of the approach adopted in this thesis.

In summary, because theory dominates all research, it is important to clarify one's theoretical perspective. Burrell and Morgan's (cited in Prunty, 1984, pp. 9-13) radical humanist paradigm broadly describes the theoretical perspective adopted in this thesis. Critical theory or more correctly critical theories, fit broadly within the radical humanist paradigm. This thesis uses a critical framework that rejects 'pure' science, criticises instrumentality, acknowledges the social construction of reality and emphasises individual-society connections. Importantly, critical theory questions the 'taken-for-granted' and contains thesis relevant constructs of personal potential, alienation, enlightenment, empowerment and praxis. Critical policy analysis with its ideas of frames, six criteria of change and the importance of empowerment, forms the cornerstone of this thesis.

CHAPTER 3

GOVERNMENT POLICIES

This chapter aims to provide a summary of the Government's unemployment and training reform policies in the period 1983 to 1993. An outline of the Australian Federal political scene in 1983, backgrounds the change from a conservative coalition to a consensus Labour Government. This is followed by brief descriptions of six key Government unemployment and training reform documents: *Australia Reconstructed* (ACTU/TDC, 1987); 'The Finn Review' (AECRC, 1991); *One Nation* (Keating, 1992a); 'The Carmichael Report' (ESFC, 1992); 'The Mayer Report' (Key Competencies, 1992); and, the 'Employment Green Paper' (CEO, 1993). This Chapter forms the basis of the critical analysis of Chapters 4 and 5.

3.1 FEDERAL POLITICS - CONSERVATISM TO CONSENSUS

The 1983 election swept the coalition conservative Liberal-Country Party (LCP) out of Federal Government. Windschuttle (1980) best captures the essence of the Fraser-lead LCP policies relating to unemployment. In his view, the LCP: favoured employers' interests over employee interests; manipulated official unemployment statistics; pursued a confrontationist approach with labour union organisations; and, blamed the unemployed for their own plight, labelling them as 'cheats' and 'bludgers'. Despite these insensitive and hardline policies, the LCP did manage to stay in power between 1975 to 1983. The LCP's 1977 re-election was indeed surprising considering the relatively high unemployment rates being experienced for the first time since the Second World War (Windschuttle, 1980, pp. 202-203). The fall of the 'New Right' LCP Government, left Australia in an unprecedented state of poor economic health, with high unemployment, rapid wage increases, a negative balance of payments for overseas trade, and, an internal budget deficit (R. Watts, 1989, p. 104-113).

Conversely, the newly elected Hawke Labor Government promoted the idea of 'consensus', whereby all interested parties would be represented by a tripartite of government, unions and employers. The Hawke Government believed everyone should involve themselves in the policy-making processes with each interest group having to compromise their position in some way to reach consensus (G. Henderson, 1993). The showpiece of this 'new' approach to policy-making was a range of 'summits' at which interest groups publicly forwarded their views to the Government on a range of economic and social problems (Keating, 1992b; Carter, 1993). The early centrepiece of Government policy was the Prices and Incomes Accord.

In February 1983, the Australian Council of Trade Unions (ACTU) signed an agreement or Accord with the Federal Labor Government to limit wage rises (Sonder, 1984; R. Watts, 1989). In return, the Government promised to encourage businesses to limit price and non-wage rises. The Accord reflected the policies of many European countries, particularly Scandinavian ones (Gruen, 1983). In essence, one of the major aims of the Accord was to lower real wages (Hawke, 1985; Moore, 1988/89; Teicher, 1989). Initially a bipartite agreement between Government and the Australian Council of Trade Unions (ACTU), the Accord did contain industry implications with the union movement having some success in 'socialising' the benefits of production, something that did concern employers (Ewer and Higgins, 1986). Throughout the rest of the 1980's and into the early 1990's, re-working and re-signing of the Accord occurred a number of times and gradually extended to include business, thereby completing the tripartite decision-making process (Davis, 1987; Kenyon, 1986; Mitchell, 1992; Mayer, 1993; R. Watts, 1989, p. 113; Wooden, 1990).

3.2 SIX KEY DOCUMENTS

In all, six major Government unemployment and training reform policy documents provide the focal point for this thesis. Descriptive outlines of these documents follow in order of their chronological release.

Australia Reconstructed (ACTU/TDC, 1987) reports the results of a joint trade mission to Western Europe during 1986, by the Australian Council of Trade Unions (ACTU) and the Trade Development Commission (TDC). In essence, the mission visited several West European nations for the specific purpose of collecting information regarding their economic strategies, in particular union/government/business links, unemployment and training, and, economic restructuring. Marginson (1992/93) believes policies of the Paris based Organisation for Economic Co-operation and Development (OECD) had a strong influence on Australian Government policies. The importance of the OECD is not at issue here for *Australia Reconstructed* (ACTU/TDC, 1987) was **the** first official policy document that publicly and 'most clearly' showed the Government's unemployment and training reform framework (Seddon, 1992/93).

Young People's Participation In Post-Compulsory Education And Training (AECRC, 1991) is the report of the Australian Education Council Review Committee (AECRC) chaired by Brian Finn and commonly referred to as the 'Finn Review'. The committee's broad term of reference was:

to report to the Australian Education Council [AEC] and to Ministers of Vocational Education, Employment and Training [MOVEET] on the future development of post-compulsory education and training in Australia, with particular reference to those young people who have left school and are not participating in a formal education or training program. (AFCRC, 1991, p. 2)

The broad term of reference meant that 'others' were left to fill in the Review's finer details (AECRC, 1991, p. 4; Collins, 1992). Overall, the main thrust of this report was the convergence of vocational and general education along with the implementation of a competency based training system. The key purpose was to

provide young people with more education and training options that directly related to future employment options.

One Nation (Keating, 1992a) is an outright party political statement that officially signalled the Government's intention of directly linking the training reform agenda with unemployment:

After seven years of [economic] growth, Australians are now experiencing hard times. Nearly a million people are out of work. Families are worried about the future.

This Statement explains what the Keating Government will do to bring back jobs and prosperity. (Keating, 1992a, p. 3)

The Statement had a short term goal to promote and sustain a recovery in economic activity and hasten the fall in unemployment, with a medium to longer term goal of establishing conditions suitable for sustainable economic growth (Keating, 1992a, p. 129).

The Australian Vocational Certificate Training System (ESFC, 1992) is the report of the Government's Employment and Skills Formation Council (ESFC) chaired by Laurie Carmichael, hence referred to as the 'Carmichael Report'. [Interestingly, Carmichael was a member of the 1986 trade mission (ACTU/TDC, 1987) and the Finn Review (AECRC, 1991).] The ESFC completed some of the Finn Reviews' work. The Carmichael Report outlined the Australian Vocational Certificate Training System (AVCTS). It proposed an 'entry level training system' that combined existing education and training systems including traineeships and apprenticeships, with competency and employment requirements to produce a flexible delivery, outcome-focused education and training system. Multiple entry and exit points also featured as did the notion of life-long learning rather than school-only or formal post-school qualifications obtained soon after leaving school. The ESFC developed the term Australian Vocational Certificate or AVC in preference to 'entry level training'. Despite the modified terminology, this document specified the major entry-level delivery mechanisms of the Government's training reform. Similar to the Finn Review (AECRC, 1991), the Carmichael Report (ESFC, 1992) focuses on young people but it has wider

significance for the general Australian population, especially unemployed people.

Key Competencies (1992) is the report from a committee chaired by Eric Mayer and hence referred to as the 'Mayer Report'. The Mayer Committee's purpose was to advise the Australian Education Council (AEC) and the Ministers of Vocational Education, Employment and Training (MOVEET), on employment related key competencies for post-compulsory education and training. The Mayer Committee more fully developed the concept of competency as mentioned in Finn (AECRC, 1991) and Carmichael (ESFC, 1992). In all, the committee identified seven 'Key Competencies': (1) collecting, analysing and organising information; (2) communicating ideas and information; (3) planning and organising activities; (4) working with others and in teams; (5) using mathematical ideas and techniques; (6) solving problems; and, (7) using technology. These competencies are said to be generic across all levels of education, training and work situations. Key Competencies (1992) specifically developed the Government's training reform emphasis on competency with the intention of making people more employable.

Finally, Restoring Full Employment (CEO, 1993), often referred to as the 'Employment Green Paper', is a policy discussion paper released in December 1993 by the Government's Committee on Employment Opportunities (CEO). The 'Green Paper' (CEO, 1993) outlined in some detail the Government's intended response to Australia's unemployment situation. In particular, the 'Green Paper' highlighted social and economic concerns relating to young people leaving formal education early and not participating in employment or further education. The long-term unemployed had similar concerns raised about them. Also highlighted was the importance of having labour market programs that encouraged **active** participation of unemployed people in seeking employment or workplace training situations. A major initiative was a 'new' 'job compact' strategy that would place reciprocal obligations on unemployed people and the Government to seek and obtain workplace training. Similar obligations fall on

employers and the community to supply workplace opportunities. This document openly combines Government unemployment and training reform strategies.

In summary, the consensus-driven Labour Government pursued policies developed by a tripartite made up of Government, unions and industry. Many of these policies responded to difficult economic conditions evident at the time of the 1983 election. Descriptive outlines of the six documents selected to represent the Government's unemployment and training policies, provides a greater sense of the efforts to develop policies that link unemployment with the reform of workplace training and general education. Overall, the documents reflect participation in paid work as the measure of assessing a citizen's value. The task ahead is to critically unravel the major themes and assumptions underpinning the Government policies.

CHAPTER 4

A CRITIQUE OF POLICY THEMES

Porter, Rizvi, Knight and Lingard (1992, p. 50) claim that policy making "is as much about problem setting as problem solving". In further explaining that claim they say:

the problems are presented as if they are self-evident ... [, that is,] radical measures are needed in order to make the Australian economy more export orientated and internationally competitive (Porter et al , 1992, p. 51)

From a Government perspective, the unemployment and training policies clearly reflect the theme of international competitiveness, as confirmed by Keating (1992b, p. 13) when he said "we have set forces in train that are requiring all of us to be competitive with the rest of the world". Therefore, the Government takes-for-granted that international competitiveness will solve Australia's economic problems and therefore its social problems. The purpose of this chapter is to analyse Government policy, using the critical framework outlined in Chapter 2 and focusing on the six unemployment and training policy documents outlined in Chapter 3. The main advantage of using six policy documents, is that analysis can occur on the underlying policy **themes**, rather than being drawn into specific debates about any one document. From a critical perspective, the policy documents contain a number of underlying themes - economic rationalism, unemployment, active citizenship, post-Fordism, globalisation, and, training. In this chapter, discussion centres on each of these themes. Investigation of these themes lays the foundation for Chapter 5 addressing the critical question of who benefits?

