

Full-time job losses accelerate in Australia

Mike Head
14 July 2009

Australia's latest official unemployment figures show that the destruction of full-time jobs gathered pace in June, hitting male manufacturing and young workers in particular, and sending the jobless rate up from 5.7 percent to 5.8 percent. There are now 40 percent, or over 200,000, more unemployed workers than a year ago, with the total now at 668,400.

Employers axed 21,400 jobs last month, including 21,900 full-time positions, which was more than economists had predicted. The jobless rate would have risen higher except that more people gave up hunting for jobs. The participation rate—the proportion of people aged over 15 working or looking for work—fell to 65.3 percent from 65.5 percent.

Despite this, the Rudd government and the media presented the statistics as further proof that “green shoots” of economic recovery were sprouting. Deputy Prime Minister Julia Gillard declared that the results were “better than expected” and the *Australian's* front page claimed that the “slight increase in jobless” reinforced a “growing positive outlook”.

On the contrary, the results indicate that the impact of the global recession on the Australian economy is deepening. More than half a million workers have already had their hours reduced since September, but employers are now turning away from such alternative cost-cutting measures to laying off their full-time workers.

“The labour market is certainly having another down leg,” commented TD Securities senior strategist Annette Beacher. “The fact that the fall is in full-time (jobs) gives more weight to the weakening job market.” The Australian Broadcasting Corporation's economics

correspondent Stephen Long said the loss of full-time jobs “may suggest that the employers' strategy of using ‘casualisation’ as a buffer against falling demand has run its course”.

Because of the drop in full-time jobs, and with older workers delaying retirement due to the decimation of their superannuation funds, the official youth unemployment rate rose again. The proportion of youth aged 15 to 19 looking for full-time work climbed from 25.5 to 26 percent.

Since the start of the year, the number of men working full-time has fallen by 100,000. An estimated 50,000 manufacturing jobs have been eliminated since August, as well as 20,000 in the mining industry, which employs about 150,000 people. By contrast, employment in the retail industry, which employs 1.2 million workers or more than 10 percent of the workforce, dropped by just 3,300.

The latter result highlights the impact of the Rudd government's \$90 billion stimulus packages on consumer spending. There has been a similar effect in the housing industry, where subsidies have enticed first home-buyers to take out mortgages. And public sector employment has risen by about 100,000 since August.

But the stimulus effect will begin to dry up in coming months, just as global financial institutions demand that the government start cutting spending in order to pay off mounting debts.

Another indicator of the worsening situation was the ANZ Bank's job advertisement survey, which showed that the number of employment ads fell by nearly 7 percent in June—the 14th consecutive decline. This took the year-on-year drop to 51.4 percent.

The ANZ Bank itself announced the axing of another 250 jobs. The banks have been among the biggest job destroyers, despite profiting to the tune of hundreds of millions of dollars from the Labor government's guarantees of their deposits and borrowings.

Deputy Prime Minister Gillard welcomed the fact that the number of part-time jobs had risen to a record 3.2 million, claiming it was a sign employers were doing everything they could "to hold on to their staff in the global recession". In reality, the financial crisis has accelerated a long-term trend to shift workers into lower-paid and insecure part-time, casual and temporary positions.

This is just one means by which the employers, backed by the government and the trade unions, are exploiting the global financial crisis to carry through a far-reaching restructuring of conditions at the expense of the working class.

Over the past eight months, the government and the unions have worked closely with employers to impose major cuts to wages and conditions. One of the largest employer groups, the Australian Chamber of Commerce and Industry, last week boasted that workers at a Victorian printing company had taken a 20 percent pay cut without any reduction in working hours.

The unions have rammed through such arrangements with the claim that they provide a means of preserving jobs until a "recovery" arrives. But the latest jobs figures indicate that employers have simply been emboldened to move on to outright retrenchments. Any "recovery" will be based on the permanent destruction of full-time jobs and conditions.

While the government's stimulus packages, designed to bail out the banks, construction giants, property developers and retailers, have so far kept sections of the economy from plunging into recession, there are signs of deeper problems.

Falling export commodity prices and volumes led to the trade deficit doubling in May to \$556 million, with the 5.2 percent drop in exports outstripping a 3.8

decline in imports. Because of the collapse of the mining boom, exports fell 25 percent between October and May.

Exports to Britain plunged by 65 percent, to Japan by 56 percent, South Korea 49 percent and the US 45 percent, while they rose to China by 21 percent. The results further underscore Australian capitalism's increasing reliance on China, which has now become the country's largest export market.

China's higher imports of raw materials have been fuelled by the Chinese government's own massive stimulus packages, apparently combined with considerable stockpiling. Both are ultimately unsustainable. China's output remains heavily dependent on its primary markets in the US and Europe, which are deeply mired in recession.

In another ominous sign for future employment, Australian imports of capital goods plummeted by 13.8 percent in May, taking the year-on-year decline to 8.3 percent. Economists have warned that the drying up of investment indicates that business is preparing for a deeper slump.

Despite its claims of "good news," the Rudd government has not revised its budget forecast that official unemployment will rise to 8.5 percent, or nearly one million jobless, by the end of 2010. That does not count the "under-employed"—those working fewer hours than they want—whose numbers already exceed those officially counted as unemployed.

With the help of the unions, the government and business are overseeing the creation of an unemployed and under-employed army of reserve labour, which will increasingly be utilised as a battering ram against the social position of the working class as a whole.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact