Unions and the challenge of technology
Unions the challenge of technology

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This booklet has been published by the Trade Union Information and Research Centre as a union contribution to the topical and controversial public debate around the introduction of ever-advancing technology innovations into industry.

The editorial board would like to thank the many people who assisted in producing the booklet and particularly the authors of the material published.

Further copies of this publication may be obtained by writing to the Trade Union Information and Research Centre, Box 9, Trades Hall, Sydney, 2000. Phone: (02) 389 4907.
From the Australian Bank Employees Union (ABEU)

Technology and the threats to jobs

Technology threatens jobs — no matter what the Myers Committee said

Debate about the effects of technological advances on employment in Australia has been widespread over the last two years. The Australian Government, following a dispute in Telecom over its plans to introduce technicians-displacing technology, set up a Committee of Inquiry which has now brought down a report.

The “Myers” Report (Committee of Inquiry into Technological Change in Australia) was a four-volume publication, but its major message was as follows:

1. Australia must make maximum use of available technology, whether people employed in particular processes are displaced from employment or not.

2. Hopefully, those displaced from employment and those seeking employment for the first time will be taken up in work in new industries or in expansions of existing industries — but these are just pious hopes; the Committee offers no plans for creating such employment if it fails to appear spontaneously.

3. The community at large must organise (and pay for) a “safety net” to rescue those who are not re-absorbed into work by the hoped-for expansions of existing industries and creation of so-far-unthought-of industries.

ABEU does not “buy” the first recommendation. The Union does favour the adoption of technological advances for the performance of work of all kinds in a way and at a pace which will be matched by carefully planned changes in the education of all people for the self-fulfilling use of leisure and the distribution to all people of a fair share of the national wealth produced by industries.
THE SIMPLISTIC PHILOSOPHY OF "FULL STEAM AHEAD WITH TECHNOLOGY AND SHE'LL BE RIGHT" IS NOT ACCEPTABLE TO BANK UNIONISTS AND SHOULD NOT BE ACCEPTED BY THE AUSTRALIAN PEOPLE.

It is worth noting that the Bank of New South Wales, earlier this year, faced with the problem of processing and mailing more than a million letters to its customers in a short time span, farmed the job out to a "mailing house" and part of the process was further "farmed out" to a firm in Singapore, which had the appropriate technology.

The question Australians must ask before embracing any mad rush into people-displacing new technology is "who will gain and who will lose". If the answer on investigation, proves that everyone will gain, then the process should be introduced, and quickly. If on the other hand only a small section of the community stands to gain, and others to lose, the process should not be introduced until the balance has been redressed — by agreement between concerned parties or by reference to some arbitral process.

BANKING INDUSTRY FORECASTS

The Myer Committee report seems to adopt the submission put to it by banks that employment numbers in the banking industry will actually increase during the next decade.

On page 48 of Volume 1 of the Report it says: "On evidence available to it the Committee believes that for the foreseeable future the employment consequences of technological change in the banking sector are likely to be an increase in the rate of growth of employment opportunities compared with the 1960s and early 1970s, with levels of employment being more influenced by general economic conditions, provision of extra services and competition with other financial institutions than by technological change.

With respect to the Committee, this conclusion suggests it might better be described as the "Myopic" Committee, in the light of the following material put to it by the Bank Union.

CURRENT TECHNOLOGICAL CHANGES "IN THE PIPELINE" IN THE BANKING INDUSTRY IN AUSTRALIA

The concern of the unions in the present circumstances is that a fresh wave of technological innovation has arrived and plans for implementation of various aspects of it are in the pipe-line, at a time when the Australian economy is static and the banks themselves are in a state of self-examination in regard to profitability of their retail banking operations — those operations in which the greater bulk of their employees are engaged.

Australian banks generally are just moving into the purchase of automatic telling machines. At the present stage the number of machines on order is comparatively small.
In a publication issued in February, 1979 headed “The Banking Industry”, the Australian Bankers’ Association outlined the current position of technology in the banking industry.

The publication said “many banks have linked some branches by line to central computer centres. The extent of on-line links varies between banks, but extension of on-line facilities is either being investigated or undertaken progressively throughout the industry. On-line links give branches so equipped a capacity for direct access to computers for input and output of information.”

Information supplementing this very brief description of the banks’ current use of technology from a non-union source is contained in a report issued in December, 1978, by the Foundation for Australian Resources (FAR) entitled “Computers in Australia — Usage and Effects”.

In the section dealing with banking, headed Computerisation in Australian Banks, the statement is made “banking is a good example to show the penetration of information processing equipment into clerical operations.” The attractiveness of electronic data processing is dealt with early in the section where it states “ledger posting is an area where electronic machines are 300 times more efficient than human operations and in cheque sorting, electronic machines are claimed to perform the task at about 1/15th of the cost of human operations.” In relation to automatic teller machines the report mentions overseers’ claims of considerable cost advantages.

A Bank of New South Wales Market-Research Report is quoted as saying that present direct and indirect costs made the large scale development of an ATM system unattractive, but Mr P. W. Douglas, Chief Manager, Data Processing Division of the Bank and 1978/1979
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Chairman of the Australian Banks Automation Committee said that eventually the benefits would outweigh the costs. How soon this will occur is a subjective assessment.

The FAR report goes on to quote what it calls an authoritative 1977 report on electronics, banking and credit control as saying "the second half of the 1970s looks like turning out to be a period during which the way in which banks operate and the way in which cash and credit are handled by retailers will change in a more dramatic fashion than at any time previously and possibly at any time in the foreseeable future."

On the subject of electronic funds transfer systems, the banks' spokesman says: "Many cheques could be replaced with benefits to the drawer and payee. Central magnetic tape exchange is a good start to this objective. The obvious advantages are savings in the preparation and cost of source documents, postage, handling and other costs. CEMTEX is only in its infancy. Banks would now actively market the service."

He continued: "The information on these tapes can be transmitted over the telecom Network to the CEMTEX facility although this is not yet being done." (See Telecom Data-Transmission forecasts page 8.)

The final word on expected effects of foreseeable technological changes in the banking industry coming from the Foundation's report is that, in terms of employment displacement potential, a $20,000 word processor is equal to 15 manpower. The arrival of the word processor on the office scene has not yet made the impact it is capable of. By the data processing activity handling the accounting tasks and the word processor handling the majority of the typing, there exists the capability of cutting staff by as much as 30-50 per cent.

The future implications

Indications can be obtained from a variety of sources including general media forecasts, such as Telecom Australia's Data Communications 1978 Overview, the Banking Industry Publication of the Australian Bankers' Association titled "Structural and Technological Changes and Employment Growth 1949 to 1978 and Beyond" and the December, 1978 report on computers in Australia published by the Foundation for Australian Resources.

The views of "an expert on world banking and financial institutions" Mr David Hodgson, a British Director of the Management Consulting Group, PA International, include: "in the past Australia banks appear to have had a very cozy existence. But those days are now gone." He pointed out that "The Australian banking network is over-branched and that over the next 10 years there will be a sharp fall in the number of branches."

Mr Hodgson said an "electronic funds transfer system will continue to grow at a tremendous rate — with terminals eventually
linking stores with banks to enable an immediate transfer of funds from one account to another.”

Data transmission operations, according to Telecom’s official planning forecasts will steadily increase in the future and from 1984 will begin to increase dramatically again. The Union postulates that this will coincide with the banks’ new systems becoming fully operational.

Rydges magazine (December, 1978) confirmed this forecast saying: “banks are currently being approached by computer salesmen to introduce a national electronic money transfer system which would mean that by the mid-1980s most paper movement would go through an EFT system.”

If the CEMTEX service used by the banks, or its successor systems, follow the Telecom projected growth rate, the 10 million transactions processed in 1978 could grow to 85 million by the year 1986/1987.

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<th>Year</th>
<th>Increase in Traffic Expected</th>
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<tr>
<td>77/78</td>
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<tr>
<td>78/79</td>
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<td>79/80</td>
<td>28.4%</td>
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<td>84/85</td>
<td>24.1%</td>
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<td>85/86</td>
<td>30.6%</td>
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<td>86/87</td>
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In submissions made to the National Satellite Task Force by the Australian Banks Automation Committee, representative of 13 Australian banks including the private sector banks, the State Banks and the Reserve Bank, the banks’ representatives claimed that they were as far into EFTs as any world banks. They said there was a lot more to happen on EFTs which would need communication links.

In relation to the use of point of sale terminals, the banks representatives had this to say to the Task Force: “There is no doubt that within the next 5 to 10 years such facilities will be available in Australia and what is more they will be under the umbrella of the banking industry in one form or another.”

The Task Force asked the banks’ representatives if it would be in their judgement that this could be a significant thing within a decade
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and the answer came in the affirmative. It was suggested that a named chain of stores might be very interested in putting in points of sale terminals to an organisation like Bankcard. It was explained that one couldn't imagine a point of sale terminal installed at the back of Bourke, but you certainly might have automatic tellers in some of these far-flung remote branches to provide a service to communities out there.

Manpower forecasts

The recent past history of the banking industry and the nature of technological developments which have occurred to date do not provide an accurate guide to likely future staffing levels and skill requirements for the industry. This is because, as has been suggested elsewhere, there is likely to be a qualitative difference in the nature of developments from those which have already occurred.

What is beyond dispute is that one of the intended consequences of the computerisation to date was to reduce the staff requirements which otherwise would have been needed if manual systems had been continued and expanded. In fact one large bank in 1966 estimated staff “saving” levels on numbers otherwise required, caused through the (then) new EDP facilities, as 2.3% of total staff by 1970, 6.9% by 1975 and 7.6% by 1980.

In that same bank a very large increase in the volume of transactions was handled with a much lesser increase in the volume of staff. During the 12 year period 1966-1978 the bank's volume of transactions increased by 78.6%, or an annual increase of 4.9%. Staff numbers grew over the same period by only 49.4%, or an annual growth rate of 3.4%.

During the past decade the experience has been that the phasing in of electronic data processing equipment, and the extension of
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Redundancies

The nature of investment in available technology in the future and the staffing implications will obviously depend on the decisions which banks have to make in relation to what is likely to be an altered environment. Nevertheless on the basis of general information about the impact of various technologies, it is possible to make some projections about staff displacement effects. Underpinning these projections is the belief that it can no longer be confidently claimed that those jobs displaced will be "absorbed" by jobs created by business expansion, so that redundancies will never be necessary. In other words the Union believes that there is no scope in the future for business expansion large enough to account for productivity gains. This means that with the large productivity gains anticipated by the new generation tech-
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technology, there will be the certainty of reductions in overall numbers employed in the industry, and the possibility of actual redundancies and retrenchments in specific areas.

The overall impact in Australia caused by developments which are already technologically feasible and capable of application to the industry seems to be a potential job displacement of the order of 30-40%, with little real prospect of job creation of more than 5-10%. In numbers this could mean 25,000-30,000 net “job disappearances”.

In the Melbourne Sun, August 27, 1978, World President and General Secretary of the International Federation of Commercial, Clerical and Technical Employees were quoted as saying that “machines were rapidly replacing jobs”. “They will tell the Government that multi-national organisations must be controlled and technological developments slowed down. They warned that the development of micro-electronic equipment had revolutionised the world.”

In Germany, which has the largest office population in West Europe, and the highest degree of automation, a study by Siemens estimated that by 1990 about 40% of the present office work could be carried out automatically.
Similarly in France a recent report commissioned by the Government emphasises the dangers to employment and suggests that banking and insurance may shed about 30% of their labour force over the next 10 years.

In the UK the Chairman of Computer Analysts' and Programmers, one of the world's leading micro-computer soft-wear companies believes an equally severe reduction in job opportunities is possible.

He suggests that perhaps one million jobs will be lost in manufacturing industries by 1980 and another 1.25 million in commerce. In addition he suggested that around three million people will be faced with a significant change in their jobs.

In the Australian Financial Review, February 26, 1979, the Managing Director of Australian World Processing Pty Ltd, Mr Wayne Pickett believes that more than 16,000 people are likely to be affected by word processing in the next three years (in Australia).

"The trouble with industry is that the general attitude is that it does not matter what anyone says about unemployment. As long as a salesman can go into an office and tell people they can save between $20,000 and $80,000 a year with word processing, he will be able to sell them," Mr Pickett said.

He continued "what the Government must do is to promote satisfactory levels of employment by encouraging computer users to accept shorter working hours..."

Mr Pickett is aware that his criticism of the understatement of word processing impact may be met with some disbelief. "It is something I feel very strongly about," he said. "The trouble is that hardware suppliers are not interested in doing anything but selling equipment."

From the Foundation for Australian Resources on the use and effects of computers . . .

"The Foundation presented its first report on the computer industry in 1975, when the potential total displacement of jobs was estimated at 200,000. In its latest report it is estimated at 400,000..."

"The Manpower equivalent of installed computers (in Australia at the date of the report) is put at about three million people," although it points out that nothing like that number of people has been displaced. "However, to be worthwhile from an economic
investment point of view, the huge investment made so far would have had to have been able to displace some 200,000 jobs to have been worth doing at all,” the report said.

On September 22, 1978, the Australian Financial Review carried an article on EFT in banking by a staff reporter, Ian Reinecke. The article said “the use of electronic transfer of funds by Australian banks has begun to show explosive growth which will take the number of individual direct debit transactions to almost 10 million by the end of the year”.

Direct debiting and crediting

Mr Peter Douglas, Chairman of the Australian Banks Automation Committee, which oversees the service, said that the number of direct debits processed by the service has risen to 7.5 million for the last financial year. By the end of the calendar year, the figure would approach 10 million reflecting a growth of both direct debiting and crediting of almost 100 per cent.

Mr Douglas was quoted in the article as saying, “The great advantage for the commercial companies is that they don’t have to prepare something to make the transaction — they don’t have to prepare source documents.” “Its advantage for both banks and users is that the heavily labour intensive operations associated with debiting and crediting are largely eliminated...”

World leader in the use of EFT is Britain, where the major clearing banks formed a company, Bankers Automated Clearing Services Limited to supervise and co-ordinate the move to electronic banking.

Mr Dennis Gladwell, Chairman of BACS has put the savings of
banking industry in Britain at 17.5 million a year, based on a cost saving of 25p an item.

He said "I would not attempt to assess the numbers of staff that would be required to handle this work. Suffice it to say that best estimates indicate that automated credit items passing through BACS are four times cheaper than paper credit items passing through the banking system."

He estimates the number of direct debits handled by the British system will increase dramatically on the figure of 500 million debits processed in the six years of BACS's operation.

"About 500,000 direct debits pass through BACS each working day and the number of credits processed in 1978 will exceed 70 million."

The Australian Bank Employees' Union does not say that "high technology" is bad, nor that progress towards it must be halted. It does however believe that for the community at large, as well as for the members of the Union, the maintenance of present living standards and any potential for improvements in working conditions and living standards, which in the overall means the community's welfare, demand a complete change in the way in which technological innovations have been introduced so far.

**Union Demands**

(a) There must be consultation and negotiation with the union from the earliest planning stage, so that any change introduced is a result of a joint decision-making process in which bank employees will be directly involved.

(b) There must be an agreement with the union on the effect of the change on staff numbers, on such matters as job descriptions and functions.

(c) There must be proper provisions made for any redundancies which may arise and generous severance conditions for employees displaced as a result of any agreed situation, between the Union and the employer concerned, that a reduction in staff numbers is justified.

(d) Plans must be prepared for the introduction of earlier voluntary retirement by employees in the industry, with adequate pension provisions; and shorter standard work periods must be introduced to maintain reasonable levels of employment for those currently employed and to provide job opportunities for job seekers coming into the workforce.
The "common sense" plan on technology

The following material was originally published in a booklet issued by the Federal office of the Australian Insurance Employee's Union (AIEU).

An emotional issue

There is a lot of talk about technology, too much of it based on emotion. At one extreme some employers regard people as an "expensive nuisance" in their business. At the other, there are people who want to ban all technology. In between we find all shades of opinion.

But, surprisingly, so far in Australia there has been very little factual discussion or "common sense" debate.

We have not really attempted to answer basic questions like:

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How will technology affect the nature of work and the need for work?
— Can we guide technological change in the direction of increased national prosperity and general community interest?
— Do enterprises exist for their own sake or are there broader considerations and responsibilities?
— To what extent do management and labour share common goals in regard to technology?

"Common sense" instead of emotion

Given that there has so far been very little informed public discussion, the Australian Insurance Employees' Union formally calls on all in the insurance industry (AIEU members, managers, shareholders etc) to replace emotional stances with common sense discussion.

We hope, through this leaflet and other initiatives, to promote mature and reasoned exchanges on technological change.

Let us all tackle the basic question of what we want technological progress to achieve and how this progress relates to the needs of people.

A return to old ways?

To set the record straight right at the outset, the AIEU is not advocating a return to the old ways.

We accept that technology will continue to be the main initiator of change in our society.

But we warn that this change will not AUTOMATICALLY head in the direction of increased national prosperity and general community interest.

There is a real potential for the path of technological change to be unpredictable and destructive.

It will require all the skill, direction and co-operation we can muster to ensure that technological change has positive results.

About what's happening right now . . . and more to come

We in the Insurance industry are aware of the rapid rate of change happening right now — and that this rate of change is likely to speed up.

To show just why we are calling for a "common sense" approach to technology, we have assembled a cross-section of factual information.

A fair reading of this information (and it's just part of the broader picture) will convince the concerned person that it is time to examine some basic questions about what new technology should achieve:
The first electronic calculator commercially available in Australia (over 13 years ago) was the Anita, worth $4000 at today's prices. Shops today sell calculators under $10 each which can do more than the Anita.

A French report (the Nora Report) has predicted that about 30 per cent of all employees in the French insurance sector will become redundant within 10 years as computerisation progresses. The report predicted a similar rate for banking.

Word processing machines (said to be capable of the work of between four and six typists) are, according to AIEU research, being introduced to insurance companies at a rapid rate. This reduces (by redundancy or not replacing staff who leave) the number of typists, stenographers and secretaries - we estimate in the near future there could be a loss of 40-50 per cent of these jobs.

A German study by the giant Siemens organisation reinforces our AIEU research. They have predicted that by 1990 around 40 per cent of office work will be carried out directly by computerised equipment. This could threaten as many as 40 per cent of all the typing and secretarial jobs in West Germany, they say.

Since 1959 the cost of data processing has been reduced by a factor of 72 while the speed of processing has increased by a factor of 75.

The authoritative Australian Financial Review reports that over a 10 year period one Life Office increased the number of policies...
Over 2000 men and women across the nation working to put Australia in the picture

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handled from 2.8 million to 3.2 million — while during the same time adding only 100 to its total staff. This Company, says the Financial Review, would need 1000 additional employees if computer technology had not been introduced.

AIEU research shows that between 8000 and 10,000 jobs have disappeared from the insurance industry over the last 10 years.

Accounting staff are dramatically affected by technology. Referring again to the Australian Financial Review as a source, it reports on one Life Office which HALVED its head office accounting staff since January, 1975.

The weekly Collector Branch audit of agents' collection in one major Life Office took 10 hours on the old punch card system. With a new computer system, this task now takes 20 minutes.

The same company has been through a number of phases of computer technology. It points out that running a mix of about 1700 computer operations on an earlier system would have cost $14.43 and taken 375 seconds. The same operations on its latest computer system cost about 20 cents and take five seconds.

AIEU research shows that one Australian computer company alone has over 3000 on-line terminals at different locations in Australia — and it's not the biggest in the field.

Microelectronics is estimated in the UK to be likely to make six million people redundant in that country alone within the next five years.

Recognising the benefits but avoiding the dangers

There is no question that modern technology has the potential to benefit our society, through:

- reducing the amount of tedious and repetitive work;
- increasing output;
- making certain industries more competitive nationally and internationally;
- greater efficiency and accuracy;
- increased leisure time.

On the other hand, there are some real dangers such as the loss of jobs arising from the substitution of capital for human beings and the
The Australian Insurance Employees’ Union has developed, after careful consideration, a policy on technological change.

We see that policy as a vehicle for promoting discussion and as a means of bringing all the interested parties together.

Taking an ideal view, we look to all involved to develop a joint policy on technology which will be of substantial benefit to the industry and to its employees, both present and future.

In this cause we have written to all employers at length, and guaranteeing our willingness to talk with them at any time.

We have participated in the National Committee of Enquiry Into Technological Change.

And we have sponsored a meeting of the national employer groups associated with our industry.

In summary, we have developed a “common sense” plan on technological change, and we are dedicated to seeing it work in the interest of all in our industry.

Policy on technology change

“The Federal Executive of the AIEU declares that all available evidence demonstrates clearly that employers in the insurance industry have taken decisions to introduce and apply new technology without genuine or sufficient regard for the impact that those decisions have on the employment levels in the industry and on the working conditions, working environment and the nature of the work performed by their employees.

In addition, it is also the belief of this Federal Executive that employers in the insurance industry have, at best, overlooked or, at worst, ignored the social impact of the unilateral decisions that have been taken to introduce new technology and associated new work processes.

Having regard to these factors, and in accordance with our strongly-held view that the primary objective of technological advances must be to improve and enhance the quality of life of the workforce and society as a whole, the Federal Executive of AIEU adopts the following policy in relation to technological change:

1. Noting that the introduction of new technology and new work processes involves management in extensive research, investigating and planning, the AIEU demands that it be involved in the study of
the feasibility of the introduction of new technology and new work processes including the installation of any new equipment in any office of an employer.

2. That in the process of joint management/union consideration of whether new technology or new work processes will in fact be introduced, the final decision should be based on the following minimum criteria.

(a) The impact of the contemplated change on staff levels, skills, the organisational structure of the company, career opportunities, organisation of working time, employment conditions and retirement practices.

(b) The likely effect of the contemplated change on the physical working environment, job satisfaction and employees' health.

(c) The likely effect of the contemplated change on productivity and proposals for the sharing of the benefits of increased productivity by increasing real incomes and/or improvements in working conditions, particularly hours of work and paid leave.

(d) An assessment of social considerations including such matters as problems of structural unemployment; an assessment of the social value of the contemplated project, privacy considerations etc.

(e) An assessment of alternatives to the contemplated change.

3. If the introduction of new technology or new processes results in jobs becoming redundant then no retrenchment should occur.

4. Where new technology or new processes require current employees to gain new skills or upgrade existing skills, current employees should be offered appropriate retraining courses, relevant to their
needs, to be attended during working hours with the employer paying all necessary costs associated with such retraining courses.

In cases where appropriate courses are not provided by established institutions, the employer shall be responsible for establishing appropriate courses.

5. In negotiations relating to new technology or new processes, the AIEU declares that it will pursue shorter working hours and/or increased real salaries as an inevitable means of distributing the benefits of higher productivity arising from the introduction of new technology or new processes.

6. Where agreement is reached on the introduction of new technology or new processes, the parties to that agreement should also and as part of the substantial agreement establish a programme, with management and union participation, to monitor the effects of the new technology or the new process, on the basis of the minimum criteria set out in paragraph 2 of this policy.

7. That a national committee be established with equal representation from IEIA and AIEU to investigate, examine and study the trends and likely progress and development in technology and processes, with specific or likely application to employment in the insurance industry, and to assess the possible ramifications of such technology and processes on the insurance industry as a whole.

How exactly would the AIEU “common sense” plan on technology work?

1. There would be broadly based consultations between employers and the Union prior to the introduction of new technology. Consultation is the necessary first step towards achieving co-operation. Since new technology has both positive and negative potential for employers and employees, common sense demands that they talk about it.

2. Insurance employers would sign agreements that there will be no redundancies resulting from new technology. As they verbally promise this anyway, it is common sense to put it in a formal agreement.

3. The overall AIEU policy and the broad question of technology would become a focus for discussions at national level between employers and employees. Again, common sense demands that people involved in the future of our industry come together to discover and develop areas of agreement.

4. There would be realistic negotiations on the broad area of sharing the benefits of technological change. Increased productivity should not just benefit employers. Whether it be in the form of more leisure, bonuses, shorter working life, salaries or whatever, it is justice (as well as common sense) that the benefits be shared.

How can you support the “common sense” plan on technology?

1. By understanding the AIEU policy on technology as stated in this leaflet and as provided in full in all offices.

2. Be ensuring that the AIEU is aware of plans or proposals for new technology or new work methods in your office. Simply telephone your AIEU Branch Office.

3. By promoting understanding of the problems associated with new technology — such understanding should spread among your office colleagues, at home, among friends and with your elected representatives in Parliament.

4. By using every opportunity to urge your management to agree to consultations with the AIEU on new technology.

5. By requiring more from your management than a memo or verbal report that no one will be sacked because of new technology. Tell them that this is not enough — that no redundancy agreements must be signed.

6. By correcting any mis-information which may circulate about the AIEU policy. Our “common sense” plan is outlined in this leaflet.

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* “If space technology had developed as fast as computer technology, man would have been on the moon one week after the Wright brothers flew at Kittyhawk.”

* “If the aviation industry had progressed at the same rate as the computer industry, we would now be able to take an around the world flight in under 40 minutes at a cost of $5.00.”

We believe it is possible for employers and employees to engage in rational dialogue and to co-operate towards agreed goals.

The AIEU is seeking consultation with your company on new technology and creation of a national employer/Union committee.

If this co-operation comes about, the insurance industry could show Australia the way of achieving harmony between the needs of people and the demand for technology.

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By Bill Mansfield

One key aspect of change which is consistently referred to by trade unions is the proposal that there should be a right to participate in considering the changes and the effects they will have on working people. Despite the emphasis on the need to establish rights of participation when change in the methods of production is planned and implemented, the general practice in Australia is for there to be little or no consultation with the representative of employees prior to the introduction of technological change.

During her service as a Deputy President of the Australian Conciliation and Arbitration Commission, Justice Mary Gaudron was critical of management practices in not involving workers in decisions relating to the introduction of new technology:

"Only in rare instances thus far in Australia has management seen fit to inform trade union officials and employees in advance of the purchase of new technology. Even rarer have been the instances in which employees have been afforded the opportunity to involve themselves in decisions relating to the technology to be introduced and for the adaptation of work practices and numbers employed to that technology. Even when employees have gained information in advance of
the introduction of new technology, their requests for involvement in the decision-making processes have been met with the response either of managerial prerogative or of higher engineering and/or technological knowledge. This too has contributed to the suspicion and opposition of trade unions and trade unionists to the introduction of new technology.  

“This failure to consult and involve workers in the decision-making process not only ensures that introduction will be accompanied by industrial unrest, even if not manifest by stoppages and bans, but also poses the real possibility that the technology will not be optimally adapted either to the needs and skills of the workforce or to the industrial processes of the enterprise concerned. (Gaudron, 1979.)”

Early notification of change

The union movement generally seeks to achieve a right of prior consultation when a change in established arrangements is proposed. The rights sought are first, that early notification should be given of the proposal for change to occur, secondly, that information should be provided on the effects of those changes, and thirdly, that consultation should occur between the employer and the representatives of employees regarding those effects prior to the change being introduced.

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A major statement of intention regarding the desirability of prior notification, provision of information and consultation is contained in the National Labor Consultative Council (NLCC) guidelines for the consideration of technological change. The NLCC guidelines were issued first in 1968 and supplemented in 1972. The NLCC is a tripartite body made up of representatives of government, employers and the national union councils. The guidelines themselves were a statement of the way in which technological change ought to be considered and the interests of employees protected. They were issued widely and were readily available from a number of sources. In part the guidelines provide at the enterprise level for:

• early notification of proposed introduction of new technology;
• provision of information on the nature of the changes proposed, the likely date of implementation, the expected effects on employees, proposals for retraining and redeployment and the possibility of retrenchment;
• the employer to provide opportunities for retraining in new skills and techniques for employment in other jobs where this is possible;
• the employer to consult with trade unions where questions of retraining and restructuring jobs seem likely to arise; and
• where retrenchments are unavoidable, the employer to provide as much notice as possible and to assist those affected to find alternative employment.

