

# Hidden jobless could

Stephen Long

If the official unemployment rate hit 10 per cent again, many would view it as a national scandal. In all likelihood, double-digit joblessness would spell the death of the Federal Government.

Yet the true unemployment rate is already about 10 per cent, and possibly far higher, according to some eminent economists and researchers. And that's not taking into account chronically high rates of underemployment among discouraged job seekers and the growing army of part-time workers.

If the critics are right — and their arguments are cogent — the official unemployment figures collated by the Australian Bureau of Statistics vastly underestimate the number of people out of work.

What's more, the falling rate of joblessness achieved in the late 1990s was a false dawn.

According to Dr Peter Brain and his colleagues at the National Institute of Economic and Industry Research, policy changes during the 1990s have seriously undermined the credibility of the ABS unemployment statistics.

The changes include:  
□ A large-scale shift of unemployment benefit recipients onto disability pensions during the 1990s in tacit recognition of the fact that many older unemployed workers would not find work.

□ A tightened "work test" and weakened means test for unemployment benefit recipients,

which has encouraged people to work for a few hours here and there while staying on the dole.

Because the ABS measure excludes people doing one hour's paid work a week or more, these people are not counted as unemployed even though they receive unemployment benefits and clearly do not earn enough from work to live on.

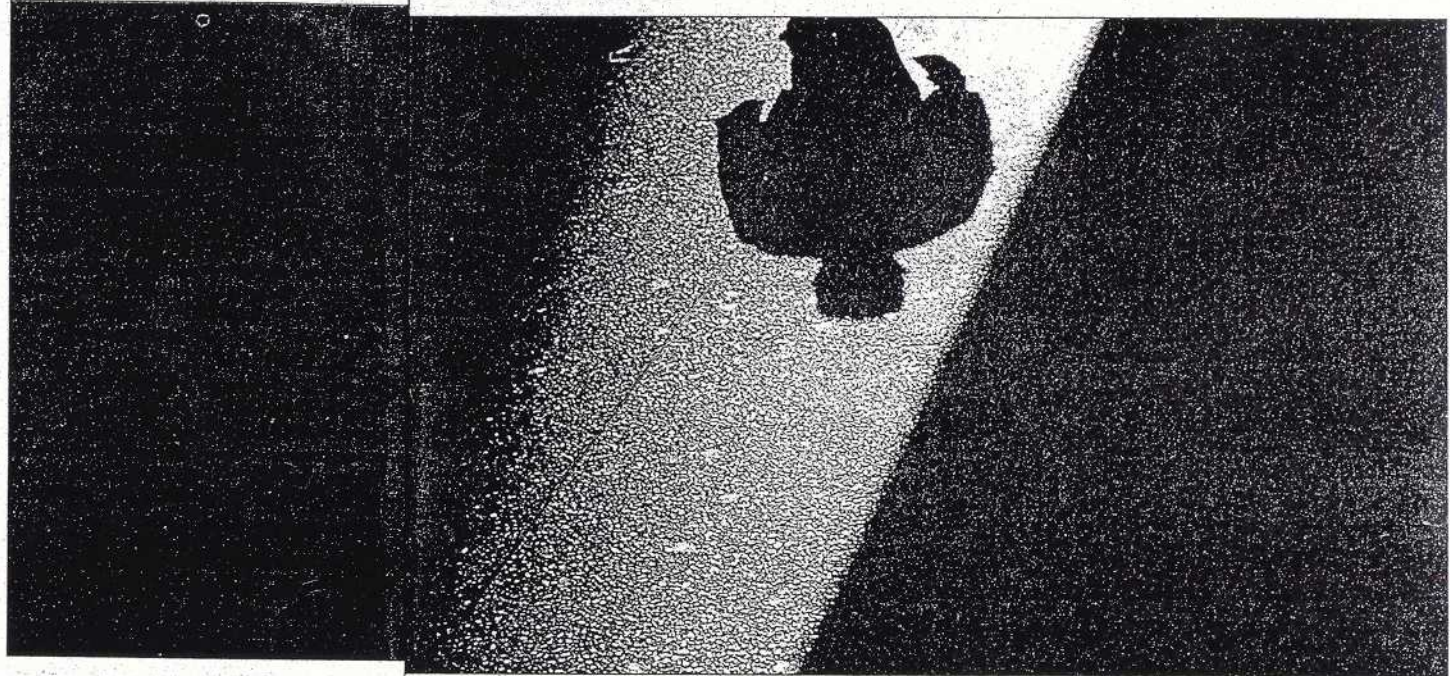
□ The removal of people under 25 from the unemployment figures last year through the creation of a general "youth allowance" for those out of work or in education.

Standardising the data on the 1991 criteria, Dr Brain and his colleagues calculate that the real unemployment rate was more than 10 per cent throughout the 1990s and stands now at 9.9 per cent.

"Mid last year, there were more people receiving social security benefits for unemployment than those counted as unemployed in the labour force survey," said Dr Brain. "Something stinks. The ABS has got a lot of explaining to do."

Mr Gary Morgan, of Roy Morgan Research, agrees. His long-standing survey produces a significantly higher jobless rate than the ABS, using a different method that may more accurately reflect the number of people seeking work.

Roy Morgan asks two questions: "Are you employed or not employed?" and "Are you looking for work?". Using a robust sample — more than 15,000 people — its survey has



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put the unemployment rate at about 10 per cent for the past decade, and 10.5 per cent in the March quarter of this year, about 4 per cent higher than the ABS.

The difference may be that the Morgan poll picks up unemployed people with a few hours' paid work who are excluded by the ABS, as well as people on other forms of benefits who want a job.

Mr Peter Bradbury, assistant director of the ABS's labour statistics branch, acknowledged

# bring Howard down

that the official unemployment rate alone may provide a misleading picture.

"We are still measuring the same things," he said, "but yes, there are worthwhile questions about whether people's behaviour has changed" [because of policy shifts].

Although the unemployment statistics capture most attention, Mr Bradbury agrees with critics who say they must be supplemented with other measures which reveal the level of

under-employment to judge the health of the labour market.

"While the unemployment rate has been going down, the underemployment rate has been going up," said Professor Bill Mitchell, of the University of Newcastle.

Taking into account the hidden unemployed who aren't in the labour force, plus marginal workers who have said they are not available in the week of the ABS survey but are willing to work, he estimates the true

unemployment rate is 13.9 per cent.

Include underemployed part-timers, and the labour "under-utilisation" rate stands at 18.9 per cent.

In other words, nearly 20 per cent of the labour force is out of a job or failing to gain all the work they want or need. This may go some way towards explaining why the Government is facing likely electoral defeat, despite falls in official unemployment during much of its time in office.

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