

**STUDIA I PRACE WYDZIAŁU NAUK EKONOMICZNYCH
I ZARZĄDZANIA NR 4**

LECH KELLER-KRAWCZYK

TRANSFORMATION OF AUSTRALIAN LABOUR MARKET

Introduction

This paper analyses transformation of Australian labour market between years 1983 and 2005. This transformation was mostly a result of neoliberal socio-economic policy applied in that period in Australia by governments of formally different political orientations: namely the Australian Labor Party (ALP) and the conservative coalition in which, during the discussed period, the dominant power was always the Liberal Party of Australia (the Liberals). I will also analyse briefly results of this transformation in such areas as unemployment, inflation, dynamics of GDP and real wages.

Transformation of labour market was a part of broader macro and micro-economic reform, which was designed in order to improve competitiveness of Australian economy. Up to roughly year 1883 Australian manufacturing and agriculture were protected by high import duties and even quotes on imports, whilst and labour market was protected by controls imposed by state on wages and work conditions as well as by strict immigration policy. Thus:

- *producers (manufacturers)* were protected by high import duties (tariffs) and even quotes on imports;
- *farmers* were protected by subsidies and mentioned restrictions on imports;
- *workers* were protected by so called award wages (centralised system of wages) and compulsory arbitration system, i.e. by controls imposed

by state on wages and work conditions as well as by strict immigration policy (“white Australia” policy that restricted access of cheap labour);

- *unemployed* were protected by welfare state, i.e. well developed system of unemployment benefits.

Those layers of protection were seen in the 1980s as a barrier to development, so they were dismantled (at least in part), as a part of mentioned packet of economic reforms. The most important reforms are presented in Tab. 1 below.

Table 1

Chronology of Significant Microeconomic Reform in Australia 1983–1995

Year and Sector	Nature of Reform	Significance
1	2	3
1983		
Exchange rate/Financial	Australian dollar floated, most interest rate and foreign exchange controls removed.	Open up economy. More efficient and responsive financial sector
1984		
Pricing	Price Surveillance Act 1983 came into operation	Maintain downward pressure on prices.
1985		
Manufacturing	Passenger Motor Vehicle Plan.	Rationalise industry and encourage export orientation.
Banking	Sixteen foreign banks selected to be invited to establish operations in Australia,	Fifteen of these established authorised bank subsidiaries during 1985/86. Improved competitiveness of the Australian financial sector.
Taxation	Fringe Benefits tax and Capital Gains tax.	Remove distortions in tax system.
1986		
Financial	Package of measures to support investment in dwellings, including removal of interest rate ceiling on new home loans.	Continuation of financial sector reforms – improve resource allocation.
Foreign investment	Suspension of net economic benefits test and Australian equity requirements for manufacturing, tourism and non-bank finance sectors.	Open up economy. Proposals approved unless contrary to national interest.

1	2	3
Manufacturing	New seven-year textile, clothing and footwear plan announced.	Tariff reductions and industry developments strategy to encourage more innovative, competitive and outward looking TCF sector.
1987		
Foreign investment	Raising of notification thresholds for take-overs and extension of national interest-based test to other sectors	Reduced compliance requirement for small proposals. Open up economy.
Taxation	Dividend imputation system takes effect.	Removes double taxation of dividends.
Foreign investment	Restrictions placed on foreign acquisitions of developed residential real estate.	Improve resource allocation.
Government Business Enterprises (GBEs)	Policy guidelines for Commonwealth statutory authorities and GBEs.	Improving the efficiency of GBEs for providing commercial incentives, enhancing efficiency and strengthening public accountability.
1988		
Industrial relations	Industrial Relations Act.	Facilitates workplace bargaining.
Manufacturing/Tariffs	General reduction in tariffs to 15% and 10% phased in by July 1992 (except PMV & TCF).	Improved resource allocation.
Corporatisation	Controls eased on GBE operations (transport and communication GBEs) allowing greater autonomy	Efficiency gains as a result of GBEs operating in a more commercial environment.
1989		
Coastal Shipping	3 year program to introduce more efficient vessels and reduce average size of crews (carried out by Shipping Industry Reform Authority).	Average crew sizes reduced from 30 to 18 (below OECD average) between 1989 and 1994.
Wheat	Domestic marketing deregulated and price-underwriting arrangements removed.	Provide some competition for wheat marketing and increase industry's exposure to market signals.

1	2	3
Waterfront	3 year program to introduce enterprise-based employment and reduce employment numbers (carried out by Waterfront Industry Reform Authority).	Between 1989 and 1994 average crane rates at Australian container terminals increased nearly 50% and the time taken to stevedore container ships almost halved. Reduction in employment of 5100.
1990		
Telecommunications	Telecom's legislated monopoly on first phones abolished.	Allows competition in this sector of the customer equipment market.
Transport	Domestic interstate aviation deregulated with end of two-airline agreement.	Ended restriction on real competition between airlines. Reduced fares (24% in real terms).
1991		
Taxation	Gold mining tax exemption abolished.	Remove distortions in tax system.
Wool Industry	Abolition of the reserve price scheme for wool.	Increases the responsiveness of wool industry to market signals.
Taxation	Extension of wholesale sales tax business input exemptions.	Enhance competitiveness by reducing input tax burden on business.
Manufacturing/Tariffs	General level of assistance will be reduced from 10 and 15% to a general rate of 5% by 1996. Tariffs on PMV reduced from 35% to 15% in 2000, and for TCF maximum tariff of 25% in 2000 with termination of quotas brought forward 2 years to March 1993.	Average nominal rate of assistance will fall to 3% in 2000. Estimated by IC that more efficient use of resources will increase GDP by \$1.5 billion in 1989-90 prices.
Transport	Special Premiers' Conference agreement to develop nationally consistent regulations and charges for heavy vehicles.	Will remove inconsistent technician and regulatory requirements between jurisdictions & lower acknowledgment costs for the States.
Telecommunications	Optus Communications awarded Australia's second telecommunications carrier licence.	Increase competition in telecommunications.
1992		
Telecommunications	Telecom and OTC merge to form AOTC (Telstra).	Combined with moves to increase competition (Optus, Vodafone) has led to price falls.

1	2	3
Transport	Introduction of multiple designation, which allows more than one Australian international carrier to operate services on designated international routes.	Introduces greater competition and expanded services.
Foreign investment	Abolition of Australian participation guidelines for new mining projects and of economic benefits test for takeovers of existing mining businesses. Rising of examinations threshold for most businesses.	Open up economy.
Banking	Foreign bank entry further liberalised with a range of measures announced – including permission for foreign banks to conduct wholesale banking through branches.	Increased competition in the financial sector.
Transport	Government approved the sale of Australian Airlines to Qantas	Greater operational efficiency.
1993		
Trade Practices	Amendments to the Trade Practices Act.	Prohibits mergers or acquisitions, which substantially lessen competition, whereas previously only mergers, which created a dominant firm, were prohibited. Strengthens competitive safeguards.
Rail	National Rail Corporation (NR) commences business	Overcomes inefficiencies in carrying freight across rail systems of 5 states.
Mutual recognition of standards and regulations	The Commonwealth Mutual Recognition Act 1992 commenced introduction of mutual recognition in QLD NSW, NT, VIC and ACT. Legislation passed in SA and TAS.	Increased competition between States leading to lower prices for consumers and lower costs to business. Lower red tape and compliance costs.
Government Business Enterprises (GBEs)	Enhanced package of accountability and monitoring arrangements for GBEs.	Improve GBE performance.
Industrial Relations	Industrial Relations Reform Bill.	Promotes enterprise bargaining. Establishes minimum standards.

1	2	3
1994		
Transport	Road funding responsibilities clarified – Commonwealth responsible for National Highway System.	Removed overlapping and confusing road funding responsibilities.
Energy	Commonwealth & States agree to implement a competitive single South-Eastern Australian electricity market commencing in 1996 and to move towards free and fair trade in gas from 1996.	Increased competition leading to lower prices and improved resource allocation in the energy sector.
1995		
Competition Policy	National Competition Policy Package agreed to by Council of Australian Governments.	Improved effectiveness and coverage of competition policy. IC estimates competition policy and related reforms will increase GDP by 5,5%.
Shipping	Annual taxable grants to shipping employers to offer PAYE impact for international seafarers, extension of concessional depreciation, and Ships Capital Grants Act.	Reduces costs for Australian ships – capital costs of Australian ships are now internationally competitive. Unions <i>quid pro quo</i> agreement to further reforms to reduce employment costs.
Telecommunications	Reforms announced to apply to telecommunications sector from 1997, including no limits on new entrants to the telecommunications market.	Will make the telecommunications sector more liberal and competitive.
Regulation Review	Processes announced to systematically review all Commonwealth regulations, which impose costs on business or have anti-competitive effect.	Will lower costs to business and lift level of competition in economy.

Source: Stewart R.G. & Ward I, *Politics One* South Melbourne: Macmillan, 1996, pp. 287–291.

Unemployment

Since the early 1980s the number of unemployed in Australia always exceeds half a million (see Tab. 2 and 4 in Statistical Appendix). As I will try to explain in more detail later, the actual number of unemployed in Australia is considerably higher, and some scholars such as Yi-Ping Tseng and Roger

Wilkins (2003) assume that up to 1/3 of able to work Australians are unable to find work. Thus the official rate of unemployment, which in recent years (2004–2007) was around 5%, is a gross underestimate – see B. Cass (1983) or R. Berren and M. Wearing (1998). Even the Australian Bureau of Statistics (the official statistical office of the Commonwealth of Australia) provides more realistic rates of unemployment, which are in general over twice than the so called official rates. For example: in year 1993 the real rate of unemployment in Australia was 22.5% instead of official 10.0%, in year 2001 it was 16.0% rather than 6.8%, and in year 2004 difference between real (18%) and official (5.7%) rates of unemployment was over 3 times, and this was mainly because that it was then (exactly in September 2004) really not only about half a million (exactly 570,000) unemployed as in the official statistics, but over two millions (exactly 2,250,000), that is almost four times more.

The official rate of unemployment in years 1980–1989 (9.0%) was 6 times higher than in years 1962–1973 (1.5%), and there was over 5 unemployed per one vacancy during the end of the 20th century and at the beginning of the 21st century (there was 13.3 unemployed per one vacancy in 1995, while in 1960 there was only 0.4 unemployed per vacancy, i.e. sharp deficit of labour, and even in 1970 that rate was only 1.8). The average rate of unemployment, which did not exceed 2% in years 1950–1973 (it was then 1.99%), increased to over 7% (7.29%) in years 1973–2005, and in years 1983–2005 it exceeded 8% (it reached then 8.01%). Thus the pro-market reforms begun by Hawke and continued by Keating and Howard were accompanied by significant increase in the official rate of unemployment: from 5.6% in years previous to those reforms (1973–1983, and so after the crises of the early 1970s) to mentioned 8.0% in years of reforms, that is during the years 1984–2004. In this place I should also remind that in the 1950s and 1960s the rate of unemployment exceeding 4% was generally regarded in Australia as inadmissible, for both political and social reasons (D. Clark 1994: 84). The high rate of unemployment in years 1990–1993 had also obvious negative results for the economy: according to the analysis conducted in year 1992 by the Economic Planning and Advisory Council (the advisory body for the federal government), if unemployment rate in years 1991–92 were 6.5% (instead of actual 10.1%) then the growth of GDP for this period would increase by about 6 percentage points (i.e. to high 8% from low 2%) – Economic Planning and Advisory Council (1992).

The most spectacular growth in unemployment was in years 1990–1993, when the official rate of unemployment increased in just 3 years from 6.1% to 10.8%, and according to other sources such as D. Clark (1994: 84) even to 11.3%. The highest number of unemployed was “produced” in those years by the private sector (fall of employment by about 10%), and in this particularly by large firms, employing over 100 persons, where employment fell in average by 15.5%, as well as by the middle-sized firms (employing 20–29 persons) where the employment fell in average by about 10.2%. In year 1993 the number of unemployed in Australia exceeded 900 thousand, from which over 400 thousand (almost 44%) was without work for over a year. Those numbers are comparable to those experienced by Australia during the Great Crisis (Recession) of the 1930s – see Tab. 2, 3 and 4 in Statistical Appendix as well as Fig. 1 and 2 below.



Fig. 1. Unemployment rate in Australia, New Zealand and USA 1920–2005

Source: Own calculations based on official statistical data.