4.1 ECONOMIC RATIONALISM

All the policy documents make the assumption that 'the market' or economic rationalist principles will solve Australia's economic problems by restructuring to achieve higher levels of economic growth, employment and production. Economic rationalism assumes that increased economic activity will solve a wide range of societal problems. As highlighted by the 'Green Paper', economic rationalism will provide:

an overall increase in economic activity through increased employment and production, the provision of community services and facilities from that share of jobs in the community sector, a healthier community with lower levels of crime and family break-up, and an increase in community cohesion and social equity. (CEO, 1993, p. 126)

The purpose of this Section is to locate the philosophy of economic rationalism within a global and national context. It focuses on the link between economic growth and foreign debt, briefly looks at Australia's foreign debt situation, and, highlights the dogmatic nature of economic rationalism and its impact on Australia.

Scobie & Lim (1992) argue that economic rationalism is not unique to Australia as it is a global phenomenon. According to Battin (1991), economic rationalism is a view of society that sees people as fundamentally selfish and calculating economic agents, driven by the belief that society and the individual should be free from government interference thus leaving 'market' forces to distribute society's wealth. Pusey (1991) describes the slow and certain destruction of the Australian public sector in the name of economic rationalism as the Federal Government sheds its social service responsibilities to the State governments without providing the means for the States to fund such services. In reviewing Pusey's (1991) book, Cox (1992) raises two interesting points. First, Pusey's comments about the destruction of the public sector deserve very serious consideration because Australians will need to change their attitudes if genuine social and economic progress is to occur. Second, Pusey raises the interesting question of whether Australia should perhaps "return to the old [protectionist] ways" (Cox, 1992, p. 40). Further investigation of this debate occurs in Section

6.1, although suffice to say here that protectionism does not conform to economic rationalist thinking and strategies.

Influential economists such as Layard, Nickell and Jackman (1991), Soon Huay and Groenewold (1992), and Sinclair (1987) typify the bureaucratic or 'technocratic' approach that economic rationalism applies to social issues. Economists explain problems through algebraic type models that represent different components of an economy. They identify reaction to changes in one or more components and deduce which parts of an economy are most influential in the pursuit of certain outcomes. Bureaucratic Government thinking clearly reflects a narrowing economic focus. As a result, Australia is increasingly being controlled by a new breed of technocrats. Technocrats have a high level of technical knowledge, but a minimal level of empathy with the practical implications and social costs of their policies (Nielsen, 1983, p. 125). Economic technocrats specialise in top-down decision making processes that focus on economics. *Australia Reconstructed* (ACTU/TDC, 1987) illustrates the influence that the economic models have on government policy.

One of the more obvious economic problems that economic rationalism's technocrats will supposedly solve, is the significant deficit in Australia's balance of payments relating to international trade. Paul Keating (cited in "Micro reform", 1990, p. 9) acknowledges the significance of the current account deficit for policy setting by acknowledging that the deficit occupies a position of 'primacy' in Government policy. Initially, the deficit problem was a legacy of the Fraser coalition. At the end of the 1982/83 financial year, Stone (1991, p. 30) reported that Australia's total debt to foreign traders was \$48.4b (thousand million). One of the Government's main strategies to lower the deficit was and still is to 'prime' the economy through business investment (Keating, 1994), and orientation more exports (ACTU/TDC, 1987; CEO, 1993). This export stimulation has widespread support (Blainey, 1993; Prescott, 1993; Parbo, 1989).

Unfortunately, the priming necessary to increase exports requires an increase in imports, as not all the 'necessary' investment technology is available in Australia. As a result, the trade deficit has significantly increased, a fact noted by Blainey (1993) and highlighted by the following statistics: total foreign debt rose from \$48.4b in June 1983 to \$165.8b in June 1990 (Stone, 1991, p. 30); 70% of the 1989/90 financial year's balance of payments, approximately \$18b, went on debt interest payments alone (Santamaria, 1991, p. 41); at the beginning of 1993, Australia owed \$200b to foreign traders (Hooper, 1993, p. 23); and, the deficit blow-out continues with a one month deficit of \$2.1b in August 1994 alone (Thornhill, 1994d). Judging from the continuing trade deficit, the investment strategy seems to create more debt problems rather than producing a turnaround in the economy. Interestingly, Reynolds (1988) considers Australia as 'obsessed' with the deficit, therefore totally missing the huge increase in 'potential' future earnings based on that investment. Others such as Santamaria (1991), refer to the trade debt as a 'trap' that may prove impossible for Australia to release itself. Whatever the perspective of the debt problem, the lowering of the current account deficit remains 'essential' (Jonson, 1993; "Economic policies", 1991), especially as it weakens Australia's trading position through overexposure to world trends (Hooper, 1993; Carnegie, 1988), in particular any fluctuations in commodity prices (Morgan, 1991; Singer, 1993).

At this point, it is worth looking at the deficit problem from a business perspective. A business that consistently raises its level of debt to finance future operations would probably attract some close scrutiny from its financiers. The financiers would appoint a receiver manager to close the business and liquidate its assets in an attempt to minimise losses if they believed the business was borrowing beyond its future capacity to pay. However, according to Gilmour (1993, p. 49) there is "no known precedent for a nation being forced into liquidation". While the level of Australia's foreign debt does concern some foreign lenders (Parbo, 1989), there have been no moves to foreclose on the business called 'Australia'. However, considering Australia's sell-off of public

assets in recent times and the increasing levels of foreign ownership (Gilmour, 1993), perhaps Australia already has a 'receiver' who chooses not to foreclose. Instead, the foreign boardrooms choose to have Australia working for their benefit. This might give an interesting slant to the title Working Nation (Keating, 1994) of the latest Government unemployment and training policy. Reid (1994a) cited the conservative Institute of Public Affairs' Director Mike Nathan's belief that the Government has handed over responsibility for the economy to global forces. Further, *Australia Reconstructed* states that:

Trade flows are now dwarfed by financial flows, the management of which can and does exert a powerful veto over national economic policy. Democratically elected governments often find that, despite their elected mandate, they are unable to implement the policies required to achieve the objectives they have promised (ACTU/TDC, 1987, pp. 87-88)

Carter (1993, p. 1) reiterates the controlling aspect of international finance by arguing that "major macro economic changes and internationalisation of our economy are forcing rapid social change that are beyond not only our control but also beyond political control". In short, Australia may already be in an unofficial 'receivership' situation (Coombs, 1993; Singer, 1993).

Despite some of these negative economic and social aspects, Thornhill (1994d) reports that Prime Minister Keating and Finance Minister Beazley believe no change in the Government's economic rationalist strategy is necessary. However, Clark (1991) believes that economic rationalism has achieved a 'semi-religious' status akin to 'doctrinaire communists' preaching a one-and-only path to salvation, with the 'Salvationists' criticising any detractors as 'anti-Salvationists'. Carter (1993, p. 1) supports this view by stating that "economists have become our current high priests". Obviously, economic rationalist policies are profoundly affecting and controlling the future nature of Australian society.

In summary, Government policy is being driven by the principles of economic rationalism. At the moment, Australia is facing increasing levels of foreign debt that subsequently decreases Australia's control over its own destiny. The economic strategies of the Government are adding to Australia's economic

problems and contributing to our foreign indebtedness. This almost dogmatic approach could lock Australia into a situation from which there is no return.

4.2 UNEMPLOYMENT

One group of Australians who directly feel the pain of economic rationalism is the unemployed. Economic rationalism has pursued its growth strategy in part by achieving increased productivity and profit by 'downsizing' the work force (Keating, 1992b, p. 13; Sefton, 1992/93; Probert, 1993; "Competition", 1992).

Carter believes Australia is:

developing a split and stratified economy with a small elite of professionals and highly skilled workers, a shifting stratum of marginalised workers who do all the dirty work not handled by machines on a casual basis and a third group who are the permanently unemployed. (Carter, 1993, p. 3)

Further to this Carter (1993, p. 3) argues that Australia has a "jobless growth" rather than economic growth. Interestingly, A. G. Watts (1983, p. 3) highlights the negativity associated with unemployment by stating that 'unemployment' is an essentially negative concept by being "not defined in terms of any positive attributes of its own, but simply in terms of the absence of employment". While the policy documents acknowledge unemployment's negative social costs, the policies highlight that negative economic costs are the priority:

The loss of production through unemployment is the single greatest source of inefficiency in our [Australian] economy Full employment is the ultimate goal. ... We need to maximise sustainable economic growth and take specific action to reduce the numbers of long-term unemployed people. (CEO, 1993, p. 1)

Sinefield (1981, p. 127) argues that outside of war time, 'full employment' has never been achieved. Markey (1994) reflects current thinking that full-employment occurs between 2% and 3% unemployed, which compares to the Government's Year 2000 target of 5% unemployment (Reid, 1994e). The remainder of this Section sets out to highlight the link between unemployment and employment, explain political manipulations of unemployment figures, investigate links between economic growth and unemployment, and, suggest why there is a central strategy of training unemployed people.

Most explanations of unemployment (Jamrozik, 1988; Brotherhood, 1972; Casson, 1981; Soon Huay and Groenewold, 1992; Layard, Nickell and Jackman, 1991; Plant, 1981) fail to highlight the link between the current level of unemployment, and the 'rise' of **paid** employment during this century. Paid employment has dominated Western societies for a relatively short time. No more than 150 years ago that is before the Industrial Revolution, 'employment' usually centred on the household with families employing themselves and each other, as a part of the production process for either internal or external use. The Industrial Revolution expanded the availability of and reliance on paid work with many household members exchanging their labour for wages. As paid work became the dominant form of employment, unemployment became a reality for 'those who could not find 'employment'. The Great Depression of the late 1920's and early 1930's brought home the harsh realities of unemployment when thousands of previously paid employees found themselves without paid work and therefore, without the means to support their families. Similar circumstances emerged in the 1970's when the post-Second World War economic boom ended. The employment-unemployment link exists and deserves higher recognition than it currently receives.

A redefinition of employment may provide one way for the Government to lower unemployment levels. However, this may amount to little more than political manipulation of unemployment figures that is indicative of Government practices. Windschuttle (1980, pp. 199-202) identifies a number of political manipulations used by the Liberal-Country Party Federal Government between 1975 and 1977. For instance: ordering the Commonwealth Employment Service (CES) not to seasonally adjust the figures in mid-1976 when the Department of Employment and Industrial Relations raw figures were uncharacteristically lower than CES's seasonally adjusted figures; making end-of-year school leavers' ineligible for dole payments until the next February in the hope of discouraging a flood of end-of-school-year registrations; pressuring the CES to lower unemployment numbers by not registering or de-registering people for minor

reasons; and, discrediting the CES January 1977 figure of 5.8% unemployment as a 'myth' due to poor collection techniques. Subsequent widespread use of the Australian Bureau of Statistics definition (Appendix 1) largely solved the controversy about data collection technique and definitions.

However, the political manipulation of unemployment figures continues with the present Government. For instance, unemployed people partaking in some Government training programs no longer being classified as 'unemployed' because they become the paid 'employees' of the training provider, which according to Hewson (cited by Lampe, 1994a) amounts to 'shuffling' of official statistics. Opposition employment spokesperson David Kemp (cited in "Job target", 1994) claims this type of manipulation extends to overstating the numbers of unemployed people being funnelled into the latest training schemes. Unemployment statistics can also politically highlight a fall in unemployment without fully explaining the fall. Employment Minister Simon Crean (cited by Thornhill, 1994a) highlighted a lower unemployment rate for June 1994 but omitted to say that 90% of the fall was due to people leaving the labour market. Importantly, expansion or contraction of the 'labour market' can account for rises, falls, or steady figures (Markey & Butler, 1994; Thornhill, 1994b&e).

