

Unemployment set to soar in Australia

A tacit agreement to deny reality

Nick Beams, SEP Senate candidate for NSW
10 September 1998

If the issues were not so serious, the attempts to deny the impact of the gathering world economic crisis on the Australian economy might be thought of as providing a dose of comic relief to the Australian election campaign.

Prime Minister and Liberal Party leader John Howard, whose central election platform of tax cuts is predicated on growth in the Australian economy of more than 3.5 percent, opened the campaign by flatly declaring that there would be no world recession. He was followed by Liberal deputy leader and Treasurer Peter Costello who greeted national accounts figures still showing positive growth with the claim that Australia was the 'strongman' of Asia.

Labor leader Kim Beazley claims the government is understating the effect of the economic contraction in Asia, but then asserts that a Labor government will set a target of 5 percent unemployment, compared to the present level of around 8 percent.

However, Beazley has refused to specify a time limit for the achievement of this goal, promising that, nevertheless, Labor will do its 'darnedest'.

The latest official estimates show unemployment set to increase again after marginal falls over the past few months. Treasury Department estimates reveal that an additional 50,000 people will join the unemployment queues as a result of slowing economic growth.

Other research indicates an even more rapid downturn and a consequent sharp increase in the jobless rate. The head of the National Institute of Economic Industry and Research, Dr Peter Brain, has forecast a return to double digit unemployment rates within the next three years.

He stated that because of the build up in debt, the US economy would slow to a crawl resulting in 'a grinding down of the Australian growth rate to zero levels by

about 2000.'

This would mean that the unemployment level would rise by 300,000, pushing the rate back to over 10 percent.

A recent study by the National Mutual finance group in Melbourne concluded world industrial production had slowed from 6 percent to zero in the past year.

'We believe the world will continue to deteriorate, with growth falling to the lowest level since the 1930s depression,' it warned.

Another report has found that consumption spending in the East Asian region--the destination for around 60 percent of Australian exports--will decline by at least \$515 billion, an amount 70 percent greater than Australian national output.

In a recent newspaper article, former Liberal leader John Hewson directly contradicted the claims of Howard and Costello, pointing to the accelerating recession throughout the Asian region, and warning that 'in these tumultuous, largely uncharted, times' Australia would not be able to stand above the tide.

Of course, none of the leaders of any of the major parties seriously believes that the Australian economy can somehow escape the effects of the global crisis. But for the duration of the election campaign, there is a tacit agreement between the capitalist politicians and a generally compliant mass media that the real situation will be neither accurately reported nor analysed.

Even before the next wave of unemployment hits, a series of statistics reveals the impact of permanent joblessness. Youth unemployment covering 15 to 19 year olds is back over 30 percent, reaching 60 percent in some working class areas such as Broadmeadows in the northern suburbs of Melbourne.

A study conducted by the Australian Bureau of Statistics has revealed that of the 685,000 people

retrenched from their jobs in the three years up to 1997, almost half were either still unemployed or had given up trying to find a job. The main age groups affected were 18-24 and 55-64.

The study found that about 7 percent of the workforce of 9.3 million were either sacked or took redundancy in the period from mid-1994 to mid-1997, with the manufacturing, retail and property sectors of the economy hardest hit.

And further job cuts are coming, according to the results of a business survey conducted by the Westpac Bank. It found that 38 percent of companies plan to cut staff in the coming three months compared to 29 percent in the previous survey.

Moreover, unemployment is no longer a product of fluctuations in the business cycle but has become a permanent feature of economic and social reality. In the 30 years after the conclusion of World War 2, unemployment in Australia rarely rose above 2 percent. For the past 20 years it has averaged around 7.5 percent.

See Also:

Socialist Equality Party Election Statement:

For a socialist alternative

[5 September 1998]

Amid global economic meltdown

Australian government calls crisis election

[1 September 1998]

See the Election Campaign '98 web site of the Socialist Equality Party



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact