
LOYALTY IS A
ONE WAY
STREET:

NESB Immigrants and
Long-Term Unemployment

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&

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Preface

This study was commissioned by the Bureau of Immigration, Multicultural and Population Research in 1995 and submitted as a draft report in August 1996. Subsequent to that date, the Bureau ceased to exist and the final report was submitted to the Department of Immigration and Multicultural Affairs. With the Department's agreement, ACIRRT published the final report in September 1997 in order to make the study's findings widely available. In January 2000 the report was republished electronically as a PDF file. The electronic reprint included a few minor corrections but was otherwise the same as the 1997 report.

The study was commissioned during a period of chronically high long-term unemployment, in which the various labour market programs which comprised *Working Nation* had just been implemented. It was originally envisaged that this might be the appropriate policy context for the study. However, as it neared completion, the policy situation was radically overturned and a new situation arose. Consequently, our policy discussion is now more general than might otherwise have been the case. Rather than examining specific labour market programs or approaches, we address the broader macro-economic issues involved in dealing with the scourge of long-term unemployment.

The study's title, *Loyalty is a One Way Street*, was inspired by a conversation with a taxi driver from a non-English speaking background (NESB). He had worked for a manufacturing firm as an engineer for nine years and was laid off a few months before his ten years of service was completed. The firm was relocating production to Asia and was seeking to avoid paying long service leave entitlements. While working there he had treated the job as if it were his own business, showing strong commitment to the interests of the firm. This loyalty was not reciprocated and he coined the phrase: 'Loyalty is a one way street'. We thought this an appropriate metaphor for the problem of NESB long-term unemployment because significant numbers of NESB immigrants who arrived in Australia between the 1940s and 1980s found themselves long-term unemployed in the 1990s. This was particularly so for those with blue-collar occupational backgrounds and maturity of years. For most of their working lives, these immigrant workers had shown loyalty to Australia, yet now found themselves cast into a labour market limbo.

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Executive Summary

This study has examined long-term unemployment (LTU) in Australia during the 1980s and 1990s with a particular focus on NESB immigrants. We have placed this analysis within the context of Australia's de-industrialisation, since the major labour market 'losers' during this period of economic restructuring have been mature aged, blue collar workers, both men and women. These people have been disproportionately drawn from the ranks of NESB immigrants.

Our major findings were:

- ◆ relative to the Australia-born, the situation for the NESB LTU deteriorated significantly between 1978 and 1995. The deterioration was worse for men than for women.
- ◆ the NESB long-term unemployed were more likely to have formerly worked in blue collar occupations and in jobs of longer duration (5 years and over) than were the Australian-born. The jobs which they were looking for tended to be in occupations different to their last one; 'lack of jobs' was seen as the most important difficulty in finding work, though English language proficiency was also nominated amongst 17 per cent of the NESB unemployed.
- ◆ both familiarity with computers and tertiary education were associated with reduced odds of being long-term unemployed, *but for NESB males, there was no improvement in their odds by being tertiary educated.*
- ◆ the hidden unemployed are predominantly composed of women with dependant children, but their other characteristics closely resemble the unemployed, except in one respect: the influence of English proficiency. This suggests that female NESB immigrants with poor English proficiency are inclined to leave the labour market altogether rather than remain marginally attached.
- ◆ for men, being mature aged and having low English proficiency were strongly associated with increased odds of being long term unemployed;
- ◆ for women, being mature aged was the factor most significantly associated with increased odds of long term unemployed.
- ◆ long-term unemployment cannot be adequately understood as a supply-side phenomenon alone. The life histories reveal that job seeker behaviour is mediated by the social and economic context in which choices are constrained. In this respect, life history is a sophisticated tool for understanding labour market behaviour. Furthermore, it fills the explanatory gap left by statistical analysis by revealing the underlying causal processes in the patterns found in the data.

The major conclusion we drew from examining the LTU was that there is a profound bias in the labour market against mature age workers, and that this problem is closely linked to processes of de-industrialisation and economic restructuring. We further link these processes to the behaviour of employers, in particular:

- ◆ the use of retrenchments as a strategy to shed labour, and the disproportionate burden this imposes on the blue collar workforce;

- ◆ the increasing growth of precarious employment in the economy, a process which can trap job seekers into frustrating patterns of intermittent work, under-employment and unemployment;
- ◆ the prevalence of employment conditions (such as poor occupational health and safety and inadequate English language training on the job) which, in the long term, increase the likelihood that retrenched workers will not work again.

Amongst the NESB unemployed we identified at least three different categories of persons:

1. tertiary educated immigrants who have been unable to find work in their chosen occupation but have persisted in their job searching, often accepting underemployment in order to survive;
2. mature aged, blue-collar workers, many of whom have been laid off from jobs in manufacturing and similar industries;
3. the hidden unemployed, predominantly women with dependent children, whose limited access to child care limits their labour market activities.

We argue that the circumstances of each group are quite distinct and that different factors are associated with their labour market situation.

Our analysis was largely concerned with long-term unemployment as a continuous period of unemployment. In this respect, we largely analysed the 'stock' of unemployed persons. We have, however, also captured some of the dynamics of unemployment 'flows' by using life history accounts which illustrate people moving in and out of varying kinds of labour market situations. Nevertheless, most of the complexity and the detail of unemployment flows has not been evident in this study, a shortcoming shared by most other studies in this area. In this sense, then, it is important to remember that there are several 'LTU populations' and that the group with long histories of intermittent spells of unemployment do not show up fully in the statistical picture offered here.

The other major shortcoming in our research is an incomplete picture of employer recruitment and labour shedding practices. While our organisational case studies were valuable in providing glimpses of this issue, what is required is a much more systematic process of collecting both survey and qualitative data on how employers actually carry out their recruitment and labour shedding activities.

I. Introduction

Unemployment has become the scourge of most Western industrialised nations. Across the OECD 35 million people were unemployed in 1994. A large proportion of these were long-term unemployed (that is, unemployed continuously for more than 12 months). In Australia the last two decades have seen the number of long-term unemployed grow steadily, and the period of time they spend unemployed spiral upwards. At the end of 1996 nearly 230,000 people had been unemployed for a year or more and over 130,000 had been unemployed for more than two years.

Unemployment rates tend to move in tandem with the business cycle though the long-term trend appears to be remorselessly upwards and can be quite responsive to bursts of economic growth. *Long-term unemployment*, however, seems to lag behind the unemployment rate, falling very slowly even in an economy that is 'roaring' (Chapman et al., 1993, p. 33). What is more, after each recession, the long-term unemployment rate settles at a much higher level than before. In terms of social equity, workers who become long-term unemployed are disproportionately drawn from the most disadvantaged labour market groups: the low skilled and mature aged, and migrants from NESB countries. The long-term unemployed endure the most severe penalties that the labour market can impose: persistent poverty, atrophy of skills, social isolation and psychological distress. For these reasons alone, long-term unemployment should be the major social policy issue of the 1990s.¹

In themselves, unemployment rates give only one glimpse of the state of the labour market. As well as the 'stock' of unemployed persons, there is also a 'flow': people moving in and out of jobs. Unemployment rates give an insight into these flows, the so-called 'frictional' component of unemployment. Vacancy rates can help determine the extent of the 'structural' component, particularly mismatches between workers being displaced in certain sectors of the economy and jobs being created in other sectors. Long-term unemployment is closely related to structural unemployment; its members have been jettisoned from the labour market, often through processes of retrenchment, but have been unable to move into newly emerging jobs. This may be the result of severe competition for the new jobs, as in the depths of a recession, or it may be the result of skills or geographical mismatches in labour market supply and demand. Ultimately, the problem is one of a shortage of labour demand appropriate to the kind of labour which is available. There are not enough jobs for those who want them. This picture is often confused by misleading measures of unemployment, particularly the failure to include the 'hidden unemployed', and by the widespread incidence of underemployment in the economy.

In time, the process of long-term unemployment itself generates new labour market problems. Employers recruit the most recently unemployed, usually the 'cream of the crop' in terms of skills, age, experience, ethnicity and gender, and those who miss out keep finding themselves at the end of the queue. The longer they stay there, the harder it is to escape unemployment. Skills atrophy, physical illness becomes more prevalent,

¹ The ABS definition of an unemployed person is someone not working and 'who ... had actively looked for ... work at any time in the [preceding] 4 weeks, and were available for work in the [present] week' (ABS 1994, p. 60). A long-term unemployed person is someone who has been continuously unemployed for 12 months or more.

psychological well-being declines and poverty saps resources. In particular, contact with informal job networks breaks down, and the long-term unemployed lose one of their main avenues back into employment.

This study focuses on the unemployment situation of the overseas born, particularly those from NESB countries. They are amongst those in the labour market who have been hardest hit by unemployment, especially long-term unemployment. Historically, they have been concentrated in those industry sectors, such as manufacturing and public instrumentalities, whose share of the economy has been declining most rapidly. Similarly, NESB immigrants have also clustered in those occupations, such as labouring and plant and machine operating, which have borne the greatest burden of labour shedding. It comes as no surprise then, that NESB immigrants are over-represented not only amongst the ranks of the unemployed but also amongst the long-term unemployed.

The recognition that the labour market by itself cannot solve the problem of long-term unemployment has been apparent for over a decade. In recent years Federal Government labour market programs have been specifically aimed at preventing the emergence of an 'underclass' of long-term unemployed people in Australia. The Keating Labor Government's, *Working Nation*, was premised on this recognition: it sought to alter the composition of the unemployment pool so that those at the back of the queue might be advanced to the head of the queue more rapidly, using as its instruments training programs and short-term subsidised jobs. However, *Working Nation* resolutely refused to embrace public sector job creation, the traditional social democratic response to high levels of unemployment (eg. the REDS initiative of the mid-1970s, the CEP scheme of the mid-1980s).

In this study we set out to document in considerable detail the dimensions of long-term unemployment amongst NESB immigrants and to understand why their labour market situation has deteriorated so badly. In Chapter 4 we explore the problem of immigrant unemployment in more general terms. While much of this picture is already well-known, we seek to isolate more carefully those factors which are closely associated with unemployment. This then allows us, in Chapter 6, to examine whether the same factors are associated with long-term unemployment. Of course, finding statistical associations between the demographic, educational and labour market attributes of individuals, and providing a causal analysis of unemployment is not the same thing. For example, there is a strong association between being married and having low odds of being unemployed. But encouraging the single unemployed to head for their nearest marriage registry will do nothing to improve their employment prospects. On the other hand, low English proficiency is strongly associated with being unemployed and one could argue that improvements in English proficiency could indeed make a difference to a person's labour market prospects. Somewhere in between are factors which are both symptoms and causes. Familiarity with computers, for example, is associated with reduced odds of being unemployed. This partly reflects the fact that computers proliferate in the workplace, and ipso facto, the employed work force interacts with them regularly. But it also reflects the reality that computer literacy is increasingly specified by employers when recruiting. Thus any appraisal of statistical associations must always keep in mind these reservations: sometimes they are symptoms, sometimes causes, and sometimes both. Much of the econometric research discussed in the literature review in Chapter 2 seems oblivious to this truism and many research reports imply that the associations they uncover are automatically causal.

This econometric research is also characterised by another fundamental weakness: the assumption embedded in supply-side economics that individual characteristics explain most of the picture of unemployment. This is an assumption which we strongly reject. While we concede that labour supply is an important dimension, we believe that factors associated with labour demand are more significant. The problem of unemployment is essentially a shortage of jobs. While the relationship between ‘inflows’ into unemployment and ‘outflows’ from unemployment determines the specific size and duration of the ‘pool’ of unemployed, the persistence of high levels of unemployment alongside low job vacancy rates for over two decades demonstrates the truth of this more fundamental axiom that jobs are in short supply. Many of the data sets we employ are based on surveys of individuals, and this predisposes the analysis to supply-side factors. Nevertheless, we also draw on other kinds of data to balance this picture. In Chapter 5, for example, we closely examine the behaviour of employers and assess the extent to which their labour shedding and their recruitment practices exacerbate the problem of long-term unemployment. We do this by recourse to a workplace survey (AWIRS) and two organisational case-studies, one private sector and one public sector. In Chapters 3 and 7 we make use of an important qualitative methodology, the life-history interview. While an individual life-history might appear to be a source for questions of labour supply such as job search strategies these interviews can also be used to build up a picture of how recruitment and retrenchment actually takes place, and how particular employers behave to fashion patterns of labour demand. In this sense, the experiences of individuals in the labour market provide a snapshot of the functioning of that labour market. All of the names given to our interviewees in these Chapters are fictional (in order to provide anonymity) but the words quoted are verbatim transcriptions from recorded interviews.

The core of this study is Chapters 5, 6 and 7 where we specifically focus on the problem of long-term unemployment amongst NESB immigrants. Chapters 5 and 6 use an important data set, the 1993 Survey of Training and Education Experience, to document the demographic, educational and labour market characteristics of the long-term unemployed. Our major conclusion is that there is a profound bias in the labour market against mature age workers, and that this problem is closely linked to processes of de-industrialisation and economic restructuring. NESB immigrants have been disproportionately disadvantaged by these processes.

Chapter 7 presents the human dimension of long-term unemployment and contrasts the naive assumptions which neo-classical economics makes about the labour market with the real behaviour of the unemployed. This is no mere academic exercise, because those neo-classical assumptions have driven labour market policies in Australia for at least the last decade.

We regard this combination of qualitative and quantitative methodologies as an important contribution to research on the labour market. All too often qualitative methodologies are used in an apologetic fashion: frequently researchers lament that if only the numbers had been greater, some kind of survey-type claims might be made. Our view is that qualitative methodologies are not the poor-cousin of the quantitative survey but a respectable social science approach with a great deal to contribute in analysing *social processes* and the dynamics of *human agency*. In this respect, they neatly complement quantitative methodologies, which are attuned to divulging patterns within *social events and outcomes*.

