

## **PAID MATERNITY LEAVE**

Paid maternity leave is a social right in most advanced capitalist countries e.g. UK 39 weeks, Canada 50 weeks, NZ 26 weeks. Even some Third World countries have paid maternity leave e.g. Tanzania 14 weeks, Congo 15 weeks.

Two-thirds of working women in Australia have no paid maternity leave. Australia and the USA are the only two OECD countries not to have universal schemes.

Only around 37% of Australian women receive full-wage replacement maternity leave, mainly public servants, university employees, and women employed by large employers.

### **Benefits**

Promotes better physical and psychological health of the young, which will probably lower the cost of health care later on.

Assists women maintain a long-term attachment to the workforce, a component of the struggle for job security. Women will be more likely to return to work, cutting the cost of training and lessening the skills shortage.

More benefits to be found on ACTU Paid Maternity Leave Fact Sheet.

### **Why Productivity Commission Inquiry?**

Medium and long-term needs of the capitalist economy are driving the Productivity Commission's inquiry.

A growing skills shortage; the need to maintain women's connection to the workforce; the need to supply the next generation of young workers (cost of having children has become prohibitive for some).

### **ACTU vs Unions NSW**

It is almost 30 years since the ACTU launched a campaign for paid maternity leave, in 1979. Then, the ACTU settled for 12 months unpaid leave.

ACTU proposes a national, federally-funded scheme of at least 14 weeks, paid at federal minimum wage rates, plus 9% superannuation, for all women, including those who don't work. For working women on a rate above the minimum, employers contribute a top-up payment.

Unions NSW proposes a universal scheme, giving all women six months paid maternity leave, in line with the World Health Organisation's recommendation of a minimum six months breastfeeding for all babies. It would be a government-funded scheme, contributed to by a levy on all except the smallest employers. Unions NSW says this scheme (giving 28 weeks at minimum pay) would cost up to \$3.3 billion p.a., with savings coming from the abolition of the current baby bonus, increased tax revenue and reduced family payments.

### **Employers' position**

Employers want the benefits of paid maternity leave, but are reluctant to contribute to its costs.

"The only group speaking with one voice are employers. After years of hostility to the very concept, the bosses have lent their support to universal paid maternity leave, so long as they don't have to contribute a cent. In its submission to the Productivity Commission, the Retail Traders' Association, for example, acknowledges that, while "the momentum towards a national parental leave scheme is inevitable", it "strongly rejects" compulsory employer contributions." (SMH June 14-15, 2008, page 29)

## Who should pay?

We should take this opportunity to raise some more general issues, about the direction of economic policy in Australia, when discussing who should pay for paid maternity leave.

Paid maternity leave is part of the cost of reproducing the working class and the social cost, ideally, should be borne by the capitalist class, by profits. *[see notes at end]* Working people's income and services should not be disadvantaged.

This does not necessarily mean a paid maternity leave scheme should be left to each employer to administer and fund.

To ensure universality, with full-time, part-time, casually employed and unemployed women all having rights of access, it should be a government-administered scheme, with the government gaining sufficient revenue from a revamped progressive tax system, a progressive levy on employers specifically for paid maternity leave and other measure which redirect social spending such as a significant cut to Australia's military spending.

Australia's military spending is around \$55 million a day, or just over \$20 billion a year. It is desirable to open people's eyes to the link between our country's foreign policy and government spending on people's real needs.

"In a capitalist society the whole machinery of government and administration is subordinated to the ruling class, i.e. the capitalist class. State expenditure is, therefore, unceasingly the battleground of class interests, the desire of the capitalist class being to use State finance to strengthen their domination, to facilitate means of increasing profits and impose exactions that hit the masses of people. The working class on the other hand fight for the improvement of social services, against State expenditures to buttress up the capitalist class, and for lightening the burden of taxation falling on the masses of the people. In short, a battle of the classes is unceasingly waged over methods used by the State to "appropriate surplus value" and the use to which the State's revenue is put."

*(Political Economy, John Eaton, International Publishers 2003, page 214)*

Maybe this suggests we need to campaign more, before budget time, raising our spending and taxation priorities.

We should encourage a discussion on taxation.

Income tax was originally a progressive tax, with those on higher incomes paying a greater proportion of income in tax.

Taxation is becoming increasingly less progressive, more regressive, with reductions in the top rates of income tax and the introduction of the GST, which taxes consumption. Consumption taxes are inherently regressive.