However, although the guidelines contained an agreed set of procedures to be implemented during the process of change, in practice they were of little value. A study of the approach of 35 firms, made by the Victorian Chamber of Manufacturers for the Committee...
Involvement needed to protect workers' interests

The VCM study reveals clearly what is happening in practice. The major document on how best to introduce change, which was produced through the combined efforts of government, employers and the trade unions, is a dead letter. The degree to which prior notice of change is given, information is provided and consultation occurs, is determined not by rights vested in employees but by discretions exercised by employers. In the exercise of those discretions in many cases there is no effective opportunity provided for the views of working people to be taken into account. The problems in practice with the lack of joint consideration of new technology are not so much a reflec-
tion on the guidelines themselves but rather are a consequence of the absence of rights. The NLCC guidelines as a total package, if effectively implemented, would provide for a level of involvement in the process of change which would go towards protecting the interests of working people.

Regardless of the area in which they occur in society, changes to established practices are not normally welcomed. Many conservatives have made a virtue out of the preservation of the status quo in our political and social institutions. In the area of the introduction of technology, change must occur to ensure a continued opportunity for economic well-being.

However, where change is planned by only one of the parties in the production process, where the emphasis on introducing the change is the maximising of benefits to the employer, where little or no attention appears to have been paid to the values of importance to employees and where no opportunity has been given for genuine consultation on the issues of concern to employees, then at least a lack of co-operation or more likely active opposition to the change from employees and their trade unions is both predictable and warranted. There is an obvious need for a recognition from all the parties involved in the process of change that not only must change occur but
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it must occur in a manner which, through a process of genuine joint consideration of the issues of concern to working people, develops and improves the well-being of employees.

In some countries normal collective bargaining procedures and agreements are the channels through which technological change is negotiated. In Norway, the employers' federation (the NAF) and the central trade union body (the LO) signed a procedure agreement on the introduction of computer-based systems in 1975. This agreement provided for the election of technology shop stewards to deal specifically with issues of technological change and, in part, for the following specific measures:

- an evaluation of a proposed system based on social as well as technical and economic aspects;
- early notice of proposed changes in a language 'easily understood by those without specialist knowledge in the area concerned';
- provision of information on the proposed changes to all levels in the enterprise;
- provision of training by employers to elected employee representatives on data-processing techniques so that they may carry out their jobs effectively; and
- a joint control over the collection, storage and processing of personal data, with this not to take place unless it can be objectively justified as being necessary for the work of the enterprise.
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In Italy, a number of works agreements covering technological issues were signed, supplementing major sectoral agreements, in the 1977-1979 period. A 1977 agreement between Fiat and the National Federation of Metalworkers (FLM), besides dealing with issues of employment and working time, also raises questions of working conditions and the working environment in the light of technological change. The agreement approves the automation of arduous jobs in the paint-spraying, metal-stamping and cutting processes. A 1977 agreement between Olivetti and FLM covers issues of investment, employment and the re-organisation of manual work in the light of technological change. These agreements succeeded in establishing the
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principle of full consultation and negotiation on technological change. This principle has subsequently been extended to most industrial sectors through the national agreements of July, 1979, which establish that where an employer wishes to introduce new technology, he must negotiate with the relevant union at the appropriate level.

In the Netherlands, a printing agreement was signed in 1978 which extends participation and consultation. It also covers the question of conditions of work with video terminals and the setting up of a joint management-union committee to monitor and formulate recommendations on the introduction of visual display units.

Agreement on quality of work

In the Federal Republic of Germany, a national agreement on the quality of work in the metalworking trades was signed as long ago as 1968. According to official statistics, 48 per cent of labour in the Federal Republic is covered by collective agreements that give special protection to workers faced with rationalisation due to technological change. In 1979, important agreements were signed in the metal-working industry covering the regions of Baden-Wurttemberg and Saxony. These agreements cover approximately 800,000 of the Federal Republic of Germany's 4.5 million metal-workers. They provide for wage guarantees for displaced workers and limit the overall amount of
demotion or downgrading that can take place. The chemical industry and the textiles and leather industry have collective agreements which cover older workers displaced by technological change.

In some countries additional mechanisms are used to supplement collective bargaining as the appropriate organisational structure for the negotiation of technological change. In the Federal Republic of Germany, the ‘Betriebsrat’ or Works Council has the right legally of co-determination, consultation and information on general issues of company policy, including technological change. In Sweden, the co-determination law of 1977 has extended the right of bargaining to all matters of employer-employee relations, again including technological change.

In Australia two States, New South Wales and South Australia, have enacted legislation conferring jurisdiction on State industrial tribunals to make award provisions with respect to certain matters relating to the introduction of technological change. In New South Wales, s88G of the Industrial Arbitration Act 1940 was inserted in 1964 following a report to the State government by Mr Justice Richards on the issues associated with mechanisation and technological change. Section 88G provides for the insertion into awards and agree-
ments of provisions relating to the obligations of an employer upon the introduction of mechanisation or technological change and the period of notice of termination of services to be given to employees. In South Australia the Industrial Conciliation and Arbitration Act, passed in 1972, contains a provision (s82) similar to that of the New South Wales Act. In New South Wales, only 59 of the 600 active awards incorporate s82 provisions. A similar situation exists in South Australia where only a few of the active awards contain s82 provisions.

**Telecom agreement on technological change**

The most significant agreement in Australia on the means whereby new technology is to be considered was reached in 1980 between the management of Telecom Australia and a number of unions in that enterprise. The agreement followed a major dispute between the Australian Telecommunications Employees' Association and Telecom Australia in 1978 and extensive work in a joint management-union consultative body, the Telecom Consultative Council.

The Telecom agreement, 'Consideration of the Introduction of Technological Change' (ATEA, 1979, p83) is a comprehensive statement that sets out the rights of the respective parties during the process of change. Among other things, it provides for the parties recognising that technological change should only be introduced where there is a demonstrable net benefit to the community; joint consideration of proposed changes in technology prior to any decision to adopt such changes; assessment of the technology to take account of issues such as job satisfaction, services to customers, availability of qualified staff, security and privacy as well as technical and cost considerations; information to the unions commencing at the contempla-
The agreement is to continue for three years and will then be subject to review by the parties.