In any statistical analysis, there is always an ‘explanatory gap’, a point at which the patterns revealed in the statistical associations can no longer be pursued solely with further statistical glimpses. It is the point at which the *why* and the *how* type questions

predominate. It is also at this point that some neo-classical economists seem inclined to dispense their ideological wisdom, offering explanations which are often little better than pop-sociology or shallow journalism. Often these explanations come in the concluding section of a research report, and no matter how sophisticated the forgoing statistics may have been, these shallow conclusions leave the reader dissatisfied with the report as whole. Into this explanatory gap, life-history sails with the promise of greater rigour, bringing with it over 60 years of social science tradition. The outlines of this pedigree will be sketched in Chapter 2. For the moment it is worth emphasising that the insights gained from the careful analysis of life-history materials are ideally suited for responding to the explanatory gap. Instead of drawing upon some personal whim about human behaviour, or invoking some theoretical ideal-type, the explanatory gap can be filled with intuitions garnered from the careful study of the real behaviour of people, a study informed by theoretical insights from the social sciences.

The key argument in this study is that long-term unemployment must be understood in the context of Australia's de-industrialisation, both in manufacturing and in the construction of infra-structure. In the early 1980s human geographers argued over whether Australia was undergoing a process of de-industrialisation, or some more subtle combination of de-industrialisation, rationalisation and re-industrialisation (Gibson and Horvath 1983a, 1983b). By the mid-1990s there seems little doubt that de-industrialisation is the more apt description. While the decline of Australia's manufacturing base can be traced back to the 1960s, and a range of structural weaknesses inherent in a small economy, the 1990s have shown that the decline of all forms of material production in Australia has been shaped by deliberate policies:

- ◆ Federal Government reductions in levels of industry protection have led to a greater movement of manufacturing industry off-shore;
- ◆ Federal Government deregulation of the financial system has led to a tighter integration of the Australian economy into the global economy, with a consequent loss of domestic control over investment decision-making;
- ◆ State Government moves towards corporatising, privatising or semi-commercialising their productive activities (particularly their statutory authorities and agencies) has led to massive rounds of labour-shedding, particularly amongst blue-collar work forces;
- ◆ private sector responses to increased competition have been largely short-term, focusing on cost-cutting measures rather than strategic, long-term repositioning. These responses have been exacerbated by the fashion for 'down-sizing' for its own sake.

Amongst the NESB unemployed there are at least three different categories of unemployed persons:

1. tertiary educated immigrants who have been unable to find work in their chosen occupation but have persisted in their job searching, often accepting underemployment in order to survive;
2. mature aged, blue-collar workers, many of whom have been laid off from jobs in manufacturing and similar industries;
3. the hidden unemployed, predominantly women with dependant children, whose limited access to child care limits their labour market activities.

It is our view that the appropriate labour market policies should differ between these categories. For immigrants who are recently arrived in Australia, job search skills and enhanced English language training are very useful. All of the research into immigration and unemployment consistently shows that recency of arrival and low English proficiency are strongly associated with being unemployed. Our own statistical analysis confirms this argument, and our life-histories are particularly lucid in illustrating just how important it is to successfully acclimatise to a local labour market. The policy implications of this are clear-cut: job search skills and local labour market knowledge provided by organisations like SkillShare are invaluable for newly arrived immigrants.

However, in highlighting the value of job search skills, we do not pretend that this can be a panacea for all unemployed persons. The second category amongst the NESB unemployed are long-term residents of Australia whose background in blue-collar occupations has seen them bear the brunt of de-industrialisation, public sector restructuring and regional decline. The prescription of job search skills for this category of unemployed is a cruel hoax. Rather a creative combination of public sector infrastructure construction and the expansion of community services provide the most likely solution to their plight. Our policy discussion in Chapter 8 pursues this issue further. At the same time, prevention is always better than cure. The current (and impending) bout of privatisations and corporatisations within the public sector must be re-assessed for their employment consequences. They are far too likely to lead to large scale labour shedding to justify their supposed community benefits. Often, the 'efficiencies' gained are done through cost-shifting onto other sectors of the community. Finally, for the female hidden unemployed, the critical issue is access to affordable and flexible child care.

This policy prescription goes against the current economic orthodoxy, but far-sighted commentators are increasingly recognising that a continuation of the free-market policies of the past decade are a prescription for Australia's economic ruin. The social costs of these policies are already evident in those communities afflicted with concentrations of long-term unemployed people.

2.Literature Review

Divergent Approaches to Immigrants and the Labour Market

Introduction

In Australia, the topic of immigration and the labour market has generated two divergent streams of research. On the one hand, quantitative sociologists and econometricians have focused on the human capital aspects of migration. The higher unemployment, lower earnings and downward occupational mobility evident for NESB immigrants are usually attributed to difficulties associated with their individual characteristics (overseas education and work experience, low English proficiency) and with the migration experience itself (unfamiliarity with a new labour market environment). After a period of adjustment, NESB immigrants are seen to fare just as well as native-born workers with the same human capital endowments. Thus most commentators within this stream view the Australian labour market with optimism, and judge the settlement of immigrants in Australia to have been both successful and equitable.

On the other hand, commentators in the alternative stream have drawn the diametrically opposite conclusion that the Australian labour market has been profoundly inequitable in its treatment of immigrants, particularly those from NESB countries. These commentators have employed a combination of descriptive statistics, qualitative data and sociological-historical methods of analysis. While always sensitive to the individual aspects of immigration (particularly in their case study presentations), these commentators have nevertheless eschewed supply-oriented explanations and have focussed instead on demand-side factors, particularly the segmented nature of the labour market, the discriminatory practices of employers, and the exclusionary strategies of privileged interest groups. The conclusions drawn are usually pessimistic and highlight the continuing labour market disadvantages endured by immigrants.

In the following literature review examples from both streams of research will be discussed. For the sake of brevity the first stream will be termed 'the human capital perspective' and the second 'the segmentation perspective'. While theoretically these are indeed two antagonistic perspectives, the actual researchers discussed do not always neatly fall into two rival camps. The work of Chapman, for example, is human capital oriented and strongly econometric, yet his conclusions on the continuing labour market disadvantages suffered by NESB immigrants is much closer to that of the segmentation theorists (such as his sometime collaborator, Iredale) than it is to most other econometricians.

Unemployment

In the 1970s and early 1980s important studies began to emerge which linked the growing unemployment of those decades with that last great decade of human wastage the 1930s. Maria Johoda's classic study on Marienthal, an unemployed community of the 1930s, was republished in the early 1970s, and in the 1980s she returned to this theme. Whilst Windschuttle's 1979 study, *Unemployment*, cast a backward eye towards the 1930s, studies by Marsden (1975) in Britain, and Turner (1983) and Watson (1985) in Australia, brought the voices of unemployed people into the debate. Most of these studies were shaped by the memory of the Great Depression, but they also drew a poignant contrast with the more recent period of the post-war long-boom. There was a sense that the era of full employment had been exceptional, rather than the norm. Long-term unemployment was recognised, but a systematic analysis of its mechanisms and of its disturbing implications was not yet evident. Long-term unemployment tended to be seen as just a continuation of the state of being unemployed.

Youth unemployment became a major concern during the early and mid-1980s (Baird et al., 1981; Anderson and Blakers, 1983; BLMR, 1983; BLMR 1985) and economists began to recognise that the full-time youth labour market had collapsed during the 1970s and was unlikely to recover (Gregory and Duncan, 1980). Research by Sweet (1983, 1987) explained this development by reference to the complex interactions between new technology, industrial restructuring and labour market competition with adult workers. This period also witnessed a growing awareness of the plight of NESB unemployed youth (Della Torre, 1986; Kabala, 1986) and a concern over whether mainstream labour market programs, such as CYSS, were accessible to NESB youth (Kabala, 1985). From within this framework, the specific problems of the LTU were not yet fully recognised, since the labour market problem for young workers was a succession of shorter spells of unemployment combined with labour market withdrawal, rather than with long durations of unemployment.

While the problem of long-term unemployed had been acknowledged in the late 1970s, it was only during the mid-1980s that closer attention was paid to its characteristics (Brooks and Robinson, 1983; Brooks and Volker, 1986). In an important study, Brooks and Robinson argued that the 'turnover view of unemployment' (that most unemployment was frictional) was inadequate and that structural unemployment was also evident. As a consequence, they argued, 'the burden of unemployment is not, in fact, evenly distributed but falls heavily on those individuals who are unemployed for long periods of time' (1983, p. 2). They also identified mature age workers as the group bearing the greatest burden and observed the phenomenon of hidden unemployment amongst long-term unemployed women. One of their more prescient observations was that the duration of 'joblessness'—being without a steady job—was a more appropriate measure for judging labour market outcomes than the duration of unemployment—a narrow and arbitrary measure of labour market activity (1983, p. 30). At the same time, researchers in the United Kingdom and at the International Labour Office—confronted with record levels of long-term unemployment—also began to focus on *structural unemployment* (Norris, 1978a, 1978b; Standing, 1983; Jackman and Roper, 1987). In his analysis of the varying meanings of the term 'structural unemployment', Standing canvassed a range of explanations which spanned individual characteristics (people's 'unemployability'), regional decline, industrial restructuring and capital restructuring. For Norris the sharp dichotomy between individual characteristics and structural factors was misleading. He argued:

Individual characteristics and structural features of the economic system are not independent of each other. Indeed it is only through the operation of the institutions which makes up the labour market that individual characteristics acquire any meaning or significance in this context. (1978, p. 98)

This notion of a dialectical relationship between the individual and their labour market context is one totally absent from the human capital perspective. It is something to which we return in Chapter 7. A similar insight can be found in Webber and Campbell's argument that 'the characteristics of the long-term unemployed reflect the *multiple choices of employers* along these dimensions of personal characteristics' (1994, p.144, emphasis added). In other words, the reason why the ranks of the LTU are swelled by older, blue-collar workers who left school early, is that these characteristics are eschewed by employers, and not because these characteristics are themselves personal deficiencies. This questioning of employer behaviour is almost unique in the literature on unemployment, particularly amongst economists. It is probably the most severe blindspot which bedevils discussion about the predicament of the long-term unemployed and it is one to which we give some attention in Chapter 5. As we suggest in our conclusion, further research into the ways in which employer behaviour contributes to the problems of long-term unemployment is long overdue.

In the late 1980s the incidence of long-term unemployment in Australia began to decline, but this proved shortlived.² The 1991 recession brought the issue back onto the political agenda and research interest into long-term unemployment also revived (Junankar and Kapuscinski, 1991, Karmel and Aungles, 1993, Chapman and Smith, 1993, ABS, 1994). Economists noted the disturbing tendency for the incidence of LTU to continue to rise during periods of economic growth, as new labour market entrants or re-entrants snapped up the new jobs on offer. More importantly, perceptive researchers began to contextualise the problem not by reference to demand deficiency—the hallmark of the 1930s—but to the contemporary restructuring of the economy. By the early 1990s it was evident that the growing integration of Australia into the world economy, the dismantling of domestic manufacturing industry, the restructuring of the public sector, the changing demographics of the labour force, and the changing patterns of employer behaviour were linked with the emergence of long-term unemployment. This analysis was most developed amongst the segmentation theorists. By contrast, for the human capital theorists, the explanations remain rooted in the assumptions of neo-classical economics with its 'individual characteristics' perspective. In some cases the unemployed were seen to have 'reservation wages' which were too high for employers—the answer to ending unemployment lay in lower wages for those at the bottom of the labour market. In other cases, the experience of unemployment itself contributed to its persistence. The notion of 'duration dependence' emerged to explain how skills loss, demoralisation and stigmatisation resulted in the long-term unemployed staying unemployed (Chapman and Smith, 1993). This latter explanation also encompassed social factors, particularly the role of jobs networks and employer behaviour. Chapman, for example, suggested that the LTU's loss of contact with the world of paid work meant they had less information about upcoming jobs and he emphasised the risk averse behaviour of employers:

Being long-term unemployed could suggest to an employer that these particular applicants are inferior workers to the short-term unemployed, or those who have

² Even this improvement in long-term unemployment was illusory, according to Langmore and Quiggin. Many of the long-term unemployed were reclassified as 'not in the labour force', mainly because they had given up the struggle, either by moving onto other benefits or becoming dependent on their families (1994, p. 25).

very recently entered the paid labour force. After all, haven't they been passed over by a large number of prospective employers in the past? And won't their lack of contact with paid work mean they have lost skills and developed negative attitudes? (1993, p. 23. See also Wooden, 1994, p.8)

The social consequences of unemployment had been starkly evident in the early 1980s and could be summed up in one word: poverty. Throughout the 1980s 'poverty studies' emanating from the Social Policy Research Centre and from various welfare agencies emphasised that the inevitable consequence of any protracted period of unemployment was extreme poverty (Cass, 1981; Smith, 1982; NCOSS 1985; Bradbury et al., 1986; Bradbury et al., 1988; Saunders and Matheson, 1991). For example, in just four years in the mid 1980s, the proportion of non-working couples with dependents who were living in poverty rose from a third to a half (Johnson, 1988, p. 21). While some research reported favourable outcomes for the Labor Government's income support measures (Saunders and Whiteford, 1987), most of the research reinforced the view that there was a general trend towards increasing inequality in Australia and that this was directly linked with unemployment. Recent research by Gregory and Hunter (1995) has shown that poverty had become geographically concentrated in particular suburbs, primarily because of its links with unemployment. Finally, as well as poverty and financial hardship, the LTU were particularly vulnerable to homelessness, alienation and suicide. McClelland summed up their predicament succinctly:

The personal and social costs of long-term unemployment arise because of the centrality of work to people's lives. Employment is the main source of income and thus of material welfare for most people. In addition, employment provides a sense of identity, participation and order to daily life. (1993, p. 26)

By the early 1990s these social dimensions of long-term unemployment were becoming starkly evident and politicians and the media responded with talk of an emerging underclass (Crisp 1990).³ Drawing on parallels with the American experience of chronic joblessness amongst inner-city black communities (Wilson, 1987), Australian commentators noted the prevalence of long-term unemployment amongst NESB immigrants as well as in economically depressed regions and in 'welfare suburbs'. This underclass debate featured prominently in the media during 1993, and was evident in the launch of the Labor Government's Working Nation program. While some contributors to the debate warned that inter-generational unemployment was leading to the emergence of an underclass amongst NESB immigrants,⁴ others rejected the concept as too simplistic (Watson 1993). Drawing on the work of Gregory (1993) and King, Rimmer and Rimmer (1992), Watson argued that deindustrialisation in Australia was contributing to the growth of the 'working poor' and that, while high levels of long-term unemployment had impoverished the working class, it had not generated cultural ghettos.

At a policy level, concerns about LTU gave rise to a new set of labour market policy initiatives (a Green Paper, a White Paper and then *Working Nation*). The final product drew heavily on the human capital perspective and sought to make the LTU 'job ready' by a combination of training programs, subsidised short-term jobs, and the fostering of job search skills ('case management'). The kind of economic thinking behind this approach was encapsulated in Karmel and Aungles (1993), who eschewed explanations for unemployment based on industry or occupational factors. Instead they argued, 'it is appropriate to target the individual characteristics of the unemployed' and to develop

³ See Sydney Morning Herald, 23 July 1992 and 7 May 1993.

⁴ For example, *Weekend Australian*, 16-17 January 1993.

policies which enhance the 'competitiveness of different groups'. *Working Nation* refused to embrace public sector job creation, the traditional social democratic response to cyclical unemployment (eg. the sustenance projects of the 1930s, the RED scheme of the 1970s and the CEP scheme of the 1980s). By 1994 the weaknesses of *Working Nation* were evident at a political level as well as academically. Critics pointed to the dubious fall in the incidence of LTU as the former LTU were reclassified as short-term LTU once their training or job placements ended. Labour market geographers (Webber and Campbell, 1994) pinpointed the unreality of this human capital model of the labour market, particularly its failure to encompass intermittent labour market participation, patterns of underemployment and precarious employment, as well as its persistent blind spot about employer behaviour in the labour market.

The most sophisticated understanding of the problem of LTU has emerged amongst segmentation theorists and labour market geographers, who have sought to understand how the changing shape of the labour market, particularly the emergence of precarious employment (Burgess, 1994), and the changing structure of the economy have produced the phenomena of 'joblessness'. The traditional triple division between 'not in the labour market', 'employed' and 'unemployed' has begun to break down as a coherent taxonomy for the labour market of the 1990s. These concepts are struggling to capture a labour market characterised by:

- ◆ high levels of underemployment (as many as 700,000 people want to work more hours);
- ◆ a level of hidden unemployment that effectively doubles the official unemployment rate;
- ◆ work histories characterised by a succession of intermittent, temporary or casual jobs;
- ◆ constant movement into and out of the labour market as education and training programs, and other non-market activities, are interspersed with periods of temporary or casual employment.

While the orthodox division is, historically speaking, only a recent innovation (Moir and Robinson, 1983) its standardisation has been premised on the continuation of economic growth and stability, not the prevalence of stagnation or complex economic restructuring. Other taxonomies wait in the wings (see Webber and Campbell, 1994), and the labour market realities of the 1990s may well bring them to the fore.

Immigrants and the Australian labour market

Studies of immigrants in the Australian labour market have focused on four main areas: occupational mobility, recognition of qualifications, level of earnings and unemployment. Research by Evans and Kelley (1986, 1991) concluded that, with the exception of Mediterranean immigrants, all other immigrants fared as well in the labour market, if not better, than Australian-born workers. Their measure of success was occupational status, a linear scale of prestige points attached to various occupations. Segmentation theorists, such as Jakubowicz and Castles (1986) and Alcorso (1991) responded with strong critiques which emphasised the continuing labour market disadvantages endured by NESB immigrants, and which also stressed the methodological weaknesses of quantitative modelling.

There are two aspects to this issue of methodology. On the one hand there is the well-known critique of positivism, which notes that quantitative methods of data collection and analysis may be high in reliability, but poor in validity (to use Plummer's (1983) distinction). In other words, they may be good at getting consistent results, but do these

results really mean what the researchers' think they do? Measuring 'attitudes' is particularly problematic, since ticking boxes about one's opinions is a pale shadow of what really takes place within social consciousness (Connell and Goot, 1979; Watson, 1994a). Similarly, attempts to 'operationalise' other social constructs, such as labour market experience or educational ability, can also be problematic. All too often econometric models simply measure these constructs with 'years of schooling' or 'current age minus age left school'. The actual contents of those years—such as withdrawal from the labour market or periods of underemployment and unemployment—are simply ignored. Educational advantages are also far from linear: it is the watersheds in one's education that make a difference (the Higher School Certificate, a university degree, etc), rather than the actual number of years spent in institutions.

This leads to the second aspect of the debate. Even when the findings are relatively unproblematic, what conclusion should be drawn? Mangan (1991, p. 93), for example, concluded that immigrants did not face discrimination in the labour market because only a minority (25 per cent) reported such discrimination. Whether such a figure is low or high is not self-evident, but hinges on one's criterion of discrimination. Moreover, total figures can always mislead: amongst the *unemployed* respondents 40 per cent reported discrimination. Clearly, whatever the criterion, a figure of that magnitude cannot be dismissed so casually.

Similar divergences occur with regard to overseas qualifications. Stromback complains that 'there has been an excessive concern about the formal recognition of overseas qualifications' (1987, p. 141). Yet a formidable body of research now highlights that the failure to have their qualifications and former skills recognised in Australia is responsible for high levels of under-employment and unemployment amongst NESB immigrants (Iredale, 1987, 1992; Mitchell et al., 1990; Castles et al., 1988). This is an important literature because it helps explain the enduring anomaly that tertiary educated NESB immigrants fare badly in the Australian labour market, relative to their Anglophone peers (by Anglophone it is meant both Australian-born and ESB immigrants). This literature highlights the role of professional bodies in building what Freedman (1976) called 'labour market shelters' (see also Watson, 1996), and the connivance of government bureaucracies in their perpetuation. These shelters block the entry of outsiders, groups who are invariably defined as culturally different, and thereby allow the incumbents to maintain monopoly pricing for their services. While human capital theorists discuss this issue in terms of the 'transferability gap' between an immigrant's formal qualifications and the Australian labour market reception of those qualifications, a more useful concept is that of 'cultural capital'. Pioneered by Bourdieu (Bourdieu and Passeron, 1977), this concept explains how people's cultural assets (such as education, mores, tastes and artistic discrimination) enable privileged groups to reproduce their own—and their family's—place in a class society. As argued in Watson (1996), it is the affinity with their Australian-born peers and the workplace rapport provided by cultural capital which allows immigrants from the former British Empire to move smoothly into employment within the managerial workforce. Clearly, overseas qualifications from the former British Empire carry their own modicum of cultural capital, a kind of flag of approval which re-assures Australian employers that they will find the bearer of these qualifications 'amenable' to the informal culture of their workplace, as well as an (assumed) guarantee that the qualifications are reliable.

