

Unemployment surges in New Zealand

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New Zealand's latest unemployment figures, released last week, showed the official jobless rate surged from 6.8 to 7.3 percent in the September quarter. The *Dominion Post* described the result as a "shock." Economists surveyed by Reuters had been suggesting the headline rate would ease to 6.7 percent. Instead, the rate has climbed for three successive quarters to its highest level in 13 years.

The onslaught on jobs in New Zealand parallels the restructuring and austerity drive taking place in Europe, the US and around the world. In every country, working people are being made to pay for the breakdown of the profit system. As employers slash jobs and conditions, New Zealand's National government is imposing cutbacks to welfare, education and public services to meet the demands of the financial markets for a budget surplus.

According to the Statistics NZ Household Labour Force (HLF) survey, the number of jobless jumped by 13,000, or almost 8 percent, to 294,900. Most of the losses were full-time jobs, with the equivalent of about 145 people a day swelling the ranks of the unemployed. Underemployment, which counts those who are part-time but want to work more hours, also rose from 109,500 to 113,300.

Among Maori and Pacific Islanders, unemployment increased to over 15 percent, compared with 13 percent a year ago. Long-term unemployment has doubled over the past year, with the number of people out of work for more than 12 months rising to 21,000. There was a significant decrease in the number of 45-49 year-olds who were employed over the year. Their employment rate fell 2.8 percentage points to 81.7 percent, the lowest since 1999. Youth aged 15-24 who are not in employment, education or training increased by 0.3

percentage points to 13.4 percent.

The situation has worsened since the September survey. Layoffs accelerated throughout October, with hundreds of jobs being axed from KiwiRail, Solid Energy, the Tiwai Point aluminium smelter and other workplaces. Last week, Auckland-based Rakon, which makes crystal oscillators for smart phones and navigation systems, announced it would cut up to 60 jobs, 14 percent of its workforce, when it shifted manufacturing to China and India. Dynamic Solutions of Christchurch said it would shed 40-60 jobs from its contract manufacturing business. Regional polytechnic colleges are moving to cut courses and jobs after the government shifted millions of dollars of tertiary education funding into the private sector.

Prime Minister John Key and Finance Minister Bill English dismissed the figures as being "at variance" with other information. The government claims the economy is "dynamic" and creating as many jobs as those disappearing. But since the National Party took office in 2008 an estimated 40,000 jobs have been lost in manufacturing, while 5,000 have been axed from the public service. Unemployment would be far worse except that an estimated 1,000 people are week are leaving New Zealand to live in Australia. Berl economist Ganesh Nana told TV3 News that he expected joblessness to hit 8 percent by next March.

Unemployment has been accompanied by deep inroads into wages and conditions. From next April, a poverty-level "starting out" wage for 16-19 year-olds of \$10.80 an hour will be imposed for the first six months of a new job—well below the paltry adult minimum wage of \$13.50. Wages have declined sharply since mid-2010. A Ministry of Social Development report in August revealed a fall in

average take-home pay by as much as 5.5 percent in just a year.

The elimination of jobs has undercut government finances. Treasury recently released figures showing Crown tax revenue down by \$295 million, or 2.1 percent, due to reduced income from wage deductions and consumption taxes. English immediately used the shortfall to foreshadow further austerity measures, saying restraint would be needed “for some years to come.” A wholesale attack on the entitlements and basic rights of welfare recipients is already under way. Even as dole queues relentlessly lengthen, measures are being enacted to cut \$1 billion from the welfare budget.

The opposition Labour Party and the Greens have proposed their own austerity measures. Both parties have attacked superannuation, declaring it to be unaffordable and advocated an increase in the retirement age to 67. Along with the Maori nationalist Mana Party, Labour has called for restrictions on immigration, blaming migrants for unemployment, instead of the corporate elite and the government. Labour leader David Shearer has gone on record condemning welfare beneficiaries, demanding that they “pull their weight.”

The Council of Trade Unions (CTU) has issued calls for the government to intervene to bring down the value of the New Zealand dollar, which it blames for the crisis in the manufacturing sector. The CTU’s call for a currency intervention is not aimed at defending jobs but protecting less competitive sections of New Zealand businesses. At the same time, most notably in the cases of Solid Energy and KiwiRail, CTU-affiliated unions are actively collaborating with employers in axing jobs and undermining conditions to boost profits and competitiveness.

In order to defend jobs and living standards, working people need to decisively break with all the trade unions and parties of the establishment. The Socialist Equality Party is holding a public meeting in Lower Hutt to put forward a socialist and internationalist alternative. We urge workers and young people to attend and participate in the discussion on the critical historical and political issues confronting workers in

New Zealand and around the world.

Meeting details:

The socialist alternative to unemployment, austerity and war

Sunday November 25, 2.00 p.m.

Room 1, Te Awa Kairangi Community Centre,
47 Laings Road, Lower Hutt

Tickets: \$2/\$1 concession



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact