

**The Evatt Foundation
and
The Australian Council of Trade Unions**

Response

**John Freeland, Executive Director, The Evatt Foundation &
Grant Belchamber, Senior Research Officer and Advocate, ACTU**

Where To Now?
Comments on Australia's Youth: Reality & Risk
by John Freeland
Executive Director, Evatt Foundation

Rather than pass comment on the specific strengths and weaknesses of the papers presented, my comments will focus on where we should be going in terms of an adequate social policy response to the issues raised, described and analysed.

As evidenced in the papers presented (particularly that prepared by the Brotherhood of St Laurence), the smooth post-war transition from childhood to adulthood has been dislocated for many young people by the long term structural collapse of teenage full-time employment; and an effective policy response has to be based on a broad socio-political commitment to provide the socio-cultural and socio-economic resource base necessary to facilitate young people's successful transition to autonomous adulthood and active citizenship. There also has to be an awareness of young people's propensity to pragmatically solve their own problems with the resources at hand.

The concept of resourcing young people for active citizenship provides a basis for determining the array of policies and programs necessary to ensure all young people equitable opportunities to effect a successful transition to autonomous adulthood. Marshall's categorisation of civil, political and social rights provides a starting point for conceptualising the qualitative and quantitative resource requirements for autonomous adulthood and active citizenship.

Civil rights are largely a product (for some a long delayed product) of eighteenth century liberalism, and centre on the rights of the individual to own and dispose of property, and to legal equality. Political rights relate to the rights of the citizen to participate freely and equally in the determination of the governance of the nation state, and initially emerged (in modern times) from nineteenth century struggles for democratic suffrage. Both civil and political rights have their roots firmly embedded in the market system and in classical and democratic liberalism.

The twentieth century has been marked by struggles to secure the geo-political extension of civil and political rights and to secure the socio-economic and socio-cultural resources necessary to enable the full and effective exercise of those rights. The latter struggle - the struggle for social and economic rights of citizenship - has been seen by most to be critically oriented towards the market

system. Tensions between market forces and state intervention in the market have emerged as the focus of the central moral and political debate of the late twentieth century.

Marshall saw the objects of these struggles as social rights: the right to accessible education, health care and accommodation, the right to employment and an adequate income. In short, these rights are characteristic of the developed welfare state, and the object of recent attack by neo-liberals. They can be summarised as the citizen's right to the socio-economic and socio-cultural resources necessary to facilitate full and effective participation in the economic, social, political and cultural life of their society.

More recently Marshall's analyses of citizenship rights have been adopted and extended as a means of strengthening claims to equitable access and participation. In turn these analyses, and Marshall's, have been subjected to critique by feminists who have argued that the debate has been a-historical, prefaced on white male assumptions, and been related to the dominant male modes of economic, social and political participation. Such analyses have sought to develop an analysis of citizenship which is inclusive of gender, race and ethnic divisions and inequalities as well as those based on class without falling into the trap of single factor reductionism.

Youth policy should have social justice and equity as organising principles, and the concept of adequately resourcing all young people to participate as active citizens should be the basis for reconstructing the institutional landscape through which young people chart their life trajectories. Such provision must ensure access to the requisite socio-economic and socio-cultural resources to facilitate effective life course decision making and full inclusive citizenship participation by all young people.

Young people negotiate their way through the complexity of structures, representative forms, images and icons to develop their own cultural groupings and their own under-standing of their world in their own world-views. They negotiate the obstacles they encounter in their everyday lives, and they chart their own life paths. They develop their own belief systems and their own subjective identities. These belief systems and subjective identities influence and are influenced by their actions in the physical and social world.

But they do not do these things in a vacuum. They do them in an always already structured world. The structures range from the form and dynamics of interpersonal relationships in the family and peer group to the structures of broad socio-cultural-economic institutions. Those structures are ever-changing: being changed by individual, collective and institutional actions which are more

often than not intentional and rational (given the resources at hand), but which do not always produce the anticipated or desired result. The structures reflect past intentions and belief systems and carry meanings. They influence both the behaviour and beliefs of all social participants, including young people.

A prerequisite to developing policies to facilitate young peoples' structured and structuring problem solving, is the rejection of perspectives which either reduce young people to the status of puppets on the structuralist's string or alternatively inflate them to self actualising relativists on the post-modernist's de-constructing couch. In their stead, we must develop a non-dualist understanding which simultaneously accounts for the presence and effect of structure and individual intentional action.

If disadvantaged young people are to secure more equitable prospects they have to be provided with a less restrictive array of ideational, economic, social and cultural resources which open up the possibility of their pragmatically identifying and pursuing more equitable and rewarding life options. This has implications for policies and programs relating to both structural and individual/small group socio-cultural barriers. At the structural level there is a need for policies designed to lower external structural barriers to educational and labour market participation and performance - socio-economic and socio-cultural barriers such as joblessness, poverty, homelessness, remoteness, institutional racism, sexism, and so on.