Much of the research on the earnings of immigrants has been conducted by econometricians using human capital earnings functions, and the general consensus appears to be that NESB immigrants earn less than the Australian-born, *ceteris paribus* (Stromback, 1984; Stromback, 1987; Chiswick and Miller, 1987; Beggs and Chapman,

1988; Chapman and Iredale, 1990; Stromback et al., 1992). An important dimension of this research, and one relevant to our own findings on long-term unemployment, is that more highly educated NESB immigrants are treated very poorly by the Australian labour market. As Beggs and Chapman bluntly note: 'relative to similarly educated natives, immigrants with the highest levels of education receive the lowest wages and experience the highest unemployment' (1988, p. 1). The conventional explanation for this outcome is the 'transferability gap', the failure of the Australian labour market to reward the human capital endowments which NESB immigrants bring with them. This may be due to the non-recognition of their overseas qualifications (Chapman and Iredale, 1990) or it may be that their overseas work experience is devalued (Stromback, 1987). From the segmentation perspective, lower earnings for certain groups of people are an inherent feature of their location within particular labour market segments (such as factory work amongst most NESB immigrants). This research shows that immigration is consistently associated with downward occupational mobility (Alcorso, 1991), which is rarely overcome in Australia because of the operations of segmented labour markets (Campbell et al., 1991). The qualitative research—including the life-histories in our own research—also documents how immigrant underemployment, and consequent lower earnings, arise from employer discrimination and opportunism.

Unemployment and immigrants

Nowhere is the divergence between the segmentation perspective and the human capital perspective wider than when it comes to the issue of immigrant unemployment. The majority of the econometric analyses pinpoint a range of human capital 'failings' as the reasons for exceptionally high levels of NESB immigrant unemployment. By contrast, the segmentation theorists have systematically argued that the increasing pattern of de-industrialisation, coupled with economic restructuring, has led to an unemployment crisis amongst working class communities across Australia. The groups hardest hit, particularly the mature age, NESB blue collar workers living in regional centres or outer suburbs, are not simply particular individuals with certain characteristics, but are the standard bearers of a crisis developing in a labour market whose characteristics are themselves changing.

The Human Capital Perspective

Wooden's 1990 study of the labour market situation of immigrants expressed the conventional wisdom that their major problem was the recency of their arrival:

with time, and especially during the first five years, the probability of migrants finding employment improves tremendously ... As the settlement process proceeds, information gathering, skill adaptation and acquisition, language learning and experience in the Australian labour market are all likely to help the migrant to better search and compete for jobs. (1990, p. 31)

Economic studies have consistently shown that recency of arrival and low English proficiency are strongly associated with an increased likelihood of being unemployed (Inglis and Stromback, 1986; Brooks and Williams, 1995). Findings like these have led some economists to conclude that the migration experience itself accounts for most of the problems NESB immigrants face in finding work. As Stromback puts it:

if migrants had not been migrants (and thus did not possess the specific migrant characteristics) their unemployment rate would have been lower than the unemployment rate of the Australian-born. (1987, p. 134)

Stromback argues that very high unemployment rates among certain immigrant groups may be due to the composition of those groups, particularly the proportion of recent arrivals, rather than problems associated with the 'transferability' of human capital. For other economists, the transferability gap is the most plausible explanation, particularly for more highly educated immigrants (Beggs and Chapman, 1987). Some economists have also focused on the relationship between migration category and unemployment, with Miller (1986) finding refugees particularly vulnerable to unemployment.

Modelling long-term unemployment amongst NESB immigrants has not been pursued fully by economists. This study addresses this gap in a systematic way, examining whether those factors strongly associated with being unemployed are also associated with being long-term unemployed. Fortunately, some aspects of the long-term unemployment problem amongst NESB immigrants have been addressed by economists such as Brooks and Williams (1995) and by researchers working within the segmentation tradition. Brooks and Williams noted the predicament of NESB women being locked into employment within the manufacturing sector, an area of major decline, and thereby unable to benefit from growth taking place in women's employment in the service sector. They suggested that 'barriers which prevent occupational mobility' should be examined by labour market policies which addressed the needs of NESB immigrants (1995, p. 70).

The Segmentation Perspective

As mentioned earlier the hallmark of this perspective is a sensitivity to the social and economic context of labour market processes, particularly industrial restructuring. Therefore, much of the research within this field combines qualitative and quantitative approaches. Its methodological aspirations are summed up well in Castles et al.:

We need to examine the overall socio-economic situation of such groups, rather than concentrating on single issues. That means complementing quantitative research through ethnographic studies of communities, where labour market performance is seen as just part of a broader picture. (1988, p. 28)

Our own study is located within this research tradition, as we seek to complement our statistical analysis (Chapters 4 to 6) with life-history materials (Chapters 3 and 7). A more detailed account of the life-history approach concludes this chapter.

Important studies within the segmentation tradition include Alcorso's study of NESB immigrant women (1991), Morrissey et al.'s study of industry restructuring in the Illawarra (1992), Castles et al.'s exploration of the links between industry restructuring and immigrant small business ventures (1991; also Castles and Collins, 1989; see also Campbell et al., 1991) and between industry restructuring and immigrant employment (Castles et al., 1988). A recent study by Pearce et al. (1995) highlighted the vulnerability of NESB communities to the economic restructuring of the Melbourne labour market, as manufacturing industries closed down or moved offshore.

These studies highlight the way in which the restructuring of the Australian economy during the 1980s, particularly its de-industrialisation, has largely taken place at the expense of Australia's older NESB immigrant workforce. In the five years between 1982 and 1987, over 50,000 immigrants lost jobs in manufacturing, while at the same time Australian-born workers in that sector increased their employment by over 10,000. As Castles et al. concluded:

in years of expanding employment firms have been showing a preference for the employment of the Australian born, while in years in which retrenchments occurred it was predominantly migrants who were dismissed. (1988, p. 16)

At the same time, the manufacturing sector has also seen the encroachment of part-time, casual and contracting modes of employment replacing the lost full-time jobs. Particularly damaging for these NESB workers has been the explosion in outwork, often amongst former clothing workers, the vast majority of whom are NESB women.

Retrenchments

Retrenchments are an integral part of economic restructuring, since most firms are inclined to seek short-term cost reductions through laying off workers, rather than explore other strategies for survival in the market place. Retrenchments are thus one of the key ways in which economic restructuring directly feeds into unemployment (the other significant aspect is the reduced demand for new labour in the industry being restructured). Consequently, an important area of the unemployment literature deals with plant shutdowns and retrenchments (Curtain, 1985; Deery et. al., 1986; Wooden and Sloan, 1987; Webber et. al., 1996; Buchanan et al., 1992). The conventional approach within this field of research entails:

- ◆ identifying a group of retrenched workers from a particular plant and interviewing them at certain intervals in the post-retrenchment period;
- ◆ examining the labour market outcomes for these retrenchees after a certain period of time. The focus is usually on whether they have found work, and if so, whether they have suffered downward occupational mobility or lesser earnings and conditions;
- ◆ assessing what personal characteristics of the retrenchees are most strongly associated with subsequent labour market outcomes, such as finding jobs. This usually involves regressing a range of demographic and labour market variables against duration of unemployment.

The findings from this body of research are not uniformly consistent. For example, age and level of skill clearly emerge in most studies as important factors determining subsequent labour market outcomes. Both young workers (under 20) and older workers (over 50) fare poorly, while skilled and well-educated workers find it easier to gain jobs. On the other hand, Deery et al. found that those workers who looked for jobs before their redundancy began, experienced a shorter duration of unemployment, while Wooden and Sloan found no association between these two variables. (Deery et al., 1986, pp. 182-183; Wooden and Sloan, 1987, p. 370)

An important issue which emerges from the retrenchment research is the importance of informal job seeking networks. Deery et. al., for example, found that 'friends and relatives' were the second most important source of successful jobs for all their respondents, and the most important for their blue collar respondents (1986, p. 180). Curtain found that nearly a third of the men and a quarter of the women retrenched from Email in 1982 had found their subsequent job through family and friends. This compared with 18 per cent for the unemployed population as a whole (1985, p. 34). Curtain also observed the importance of a 'strong ethnic network'. At a time of high unemployment, all ten Vietnamese immigrants who had worked at Email had found work within about a year of being retrenched (1985, p. 40).