Further manipulations can occur by not recognising some groups as unemployed. For example, Baker and Wooden (1993, pp. 17-20) estimate a doubling of the official unemployment rate if they include the following types of people: those looking for work but ineligible to be 'unemployed' because of unavailability to start work; those not looking for work but available to start within four weeks; and, those not looking and unavailable for work. Markey (1994) and Stricker and Sheehan (1981) also identify the 'underemployed', that is, those people currently employed but looking for more work, as another group that signals the limitations of the current definitions of unemployment. Obviously, while official unemployment figures provide an indication of unemployment levels they are very susceptible to political manipulation.

Turning now to the technocrat's assumption that economic growth, primarily through encouraging business investment to facilitate job expansion, will cause employment growth that will in turn lower unemployment levels (Keating, 1994). Jonson (1993) estimates that the Government's aim of 4% economic growth rate as measured by Gross Domestic Product (GDP) will achieve approximately a 1% drop in the unemployment rate. However, Toohey's (1994d) report on percentage GDP growth versus employment growth, indicates that on an international basis between 1972 and 1992, the USA had the 'best' figures with a ratio of 5% GDP growth for every 3% employment growth, Sweden 3 for 1, Norway 5 for 1, Austria 6 for 1, other European nations' 12-15 for 1, and Spain 100 for **negative 5**. However, employment growth and unemployment rate are two different measures. To date, while employment growth is occurring at a faster rate than predicted, a complimentary lowering of the unemployment rate is not occurring, due to the labour market expanding at a similar overall rate to employment growth (Markey & Butler, 1994; Thornhill, 1994b&e). The number of new jobs required to lower unemployment rates is substantial. Reid (1994a) reports that the Government's job target is 2 million new jobs between 1994 and the Year 2000. However, Treasurer Ralph Willis estimates that 170,000 new jobs being needed each year just to keep unemployment rates static. So, while both economic and employment growth rates are grow, unemployment still remains a problem.

To the Government's credit, they are not totally relying on economic growth to achieve employment growth (Toohey, 1994d). This is prudent when we consider Gilmour (1993) and McNamara (1994a), as well as reports from Syntec Economics-Monash University (as reported in "Growth yes", 1993), the Australian National University (Dowding, 1993), and the Organisation for Economic Cooperation and Development (Reid, 1994b) all state that economic growth alone is insufficient for employment growth. However, Toohey (1994d) states that the Government has 'tremendous faith in the idea', despite economic growth being sluggish compared to requirements and will probably continue in

that manner (G. Henderson, 1993; Stone, 1991; Carter, 1993; Reid, 1994d&e; "Economic policies", 1991).

Another test of the Government's faith in an investment 'recovery' arises when we consider that small rather than big business is the 'engine room' of major job expansion (Reid, 1994f; "Small business", 1993). One problem is that banks are hesitant to loan expansion funds to small businesses (Toohey, 1994a&d). In addition, the Syntec Economics-Monash University report (cited in "Growth", 1993), predicts that productivity gains will account for most economic growth that will not necessarily translate into employment growth. This is not surprising considering productivity gains are central to the Government's restructuring process. So far, restructuring has led to more permanent job losses than gains (Arbouh, 1993, Thornton, 1994c). Proponents of restructuring believe jobs created through 'prosperity' will off-set the number of jobs lost (Thornhill, 1994c). However, Lane and Bevis (1994) report that prosperous times for business reflected in record profits, has not induced employers to hire more workers. An Australian Chamber of Commerce and Industry survey conducted in late 1993 foreshadowed this situation ("Manufacturers see", 1993). The survey showed that over half of the businesses forecasted improved profits during 1994, but overall job shedding would continue. Added to this is the business sector's overall scepticism about the Government's strategy (Parker, 1990; Hooper, 1993; "Economic policies", 1991, p. 9). Therefore, focusing on business investment as an unemployment 'weapon' seems very tenuous.

Finally, it is important to briefly consider the issue of training the unemployed and why this a central strategy of the Government. Economists Layard, Nickell and Jackman (1991, pp. 471-506) address a number of policy options to lower unemployment. In their view, policies that directly focus on reducing welfare spending and wages are more desirable than options such as shorter working hours, earlier retirement or profit sharing. This is interesting because the former Minister for Industry, Technology and Commerce John Button (cited in Arbouh, 1993, p. 33), believes that Australian business tends to discard workers in the

belief that the welfare system will take care of them. While there is a call for less welfare spending, there appears a willingness for employers to take advantage of the welfare system's 'safety net'. So if employers are willing to off load workers, why is the Government so willing to make unemployed people 'job ready'? Perhaps Marx's idea of an Industrial Reserve Army (Ritzer, 1983, p. 90) has some relevance in this context, especially as there remains a large question as to what specific job vacancies are available for the 'job ready' unemployed (Scillio, 1992; Marginson, 1992; McNamara, 1994b).

In summary, this section argues that the transition to and subsequent reliance on paid employment is a major factor of today's unemployment crisis. The irony is that while employment exists so will unemployment. A solution could be to redefine how society defines employment, so less or no people are 'unemployed'. Unfortunately, official implementation of this solution would smack of political manipulation that has typically occurred with measures to deal with unemployment. The Government is placing its faith in economic growth fuelled by business investment to produce a growth in employment that will hopefully lower unemployment levels. However, economic growth is widely recognised as being insufficient in itself. Also, public demand for the jobs that are being created seems insatiable at present and this is keeping unemployment levels relatively static. Meanwhile, the 'hundreds of thousands' of people still out of work, some of who employers have 'willingly' placed there, continue to be increasingly targeted for 'entry-level' training programs to achieve 'job readiness'. In short the unemployed have become the industrial reserve army trained specifically for use at the workforce's lower levels when and if required.

4.3 ACTIVE CITIZENSHIP

In response to high unemployment levels, the Government has adopted a strategy of 'active citizenship'. The centrality of active citizenship to Government policy is evident in the following document extracts:

Key Competencies are not only essential for effective participation in work but are also essential for effective *participation* in further education and *in adult life more generally*. (Key Competencies, 1992, p. 7, bolding theirs, italics mine)

'General vocational' education could therefore be defined broadly as those aspects of general education which are important for employment, or alternatively as those aspects of vocational education which are important for *active citizenship*. (AECRC, 1991, p. 7, italics mine)

The idea of active citizenship requires unemployed people to keep 'active' by 'passing' work search tests or participating in training programs and workplace placements (CEO, 1993). While the policy documents do **not** specifically define the term 'active citizenship', the assumption here is that it infers when 'a person's labour (time and effort) forms a productive part of a society's economic process'. In essence then, active citizenship requires people to be either working, or if not in work to be looking for work, or preferably participating in further education or training. The official (ABS) definition of employment (Appendix 1) has expanded to allow for 'voluntary' or minimal part-time work (at least 1 hour per week), but the overriding employment emphasis contained within the focus documents is 'significant' part-time or full-time work in the labour market. Australia's 'overwhelming' focus on the labour market as the sole means of employment threads through all six policy documents. The purpose of this Section is to understand the idea of active citizenship through the critical notions of false consciousness and alienation. To this end, there are references made to the 'Swedish active citizenship model', the policy consultation process, and, Keating's notion of 'true believers'.

Section 2.2.1 outlined the critical ideas of consciousness, false consciousness and alienation. In essence, consciousness recognises the existence of worldly physical structures and entities and how people construct their own sense of reality. As noted, Ritzer (1983) summarises false consciousness as people having "incorrect assessments of how the system works and of their role and

interest in it" (p. 87). Also as noted, Ritzer refers to alienation as "the structurally imposed breakdown of the natural and total interconnectedness that is the opposite of what people can be potentially" (p. 78). Armed with these theoretical insights we can now begin to make sense of the role of active citizenship in perpetuating particular understandings about employment and unemployment. For instance, Probert argues that the 'Swedish activity model' is alien to the Australian way of life. In her words 'activeness' has an:

embedded ... [Swedish] political and social culture of mutual support and collective responsibility. In Australia, ... there is no such culture of mutual aid, but rather a far more individualistic approach to social integration focused overwhelmingly on the labour market. (Probert, 1994, p. 19)

The activity tests associated with Government unemployment welfare payments provide direct examples of false consciousness and alienation. From personal and professional experience with unemployment, the 'activity test' has many shortcomings. For instance, it is not difficult to 'pass the test' each fortnight by getting a couple of employers' signatures to confirm a person has 'looked', or by applying for a couple of 'unsuitable' job vacancies. Therefore, those who believe the activity test forces unemployed people to look for work have an 'incorrect assessment'. Those unemployed people who are being genuine in their job search efforts and not getting a job are being further alienated because the system is breaking down their chance to be a 'valued' citizen. In fact, active citizenship through its emphasis on paid employment, effectively excludes many Australian citizens from being valued community members. Instead there is a common belief about the unworthiness of the unemployed. This serves only to encourage a divided and alienated society. However, because society fails to develop the personal potential of a large group of people (the unemployed), it is a poor excuse for alienating those people with labels such as 'unworthy' or 'inactive'.

Another alienating aspect of current policies is the belief perpetuated by Government, Union officials and some business representatives, that public consultation is an integral part of policy formulation. Collins is particularly

scathing of the 'Finn Review' (AECRC, 1991) in this regard. In her view the Finn Committee:

took submissions, but its own assumptions and possible recommendations were not revealed or discussed [for] the Commonwealth [Government] knew where it wanted to go and the Review was largely to work out how to get there, and in a hurry. (Collins, 1992, p. 45)

Sobski (1992, p. 12) also indicates dissatisfaction with the 'depth' of the consultation process. He argues that there is "a need to involve the broader community in the reform process through a greater public exposure to underlying debates". Overall, if policy is a matter of simply identifying a problem, planning what actions need to occur, implementing and evaluating, then public involvement in the 'consultation' process based on Finn's example only occurs at the implementation stage. Australia Reconstructed (ACTU/TDC, 1987) provides an interesting example of how the Government first signalled its unemployment and training agenda without much public consultation. The policy making process generally alienated the public despite the seemingly impressive array of people and organisations listed as being consulted. Alternatively, the lack of consultation may also reflect the public's general apathy or disillusionment with policy. This would indicate that many people are ignorant of how policy works and their role and interests in it.

Turning now to Keating's notion of the 'true believers'. After the Labor Party's unexpected Federal re-election in 1993, Labor's leader Paul Keating described the win as a 'victory for the true believers'. In essence, the win meant 'more of the same' concerning Government policies. Given the previous comments on active citizenship, we may better describe Australia as a nation of 'true believers living in false consciousness'. This does **not** infer a 'conspiracy theory'. Rather, Australia's unemployed probably accept the status quo because they do not have any clear alternative (Chapter 6). Australian's have tended to accept the assumption that 'everyone will benefit' from Government policies rather than asking 'who does benefit?' (Chapter 5). Australian society has generally accepted these policies under the banners of employment and equality, which is most disconcerting considering that unemployment and inequalities still exist. In

reality, the gap between the 'haves' and the 'have nots' is widening. Victory for the true believers? Perhaps only for those who are already winning!