The trend the world over is for workers to pay an increasing proportion of total taxation, for tax scales to be flattened and for taxation to be slowly shifted from income to consumption. Companies do not want to pay any tax!

Social security payments should be paid for out of general revenue, with no levies on wages. Ideally, Medicare should be paid for without a special "Medicare Levy" on wage and salary earners. Nor should individuals have to make personal superannuation contributions to ensure a decent retirement. Indeed, the whole purpose of superannuation is to replace the government-funded pension and have employees contribute more directly to their own retirement. This is the wrong direction for our social security system. Governments should be collecting enough tax from a progressive system to finance social security payments.

In the debate on funding paid maternity leave — government or employers — we should not pose one against the other, but raise the subject of government funding in the context of taxation, big business tax avoidance, big business profits, concessions to big business, military spending, foreign policy etc, and the need for a radical shift in the direction of economic policy in Australia, in favour of the working people.

## *Notes on wages, or why the capitalist class should bear the cost of reproducing the working class.*

The principle that wages paid to the working class by the capitalist class should cover all costs associated with the cost of living is well-established in Australia's industrial history. Employers have always fought against this principle and in recent decades have managed to sideline cost-of-living considerations for all but the lowest paid.

The Commonwealth Conciliation and Arbitration Court was established in 1904 and in 1907, its President, Mr Justice Higgins, was asked to make a determination as to what constituted a "fair and reasonable" wage. This was the famous "Harvester" case, named after the Sunshine Harvester Company, one of the parties in the case.

A little-known fact is that Justice Higgins reached very similar conclusions to those reached by Justice Heydon in NSW in 1905, in an earlier determination of sawmillers' wages.

In speaking about his "Harvester Judgment", Justice Higgins said:

"If A let B have the use of his horse on the terms that B give the horse fair and reasonable treatment, B would have to give the horse proper food and water, shelter and rest. I decided, therefore, to adopt a standard based on "the normal needs of the average employee, regarded as a human being living in a civilised community." This was to be the primary test in ascertaining the minimum wage that would be treated as "fair and reasonable" in the case of unskilled labourers.

At my suggestion, many household budgets were stated in evidence, principally by housekeeping women of the labouring class; and, after selecting such of the budgets as were suitable for working out an average, I found that in Melbourne, the city concerned, the average necessary expenditure in 1907 on rent, food and fuel in a labourer's household of about five persons, was £1/12/5; but that, as these figures did not cover light, clothes, boots, furniture, utensils, rates, life insurance, savings, accident or benefit societies, loss of employment, union dues, books and newspapers, tram or train fares, sewing machine, mangle, school requisites, amusements and holidays, liquors, tobacco, sickness or death, religion or charity, I could not certify that any wages less than 42/- per week for an unskilled labourer would be fair and reasonable.

Then, in finding the wages which should be treated as fair and reasonable in the case of skilled employees, I relied mainly on existing ratios found in the practice of employers. If, for instance, the sheet iron worker got 8/- per day when the labourer got 6/-, the sheet iron worker should get, at the least, 9/- when the labourer's minimum was raised to 7/-."

In his *History of the Australian Labour Movement*, Ernie Campbell comments:

"The standard thus arrived at by Mr. Justice Higgins, which became known as the 'Harvester Equivalent' . . . . . was rapidly adopted by wages boards and arbitration tribunals all over Australia.

If we take 'fair and reasonable' wages to mean the value of labour power, we see how Mr. Justice Higgins, by empirical methods of reasoning, reaches exactly the same conclusions to which Marx was led by deduction, namely:

"The value of labour power is determined, as in the case of every other commodity, by the labour time necessary for the production, and consequently also the reproduction, of this special article ... Labour power exists only as a capacity or power of the living individual. Its production consequently presupposes his existence. Given the individual, the production of labour power consists in his reproduction of himself or his maintenance. For his maintenance he requires a given quantity of the means of subsistence. Therefore the labour time requisite for the production of labour power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour power is the value of the means of subsistence necessary for the maintenance of the labourer." (*Capital*)

"The Court is the exemplification and the epitome of Marx's law that wages are based on the amount, in the given conditions, necessary to keep the labourer in working condition and to ensure the 'reproduction of the race of workers'." (*The Trade Unions* by L Sharkey)

The Harvester Judgment undoubtedly raised the standard of living in 1907."