The key finding of Deery et al. was that early job searching led to better employment outcomes and this led them to recommend ‘pre-closure counselling advice and training’, particularly for those employees most at risk of long-term unemployment (1986, p. 192). One large motor vehicle manufacturing retrenchment which took place in 1994 followed such a prescription. An Enterprise Based Committee, with management, government and union involvement, was established to oversee the closure, and the Employee Assistance Centre established within the plant was staffed by three full-time staff, one of whom was fluent in Cantonese, Mandarin and Vietnamese (nearly 40 per cent of the work force were NESB). Further discussion of this particular retrenchment can be found in the case study in Chapter 5 below.

Much of the retrenchment literature focuses on private sector manufacturing plants, yet a considerable proportion of NESB blue-collar unemployment has resulted from economic restructuring *within the public sector*. This has primarily occurred at a State level within statutory authorities and other similar instrumentalities (public works, public transport, water and sewerage authorities, local councils). The literature dealing with this topic is, unfortunately, very thin. The most comprehensive study is by Jamrozic et al. (1991) and valuable case studies have been undertaken by Buchanan and Pragnell (1995) and by ODEOPE (1993). While the rationale for this restructuring is often cost effectiveness in the delivery of public services, the reality is often cost-shifting and diminished services (Jamrozic, 1991, p. 82). The impact on the workforce, particularly the mature age NESB blue collar workers, can be catastrophic. Every restructure, despite the rhetoric of redeployment and enhanced career paths, has inevitably been one of labour shedding and older NESB workers are usually amongst the first to go. Invariably, the white-collar managerial workforce—predominantly Australian-born males—increases its relative share of employment after every restructure. An insight in this process can be found in the Constro case study examined in Chapter 5 below.

The divergence between the human capital perspective and the segmentation perspective is also evident in discussions around retrenchments. Writing from within a neo-classical framework which views retrenchments as a desirable and necessary condition of a competitive labour market, Wooden and Sloan argue:

One thing that is certain is that the need for an efficient and dynamic economy necessarily involves change and consequently the displacement of labour. The growth process involves the transfer of human resources from declining sectors of the economy to the expanding sectors. To the extent that labour is immobile, both in a geographic and an occupational sense, then economic change will inevitably bring about the displacement of labour. However, failure of the economy to make the transfer of resources from the “sunset” industries to the “sunrise” industries will contribute to declining rates of output and productivity growth eventually leading to declines in aggregate demand, the growth of idle resources, both human and capital, and hence general economic stagnation. (1987, p. 359)

While Wooden and Sloan conclude that the ‘personal hardships’ which result from this economic restructuring should be shared by the community at large, they do not question its underlying social benefits. For them, the *common good* is not something defined in forums outside the market, but is the inherent expression of market forces. Consequently, it would be irrational within their framework to increase aggregate demand through non-market means, or to transfer resources (‘human and capital’) according to non-market criteria. In other words, direct public sector employment creation or an expansion in the social wage or social infrastructure, has no role to play in dealing with retrenchments or unemployment.

While further discussion of this policy issue is pursued in our final chapter, it is worth observing an important flaw in the logic of the Wooden and Sloan position. The same process of economic restructuring which has induced retrenchments (in July 1992, a quarter of a million people were unemployed through retrenchments, Buchanan et al., 1992, p. ix) has also induced large-scale patterns of precarious employment, particularly short-term contract and casual jobs. This process of casualisation impedes labour mobility, since retrenched workers in 'sunset' industries in depressed suburbs or regions are inhibited from moving into 'sunrise' industries in high-growth suburbs or regions by lack of job security. Pearce et al. (1995) found that nearly two-thirds of their interviewees were not prepared to move house within the Melbourne area to take up employment. Part of the reason for this was the precarious nature of the new employment likely to be on offer:

"You get the job in Dandenong, are you secure the job for you in your life? No, just couple of months, maybe 1 year, you get sacked; you moved house, you're moving back". (Interviewee, Pearce et al., 1995, p. 95)

In short, the process of economic restructuring which requires labour mobility also induces employment conditions which inhibit such mobility.

In a similar way, much of the frustration around futile job retraining highlighted by Pearce et al.'s interviewees is the product of the irrationality of competitive labour markets. One can argue that enhancements in the skill levels of one group of retrenched simply disadvantage another group of retrenched with a different set of characteristics (such as age, or level of English proficiency). The skill requirements of the jobs may not be changing, but entry requirements are constantly ratcheted upwards, as the spread of superfluous training leads to a form of 'implicit credentials' inflation.

Life-History Method

Within sociology, the life-history approach can be traced back to the qualitative methodology established by the Chicago School of the 1920s and 1930s. This approach was eclipsed by quantitative survey methodologies which established a hegemonic presence from the 1940s onwards (Plummer, 1983; Bertaux, 1981). Some writers have seen this transition in terms of a growing positivism within the social sciences: 'a winter of positivism ... cut short sociology's enthusiasm for qualitative methods' (McCracken, 1988, 14). Others, however, have blamed particular shortcomings within life-history methodology for its troubled history. Its methodological naivete and unsoundness raise significant questions about its reliability for producing sociological material. Does it really produce anything more than a few good stories? And what of its use within analysis: is 'verification by anecdote' (Plummer, 1983, p. 113) an acceptable practice? The strong revival of interest in life history methods since the late 1960s, both within sociology and within allied disciplines such as oral history (Thompson 1975, 1981) have slowly begun to address these issues. The proponents of life history methods have stressed the virtue of their approach vis-a-vis the limitations of survey methodologies. They have emphasised:

- ◆ the ethnographic richness of the material;
- ◆ the access afforded to the subjective reality of people's lives;
- ◆ the opportunity to understand social processes in ways not available through surveys and other static materials;

- ◆ the access to domains of social life (such as sexuality) not easily available with other methods.

There is little doubt that these virtues are tangible, and that they provide compelling reasons for developing a complementarity of methods, a conjunction between survey approaches and case-study approaches.

Bob Connell's work, particularly his educational research and his studies on masculinity, has drawn heavily on life-history methods. For Connell, reconciling human agency with structural determination was possible with a cluster of concepts: life projects, social practice and social milieu. While always alert to the 'virtuality of structure' (1991, p. 155), Connell's interest focussed on the life projects which individuals engaged in and the milieus—the 'historically constructed collective circumstances of life' (1991, p. 155)—which shaped their personal practices. Consequently, life-history methods were seen as ideal ways for capturing this theoretical spread, for revealing 'social structures, collectivities, and institutional change at the same time as personal life' (1991, p. 143).

