

The Third Way, Employment and the Workplace in Australia

Peter Waring*, Shane Ostefeld*,
John Lewer* and John Burgess**

Abstract

The Third Way program for work, industrial relations and employment is examined. The discussion considers the publications of major third way proponents in the UK and Australia. It then considers what policies have been instituted under New Labour in the UK. The discussion then moves to the possibilities for Australia. Overall the Third Way program is either underdeveloped in some areas (eg the workplace) or largely following orthodox supply side policies in other areas (eg unemployment). The article concludes with a list of some of the important work and workplace issues that could be addressed by a new policy program.

Introduction

The Third Way program is potentially relevant for the political discourse in Australia since the Australian Labor Party has strong cultural and intellectual connections with British Labor, the standard bearers of third way politics in Europe. In addition, several ALP members have initiated a discourse on third way policies for Australia (Latham, 1998; Tanner, 1999). It seems opportune to examine the context, assumptions, nature and detail of a Third Way program. In particular we address issues surrounding work and employment. Despite a decade of strong growth and extensive indus-

* School of Management, University of Newcastle, ** Department of Economics, University of Newcastle

trial relations transformation in Australia, unemployment, employment conditions and the workplace remain important policy issues to address. However, the third way discourse in Britain and the USA, and the third way policy program of the Blair Government remains sketchy and poorly developed with respect to these issues. Although Australian adherents of the third way have provided more detail, the policy analysis remains incomplete. In this article we sketch the background of the third way, investigate the discourse on employment and work, and highlight what we see as the issues that should be addressed through policy.

The Third Way and Its Discourse

Green and Wilson (1999) have claimed that the third way model was conceived by a group of policy advisers to now ex-President Bill Clinton prior to the 1992 US election. According to Green and Wilson (1999) the term 'the third way' was a reference to the Socialist International's 1951 program which established a political direction and philosophy distinct from American capitalism and Soviet communism. However, as Green and Wilson (1999) explain, the Democrats crushing defeat in the 1994 congressional elections saw Clinton move to the right by absorbing much of the Republican agenda. Dick Morris, Clinton's chief political strategist was instrumental in shifting the third way agenda to the right, especially with respect to welfare reform.

The Third Way is fundamentally about reinventing left of centre political parties to make them more electorally attractive and to force them to address the core issues of contemporary society. It is about repositioning centre-left parties towards the centre, and median voters, in order to sustain electoral success (Teixeira, 2000). In Giddens's terminology the third way is a political process that seeks to renew social democracy following the demise of communism and the limitations of a subsequent neoliberal policy agenda (Giddens, 1998). It is the middle way between the extremes of neo-liberalism and socialism. It is about new challenges, new policies and a new political discourse. It is also about reinvention and the repackaging of parties, hence "new" Democrats in the USA and "new" Labour in Britain. In itself the Third Way has been variously described as foggy, flummery, blurry, goldilocks politics and vacuous (Hyman, 1998; Lloyd and Bilefsky, 1996; *The Economist*, 1998). At its core the third way eschews ideology, indeed it boasts that old ideological divides are no longer relevant. What is relevant are 5 core issues or dilemmas that all left of centre parties have to address (Giddens, 1998: 27-64):

1. globalisation: the scope of policy choice and opportunities within nation states has been significantly altered;
2. individualism: there is an erosion of support for collectivism; a destruction of social solidarity in the face of new individualism with its retreat from custom and tradition;
3. left/right divide: the nature of the boundaries have become blurred but the challenge facing the left remains effectively addressing inequality; there is shifting polarity and social democrats need to reposition themselves;
4. political agency: there remain core functions for the state to perform in the light of major market failures; markets cannot replace governments; the rise of sub politics and interest groups is a consequence of declining trust in political institutions; how should government be reconstructed to meet the needs of the age?; and,
5. the ecology: there are difficult political choices to confront if ecological issues are to be addressed; the ecology remains beyond political divisions and cannot be ignored.

It is never made clear why these are the core issues and why the list is neither longer nor shorter. Nor does the identification of core issues in itself provide any framework for policy. Indeed, the policy framework is as partial and ad hoc as are the core issues. It is contestable whether there are only three ways to address the core issues and whether the third way constitutes a new and a coherent approach to policy. Some, such as Dahrendorf (1998) argues that the discourse oversimplifies issues, conflates them to a choice somewhere between two extremes and ignores the many shades of policies and institutions associated with both neo-liberalism and socialism.

