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# Labour market academics call for action on wages

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Intervention is needed to end an "unprecedented slowdown" in wages growth, according to an open letter signed by 124 Australian labour market researchers that has been published today.

The [letter](#) contends that waiting for market forces to restore "normal wage trajectories" is unlikely to be effective.

"Instead, reversing the stagnation of wages will require positive action to strengthen institutional support for higher wages," it says.

The letter was initiated by the University of Adelaide's Professor Andrew Stewart; the Centre for Future Work's director Dr Jim Stanford; and Dr Tess Hardy of the University of Melbourne's Centre for Employment and Labour Relations Law.

The trio edited a book last year, [The Wages Crisis in Australia: What it is and what to do about it](#), which suggested the legal definition of employee should be broadened to cover anyone who agrees to supply their labour (see [Related Article](#)).

Other signatories to the letter – published in a full-page advertisement in the *AFR* – include Professors Sarah Charlesworth, John Buchanan, Russell Lansbury, Shae McCrystal, Frank Stilwell and Anthony Forsyth.

In a related [statement](#), innovation advisor Professor Roy Green said that keeping wages depressed is "bad for business".

"In current conditions, wage increases can be a significant driver of growth and productivity through the incentive effect on capital investment, and the demand effect on capacity expansion."

The letter says the "deceleration of wage growth is due in significant part to the impact of deep structural and institutional change, and cannot be explained as a normal outcome of market forces."

It says these factors include wage suppression by governments in the public sector and public-funded entities; the erosion of collective bargaining; the expansion of precarious forms of employment (including independent contracting, temporary work, labour hire and gig work), and "wage theft".

"Some analysts and organisations have expressed concern and even alarm about the prospect of a recovery in wage growth, suggesting this would constitute a threat to Australia's economic stability and success.

"We find these arguments puzzling and unconvincing.

"There is a growing consensus among labour market analysts and practitioners that wages today in Australia are too low, not too high."