Note: Moving averages are for a period of 3 years

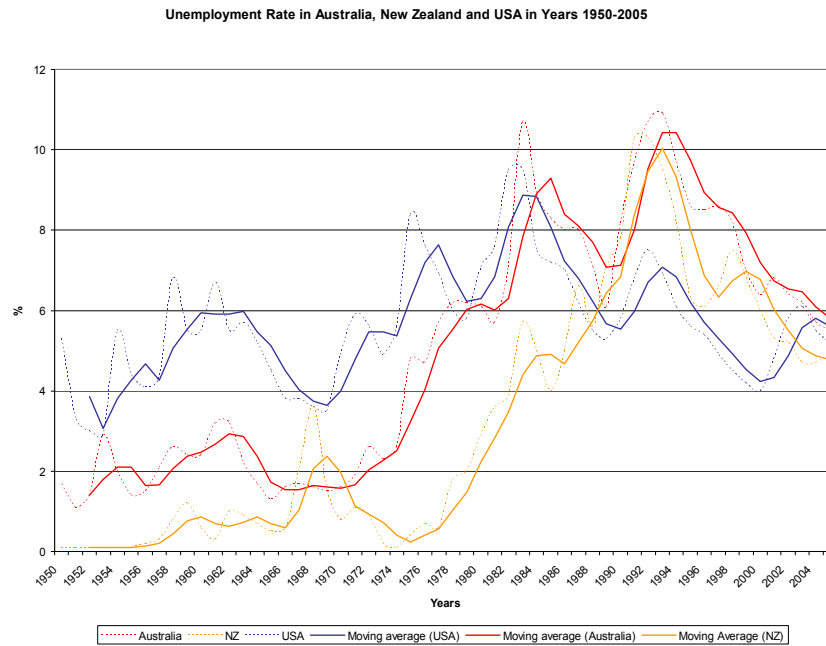


Fig. 2. Unemployment rate in Australia, New Zealand and USA 1920–2005

Source: Own calculations based on official statistical data.

Note: Moving averages are for a period of 3 years

The largest losses of jobs were experienced in Australia during the years 1990–1992 in the building sector (approx. 13%), manufacturing (approx. 8%) as well as in mining and telecommunication (approx. 9%). This structure is similar to that experienced by Australia in years 1982–1983 (when the rate of unemployment increased from 7.1 % to 10.7 %), with only small differences, as in years 1982–1983 there was practically no job losses in mining and telecommunication. The only sectors of economy, which experienced significant increases of number of workplaces in years 1990–1993, were unproductive (i.e. the sectors engaged in division of produced wealth, but not in actual wealth creating): mainly in recreation (*recreation services*) as well as in social welfare administration on the local level (*community services*). What is even more

important is that the fall of employment in building and manufacturing industry was not the result of increase in productivity but of the decrease in output, as a result of recession, meanwhile the growth of employment in the unproductive sectors of economy reduced in obvious way the competitiveness of Australian economy as it forced yet larger burden on the productive workers who were forced to increase their support to unproductive, and even partly parasitic sectors of services of type often needed by nobody, such as mentioned „community services”, that is sectors which are obviously unproductive.

In different words: some Australians became formally employed in years 1990–1992 to distribute various social security benefits and allowances to the unemployed, who before the loss of work were engaged in productive sectors of economy such as manufacturing, building and mining, as well as in productive services sectors such as, for example, telecommunication. It should be remembered that in Australian conditions, where with regard on the “tyranny of distance” (considerable distance from regions the potential tourists could come from), as well as because of limited offer for the tourists (practically only beaches), the largest number of customers of the firms supplying those „recreation services” come from Australia, so that sector is not, as for example in Europe, the source of considerable quantity of foreign exchange, but only a sector which mainly performs the secondary redistribution of wealth already produced.

Inflation and GDP growth

It is the fact that Hawke and Keating succeeded initially in limiting the inflation (to 7.7% in years 1984–1989 from 11.5 % in years 1970–1979) – see Fig. 3. However the unemployment stayed on rather high-level (8.3% in year 1985 and in years 1990–1989 on the average level of about 9.0%) in spite of initial creation of over quarter of million of new workplaces (for relation between the level of unemployment and inflation see Fig. 4). At the beginning of the 1980s Australian economy developed fast: its rate of growth was up to 10% annually (the quickest pace in OECD), but later the growth rate decreased considerably: in years 1980–1988 it was (on the average) only 3.4%

annually (71 place in world), so it was lower than in years 1965–1980 (4.2%). Pro-market reforms brought rather insignificant acceleration of GDP growth (from 3.2% in years 1981–1985 to 3.6% in years 1986–1989), and in years 1990–1999 the average rate of GDP growth decreased to 2.9%, that is below the average for years 1981–1985 (3.2%) and particularly below the average for years 1965–1980 (4,2%) – see also Fig. 5.

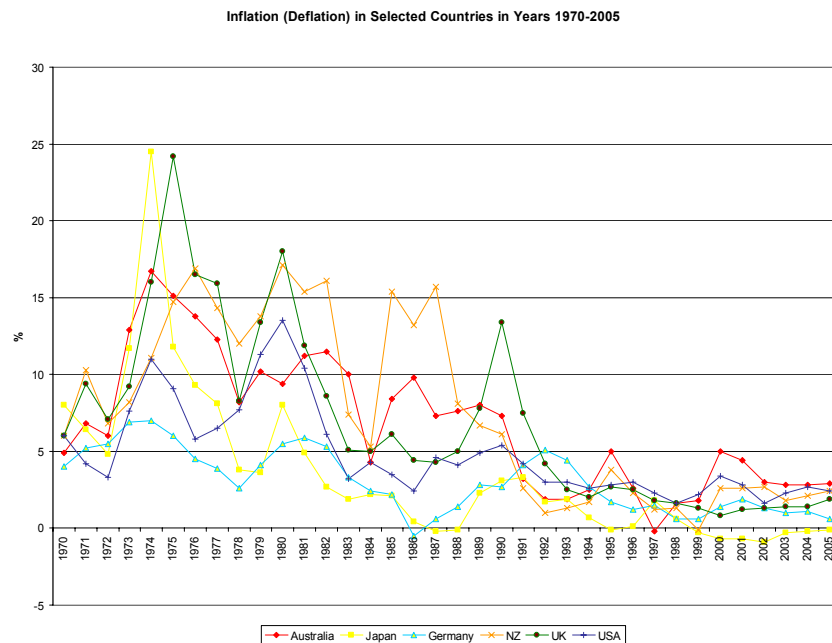


Fig. 3. Inflation (deflation) in selected countries in years 1970–2005

Source: Own calculations based on official statistical data.

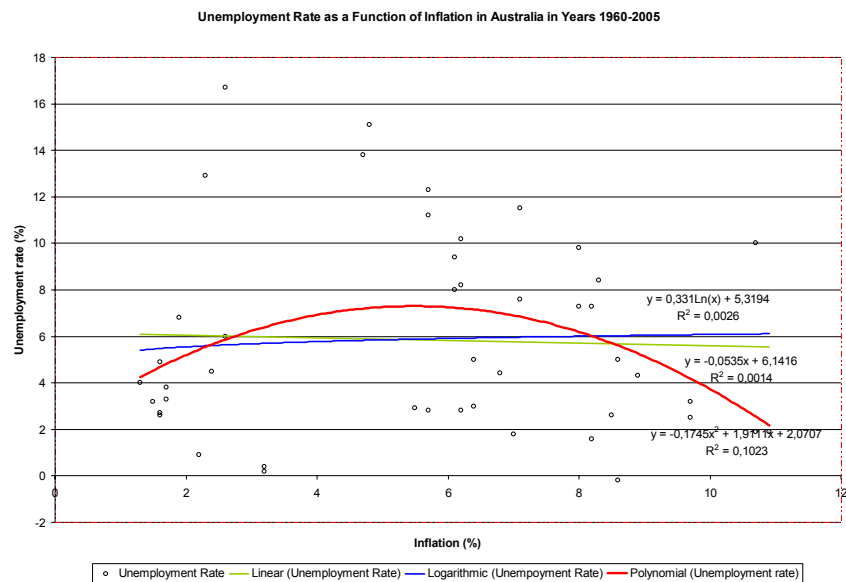


Fig. 4. Unemployment Rate as a Function of Inflation in Australia in Years 1960–2005
Source: Own calculations based on official statistical data.

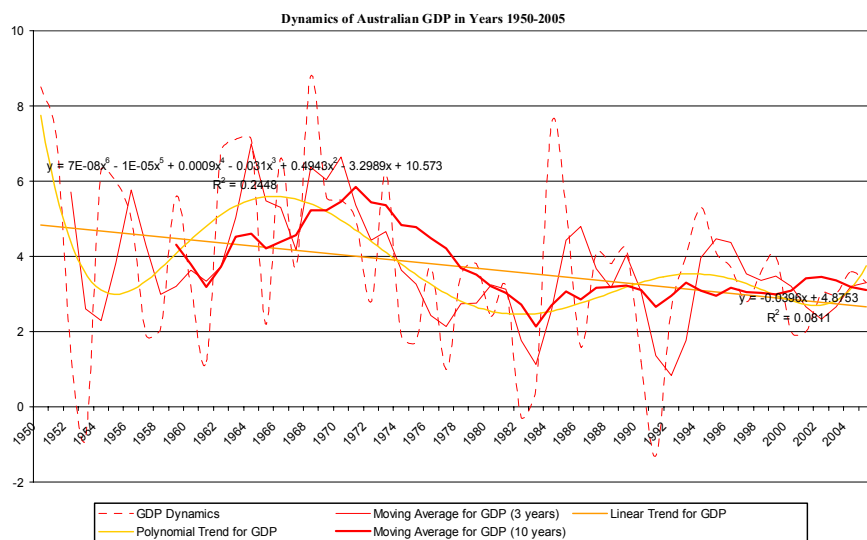


Fig. 5. Dynamics of Australian GDP in Years 1950–2005
Source: Own calculations based on official statistical data.

Real wages

The real wages in years 1984–2004 increased slowly (maximum by about 1–2% annually), and usually they remained static or even diminished (see Tab. 5–7 in Statistical Appendix). And so in years 1985–1989 the real wages fell for many years in row: in year 1985 they decreased by about 1.85%, in year 1986 by about 1.89%, in year 1987 by about 2.99%, in year 1988 by about 0.57%, and in year 1989 by about 0.54%. In year 1990 they fell by next 0.62%; in next year they grew up, but only by about 0.53%. In year 1995 they decreased again by about 1.8%, and in years 1996 and 1999 they grew up but only (on average) by less than half percent, similarly as in years 2000–2001. Increase in real wages in year 2002 was also below one percent and in the next years it was not much better (3% in 2003, 2% in 2004, 3% in 2005 and it was only recently slightly better: 4% in years 2006 and 2007).¹

The EIU (The Economic Intelligence Unit: a part of British authoritative weekly *The Economist*, from which database I sourced the data about dynamics of real wages in Australia foresees also (in my opinion somewhat too optimistically) that the average increase in real wages in Australia in years 2004–2009 will not exceed (on the average) 2%. This is a very optimistic prognosis, if we take under attention that according to data from the same EIU, the average increase of real wages in Australia did not exceed during the period 1984–2004 even half percent (average rate of increase for those years was just 0.34%), and so it was, practically, within the limits of measuring error. Thus we may accept, with small probability of making a mistake, that the real wages (and so the life standard of working people) in Australia remained practically static during the first period of accelerated neoliberal reforms (1984–2004). If we further include into our considerations the persistent underestimating of the level of inflation (measured by CPI) then conclusion seems to be obvious: those pro market reforms brought to Australia the fall of real wages, and so, as a final result, the fall of material standard of life to this group of Australian who are dependent on results of their own work. In different words: on those reforms lost, and this is rather beyond discussion, the most productive group of population, the group which at the final authority decides about success or defeat of those reforms, and which became the innocent victim of those reforms.

¹ Please note that these are only preliminary results and may be adjusted later.

Conclusion

Returning to the basic problem of this paper, i.e. the unemployment: as I already explained, the pro market reforms begun in Australia by Hawke were not able to radically improve situation on the Australian labour market. Unfortunately, in defiance of what Jacek Rostkowski wrote in Polish weekly *Wprost* of 24 June 2001, I shall insist that “there is no such animal like good unemployment”, simply because every kind of unemployment is bad, as it proves the existence of the lack of equilibrium on the labour market. Meanwhile the occurrence of the so called macroeconomic unemployment testifies about existence of chronic failure of market capitalism, which needed in the past so called reserve army of workers (that is the unemployed) so they filled up the work sites created during the periods of economic growth and were dismissed during the periods of recessions. Yet the present (21st century) capitalism is fundamentally different from the 19th century capitalism, and even from this of early 20th century. Unfortunately, many experts from the former Soviet satellites, who are generally not well acquainted with the realities of western business environment, are not able to notice those fundamental differences. At present, in highly developed countries, as a result of no longer only mechanisation, but also the automation (and in this includes computerisation and robotisation), the phenomenon of full employment is no longer observed even during the period of the best economic situation. The mechanism of changes in period of good economic situation is presently such that growing demand causes in general the actuation of the larger quantity of machines (in this robots and other computer-controlled devices), which are, as a rule, served by the same (or only marginally larger) number of workers as during the recession. Sometimes number of workers employed during the boom becomes even smaller, as during this period the capitalists order more modern machines, which, as a rule, require less manpower and are more productive than those previously used.

What is more, no longer only blue collar workers are being replaced by machines and robots: this phenomenon concerns at present also the white collar workers, especially lower grade office workers who are replaced by more and more sophisticated computer systems. Good example is the substitution (both in Australia and New Zealand as well as in Poland) of bank tellers (cashiers) by automated cash dispensing machines (ATMs). Thus the times of full employment in market capitalism belong definitely to the past as more and more

workers are being replaced by computers and robots (for example by the Computer Aided Design or CAD and Computer Aided Manufacturing or CAM systems, which is leading to even greater substitution of human beings by computers and robots in both designing and production of material goods). Unfortunately the present ruling elites, both in Anglo-Saxon countries (including Australia and New Zealand), as well as in Poland, independently of their political orientation (thus both the neo-conservatives such as George Bush junior and the neo-labourites such as Tony Blair), either do not want, or are not able to notice this important phenomenon (P.L. Reynolds 1991 chapter 5 "Elite Theory").

We should also not be deceived by seemingly low level of unemployment in the US, which is often placed as an example proving that it is still possible to have low level of unemployment in free-market capitalism. *Firstly* official American data are, as in almost every country, manipulated (here understated). See, especially, the opinion of J. K. Galbraith (1969) on the American statistics of unemployment, and also J. Crudele (2003 who notices, that in USA only in year 2002, over 400 thousand lost workplace were omitted by the official statistics).

In January year 2002 the official rate of unemployment in USA was reduced by about 0,2 percent with regard to methodological changes. What is even more important, the official statistics of unemployment do not include millions of so called *discouraged workers* that is those unemployed which gave up the job hunting on the depressed labour market. Further: depending on the method used, in year 2003 there was in USA either 138 million workplaces (according to survey of households), or only 129 million (according to the employers' survey). Thus, according to Crudele, the US Statistical Offices could with the same success just draw the number of unemployed from the hat. As I already noted, the government-run Australian Bureau Statistics has also some doubts, and it officially admits that the official unemployment rate is at least twice lower than the real one.

This manipulation usually takes the place in the area of definition of unemployed person. For example: in USA (and also in Australia) a person who in a given month worked just only few hours is not officially regarded as unemployed in spite that it is obvious that such a person is not able to support himself or herself from such a small quantity of executed work. The other way

of lowering the official unemployment rate is by discouraging the unemployed to register, for example by limiting the level of unemployment benefit or limiting the time during which such benefit is payable. The former limits the number of applicants for unemployment benefits and the latter effectively removes long-term unemployed from the official statistics. *Secondly* in USA, as anyway in every economy, exists considerable illegal (“black”) sector (for example the trade in illegal, narcotic drugs) and comparable in size (if not even larger) the semi legal (“grey”) sector consisting, for example, of persons dealing in “legal” goods, but dodging from payment (in the whole or “only” partly) of taxes such as the sales tax and the income tax. Both of these sectors, which are particularly well developed in the US, employ persons, who otherwise would be unemployed. However, both these sectors are a burden for the economy and society. The “black” sector is the greatest burden, as it “produces”, among other things, drug addiction, which have to be treated at the expense of all honest tax-payers, or otherwise the drug addicts would rob the honest tax-payers in order to raise the money to be later spent on drugs, and eventually those drug addicts finish in prisons where they are financially supported by those mentioned honest taxpayers. The “grey” sector is also a burden for economy as it does not pay taxes (be it entirely or “only” partly), thus the honest workers and honest firms have to pay higher taxes in order to fill up the hole in the budget created by those less honest countrymen, where the former have less reasons to improve their productivity as the larger part of their earnings must be taken by the state in form of taxes (mainly using the mechanism of progressive taxation). The alternatives are either higher GST, or higher income tax. Increase in revenue from income tax (in Australia so called PAYE, that is “Pay as you Earn”) is caused also by inflation, which increases the nominal wages, so many taxpayers cross to higher scale (“bracket”) of taxation so to say automatically, and pay *de facto* higher tax from unchanged (and frequently even lower) real earnings.

Similar phenomena as in the US are also well visible in Australia. The (neo)conservative coalition recently introduced there the GST or sales tax (officially in order to fight, and at least to limit, those “grey” and “black” sectors). Yet, as at almost every state where such regressive tax was introduced, those illegal and semi legal sectors increased in size instead of getting smaller.

Cause of this phenomenon is rather straightforward: if a customer has to pay for a service (for example to a plumber) 110 dollars (100 dollars for labour and materials plus 10 dollars in tax) then the customer rather elects to pay the plumber 100 dollars in cash in order to save 10 dollars. Because in case of payment with cash the given transaction has left no trace, then there is no expected income to the federal budget. The result is such, that the rate of GST will have to be increased from the present 10% (or it will be imposed on goods and services which are, so far, GST-free, for example on fresh food), as the income from this tax to the federal budget is considerably smaller than initially foreseen by the government experts. Thus the honest citizens lose again, as they will be forced to pay higher effective taxes, or otherwise the government will be forced to drastically cut its expenditure, which will result in lower quality of services provided by the government in such areas as health, education (especially tertiary) and security (police etc.), and thus lower standard of living for the majority of Australians.

Similar situation is also with unemployment: even, if unemployed person does not receive the dole (unemployment benefit or allowance) then he or she is a real burden for all working people, because *firstly* such person does not produce and consumes less (which depresses the aggregate demand and thus directs economy towards the recession), and *secondly* such unemployed person either steals, or finds employment in “black” (or “grey”) sector, which (as I already tried to prove) are a real burden for the economy. Thus the conclusion is obvious: the so-called good unemployment does not exist. The unemployment is good for the employers only seemingly, as in conditions of considerable deficit of workplaces the workers work harder, but only during a short period of time, as in the long period of time it is impossible to work continuously under strong pressure and be at the same time efficient, productive and deliver good quality of products (be they goods or services).

It is important to clearly distinguish in this place between productivity and intensity of work. The growth of unemployment leads somehow automatically to increased intensity of work, as workers usually work harder when they are afraid of redundancies, but more intensive work has not necessarily to be more productive. Sometimes higher intensity of labour causes lower labour productivity, as too intensely (“too hard”) working persons produce more and more

rejects (throw-outs) and thus they reduce their productivity as a result of excessive growth of intensity of their work. Too high intensity of work causes also increase in number of working hours lost on result of the sickness and workers' burnout.

Such conditions of work produce high level of stress and are a major source of psychoses and even mental disorders, presently so popular in the US and Australia. In the longer period of time the growth of unemployment reduces aggregate demand, which inevitable causes the next recession, and such periodical recessions we observe regularly in the capitalist countries. For example in the US the industrial production and GDP started to grow in the later part of 2003, but situation on the labour market remains difficult (as how I tried to explain, in the conditions prevalent in present day capitalistic free market economy GDP growth need not to automatically cause the creation of the new workplaces).

* * *

Thus we have the evidence in support of my hypothesis that the American model, which only seemingly has contributed to the revitalisation of the US economy, has not the real chances to prove itself in the Australian, and particularly New Zealand conditions. Also we should not forget that the cost of the "revitalisation" of American economy was a huge and steadily increasing deficit of the current account and the gigantic growth of the US foreign debt, which phenomena caused recently sharp decrease of exchange rates for the American dollar in regard to other leading currencies, and particularly to the euro (a *de facto* devaluation of the USD). Australia and New Zealand, who proceed the similar way as the US, have also increasing foreign debt problem, but are unable, as the US, to pay or service their foreign debts with their own currency, which makes their situation even more difficult.