Supporting the core issues are Third Way core values underpinning policy (Giddens, 1998: 66). These core values include: equality; protection of the vulnerable; freedom as autonomy; no rights without responsibilities; no authority without democracy; and, cosmopolitan pluralism.

These core values then serve as a starting point for the discussion of policy. However, there is no comprehensive, detailed or cogent policy program. Giddens describes the policy program as on going, robust and integrated (2000: 31). However, the central problem remains the lack of translation of ideas and beliefs into a comprehensive policy program. There is a stated belief in partnerships and in the harnessing of communities. Civil society, reciprocal obligation, rights and responsibilities are all part of the program. There is a belief in the importance of human and social capital accumulation. Markets are acknowledged for their centrality and dyna-

mism, but the market is also acknowledged as having profound limitations and failures. Democracy should be extended through institutional reform, with accountability and transparency being the hallmarks of participatory institutions. Economic management should consider the realities of globalisation and the nature of the "new" economy. Tax and welfare reforms are required, but the limitations of neo liberal and welfare state prescriptions are emphasised throughout the discussion.

The Third Way agenda has been subject to extensive criticism from across the political spectrum, and critics include Le Grand (1998), Lloyd and Bilefsky (1996), Dahrendorf (1996), *The Economist* (1998), Faux (1999), Hall (1998) and Ryan (1999). Essentially those on the right are critical of the lack of definition, the claims to be new or some responsible alternative, of fabricating a "third" way and of the grab for conservative policies and conservative voters. Those of the left view it as respectable neo-liberalism, as being uncritical of globalisation and markets, and for abandoning a comprehensive redistributive agenda associated with the welfare state.

In his rejoinder to the critics of the Third Way discourse, Giddens (2000: 22-25) identifies five fundamental objections to his analysis and case for a third way politics. First, Giddens notes suggestions that his cause may be an amorphous political project, difficult to pin down and lacking direction. Secondly he notes that his analysis may not be left in outlook but a restatement of conservative ideas and policies in that it accepts the fundamental framework and assertions of neo liberalism. Third, Giddens is concerned that the third way may be a distinctly Anglo-Saxon political project with less relevance elsewhere. Giddens also notes the criticism that the project has no distinctive economic policy outside of its market based paradigm. Finally, Giddens notes that the project may only provide for token recognition of the crisis in the ecology.

This discussion is interesting in that it forces Giddens (2000) to confront the major criticisms and to address the policy issues. He does confront the critics but on the policy issues he remains vague and evasive, pointing to general tendencies, summarising selective research on policy issues, criticising neo-liberal or "old" left approaches (and implicitly endorsing the third way), and highlighting the complexity of the tasks to be addressed.

In his review of Anthony Giddens's influential book, *The Third Way* (1998), Richard Hyman is apologetic to the readers of the *British Journal of Industrial Relations* since he cannot find anything in the third way manifesto about the workplace and industrial relations. Indeed, it is hard to find any in depth analysis of trade unions, the workplace, work or employ-

ment. In itself this is revealing since it appears that the third way manifesto conveniently avoids core industrial relations and workplace issues. This is surprising since it is precisely these issues that are at the heart of the divide between "old" labor and conservative political parties – neo-liberalism versus socialism. If we are looking for alternatives to the left and the right on this traditionally divisive area you will not find them in the Third Way discourse. Presumably it is either too controversial to consider or it does not count. The only context where the workplace is mentioned is with respect to policies for family friendly workplaces designed to better integrate work with family obligations (Giddens, 1998: 125). This will ring familiar with Australian readers where both Labor and Coalition parties promoted enterprise bargaining in part on the basis of a women and family friendly workplace agenda (Strachan and Burgess, 1998).

Is the apparent exclusion of the workplace deliberate? Is work and the workplace regarded as being irrelevant or outside of the third way discourse? Or is it too uncomfortably connected with "old" labor to warrant recognition?

Unemployment, another policy issue of clear division between left and right, is addressed but largely in the context of human capital and reciprocal obligation. With respect to the labour market the issues raised by Giddens (2000) and the policy discussion is distinctly supply side orientated. He emphasises the importance of human and social capital, an entrepreneurial culture and labour flexibility (2000: 73). Education is cited as the key aspect of human capital development (2000: 73). The third sector is seen to offer potential for more effective and flexible delivery of social programs (2000: 81). Long unemployment duration is linked to generous welfare benefits and low educational attainment. Hence there should be some transition from welfare expenditure to human capital expenditure (Giddens, 1998: 122). The demand side of the labour market hardly rates a mention apart from the context of the information and global economy and the limitations of (Keynesian) demand management programs in a global economy. Overall the analysis of the labour market is limited, supply-side orientated and espouses policies that will be familiar in the Australian context.

