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Give the current workers jobs before you find others

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The Federal Government recently announced that it will undertake a world wide search for 20,000 workers from Europe and Asia to overcome alleged skill shortages in Australian workplaces. The targeted groups of workers will include tradespersons, engineers and doctors.

A senior Department of Immigration and Multicultural Affairs spokesperson, the agency organising the search, said “If you think about what we did in the 1950s and the impact that had on Australia, well we’re doing it again.”

In the 1950s the Government offered subsidised re-location to migrants from the British Isles who could ease our fully employed, labour starved economy. But the situation today is nothing like prevailed then.

The Australian economy currently has about 10 per cent of its willing labour resources underutilised. There are approximately 1.8 million Australians without sufficient work. Some have no work at all while others are forced into working fewer hours than they desire.

In the 1950s, we sought workers from abroad because economic growth was threatened by a lack of workers. Up until the mid-1970s, there were more unfilled vacancies than unemployed ready to fill them. The situation is very different now. Since March 1996, there have been around 7 unemployed persons competing for each job vacancy.

Why are we seeking workers from abroad when we have so many willing workers being wasted?

Government and business reply that these workers do not have the requisite skills. The skills shortage claim is largely based on anecdotal evidence and is only marginally supported by official data. There has been no sharp rise in the demand for skills in the last several years although some modest tension is developing in some trades. There is only the slightest rise in skilled professional vacancies and other skilled occupational groups have seen a fall in vacancies over the last year.

The big question is why the Government has not taken the necessary steps to ensure that our unemployed workers have the right mix of skills?

The Federal Government's policy position on this duality – skill shortages and persistent unemployment - is confused and unacceptable. They articulate a vision of high skills and high participation but fail to provide the necessary macroeconomic policy conditions that will ensure both.

The persistent unemployment in Australia and the existence of skill shortages represent two-sides of the same coin – a failure of governance. When growth is strong, this lack of governance manifests as skill shortages and reduced unemployment, whereas at other times it takes the form of very high labour underutilisation. Both manifestations reflect erroneous Federal Government policy in the form of insufficient spending as a result of their obsession with budget surpluses.

Before we search for new workers, we should first ensure the available labour resources are fully employed. There are significant benefits in achieving full employment and it should be the priority goal for the Federal Government.

Not only does it maximise output but it also stimulates labour force participation and provides strong incentives for employers to tailor training and paid-work opportunities to attract scarce labour. When unemployment is high the employers lose this incentive and the dynamic skill-building process falters.

During the full employment post war period (up until the 1970s) the government took responsibility for maintaining spending sufficient to provide jobs for all. They invested heavily in apprenticeships and maintained a 'manpower planning' capacity to forecast likely new skill requirements – policy was forward-looking. These capacities were abandoned when the Government absolved itself of the responsibility to ensure there were enough jobs and training opportunities.

The failure of the Federal emphasis on the privatised Job Network structure is also demonstrated by the skill pressures. The poor employment outcomes for participants in programs like Work for the Dole and Intensive Assistance point to the futility of preparing the unemployed for jobs that are not there. But if there is indeed a skills shortage, what has the Job Network done with the billions of dollars it has received since 1998 to train the unemployed?

As a way ahead the following policy priorities are crucial. First, a Job Guarantee should be introduced for the most disadvantaged workers which would free them from welfare-dependence and give them further training and career development.

Second, we must adequately fund our public schools and universities and renew our commitment to trades education. The public cutbacks in these areas are indefensible. Safety-net structures for our youth who leave school early should be a top priority. Every person under 20 years of age should be in education, training or a paid job.

Australia requires strong Federal leadership which takes responsibility for ensuring there is enough net spending to meet the demands of the workforce for jobs now and the requirements in the future for an on-going supply of high skilled and productive workers.