The agreement in Telecom Australia is an indication of what is possible if there is concentrated attention given to the need to establish rights for working people during the process of change.

What is required generally is action at the national level to establish the means by which working people can have a right to share in the decisions to introduce new technology. The desirable means of establishing standards of consideration and consultations to be met by...
employers during the process of technological change is through either federal legislation or award provision. Both have problems due to possible jurisdictional inadequacies. The power of the Federal Parliament would appear to be limited, and in the case of the Conciliation and Arbitration Commission itself, its powers are restricted to 'industrial disputes' (Constitution, s51(35)). Particular difficulties arise here because of the attitudes taken by the Commission towards 'management prerogatives', i.e. the right of management to establish and run enterprises without interference in 'managerial' as distinct from 'industrial' matters. However, the perception of what represents a prerogative of management is not static. The views of the union movement have altered over a period of years to the point where few, if any, absolute prerogatives would be recognised. The view of the Arbitration Commission has also changed over the years, in part to recognise the changing standards in the community generally. In 1973, Mr Justice Robinson, a Deputy President of the Australian Conciliation and Arbitration Commission, said:

**Trade Union rights**

"The phrases 'management rights' or 'management prerogatives' have been used over the years to delineate those areas of business activity which are not industrial matters and are therefore properly removed from union interference or influence. It must be said that the right of management to 'run its own business' is not as untrammeled or clear cut as it was 20 or even 10 years ago. I do not comment on the desirability or undesirability of this evolutionary process, it simply is a fact of current industrial relations. (Cinematograph Exhibitors
If the issues of value to working people are to be taken account of during the process of change, it is necessary to obtain rights to notification, information and consultation for trade unions as their representatives prior to the change occurring, and for those rights to be effectively exercised in a process of genuine joint consideration of change between employers and employees. There is a key role for the trade union movement in this area for it is only through the unions that the views of working people can be expressed effectively to employers. To carry out this role in a satisfactory manner will require the further development of the ability of members in affected enterprises to take part in the process of consultation and negotiation with employers and the application of significant resources from full-time officials.

As a first step, rights must be obtained to participate in the process of change so as to elevate the process of participation and consultation from the ad hocery and discretions currently applying, to a level of shared decision making between two parties who both have an important interest in the decisions that need to be made.

The most suitable vehicle for obtaining a national approach to the rights to participate in the change would initially be through an award of the Conciliation and Arbitration Commission. This would be least likely to have constitutional problems, it would potentially have the widest application, and once established, it could not be altered unilaterally by the action of one party.
Critique of the Myers committee report on technological change

The following article is the preface to a report on technological change given to the 1980 national conference of the AMWSU by assistant national secretary, Mr Laurie Carmichael.

The full text of the report has been published by the AMWSU in the form of a booklet entitled "Technological Change" and anyone wishing to obtain a copy should contact that union in their State.

Since preparing my report during May, 1980, for the AMWSU national conference, which was held at the end of June, the long awaited $1 million Myers committee report on technological change became available.

A determined attempt is being made to have the trade union movement adopt the report which, with the statement of Prime Minister Malcolm Fraser, saying that "the Government would adopt the central conclusions of the report" would have made a nice, cosy bi-partisan result like the report itself.

It is true that some recommendations are designed to sugar coat the pill. There are recommendations with regard to up-grading union registration, health and safety and creating some tripartite bodies for monitoring the situation and conferring rights to information and consultation which, if taken alone, would obviously provide some steps of value.

But they are not taken alone, they are associated with an attempt to disarm the union movement in facing up to the social consequences of the new technology in our time.

They are also associated with eight recommendations (17-24) dealing with assistance from taxes on workers to pay for technological change; including the formation of a "venture corporation" amongst whose objectives would be to "provide risk capital which would not be available from other sources," but which "should aim at realising
One could be forgiven for believing that the Rockefeller Trilateral Commission report No. 18 on industrial relations, which dealt with how “workers’ participation” can facilitate introduction of technology was somehow transferred to a set of arguments and recommendations to suit Australian conditions.

A very skilful attempt is being made to portray all this as being in line with ACTU policy. Yet major aspects of ACTU policy are totally ignored. Especially where there is a need for social and economic adjustments to be made. At best a very selective and convenient interpretation of ACTU policy is adopted to support such a portrayal.

This is being argued on the grounds that the enquiry was into technology and not the economy.

So we can accept recommendations for redundancy but not for full employment. We can accept recommendations for taxes on workers associated with new technology, but not for a shorter working week to spread the jobs and lighten the work load for everybody.

No doubt within the trade union movement the advocates of “the best way is to join them” will grasp at the report (or at least these recommendations which by themselves appear acceptable) as a means of facilitating the rest which should be rejected not only in words but in deeds.

We simply don’t live in a cosy bi-partisan world, except for a handful who choose to act as collaborators at the workers’ expense. We live in a world where power is preferentially distributed in the hands of the biggest corporations who control the technology for their purposes, without regard to social consequences. The only purpose of their existence is the profit figure on the bottom line.

It is very much a matter of whether the trade union movement confines itself to demagogic pronouncement of words, whilst denying any action that can effectively produce a positive result in the direction of genuine social responsibility.

We are already experiencing more than enough of this kind of...
accommodation at the expense of workers’ jobs and living standards associated with “wage indexation guidelines.”

It can only be concluded that the reasoning adopted in the analysis section of the report is an attempted rationalisation for premeditated conclusions.

For example — despite a contrary definition set out on page 8 — there is, on page 30, a devious separation of industrial rationalisation from technological change.

No examination of “rationalisation” is made which is clearly a function of technology and its potential economy of scale. The clear inference is that technology is being wrongly blamed for what at least is contributed to, if not totally caused by “other” factors.

