

Australia:

Bipartisan push to further cut youth wages

Mike Head
11 March 1999

Under mounting pressure from big business and its media to take more decisive action to slash labour costs, the Howard government has launched a campaign to cut youth wages. Defeated in the Senate this week on legislation to extend junior wage rates to all young workers, it has declared it will reintroduce the bill in three months, possibly setting the trigger for a double dissolution of parliament and an early election.

Up to 400,000 young workers currently employed on adult or training wages would be directly affected by the law, which would legally entitle employers to place them on youth rates--often less than half the pay--alongside the 420,000 youth already working on those rates. The bill sought to retain junior wages in employment awards by exempting them from anti-discrimination laws due to come into effect in June 2000, and allow their insertion in awards where they do not already exist.

Over the past two decades working class youth have already borne the brunt of deep cuts to wages, working conditions and living standards. A recent Australian National University study showed that, in real terms, for males aged 15 to 19, full-time employment income fell by 60 percent, or \$96 a week, between 1976 and 1995. For 20-24 year-olds, the decline was \$147 a week.

Not only have real wage levels plunged but youth have also been the first to be pushed into part-time, casual and temporary work. Two decades ago, most school leavers could find full-time work in banks, the public sector, retail stores and manufacturing. Those jobs have since almost disappeared. In 1998, the total number of teenagers employed full-time was only 40 percent of its level in 1978, according to the government itself. In 1966, over 90 percent of youth employment was full-time; by 1997 the ratio had fallen

to 37 percent.

Now all the various parties represented in the federal parliament are scurrying to meet the demands of big business--particularly the supermarket chains and fast food giants--to further lower young workers' wages. The only difference is over how to make the cut, and that is at the centre of the furore over the government's Monday night parliamentary defeat.

In the Senate vote, the Labor Party, Australian Democrats and Greens were joined by right-wing independent Brian Harradine to block the bill by 33 to 32. The non-government parties do not disagree with giving employers the right to cut youth pay. Harradine spoke for all of them when he said: "I am not opposed to youth wages". He simply supports an alternative mechanism, introduced by the previous Keating Labor government with the support of the trade unions, whereby youth are paid low wages under the guise of paying them according to training and competency.

The opposition politicians want any legislation delayed until after the conclusion of the current government-commissioned inquiry by the Australian Industrial Relations Commission into youth wages, due to be finished by mid-year. Harradine accused the government of breaching a promise not to pre-empt the inquiry. The government agreed in 1996 to set up the inquiry as part of its deal with the then Australian Democrats leader and now Labor frontbencher, Cheryl Kernot, to secure the passage of the Workplace Relations Act.

The prospect of further delay brought expressions of outrage from Liberal Party leaders and media outlets. Workplace Relations Minister Peter Reith raised the spectre of a double dissolution election, while Victorian Premier Jeff Kennett used a conference of McDonald's franchisees to urge businesses to mount a nation-wide

campaign. Rupert Murdoch's Sydney *Daily Telegraph* ran a front-page editorial accusing "mule-headed" Senate politicians of robbing the young unemployed of the opportunity to work.

The truth is that entire industries are already based on discounted wages. Half of the country's supermarket employees are juniors, as are 80 percent of take-away food workers and 62 percent of discount department store staff. Of the 50,000 people employed in McDonald's 660 outlets, nearly 90 percent are under 21. Employers in other industries, including construction and manufacturing, want the same freedom to exploit teenagers.

As for the retail empires, led by McDonald's, Coles-Myer, Woolworths and Franklins, they are threatening to eliminate thousands of jobs if junior rates are replaced by training and competency rates. McDonald's claims that it is paying higher labour costs than anywhere else in the world except Belgium and Denmark.

The government's legislation is part of a wider package to give companies unrestricted scope to use young people and all unemployed workers as cheap labour. Under proposals unveiled by Reith last month, work-for-the-dole schemes will be extended to all jobless workers who have been out of work for six months and employers will be able to hire new workers on below-award wages and inferior conditions. Employment minister Tony Abbott has foreshadowed plans to enable private employers to hire work-for-the-dole recipients. These measures seek to turn the jobless into labour conscripts, performing demeaning work without pay, or cut them off welfare altogether.

Recent poverty studies have shown that young people are already impoverished, deprived of any opportunity to work on decent pay, and forced to live off their parents until well into their twenties. Two decades ago, not only could many more teenagers find full-time work; they could also earn enough to live independently. Today 68 percent of 15-17 year-olds in full-time work are financially dependent on their parents--up from 11 percent 20 years ago. For 18-20 year-olds the dependency rate has jumped from 3 percent to 16 percent.

Since 1982, the poverty rate among teenagers--whether working or unemployed--has almost doubled. Using the Henderson poverty line, the teenage

poverty rate in 1995-96 was well over half--54 percent among 15 to 18-year-old non-students living at home and 60 percent among those not living with their parents. This pauperisation has had a major impact on entire working class families, where statistics also show that parents are increasingly unable to make ends meet even if they are working.

Now corporate Australia is declaring that unless youth wages are further driven down, paving the way for wider pay cuts for adult workers as well, employers will simply say that young workers are, to use the words of one *Daily Telegraph* columnist, "too expensive to employ".



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