Statistical Appendix

Table 2

Number of Unemployed in Selected Countries 1920–2004 (in thousands)

Country	1920	1929–1930	1932–1934	1937	1948	1950
Australia	71	211	491	249	65	61
Japan	.	370	490	300	240	530
Germany	346	1,900	5,580	910	.	.
DDR	X	X	X	X	X	.
BRD	X	X	X	X	590	1,580
NZ	11	11	100	52	6	8
OECD	X	X	X	X	X	X
Poland	66	267	975	1,077	79	4
UK	1,250	1,000	2,180	1,280	330	332
USA	2,132	1,550	12,800	7,700	2,280	3,288
Country	1955	1960	1965	1970	1975	1980
Australia	52	98	57	91	330	409
Japan	760	750	570	590	1,000	1,140
Germany	.	.	.	149	1,074	889
DDR	.	.	.	0	0	0
BRD	928	271	147	149	1,074	889
NZ	6	5	5	2	4	36
OECD	X	X	.	.	.	.
Poland	58	37	67	79	15	10
UK	244	368	339	612	929	1,665
USA	2,904	3,852	3,366	4,093	7,929	7,637
Country	1985	1990	1995	1996	1997	1998
Australia	603	587	751	751	769	728
Japan	1,560	1,340	2,100	2,250	2,300	2,790
Germany	2,304	2,642	4,035	3,473	3,890	3,849
DDR ^{a)}	0	642	1,400	1,300	1,370	900
BRD ^{a)}	2,304	1,883	2,882	2,173	2,520	2,950
NZ	53	125	112	112	123	139
OECD	27,000	23,900	35,200	35,100	34,200	33,900
Poland	4	1,126	2,629	2,359	1,826	1,831
UK	3,271	1,974	2,460	2,340	2,037	1,776
USA	8,312	6,874	7,404	7,236	6,739	6,210
Country	1999	2000	2001	2002	2003	2004
Australia	681	616	667	624	582	600
Japan	3,172	3,200	3,400	3,310	3,000	3,300
Germany	4,100	3,127	3,150	4,225	4,317	4,500
DDR ^{a)}	1,340	.	.	.	.	.
BRD ^{a)}	2,760	.	.	.	.	.
NZ	128	113	103	95	92	100
OECD	33,671	31,361	33,000	36,100	37,300	36,700
Poland	2,350	2,703	3,115	3,217	3,158	3,300
UK	1,752	1,619	1,413	919	890	900
USA	5,879	5,655	6,742	8,209	7,945	8,800

a) Former DDR (eastern lands) and former BRD (western lands) since 1990.

Table 3

Unemployment Rate in Selected Countries 1920–2006
(in % of persons active on the labour market)

Country	1920 ^{a)}	1929 ^{a)}	1930 ^{a)}	1933 ^{a)}	1937 ^{a)}	1945	1948	1950
1	2	3	4	5	6	7	8	9
Australia ^{b)}	11.2	11.1	19.3	25.1	10.5	1.5	2.0	1.7
Japan	.	5.0	7.0	.	4.0	.	0.7	1.3
Germany	3.8	13.1	15.3	26.3	4.6	.	4.2	.
<i>DDR</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	.
<i>BRD</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	10.2
NZ	3.6	11.4	16.6	60.0	10.4	0.2	0.1	0.1
OECD	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>
Poland ^{d)}	3.0	4.5	10.5	31.5	25.9	1.8	0.8	0.0
UE	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>
UK	14.0	8.0	18.0	22.5	9.0	0.5	1.6	1.6
USA	5.2	3.2	8.9	25.9	14.3	1.9	3.8	5.0
Country	1955	1960	1965	1970	1971	1972	1973	1974
Australia ^{b)}	1.4	2.4	1.3	1.6	1.9	2.6	2.3	2.6
Japan	1.8	1.6	0.8	1.1	1.1	1.1	1.0	1.5
Germany	.	.	.	0.4	.	.	.	.
<i>DDR</i>	.	.	.	0.0	.	.	.	.
<i>BRD</i>	5.1	1.2	0.6	0.8	0.8	0.8	1.0	2.6
NZ	0.1	0.6	0.5	0.8	1.1	0.9	0.2	0.1
OECD	<i>X</i>	<i>X</i>	.	3.1	3.6	3.7	3.3	3.5
Poland ^{d)}	2.2	0.3	0.5	0.5	0.6	0.4	0.3	0.2
UE	<i>X</i>	2.5	.	3.0	.	.	.	.
UK	1.1	1.6	1.5	2.6	3.0	3.4	2.2	3.0
USA	4.4	5.5	6.0	4.9	5.9	5.6	4.9	5.6
Country	1975	1976	1977	1978	1979	1980	1981	1982
Australia ^{b)}	4.8	4.7	5.7	6.2	6.2	6.1	5.7	7.1
Japan	1.9	2.0	2.0	2.2	2.1	2.0	2.2	2.4
Germany ^{d)}	3.0	3.0	3.1	3.0	2.8	2.8	3.6	5.0
<i>DDR</i>	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0
<i>BRD</i>	3.4	3.4	3.5	3.4	3.0	2.9	4.1	5.9
NZ	0.4	0.7	0.6	1.8	2.0	2.9	3.6	3.9
OECD	5.2	5.3	5.3	5.2	5.1	5.8	6.3	7.6
Poland	0.1	0.1	0.1	0.0	0.0	0.1	0.1	0.1
UE ^{t)}	.	.	5.2	5.4	5.4	6.0	8.6	9.8
UK	4.5	6.0	7.0	6.3	5.6	7.4	10.7	12.5
USA	8.5	7.7	7.1	6.1	5.8	7.1	7.6	9.7
Country	1983	1984	1985	1986	1987	1988	1989	1990
Australia ^{b)}	10.7	8.9	8.3	8.0	8.0	7.1	6.1	8.2
Japan	2.6	2.7	2.6	2.8	2.8	2.5	2.3	2.1
Germany ^{d)}	6.5	6.8	6.0	5.2	5.1	5.0	4.6	6.2
<i>DDR</i>	0.0	0.0	0.0	0.0	0.0	0.1	0.1	7.3

