Union Game Plan: Conscripting Fickle Consumers

Michael Warby is a Fellow of the IPA. He has just completed an IPA Policy Paper, A Controlling Agenda: The Push to Re-Regulate the Labour Market and Why It Is Wrong. This paper will be published in September.

Recent research report painted the contemporary consumer as fickle, unpredictable, anarchic, attention-deficient, Do-It-Yourself, self-willed and suspicious. To acquire the support of such consumers is a difficult matter, as firms and political parties have learnt. Nor is there any final victory—one has to work to retain their support day after day.

Unions are losing that fight. Since 1982, the unions’ share of private sector workers has halved (from 39 per cent to less than 20 per cent) and of public sector workers has fallen almost a third. (from almost three-quarters to 50 per cent).

The union movement has two choices to stop this loss of market share. It can seek to re-invent itself as providers of services that workers are willing to buy at prices they are willing to pay. Or it can seek to change the settings of public policy and labour market regulation so that workers are driven back to the union movement.

The recent ACTU Congress, and a flurry of effort within the ALP, has seen conscripting fickle consumers become the preferred strategy. The push for re-regulating the labour market is on.

The re-regulation agenda seeks to stop the movement of people from permanent employment into other modes of engaging labour—casual, contract, labour hire. Independent contractors are particularly targeted. IR tribunals are to be given the power to declare any contract for services to be contracts of employment—thus any franchisee, contractor or labour hire worker can be declared to be an employee.

The first legislative manifestation of the agenda is the Queensland Industrial Relations Act 1999—and the first test case on the use of Section 125 of the Act to declare people engaged under contracts for services to be employees is already underway. The Act contains provisions such as declaring any partner in a partnership of more than four people to be an employee (Section 5(e)); defines conscientious beliefs narrowly so as to exclude objections to the policies of an organisation or organisations generally (Section 102), conscientious belief being the only grounds for a registered exemption from membership.

The Australian Centre for Industrial Relations Research and Training (ACIRRT)—an organisation of about 20 staff originally funded by taxpayers but now supported by consultancy work, often from major corporations—and Sydney University Law Professor Ron McCallum (see in particular his 1997 Whitlam Lecture Crafting a New Collective Labour Law for Australia, on the ACTU Website, and ACIRRT’s Australia at Work, Prentice Hall, 1999).
of an organisation (Section 111); defines an association of independent contractors as an industrial association (Section 102); defines as strikes or lockouts actions by an independent contractor, or person engaging an independent contractor that would be such if done by an employee or employer respectively (Section 103[1]); extends prohibited conduct to cover someone proposed to be engaged as an employee or independent contractor (Section 105[2]); narrows union liability for actions of officials (Sections 108, 237); gives the IR Commission the power to void, in whole or in part, any contract which it deems unfair (Section 276); and makes it an offence for an employee to accept reduced wages (Section 667[1]).

An attempt to legislatively implement this labour market re-regulation agenda in New South Wales stalled in the upper house. Professor McCallum is heading up a taskforce on Industrial Relations regulation in Victoria. If this agenda of control is successfully implemented, not only will employment be discouraged by mounting costs and liabilities, but regulatory intrusion into ordinary commercial life will be massively expanded.

The record of employer organisations—many of whom have an inherent interest in a complex system of labour market regulation so they can sell regulation-management services to their members—in resisting this agenda has not been an unblemished one. Business needs to focus very clearly on what is going on and ensure that those who allegedly represent it really are looking after their interests as employers.

The IPA is determined to speak up for those who will be most disadvantaged by this agenda—the young worker looking for a job, the homemaker who finds part-time and casual work convenient, the small businessperson who wants to be able to afford, and manage the costs and risks, of profitably employing new people, the independent contractor. A set of organisations which represent less than a fifth of private sector workers should not have labour market rules warped for their narrow interests.

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All the latest available on our Website
www.ipa.org.au

for the latest in books, Backgrounders, press articles and speeches

The IPA Website provides almost everything published, written and spoken by our staff and commissioned authors.

Here is a small selection of some of the latest from the IPA. Please check the Website for more.

**SUBMISSIONS AND SPEECHES**

Application for Authorisation: Value of Lost Load (VoLL), by Alan Moran. Submission to the ACCC Review of the Electricity Price Cap. [Energy Forum Issues Paper No 15, July 2000 forms an appendix to this submission].


