

Australia: Having a constant pool of unemployed workers is deliberate policy

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The purpose is to maintain an economy for the benefit of the rich under the pretext of fighting inflation

The website of the [Reserve Bank of Australia](#) is probably not a place most people would visit for a laugh but, in the debate about unemployment, the pitiful rate of Newstart and a government defined by “have a go to get a go” theatrical self-starterism, oh, oh, oh, there are some sad, bleak chortles to be found there.

It's on that very website that the RBA [quite blithely admits](#) – with none of the jobs-and-growth sleight-of-hand to which politicians are disposed – that the very fabric of the Australian economy is one woven to ensure a perpetual pool of unemployed workers.

Yes, those very [733,088 Newstart-receiving unemployed people](#) who are expected to survive on the [the lowest rate of unemployment assistance in the OECD, 64% of whom are on it longer than a year](#), are there by virtue of deliberate policy – and, my, I think it's high time to talk about it. Laziness, unpreparedness, lack of gumption or any of the other tired tropes wheeled out to character assassinate unemployed people don't actually come into the cause of Australian unemployment. When the [most conservative estimates](#) of job availability are listed as six jobseekers for each vacancy, this should be obvious.

Alas, demonisation just assists the true economic function of keeping people out of work – a percentage of joblessness, explains the Reserve Bank website, is maintained because when “conditions in the labour market are tight, there will be upward pressure on wage growth and inflation”. If you require a plain English translation, it is this: you can terrify workers out of demanding wage rises and keep their labour cheap if jobs are scarce, and the alternative, unemployment, is an experience both stigmatised and deplorable. How remarkably convenient for employers.

“What should enrage every Newstart recipient is that nothing about this economic policy is ‘natural’”

A zeal for maintaining this low-wages framework is why Liberal/National governments no longer expand the public service, instead choosing [to cap both jobs and wages](#) within it. It's why government enterprises are privatised, and government infrastructure projects are no longer targeted to high-unemployment areas, but outsourced, done [half-arsed or on the cheap](#), or not at all. It's why the rhetoric of “jobs and growth” doesn't extend beyond “encouraging” corporate employers to create jobs with tax cuts, rather than directly creating jobs themselves with the same funds. The fewer government jobs available, the more competition for private sector ones.

Under the dissembling, econobabbly name of the “non-accelerated inflation rate of unemployment” – or Nairu – structurally obliging a percentage of work-capable Australians into joblessness has been

the framework of government policy for the 40 years since Australia began its serious neoliberal shift under prime ministership of Liberal Malcolm Fraser.

Like most of the economic ideas driving misery and inequality, the Nairu concept hails from the work of the economist Milton Friedman. Not that the “have a go to get a go” crowd really want to ‘fess up to the electorally valuable 55 to 64 age-group who now [constitute 12% of the unemployed](#) – and rising – and more likely to become long-term unemployed than their \$277.85 weekly penury symbolises a system rigged for their expendability. On an episode of The Drum last week, Amanda Vanstone – formerly a Liberal employment minister – [denied the Nairu even exists](#). Someone really should tell the RBA.

The whole rationale is rooted within maintaining an economy for the benefit of the rich – maximising profits through a supply of cheaply hired, desperate workers, and all under the [pretext of fighting “inflation”](#). Friedman himself called the theory the “natural rate of unemployment” – semantic trickery allows governments to argue they’re meeting the RBA’s stated mission to deliver “full employment” even as more than 4% of workers are deliberately kept out of the workforce.

What should enrage every Newstart recipient is that nothing about this economic policy is “natural”; we once had actual full employment policy in this country, and meant it. The Curtin Labor government’s [1945 white paper on full employment](#) made government itself responsible for direct job creation, hence the expansion of public service jobs to run a comprehensive welfare state, and government-run infrastructure – and industry – projects that employed thousands of people in targeted areas. So popular was this framework that subsequent decades of Liberal government dare not challenge its core principles. The opportunity of the neoliberals in the 1970s only came when [they exploited](#) disruptions to economies from the “oil shocks” of the Opec countries to insist that prevailing economic policies were somehow to blame.

Ever since, policymakers have engaged Nairu and employment policy as orthodoxy, activist neoliberals eager to insist that compelled unemployment is but a natural state of economic affairs from which there can be no deviation. There can. There has been before. Economic systems are a reflection of political priorities – and if we as a society believe that every citizen has a right to a dignified living and secure work, it is time to exert political pressure to rebuild our economies in that image.

In one of his farewell speeches, the outgoing Labor senator Doug Cameron quoted the Canadian economist John Kenneth Galbraith’s famous line: “Milton Friedman’s misfortune is that his economic policies have been tried.”

There can be little doubt now that Friedman’s misfortune pales against the effects of his experiment on the rest of us. Ask anyone whose lives touch the poverty of Newstart just how lucky they’re feeling.

Van Badham is a Guardian Australia columnist.

Van Badham

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