To gain some insights into how and where the workplace fits into a Third Way policy program it is more instructive to see what policies "new" Labor has implemented during its period in office in Britain.

The Third Way and 'Partnership' in UK Industrial Relations

As mentioned, the failure of Third Way thinking to properly intellectualise and problematise industrial relations is, in itself, an interesting phenomenon. Whilst key contributors to Third Way thinking such as Giddens (1998) attempt to establish a platform for social democratic renewal, it seems that this platform clearly neglects the workplace. Undy (1999: 333) has speculated that this failure to focus on industrial relations in a systematic way underscores Third Way thinkers' belief that it is no longer a significant issue. Globalisation and the steady disintegration of all forms of collectivism, according to Undy (1999), have meant that third way advocates have pushed industrial relations issues into the realm of the irrelevant.

Nevertheless, it seems that the *indirect* implications of the third way philosophy have filtered down into the Blair Government's approach to industrial relations in the UK. In particular Undy (1999: 332) argues that New Labour's third way response to Giddens' dilemmas – globalisation and individualism – can be found within its industrial relations settlement, firstly through the adoption of the EU's Social Chapter in 1997, and secondly, through the extension of individual rights at work. In this section, New Labour's approach to industrial relations is evaluated in the context of its guiding third way philosophy. In particular, it seeks to understand how third way thinking has influenced the development and implementation of industrial relations institutions and policies, especially with respect to the diffusion of 'partnership' practices. Finally, this section compares New Labour's third way style industrial relations, with what is known about the Australian Labor Party's industrial relations policy platform.

An important precursor to the development of New Labour's 'industrial relations settlement' was its signing of the EU's Social Chapter in 1997. McKay (2001: 291) has argued that New Labour's commitment to the social chapter signaled its acceptance that 'there was a social dimension to European integration'. The signing of the social chapter importantly committed the Blair government to introduce legislation consistent with EU directives on such issues as working time arrangements, parental leave and, perhaps more controversially, works councils. Besides signing the social chapter, the incoming Blair Government also established a Low Pay Commission that was charged with investigating issues associated with the establishment of a National Minimum Wage. The National Minimum Wage was subsequently introduced in June 2000.

Central to the Blair governments' industrial relations reforms though, was the drafting of the *Fairness at Work* white paper which was subsequently passed, with some amendments, as the *Employment Relations Act*

1999. It is within the detail and values of the *Employment Relations Act 1999 (ERA)*, that the influence of third way thinking becomes visible. For instance, the legislative changes incorporated in the *Employment Relations Act* were mostly focused on the extension of individual rights rather than measures designed to facilitate collectivism at the workplace. Brown (2000: 301) notes, for example, that the new act did not loosen the constraints on industrial action imposed by previous conservative governments. Indeed, the vast bulk of the Thatcher Government's legislative restrictions on industrial action remain in place, causing Smith and Morton (2001: 131) to claim that under the Act 'the liberty of individual workers to take industrial action remains precarious, in breach of international standards'. Similarly, Undy (1999: 330) has argued that the maintenance of restrictions on industrial action means that the 'existing balance of bargaining power which favoured the employer is seen as appropriate'.

Yet the Act also introduced, despite employer opposition, a statutory union recognition system consistent with New Labour's belief that employees should be granted the right to choose whether they want to be represented by a union or not. Moreover, the mechanism is also consistent with the Blair Government's goal to 'foster a new culture of partnership in the workplace' (Wood and Goddard, 1999: 204).

Where there is a clear desire of employees to be represented by a trade union the statutory union recognition system is supposed to encourage voluntary recognition of unions by employers. However, if voluntary recognition is not achieved, a formal ballot can be undertaken. For statutory recognition majority vote of at least 40 per cent of those eligible to vote is required. This ballot is not necessary where the union can demonstrate that it has majority support from employees (Wood and Goddard 1999: 204). However, Smith and Morton (2001: 124) level the charge that the legislative detail of the statutory union recognition mechanism largely embodies the wishes of employers. They point to the restriction of the mechanism to employers of at least 21 workers; the associated reduced bargaining scope and other legislative hurdles as clear indicators that the mechanism is designed to limit the mobilisation of collective power.