1	2	3	4	5	6	7	8	9
<i>BRD</i>	7.5	7.8	7.2	6.5	6.3	6.2	5.6	4.8
NZ	5.7	5.0	4.0	5.0	6.6	5.6	7.1	7.8
OECD	8.1	7.7	7.6	7.6	7.2	6.5	6.0	5.9
Poland	0.0	0.0	0.0	0.0	0.0	0.1	1.1	6.5
UE ^t	10.2	10.4	10.1	10.2	10.6	9.2	9.0	7.4
UK	12.8	13.2	11.2	11.2	10.3	8.5	7.1	6.9
USA	9.6	7.5	7.2	7.0	6.2	5.5	5.3	5.8
Country	1991	1992	1993	1994	1995	1996	1997	1998
Australia ^b	9.7	10.8	10.9	9.7	8.6	8.5	8.6	8.2
Japan	2.1	2.2	2.5	2.9	3.2	3.4	3.4	4.1
Germany ^c	6.7	7.7	10.1	11.3	10.1	8.8	9.2	8.7
<i>DDR</i>	10.3	14.8	13.5	16.9	16.9	16.0	17.0	18.2
<i>BRD</i>	4.2	6.4	7.7	8.2	8.0	8.7	9.7	9.1
NZ	10.3	10.3	9.5	8.2	6.3	6.1	6.6	7.5
OECD	6.6	7.3	8.0	7.9	7.6	7.5	7.2	7.1
Poland	12.2	14.3	16.4	16.0	14.9	13.2	10.3	10.4
UE ^e	7.5	8.3	9.9	10.7	10.5	10.7	10.7	10.2
UK	8.6	10.3	10.0	9.2	8.5	8.0	6.9	6.2
USA ^b	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5
Country	1999	2000	2001	2002	2003	2004	2005	2006
Australia ^b	7.0	6.4	6.8	6.4	6.2	5.7	5.5	5.0
Japan	4.7	4.7	5.0	5.4	5.3	4.9	4.6	4.0
Germany ^c	8.8	7.3	7.4	8.1	8.7	8.8	8.5	9.0
<i>DDR</i>	17.6	17.0	18.0	18.0	18.0	19.0	18.5	.
<i>BRD</i>	8.4	7.8	7.8	8.7	9.7	10.0	9.5	.
NZ	6.8	6.0	5.4	5.2	4.7	4.7	4.9	4.0
OECD	6.7	6.3	6.5	7.0	7.1	6.9	6.7	6.1
Poland	13.1	15.1	17.5	20.0	20.0	20.6	20.3	18.0
UE ^e	9.4	8.4	8.0	8.4	8.8	8.8	8.5	7.9
UK	5.9	5.4	5.0	5.1	5.0	4.8	4.8	4.0
USA ^b	4.2	4.0	4.8	5.8	6.1	5.5	5.2	5.0

- a) Estimates not fully comparable with later periods (mostly because of methodological changes including radical changes in the definition of an unemployed person).
- b) Change in methodology in Australia in 1970 and in the US in 1990 and 1994.
- c) Since 1990 DDR = former eastern lands. BRD = former western lands.
- d) For 1930 the real rate for blue collar workers (official rate was in 1929 – 4.9%, and in 1930 – 7.5%).
- e) Since 2000 only Euroland.

Table 4

Unemployment in Australia, New Zealand and USA 1900–2005

Year	Number of unemployed in Australia (000)	Unemployment rate in Australia (%)	Number of unemployed in NZ (000)	Unemployment rate in NZ (%)	Number of unemployed in USA (000)	Unemployment rate in USA (%)
1	2	3	4	5	6	7
1900	58.1	3.9	2.1	.	1.420.0	5.0
1901	58.0	6.6	3.1	.	1.205.0	4.0
1902	74.0	4.8	1.8	.	1.097.0	3.7
1903	135.0	8.5	3.7	.	1.204.0	3.9
1904	156.0	9.4	2.8	.	1.691.0	5.4
1905	140.8	8.6	3.1	.	1.381.0	4.3
1906	108.0	6.7	9.6	2.4	574.0	1.7
1907	87.0	5.2	7.4	.	945.0	2.8
1908	58.0	3.4	6.3	.	2.780.0	8.0
1909	58.0	3.3	10.4	.	1.824.0	5.1
1910	60.4	3.3	8.5	.	2.150.0	5.9
1911	53.0	4.7	7.1	.	2.518.0	6.7
1912	48.0	2.4	5.7	.	1.759.0	4.6
1913	103.0	5.0	5.8	.	1.671.0	4.3
1914	68.0	3.3	5.6	.	3.120.0	7.9
1915	125.1	5.9	7.5	.	3.377.0	8.5
1916	74.0	5.8	7.1	1.6	2.043.0	5.1
1917	72.0	3.3	2.9	.	1.848.0	4.6
1918	74.0	3.4	2.9	.	536.0	1.4
1919	78.0	3.6	3.2	.	546.0	1.4
1920	71.0	3.4	4.2	3.6	2.132.0	5.2
1921	125.0	11.2	3.3	2.8	4.918.0	11.7
1922	137.0	6.1	5.0	4.0	2.859.0	6.7
1923	116.0	5.0	4.0	3.0	1.049.0	2.4
1924	111.0	4.7	3.9	3.0	2.190.0	5.0
1925	153.9	6.3	3.9	3.0	1.453.0	3.2
1926	121.5.	7.1	13.1	2.4	801.0	1.8
1927	105.3	4.2	10.3	7.2	1.519.0	3.3
1928	158.3	6.2	15.2	10.6	1.982.0	4.2
1929	172.8	11.1	16.3	11.4	1.550.0	3.2
1930	250.1	19.3	21.9	16.6	4.340.0	8.7
1931	419.4	27.4	54.6	41.3	8.020.0	15.9
1932	514.2	29.0	73.6	55.6	12.060.0	23.6
1933	516.6	25.1	79.4	60.0	12.830.0	25.9
1934	441.5	20.5	64.7	48.9	11.340.0	21.7
1935	393.7	14.0	60.3	43.5	10.610.0	20.1
1936	309.9	11.0	49.4	10.4	9.030.0	16.9
1937	249.3	8.8	36.4	7.7	7.700.0	14.3