In summary, current Government unemployment and training policies based on the notion of active citizenship, produce a sense of false consciousness and alienation among the unemployed and Australian society generally. The superimposed 'Swedish activity test' demonstrates the extent to which active 'solutions' create false expectations and belief about Government policies. Further compounding this is a growing sense of alienation about the direction of policy, the consultation process and the impact on people's lives. Nonetheless, for Keating's true believers, there is a promise and a sense that everything will be OK if everyone will trust the Government.

4.4 POST-FORDISM AND GLOBALISATION

Current Government policies seek to restructure or reform both the workplace and society though the policies overtly focus on workplace reform. For instance, according to Paul Keating:

This [economic] reform is also providing greater flexibility to firms to meet changing circumstances, helping to remove structural impediments to greater efficiency, and ... [providing] workers with access to more varied, fulfilling and better paid jobs." (Keating, 1992a, p. 15)

The 'Finn Report' observes that:

There is an increasing realisation **internationally** that the most successful forms of work organisations are those which encourage people to be multi-skilled, creative and adaptable. (AECHC, 1991, p. ix, bolding mine)

These new workplace practices within a globally competitive market, signify two important and interrelated themes of Government policy: post-Fordism and globalisation. Each of those themes also reflects the strong influence of economic rationalism. The Business Council of Australia ("Competition", 1992, p. 36) has picked up on economic rationalism's strong influence by stating that this "dominant political paradigm and the values underpinning it are combining with real world economic forces to produce change in the way businesses

organise themselves and conduct their affairs". This Section briefly examines the nature of post-Fordism and the growing trend of globalisation with its associated features of increased central control and export orientation.

In contrast to Fordism, where specialised workers focus on one specific task as one component of a centralised and 'straight' production line, 'post-Fordism' seeks to develop: flexible working hours, conditions and pay; multi-skilled workers; flexible, decentralised and people-based production processes; and, greater influence in the production process by workers especially through 'flatter' management structures (Mathews, 1989 & 1990; Bramble and Fieldes, 1990; Preston and Symes, 1992; Brown, 1992/93). Mathews (1989 & 1990) describes post-Fordism as a 'fifth paradigm', characterised by 'technoeconomics' that reflects 'skill dependent innovation' rather than the modernisation of Fordism through 'computer-aided Taylorism', with major benefits going to all those who 'participate in the system'. The most famous and complete illustration of post-Fordist management principles being implemented is by Brazilian business guru Ricardo Semler in his business Semco. Thornton (1994a) describes Semler as 'the man who believes in his workers'. Semler's 'classic' post-Fordist business has a dramatically flattened management structure with workers setting their own salaries, dress code, work hours and expense accounts, as well as having complete access to all 'the financial books'. Australia is only recently experiencing these sorts of radical changes in the workplace. In contrast, Thornton (1994c) reports that American workplaces have been implementing post-Fordism for over 15 years. However, management-worker trade-offs now seem to be reverting to financial rather than power-sharing rewards. This raises the question of whether post-Fordism is a new paradigm or simply a matter of re-dressing the problems inherent in the existing socio-economic system?

Bramble and Fieldes (1990) believe that post-Fordism is not a new system. They believe that post-Fordism is a new term for 'restructuring' capitalism, with no significant change in power-sharing relationships. Interestingly, the rise of post-

Fordism seems to be accompanied by a resurgence of capitalism. Muller (1989) believes there is a current resurgence of capitalism, citing evidence of the demise of Soviet-style socialism in Eastern Europe and the previous collapse of French Socialism in 1983. Rather than seeing a demise of capitalism as predicted by socialism, Muller (1989, p. 56) believes that capitalism "increasingly looks like the wave of the future that socialism was once thought to be". Novak (cited in "Interview with", 1989) focuses on a similar theme while expressing a general disillusionment with socialism. Add to this the re-emergence of power struggles in the USA's 'new' workplaces (Thornton, 1994c), we can see that workplaces are a "site of struggle" rather than a harmonising of skills and rewards (Brown, 1992/93, p. 15). Thornton (1994c) believes that the current 'harmony' characteristic of workplace changes in Australia is a 'honeymoon' period and suggests that it will not last.

Further evidence that post-Fordism is not a new paradigm becomes apparent if we look more closely at the post-Fordist guru Ricardo Semler. Thornton (1994a) reports that Semler has written two best selling post-Fordist management books, presented hundreds of seminars on the same topic and acted as a consultant to over one hundred companies world wide. Despite this, no other company in the world has implemented the full range of Semler's changes. Perhaps then, post-Fordism is simply a response by management to people's alienation with work or just a reality in a world of declining work opportunities. Whatever the reason for the 'resurgence' of capitalism and the rise of post-Fordism, most businesses still refuse to significantly adjust power-sharing relationships. As a result, post-Fordism is indeed capitalism 'dressed up in new clothes'.

Having established the true nature of post-Fordism, a critical question now arises. Is post-Fordism simply an attempt by capitalists to gain increased control over workers? According to Probert the answer is yes. In her view globalisation involves:

increased decentralization of production (and of services) not ... accompanied by any parallel decentralization of ownership [but with] a massive increase in ... centralized control" (Probert, 1993, p. 20)

According to Reich (cited in Probert, 1993, p. 20), this centralised control relies on a 'web of enterprises' linked by significant amounts of 'high-tech' information systems such as facsimiles, computers, satellites and high resolution monitors. The information systems are crucial, as nations increasingly have less control over the flow of information, thus giving greater control to those people and nations who control the information systems. Control of financial transactions is a major component of this information flow. With international financial flows reducing government control (Section 4.1), workers have increasingly become victims of the new information super highways.

Decentralisation of the production process is an essential element of post-Fordist globalisation strategies. According to Probert (1993), the drive toward globalisation comes significantly from industries relocating production and associated services to lower (wages/salaries) cost regions. The effect on Australia has been a process of de-industrialisation that has contributed to Australia's economic decline (David & Wheelwright, cited in Probert, 1993, p. 20). As already indicated in Section 4.1, the export orientation of Government policies has led to a significant increase in foreign debt through increased 'imports'. Interestingly, *Australia Reconstructed* (ACTU/TDC, 1987, p. 83) notes Europe's current vulnerability to any destabilisation of world trade patterns as their economic growth is based on that trade. In short, the export orientation of globalisation seems not only to centralise control of workers but also the control over countries.

In summary, post-Fordism describes an economic system based on decentralisation of production but increasing levels of centralised control. The term 'globalisation' has close links with post-Fordism. However, the affect of post-Fordism within the workplace reveals that post-Fordism is a restructuring of capitalism rather than a new production system. The major difference between the 'old' capitalist system and post-Fordism is the absence of national boundaries. The implications for Australia appear to be a growing dependence

on other countries, a commitment to foreign debt and resulting commitment to foreign control through high-tech information systems.

4.5 TRAINING REFORM

The era of post-Fordism, globalisation, and international competitiveness has forced a reforming of Australia's training system, as indicated in the following policy extracts:

this report is not a response to youth unemployment in the current recession. It is much more a response to structural changes in industry and the labour market which are shaping our future for decades to come. (Laurie Carmichael, cited in ESFC, 1992, p. vi)

Key Competencies are competencies essential for effective participation in the emerging patterns of work and work organisation. They focus on the capacity to apply knowledge and skills in an integrated way in work situations. Key competencies are generic in that they apply to work generally rather than being specific to work in particular occupations or industries. (Key Competencies, 1992, p. 7, bolding theirs)

In particular, the policies have focused on training for youth. However, there is ample evidence within the documents that training reform should include adults. Finance Minister Kim Beazley (personal communication, 25 May 1994) confirmed this broader approach when presenting a Perth seminar explaining the thrust of the Government's latest unemployment and training policy document *Working Nation* (Keating, 1994). The final Section of this Chapter outlines the nature of 'human capital' theory, the managerial feature of training reform, and finally, the question of whether the latest training reform efforts will create more jobs and stimulate economic recovery.

Government unemployment and training policies clearly reflect a narrow 'human capital' approach. This means 'individualising' the labour market, focusing on people's economic skills, and seeing unemployment as solvable through training in economic related skills to raise individual employability. Porter et al. (1992, p. 54) state that the human capital approach lays all responsibility and focus on individuals, and accords no responsibility to the structure within which individuals operate. As a result, the labour market becomes individualised and always places the blame on the individual if they happen to be unemployed.

Further, Porter et al. (1992, p. 54) also highlight that human capital theory and managerialism both assume that human skills should serve the needs of the individual **and** in so doing, increase Australia's economic growth. The importance of a person's economic potential is acknowledged by a senior Japanese Executive in one of world's strongest economies:

We now understand that the way we develop and organise our workforce is our competitive advantage over Western organisations, so from now on that is the top corporate secret. (Japanese Senior Executive quoted in Ford, re-quoted by ACTU/TDC, 1987, p. 157, italics ACTU/TDC)

The recognition of managing the workforce, that is 'developing and organising' it, has ensured the managerial processes typical of economic reform is also typical of the training reform. For example, the 'Finn Report' argues:

The committee has adopted a medium- to long-term perspective, seeking to develop strategies and recommendations which will be relevant regardless of fluctuations in the business and economic cycle. ... [with] the strategies adopted ... viable in periods both of growth and contradiction in economic and labour market activity. (AECRC, 1991, p. 10)

However, critics of the managerial nature of the training reform are not so accepting of that approach. For instance, Collins says:

the Finn Review Committee was secretive, a managerial touch brought over from the competitive private sector and utterly inappropriate in the public one (p.45) [and] Finn shows little awareness that change requires spending money on the ground, not ... on more management and supervision tools. (Collins, 1992, p. 47)

While the existence of managerialism in training reform policies is consistent with economic rationalism, the lack of 'ground floor' involvement (Young, 1992, p. 9) sits apart from the post-Fordist management principles as outlined in Section 4.3. Porter et al. (1992, p. 53) also warn against the competency agenda and argue that bureaucratic and managerial solutions to the problems facing Australian education will have detrimental results. Apart from concerns expressed about how the education and training system is going to meet the reform agenda requirements (Fairservice, 1992; McTaggart, 1992; Wright, 1993; Lambert, 1992) many critics also express concern for those going through the system. Brown (1992/93, p. 19) claims that the "learners are the standardised product moving along the production line" while Collins (1992, p. 48) believes the new reform agenda 'simply corrals' people. The post-Fordist approach to

economic reform and its controlling managerialism seems to have 'brought the factory to the schoolyard'.