Despite these legitimate criticisms of the Act's restrictions on collectivism, it did introduce a number of initiatives consistent with addressing Giddens's globalisation and individualism dilemma's. In particular, the ERA extended parental leave rights, raised compensation levels for unfair dismissal and extended full-time employees' rights to part-time employees. It is a moot point as to whether these new rights are the genuine product of a third way approach or simply a result of European Union directives. Brown

(2000: 304) contends that these new rights simply reflected the pressure of EU directives whilst McKay (2001: 291) has claimed that although New Labour committed to the social chapter in 1997, it has 'complied with European proposals in a minimalist fashion, never exceeding what the European legislation required'.

One EU directive that has been implemented more or less in line with European practice, has been the directive on the establishment of works councils. According to McKay (2001: 291) the directive on European Works Councils came into force on the 15 January, 2000 in the UK. Under UK law, employers with 1000 employees or more are required to establish works councils composed of both employee and management representatives. McKay (2001: 292), estimates that around 300 UK-based companies will be required to establish works councils.

The implementation of the works councils' directive also seems to be largely in line with the Blair Government's current enthusiasm for social partnership in the workplace. As Guest and Peccei (2001: 208) have observed, Prime Minister Blair has argued that the Employment Relations Act's objective is to promote partnership in the workplace – to replace adversarial industrial relations with notions of cooperation and mutual gains. In order to promote partnership at work beyond the introduction of the ERA, the Blair Government has established a partnership fund to 'stimulate a diverse range of partnership activities and initiatives'.

The TUC enthusiastically embraced the concept of partnership in its May 1999 manifesto 'Partners for Progress: New Unionism in the Workplace' which also articulates six principles underpinning its conceptualisation of partnership for trade unions. These are: employment security; commitment to the success of the firm; openness and transparency; recognition that partners have overlapping but distinct interests; enhancing quality of working life and; tapping the motivation, commitment and innovation of employees to make work more interesting and to add value to the firm.

These are also the principles which underpin the UK union movements' partnership agreements with individual firms which, according to Brown (2000: 300), have assisted UK unions to stabilise membership after years of decline. However, the meaning of 'partnership', according to Guest and Peccei (2001) is not settled, and indeed appears to be highly contested in the UK discourse. Guest and Peccei (2001) contend that implicit and explicit unitarist, pluralist and hybrid assumptions inform different notions of partnership. They argue that the pluralist conceptualisation of partnership is largely rooted in the European development of industrial relations in

terms of accepting the opposing interests of the parties and extending employee representation through works councils and representation rights.

According to Guest and Peccei (2001: 209-300), the second approach to partnership is informed by an explicit unitarist frame of reference. In this conceptualisation of partnership, employee and employer interests are integrated through profit-sharing and or employee share ownership plans (ESOPs) and where employee participation and voice is limited to direct participation. Guest and Peccei (2001) claim that because there is more emphasis on the values and objectives of the organisation, this interpretation signals an unbalanced approach to partnership.

Guest and Peccei describe the third approach to partnership as a hybrid one that combines features of the unitarist and pluralist perspectives. For instance, they contend that under the hybrid model, progressive human resource management practices are supported through mechanisms for joint governance (p 210). It is this approach which Guest and Peccei argue, has underpinned the development of partnership in the UK.

The differing perspectives on the notion of 'partnership' suggests that it may be simply a convenient vehicle for the industrial parties to pursue their own interests regardless of third way ideals. Guest and Peccei (1999: 231) stress this point. They present the results of an empirical analysis of practices and policies in place within firms that have embraced 'partnership'. Their results indicate that under partnership agreements, more emphasis has been placed on employee contribution to the firm rather than the 'promotion of employee welfare, rights and independent representation'. On the basis of this finding, they claim that 'In many cases management would appear to be gaining more from the practice of partnership' and that 'the balance of advantage is skewed towards management'.

This finding is also consistent with Smith and Morton's (2001: 120) broad thesis, that New Labour's approach to industrial relations includes measures that weaken workers' collective power. This weakening occurs 'through the exclusion of autonomous trade unionism and initiatives to regulate the labour market, strengthen worker's rights within the employment relationship and include enterprise-confined, cooperative unions as subordinate "partners"'.

New Labour have then initiated some reforms that impinge on UK workplaces and industrial relations. In part there have been changes associated with the New Labour's broad commitment to Europe and to the social charter. There have been attempts to incorporate partnership arrangements and to facilitate workforce collectivisation. On the other hand the Conservative legacy in industrial relations has only been partially rolled back.

