

REDISTRIBUTING WORK

*Solutions to the paradox of overwork and
unemployment in Australia*

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The Jamieson House Employment Group

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Preface

The Group that prepared this document is motivated by a grave concern about the effects of chronic unemployment in Australia. We feel deeply uneasy with the prevailing situation in which governments put their faith predominantly in higher growth rates as the solution to unemployment, and with the acceptance of the view that even in the best circumstances the rate of unemployment will still be 5% or more by the year 2000.

'Full employment' is very unlikely to be achieved by traditional economic policy measures alone, but Australia cannot afford the human cost of continued high levels of unemployment. The Group believes that creative solutions to the insufficiency of work must be sought. In particular, we believe that the redistribution of the available work could make a major contribution to solving chronic unemployment. In the process, the role and nature of work in our society and our personal lives will need to be rethought.

The issues of unemployment and the distribution of work are intimately bound up with changes in the way Australians are working and living. While the unemployed languish, thousands of workers find themselves driven to work longer and harder. For many workers, the quality of their working, family and social lives is declining. The proposals contained in this paper thus address the issue of reducing unemployment in the context of changes in the working and social lives of all Australians.

Underlying the work of the Group, therefore, is a concern about the changing values of our society. While the private market is a powerful creative force, there is always the danger that it will rob communities of their sense of power. In Australia, too many people have given up believing that we can conquer the unemployment problem, and too many people have accepted that the working lives of Australians are inevitably determined by little-understood forces wholly beyond our control – globalisation, technological change, balanced budgets and competitiveness. We believe that, with the will and the understanding, we can conquer unemployment, but to do so we must win back control of some of the forces that determine how we work.

Summary

At a time of high and chronic unemployment, Australia is also faced with a crisis of overwork. Many people are working harder and for longer hours; work-related stress and illness have been intensifying. Meanwhile, the social problems associated with mass unemployment multiply.

Many studies have demonstrated that the work people do has a major impact on their feelings of self-worth, dignity and sense of place in society. On the other hand, many studies have confirmed that unemployment results in declining feelings of self-worth, alienation from society, a range of pathological or anti-social behaviours, loss of skills including basic life skills, and general malaise.

While high and chronic unemployment is common to OECD countries, in Europe flexible work arrangements are being given high priority in formulating new approaches to work arrangements. Germany has witnessed some substantial reductions in working time and has introduced some of the most comprehensive schemes to rearrange working time. The German Government has also encouraged the use of part-time work based on the belief that, while employers are often biased against part-time employment, there is an unmet demand from employees for part-time employment.

There are a number of flexible work schemes operating or under negotiation in Australia, but so far they affect very few employees. This paper argues that overcoming the problems of unemployment and overwork will require a new approach to flexibility in the workplace and a rethinking of the relationship between paid work and other aspects of our lives.

The diversity of the way work is organised is increasing and this has created both problems and opportunities. The proportion of the employed workforce in permanent, full-time jobs has fallen substantially in recent years. One of the most significant structural changes to occur in the Australian labour market over the past decade has been the rise in part-time employment. This suits some employees but not others.

For many people, the growing flexibility offers opportunities for achieving a better balance between paid work, unpaid work and leisure. This paper proposes three approaches to redistributing work in Australia. Each of these would contribute to reducing average hours of full time work and provide a basis for a more equitable sharing of the available work. It is important to stress that we do not propose that these schemes be imposed on any workers or firms; their success depends on voluntary acceptance by employers and employees. One of the major concerns for many employees is a growing sense of insecurity; flexible work schemes should be implemented in ways that increase job security. The proposed schemes are:

- a national reduction in standard hours under which increases in productivity are taken in shorter hours rather than higher wages;
- an increase in variable annualised leave schemes in which employees may opt to take additional annual leave without pay; and
- arrangements such as the four-day week and long periods of leave without pay with income spread over the whole period.

Although acceptance of these schemes will face obstacles and will need detailed negotiation, they provide an opportunity to reduce substantially the levels of unemployment in Australia and to increase the life opportunities of those in employment. We can no longer sit back and hope that economic growth alone will be enough to soak up the unemployed. Creative solutions are urgently needed.