At the more personal, small cultural group and community levels there is a need for policies and programs designed to:

establish the basis for intercultural communication with young people in a wide diversity of male and female sub-cultural groups;

provide the basis for expanding the array of ideational resources available to young people in their effort to understand their lives and their world;

provide young people with the security of cultural and personal identity to enable them to entertain the possibility of different life cycle options;

and to provide the resources necessary for them to develop alternative hypotheses and pursue more effective and equitable solutions to their identity and transitional problems.

It also should be remembered that while there is a plurality of cultural forms and identities in modern Australian society, it is not a plurality of equally effective and powerful cultural forms and identities. The dominant cultural form is

western, industrialised, liberal-democratic, middle class, male and Anglo-Australian. Any policy which seeks to expand the options, opportunities and prospects for young people living and forming their world views in structurally disadvantaging socio-cultural contexts, must address the need to provide them with the resource of critical literacy in the dominant socio-cultural forms.

These approaches have to be complemented by a range of social policy reforms designed to more adequately resource disadvantaged young people, their families and communities, and society at large. External barriers to unequal access to, and participation in education have to be removed through the provision of comprehensive family and community services and adequate income guaranties for families with dependent children. Comprehensive educational reforms have to be introduced to equitably resource schools, develop a democratic general curriculum, reform pedagogy, teacher education and teachers' work, and to decentralise and de-bureaucratise schooling. There also is a need for comprehensive labour market policies designed to reduce patterns of labour market discrimination, division and inequality, and vocational education and labour market program provision designed to secure broad based vocational competencies and equitable employment opportunities for all young people.

It is to fleshing out these policy suggestions that we should now turn, but in so doing it is crucial to remember that the policies and programs will fail if they are based on a misunderstanding or misinterpretation of the nature and causes of present conditions.

In this respect, as Richard Sweet points out, Australia's youth unemployment rates have been far too high for some twenty-five years now. The reflex response from many quarters has been a call to cut youth wages, a proposal rooted on the presumption that lower minimum wages for young people will see employers offer more jobs to them.

In fact, the presumption does not withstand serious scrutiny. The weightiest evidence in support of it was provided by the 1981 US Presidential Study Commission on the Minimum Wage. The most celebrated econometric estimates at that time seemed to say that a ten percent rise in the US federal minimum wage caused teenage employment to fall by between one percent and three percent.

These results have been re-analysed by David Card and Alan B. Krueger in their recent text "Myth and Measurement : The New Economics of the Minimum Wage". As they demonstrate:

"When the same econometric specifications that were used during the 1970s are re-estimated with data from more recent years, the historical relationship between minimum wages and teenage employment is weaker and no longer statistically significant." [page 2; see also page 15 and chapter 6, pages 178-207]

That is, moderate increases in minimum wages do not cost jobs, and vice versa - cutting youth wages will not create them. This is not an isolated result.

In Australia the evidence seems consistent with it. Although the relevant facts are not well known, minimum award wages for (unapprenticed) teenagers in this country are higher in the retail sector than in manufacturing, with a differential of around 35% at age 16 falling to around 15% at age 20; but the retail sector employs about five times more 18-20 year old sub-trades workers than does manufacturing, and more than twelve times as many 15-17 year olds.

On the same employment measure, between 1986 and 1997 youth employment in the retail sector grew by some 70,000 or 30%, but fell by around 25,000 or 40% in manufacturing, *despite youth wages for retail workers rising relative to manufacturing by around 8% over the same period.* **[NB PRINTER - ITALICS PLEASE, FROM 'DESPITE' TO 'PERIOD']**

The reflex presumption which calls for youth minimum wages to be cut rests on the employment response (ie elasticity) to an increase in minimum wages being large and negative. However, the international evidence shows that 'the elasticity of demand for minimum wage workers hovers around zero'. [Freeman 1996, page 641/2]

The "cut youth wages" mantra is based on a simple economic dogma, not on hard evidence. Meanwhile, the losers from such a policy if implemented will be young working people - some seeking to pay their way through secondary or tertiary study, some in precarious employment seeking simply to keep body and soul together.

The important evidence in this volume from McClelland, Macdonald and MacDonald shows clearly the desperate situation of the cohort of young people in the twilight zone. Cutting youth wages will only worsen their lot. It is a non-solution to the problem which a fair society will reject.

References

"Myth and Measurement : The New Economics of the Minimum Wage", by David Card and Alan B. Krueger, Princeton UP, Princeton, NJ, 1995.

"The Minimum Wage as a Redistributive Tool", by Richard B Freeman, The Economic Journal V106, May 1996, pages 639-649