1	2	3	4	5	6	7
1938	214.8	7.5	38.6	7.8	10.390.0	19.0
1939	258.6	9.7	32.1	6.8	9.480.0	17.2
1940	269.8	9.0	4.4	2.0	8.120.0	14.6
1941	146.7	5.3	2.0	1.0	5.560.0	9.9
1942	59.2	2.3	0.2	0.1	2.660.0	4.7
1943	31.3	1.2	0.4	0.3	1.070.0	1.9
1944	32.9	1.3	0.3	0.2	670.0	1.2
1945	39.8	1.5	0.3	0.2	1.040.0	1.9
1946	70.8	2.5	0.2	0.1	2.270.0	3.9
1947	92.4	3.0	0.1	0.1	2.311.0	3.9
1948	64.6	2.0	0.1	0.1	2.276.0	3.8
1949	50.2	1.5	0.1	0.1	3.637.0	5.9
1950	60.8	1.7	0.1	0.1	3.288.0	5.3
1951	39.9	1.1	0.1	0.1	2.055.0	3.3
1952	51.2	1.4	0.1	0.1	1.833.0	3.0
1953	106.7	2.9	0.1	0.1	1.834.0	2.9
1954	74.8	2.0	0.1	0.1	3.532.0	5.5
1955	52.0	1.4	0.1	0.1	2.852.0	4.4
1956	58.1	1.5	0.3	0.2	2.750.0	4.1
1957	80.4	2.1	0.4	0.3	2.859.0	4.3
1958	104.0	2.6	0.8	0.8	4.602.0	6.8
1959	79.3	2.4	1.2	1.2	3.740.0	5.5
1960	98.2	2.4	0.6	0.6	3.852.0	5.5
1961	99.2	3.2	1.0	0.9	4.714.0	6.7
1962	138.9	3.2	1.0	1.0	3.911.0	5.5
1963	99.1	2.2	0.9	0.9	4.070.0	5.7
1964	75.5	1.7	0.7	0.7	3.786.0	5.2
1965	57.0	1.3	0.5	0.5	3.366.0	4.5
1966	68.0	1.6	0.5	0.8	2.875.0	3.8
1967	76.1	1.7	3.9	2.0	2.975.0	3.8
1968	79.5	1.6	6.9	3.6	2.817.0	3.6
1969	76.7	1.5	2.9	1.5	2.831.0	3.5
1970	77.5	1.6	1.6	0.8	4.093.0	4.9
1971	79.0	1.9	3.1	1.4	4.993.0	5.9
1972	104.6	2.6	5.7	0.9	4.882.0	5.6
1973	125.1	2.3	2.3	0.2	4.368.0	4.9
1974	100.4	2.6	1.0	0.1	5.156.0	5.6
1975	278.0	4.8	4.1	0.4	7.929.0	8.5
1976	293.0	4.7	11.5	0.9	7.406.0	7.7
1977	359.0	5.7	7.4	0.6	6.991.0	7.1
1978	396.0	6.2	22.3	1.8	6.202.0	6.1
1979	374.0	6.2	25.2	2.0	6.137.0	5.8
1980	392.0	6.1	36.5	2.9	7.637.0	7.1
1981	377.0	5.7	48.3	3.6	8.273.0	7.6
1982	459.0	7.1	52.1	3.9	10.678.0	9.7
1983	697.0	10.7	76.5	5.7	10.717.0	9.6
1984	641.2	8.9	66.5	5.0	8.539.0	7.5

Country	1960	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999
Australia	100	104	98	102	98	99	98	100	103	102	100
PRC	.	.	.	.	115	.	103	101	102	120	112
Japan	.	107	102	.	100	101	101	101	99	99	101
Germany ^b	107	109	101	.	102	103	102	101	100	101	102
NZ	103	105	100	101	91	100	99	101	102	101	103
Poland	103	102	108	105	104	76	103	106	106	103	105
UE ^c	.	.	98	.	101	.	.	.	.	.	.
UK	104	108	102	.	.	100	101	102	101	103	103
USA	101	100	99	95	99	98	100	100	102	102	101

Country	2000	2001	2002	2003	2004	2005	2006	2007
Australia	100	100	101	103	102	103	104	104
PRC	112	111	113	112	.	.	.	.
Japan	101	102	100.	100	100.	.	101	100
Germany ^b	99	100	101	101	100	.	102	101
NZ	100	100	101	103	100	.	103	103
Poland	101	102	101	103	101	.	.	.
UE ^c	.	.	103	103	.	.	.	.
UK	101	104	104	100	100.	.	104	104
USA	100	100	102	101	100	107	104	104

- a) Previous year = 100.
b) BRD up to 1990 (inclusive).
c) Since 2002 only Euroland.
d) To 1949 all China.

Country	2001 (1995 = 100)
Australia	109
Japan	104
Germany	102
NZ	109
Poland	164
UK	115
USA	108

Table 6

Real Wages and Working Hours in Australia in Years 1913–1993

Year	Real hourly wage (1913 = 100)	Change in real wage (in %) comparing to previous period	Average working week in hours
1913	100	.	48.9
1920	102	.	47.1
1928	128	.	45.3
1930	133	.	45.5
1931	123	-7.5	45.5
1938	136	.	44.9
1948	164	.	40.0
1958	176	.	40.0
1968	211	.	39.2
1978	297	.	39.3
1981	.	3.7	.
1982	.	-0.2	.
1983	.	1.5	.
1984	.	2.5	.
1985	.	-2.3	.
1986	.	-2.9	.
1987	.	-1.2	.
1988	315	-0.5	38.0
1989	310	-1.2	37.9
1990	303	0.5	37.8
1991	.	1.5	.
1992	.	1.0	.
1993	.	1.0	36.0

References

1. R. Berren and M. Wearing (1998), "The Network of Surveillance: The Power of Official Inquiries into Poor Relief Provision in New South Wales, 1898 and 1994" in Richard Kennedy (ed.) *Australian Welfare: Historical Sociology* Melbourne: Macmillan.
2. B. Cass (1983), "The Number Games" in *Australian Society* of 1 August 1983.
3. D. Clark (1994), *Student Economic Briefs 1993/1994* Sydney: The Australian Financial Review Library.
4. J. Crudele (2003), "Why You Shouldn't Believe the New Jobless Stats" in *New York Post* of 29 June 2003.

5. Economic Planning and Advisory Council (1992), "The Cost of Unemployment in Australia" (Background Paper No. 24) Canberra: Australian Government Publishing Service.
6. J.K. Galbraith (1969), *The New Industrial State* Harmondsworth (Middlesex, UK): Penguin.
7. L. Keller (2006), *Effects of Changes in Socio-Economic Policy in Australia in Years 1983–2003 in the Area of Unemployment, Inflation and Real Wages in: Graham Willett (Ed.) Thinking Down Under: Australian Politics, Society and Culture in Transition*, WVT (Wissenschaftlicher Verlag Trier), Trier.
8. P.L. Reynolds (1991), *Political Sociology: an Australian Perspective* Melbourne: Longman Cheshire.
9. Yi-Ping Tseng and R. Wilkins (2003), "Reliance on Income Support in Australia: Prevalence and Persistence" *The Economic Record*. The Economic Society of Australia, vol. 79 (245).

TRANSFORMATION OF AUSTRALIAN LABOUR MARKET 1983–2003

Summary

This paper analyses transformation of Australian labour market in years 1983–2003. This transformation was mostly a result of neoliberal socio-economic policy applied in that period in Australia by governments of formally different political orientations as a part of broader macro and microeconomic reform, that was designed in order to improve competitiveness of Australian economy. I will also analyse briefly results of this transformation in such areas as unemployment, inflation, dynamics of GDP and real wages. My argument is that the American model followed by Australia and also New Zealand has not the real chances to prove itself in the Australian conditions.