The Australian Discourse on the Third Way

In the Australian context discussion of these issues is more central and expansive on some issues and equally evasive on other issues. Latham (1998b: 389) restates many of the labour supply side policies outlined by Giddens. However, he also emphasises the limitations of macroeconomic fine tuning policies in a global context. In other words, an aggregate demand management program not only cannot reduce unemployment, it is potentially destabilising (Ibid. 390). He highlights the spatial aspect of unemployment and the need to design policies that recognise the vast differences across local labour markets (Latham, 1998a: 108). Infrastructure development and community service division should be spatially targeted, with community sector employment being an alternative to unemployment benefits (Ibid. 121). There is a need for a macro wages policy, one that Labor is in a good position to negotiate with trade unions (Ibid. 18). Labour market deregulation is condemned for driving down wages and expanding the numbers of working poor (Latham, 1998: 108). The analysis of employment emphasises the limitations of demand management but raises the possibility for regionally targeted initiatives.

As with Britain, strongly articulated views specifically addressing the third way and Australian industrial relations are not bountiful. Latham 'declares as irrelevant the old politics of the Left/Right divide' and that the 'third way threatens the authoritarianism and conservatism of the old politics' (Latham, 2000: 9). Reviewing the book, Nahan (1998: 3 and 9) is dismissive, especially in characterising Latham's discussion on industrial relations as the 'missing link ... it's the labour market – stupid'. Nahan suggests that the book's analysis differs 'most markedly from the third wave types overseas' where governments 'no longer think of themselves as defenders of organised labour and have come to accept Thatcherite labour market reforms'. What then are Latham's, neither right nor left, industrial relations policy prescriptions?

Latham's touchstone is 'mutualism', being the 'relationship between people; the reciprocated bonds of a mutual society'. Through mutualism 'public policy needs to build a virtuous circle in public life – striking the right balance between the market economy, the role of the state and the strength of civil society' (2000: 1). For industrial relations, this translates generally as reinforcing 'mutuality', moderating inequity and alienation, and by facilitating 'workplace bargaining, workplace unions, employee ownership and good corporate citizenship' (Latham, 2000: 5). While the specific ingredients of his approach are not always clearly enunciated, his

discussion of unionism, incomes and the labour market policies illustrates his preferred stance.

First, Latham explains the 'disturbing' fall in trade union density. This is due to: inadequate adaptation by union leadership; the emergence of new jobs in the post-Fordist economy; individualism in the ascendancy over unionism's mass representation ethic; and, the loss of 'large slabs of public trust and involvement in formally structured, intensely regulated, hierarchical organisations' (Latham, 1998: 84-85; 278). As to their future, Latham considers unions will retreat to the public sector and the old economy unless they can demonstrate 'their effectiveness in the small-scale, virtual workplace of the new economy' (Latham, 1998: 85).

Second, Latham places considerable stock in the maintenance of the co-operative arrangements between the political and industrial wings of the Labour movement. Such arrangements would enhance the prospect of achieving more equitable earnings dispersion through strategies built for example on 'the proper exercise of executive and managerial earnings restraint', something not apparent under the Howard Government (Latham, 1998: 99). Evidence is drawn from the 1997 Living Wage decision of the Australian Industrial Relations Commission to reinforce a need for far more equitable earnings outcomes, consistent with sound macro-economic policy, such that outcomes are not built on the current 'unacceptable' restraint by lower and middle income earners (Latham, 1998: 98).

Third, because of the importance of unions in achieving 'fairness', laws are needed which 'recognise the significance of the membership and strength of trade unions. These laws would repair Howard's individualistically centred industrial relations agenda (Latham, 1998: 92).

Finally, and indirectly paralleling his policies to shore up collectivism, Latham argues for a legislated model of income sharing to benefit low skill, low productivity workers consistent with Australian old settlement values of egalitarianism (1998: 92). Latham suggests that the ACTU 1996 Living Wage submission is a good model in relation to the minimum wage, interpreting it as support for a two-tier wages system with productivity based bargaining in the traded sector and a living wage for the in-person service sector.

The highlighting of education by Latham echoes Giddens' call for welfare expenditure to remain at European rather than US levels in the UK, but be switched as much as possible to human capital investment (1998: 122). Should 'care' work not be revalued, then education becomes of paramount importance for upward mobility and avoidance of poverty traps.

Latham's overall analysis has been regarded by the Left as analogous to the well-familiar turn of the century petty-bourgeois Laborites who resisted the 'conscious reorganisation of society on socialist lines' (Beams, 1998: 1). Latham's 'real agenda' is not securing social justice but 'for deepening attacks on social conditions and living standards, organised under the banner of reforming social welfare to meet new conditions resulting from globalisation' (Beam, 1998: 2). It is not our purpose here to evaluate the appropriateness of these broad indicators of policy. It is clear however that Latham, a proponent of the third way in the Australian setting, is not proposing a radical shift from the well familiar intervention by the state in labour market mechanisms. It is merely a matter of degree. Nahan's critique, for the right-leaning Institute of Public Affairs, evaluates Latham's views as returning to a form of the pre-Howard industrial relations system of regulation associated with the Prices and Incomes Accord. He argues that Latham claims:

... to accept that markets often work and are keen on greater freedom to trade in goods and services but not labour. They claim to be concerned about personal responsibility, but not if it means people are free to work at a wage and under conditions of their choice. They claim to be interested in increasing the skills of workers, but not if it means taking a low-skilled job. They claim to be concerned about regional unemployment, but want to retain a centralised wage fixation system which prices jobs out of many regions. They claim to be interested in improving the quality of Australian management, but will not let managers manage their most important asset – their workforce. They talk about inclusiveness but want to exclude some of societies less privileged from a livelihood (Nahan, 1998: 8-9).

Australian Labour Market Policy and the Third Way

Tony Abbott, the current federal Minister of Employment has (remarkably) characterised its Job Network as an exemplar of the government building the social virtues epitomised in the third way. According to one commentator: 'the coalition is making the 'new politics' happen, while Labor is still thinking about it' (Tingle: 2000). The electorate's failure to recognise the Howard Government's apparent endorsement of the third way project in building community connectedness, as showcased by the Job Network, arose because in his view, the policies had not been well sold. Tingle claims policies are sometimes inappropriately justified 'in terms that would appeal to a conference of accountants' (ibid). Abbott's assessment reinforces a view of the centrality of employment policy as a determinant of what a

government can achieve, and, for what constituencies. As Green and Wilson (1999) argue:

Employment policy in the widest sense – intersecting areas like economics and finance, trade and industry, incomes and industrial relations, education and training – constitutes the most critical test by which government policy can be judged. Moreover, “industrial relations”, the employment relationship between capital and labour is at the heart of the power and value conflicts of capitalist society.

Altering bargaining structures has been a key policy priority of both sides of Australian politics over the last decade. In recent years, policy debate over the direction and shape of bargaining structures has intensified with the enactment of the Howard Government’s controversial *Workplace Relations Act 1996 (Cth)* and further periodic, waves of reform proposals. The most notable of these was the *Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999 (MOJO Bill)* – more commonly referred to as the ‘second wave reforms’. The effect of the WRA 1996 generally, has been to, promote individualisation, weaken trade unions and the powers of the Australian Industrial Relations Commission, and widen managerial prerogatives (see Bray and Waring, 1998). The MOJO Bill 1999 sought to further advance these outcomes, however, its progression into law was stopped short in December 1999 by the Senate, where the Australian Democrats hold the balance of power. Previous and subsequent reform bills had and have also been blocked in the Senate. This has led the (then) Minister for Workplace Relations, Peter Reith, to calculate (and complain), that fourteen of the Howard Government’s sixteen workplace relations bills introduced to Parliament between 1996 and 2000 had been rejected by the Senate (Reith, 2000).

This opposition has effectively defined the limits of further reform to Australian bargaining structures. The Senate, in particular, appears reluctant to pass any further reforms that might take bargaining structures further down the neo-liberal path. Meanwhile, the Labor Opposition has signalled its intention to roll-back the Howard Government’s more controversial reforms and re-centralise bargaining structures, should it win the November 2001 federal election.

The failure of the Howard Government’s successive reform proposals to pass through the Senate provides a strong basis for suggesting that neo-liberal industrial relations reform may have reached its natural political limits in Australia. Without strong evidence of the need for further reform, it seems unlikely the Democrats, in particular, would wish to pass reforms that only accentuate growing inequalities in the labour market. A relatively

robust Australian economy also reduces the impetus for further deregulation. Moreover, politicians of all political persuasions appear to be keenly aware of what has been labelled as 'reform fatigue' in the Australian electorate. This 'reform fatigue' may be responsible for what Buchanan et al (1999) claim were strong counter-currents in the Australian electorate during 1999 and which also assisted Labor in winning three out of three state elections in 1999. This phenomenon has also been labelled as a 'spirit of disengagement' and 'strategic withdrawal' (Mackay, 1999: 300).

