

Speech to National Press Club  
Canberra

14 April 1994

# A turning point for unemployment

331.137 CHA  
SU 1/2 UNEMPLOYMENT - GOVERNMENT POLICIES  
2/ INCOME SUPPORT  
ID: 1/ White paper submission  
4 BSL

The Right Revd Michael B Challen  
Executive Director  
Brotherhood of St Laurence  
Melbourne

## INTRODUCTION

Thank you for your kind introduction. And thank you for the opportunity to speak to you today on such a critical matter.

The release of the Federal Government's forthcoming White Paper on Employment, in two weeks time, is a crucial event. Decisions being taken now, in its framing, will influence the lives of a generation of Australians.

There is enormous concern within the community - the welfare organisations, the churches, the trades unions, and among the millions of people who are affected by unemployment - that this White Paper gets it right.

The White Paper provides the Federal Government with the opportunity of a decade. Echoing that of its 1945 predecessor, the path it maps out must be towards a new vision of full employment, one acknowledging the radically changed economic and social climate but - just as important - unequivocally affirming the special value of every Australian.

The White Paper debate has naturally provided a chance for everyone to push their own barrow. Some of the proposals which have been floated are interesting and innovative; some, however, are of great concern. Action on unemployment must assist those affected, not become a reason for introducing punitive measures which would not be contemplated were there not victims to blame.

I therefore felt impelled to come to Canberra to push my barrow today - something that an Executive Director of the Brotherhood of St Laurence has done at this Club just once before - to highlight the ways in which this White Paper will affect not just unemployed people, but the sort of society which Australia may be in the future.

Will the White Paper point the way forward toward a better distribution of work, income and caring activity, so needed on economic and social grounds?

Or will it be simply another rearrangement of the deck chairs of policy, without a decisive reversal of the long-term trend to ever-higher unemployment from one economic cycle to the next?

### **A TURNING POINT FOR UNEMPLOYMENT**

930,000 Australians are unemployed. This startling fact no longer seems to have the power to shock. The whiff of confidence is in the air, and as usually happens, public concern over unemployment - and for unemployed people - will decline much faster than the numbers of people who are forced to depend on inadequate unemployment allowances.

This change in public mood is so strong that our newspapers are already talking about winding down our 'runaway recovery', as it is headlined, before it has translated into significant numbers of new jobs.

This, then, is the turning point; the point at which so much depends on our Government, and the Prime Minister. A populist politician would respond to the diminishing public concern by turning to other issues, and simply assure unemployed people that growth is underway and their prospects are therefore rosy.

A Prime Minister who is genuinely determined to extend a hand to the victims of this recession will put in place - and keep in place - programs which will give those Australians who have been out of work, often in severe poverty, a fighting chance of gaining a decent job and - even if they do not - some ways out of poverty.

The failure to do this was one of the major mistakes of the Hawke Government in the mid 1980s.

We now live with the consequences of that policy failure in the current level of long-term unemployment.

The Keating Government has the task - indeed, the obligation - to repair the damage. It must not repeat the mistake.

### **BUILDING ON THE GREEN PAPER**

Unemployment will not go away just because we lose interest. If the experience of the 1980s is not enough to convince us, we have the recent analysis of the 'Green Paper' - the report of the expert Committee on Employment Opportunities.

The Government will, and should, build on the analysis and proposals of the Green Paper. The Green Paper's economic logic in favour of expanding labour market programs is now very widely accepted.

The Green Paper acknowledges many of the problems with the way these programs are currently designed and delivered. It favours those programs which involve paid work or paid work experience and thereby provide a relief from poverty and, for at least some, entry to continuing work. This is a further major step forward from the short training courses that have been a feature of Australia's past responses to unemployment.

The need to sustain spending on labour market programs in coming years - a crucial failure in the 1980s - is emphasised in the Green Paper.

These are just a couple of reasons why, in the Brotherhood of St Laurence's view, the Government could do far worse than build its White Paper on the strategy outlined in the Green Paper.

This is not to say that it cannot do better. Indeed, it must.

In particular, there is the crucial matter of how Government activity can accelerate the rate of jobs growth.

Labour market programs, no matter how good, are generally about improving the chances of disadvantaged people getting a job. They need to

be complemented by all the economic, spending and taxing policies which will produce not just economic growth, but sustained jobs growth.

This, and other matters, are discussed in detail in the Brotherhood's contribution to the White Paper, which is available today.

#### **WE CANNOT AFFORD NOT TO ACT**

Adequate action to reduce unemployment will be expensive, but it will be money well spent.

As an organisation which has to raise a considerable share of its funds from public donations, we are under no illusions as to what it means to urge the Government, as we do, to spend an extra \$3 billion on countering unemployment ... particularly if fiscal responsibility demands additional sources of revenue.

We are aware of the sacrifice this will entail from those of us who have jobs.

But in the end, we have no real choice. The economic costs of unemployment - our workforce decimated - are too great. As each year goes by, we lose billions and billions of dollars in lost production. There are around \$20 billion a year in direct and indirect costs to governments alone.

Just as serious, though less easily measured by accountants, are the costs of social division ... the long-term accumulation of all the personal costs which individuals suffer, and which returns to confront us all.

The costs of failing to act are too high.

## HOW TO JUDGE THE GOVERNMENT'S WHITE PAPER

How the Government chooses to build upon the various elements of the Green Paper will determine the extent to which the social and economic benefits promised by the Committee are realised.

Its choice will determine whether the White Paper is indeed a turning point for unemployment.

For example, the quality of the labour market programs to be put in place will have a major impact on the job outcomes of the people who undertake them. Trying to save money could dramatically reduce the cost-effectiveness of these programs.

