

# Australian jobs fall for first time in 20 years

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The Australian economy officially shed 53,700 part-time jobs in December and suffered a net loss of 100 jobs during the course of 2011, marking a turning point as corporate restructuring and job shedding accelerates. The 2011 contraction was the first since the recession of the early 1990s, when official unemployment rose to 9 percent.

Almost 40,000 jobs were eliminated in the final two months of 2011, the biggest two-month fall in more than a decade. In the year to November, almost 44,000 jobs disappeared in manufacturing, and more than 28,000 in retailing.

Claims of a ‘recovery’ in 2010, when the employment total rose after the 2008-09 global crisis, have given way to warnings of deteriorating conditions and evaporating business and consumer confidence.

On its front page last Friday, the *Australian Financial Review* warned of a “jobs recession” with “global instability and weak conditions bearing down heavily on the labour market” producing “a grim prospect for school leavers and thousands of workers in finance, manufacturing and other embattled industries.” In a further sign of a deeper slump, Toyota yesterday announced the loss of 350 jobs.

The official unemployment rate remained at 5.2 percent in December, but only because of a 0.3 percent fall in the labour force participation rate (a fall in the number of working-age people working or looking for a job) to 65.2 percent, the lowest rate since 2007.

The participation rate fall is likely due to increasing numbers of workers giving up their search for a job, becoming so-called “discouraged workers.” Such outcomes demonstrate how deceptive the official figures are—an unchanged participation rate would have produced an official unemployment rate of 5.6 percent, the worst since the early 1990s.

According to the Australian Bureau of Statistics, December’s 53,700 fall in part-time jobs was partly

offset by 24,500 ‘new’ full-time jobs. The increase in full-time work is no silver lining. The fact that employees worked 5.6 million more hours in December than in November (about two more hours per worker) indicates that employers are cutting back their part-time and casual staff in order to wring more hours out of their full-time employees, often through unpaid overtime.

Merrill Lynch chief economist Saul Eslake predicted an official jobless rate of 6 percent by the end of the year and stagnation across most of the economy, “outside of the resources sector and those areas dependent on it.” The mining sector employs just 2 percent of workers.

Amid reports of thousands of jobs to be eliminated by the banks and other finance houses, City Index chief economist Peter Esho said “financial institutions, particularly banks, are preparing the market for large job losses and when the participation rate changes, there could be a double whammy effect on the level of unemployment.”

The fact that retail employment declined in December (traditionally the busiest shopping month) underscores the weakness of consumer demand and indicates broad nervousness about 2012. Retail turnover was flat in November, reflecting not only higher unemployment but a rise in online purchases from overseas under conditions of a relatively high Australian dollar.

Just three months ago, as BlueScope Steel eliminated 1,400 jobs, Prime Minister Julia Gillard convened a ‘jobs forum’ with employers and trade unions, under the banner of “securing tomorrow’s jobs today.” Far from any concern for workers’ jobs, the discussion centred on accelerating efforts to put downward pressure on wages by forcing more people into the workforce through cuts to welfare eligibility, as well as union calls for protectionist measures and government assistance to Australian-based manufacturers. (See:

“Australian corporate elite calls for tax cuts, austerity at Labor summits”)

Now, even the pretence of creating jobs has been dropped. Gillard used the release of the job statistics to reassure the financial markets on the depth of intended public sector cuts, which will only increase unemployment. “One thing you can see from round the world, it is the right time for governments to be clear on their fiscal strategies,” she said, vowing to keep the government’s promise of a 2012-13 budget surplus.

Labor’s glance ‘around the world’ no doubt involves careful note of Standard and Poor’s downgrade earlier this month of nine euro-zone countries (including France and Italy) deemed to have failed in the task of “structural reform,” including ruthless budget reduction measures.

Acting Treasurer Bill Shorten, a former union leader, dismissed the prospect of any government action to create jobs. “I think there is softening in parts of the economy, you don’t need to be a Rhodes Scholar to see that,” he stated. He sought to reassure the public that “if a widespread global financial crisis did eventuate, Australia could be protected in part with interest rate cuts from the RBA [Reserve Bank of Australia] which would flow through to consumers.”

In reality, Australia’s major banks have already indicated they may not pass on interest rate cuts to businesses and consumers because their own borrowing costs are soaring on the global markets.

What is underway is not a conjunctural downturn but rather a ruthless restructuring of much of the Australian economy toward being competitive with manufacturing and services industries of Asia.

That agenda was reinforced by the *Australian* in Monday’s editorial. It warned: “In this environment, the government’s 2011 budget forecast of 500,000 new jobs by mid-2013 and a fall in the unemployment rate to 4.5 percent, is wildly unrealistic. If we are to secure and create jobs for today and for tomorrow, then a strategy that addresses skills, workplace laws, productivity, transitioning from welfare to work, infrastructure and innovation, must be a priority.”

The Gillard government has been given its instructions. The looming ‘jobs recession’ must be exploited to batter down wages and working conditions, give employers unfettered ‘flexibility’ to slash labour costs and dismantle welfare entitlements so

that the growing numbers of unemployed school-leavers, students and retrenched workers have no choice but to accept employment on any terms.



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