While young unemployed people need to learn about the world of work, human capital theory narrows the educational focus. It tends to equate all activities and personal potential to labour market activity. Interestingly, a Telecom Australia report (cited in "Workers need", 1994) concluded that moral or social reasons motivate Australian workers more than economic reasons. Perhaps this is why unemployed people are not turning up to Government training programs (McNamara, 1994c; Galer, 1994). The ultimate purpose of training reform is to ensure people have the necessary skills both to encourage and satisfy the needs of capital to achieve economic recovery. Despite this, Australia is unlikely to have a training-led recovery (Porter et al., 1992, p. 54; Carter, 1993). However, this has not deterred the training reform agenda and its focus on assisting economic recovery. For Collins, this fixation on economics and training has replaced the real needs of young people:

A fixation upon economic recovery as an end in itself, and upon creating a lower overall unemployment picture for the monitors (i.e. our own Bureau of Statistics, OECD statistics, Moody's statistics, etc) has replaced concern about real young people, their difficulties, aspirations, and despair. (Collins, 1992, p. 47)

The pre-occupation with economics ahead of other social concerns, raises the question of whether there will be jobs available for all those people trained to the point of 'job readiness' (Marginson, 1992; Scillio, 1992). If there are no jobs available the 'industrial reserve army' theory referred to in Section 4.3 seems more plausible. This is not surprising given that the training reform is designed to make better workers or 'active citizens' rather than better people (Section 4.3). McMurdo (1992/93) asks "is this vocational agenda another diversion from the real structural problems that underpin Australia's economic and social policy?" (p. 30). In his view, the policies "are short term and illusory solutions to long term social problems" (p. 31). If the policies are diverting attention away from 'real' problems, then the training reform is unlikely to solve the unemployment problem.

In summary, this Section began by arguing that human capital theory focused on the economic potential of individuals resulting in a labour market that blamed individuals for being unemployed. Human capital theory tends to have negative effects on education itself. For one, the closely related managerialism has enforced a bureaucratic structure on Australia's educational and training system that excludes 'ground floor' workers from participating in the decision making process. Another negative effect is on those being processed by the new production line education and training system. Finally, while jobs and economic growth are the reasons put forward for reforming the training system, it may well devalue the reform and overlook more fundamental structural problems.

This Chapter set out to examine a number of themes contained within Government unemployment and training policies. First, economic rationalism premises itself on the assumption that economic growth will lower Australia's trade deficit, raise employment levels, and lower unemployment levels. Economic rationalism would lead to a better society through a better performing economy. Instead, Australia's trade deficit has burgeoned to the point of 'receivership' and the unemployment rate has remained steady despite economic and employment growth. Whether Australia is a better society as a result of economic rationalism is highly debateable, particularly as Australia is now subject to greater debt and therefore greater control by foreign sources of finance.

Second, the Section dealing with unemployment showed that large businesses are 'downsizing' their workforce causing mass unemployment or a 'jobless growth'. Unemployment is an economic and social cost that has arisen with the relatively recent arrival of paid employment. Manipulation of unemployment measures is a standard pastime of Australian politicians, with training programs for the unemployed the latest example. Training unemployed people to the point of 'readiness' for jobs that may not be there, supports the theory that an

industrial reserve army is an important component of the Australian economic system.

Third, the idea of active citizenship related to people participating, or at least making efforts to participate in Australia's economic activity. To encourage active participation, the Government adopted the 'alien' Swedish 'activity' model that means that unemployed Australians must 'pass' activity tests before receiving welfare payments. As shown, this 'test' is open to abuse. The lack of proper consultation tended to further alienate the public from Government decision making. Keating's idea of the 'true believers' was a political ploy to conceal that 'everyone' does not benefit from the Government's policies, particularly the unemployed.

Fourth, post-Fordism's claim to be a new, more egalitarian and decentralised production system proved to be wrong. In reality, it is a restructuring of capitalism in response to modern technology. Electronic technology is particular to the era of post-Fordism. This has raised rather than decreased employers control of workers. Combined with the impact of globalisation there must be serious doubts about the national benefits of internationalisation.

Finally, the theme of training reform came under the spotlight. Reform of the training system responds to changes indicated by the previous themes. With a narrow human capital approach training reforms have become skill focused to reflect economic activities and the production process. A spread of managerialism into the training system accompanied the reforms. Unemployed people are being directly affected by these training reforms that may only make them a better trained component of a large industrial reserve army.

CHAPTER 5

WHO... BENEFITS?

The question of 'who benefits' is at the heart of critical policy analysis because it reveals whose interests are being served by a particular policy. This is an especially important question for this thesis, because in the words of Prunty (1984, p. 42, italics Prunty's) "*policy is the legitimation of values*". The aim of this Chapter is to clarify whose interests are being served by the Government's unemployment and training policies. This is important for three reasons. First, current policies want to strengthen dominant economic interests, therefore it is important to identify which interest groups will benefit the most. Second, false consciousness provides ample opportunity to exploit or dominate people. Many people believe that their actions will benefit themselves and the wider community, but in reality they are often being manipulated to benefit the actions of a few. By definition, false consciousness implies that exploitation or domination occurs without awareness. Third, the documents under consideration urge all Australians to make 'sacrifices' to achieve a more equitable society through economic restructuring. For instance, the 'Green Paper' states:

We - Government, business, unions, professions, employed people and community groups - have a vested interest in solving the [unemployment] problem. This will require sacrifices from all of us in the shorter term. But the longer term benefits of a healthier economy, a more cohesive society and a better quality of life, not only for unemployed people, but for all of us, demand that these sacrifices be made. (CEO, 1993, p. 199)

If the policies require 'all citizens' to make such sacrifices, it is important to understand how 'all' will benefit from any potential gains. Let us now consider four stakeholder groups and how they benefit from Government unemployment and training policies.

5.1 UNEMPLOYED PEOPLE

Unemployed people are the first obvious stakeholder group that should benefit from Government training policies. With the move towards more active labour market programs, personal assistance to unemployed individuals will become more prevalent in the future. In addition, training associated with that assistance will be more relevant to workplace situations, as that is where an increasing amount of training will occur. Therefore, benefits to unemployed people are contained in raising their employment prospects through receiving more individualised job search assistance and greater access to workplace training. However, these benefits to unemployed people depend largely on economic growth or a willingness by Government to fund public works. This may provide benefits to other interest groups such as employers and training providers, but provide little benefit to the unemployed unless they can secure employment themselves. The rest of this section will outline some of the reasons why unemployed people may not fully benefit from the Government's unemployment and training policies.

Conditions of employment is one reason why unemployed people may not benefit from Government policies. The Bureau of Industry Economics (cited by Reid, 1994f) reports that large firms are now decreasing permanent jobs in favour of temporary or contracted positions. In effect, many new jobs are either on a part-time or casual basis, as the number of full-time positions declines overall. For instance, Lampe (1994b) reports that in January 1994, nearly 50,000 part-time jobs were created, while full-time employment fell by nearly 27,000. McNamara (1994b) notes that in the twelve months to February 1994, 90% of jobs for young people were on a part-time basis. In response to this, many Government strategies support the idea of financially rewarding unemployed people who move into part-time employment due to the lack of full-time places ("Putting people", 1994).

Another reason is many of the better paid jobs are in 'high-tech' industries that require highly skilled people. Many unemployed do not have these types of skills. Galer (1994) reports that people unemployed for less than 12 months can find accessing Government training programs difficult, as their 'short' period of unemployment makes them ineligible. The 'Green Paper' (CEO, 1993) recommends focusing on people unemployed for 18 months or more, so this impediment for short term unemployed people will expand. Once an unemployed person does get on a Government training program, gaining skills and getting a job are two different things. According to McMurdo (1992/93, p. 31), "[i]n the absence of a job, vocational education is a poor consolation prize". Indeed Porter et al. (1992) argue that there is no proof of a positive correlation between education and training and increased productivity and higher wages. Maglen (cited p. 54) believes that supporting the existence of such a link only serves the purpose of "social allocation and control of people". Despite the training push, most jobs available to unemployed people will be at the 'entry-level' that are not usually the higher paid, 'high-tech' jobs. The prevalence of work for unemployed people is at the lower end of pay scales. Mayer (1993) reports that in the case of males, real wages have not grown significantly for 20 years, low paid part-time employment is fast replacing full-time positions and, 70% of all jobs created since 1976 have been in the lowest 20% income bracket. In essence, the Government is subsidising unemployed people to move into these lower paid jobs.

In addition, as highlighted by the 'Green Paper' (CEO, 1993, p. 106-108), the net effect of active labour market programs proves difficult to measure and it remains unclear whether real jobs are being created, subsidised unemployed people are simply displacing other less 'attractive' jobseekers, or someone else would have completed the jobs if subsidised labour was not used. With the focus of the training agenda geared towards 'high-tech' industry, Scillio (1992) argues that a permanent underclass of potential workers is being developed. Lack of suitable skills keeps unemployed people out of the high-tech job market.

This permanent underclass could then fulfil the role of an 'industrial reserve army' that provides a pool of ready labour for more menial tasks (Ritzer, 1983, p. 90; Section 4.2). Paul Keating's claim (quoted by Reid, 1994c) that no person would "slip away into an underclass" may yet ring hollow.

In summary, many of the new jobs now available to the unemployed are part-time, low-paid and poorly skilled. Many unemployed people will have little chance of accessing the 'high-tech' jobs that promise higher wages and social standing. Even when unemployed people do receive training it is usually insufficient to access the highly technical and more highly paid jobs. As a result, unemployed people increasingly look like an industrial reserve army, preparing for whatever jobs come along. The benefits of Government policies to unemployed people are highly questionable, particularly when other social costs associated with unemployment, such as unaddressed health issues come under consideration (Pryer, 1993).

5.2 POLICY DELIVERERS

Another obvious stakeholder group that may benefit from Government unemployment and training policies is that group responsible for delivering the policies at 'ground level'. Briefly addressed here are four such groups: government departments, training providers, community-based organisations, and, private employment agencies.

Government department's, despite cost cutting measures (Hooper, 1993) are potential beneficiaries. The highly interventionist strategy being pursued by the Government requires a new class of professional and highly paid managerial staff to administer these programs. At the same time, Minogue (1992) argues that this new class of managerial professionals plays a major political role for the Government.

Training providers, both public and private, will benefit through increased demand for their services. For one, the increased focus on providing industry

based training opportunities for unemployed people will require the use of training providers to ensure individual firms without specialist trainers, meet the required training standards (A. Henderson, 1993; Humphrey, 1992; Brown, 1992/93). Private providers also stand to benefit through an increased share in the Government training market. McMurdo (1992/93, p. 31) notes that the training reform has become "another vehicle for privatising and commercialising education". The training industry will expand to meet the Government's training reform agenda. However, financial gains for delivering their services to unemployed people are susceptible to lower contract values through competition, relatively expensive 'post-course' support, and, relatively expensive development and delivery of accredited training programs. In addition, money for the necessary infrastructure is a major issue (AECRC, 1991, chap. 9) as are general resources for Government training institutions such as TAFE (Fairservice, 1992; Tan-Van Baren, 1994b). On top of all this is the growing evaluation industry. Sobski (1992, p. 12) argues that "[n]obody would quibble with the concept of assessment, but the cost of the machinery to realize the concept will be enormous". Therefore, benefits to training providers from Government policies will come in the form of increased business, but will be tempered by various 'costs' associated with meeting policy requirements.

Community-based organisations (CBOs) are likely to benefit because of their particular experience in delivering contracted and individual management of unemployed people. Case management has become an increasingly significant requirement associated with Government policy initiatives. For Government, CBOs are particularly attractive because they can deliver social services at lower costs compared to most Government service delivery agencies. Economic benefits for CBOs would depend on their ability to absorb service costs similar to the training providers.

Finally, private employment agencies are likely to benefit through increased use of their services. Private employment agencies are attractive to Government as these agencies are already operating within the labour hire market. These

agencies may not attract the high gross dollars as the other delivery sub-groups. However, fees earned by private employment agencies from on-hiring workers to employers, would bolster any direct economic benefits obtained from the policies.

In summary, policy deliverers such as Government departments, training providers, community based organisations and to some extent private employment agencies will benefit from the policies through the continuing or expanded need for their services. However, the costs associated with being eligible for those benefits may restrict the benefits to those who can afford the costs, or who can earn additional income from servicing the unemployed.

5.3 EMPLOYERS

Employers are another obvious stakeholder group that will benefit from the Government's policies. This Section will outline a broad view of employer-employee power relationships, followed by a few specific examples of how employers can benefit economically from Government policies.

Employers are a powerful interest group in their own right. This is especially so for contemporary Western societies are highly dependent on paid work to meet their consumer wants and needs. Interestingly, less than 150 years ago, largely independent 'household' units of production dominated most societies. In essence, household members did a range of tasks usually associated with daily living such as providing food, shelter, heating, and clothing. Trading accounted for whatever surplus remained. With the shift from household production to consumption, employers have generally become a more economically powerful group. Technology enhances this power through lowering the numbers of workers required in the production process. Initially, the Industrial Revolution removed many labour-intensive jobs in agriculture and mining. More recently, the 'Electronics Revolution' has removed many jobs such as clerks, factory workers and middle management created by the Industrial Revolution. However,

it is through the transition from 'passive' to 'active' labour market policy that employers stand to benefit the most.

The major economic benefit to employers from active labour market policy primarily occurs through increased direct linkages between workplaces and labour market programs. Employers are eligible for economic incentives such as free labour through course-required 'workplace practice' or significantly subsidised labour through 'attractiveness' subsidies. However, subsidised labour is becoming more significant for employers. For example, in 1993 the 'Work for Australia' campaign (cited in "Success claimed", 1993) claimed that over 30,000 businesses 'took on' young trainees and pledged places for a further 20,000 under a scheme where the employers involved could receive up to \$5,000 from the Government for each trainee. While cash incentives may encourage employers to employ more people, the Australian Chamber of Commerce and Industry believes that Government 'red tape', enforced on-costs, taxes, and wage levels all lower employer willingness to take on more staff (Lampe, 1994a; Salom, 1994; "Jobless seen", 1993). As a result, Employment Minister Simon Crean (cited by Pryer, 1994) asked business to 'stop complaining' and start using the Government's policies to their advantage. Under the latest subsidy schemes (Keating, 1994) workers could cost employers as little as \$10 per week (Markey & Butler, 1994; Kim Beazley, personal communication, 25 May 1994). Interestingly, the unemployed do not have a monopoly on subsidised employment schemes. Skulley (1994) reports that the Victorian State government is operating a specific job placement scheme by offering the private sector between \$4,000 and \$8,000 for permanently employing government employees. However, in most cases, employers would need to employ a large number of workers or overwork a small number to receive significant short or long term financial gains. These financial gains would also depend on the relevant employer's overall financial position, indicated by business profit growth and sustainability. Unfortunately, the

financial gains from subsidised labour may not be enough for genuine economic benefits to accrue to employers generally.

In summary, employers have become increasingly more powerful than employees during the twentieth century as society moved to a consumption-based economy that channelled worker's productive efforts into paid employment. While Government subsidies paid to employers can make some workers attractively cheap, an employer would need to hire a large number of such subsidised labour to reap significant economic benefits. Other business factors may restrict the ability of employers to hire any subsidised workers at all.

5.4 LARGE CORPORATIONS

This Section specifically focuses on large corporations as they are the country's largest employers. In addition, large corporations tend to act independently of the general employer sector. Sobski (1992, p. 12) highlighted this point by stating that employers not speak with one voice because "small firms have little or no knowledge of the national directions adopted by peak bodies in response to ... restructuring". Peak bodies in Australia include the Business Council of Australia, the Australian Chamber of Commerce and Industry, and, the Employers Federation all of which have significant membership from large corporations. A corporation is a business structure that has legal recognition outside the people who either create, own, control or work within it. Australia Reconstructed acknowledges the importance of large corporations to the process of globalisation:

"[Globalisation] does not occur in a vacuum. It has institutional form. Essentially it is a corporate strategy operating in the interests of shareholders and management." (ACTU/TDC, 1987, p. 87).

The centrality of globalisation to Government unemployment and training policies makes 'corporate strategy' also central to these policies. This Section investigates the links between Government unemployment and training policies and the corporate sector. It begins by looking at the benefits accruing to large

corporations through the Government offering subsidised labour. It also provides some examples of how the Government generally favours large corporations.

Section 5.3 outlined some of the financial incentives available to employers to take on unemployed people, along with a suggestion that significant numbers of subsidised workers would be necessary for an employer to gain significant economic benefits. However as indicated in Section 4.2, the Australian business sector and in particular the bigger players in that sector, have 'downsized' their workforce as part of a productivity and profit raising strategy. Probert (1993, p. 19) cites the example of Australia's biggest company BHP that used a job shedding strategy to move from a \$144m loss in 1982 to a \$638m profit in 1984 at a 'cost' of 15,000 jobs. Interestingly, while a drop in profits is a reason for businesses to shed workers (Thornton, 1994c), a subsequent rise in profits is not a reason to re-employ workers (Lane & Bevis, 1994). BHP was obviously not alone in this strategy. Santamaria (1991, p. 40) cites examples of large numbers of workers being laid off during the early part of 1991, admittedly not all directly attributable to large corporations. With most of these jobs gone forever and large corporations reluctant to re-hire significant numbers of workers, large corporations have little interest in accessing the available subsidies to re-hire workers. Therefore, the direct economic benefits of subsidies do not apply so much to large corporations.

The major benefit of the Government subsidies to large corporations is subtle. The subsidies are encouraging smaller businesses to take on the bulk of employment responsibility that large corporations no longer want. Therefore, Government unemployment and training policies tend to benefit large corporations by reducing their responsibility to employ workers commensurate with their gross production value. Therefore the Government is paying other sections of the business community to take responsibility for soaking up excess labour. In essence, the Government is subsidising the profits of large

corporations by allowing those corporations to abdicate their employment responsibilities.

While the Government seems to allow large corporations to abdicate some of their social responsibilities, the Government seems to be increasing their own responsibilities to the corporate sector. For instance, Paul Keating (1992b) describes the Government as 'valuing' their partnership with business and claims credit for establishing the Business Council of Australia after the 1983 Economic Summit. This 'valued' partnership is reaping major economic benefits for the corporate sector. According to Hooper (1993) corporate tax rates have now come down to 33% of net profit and combined with recent sales tax changes, company tax rates have fallen by up to 15%. Added to this, Government is also making it easier for small businesses to become incorporated bodies. The overall effect is that corporate structures become a more attractive option, especially for higher income earners. Another example of Government assistance to corporations is that trucks can now carry heavier loads on Australian roads. Keating (1992b, p. 15) claims this move alone has allowed "productivity gains of up to 40% which can reduce national transport costs by up to \$200 million". Keating (cited in "Micro reform", 1990, p. 9) also states that a reduction of public sector activity, primarily through contracting out of Government services, will shift a further \$30 billion to the private or corporate sector. For whatever reasons, the Government can't seem to do enough to financially assist the corporate sector.

In summary, this Section identified large corporations as potential beneficiaries of Government policy. After establishing that large corporations have shed significant numbers of workers with little desire to re-hire people, we observed that the corporate sector has been 'released' from its social responsibility as an employer. As a result, the small business sector through Government subsidises has picked up the bulk of subsidised workers. Large corporations have picked up their profits by downsizing their workforce. The Government appears to have a pro-business attitude that actively encourages Australian businesses to

become larger corporations through tax incentives. This approach coincides with a reducing level of public activity within the Australian economy.

In summary, this Chapter asked the central critical question of 'who benefits' from the Government's unemployment and training policies. Policy legitimates values therefore to investigate 'who benefits' also reveals who's values or interests are being served. Unemployed people are the most obvious stakeholder group to investigate, as the policies relate directly to this group. However, benefits of individualised service were off-set by a number of impediments, including conditions of employment (pay, hours, permanency) and eligibility to access Government training programs. The theory of unemployed people being an industrial reserve army could equate to unemployed people being trained for the more menial tasks of the production process. Overall, the benefits to unemployed people are tenuous.

Government employees, training providers, community based organisations and private employment agencies comprise another stakeholder group that stands to benefit from the Government's policies. This group gains benefits because they are responsible for implementing the policies at ground level. They gain economic benefits through continued or increased demand for their services paid for by Government programs. The total economic benefit accruing will depend on each operation's ability to off-set infrastructure costs associated with providing some of the required services. Economic benefits in this stakeholder group will also accrue to operations that can earn additional income from servicing the unemployed.

Employers are another stakeholder group that stands to benefit from the Government's policies because they have access to free or highly subsidised labour. Despite these benefits, the Government finds itself having to plead with employers to make more use of the various schemes available. However, employers continue to claim that add-on costs associated with hiring labour,

particularly Government enforced charges, is deterring them from hiring more people. Overall, the economic benefits accruing to employers from the Government's policies are dependent on ability to hire labour which in turn directly relates to viability of individual businesses.

Finally, large corporations benefit from the Government policies predominantly through having their profits subsidised by the Government. These subsidies are not in direct payment to the companies as such. Instead, smaller employers tend to receive the subsidies to encourage greater employment up take in that sector. This relieves larger corporations from their social responsibility of employing large numbers of workers and thereby helps to maintain their overall profitability. In addition, tax cuts and contracting out of some public sector services to the private sector is also shifting economic benefits to the corporate sector.

CHAPTER 6

TOWARDS SELF-RELIANCE

In the period 1983 to 1993, Australia experienced social and economic restructuring unmatched since the arrival of the First Fleet in 1788. The Government as the main instrument of restructuring has sought to ensure that changes occur under the banner of consensus and social justice. While consensus remains the catch cry, the related consultation process has largely relied on token involvement. The goal of social justice remains unmet. However, Barrow (1993, p. 12) believes the issues associated with restructuring go beyond social justice because "with more than 50 per cent of the [Australian] population controlling less than 2 per cent of the resources, it is much more than a question of social justice". Seddon (1992/93) expresses a similar concern about inequality when she says:

Equity, and even more, equality, are not central issues [of the policies]. Notions of citizenship are irrelevant in a world of producers and consumers. The old concept of a public good is meaningless when only private goods are recognised and these are increasingly unequally distributed. Why should the disadvantaged fall in line? (Seddon, 1992/93, p. 9)

This Chapter sets out to explore an alternative vision of 'self-reliance'. Self-reliance reflects a confidence in one's own resources or abilities. Importantly, according to Singer (1993, p. 58), self-reliance is "not self-sufficiency". Interestingly, Wheelwright (1985) argues that self-reliant nations exist naturally as demonstrated during periods of war. It is during periods of peace that national self-reliance becomes compromised. The vision of self-reliance has two complimentary components. One component of self-reliance is macro and the other is micro. Importantly, the macro **and** micro dimensions go hand-in-hand. Macro self-reliance entails Australia becoming a self-reliant nation by focusing on import replacement, sustainable use of natural resources, encouragement of *mid-tech* manufacturing, and an education system concerned with the 'whole person'. Micro self-reliance entails individuals pursuing a self-reliant lifestyle by developing their personal potential through a wide range of enterprise activities.

