Deepening job cuts expose Australian Labor's "new economy"

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The first two months of 2012 have seen a mounting toll of job losses in Australia, showing the real content of the Labor government's drive to restructure the economy in accordance with the demands of key sections of business. Amid the constant news of job cuts, the government has been issuing statements about the "health" of the economy and the "opportunities" for workers.

Prime Minister Julia Gillard has described the Australian economy as the "envy of the world," highlighting the social chasm that separates her government from the tens of thousands of workers and small business people whose livelihoods are being devastated.

Hardly a day goes by without reports of further sackings and closures. In the most recent announcements this week, BHP-Billiton suspended production at the Tasmanian Electro Metallurgical Company plant, placing 380 jobs in doubt, and OneSteel said it would eliminate another 757 jobs at its steel plants in Whyalla, Sydney and Melbourne, on top off the more than 1,000 it axed last year. Retailer Specialty Fashion announced the closure of 120 stores over the next three years, and clothing company Pacific Brands said it would shed another 106 jobs, adding to the almost 3,000 it destroyed in 2009.

The media has generally focused on the largest job losses, including nearly 2,500 at Qantas, 1,000 at ANZ bank and 500 as a result of the collapse of Sydney construction company Kell and Rigby. These figures merely provide a glimpse of the reality. In total, more than 6,000 job losses have been announced in the past two months, ranging from food distributors to financial institutions and manufacturing industries. With closures also mooted at Caltex oil refineries in Sydney and Brisbane, and aluminum plants owned by Alcoa and Norsk Hydro, a further 10,000 jobs are at risk.

Beneath the surface, smaller businesses are being engulfed by the fallout. A recent Dun & Bradstreet business survey reported a 48 percent increase in the number of small businesses going bankrupt over the past year, with 128,000 firms likely to experience "financial stress" in 2012. There was also a 95 percent fall in the number of new start-ups. The worst affected were businesses with less than five employees, and the service, finance and construction sectors.

Australian Securities and Investments Commission figures show that the number of corporate insolvencies—which do not include many small enterprises—rose 9.2 percent from 9,601 in 2010 to 10,481 in 2011, the highest figures since the early months of the global financial crisis that began in 2008.

The avalanche of job losses is deepening processes that have been underway since before the 2008-09 economic meltdown. According to an analysis by Australian Development Strategies, 97,200 manufacturing jobs have been lost over the past four years, with many coming from smaller industries.

Some of the worst-affected areas are outlying working class suburbs, such as the electorates of LaTrobe in southeast Melbourne, Hughes in southwest Sydney and Macquarie in western Sydney. These have each lost more than 4,000 manufacturing jobs over four years.

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In an interview on the Australian Broadcasting Corporation's "AM" radio program, Prime Minister Gillard was dismissive. "Here of course Alcoa workers and a number of others face challenges. But overall our economy is strong, offering people the benefit of jobs." Employment Minister Bill Shorten told the ABC-TV's "7.30 Report" that the Australian economy was in a "gold medal position."

Treasurer Wayne Swan stated: "Of course we shouldn't view the world through rose-coloured glasses, but we need to recognise the economy's strong foundations if we are to make the most of our nation's opportunities."

The only "strong foundations" lie in the mining and related finance sectors, where there has been the enormous growth of wealth for a few individuals. These are personified by mining mogul Gina Rinehart, whose worth, as recorded by *Forbes Asia*, jumped from $1 billion in 2007 to $18.5 billion by 2012. Relatively small numbers of mining jobs have been created, however. Between November 2009 and November 2011, the proportion of the national workforce employed in the mining industry has risen from roughly 1.5 percent to 2 percent.

While the official unemployment rate dropped from 5.2 percent in December to 5.1 percent in January, this was largely the result of an increase in the number of part-time jobs, and a reduction in the average number of hours worked.

This outcome reflects an ongoing shift from permanent full-time work to more precarious part-time and casual jobs, where the individual workers are left at the mercy of the dictates of business. Such "flexibility" forms a key part of the "new" economy foreshadowed by Gillard in a series of speeches over recent months.

Employment Minister Shorten said in response to the latest Qantas sackings that the idea of having one job for life was "dead." In effect, the government expects workers to travel the nation to wherever their labour power is demanded, mostly in mining-related industries. Whether a worker has a family, house, mortgage or community ties to an area is irrelevant. They will be expected to uproot themselves and go where required.

For laid-off workers the "opportunities" to find a decent and secure job are rapidly diminishing. The sharp rise in business bankruptcies also highlights the perilous environment that faces those who use their redundancy packages to go into small business.

With the financial crisis deepening in Europe, accompanied by an all-out assault on the jobs and living standards of workers, and signs of downturn emerging in China, the employers, backed by the Labor government, will only intensify their offensive as they seek to match the conditions being imposed on the working class elsewhere around the globe.

This is the reality of Labor's "new" economy: mounting financial and social distress for working people, alongside a staggering concentration of wealth in the hands of a small layer in the corporate elite.

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