

A quarter of Australia's 15 to 19 year olds are unemployed; teenage unemployment is about three times that of the whole workforce. Most men and women of goodwill are worried by the effects of idleness and discouragement on characters which still have most of their time in front of them. In the absence of any more obvious explanation of labour market failure, many worried people now see the men and women who regulate the labour markets - the Industrial Relations Club - as the villains of the piece. At last 'the club' is starting to react to criticism.

On the application of the Confederation of WA Industry, the West Australian Industrial Relations Commission has ordered the addition of these words to all Western Australian awards, except those which apply in the mining industry and the public sector: "Notwithstanding the provisions of this award contained elsewhere than in this clause, an employer may pay a junior employee, including an apprentice engaged pursuant to this clause, after July 4, 1985, at a rate of wage less than that to which the employee would be entitled were it not for this clause, if and only if the employee agrees and the Commission approves and so orders."

The order is a break through for those unemployed kids who most desperately want work. They are now in a much better position to compete with adults; even the 'fixed-quantity-of-jobs' school admits that much. Work experience helps those who have it - it is human capital; even the people who endlessly study the consequences of unemployment but refuse to discuss the causes of it admit that. Other things being equal there is therefore some advantage in allowing those with most life in front of them to have a prior claim to the inadequate supply of jobs; and this would be so even if the number of jobs really were fixed in the stars.

The order is more important because the supply of jobs is not fixed. It now becomes possible to divide the same labour costs per unit of output between more employees. For instance, at the same cost and output three juniors might now be engaged instead of two adults.

And the order is most important because production is not fixed but varies inversely with costs. For instance, lower labour costs will permit storekeepers to offer their customers more service (from the same sales margins and will permit the production of cheaper widgets (or Big Mac Hamburgers) so that more are sold. In a particular employment kids might be only half as productive as adults, but if total employment costs become less than half, then the cost of providing a good or service falls and sales rise. The welfare of the whole community rises primarily because there are then more goods and services to share, but also because the income earned by production is more widely distributed, and because the young are acquiring skills.

What then are the catches?

There is none that I can see which is of sufficient moment to make the order other than a very good thing, but there are four snags which will prevent it from having the quick and substantial impact it should have. The first of these is that the cost of employment is not confined to wages. The employers' liability to pay workers compensation insurance and provide facilities will be less for each young employee than each adult, but will not be reduced in proportion to the wage. Junior wages must fall by a greater proportion than total employment costs to make each marginal job viable.

The second and biggest problem is objecting (and in this case objectionable) trade unions. Trade unions are not run by either the unemployed or by kids. The employed adults who comprise the bulk of union membership and who run unions do not welcome competition from youth and the unemployed. When unions object most large employers tremble, and many employers will not run the risk of advertising for sub award juniors. They will continue to employ adults and only the brightest and best juniors at award rates rather than risk industrial trouble.

The third snag is the need to go before the Commission each year. Although the Commissioners have undertaken that the hearings will be simple and speedy, they will be seen as potential trouble by small employers, not accustomed to the Commission's arcane ways.

The final snag is the unemployment benefit. At \$45.00 per week up to the age of eighteen and \$85.20 thereafter, it is less than half clerks' or shop assistants' awards but it none the less

puts a floor under what rational unemployed youths will accept. In practice the floor (level) varies for each teenager depending on the value he places on experience, leisure foregone, and the actual cost of getting to and from and equipping himself for work. A regular job will in rare instances conflict with untaxed and undeclared work. Many registered unemployed will, by finding a low paid job, suffer a fall in living standard.

None of these problems, each of which will discourage some group from availing itself of the new freedom, is a reason to prevent any unemployed youth and any employer from reaching any agreement they both understand. Their right to do so is a fundamental right - a natural right - a human right - the right to one's own labour. It should never have been taken from them. The Industrial Relations Commission has simply and significantly removed a tyrannical prohibition from some of the unemployed. A remarkable thing about the 'Reasons for the Decision' is that, while the learned Commissioners, like all men of goodwill, are plainly worried about the NUMBER of unemployed young, they do not seem to have considered the RIGHTS of the unemployed. Perhaps the applicants never put that to them!

Another remarkable thing about the 'reasons' is that the Commissioners complain that the applicant failed to demonstrate that an arbitrary reduction in minimum wage rates for junior employees would create sufficient additional employment for junior employees to justify such a departure from the established principles and practices. These gentlemen would have complained that the unproven evidence an iceberg failed to justify a departure from the established course of the Titanic. Nevertheless, in spite of the standard of proof they would have preferred, they brought down a sensible decision and I don't wish to carp.