Building A Vision

According to the Business Council of Australia ("Economic policies", 1991, p. 8), Australia is undoubtedly a "land of enormous potential". Retired Senator and former Minister for Industry, Technology and Commerce John Button (cited in Arbouw, 1993, p. 34) believes Australia has so much potential it could 'explode'. John Prescott, the Chief Executive Officer of Australia's largest corporation BHP, supports this view when he said that Australia has:

the full complement of natural and intellectual resources to be the most prosperous country in the world [with] the educational and research infrastructure that can help transform imaginative ideas into new sources of wealth. (Prescott, 1993, p. 26 & 27)

However, having ample resources and abilities does not automatically make a nation self-reliant. A nation first needs a vision or goal. The current vision is one of international competitiveness. The Government believes this is the right vision for Australia. Prime Minister Paul Keating (1992b, p. 15) exemplifies this belief when he argues that "we would be very foolish to change the course which is changing Australia". However, there are calls for a new vision of Australia (Goldsworthy, 1993; Carter, 1993; Sykes, 1993; Carnegie, 1988; "Economic policies", 1991). For some people, this simply means explaining the existing path (Prescott, 1993, p. 26). For critics there should be wider community consultation (Coombs, 1993; Goldsworthy, 1989, p. 16). Still others caution against too much change for they believe a nation can suffer from changing visions too often (G. Henderson, 1993). However, considering the social, economic and political implications of Government unemployment and training policies (Chapters 4 & 5) the signals are right for change (Seddon, 1992/93; Singer, 1993; Coombs, 1993; Camilleri, 1994). A critical question then arises. What alternative visions for Australia are there?

Australian living legend 'Nugget' Coombs (1993) believes that Australia should focus on itself, both nationally and individually. He suggests 'the focus' should include sustainable development, reduced foreign control, and, an equitable

distribution of opportunity and wealth. If this becomes the vision, Carter (1993, p. 1) identifies the next step as shaping the economic system to suit that vision. If the vision is a focus on 'Australia First', then the economy needs to follow. This contradicts the current system that acts "in the belief that [import] consumption today has no impact on levels of prosperity tomorrow" (Prescott, 1993, p. 27). Economist 'bad boy' Paul Krugman (cited by Toohey, 1994c) argues for an internal national approach rather than an external international one. Krugman believes that local measures boosting domestic productivity count more than whether a country has an internationally competitive edge. So how does 'Australia First' become reality? Perhaps the answer lies in self-reliance.

What Is Self-Reliance?

Singer (1993) refers to the radical 'idea' of self-reliance as the 'reverse direction of current policies'. Primarily, Singer bases his argument on the assumption that international competitiveness is a fallacy, unless Australians are willing to accept Third World wages so their industries can **really** compete on the world stage. In essence, self-reliance entails protection of Australian industries from foreign imports. The 'down' side to this proposal would be an increase in the price of many 'basic' items such as food, clothing, and, motorised vehicles. The 'up' side of this proposal includes: regaining of national sovereignty; re-emergence of labour intensive industries such as motor vehicles, footwear, textiles and clothing; a greater emphasis on preservation of goods bought rather than the throw-away mentality of today; pressure off the environment through predominantly harvesting natural or cultivated resources for Australia's needs; an expansion of food types grown; and, a greater chance of developing closer community ties. Australians may experience a fall in living standards in the short term, but that 'fall' would still leave Australia with a relatively high standard of living in world terms. Overall, the self-reliance 'experiment' would encourage the re-emergence of labour-intensive industries and provide the world with a genuinely alternative model of 'economic' development.

While Singer's (1993) 'radical' alternative outlines some interesting and worthy 'up' sides, the centrality of protection requires further exploration. The General Agreement on Tariffs and Trade (GATT) severely restricts the type and extent of tariffs that countries can implement. This is a serious hurdle. Arbouw (1993) sees the lowering of tariffs as an important component of the world's economy. Watson (1989) also recognises the damning effects that 'protectionism' has on world trade. However, Clark (1991) sees tariffs themselves as a form of taxation no different to that applied to most goods, as well as being a sensible short term measure to allow new industries to develop. Clark (1991, p. 36) outlines a three step process that summarises a national move towards protectionism:

- Step One is to announce a free-for-all with the USA or the European Community to serve Asian nations and impose emergency tariffs on luxury goods and products that Australia could easily manufacture (eg. construction materials).
- Step Two is to invite manufacturers of *mid-tech* consumer goods to tender to establish factories in Australia. Benefits to Australia such as employment generation and local purchasing arrangements, form the basis for selecting manufacturers who in return would receive a protected local market for their goods manufactured there.
- Step Three is to sign a 'sunset clause' contract with the most preferred tenderer, with the next preferred tenderer acting as a backup if the first does not adhere to Australia's interests.

Clark (1991, p. 36) argues his strategy would avoid the GATT issue by being "import-replacement rather than export-promotion". Clark considers the major 'cost' of higher priced 'luxury' goods as an 'affordable' price to pay. Clark's strategy does support some free trade as he recognises this as a modern reality. By implementing a protectionist stance, a nation then has an opportunity to focus on its economic strengths, that is to pick 'winners'. Sykes (1993) explains that 'picking winners' was a major component of Japan's post World War Two

strategy. This included the selection of eight core industries, with a subsequent focus on these industries as the basis for economic success. A couple of the core industries turned out to be 'duds', but the others became 'winners'. This strategy also allows for the existence of less efficient industries that are not crucial to the 'winners' (Carter, 1993, p. 4). Closing Australia's import doors would shift the production focus to core industries from which national self-reliance can develop. Kemp (1991, p. 29) neatly summarises the self-reliance argument by stating that it "defies all commonsense for Australia to be purchasing potatoes and oranges from other countries".

Education and Training Reform

While having a self-reliant nation addresses the unemployment problem through the re-emergence of labour-intensive industry, the issue of training reform is less clear. Currently the Australian education system emphasises the world of work (Carter, 1993; Preston and Symes, 1992; Lampe, 1994c). The Government's competency-based vocational training system illustrates this pre-occupation. Collins (1992) believes that Government policies are moving Australian education and training towards social processing, by referring to the 'Finn Review' (AECRC, 1991) as 'simply corralling' students indicated by a lack of genuine support structures. However, if the Australian education and training system focuses so intensely on the world of work, why are there one million people 'unemployed'? Has the system then failed to produce what it set out to do? The current training reform strategy tends to suggest the Government believes so. However, there are those who believe these reforms will also 'fail' the test of business applicability (A. Henderson, 1993; Tan-Van Baren, 1994a; Day, 1994). If that is the case, this would indicate that Government training policies need re-consideration.

Sykes (1993) and Stone (1991) both believe that if Australia requires as much training and retraining as indicated by current Government policies, then a re-examination of the entire education system would be appropriate. Carnegie

(1988, p. 15) backs a radical change because "there is no doubt that we need to shake the foundations of our thinking here and come up with an entirely new education and training culture". Porter et al. (1992, p. 58) also believe it is time to "reconsider the educational agenda in terms of its cultural and social, as well as its economic, orientation".

While general agreement exists that education and training requires reform, there is no current agreement on the direction it should take let alone content and delivery of such a reform. Jonson (1993) believes there is agreement that education plays a key role in avoiding inequality. In his view education is "the chief long-run antidote to the "underclass" problem. This is accepted by both sides of politics and is not controversial at all" (pp. 46-47). While both 'sides of politics' might accept education as a 'safety net', there remains controversy relating to the **how, when** and **what** of education.

It is beyond the scope of this thesis to develop a detailed blueprint on education and training. However, the critical perspective of this thesis supports a move towards developing personal potential through emancipatory endeavour focusing on the whole person rather than just the economic and political aspects of education (Apple, 1982; Preston & Symes, 1992; Gibson, 1986; Prunty, 1985 & 1984, p. 27-45; Collins, 1992). Specifically this means turning away from the current 'economics first' approach. In other words, 'economic questions' should be placed alongside social, political and spiritual considerations. This requires a broadening of education to allow life skills such as interpersonal communication, team work and motivation typical of the adult training system, to form the basis of all compulsory school years. The curriculum should include socially critical thinking (Knight, Lingard & Porter, 1991, p. 138) rather than the token critical thinking offered in the Government's policies. As well, an understanding of the nature of work and its social function should be available throughout the school years. This does not mean the outcome-focused managerial competency based training (CBT) system being implemented at the moment (Seddon, et al., 1992/93; Collins, 1992; Marginson, 1992; Wright, 1993;

"The convergence", 1992). There is plenty of time in the future for people to develop work related skills. From a critical perspective, it is most important that personal potential underlie any reformed education and training blueprint.

Personal Potential

For a self-reliant nation to succeed, a number of concurrent factors need to exist. One of the most important is that the nation's individual citizens are also self-reliant. It is important that society works for the individual rather than the other way around. While the Government's strategy is to 'corral' people into vocational occupations, it is imperative that individuals identify and cast aside the false belief that 'everyone benefits'. From here, individuals can then identify (thought) and implement (action) a strategy to pursue their personal potential. Thornhill (1994c) reflects the importance of individual self-reliance when commenting that despite Government policies, 'the real hope' rests with individual effort. Jonson (1993, p. 47) also stresses that no government policy "is the full answer to the country's problems". Besides, the Government's unemployment and training policies exemplifies an extremely top-down, bureaucratic approach to people. The thinking is that people will be better skilled enabling them better access to the 'better' jobs that will be available. However as noted previously, most jobs are being created in 'bottom rung' positions, but Toohey (1994b) reports that even these positions are getting scarcer. The current system is failing to provide what it promises. Therefore, considering the thesis to date and if individuals want self-reliance, they need to create at least some if not all of it themselves! This amounts to identifying and developing personal potential.

Personal potential entails questioning the 'taken-for-grantedness' of social structures to enlighten oneself as to who or what benefits from those structures. Within the Australian context, the questioning process can start by maintaining a relatively inexpensive 'media watch'. This entails activities such as keeping a folio of clippings from newspapers, tuning the television and radio into predominantly educational or informational programs, and attending free

seminars. Public libraries are also a major source of free information. Being informed and keeping informed from a variety of sources is a key strategy, given that information is a major component of modern society. Being informed is also a central component of becoming or being empowered.

