

# Joblessness reaches Great Depression levels in Australia

By Mike Head  
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Official statistics released this week reveal that the real level of unemployment rose to 24.5 percent in May—as high as the 1930s Great Depression—and soared even higher among young workers.

Nearly 230,000 jobs were eliminated during the month, taking the total to almost one million in two months—the fastest job destruction in the history of capitalism in Australia.

Although some jobs returned in late May in retail and hospitality, many of these one million jobs will be lost forever, with the world economy plunging into its deepest and most protracted crash since the 1930s.

Moreover, the jobs that do survive will be subjected to severe cuts to wages and conditions as the ruling class exploits the COVID-19 pandemic to restructure employment relations with the help of the trade unions.

Overall, the Australian Bureau of Statistics (ABS) headline jobless rate jumped to 7.1 percent, or 927,600 workers. That rise from 6.4 percent still hides the true situation. Nearly 623,000 people dropped out of the workforce altogether in April and May. They stopped looking for work because of the sheer scale of the contraction.

The ABS noted that its official unemployment rate would be around 11.3 percent, or about 1.55 million workers, if everyone who lost their job in the past two months was still seeking work.

Even that figure is massively distorted by the government's JobKeeper wage subsidy scheme, currently estimated to cover 3.3 million workers. They are not counted as unemployed even if they are working zero hours, while being paid a meagre \$750 a week. If they were included, the jobless rate would be 24.5 percent, or nearly five million workers.

Once JobKeeper ends in September, the immense social crisis produced by this collapse will intensify

because many employers will axe the jobs that have been artificially kept on their books. Prime Minister Scott Morrison's government has made plain its intention to scrap JobKeeper then, regardless of the human impact.

Even according to the ABS, the combined unemployment and underemployment rates rose to a record high of 20.2 percent in May. In other words, around one in five workers, or 2.3 million people, had either lost their job or had reduced hours by May.

The situation for young workers, aged 15 to 24, was much worse. If every young person who had lost their job since March was counted as unemployed, rather than as dropping out of the workforce, the youth unemployment rate would be 26.5 percent.

The rate of youth "underutilisation" (the number of unemployed and underemployed) is now over 37 percent, but that number would be a staggering 48 percent if everyone who had lost their job was counted.

Even this statistic fails to measure the depth of the impact on an entire generation. For now, JobKeeper camouflages this as well. Per Capita, a corporate think tank, estimated that for the first time since the Great Depression almost two-in-three young workers do not have enough work to meet their needs.

To help big business exploit this crisis, the Liberal-National Coalition government has started to re-impose "mutual obligation" work tests on the 1.6 million workers currently trying to survive on \$550-a-week JobSeeker dole payments.

Since June 9, those on the dole have been required to undertake at least one appointment with an employment service. Soon, they will be forced to start looking for non-existent work, and drastic penalties, including suspensions of JobSeeker payments, will be re-introduced. These measures are designed to compel

jobless workers to accept any kind of employment, whether casual or part-time, on lower wages and conditions.

Desperate to avert a social explosion in March, when 1930s-style queues formed outside Centrelink welfare offices to apply for the dole, the government temporarily doubled the payments to \$550 a week. But that rate is due to end in September too, as well as a moratorium on landlords evicting tenants who cannot pay their rent.

By late May, the government's forced march to reopen the entire economy, despite the worsening global pandemic and signs of fresh outbreaks in Australia, had produced a slight uptick in employment. Payroll jobs increased by 0.4 percent for the week ending May 30 compared to the previous week.

However, many jobs will not return. ABS head of labour statistics Bjorn Jarvis said that while accommodation and food services jobs increased by 5 percent in May, they remained 29.1 percent lower than in mid-March.

Morrison's government claims that by lifting COVID-19 safety restrictions and pushing people back into workplaces it will create "jobs, jobs, jobs." This flies in the face of the Organisation for Economic Cooperation and Development predicting the most severe and long-lasting worldwide contraction since the Great Depression.

As part of its "return to work" propaganda, the government is citing Treasury forecasts that up to 850,000 jobs will be refilled in July as social and travel restrictions are lifted. Yet, thousands of jobs are still being destroyed.

Denied any government relief, badly underfunded universities are announcing hundreds of job losses and Australia Post is eliminating some 2,500 jobs. This week, women's fashion retailer City Chic Collective said it would close 14 of its 92 stores across Australia and New Zealand, having been "unable to reach agreement on appropriate post-COVID rents."

Worse is to come. The restructuring of the bankrupt Virgin Australia airline, for example, potentially affects 10,000 employees and 6,000 contractors, many of whom are currently on JobKeeper.

In parliament this week, Morrison foreshadowed many more job cuts. "The challenge of JobKeeper is that businesses will form views about those employees

who they will be able to keep on longer term and those who they will not," he said.

Morrison demanded workplace "reform" and "flexibility"—that is, cuts to working conditions. "If we have rigid systems, that could see people needlessly losing their jobs," he declared.

The trade unions needed to "wrestle" with this problem, Morrison insisted. In other words, they must step up their role in suppressing workers' discontent. Despite planning to end JobKeeper, the government wants to extend measures agreed by the unions, such as reduced wage penalty rates and "JobKeeper-enabling Stand Downs" that allow employers to cut workers' hours and wages to \$750 a week.

The unions have displayed their readiness to collaborate by joining the government and employers in five working groups covering "award simplification," enterprise agreements, casual work, "compliance" and the use of "greenfield agreements" to enforce poor conditions on new projects.

To add to the assault on workers, the Fair Work Commission this week handed down a real pay cut for 2.2 million low-paid workers. The industrial tribunal lifted the minimum wage by 1.7 percent, taking it to just \$19.84 per hour, or \$753.80 a week.

The rise is less than consumer price inflation rate, which is above 2 percent, according to the latest Reserve Bank of Australia data. In addition, only "essential" workers will receive the increase on July 1. Construction and manufacturing workers must wait until November, and retail, hospitality, aviation and arts workers until February.

This is part of a broader offensive against the working class in Australia and internationally, and it is being enforced in partnership with the opposition Labor Party and the trade unions.

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