To what extent has the ALP followed their British counterparts in adopting third way thinking to industrial relations policy? According to Green and Wilson (1999), the ALP have been invited to travel down Britain's New Labour pathway by the recent works of Latham and Tanner. It should be acknowledged though that any comparison is, so far, a problematic exercise given the limited detail that has been released in the ALP industrial relations policy. However, the Federal Labor opposition has unveiled some of its plans for industrial relations, should it win the 2001 federal election. Briefly, Labor are committed to abolishing the Howard government's individual contract stream (AWAs) whilst promising to give primacy to collective bargaining (*Newcastle Herald*, 2000). Labor has also declared, that it will alter the rules of bargaining by re-inserting 'good faith bargaining provisions' and has promised to enhance the powers of the Australian Industrial Relations Commission to intervene in protracted bargaining disputes. In essence, Federal Labor's industrial relations policy largely emulates that of the Labor governed states of NSW and Queensland.

An explicit point of difference between New Labour and the ALP therefore lies in the party's different attitudes towards collective bargaining. Although the promotion of collective bargaining forms a key element of the ALP policy platform, Smith and Morton (2001: 123) point out that the *Employment Relations Act* expressly does not favour collective bargaining. Importantly, Smith and Morton (2001: 125) have also argued that the scope of collective bargaining has narrowed with the act confining collective bargaining 'to market (economic) relations, to the exclusion of managerial relations'.

Moreover, the capacity for employers under the ERA to negotiate terms with individual workers enables them to undermine collective bargaining if they so wish. This capacity to 'derogate' from collective bargaining has led Smith and Morton (2001: 130) to claim this signals that 'the logic of social partnership gives way to the flexibility of common law individualism'.

Unlike British Labour the ALP do not have a social charter or a European framework of rights to fall back on to. This is a crucial difference. UK Labour can participate in an expanding European market but with a framework that established floor rights and conditions across the EU. British Labour's commitment to Europe has enabled it to inherent a social charter that extends rights and conditions for employees, opens up mechanisms for participation and partnership at the workplace and applies equally (in theory) to all participants in the extended market.

Although it is too early to make a decisive judgement, it seems that the ALP industrial relations approach has not been heavily influenced by the New Labour industrial relations 'settlement'. More particularly, it seems that Giddens's thesis of growing individualism in society has not weakened the ALP resolve to remove Australian Workplace Agreements – statutory individual contracts – from the Australian industrial relations scene and reinforce collective bargaining as the preferred *modus operandi*. In this regard, it seems that third way thinking has not filtered down into the ALP industrial relations policy setting in the same way it has for the Blair New Labour government.

Does the Third Way Address Core Employment and Workplace Issues in Australia?

The Third Way is about challenges and core beliefs. It is not a comprehensive or prescriptive policy program. Many of the implicit suggestions regarding supply side unemployment policies, mutual obligation for the unemployed, family friendly workplace arrangements and using the not for profit sector to deliver key services have already been adopted or claimed by both parties in Australia. In one sense many of the suggestions have been translated into policy. However, it is the gaps in the agenda and the lack of detail that remain the problem. The discourse does identify some of the key issues in the labour market but ignores others.

Giddens (1998) premises his discourse on the Third Way through the identification of key issues that have to be confronted by whatever party is in power. These key issues amount to general tendencies which in themselves can be contested. To take the lead of Giddens we identify the following seven core employment and workplace issues that should be addressed by a Third Way policy program in Australia.

The first issue is unemployment and hidden unemployment. In Australia this remains a persistent and major problem. Standard supply side measures including education, training, mutual obligation and the outsourcing of

employment services have in many ways been progressed further in Australia than in many other countries. The problem remains however and it is getting bigger.

Second, the targeting of labour market programs remains essential. Regions, youth, single parents, disabled workers and indigenous Australians are the big losers in the labour market. Latham (1998) is correct in highlighting the uneven spatial distribution of job opportunities in Australia. Once again there is cognizance of the problem but these identified groups require intensive assistance and counseling together with employment placement. Regional partnerships can be developed and place management strategies can emerge to sustain these partnerships. However, public sector direction and co-ordination remains the key to any regional revitalisation.