1. Introduction

At a time of high and chronic unemployment Australia is also faced with a crisis of overwork. The focus on productivity has essentially meant that Australia is now faced with the situation in which high numbers of unemployed are occurring simultaneously with high numbers of those working longer hours. The National Institute of Labour Studies calculates that since the mid-1980's the proportion of full-time workers who work beyond 40 hours has grown from 30% to 40%. The proportion of employees working 49 hours or more per week rose from 9% in 1978 to 17% in 1995 (Dawkins 1996). According to one commentator, 'Australian workers put in an average working week of 43 hours, ranking them among the hardest working in the world' (Verrender 1994).

The trends are international. Writing in *Fortune* magazine, William Bridges summed up the feeling:

We used to read predictions that by the year 2000 everyone would work 30-hour weeks, and the rest would be leisure. But as we approach 2000 it seems more likely that half of us will be working 60-hour weeks and the rest of us will be unemployed. What's wrong? (*Fortune*, 19 September 1994)

In the decades after World War 2, reductions in standard hours of full-time work were one of the factors enabling the maintenance of full employment while productivity increased. Yet during the last decade or more, average standard working hours have been increasing and the extent of overtime has also tended to rise. The incidence of work-related stress and illnesses has been growing.

It is argued in this paper that it is not just our social security system that must adjust to chronic high unemployment; the way we work must adjust too. Governments must take the lead in this with policies that promote the redistribution of work. A recent Senate Committee report on long term unemployment concluded with these words:

If we can no longer assume that full-time permanent employment will be the norm in the future, then our social support system must reflect this understanding. If there is to be a more fluid movement between paid and unpaid work, between periods of casual, part-time and full-time work, that movement needs to be facilitated by policies rather than impeded by them. As the distinctions between labour market categories blur, challenging notions of what is considered work and what is not, there must be a more integrated policy response. (1995, p. 17).

International experience would indicate that flexible work arrangements are being given high priority in formulating new approaches to work arrangements. The OECD has already defined these flexible approaches as *new time arrangements*.

Yet in Australia the issues of working hours, the length of paid and unpaid leave, the organisation of working lives and work sharing are barely on the public agenda. The only aspect of the distribution of work that is currently receiving attention is part-time work, the extent of which is growing rapidly. The Group believes that overcoming these problems will require a new approach to flexibility in the workplace and a

rethinking of the relationship between paid work and other aspects of our lives. The purpose of this paper is to discuss these issues, to describe possibilities and to recommend concrete actions to begin the process of redistributing work more fairly.

2. Recent approaches to the unemployment problem

In recent times there has been a growing awareness of the extent to which unemployment is Australia's major economic and social problem. There have been many studies and reports on how best to address the issue of unemployment. In the non-government sector, contributions have been made by the Committee for the Economic Development of Australia, the Australian Catholic Social Welfare Commission, and Reworking Australia. A comprehensive alternative program was spelt out by John Langmore and John Quiggin in their book *Work For All* (MUP, 1994). ACOSS has released the findings of its major research program entitled 'The Future of Work' at a national conference organised by ACOSS and the Brotherhood of St Laurence in May 1996.

Of the government agencies examining the issue, reports have been produced by the House of Representatives Standing Committee for Long Term Strategies into the Workforce of the Future and the Senate Employment, Education and Training References Committee's report on the long term unemployed. EPAC has recently published its report 'The Changing Australian Labour Market' (EPAC 1996) The Department of Employment, Education and Training last year published its report 'Australia's Workforce in the Year 2005' (DEET 1995).

The centrepiece of the Labor Government's approach to unemployment were the programs described in its White Paper *Working Nation*. These programs essentially focused on training, especially for the long-term unemployed. In reflecting on the first year of *Working Nation*, the then Employment Minister Simon Crean stated that "the main emphasis of *Working Nation* was on active labour market assistance and education and training measures." The objective of *Working Nation* was to work towards an unemployment rate of 5% by the turn of the century. Analysts predict that unemployment rates will fall to 8% in the second half of 1996.

However, in some sectors, particularly for youth, the figures are much higher. Nationally, the youth unemployment rate is 30.9%. For older unemployed workers the barriers to redeployment are formidable and many face the reality of never working again. These figures do not include those who opt out of the job market through discouragement.

The fiscal policies of the new Government will certainly increase unemployment in the short term. Whether the longer term economic benefits will see more-than-offsetting employment gains in the private sector is yet to be seen. State and Federal governments have indicated that they will continue to cut spending by increasingly looking to the private sector to provide infrastructure not only in such areas as roads and railways, but also in areas such as health and education.

Australia's problem of unemployment is not unique. OECD figures indicate that unemployment remains unacceptably high in most OECD countries. Across the OECD, the average rate of unemployment was 8.5% in 1995, excluding those discouraged workers who do not appear in the official statistics. In several European countries, youth unemployment exceeds 30%. In the European Community more than 40% of the unemployed in 1992 had been out of work for 12 months or more, compared with around one third in Australia. These figures can only hint at the costs in terms of the waste of human resources and associated poverty.

The emphasis on growth as the solution to unemployment ignores the fundamental change in macroeconomic history captured in the term 'jobless growth'. Nowadays, it simply cannot be assumed that economic progress will automatically be transformed into employment. In most OECD countries, charts that plot GDP growth and employment growth together over years since the 1960s show GDP rising by 150 to 250% while employment has increased by 0 to 80% (Parliamentary Research Service 1996). In order to make an impact on unemployment, GDP must grow by over 3.5% for an extended period. This seems unlikely.

3. The nature of the labour market

Debate over how to tackle unemployment and recent policies on unemployment, workplace reform and industrial relations have been influenced by the conception of work that is found in economics textbooks. According to the orthodox theory of work, the labour market is like any other market, one in which the commodity bought and sold is labour.

From the seller's viewpoint, workers sell their labour for money so that they can use the income to buy consumption goods. In this scheme, work is regarded as inherently unpleasant; it is characterised by its 'disutility', and workers must be induced to work by paying them enough money to offset the disutility they must endure. According to this view, if the wage is inadequate, workers will avoid the disutility of work by abstaining from it. The more they are paid for it, the more labour workers will contribute (at least up to a point).

From the buyer's (employer's) viewpoint, labour is a productive factor that is purchased up to the point where the extra output due to employing an additional unit of labour is equal to the wage that must be paid for it. The demand curve showing the relationship between the wage rate and the quantity of labour demanded is downward sloping because, as a rule, beyond a certain point the productivity of each extra worker is lower than the last.

In this scheme, the fundamental variable in determining the amount of labour offered for sale and the amount of labour demanded by employers is the price of labour, that is, the wage rate. If this theory reflects reality, then the key to full employment is the wage rate, and unemployment is a product of impediments to the free operation of labour markets in which sellers and buyers of labour meet to strike a deal. These impediments include trade unions which give employed workers a 'monopoly' bargaining power that they exercise at the expense of unemployed workers.

A moment's reflection reveals this characterisation of work and the labour market to be quite bizarre. The role of work in people's lives is vastly richer and more complex than the 'disutility theory' suggests. People work for a variety of reasons and it has a range of effects on their lives beyond the pay packet they take home. Many studies have confirmed the obvious fact that the work people do has a major impact on their feelings of self-worth, dignity and their sense of place in society. It gives people an opportunity to realise their human abilities and to develop social, intellectual and physical skills which have value well beyond the increases in productivity they allow (eg. Lane 1988).

On the other hand, many studies have confirmed that unemployment, far from liberating people from the unpleasantness of work, results in declining feelings of self-worth, alienation from society, a range of pathological or anti-social behaviours, loss of skills including basic life skills, and general malaise. For both ethical and practical reasons, human dignity ought not to be treated as a fortuitous by-product of buying and selling in the labour market.

Turning to the 'demand' side, the labour-buying practices of employers are far more complex than the simple theory suggests. For example, 'labour hoarding' is known to occur in times of cyclical unemployment. In addition, employers will train workers even though better trained workers may find higher paying jobs with competitors. Loyalty and job satisfaction are critical elements to the employment relationship. We all know that low morale can drive people out of the best-paying jobs and, more than ever before, employers acknowledge that a firm's greatest asset is its people, especially its long-term committed employees. The orthodox theory implies that employers view labour as factory fodder that can be used up and cast out, especially in times of high unemployment. While this undoubtedly has been the case in the past (and may remain as a remnant in a few places), it is no longer seen as either humane or good business practice.

A number of studies have shown that the assumed relationships between wage levels and the supply of and demand for labour are contradicted by the evidence. A thorough British study compared rates of unemployment and wage levels in a variety of regional labour markets. Contrary to the predictions of orthodox theory, it found that unemployment rates are *higher* in regions with low wages levels, even in the same industries (Blanchflower and Oswald 1995).

A climate of economic stress tends to discourage creative approaches to work practices. Olmsted and Smith (1994) observed that the 1990-93 recession in the US was not conducive to experimentation with hours due to a focus on downsizing and consequent lack of interest in work sharing. They also quote a 1993 American Management Survey 1993 which criticised the downsizing philosophy. Fewer than half the firms that have downsized since January 1988 report that profits increased after the cuts were made, and only a third reported increases in productivity. Almost invariably worker morale suffered. As organisations reach the limit of their cutbacks, and understaffing begins to be recognised as a critical issue, the desire to relieve employee stress and retain skills may provide a revived interest in worksharing.

Most official government approaches to the issue of unemployment are predicated on the assumption that the problem can best be solved by macro policies for sustained growth. The Labor Government added structural policies and labour market programs designed to improve the efficiency of the labour market by attempting to increase the skills and job-readiness of the unemployed. The Coalition seems likely to put less emphasis on labour market programs and more on deregulation of the labour market in the hope that greater 'flexibility' will encourage employers to hire more workers. In discussion of labour markets, the term 'flexibility' is used to mean many different things. For some it means the demise of awards, the spread of individual contracts and casualisation of the workforce. For others it means more options for arranging working hours, more worker participation in decision making and the extension of family-friendly employment practices.

Early evidence suggests that the spread of individual contracts is resulting in an *increase* in hours worked (*AFR* May 31, 1996). The schemes proposed in this paper rely on greater flexibility in conditions of employment and work practices, but they will work only if they are developed in the mutual interests of employees and employers. There is a real danger that the Coalition's policies to introduce more flexibility into the labour market will result in unwanted changes being imposed on employees by employers.

4. The importance of work and leisure

For most people employment means much more than simply financial recompense (Lane 1988). Employment also provides identity, social standing, social interaction, and opportunities to develop skills and a sense of purpose. In one study of long term unemployment, an older man, out of work for two years, wrote of

the shock of losing a job'; of how it 'cannot be easily explained, nor quantified in any meaningful way nor understood by anyone who has not lost their livelihood....Your dignity has been stripped from you and laid bare for all to see' (Senate Committee 1995).

These social aspects of work are of particular importance to the very high numbers of youth unemployed who are struggling to begin their working lives. Unemployment can have a devastating effect on the lives of young people. The Senate Standing Committee's report on youth unemployment provides statistics on poverty, homelessness, family breakdown, health problems, crime and suicide that paint a bleak picture of life the young unemployed. Unemployment causes a deterioration in psychological well-being, with low self-esteem, depression, lower perceived competence and diminished sense of personal control.

The Committee received clear evidence of widespread frustration, alienation and lack of self-esteem among young people as a by-product of unemployment. In many cases these lead quickly to withdrawal and depression. Even among the most persistent and positive job-seekers such symptoms eventually manifest themselves. (Senate Committee 1992, p. 111)

The diversity of the way work is organised is increasing. This growing flexibility offers both opportunities for enhancing human fulfilment through work and the risks of greater exploitation. Changes in the labour market provide the potential for achieving a better balance between paid work, unpaid work and leisure for many people. The principal issue to be addressed is whether any changes in the nature of work and the labour market offer opportunities for redistributing work so as to increase the number of people in employment.

In America, for the first time since surveys have been systematically conducted, a report has found that the majority are willing to relinquish income to gain more family and personal time. Almost two thirds of those surveyed would give up an average of 13% of their salary, and fewer than a quarter were unwilling to give up any money at all (Senate Committee 1995).

The Committee for Economic Development of Australia (CEDA) in its report *The CEDA road back to full employment* also agreed that as well as reducing structural mismatch, labour market interventions should strive to influence supply in a way that will spread the burden of unemployment more equitably, while at the same time allowing a better mix of work and leisure (Argy 1994). It recommended that governments should explore ways of facilitating work sharing, permanent part-time work, flexible working hours and voluntary early retirement. The focus should be on removing factors that constrain people from working shorter hours if they prefer to or which distort the choice between working and staying at home. These factors might include the award, taxation and social security systems.

5. The changing nature of work

The nature of work in Australia has undergone some dramatic changes in recent years. The proportion of the employed workforce in permanent, full-time jobs has fallen substantially. One of the most significant structural changes to occur in the Australian labour market over the past decade has been the rise in part-time employment. In 1973, 12 per cent of all workers were part-time; by 1993 the figure was 24 per cent. The majority of part-time workers are women. In 1993, the incidence of part-time work was highest among married women at 47 per cent compared to 35 per cent for unmarried women. The incidence of part-time work among men in 1993 was 10 per cent.

Changes in patterns of employment have varied across the economy. In 1993, 79% of part-time workers were employed in four industry sectors and all of these were service industries: wholesale and retail trade (28%) community services (26%) recreation, personnel and other services (14%) and business services (10%) (DEET 1995).

The growth in casual employment has been closely related to the spread of part-time employment (EPAC Paper No. 11). Between 1984 and 1994, casual employment as a percentage of total employment of wage and salary earners rose from 15.8% to 23.7%. Among casual workers, 72% work part-time. The growth in contract work, especially in the public sector, has probably been a major contributor to the casualisation of the work force.

The increase in casual employment is a source of great insecurity for many employees. In addition, with an increasing number of workers in low-paid, insecure and intermittent employment, the boundary between work and welfare is becoming blurred. The flexible working time schemes proposed in this paper could, if introduced in appropriate ways, make a substantial contribution to increasing the security of employment.

In an effort to achieve international competitiveness, domestic industry and government enterprises have been encouraged to increase productivity. In Australia today most productivity increase has been achieved through cutbacks in staff numbers. Commercialisation of the public sector has sought to increase public sector efficiency. However, increasing outputs per unit of inputs is not the major source of potential productivity gains. The productivity of an enterprise depends not only on its efficiency but also on the quality of its outputs (providing what customers value) and its flexibility (responding to changes in customer's demands). One American firm rapidly lost its product market share after down-sizing because quality control fell. When it re-employed its workers market share was restored (Senate Committee 1992).

We need to ask how we increase productivity through methods other than that of continuing to downsize. There is a real danger that Australia will go down the US path where there has been rapid growth of jobs but a large proportion of them have been menial and very low paid, creating a large underclass of the 'working poor'. (Figures also indicate that the apparently better unemployment rate in the USA is accounted for by the burgeoning prison population.) The single-minded pursuit of cost-cutting in order to compete with low-wage countries of Asia will see Australia descend the industrial ladder, with falling relative incomes and social decline.

6. International experience with flexible work schemes

The experience overseas indicates a greater flexibility in working arrangements than in Australia. The OECD terms these flexible work arrangements 'new time arrangements'. It is helpful to distinguish the new time arrangements from the traditional forms of flexible working hours through part-time and casual employment and overtime.

In France fewer jobs are being created than in other economically comparable countries with similar growth rates (Parliamentary Research Service 1996). An agreement has been reached between the major employer group Patronat and four large unions to begin cutting the 5 day, 39-hour week to a 4 day, 33-hour week. It is anticipated that 300,000 to 400,000 jobs can be created over 1996-97. This scheme includes a cut of 50% on employers' social security contribution with each new job created, or for each permanent job converted from a full-time job if this means an additional job is created..

Denmark introduced a system of *orlov* or holiday pay allowing employees over 25 to take up to a year off work for training, childcare or recreation on an allowance based on the generous unemployment benefits. Introduced in 1992 with unemployment rates of 13%, the purpose was to introduce work rotation, giving unemployed people

the chance of some months' work replacing those on leave and breaking the long-term unemployment cycle in a neutrally funded arrangement. Although controversial and subject to implementation difficulties, the system shows that many Danes are willing to think about quality of life in broad terms, that is, taking account of the mix of paid work, money and leisure.

Germany has witnessed some substantial reductions of working time (to 35 hours a week in the metalworking industries) and thus has introduced some of the most comprehensive schemes of working time rearrangements. The largest number of in-depth manuals and guidelines on working time arrangements have emerged from Germany. The agreements in Volkswagen and the German metal working industry appeal to both employers' associations and unions as a 'means of increasing the number of people who retain a solid labour force attachment'.

