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Highway to hell, or high road to heaven?

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VALUE ADDED - OPINION

John Howard's IR bill has been hurried through Parliament, but it could all have been so different, writes Tony Dundon.

THE Coalition Government's controversial **Industrial** Relations Reform Bill was rushed through the Senate last Friday night amid protest from Labor about the lack of time to debate the alternatives.

And there are alternatives. Australia can either go with reforms espoused by **John Howard**, or embrace a high-road strategy based on innovation, creativity and **workplace** inclusion as a more viable response to global competitiveness.

To argue, as the Howard Government has, that these reforms will magically empower individuals to modify the terms that determine their livelihood is gobbledygook. What is proposed is little more than a mythical "all-American dream - Aussie style".

It is just unreal to assume that a prospective or existing employee can muster the same clout as the MD or CEO of Ford or some other corporation, whether large or small. What will happen is that millions of Australian families - perhaps 80 per cent of the workforce - will be disenfranchised because they work in a company that employs fewer than 100 people.

The alternative is to design a road map that can balance efficiency with justice. Howard's Government may learn quite a lot if it looks at the path chosen by the Europeans. The European social model proved to be Europe's adaptation to globalisation and intensified competition.

For the whole of the 1990s, productivity improvement across the European **Union** exceeded that for the US. When measured by GDP per hour rather than GDP per person, productivity is much higher in several EU states than it is in America. The choice of the US model favoured by Howard means lower skilled and generally lower-paid jobs. The Euro alternative aims at

higher value-added jobs based on knowledge transfer, life-long learning and functional flexibility.

One practical example of this is in Ireland, Europe's fastest-growing economy. The sustainability of Ireland's Celtic Tiger economy, since 1990, is based on social partnership that involves government, business leaders, unions and community groups at a national level.

It is underpinned by institutional support programs: corporation tax is one of the lowest in the euro zone, there is the Forum on the **Workplace** of the Future, involving business groups, unions and the prime minister's office, and basic rights provide a fair and transparent playing field.

Moreover, the system produces tangible gains. Recent research conducted by academic colleagues at the University of Limerick shows what can be achieved from a high-road system based on knowledge transfer and workforce participation: company revenue is as much as EUR50,000 higher per employee; productivity is 15 per cent higher; and staff turnover 16 per cent lower in enterprises that follow the high-performance road map than in those that don't (see, for example, www.ncpp.ie).

Employee voice is integral to the model. In many incidents voice is channelled through trade unions. The trick is to value and encourage employee contributions - very different from legislating for **union** rights. In many EU states, unions are strong because they make a valuable contribution, not because they have some privileged legal status. The net effect is a strong social market that complements the economic market.

Of course there are always challenges and tensions in economics and **industrial** relations. It would be naive to assume that a single model can be applied across 25 independent member countries in a uniform manner. Difficulties exist in Germany, the most social economy in Europe.

These difficulties mostly relate to feeding its annual EUR70 million reunification program. The British Government also objects from time to time about rights and protections for employees that add extra burdens on business. But for the most part, employers gain from the EU social model: it has a levelling effect that stimulates creativity and global competitiveness. But there is an even more basic factor: it's fairer.

EU social policy also works better than the US-style alternative because at its core is social inclusion rather than exclusion. These principles are fixed but the institutions of **industrial** relations are equipped to respond to global economic pressures.

Nor is this road map too far away from Australia: Helen Clark, New Zealand's Prime Minister, is a Euro-style democrat who has managed the NZ economy with much success.

The low-road option is not the only path available. The alternative high-road strategy is evidently more attractive to those societies that value fairness and prosperity.

Dr Tony Dundon lectures in **industrial** relations and is research director for high-performance work systems, Centre for Innovation and Structural Change, National University of Ireland, Galway. He is visiting Australia on sabbatical leave.

Caption :PHOTO: Taking a walk on the high side in the euro zone.
PICTURE: AP

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