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Full employment? Not even close ...

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The 13th National Unemployment conference was hosted by the Centre of Full Employment and Equity at the University of Newcastle last week. During the same week, the Australian Bureau of Statistics (ABS) revealed that the latest official unemployment rate was steady at 4.6 per cent. According to Treasurer Costello the data showed we are now at full employment or better.

You might ask: if things are so good why waste our time hosting conferences about unemployment?

Full employment is what it always has been – an unemployment rate below 2 per cent, zero underemployment and no hidden unemployment. Australia is a far cry from that lofty goal. What is not often known is that a person who works on 1 hour a week is considered by the ABS to be employed.

Around 60 per cent of newly created jobs in Australia are part-time and increasing numbers of part-time workers want to work longer but are frustrated by the failure of the economy to meet these desires. These workers are underemployed – they are working but less than they desire. Adding them to the official unemployed gives a labour underutilisation rate above 10 per cent.

The ABS also counts marginal workers which include the hidden unemployed. The latter want to work but have given up searching because there are few opportunities. If we add the marginal workers, who represent a contingent workforce, to the unemployed and underemployed pool then the total labour underutilisation rate would exceed 20 per cent of available labour resources.

The stark reality is that the economy does not generate enough work. The Federal Government belief that the market will solve the problem as long as welfare is tightened and wages are cut is a failed strategy.

The costs in foregone production and income of this labour wastage are enormous. They are compounded by the social costs of unemployment (crime, family breakdown, health issues). Unemployment is a major source of poverty and social exclusion. Thirteen percent of households in Australia with children are jobless

This situation will worsen given that last week the ABS also reported that the Australian economy has slowed significantly and several states, including NSW are heading for recession. With household debt at record levels many households are close to bankruptcy after the interest rate rises. With unemployment tipped to rise, many will go over the edge and lose their properties. The Hunter region and South West Sydney are particularly vulnerable.

If we step back from the lie that the Australia is fully employed, other dark trends in our society are revealed and were discussed at the Conference.

John Howard pledged in 1996 that he would make us all feel more comfortable and relaxed. Ten years later nothing could be further from the truth. True, the economy has grown for the last 13 years and many households are now considerably wealthier. But this has come at a cost to our freedoms and we now live in a state of fear and apprehension.

Generally, the ‘war on terror’ has diverted attention from economic policy failures. Experts agree that the decision to invade Iraq has increased the threat of terrorism on our shores. The false pretext used to justify this invasion has also undermined our democratic system which requires honesty in government.

The Government also manipulates the media to hector and frighten us into accepting economic reform which has reduced our happiness and increased our anxiety.

These reforms reflect a major policy vision published by the Organisation of Economic Cooperation and Development (OECD), the Paris-based research and policy body. Its highly influential 1994 Jobs Study advocated widespread labour market and welfare deregulation as the only solution to persistent labour underutilisation.

Our Government feverishly pursued this agenda – privatised employment services (Job Network), welfare-to-work legislation and Work Choices – which they claimed was justified by the overwhelming weight of economic research.

But in their recently published annual Employment Outlook, the OECD recants on their previous research findings and concludes that:

- There is no relationship between unemployment and employment protection legislation;
- The level of the minimum wage does not impact on unemployment; and
- Highly centralised wage bargaining reduces unemployment.

These conclusions (among others) withdraw the empirical authority used to justify the deregulation agenda of the Australian Government.

It is now clear from research presented to the Conference that the Government’s policy position will not solve Australia’s woeful labour underutilisation problem and will entrench an underclass comprising around 20 per cent of our population.

Conference delegates called for more direct ways of stimulating employment and improving the security of the most disadvantaged. The need for public sector job creation to provide jobs for the least skilled workers was paramount.