The German Government has also encouraged the use of part-time work in a policy announcement in June 1994. It is based on the belief that:

- there is widespread prejudice by employers against part-time employment
- there is an unmet demand from employees for part-time employment; and
- administrative and production structures are too inflexible to take full advantage of part-time employment.

Research commissioned by the German Government suggests about two million in full-time jobs are willing to convert to part-time work. Research by McKinsey and Company suggests that the conversion of full-time jobs to part-time jobs results in an initial increase in business costs, but this is offset by better morale and attendance equal to between 2% and 4% of labour costs. The program seeks to convert 60% of full-time jobs in Germany to arrangements less than full-time.

A major inquiry commissioned by the Canadian Government carried out an econometric modelling study of the potential impact of a relatively large-scale reduction in working time on the economy and job creation over the period 1995-2004 (Canada 1994). The model assumed a 10% fall in average working time for all employees, offset by a 5% rise in productivity over a five-year period. The report concluded as follows:

The longer term effects from a major policy to reduce working time are a lower unemployment rate and a substantial redistribution of jobs. The size of the economy ... is little affected, though real disposable income is modestly reduced. However, there are offsetting improvements that must be weighed. Once all of the adjustments to the introduction of reduced work time are taken into account, the unemployment rate declines by about four percentage points from where it would otherwise have been, and there is a substantial increase in the amount of leisure time for those working. The total government budgetary picture improves because fewer people require social assistance or unemployment insurance and, as well, real corporate profits are slightly higher. (Canada 1994, p. 4)

Canada also has the 'Work Well Network' to coordinate the promotion of the four-day week with controls on overtime and permanency for part-time employment. It hopes for the creation of 2 million jobs.

7. Existing work-sharing schemes in Australia

Several new flexible work time schemes have been adopted in Australian work places in recent years. Some of them are still being negotiated or trialed. When Renison Goldfields Consolidated Ltd introduced two 10 hour shifts worked over a four-day week, the company was able to increase the effective working shift to 8.5 hours. As a result, employee productivity has reportedly risen more than 30 percent. Staff now have 52 extra days off a year and, according to a recent report, have indicated that their quality of life has improved (*AFR* 28 September 1995).

In some agencies of the Australian Public Service, industrial agreements have included a work time arrangement known as the 48/52 scheme. This is a variation on leave without pay in which employees may reduce their salaries over a year by about 7% and thereby 'purchase' an additional one month's leave. This can be seen as a form of family leave that gives greater flexibility to, for example, workers with school-age children. In some agencies, patterns such as job redesign, rostering, job-share and greater use of permanent part-time employment are being explored in efforts to balance conflicting demands of work and family. Permanent Part Time Employment quotas throughout the Australian Public Service have increased, but there remain quotas. Most of these developments are still based on the notion that the real job is the full-time job.

The Tasmanian Government is considering a proposal by Tasmanian teachers to give them a full year off after four years of service in return for a 20 per cent pay cut over the five-year period. Part of the motivation is to provide employment opportunities for unemployed teachers and to allow teachers to periodically refresh and motivate themselves away from the class-room.

8. Recommendations: Proposals for work-sharing schemes

After examining a range of options, this paper proposes three approaches to redistributing work in Australia. Each of these would contribute to reducing average hours of full time work and provide a basis for a more equitable sharing of the available work. Although detailed analysis of the employment impacts has not been carried out, a substantial take-up of these schemes would be likely over time to reduce very significantly the rate of unemployment.

A national reduction in standard hours of work

In Australia, real award wages generally increase at about the rate of productivity growth. At present this occurs as the result of changes in national minimum rates, and through industry and enterprise agreements. It would be quite possible for the benefit of productivity growth to be taken by employees in whole or in part through reductions in hours worked rather than increases in pay.

If labour productivity were growing by one and a half per cent a year (the typical rate in Australia) and all the benefit were taken as reduction of hours rather than increases in wages, then standard hours could be reduced by about an hour per week over two years.

This gradual change would occur without any need for a reduction in real income for those in employment. The cost of a 'full week' of labour would go on rising but the availability of employment opportunities would increase more rapidly.

To be feasible, such an approach would not need to be introduced nationally. Management and unions could negotiate agreements of this type on an enterprise basis and include them in enterprise agreements. However, endorsement by the Australian Industrial Relations Commission would enhance the prospects of rapid spread. The principal requirement is to get the possibility onto the industrial relations agenda so that unions and management start to debate the question and to evaluate the advantages and disadvantages.

Both employer organisations and unions have canvassed this possibility. For example, the 1993 ACTU Congress resolved to explore

the possibility of a government campaign to spread work around, for example, allowing full-time employees to opt to shorten their working week. As part of this, affiliates should investigate the value of including shorter hours in enterprise bargaining negotiations so that unionists may choose to take some of their share of the fruits of increased productivity coming from technological or organisational change or improved work practices in the form of increased leisure.

Extension of the 48/52 scheme

Variable annualised leave schemes, commonly known as 48/52, refers to proposals to modify leave and salary regulations in order to allow employees to take a period of leave without pay in addition to their standard leave entitlements. Normally, the standard period of applicable leave without pay is 4 weeks per year (hence the name 48/52).

This additional leave is taken without any effect on other accrued entitlements such as long-service leave. This is most important since in the past a period of leave without pay of more than 5 days has been seen as interrupting continuity of service and thus entitlements. In contrast, 48/52 is classed as normal employment. Under 48/52 salary

can be annualised, a distinct advantage for workers who would otherwise be disadvantaged by a period of leave without income.

The 48/52 scheme has been in operation in a number of workplaces, including the Victorian Department of Education, the Australian Tax Office and Melbourne University. It is currently part of enterprise bargaining negotiations in a number of Commonwealth Government Departments. Where it has been adopted, it has been welcomed enthusiastically by staff. It has been actively pursued by the Community and Public Sector Union as part of its negotiations with public sector employers.

The 48/52 scheme is expected to be of particular benefit to parents needing extended leave during school holidays, allowing them to balance employment commitments with family responsibilities. Other groups of workers expected to embrace the scheme include students and scholars requiring longer periods of leave to allow for study and academic commitments.

The introduction of 48/52 is expected to bring significant occupational health and safety benefits. Recreation leave has traditionally been seen as having important therapeutic benefits that contribute to more effective work. So far, these schemes have largely been confined to the public sector. They need to be extended in both public and private places of employment.

In sum, variable annualised leave offers a flexibility and financial continuity to workers which to date been available only through inappropriately rigid trade-offs against career prospects or personal life. In principal, the introduction of a 48/52 scheme into a workplace would, with a take-up rate of, say, 50 per cent, permit the organisation to employ 4 per cent more workers.

Four-day week and leave without pay

Several other means of reducing hours of work are possible if employees are prepared to accept reduced income in return for more leisure. The four-day week is one possibility. If daily hours worked remained the same, the fifth days could be combined to generate new full-time positions. This would result in five people working four-day weeks rather than four people working for five day weeks with one being unemployed.

Another possibility is to provide for the opportunity of longer and more regular periods of leave without pay, or leave at reduced pay for long service, for study, retraining or leisure. Such flexibility would suit many people in different situations -- people wanting to change career path, upgrade their skills, care for children or a parent or take a long trip. These could be done without giving up security of employment.

These arrangements could be supported by the community by payment of the equivalent of the job search allowance under specified conditions, in the way that Denmark does through their *orlov* scheme (see above).

There is certainly scope for effective use of such schemes. Many people in paid employment respond to surveys by saying that they would like to work fewer hours even if that involved lower pay (ABS, 1988; Tracey and Lever-Tracey, 1991). The extent of the interest would be increased if there were a degree of public support through payment of the job search allowance under specified conditions. The seriousness of the level of unemployment and the damage which it is causing creates the imperative for active study of the feasibility and value of such approaches.

9. Implications of work-sharing schemes

Widespread adoption of work-sharing schemes in Australian work places would have many implications. Introduction of work-sharing schemes would be easier in some work places than others both for technological reasons and institutional reasons. It should be noted that these schemes would result in a generalised reduction in working hours for those in full-time employment. It is not proposed that the unemployed should be set about doing the excessive work of those working 50 and 60 hour weeks. This rules out the objections to worksharing put forward by Dawkins (1996), for example.

Worker acceptance

Work-sharing is a popular concept overseas because it is consistent with more flexible and family friendly working hours. However, the working hours redistribution system hinges on workers' preferences and expected living standards. While workers at Volkswagon in Germany agreed to cut hours, workers at Nissan in the UK preferred to maintain their hours and pay-packets, with a number being offered redundancy. The difference between workers' decisions in Germany and the UK is influenced by differing industrial relations systems; the level of industrial trust and cooperation contributes to a willingness to be more flexible. In addition, people locked into heavy financial commitments, inevitable in a culture of acquisitive individualism, are likely to resist any diminution in income. Encouraging openness to change in such circumstances means addressing the cultural assumptions about what constitutes quality of life, and focusing more on social wellbeing and community development.

For individuals, job security is a major and real concern. A recent Australian National University research project found that full-time workers reported much more job security than part-time workers (Evans and Kelly 1995). This probably reflects the reality that the part-time jobs that have proliferated in recent years are inherently more insecure. It is most important that work-sharing schemes be embedded in contracts and systems that, as far as possible, ensure security of employment. By reducing unemployment, the widespread adoption of work-sharing schemes could reduce job insecurity.

Unions tend to distinguish sharply between working time flexibility, which may have advantages for workers, and deregulation, which is seen as a threat. They also tend to oppose the complete individualisation of working time, which is viewed as a threat to trade union strength and solidarity. Agreements to introduce greater work time flexibility may need to incorporate measures to off-set these possibilities.

Employer acceptance

Although employers generally are seeking greater flexibility in the organisation of working time in order to be more competitive, there is often resistance to the promotion of permanent part-time employment as such workers are seen to lack the commitment of full-time employees.

Yet recent research (Kriesler 1995) indicates that well-rounded individuals, whose home life is contented and who value family and leisure as much as work, tend to be as successful as their more work-focused colleagues. There is every expectation that the extension of flexible work schemes will increase the productivity of firms.

Fiscal effects

This is a complex topic that requires detailed analysis. The schemes proposed in this paper will involve higher outgoings to the extent that unemployment benefits are paid to workers working less than full time. Income tax receipts will fall as workers move into lower tax brackets but will rise due to the increase in the number of people employed. On the other hand, the fall in unemployment will reduce the unemployment benefits bill. Therefore, as the Canadian study reviewed above showed, the net fiscal impact would almost certainly be positive. The decline in social problems associated with unemployment could result in large savings.

Implications for skills and training

Changes to industrial relations legislation to remove restrictions on part-time employment are currently being introduced into Parliament. Whilst there may be advantages to some sectors of the labour market in these changes, the current focus on part-time work as the principal method of achieving flexibility in the workforce may discourage employers from providing opportunities for training and skills formation.

It is important to ensure that the extension of flexible working time arrangements does not undermine the ability or incentives of employers to provide training. The schemes outlined in this paper are more likely to retain a commitment to skills training than the continued extension of part-time and casual employment.

Effects on family and social life

Widespread changes to working time arrangements and associated reductions in income are likely to result in substantial changes in patterns of family and community life. These changes will be complex and many effects will be unforeseen. Over time, social and personal attitudes to paid work and career expectations may change.

Some people who choose to work fewer hours, or who take long breaks from paid work, will undoubtedly feel liberated from some of the obligations of long working hours and will devote themselves to unpaid work, either in the back shed or out in the community.

10. Concluding comments

Three features of the current work situation are of serious concern: the number of people who are unable to find the work they want and need; the extent of overwork and stress amongst those who have jobs; and the degree of employment insecurity everywhere, amongst both the employed and the unemployed. One means of addressing each of these issues and restoring a better balance is through distributing work more equitably.

It is important, therefore, to describe possibilities and to recommend concrete action to begin the process of redistributing work more fairly. This paper aims to identify new approaches to decreasing unemployment levels in Australia. We recognise that work sharing schemes will in many work places be met with suspicion, especially by workers with large financial commitments and insecure jobs. To succeed, the introduction of new flexible working arrangements must always be accompanied by an increase (or at least no decrease) in job security. This paper should be seen as part of a process of shifting community perceptions about work, leisure and family so that we can implement creative solutions to the distressing problem of chronic unemployment.

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