Another major component of personal potential is enterprise, but not in the narrow economic way that Government policies define enterprise. Enterprise activity bases itself on what people want to do. The only non-enterprising activity is when someone chooses to do nothing for most of their lives, otherwise enterprise signifies a wide range of activities. Examples of personal enterprise include paid work, managing a family, playing sport, assisting with community events, growing food, maintaining the environment, or, exercising. From this range of activities, empowerment of people to develop their personal potential can evolve.

One major empowerment strategy is for people to develop their personal potential through 'multiple income sources'. This is not a fixation with money. It is a fixation with identifying and achieving a lifestyle, then developing the means to 'pay' for that lifestyle. It is a fixation with 'personal enterprise'. Almost any type of personal enterprise, though preferably not criminal or highly unethical activity, can develop into 'self-created income'. For example, my 'self-created income sources' include three residentially based business partnerships, one project management contract business supplying vocation skill training to unemployed people, and, two very part-time positions.

However, do not confuse personal enterprise with business enterprise. There are also a number of clubs and organisations to which I donate my time. Personal enterprise relates to 'what people will do' while business enterprise relates to 'what people will do for money'. The personal enterprise 'multiple income sources' approach fits within the current trend toward increasing amounts of part-time employment and decreasing amounts of 'permanent' employment. The approach also allows for expansion of that income with self-

created income. It also encourages involvement in things other than 'just work'. Interestingly, Thornton (1994b) reports that many workers in the USA do only enough paid work to meet 'the bills' and are pursuing more social, political or spiritual matters outside work hours. Multiple income sources also decrease people's reliance on any one source of income, including welfare payments, leading to less control of people by any one 'boss'. This is an important component of the empowerment process. There is a concurrent move towards redeveloping households as units of production rather than just the units of consumption that typifies Australian households today. Importantly though, development of personal enterprise is conducive to a society that benefits Australia and Australians first.

In summary, Australia with its vast natural and human resources is a nation capable of pursuing a strategy of self-reliance. Self-reliance is the reverse of current policies but does **not** mean self-sufficiency. A national self-reliant vision of 'Australia First' would influence the economic system to introduce protectionist measures. These measures would encourage the development of a 'mid-tech' import-replacement economy that avoids breaking the GATT international trade treaty. Labour intensive industries would reappear to stimulate employment. Central to this strategy is the development of a core set of industries in which Australia has a natural advantage. The 'cost' would be higher consumer prices as Australians would in effect buy their own jobs. International trade would still occur and genuine surpluses exported. Self-reliance also requires a reversal of current education and training policies towards a 'whole person' approach. Such an approach means shifting away from the outcome-orientated assessment process currently consuming compulsory schooling with vocational skills taking their place within the diversity of life.

Individual self-reliance is a complimentary requirement. Australians are resourceful people and they need genuine opportunities to develop their potential. The job creation component of the Government strategies is failing to provide entry-level jobs and stratifies the workforce. This has the effect of limiting the opportunities unemployed people have to develop their personal potential. With a focus on personal potential Australians can lower their dependence on Government policies by increasing their own self-reliance. The first step to developing personal potential is for people to understand their false consciousness by questioning society. Selective and consistent use of multiple media sources assists with this process. A second step entails being active in more than just the economic sense, although economic benefits can and do accrue through personal enterprise. The development of multiple sources of income is essential in allowing people to lower their dependence on any one source of income. This is also important to the empowerment process. In short, personal potential involves life-long productivity based on the identification, development and pursuit of personal enterprise.

CHAPTER 7

CONCLUSION

Chapter 1 set the scene for the thesis. It identified unemployment as a major problem in Australia. In response the Government has pursued a policy involving a fundamental restructuring of Australian society, including the training sector. Unfortunately, the restructuring process is a two edged sword. On the one side, it creates more unemployment. On the other side, it seeks to solve the problem through training and 'attractiveness' strategies. This thesis set out to argue that current Australian unemployment and training reform policies of the Federal Labour Government aim to develop people's economic potential rather than their personal potential.

Chapter 2 recognised that theory dominates all research. Critical policy analysis provided the theoretical framework for this thesis. Central to critical policy analysis is a questioning of the 'taken-for-grantedness' of the status quo and a concern about social justice.

Chapter 3 sketched the change from a conservative to a consensus Australian Federal Government in the early 1980's. It outlined six key unemployment and training policy documents reflective of a convergence of Government unemployment and training strategies during the period 1983 to 1993. By the Year 2000, Government training policies aim to have the majority of 20 year olds completing or participating in Year 12 High School or an officially recognised course. At the same time, unemployment policies aim to have the majority of long term unemployed involved either in work or recognised training. Overall, the documents reflect a valuing of citizens who 'actively' participate in paid work.

Chapter 4 acknowledged that the assumptions underpinning the unemployment policies often set the solution. The Government believes the problem of unemployment is economic in nature, therefore solvable by an economic 'taken-for-granted' strategy of international competitiveness. However, a critical

analysis of the themes informing government policy - economic rationalism, unemployment, active citizenship, post-Fordism, globalisation, and training reform show that current Government strategies alienate a growing number of unemployed people. These themes also extend Australia's indebtedness to and therefore control by overseas interests, modify the worst features of capitalism under the guise of post-Fordism, and, transform the education and training system into a carefully managed production process focusing on economic ends which in part creates an industrial reserve army.

Chapter 5 focused on the critical question of 'who benefits?' This is particularly relevant to policy as policy reflects values and the interests of dominant groups. While one would expect that unemployed people would most benefit from these policies, in reality, large corporations benefited the most and small businesses did very well. In the case of the larger corporations, benefits came from Government sanctioning of a 'downsized' workforce and 'upsized' profits. In the case of small businesses, they obtained heavily subsidised short term labour. Policy deliverers also benefit but high implementation and maintenance costs can temper any benefits. Overall, the Government's economically orientated unemployment and training policies subsidise profits of the private sector dominated by large corporations.

Chapter 6 outlined an alternative strategy to international competitiveness. The strategy of self-reliance offers the opposite of current policies. On a macro scale, self-reliance puts Australia first, reduces imports, reduces foreign control, raises employment levels, diversifies Australia's economy, sustains natural resources, taxes pollution and introduces a 'whole person' approach to education and training. Self-reliance on a micro scale puts people first, reduces ignorance, reduces dependence, raises personal enterprise levels, diversifies sources of income, and sustains community activity.

In short, the Government's unemployment and training policies focus on developing people's economic potential with the development of personal potential subservient to this. The alternative strategy of self-reliance places the development of personal potential in its rightful place ahead of economic potential.

Policy Implications

There are a number of major policy implications emanating from this thesis. First, the issue of encouraging individual self reliance through the development of personal potential requires serious consideration. Development of personal potential is especially relevant for youth because of the relatively low value of their welfare payments makes it easier for replacement of that income through a 'multiple income' approach. This would also assist with breaking the welfare dependency cycle many young people get drawn into. As soon as people get payment for being unemployed, the Government and some sectors of the community believe they own those unemployed people and can make them do whatever is required. When and if they do achieve what the 'required', that is get a paid job, they often transfer their dependency to low-waged, part-time work. As such, implementation of 'personal potential' policies would also encourage a dependency free-lifestyle that allows greater individual freedom from economic domination.

Second, the education and training system needs to provide a broad curriculum focusing on life skills as indicated earlier in Chapter 6. People need educating into general life rather than just into work. 'Adult' training topics such as interpersonal skills and genuine critical thinking within creative learning environments, need introducing into the school curriculum. The vocational emphasis can interweave but not dominate the curriculum. Similarly, the current vocational and managerial orientation needs to become a part of rather than dominate the education and training system. In short, a total reform of the education and training system is required.

Third, Australia needs to identify a clear vision of where it wants to go. The current vision of international competitiveness is quickly reducing the range of possible visions. A vision based on self-reliance is a credible alternative. A move towards 'mid-tech' and employment-creating manufacturing will largely solve Australia's unemployment problem. The Government needs to implement a policy of investigating which mid-tech manufacturing processes would compliment Australia's natural advantages and move towards having those industries established here.

Finally, the consultation process needs broadening so the Australian public can genuinely debate the major issues by the Year 2000. The current tripartite consultation process is a top-down bureaucratic management structure that narrows the debate to economic issues. Inclusion of many 'ground-level' players in all aspects of the policy process is a must. The mechanism to achieve wider community debate already partly exists through consultations on the 'Republic' debate. Extending the 'Republic' consultation process to address other major issues is more important than whether Australia achieves apparent political freedom by the Year 2000. The challenge is there and so is the need.

Future Research

A number of different sets of future research question arise from the thesis. First and the most pressing relate to self-reliance. How will Australia support itself? Would Australians accept a lower standard of living? How suitable are Australians to self-reliance? Who will benefit from a change to self-reliance? The radical change to self-reliance requires that these and similar questions receive attention.

Second, questions arise relating to training unemployed people. What type of programs and methods of delivery do unemployed people want? How can multiple income sources be developed by unemployed people? What sort of business enterprises can unemployed people start without too much capital and enough turnover to negate at least some of the dependence of and therefore

control by welfare? The significant levels of unemployment predicted to remain until at least until the Year 2000, requires implementation of genuine alternatives for this group to move towards equity.

Finally, questions arise as to beneficiaries of the Government's unemployment and training policies other than those identified in Chapter 5. What benefits from the current policies accrue to the financial sector? What benefits from the current policies accrue to the military sector? What benefits accrue to European interests? Why does the Government favour corporate structures? Why is there so little funding for the establishment of small enterprises in such a business orientated nation as Australia? The answers to these types of questions might reveal who really benefits from Government unemployment and training policies.

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APPENDIX 1

OFFICIAL DEFINITIONS OF UNEMPLOYMENT AND EMPLOYMENT

Unemployed : Persons aged 15 and over who were not employed during the reference week, and:

- (a) had actively looked for full-time or part-time work at any time in the four weeks up to the end of the reference week and:
 - (i) were available for work in the reference week, or would have been available except for temporary illness (i.e. lasting for less than four weeks to the end of the reference week); or
 - (ii) were waiting to start a new job within four weeks from the end of the reference week and would have started in the reference week and would have started in the reference week if the job had been available then; or
- (b) were waiting to be called back to a full-time or part-time job from which they had been stood down without pay for less than four weeks up to the end of the reference week (including the reference week) for reasons other than bad weather or plant breakdown.

Employed : Persons aged 15 and over who during the reference week:

- (a) worked for one hour or more for pay, profit, commission or payment in kind in a job or business, or on a farm (comprising employees, employers and self-employed persons); or
- (b) worked for one hour or more without pay in a family business or on a farm (i.e. unpaid family helpers); or
- (c) were employees who had a job but were not at work and were: on paid leave; on leave without pay for less than four weeks up to the end of the reference week; stood down without pay because of bad weather or plant breakdown at their place of employment for less than four weeks up to the end of the reference week; on strike or locked out; on workers' compensation and expected to be returning to their jobs; or receiving wages or salary while undertaking full-time study; or
- (d) were employers, self-employed persons or unpaid family helpers who had a job, business or farm, but were not at work.

Source: Australian Bureau of Statistics (1994). *The Labour Force, Australia: March 1994*. Catalogue No. 6203.0