Similarly, if the White Paper takes a narrow view of the economy - ignoring the critical role of the public sector in providing infrastructure and funding labour-intensive and much needed services - opportunities for jobs growth may go begging.

In our view, the White Paper must provide a clear vision of the way in which employment will be generated - and shared - within Australia in the future.

It must give clear directions and commitments.

A grab-bag of initiatives with no clear, compelling insights into how and where jobs will emerge, and be available to those Australians who need them, will simply not do.

But the White Paper will be judged not just on its overall direction, but the details which flesh out that direction.

If the Government is to seize the opportunity it has, these detailed initiatives must not compromise the principles which are at the root of the community's concern with unemployment.

I would like to share with you a set of simple principles against which the Brotherhood of St Laurence, and I believe many in the community, must judge the detail of the White Paper.

**ONE: THE COST OF REDUCING UNEMPLOYMENT MUST BE SHARED FAIRLY**

The first of these is that the cost of reducing unemployment must be shared more equally.

Those people who are currently unemployed already face considerable hardship. They have lost their financial independence. They are already required to fulfil stringent obligations to be eligible for income support.

But there is always a tendency to make unemployed people carry even more of the burden, by forcing them to do more to prove they want to work, or by reducing their income.

These are some crucial points at issue in the White Paper:

1. Some advocates of a 'training wage' argue that long-term unemployed people should be offered markedly lower wages in order to buy themselves a job. If such a subsidy to employers is justified, this should be borne by all taxpayers, rather than unemployed people alone.
2. Training wages must include - as Jobskills now does - accredited, transferable skills training.
3. In order to provide positive incentives for unemployed people to take up even limited paid work opportunities, it is proposed that withdrawal of income support be made more uniform and gradual. This must not penalise those people who can only obtain small amounts of work.

## **TWO: POLICIES SHOULD INCREASE CHOICES, NOT REDUCE THEM**

The second principle is that policies should increase choices, not reduce them.

Our belief in human freedom and dignity is not confined to those who have the financial freedom to exercise choices.

The White Paper must not contribute to the tendency to insist that income support is somehow a privilege, granted in exchange for some approved 'activity'.

This logic leads naturally into efforts to 'conscript' people into programs that may be of no value to them as individuals.

If there are not enough jobs, the community has no right to make the lives of unemployed people unnecessarily complicated or more stressful. While acknowledging the need to continue to seek work, unemployed people naturally resent patronising or officious compulsion to no good end.

Thus in the White Paper the Government must ensure that:

1. 'Case management' by the CES must provide unemployed people with more informed choices about improving their lives, and not become an exercise in reviewing entitlements.
2. Encouragement to undertake voluntary work in the community - something which can enlarge people's lives, especially when jobs are so scarce - should not be translated into some form of so-called 'work-for-the-dole'.
3. People whose chances of getting a job are currently very limited should not be 'written off'. In particular, relocating very disadvantaged jobseekers within the social security system onto so-called 'special benefit' would be stigmatising and harmful.



This issue of choice is particularly sharp for young people, a large number of whom have been unemployed for long periods.

Of particular concern are reports of ill-considered proposals to abandon access to unemployment allowances for young people in favour of a 'training allowance'. It is true that we should encourage young people to take advantage of training opportunities, but we must also ensure that they have choices and unequivocal access to adequate income support when it is needed.

### **THREE: INCOME DISPARITIES AND INEQUALITY SHOULD BE REDUCED, NOT WIDENED**

The third principle is that income disparities and inequality should be reduced, not widened.

There is clear evidence of increased inequality in Australia.

This is not only a result of unemployment. It has also come from growing wage disparities and changes to the tax system.

We have, in the United States of America, a clear example of where these trends can lead us. The United States has achieved a lower unemployment rate through a proliferation of very low paid jobs and a massive pool of people who are employed but remain in poverty.

There is, I believe, broad consensus among Government, business, the union movement and the community more generally that Australia is seeking to be a high-wage, high living standard society in the 21st century.

The White Paper should spell out ways to ensure that increased employment is not at the cost of increased poverty in the workforce.

#### **FOUR: POLICIES MUST BE SUSTAINED**

Finally, policies must be sustained - and sustainable.

The White Paper will have to serve Australia through the next decade and be able to accommodate the changing nature of work and its role in the lives of individuals. A long-term perspective is needed if we are to avoid a further upswing in unemployment in, say, four years time.

We need much more than a couple of years of high growth and assistance to unemployed people if we are to achieve the modest target of 5 per cent unemployment by the year 2000.

In particular:

1. Spending on labour market programs must be kept up for the rest of the decade. They must not be wound back prematurely.
2. Economic strategy must be firmly directed towards avoiding another destructive recession, so that jobs growth can be sustained.
3. Private sector growth must be supported and enhanced by public investment and funding of services. It is easy for politicians to call on business to invest; it is extraordinary that at the same time, the Government is winding back its own investment programs.

If employment growth is slow, the subsidised entry into jobs of long-term unemployed people will be at the cost of other low or unskilled workers who themselves are likely to face long periods without a job.

The White Paper should be judged a failure if it does not provide a clear commitment to sustaining labour market expenditure and clear policies by which Government activity can accelerate and maintain the rate of jobs growth.

## CONCLUSIONS

These four principles, the Brotherhood of St Laurence believes, make up the benchmarks against which the White Paper should be measured.

1. Will the cost of unemployment be shared fairly?
2. Will the initiatives increase choices for unemployed people?
3. Will we avoid becoming a more unequal society?
4. And will the policies - and the spending - be sustained?

One of the phrases which haunted the Hawke government was its promise that no child should live in poverty.

A promise we place great store on is the Prime Minister's promise that 'we will not turn our back on the unemployed'. The White Paper will be the test of whether that promise will be kept.