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YOUTH EMPLOYMENT

My daughter, then a student nurse, was approached by a union official seeking support for a campaign to increase the staff at Royal Perth Hospital. She agreed that on some wards nurses were too busy to give patients the best attention, and proposed a salary cut to enable the hospital to employ further staff from among the unemployed nurses. The union official responded that he did not want to hear from students.

There is nothing remarkable in the union's disregard for both patients and unemployed nurses. It is after all an association of employed nurses controlled by those senior nurses who are least likely to lose their jobs. The young have little say in its affairs; the patients none. Trade union tears for unemployed kids and consumers are crocodile tears.

Most people say it is a national tragedy that one quarter of all 15-19 year olds are unemployed. Some say it is a national scandal. These latter have a point but they seldom advocate lower salaries or wages, avoiding the whole question of wage rates by pretending that, at any time, there is a fixed number of jobs to be divided among potential employees.

By starting from an argument for more nurses, the Nurses Union denied itself the usual retreat to Cuckoo Land. Clearly the union thought that there was useful work to be done, as there must be until there is an end to human wants. If wants were to dry up then so must the demand for higher wages dry up. It is not work but the ability to pay for it which is in short supply.

(If the price of individual workers is such that they cannot all be employed, then employers will choose those who can/will produce most for each dollar outlaid.)
Older people, who control the unions and industrial commissions, can keep their own wages high, yet not themselves suffer job insecurity by fixing youth wages even further above market clearing levels. Put another way: less productive teenagers are forbidden to compete against adults by laws which prevent them from pricing their labour competitively.

Last year the Bureau of Labour Market Research produced a paper, Youth Wages, Employment and Labour Force, in which they reached the commonsense conclusion that youth unemployment has been adversely affected by the increase in relative youth wages in the nineteen-seventies. The attitude of the unions may not be remarkable but the deafening silence and studied inaction of the government is. It seems as though, to preserve the accord or for some unapparent reason, the government also is more concerned to save adults from competition by kids than it is to reduce youth unemployment.

Writing in IPA Review, Mr. Peter Ritchie, General Manager of McDonald's, and possibly the biggest employer of fifteen to nineteen year olds in Australia, writes that, on an average, he has more than seven hundred applicants every time he seeks seventy casual employees to open a new McDonald's. Yet Mr. Barrie Unsworth, the NSW Government Minister, says that the smart kids are surfing.

Mr. Unsworth is wrong. If by "smart" he meant those who show good judgement, then the smart kids are those who try to get some work experience, and the lucky kids are those who succeed. This would be true even if they were paid nothing.

There has been (some silly comment) to the effect that McDonald's are exploiting underpaid youth, so let us think clearly about this voluntary supply of cheap labour. If it really is cheap, that is producing a lot for every dollar outlaid, and it is not available to McDonald's competitors, then McDonald's are indeed on a good thing. But ^{if} it is cheap and available to Kentucky Fried Chicken and others, then the price of fast foods falls until consumers are on a good thing. However, it must be doubted that McDonald's young employees are cheap; they are readily available to other fast food outlets but these prefer more mature workers.

Mr. Ritchie compares the pay of McDonald's junior employees in ^{industrial} thirteen countries. Only Sweden, Denmark and Switzerland, all of which enjoy higher per capita GDP than Australia, pay higher junior rates than Australia.

If by "smart" Mr. Barrie Unsworth meant intellectually bright, then he is still wrong. These smart kids get jobs ahead of the not so smart kids. The various campaigns for equal opportunities have ignored the cause of the "not so smart", yet these suffer more damaging discrimination than any group except possibly aborigines. Equal opportunity should not mean equal representation in any particular calling from professor to unskilled worker or equal pay scales for unequal callings, but it should mean equal opportunity to join the workforce.

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Last year, in Britain, the electricians' union agreed to slash the pay rates for apprentices from 37% of the adult rate to 25%, and they have since agreed to reduce it to 23%. The intake of apprentices has more than trebled from 800 to 2,700. In Australia, ACTU policy is to compel under seventeen year olds and first year apprentices to accept no less than 70% of adult wage. There has never been an effective test case to set junior wages by work value, needs, or capacity-to-pay principles but by setting youth wages at a high proportion of adult wages we have allocated a disproportionate share of unemployment to youth.

Mr. Willis and others argue that youth wages are not, or are only a minor cause of youth unemployment. The ratio of youth unemployment to total unemployment was less when the ratio of youth wages to total wages was similar, but since that time total unemployment has more than doubled and unskilled unemployment has risen even more. Since nearly all kids are unskilled and only few adults are truly unskilled, more of the kids found themselves unemployed when all wages rose faster than productivity.

(Senator Chaney in a recent speech spoke of the streaming of society into the haves and the have-nots and of the alienation of the individuals concerned, both from society and from liberal democratic values.) Many Australians share his fears, but in Britain the electricians' union actually did something about the problem.