

## Employment Statistics

### **A political and economic scam, or just plain misleading!**

In the opening page of "Unemployment Forever?" published five years ago I stated:

*The response [of government] to the high unemployment levels published by the Bureau of Statistics from time to time is to emphasise that the focus should be on the employment figures rather than those for unemployment. The media willingly obliges. Slowly, but surely, the community is being conditioned to live with long term high unemployment.* 1

Today it seems that nothing has changed. Today this claim is still valid. The emphasis has continued to be on the employment figures - how many jobs created this month, or this year, or whatever period is relevant. And in a political sense this emphasis has continued with good reason, taking into account there has been a reduction in the unemployment rate of two percentage points in the five year period. Despite an increase in the participation rate, growth in employment has exceeded growth in the labour force.

On this ground alone there is a reason, if not justification, for the government to seek political acclaim for job growth as a reward for political policy. There has been a reduction in the unemployment rate - the measuring stick for employment growth recognised internationally. Why not claim credit for this reduction as evidence of successful political management.

There is also ground for economists seeking acclaim for job growth as an outcome attributable to economic growth and the successful implementation of economic principles. Labour market economists see this job growth as evidence that labour market theories will work. The financial markets see this job growth as a predictable outcome, albeit with a warning that you can have too much of a good thing.

And there is also a supportive response from the media. Why are the unemployed so unhappy when there is strong job growth and increasing employment opportunities?

This political and economic acclaim is a response to a set of statistics produced regularly by the Bureau of Statistics, and the validity of these statistics is not questioned. They are what they set out to be - an accurate assessment of the numerical state of the labour market based on definitions of employed, unemployed and labour force status which "conform closely to the international standard definitions adopted by the International Conferences of Labour Statisticians."

Statistics may not lie, but do they always tell the whole story?

The unemployment rate and the job growth rate, for example, are undoubtedly of political and economic significance in their own right, and they do permit comparisons with other nations. But what of the detailed analysis which lies behind these assessments, and which helps to create a better understanding of the factors which influence the final results? And what of the social consequences of changes in these rates - the nature of the jobs created and their social implications - which are often outside the Bureau's statistical framework?

### **Statistical indicators**

Within the range of employment statistics produced by the Bureau there are indicators which point to, and help to illustrate some of these social consequences, but can it be claimed that there is widespread community understanding of these indicators and their social implications? Can it even be claimed that there is a widespread awareness of the indicators? If awareness is a forerunner to understanding, then it can be assumed that greater community understanding of the indicators and their social implications is subject to greater community awareness of these indicators. How is this to be achieved, and who could be interested in helping in this way?

It is difficult to envisage obtaining help from politicians, for they see political merit in accepting credit for unquestioned employment growth as vindication for pursuing strict economic management policies.

Likewise it is also difficult to envisage obtaining help from economists, for they see professional merit in accepting unquestioned employment growth as a demonstration that market theories do work.

And another unlikely starter is the media, which accepts without question the unquestioned employment growth claims of politicians and economists.

Despite this apparent lack of support from key stakeholders it is desirable, if not essential, that the community becomes aware of the social implications of labour market changes.

Within the range of labour force statistics produced by the Bureau there are a number of indicators pointing to the social implications of changes in the labour market. Two of these indicators will be considered.

**First**, there is the classification of jobs as full time (over 35 hours per week) or part time (less than 35 hours per week and including casual and temporary employment). In June 2000, part time workers comprised approximately 26 per cent of the work force. (In actual terms, 26.5%, in seasonally adjusted terms 25.9%).

Of particular interest are the growth rates for part time and full time employment. In 1970, when the labour force started to change shape, approximately 12 per cent of all jobs were part time, and 88 per cent full time. In the thirty years 1970 - 2000 the percentage of jobs classified as part time has more than doubled, whereas the percentage classified as full time has reduced to 74 per cent.

In real terms, since the 1970's the growth rate for part time work has been positive. In the period 1970 - 1990, for example, there was a growth in part time work of over 140 per cent. On the other hand, the growth rate for full time work has been negative. In the same period, 1970-1990, there was negative growth in full time work in the order of 20 per cent. 2

**Second**, the Bureau estimates the average hours of work for part time and full time workers. In June 2000 there were 2.4 million part time workers working an average of 15.9 hours per week. Over one million (1.114.800 or 47.6 per cent) worked 1-15 hours per week

These estimates are of particular significance when considering employment income and the ability to obtain a basic standard of living from employment. Not only has there been a significant growth in part time work, but a large part of this growth has been in jobs with less than 16 hours of work per week.

### **What are the social implications of these indicators?**

To consider the social implications of these indicators it is necessary to look beyond the Bureau's employment statistics to some other job classification based on employment income sufficient to enable workers to fully participate in society - e.g. life sustaining employment. At what level of income can employment be regarded as life sustaining?

Taking social security pension rates as a guide, the present basic pension rate for a single person is just under \$200 per week (\$394.10 per fortnight). This is regarded as being sufficient to enable a single person who is a home owner to maintain a basic standard of living. This income is not subject to income tax or superannuation deduction, and the pensioner has no costs related to employment.

What level of employment income is necessary to provide an income of at least \$200 per week for a single person with no dependents, and after meeting housing costs, income tax and superannuation deductions, and costs related to employment? Any answer must be a subjective estimate, with individuals relating to their own situation, but it is a starting point.

Bearing in mind that over one in every four workers is classified as part time, and one in every eight workers is working 15 hours per week or less, what hourly rate of pay can be regarded as sufficient to classify the job as life sustaining? Assuming 15 hours per week, is it \$14, to provide a gross income of \$210 p.w., or \$16, for a gross income of \$240 p.w., or is a higher gross income required?

These estimates refer to a single person without dependents. The position becomes more complex, and the gross income increases as the dependents increase. The point being made is that a very large proportion of jobs in Australia today cannot be regarded as life-sustaining jobs. As the workhorse becomes more flexible more and more jobs will be classified as part time, with a very real possibility that the proportion of non-life-sustaining jobs will increase.

## **Jobs are not identical**

The labour market covers a vast range of jobs. The Bureau of Statistics classifies jobs into full time and part time, and within these classifications there are estimates of average hours worked. The trend appears to be for an increase in average hours worked by full time workers, and a decrease in average hours worked by part time workers. If these trends continue, along with the trend for an increase in the proportion of workers classified as part time, then the basic differences between jobs will be magnified.

The community in general will also become more aware of the growing number of jobs regarded as non-life-sustaining, leading to collective action for some form of income guarantee. This has already surfaced in Europe, where activists from a number of countries have combined to press for a guaranteed income in addition to other employment and welfare claims. 3

And in the United States the Poor People's World Summit To End Poverty is being held in New York this month organised by the Kensington Welfare Rights Union.

Overall there is a growing concern about the number of non-life-sustaining jobs being created under the guise of flexibility, and one response is a linking of claims for job creation with income support. There is a growing concern about poverty attributable not only to unemployment but also to underemployment. Job growth based on the present structure of full time and part time employment, and of life-sustaining and non-life-sustaining jobs, may reduce unemployment but only at the expense of more and more working poor. If job growth of this nature is the only option for politicians and economists then the case for some form of guaranteed income is strengthened and becomes more urgent.

For politicians and economists to deny this situation, to claim that somehow jobs are identical and a job is a job is a job, and to then seek political and economic acclaim for job growth as being attributable to good economic and political management, denies the social implications of existing employment policy.

The question remains - are these claims a political and economic scam, or are they just plain misleading?

### References

1 Allan McDonald *Unemployment Forever?* A&D McDonald 1965, p.1

2 *ibid* p.30

3 A Mathers & G Taylor *Popular networks and public support for a basic income in Europe*, Paper presented to 8th Basic Income European Network Congress, 2000. Extracts published on website.

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