Application for Revocation of Coverage of Parts of the Moomba to Sydney Pipeline System, by Alan Moran. Submission to the National Competition Council : NCC Draft Recommendation.

Submission to the Productivity Commission Inquiry into the Review of Telecommunication Specific Competition Regulation, by Jim Hoggett.


Submission to the Inquiry into the Gene Technology Bill 2000, by Alan Moran. IPA’s Submission to the Senate Community Affairs References Committee, August 2000.


**PRESS ARTICLES**

In the past, all of the IPA’s press output was included on the back page of InTouch. Readers are now invited to visit the IPA’s Website to obtain up-to-date access to all articles.

**PUBLICATIONS ORDER FORM**

To simplify things, the Website has an easy-to-use order form when requesting any of our many publications. All current publications are, of course, on display on the home page, and available to read in PDF format.
In June, the IPA hosted a visit of the highly respected agricultural scientist Professor Channapatna Prakash, from Tuskegee University in Alabama. He is Director of the Center for Plant Biotechnology Research.

The IPA brought him to Australia to launch his Biotechnology Petition [see box below] in this country at the Melbourne Media Club. For the occasion, Dr Edwina Cornish, Professor of Biotechnology at Adelaide University, attended to become the first Australian scientist to sign the petition, adding her name to an extensive international list of nearly 3000, including two Nobel Prize winners. At the launch she said, “Negative messages in the media about genetically modified food ignore the fact that there are no inherent dangers and many long-term benefits,” citing the reduction in chemical applications needed for modified cotton crops in Australia.

Dr Prakash observed, “Australia was a key player in world agriculture and could benefit from genetically modified foods. (It) could benefit from the new value-added products and the more nutritious products. The country is a dominant player in world agriculture and has always embraced science and technology.” He categorically dismissed claims that GM foods were dangerous. “We have always been putting genes into our crops to make them better and more productive—it’s just that we have been doing it with much cruder methods.” The launch was well attended by the Melbourne media.

During his Australian visit, Dr Prakash took in three cities, Canberra, Brisbane and Melbourne, with a series of public lectures, meetings and a conference.

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**Petition**

### Scientists in Support of Agricultural Biotechnology

We, the undersigned members of the scientific community, believe that recombinant DNA techniques constitute powerful and safe means for the modification of organisms and can contribute substantially in enhancing quality of life by improving agriculture, health care, and the environment.

The responsible genetic modification of plants is neither new nor dangerous. Many characteristics, such as pest and disease resistance, have been routinely introduced into crop plants by traditional methods of sexual reproduction or cell culture procedures. The addition of new or different genes into an organism by recombinant DNA techniques does not inherently pose new or heightened risks relative to the modification of organisms by more traditional methods, and the relative safety of marketed products is further ensured by current regulations intended to safeguard the food supply. The novel genetic tools offer greater flexibility and precision in the modification of crop plants.

No food products, whether produced with recombinant DNA techniques or with more traditional methods, are totally without risk. The risks posed by foods are a function of the biological characteristics of those foods and the specific genes that have been used, not of the processes employed in their development. Our goal as scientists is to ensure that any new foods produced from recombinant DNA are as safe or safer than foods already being consumed.

Current methods of regulation and development have worked well. Recombinant DNA techniques have already been used to develop ‘environmentally-friendly’ crop plants with traits that preserve yields and allow farmers to reduce their use of synthetic pesticides and herbicides. The next generation of products promises to provide even greater benefits to consumers, such as enhanced nutrition, healthier oils, enhanced vitamin content, longer shelf life and improved medicines.

Through judicious deployment, biotechnology can also address environmental degradation, hunger, and poverty in the developing world by providing improved agricultural productivity and greater nutritional security. Scientists at the international agricultural centers, universities, public research institutions, and elsewhere are already experimenting with products intended specifically for use in the developing world.

We hereby express our support for the use of recombinant DNA as a potent tool for the achievement of a productive and sustainable agricultural system. We also urge policy makers to use sound scientific principles in the regulation of products produced with recombinant DNA, and to base evaluations of those products upon the characteristics of those products, rather than on the processes used in their development.
and Professor McCallum is heading up an IR Task Force for the Victorian Government. This forthcoming policy paper by Michael Warby examines this agenda, its enormous scope, its employment-destroying capacity and why it will be ultimately self-defeating.

IPA Policy Paper

A Controlling Agenda: The Push to Re-Regulate the Labour Market and Why It Is Wrong

Michael Warby, Fellow, IPA

IPA Backgrounder

Education Reform: Who Should Control the Curriculum

Kevin Donnelly, Director, Education Strategies

Across the Western, English speaking world, over the last five to 10 years, education systems have undergone significant reform. Whether charter schools in the U.S. and Canada, grant maintained schools in England or Victoria’s Schools of the Future, the intention has been to reduce state control over schools and to open them to the ‘market place’. Discussion about such initiatives has focused on matters of management, organisation and structure, and the assumption is that parents and students have benefited as a result of greater choice and freedom. Unfortunately, in relation to curriculum, governments have refused to be as innovative. Instead of giving schools greater autonomy, governments have consolidated their control over curriculum and forced schools to enact a range of educational ‘fads’ and bureaucratic grand plans. Notwithstanding the increased autonomy schools now have to manage and organise themselves as they see fit, the fact is that where education matters the most, that is, the curriculum, schools are even more constrained then they once were. The question then becomes: ‘What benefit is there in being able to chose from a range of schools, if all are forced to follow the same impoverished, politically correct and mediocre centrally determined curriculum?’.

IPA Backgrounder

Market Failure or Policy Mess: Telecommunications in Regional and Rural Australia

Tony Warren, NERG Consulting and the Australian National University

Contrary to common perceptions, Australians living in rural and remote parts of the country have in general seen a dramatic improvement in their telecommunications service over the period since deregulation of the industry and the part privatisation of Telstra.

The problem is, however, that people in the bush believe that their service levels have not gone up as much as in the cities.

This backgrounder seeks to pin down what is the rural telecommunications problem that is causing so much public angst, why this problem exists and what should be done about it.

There are three broad sets of issues that arise with great regularity as the major telecommunications concerns of rural and remote Australia:

A lack of equivalent levels of access to what is known in the industry as POTS (plain old telephone services) or basic telecommunications services;

A lack of equivalent levels of access to mobile services; and

A lack of equivalent levels of access to advanced services such as high-speed data services.

Both the supply and the demand side explanations for differences in service levels are examined and the backgrounder concludes with a discussion on where policymakers should be focusing their attention.

IPA Backgrounder

Biotechnology and the Third World

Professor C S Prakash
Tuskegee University, USA

The Green Revolution saved millions from death, lifted millions out of poverty, released millions of farmers to better jobs in other parts of the economy and saved vast tracts of the natural environment from the plough.

A new agricultural revolution—one based on biotechnology—is currently under way.

However, it faces many hurdles and vigorous criticism in regard to its impact on third world agriculture.

In this Backgrounder, Dr Prakash, a leading authority on biotechnology in third world agriculture, addresses these criticisms.

IPA Backgrounder

IPA BIOTECHNOLOGY BACKGROUNDER

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NEW ECONOMIC POLICY UNIT
Jim Hoggett has recently joined the IPA as Director Economic Policy Unit. Jim spent 20 years with Commonwealth Treasury including overseas postings with the OECD and in Washington DC. He was an economic adviser to the Business Council of Australia during the 1980s and over the past decade has been involved in corporate/economic advice with Pioneer International Ltd, Australis Media and most recently Star City.

Dr Jim Hoggett

Although Jim has a broad brief, he will concentrate on two key policy areas— savings and infrastructure.

A focal point of Jim’s work will be reform of superannuation policy. The public sector’s call on national saving declined during the latter half of the 1990s. The booming economy, itself partly due to fiscal prudence including lower government capital spending, brought lower interest rates and record tax receipts. However, this “virtuous circle” is now threatened by calls for rapid growth in spending. And it is set to deteriorate further if governments succumb to endless demands for more and ever bigger largesse to solve every problem real and imagined.

At the same time household saving has—despite the introduction of the superannuation guarantee levy— reached a record low and the current account deficit—our overseas borrowings—remains the second highest in the developed world after New Zealand. If we continue down this path, foreign ownership will rise, wealth will decline and with it our standard of living. Mr Micawber’s timeless aphorism—“spending twenty shillings and sixpence, income twenty shillings equals misery”—applies to nations.

Australia faces the need for large investments in infrastructure, particularly in telecommunication, transport and land/water rehabilitation. The task is to ensure that the process is not distorted by governments building white elephants, undermined by excessive regulation, or squandered by throwing money at problems.

NEW PUBLICATION
The new series of FACTS is now already up to its second edition. It was thought worthwhile to resuscitate a very popular and easy to use format for handy statistics on a range of current political and social issues. It is to appear three times a year. Already there have been new subscriptions for it following the first promotional issue.

CORPORATE AFFAIRS FORUM
The Institute of Public Affairs has set-up a regular Corporate Affairs Forum to discuss ‘coal face’ issues of concern to corporate affairs executives. Several meetings have already taken place.

One of the spin-offs of the Forum is to provide ideas, information and direction for the IPA’s newly established NGO Project. Speakers at the meetings have been chosen to provide practical examples of campaign management during high media profile events.

Gary Johns spoke on the IPA’s NGO Project itself, outlining the focus the project should take in dealing with NGO accountability.

THIRD HAROLD CLough Lec-ture
The third annual Harold Clough Lecture and Luncheon in Perth was given this year in August by Jeremy Rabkin, Professor of Government at Cornell University. He spoke on National Sovereignty: More relevant than ever in a Globalizing World. In his lecture, Professor Rabkin emphasised that, in spite of perceived threats through world trade and United Nations notions of global governance, there is in fact no alternative to the nation-state for retaining open and accountable political structures.

Professor Rabkin was brought out to Australia by the IPA for a series of talks in Perth, Melbourne, Canberra and Brisbane.

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TOUCH SEPTEMBER 2000
THE HEATED DEBATE
Yes. There is global warming. But the amount of warming and the reasons for it are still in dispute amongst the world’s atmospheric scientists. No one can yet show whether or not the warming is natural or due to human activity. This up-to-date account on The State of the Global Warming Debate in the US was given by Dr Robert C. Balling, Director of the Office of Climatology at Arizona State University in a Dialogue on 17 February. Dr Balling is one of the world’s leading authorities on the issue. He is a consultant to the United Nations and the World Meteorological Organisation, and is on the Intergovernmental Panel on Climate Change.

FOODIES FOR COMMON SENSE
Humans have applied their ingenuity to plant manipulation and food modification for the last several thousand years. This ability to manipulate food can now be seen to be critically important for human welfare in the future. Dr David Tribe, a molecular biologist at the University of Melbourne, launched his Backgrounder Biotechnology and Food: Ten Thousand Years of Harvesting Crops, Ten Decades of Harvesting Genes, and explained how GM technology can improve nutrition, remove undesirable toxins, tackle the problem of pests and diseases and improve global food supply. Just the sort of arguments, one would have thought, that the Green movement should be most impressed with.

ONE CHINA, TWO CHINAS?
The difficulties facing the two Chinas and the international community in resolving the conflict over Taiwan’s independence are quite acute, particularly for Australia. Rowan Callick, from the Australian Financial Review and for four and half years its China correspondent, and Dr Thomas Bartlett from La Trobe University, gave a rather grim account of the issues involved in their Dialogue, China, Taiwan: One Future? Which Future? Mr Callick highlighted the ambiguity in Australian foreign policy between an unquestioning sinophilia prevalent in the Department of Foreign Affairs and the Australian press and the need to recognise the fact that Taiwan is not only an important trading partner but also a free and democratic country which, on the analysis of the speakers, should be supported in its claim for independence.

THE RISK TO AUSTRALIAN SOVEREIGNTY THROUGH INTERNATIONAL TREATY MAKING
The major growth of multilateral agreements on the environment— with over 139 such treaties currently in existence—poses a danger to Australia. Andrew Thomson, Federal Member for Wentworth and Chairman of the Parliamentary Joint Standing Committee on Treaties, gave an impassioned talk on the dangers of the Trade Implications of the Bio-safety Protocol at an IPA Dialogue on 17 May. He explained that the Bio-safety protocol is a major plank in the environmentalists’ agenda of restricting trade. He also demonstrated that it has major implications for agricultural exporting nations such as Australia.

MORE FOOD FOR THOUGHT
The impact and importance of biotechnology in the Third World have as far reaching effects on standards of living as the Green Revolution that went before it. Professor C S Prakash, from Tuskegee University, (see p. 4) in a Dialogue, demonstrated that the new GM innovations would offer similar benefits to mankind. The Dialogue was organised in conjunction with The Crawford Fund (a supporter of International Agricultural Research).

WHAT THE GREENS ARE SELLING
The Green movement is on a potential winner. It is selling something that makes people feel they are good people, of higher moral status, and involved in some profoundly important cause. In a presentation to a National Association of Forest Industries (NAFI) conference on 29 June, IPA Fellow Michael Warby examined the NGO sector and its new function. He explained that in terms of human needs, a prosperous society produces a desire for virtue amongst the urban middle classes. Some NGOs are very effective in meeting this desire. To achieve this, credibility is crucial. The Institute of Public Affairs is seeking, in its NGO Project, to find out whether this credibility is warranted.

THE BUSH NOT BUGGERED
We have to do away with the idea that the bush is buggered. There are many success stories and there are many opportunities created by reform, according to Mike Nahan in his lecture, Regional Regeneration, at Compaq Computer Australia: Opportunity in Excellence Luncheon Series on 22 February in Canberra. Mike argued that we also need to focus our infrastructure efforts on 21st century technologies like telecommunications and biotechnology rather than those of the last century.

BOOM BABY, BOOM!
Even though many baby-boomers may in their hearts be collectivists, in their actions they are the most individualistic of all previous generations and have both driven and relished in the rise of individualism and of economic freedom. Mike Nahan made this point in a lecture in Perth, The Influence of the Market, at a Symposium on Markets.
SALT AND WATER

Salinity and other water issues have been elevated to considerable importance in Australia, especially in dry land farming in Western Australia and leaching in the Murray system. Allocating specific individual ownership rights to water and allowing its trade would maximise use value and reduce salinity and farm based pollutants caused by intensive use. Alan Moran made these observations in an address, Pricing Water for Conservation, at Earthwatch’s Shearwater Conference on 30 June 2000. We should grab such opportunities, he claimed, but if the problem is as great as some claim, we may need to include market type pricing within a regulated framework of reduced water availability.

PRIVATE CONSERVATION

Markets, Politics and Voluntary Action

As the Regional Forestry Agreements illustrated, the politics that come with public ownership can have a divisive effect on the community, commerce and the environment.

There is an alternative—private conservation. This entails individuals, associations and organisations responding to opportunities to make profits or simply to the love of nature. It allows nature to be well protected without regulation, tax funding or government ownership.

Private conservation builds on the creativity and ingenuity of many individuals and allows those who value the environment highly to put their money and energy directly to good use rather than into political action.

Michael De Alessi is a world expert on private conservation. He will outline the potential for private conservation activity and show how it is vastly superior to government regulation.

PRICE $13.20 (incl. GST)
IPA Dialogues
Education Reform: Who should control the curriculum.
Kevin Donnelly, Director, Education Strategies
IPA Office, Melbourne
5.30 for 6.00pm 9 September, $16/$10

One-day Conference
Accountability for Non-Government Organisations
Distinguished NGO Chief Executives and specialists.
Melbourne Business School, Carlton Thursday, 26 October 2000, $165/$121.

Lunchtime conference
The Australian Economy: A view from Chicago
David Hale, Chief Economist, Zurich Financial Services
Noon for 12.30pm Monday 9 October 2000

IPA Dialogues
The case for Commercialising Highways
Robert Poole, Reason Foundations
IPA Office, Melbourne
Noon, Thursday 16 November, $22.

CANBERRA
Decisionmakers Lunch
Market Failure or Policy Mess: Telecommunications in Regional and Rural Australia
Tony Warren, NERG Consulting and the Australian National University
Parliament House, Canberra
Noon, Friday 17 October (no charge).

For details of times and locations or for RSVPs, please contact
Joanna Ingram in the Melbourne office on (03) 9600 4744 or by e-mail jingram@ipa.org.au
The most recent updates to Diary Notes can be seen on the IPA Website www.ipa.org.au

The Institute of Public Affairs
Presents a one-day Conference on

Accountability for Non-Government Organisations
Melbourne Business School
Thursday, 26 October 2000

Morning:
Issues in Accountability
Speakers:
Terry Kilmister: Financial Accountability
The Hon. Gary Johns: Political Accountability
Martin Stewart-Weeks: Management Accountability
TBA: Accountability, the Donor Perspective

Afternoon:
Accountability in Practice
Speakers:
The Hon Jim Carlton (Red Cross)
Elaine Henry (Smith Family)
Dr Ken Baker (ACROD)
Dr Mike Nahan (IPA)

Non-Government Organisations (NGOs) play a large and increasingly important role in service delivery and public debate. Many NGOs are highly respected institutions. Are accountability mechanisms commensurate with NGO’s role and status? What can be done to improve NGO accountability? This conference brings together people with a vast array of experience to discuss these increasingly important topics. No-one interested in the role and performance of NGOs should miss this conference.

Cost: $161 / $121