

Letters

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Under-employment crisis out of focus

Your report "Jobs hold up as recovery hopes rise" (August 7) paints a picture of an Australian labour market adjusting to a severe global downturn in a resilient and orderly manner. The relatively benign headline unemployment rate of 5.8 per cent is seen as evidence that we have been able to mitigate the worst effects of the global financial crisis on our workforce. Success is attributed to the fact that employers are reducing hours rather than shedding jobs. But is this the complete picture?

Statistics compiled by Roy

Morgan Research reveal that as of July, in addition to the 5.8 per cent of the workforce who are officially unemployed, a further 9 per cent are under-employed. This equates to more than 1 million under-employed Australians.

This trend is confirmed in the United States, where Department of Labour statistics tell an even grimmer story. In addition to the 9.4 per cent of unemployed Americans, there is a staggering 16.5 per cent of Americans who are deemed to be under-employed.

Unemployment then is only the tip

of the iceberg. Beneath the surface lies the problem of under-employment. It is bigger and is growing faster than unemployment. Many sectors who have never experienced under-employment are now feeling its impact. Also lurking beneath the surface are the unemployed and under-employed among Australia's 2 million self-employed workers. It appears that official unemployment data does not fully (if at all) capture the plight of the self-employed.

In a period of unprecedented economic upheaval, a benign official unemployment rate raises the

concern that the employment effects of the global financial crisis are not being adequately captured.

Just as focusing on the consumer price index blinded policymakers to the emergence of unseen but devastating credit and asset bubbles, focusing simply on the unemployment rate may be blinding us to a similarly unseen and potentially devastating under-employment crisis.

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