What is incredibly ignored in the analysis is that rationalisation is a direct product of the very potential of new technology and its economy of scale and scope. The corporate planners don’t ignore it at all; they affect rationalisation as part and parcel of using the new technology. You don’t put investment of new technologically advanced equipment into a plant you plan to shut down.

Of course any examination of industrial rationalisation, if it was made, must include complete closure of plants, concentration of product into selected enterprises, elimination of competition, global economics of scale, international complementation, free trade zones under military dictatorship, transfer pricing, transfer banking, the Euro-dollar market and the role of the International Monetary Fund.

But this would destroy the “cosy” character of the report particularly on page 30, where it says: “The employee may be kept on until, for example, the decrease in price resulting from the cost saving technological change made possible an increase in production that absorbed the labour made surplus as a direct, first round effect of the technological change.”

There’s the print-out! It’s imposing work bans unless we agree to a work value re-assessment!

"Recession" of a business cycle nature has been recurrent about every five years since the Second World War and was superimposed on a boom that lasted from 1946-1974. However, the boom burst not because of “recession” but precisely because of growing structural dislocation and instability that flowed directly out of the new technology and the knowledge of the corporate board room decision makers that they could rationalise production and services to use its potential. Or alternatively they could be taken over in the stock markets by those who did.

Structural and technological crisis

Thus a structural and technological crisis has been growing in the 1970s and the five yearly recessional cycle is now superimposed on top of this crisis, as are the resources and energy limitations aspects of the situation. All of which increasingly threatens to plunge us into deep depression.

Particularly as society with a growing army of unemployed becomes less and less able to consume the volume of products and services that the new technology is capable of producing.

What if all advanced countries produce and try to export to each other as much as Japan and living standards of the under-developed world remain as brutally, depressed as they are now?

The report (page 11) talks of technology always changing. Of course it is, but these $1 million expert advisers "fail" to see that there are clearly periods when technological change is much more rapid than at other periods and that the character of the technology in such periods is qualitatively different to the periods of relatively slower change that came before it, i.e. there are periods of intense technological revolution.

Obviously the "first round effect" can’t be ignored but beyond that the market place will save us all. No lack of economic philosophy here. Friedman would be delighted. Multi-national corporations, including oil companies, will be overwhelmed by logic.

No wonder the recommendations only deal with the immediate effects of technological change and to look after the rest we are to rely upon faith, hope and charity, that in the long run the new technology itself can solve problems which so far it has not.

The OECD is quoted as arguing the need for all its affiliate countries to embrace technological change (perhaps that is the source of the rationale) but the increasing figures of unemployment from all OECD countries — now totalling 5.2 per cent of the workforce compared to some three per cent in 1973 — are ignored.

In Australia, also, overall unemployment continues to increase at a faster rate than the average for all OECD countries. Where the
OECD average for 1964-1973 was three per cent, Australia in that time came in at a low 1.8 per cent. In 1973 that situation reversed. The OECD average from 1974-1979 was 4.9 per cent, but Australia was above average with 5.1 per cent. And ALL predictions are that the situation is going to worsen into the foreseeable future.

There is an attitude that more jobs will occur in new areas of production and services, particularly those related to producing the new technology. But production of the new technology will use the new technology and it is the glaring overall result that matters.

The very purpose of new technology is increased efficiency, i.e. its net effect is to displace to achieve a greater output. The report begins with confusion in the very first paragraph by trying to dismiss "concern" about unemployment having a relationship to technology in that this concern "has coincided with and has been heightened by the recession experienced during the 1970s by most developed countries."

This "failure" underpins the further "failure" to recognise that in periods of very rapid and qualitatively more advanced technological change, dislocation and instability are greatly magnified and unless adequately countervailed by rapid economic and social change it leads to growing crisis.

It is this crucial area of necessary countervailing economic and social changes that the report fails to discuss and one must ask if this is because acceptance of such economic and social changes is not respectably palatable?
Technology itself cannot solve these questions. They require the action of socially conscious people who decide such changes must be made and who take action to see that they are made.

To quote Professor Ted Wheelwright: “The calculations about efficiency and costs are, in social ways, quite spurious calculations. They relate only to private costs borne by employers. They do not refer to social costs. They do not refer to the costs of unemployment, the costs of bank robberies, the costs of mental breakdowns and the cost of youth unemployment. We, the community, pay for those, whilst the companies make the profits. To the extent that we, as taxpayers, pay the tax concessions on the new equipment, we have a system of socialism for the rich and private enterprise for the poor.”

The report seems to be intended to have the effect of reducing the pressures for necessary economy and social adjustment and therefore contributes to the growing crisis and its effects; but the crisis (as of those similar crises previously in history) must create the forces capable of asserting their determination for change, despite such reports.

**Intervention by workers**

The principal form of adapting the trade union movement to the interests of capital in the 1980s will be through collaboration on the introduction of technology and rationalisation, while the New Right of the movement de-emphasises mass action on forcing social and economic change.

AMWSU policy recognises the inevitability of technological change but takes a firm stand on its social consequences.

In particular we assert the need for rapid economic and social changes to coincide with the rapidity of technological and structural change.

We advocate action at all levels of the trade union movement up to and including the national and international political economy, with particular emphasis upon intervention by the workers themselves at the job and industry levels on all effects of technological change.

We include in our action programmes, complete opposition to socially harmful technologies and applications and temporary obstruction as a quite legitimate tactic where social consequences are ignored in the application of even socially useful technologies.

Furthermore we extend this call to assert some socially useful applications of technology as alternatives to those determined by the boards of corporations, particularly where this applies to product technology and “built-in” deterioration.

In this regard we advise the workers to intervene in their own interests with action that at least complements any representation made on their behalf in any negotiations with employers or in tripartite bodies. It is a question of genuine democracy in industry.
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