

Monday, 30 January 2017

Unemployment measurement is “absurd” says Australian historian Geoffrey Blainey

By Gary Morgan, Michele Levine and Julian McCrann, Roy Morgan Research

Renowned Australian historian Geoffrey Blainey has correctly identified the real problem facing the Australian economy in 2017 – the absurd measurement of unemployment means the true level of real unemployment and under-employment is under-reported. As Blainey correctly pointed out in an interview on the ABC 7.30 Report last Friday, someone who works for only one hour a week being classified as employed is “absurd”.

Using this definition of unemployment allows the Government to rely on inflated figures of real employment provided by the ABS each month, while simultaneously down-playing the real levels of (much higher) real unemployment and under-employment. The latest Roy Morgan December employment estimates show 20% (2.584 million) Australians are either unemployed or under-employed.

Nearly half a million people (445,000), that Roy Morgan considers unemployed the ABS consider either employed (280,000) or not in the workforce (165,000)* probably because:

- a) they have given up looking for work; or
- b) they were engaged in some level of activity (eg. childcare) that meant that they were not available for work ‘last week’

In addition Roy Morgan estimates a further 1.398 million Australians (10.8% of the workforce) are under-employed. The ABS collects a comparable measure of under-employment but only releases figures every three months; preventing analysts from measuring an official under-employment estimate on a monthly basis to compare to the Roy Morgan estimate.

The under-reporting of the real number of Australians looking for work or looking for more work leads to less productive policy outcomes from both the Federal and State Governments and also important policy making bodies like the Reserve Bank of Australia. Despite the real level of unemployment and under-employment in Australia being far higher than officially reported, the RBA insists on keeping Australian interest rates higher than any comparable country in the world.

Interest rates comparison (January 2017):

Australia 1.5% cf. Canada 0.5% cf. United States: 0.5% cf. United Kingdom 0.25%.

Australian interest rates have consistently been amongst the highest in the developed world for over a decade now whilst real unemployment and under-employment in Australia has increased to levels not seen since the early 1990s.

Unfortunately, until Australian political leaders summon the courage to institute an accurate representation of Australia's employment situation – with an accurate estimate of Australian unemployment, both Governments and the RBA will continue to make erroneous policy making decisions that adversely impact millions of Australians.

In addition – and this is where political leaders should really 'wake up' and pay attention – support for traditional 'centrist' political parties the L-NP and ALP will continue to dwindle and lead to increasing support for political parties from outside the Australian political mainstream – including One Nation, The Greens, the Nick Xenophon Team, Derryn Hinch, Liberal Democrats, Jacqui Lambie Network and others.

There were several 'wake-up' calls delivered to Australia's political class over the last 12 months – our British cousins shocked the establishment (although not a shock for us at Roy Morgan!) and the mainstream media in the UK and voted for so-called 'Brexit', US citizens did what many thought unthinkable (not to us at Roy Morgan!) and elected reality TV star Donald Trump as their next President, and in Australia – as we kept saying – '[Minor Parties won last night's Leader's debate – May 30, 2016](#)' – a record 23.3% of voters shunned the major parties and voted for minor parties and independents at the 2016 Australian Federal Election.

Unfortunately, despite these three unexpected events, it appears Australia's political class has yet to grasp the reality of what is really going on in the Australian economy.

*nb. The Roy Morgan Research workforce is higher than the ABS by 165,000.

Excerpt of transcript of ABC 7:30 Report - Friday 27/1/2017 (Full transcript below)

Geoffrey Blainey: I think populism is as currently defined has been part of Australian politics for a long time I think you would call the rise of the Labour Party in the 1890's as a form of populism people saying well we are not served by the system and the rise of the Country Party after the first world war in to great political power in Canberra was a sign that farmers were disaffected and I'd imagine it would see the DLP as a protest to what they saw as the power of communism the potential power. We've had these kind of moments in Australia but they have come and gone. But I agree that to see this in a variety of countries is slightly unusual.

Stan Grant: Unusual and concerning do you think? Or do you think that we are seeing a backlash here that perhaps we could have anticipated given the pace of globalisation and the pace of people's lives?

Geoffrey Blainey: Yeah, I think change is probably too fast and many people even in Australia don't have the jobs they want. **The unemployment measurement is absurd**, if you work one hour a week you're regarded as employed so that in Australia we really have a lot of unemployment and that makes people uneasy and the parents of young people uneasy.

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Full Transcript of ABC 7:30 Report - Friday 27/1/2017

Host: Stan Grant.

Guests: Geoffrey Blainey; Tom Keneally & Professor Marcia Langton.

Stan Grant: I wanted to start with you. As an historian, we are living through tumultuous times, every era has its own peculiar challenges. Do these times remind you of any other times in history that you could identify?

Geoffrey Blainey: Well, it's not easy as this is a time of peace isn't it. While there's fighting in the Middle East and various other places in terms of world history it's a fairly peaceful time so that's a good thing.

Stan Grant: Some do say that the 1930s may be an analogous given some of the political populism that we are seeing.

Geoffrey Blainey: I don't think so I think the 1930s were so struck down by the world depression unemployment was so high, poverty even in wealthy countries was so high that I myself don't think the 1930s was a parallel to the present but it has a few of course links.

Stan Grant asks Tom Keneally a question.

Stan Grant asks Marcia Langton a question.

Stan Grant: Professor Blainey, a lot to reflect on there in Professor Langton's had to say. I want to zero in on how these strains we are seeing in the world may play out in Australia, of course, point to the election of Donald Trump, the Brexit vote in the UK, the return of extreme politics in Europe, on the left and the right, is Australia given to the same extremes do you think?

Geoffrey Blainey: I think populism is as currently defined has been part of Australian politics for a long time I think you would call the rise of the Labour Party in the 1890's as a form of populism people saying well we are not served by the system and the rise of the Country Party after the first world war in to great political power in Canberra was a sign that farmers were disaffected and I'd imagine it would see the DLP as a protest to what they saw as the power of communism the potential power. We've had these kind of moments in Australia but they have come and gone. But I agree that to see this in a variety of countries is slightly unusual.

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Stan Grant ask Marcia Langton a question.

Geoffrey Blainey: I understand Marcia's concern but Australia Day for the first time is now successful, is far more successful than it was 30 or forty years ago and therefore I don't think politicians or public opinion will accept a change. I think what's important is Aborigines and Aboriginal supporters should find an event that is also celebrated on the same day and I'm inclined to think that on Australia Day we should also celebrate the discovery, the first discovery, of Australia by Aboriginal people 50 or 60 thousand years ago and my view is that the Commonwealth should put up an appropriate monument on a hill in Canberra or somewhere symbolic in Australia and that is also celebrated the discovery of this continent.

Marcia Langton responds.**Tom Keneally responds.**

Stan Grant: Professor Blainey, when we look at Australia today of course a very diverse community, we've acknowledged the issues that still remain between indigenous people and the rest of Australia. Is there a concern though, for want of a better phrase, the old white Australia or the Anglo identity of Australia is somehow being lost or left behind and we do see the tensions that can come from that as well, are there people feeling that they are losing their Australia?

Geoffrey Blainey: Well I suppose ever generation feels that it's Australia is vanishing and ahh, and the rate of vanishing is ahh, is very strong in the last 30 or 40 years but I think the majority of Australians, no matter where they came from accept change

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