Third, job quality and assumptions about work have to be addressed. Around three-quarters of net jobs being generated are non-standard. This means that many workers have low paid jobs, no (or limited) employment benefits, short-term employment and insufficient working time. The economy has failed to deliver many full-time jobs. At the same time there is a need to increase service provision in education, health, public transport, community services and the environment (Quiggin, 2000). These are labour intensive sectors that contribute to community well being, but they have been stifled by public sector cut-backs. Rethinking job quality, full-time jobs and the service deficit is one way to at least address core third way beliefs.

The fourth issue relates to the OECD (1998) emphasis that work should be made to pay, that is the income generated through work should be sufficient to sustain a minimum standard of living. Making work pay cannot be addressed through wage or welfare cuts. Both reinforce each other and lead to a downward spiral. A statutory minimum wage can be established, social transfers to employees can supplement low wages, or transfers to employers can supplement low wages. Calling for an 'employee bill of rights', Schulman (2000) suggests that the 'piling on' of all the deprivations of the jobs and meager earnings make low pay jobs quantitatively and qualitatively different. Notwithstanding the fragmentation of employment and working arrangements making work pay will remain an enduring challenge.

The fifth challenge is to deal with the fragmentation of work, working hours, employment arrangements and agency. Entitlement access has to recognise divergent forms of employment arrangements and frequent and variable employment engagement. In turn this has implications for training

and career progression. Transportability, maintenance and protection of entitlements are growing challenges. Similar challenges arise with respect to collective representation and agency arrangements. The nexus between work and family and the position of family carers in the workforce has only received rudimentary attention. This goes beyond job quality but is related to the implications arising from the restructuring of jobs and the restructuring of employment arrangements as outlined in the analysis and discussion by Supiot (2001).

The sixth issue is voice. Partnership and participation at the workplace are key beliefs of the third way. In Australia collective voice mechanisms are on the decline, enterprise bargaining has not spawned many participatory and partnership arrangements and the labour-capital divide has given way to a dominant and reinforcing managerial prerogative supported by short-term share price fluctuations. It is difficult to envisage an expansive works council culture emerging in Australia but it is possible to facilitate various other forms of industrial democracy and participation such as board representation, profit sharing provisions, community partnerships, and mandatory consultative arrangements such as those associated with change management processes.

Forms of broader engagement and partnership that transcend but encompass the workplace constitute the final challenge to be met. How can industry engage with community to address such issues as unemployment and the environment? Given Giddens' notions of transformations in personal relationships and in our relationship with nature, tax credits for firms funding community programs or providing paid leave for employees to engage in programs such as aged or land care would seem appropriately targeted to enrich community life. This is to speak of Giddens' 'positive welfare, to which individuals themselves, and other agencies besides government contribute' (1998: 117). Indeed, Giddens asserts that people are looking for meaningful work and opportunities for commitment outside of work. This commitment, suggests Giddens, needs to be upgraded and rewarded to put it on a level with gainful employment and 'create both individual identity and social cohesion' (1998: 127). This leads to Jordan's 'full engagement society' where the option of 'interesting and challenging combinations of paid and unpaid work ... [are] extended to the whole population, including low earners' (1998: 174). Those other agencies apart from government in Giddens' program of 'positive welfare' must include business as well as not-for-profit organisations such as the Church and trade unions.

Conclusions

The Third Way is a policy discourse that opens up claims concerning renewal and engagement for those parties traditionally associated with the 'working class'. It positions a 'new' agenda between polars and lays claims to a middle way. Many of the key issues or the core beliefs are hardly 'new' but they appear to be in tune with contemporary concerns over unemployment, poverty, the environment, international trade, urban decline and the polarisation of wealth and opportunity. While the neo-liberal agenda appears to have run its course for the electorate (despite *The Economist*), there are strong vestiges of this agenda in the third way discourse. With respect to the labour market the central approach remains supply side – to invest in human capital. This in itself does not generate jobs nor does it offer short-term solutions to unemployment and to underemployment. While community service employment and some reconceptualisation of work is contemplated this cannot come to fruition under a regime of fiscal conservatism based on expenditure reduction. In the end community work has to be financed and there are limits to partnership arrangements with the private and non profit sectors in the absence of funding.

While the workplace remains the missing ingredient in the political discourse it has been addressed in part by New Labour in Britain and through the writings of third way advocates in Australia. While deregulation is resisted and employee rights are given recognition there are questions about the extent of policy change that will be enacted in this area. Australia cannot fall back onto the social charter in order to legislate for minimum standards. Policy pronouncements indicate an abolition of AWAs but it remains to be seen how far the ALP will roll back other developments in relation to award simplification, non-union bargaining, trade union rights and the role of the Australian Industrial Relations Commission.

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