The emphasis on social processes is particularly evident in Bob Connell's masculinity studies. In 'Live Fast and Die Young' Connell revealed how masculinity was a collective practice, in which a particular kind of working class masculinity was fashioned within a milieu of poverty and violence. These were young men only marginally attached to the labour market, and Connell's insights into the dynamics of labour market and lifestyle decision making was only achieved by virtue of the life-history method. Within economics, the movement to embrace life-history method has been much slower than in sociology. An edited collection of articles by Shirley Dex (1991), which attempted to bridge the gap between qualitative and quantitative methodologies, signalled a new awareness of the potential of life history material for understanding the labour market.

The approach we take towards the life-history method entails rejecting all pretensions towards quantification, and seeking instead to generalise from our case studies in terms of 'patterns of sociostructural relations'. This means adopting a sociological rather than an economic approach towards the labour market, and posing questions about the assumptions which economic theories make about 'real world' behaviour (see Watson, 1993). In particular, we aim to test their ontological assumptions against concrete lives located in social and historical contexts, and thereby develop ways of understanding human decision making are more theoretically sophisticated than those evident in most economic modelling. This is the strategy adopted in Chapter 7.

Conclusion

This chapter has outlined two divergent approaches to studying the labour market experiences of NESB immigrants, particularly their experiences of unemployment. Researchers working within a human capital framework generally use sophisticated multivariate techniques to isolate the major supply-side factors which are associated with immigrant unemployment. By contrast, researchers working within a segmented labour market perspective emphasise demand-side factors, particularly processes of economic restructuring and the dynamics of labour market change.

Our own perspective is closer to the segmentation approach, and while we do not offer a specific analysis of the segmentation of the Australian labour market, we do emphasise processes of economic restructuring as an important part of our explanation. At the same time, we also use multivariate techniques in a similar fashion to the econometricians, but we do not wish to draw the same conclusions from the results. We would argue that quite often in economics, and in the social sciences more generally,

there is a broad consensus around the surface description of certain events or outcomes, but much less agreement about the patterns of causality and the implications of the findings. So it is with the issue of unemployment and NESB immigrants. There is little dispute, for example, that recency of arrival, and low levels of English proficiency, are strongly associated with being unemployed. However, what this means and why it has come about, are much more contentious issues. An econometrician might draw on an individual characteristics perspective, and explore the problem in terms of the international transfer of human capital. An historian or sociologist might see them as symptomatic of biases inherent in the structure of the labour market, and be interested in whether these biases have changed over time.

As outlined in Chapter 1, our approach is to work with multivariate techniques, but to avoid the pitfalls which beset human capital theory. In this respect, many of our findings in Chapters 4, 5 and 6 mirror the findings of the econometricians discussed in this literature review. However, many of our explanations draw on the literature discussed within the segmentation perspective. Finally, in Chapter 7, where we make further use of our life-history material, we also offer an explicit rejection of the human capital assumptions about decision making within the labour market.

3. Unemployment is a Dilemma

Life Stories from NESB Migrants in Long-term Unemployment⁵

Without job you only have difficulties. ...

... I cannot change the fact that I was born overseas. I can't change the fact that English is not my mother tongue. I will die with that fact, that English is not my mother tongue. In my second life perhaps it will be.

[Unemployed manager from Hungary]

Implicit in the definition of being unemployed is the view that the out-of-work individual is *actively* seeking employment. Indeed the 'work test'⁶, renamed the 'activity test' under *Working Nation*, enshrines this obligation. To be eligible for unemployment benefits the unemployed must look for, and accept any 'reasonable' job offer. They must also make themselves acceptable to employers by changing those attributes which are perceived as undesirable through activities such as retraining or work experience. In short, *dole*⁷ recipients are expected to improve their labour market competitiveness through actively changing those characteristics which are perceived as impediments to gaining a job. The reciprocal of this obligation is the right to receive social and financial support, and the obligation of the state to provide this on behalf of the community. Yet as our evidence shows, and as other commentators have argued,⁸ these arrangements falls short of a truly reciprocal arrangement.

For the long-term unemployed this active discouragement of the unemployed from their enforced idleness compounds the dilemma wrought by unemployment itself. Stories told to us by those who are long-term unemployed draw the dilemma into sharp focus: long-term unemployment reflects the inability to escape unemployment itself. Some econometricians and economists have referred to this phenomenon as duration dependence. According to this view, ones chances of regaining employment diminish over time because unemployment erodes skills, lowers self esteem and leads to stigmatisation. In short, the characteristics of the long-term unemployed are harder to market. Indeed the results of our own research supports this observation. However, our research also raises questions that inevitably challenge this view, most notably, why do attempts—such as (re)training or gaining experience—to make desirable the undesirable, fail? We consider this question in the six stories to follow. These stories are not intended to be representative, rather they are illustrative of the experience, especially the dilemma, of being long-term unemployed. Largely the stories recount the person's description of their life.

⁵ The names given to our life history informants in this Chapter and Chapter 7 have been fictionalised in order to preserve anonymity.

⁶ The work test dates back several centuries. In the nineteenth and twentieth centuries before giving applicants relief, Australian charities applied a work or labour tests requiring manual work be performed before anything was given (Windschuttle 1979, p. 181).

⁷ Australian colloquialism for unemployment benefits.

Juan

Juan is aged 53, originally from Spain, he has limited English proficiency. He migrated to Australia in 1971 within a few weeks after seeing an advertisement in a French newspaper, saying that the Australian Government was looking for people to work in Australia. He had heard that

Australia was paradise. Plenty of job.

So he decided to leave Europe and come to Australia

For my life.

Prior going to France, Juan grew up on his father's farm. After leaving school at the age of thirteen, he continued working with his father for a short period of time. The work was arduous so in 1955 he left to find work in France. Although he was unable to speak French he found work through the Spanish consulate. He stayed in France for several years, first working as a logger, cutting down trees with a chain saw, and then as a labourer stringing up electrical cables. After two years in this second job he returned to his father's farm where he stayed a couple of years. In 1961 he returned to France obtaining a job, through a friend as a machine operator in a paper manufacturing plant. He remained in this job until 1971 when he migrated to Australia.

Upon arriving in Australia he was sent to a hostel in Burwood. As in France, despite being unable to speak the local language, he was working within a couple of days, being sent by the hostel to work in Earlwood at a truck manufacturing plant. He stayed in the job around 18 months, frequently moving between different sections.

During the first couple of years in Australia he mixed mostly with Spanish speaking people through work and through a Spanish club, where he also met his wife. Gradually his English improved.

Every day I read the paper so little by little I start to learn some words.

His wife also helped him improve his English. However, he still finds reading easier than speaking, finding the pronunciation of English difficult. By contrast, he was more fluent in French because, for him, the pronunciation was easier.

Soon after marrying, his first son was born in 1972. With this came increased financial pressure, as his wife stopped work in order to look after their child. Consequently, when a friend told him about a job with better money, as a machine operator in a factory manufacturing plastic Juan left the truck factory. In the plastic factory Juan worked 7 days a week, 12 hours per day. After two years of working exhausting hours he began looking for another job.

Again another friend told him about a job, as a machine operator in a textile plant, although the money was not as good and soon he began working a second job as a part time cleaner to supplement his income.

Around this time his wife also returned to work making it increasingly difficult for them to see each other.

When I come home my wife is not here anymore, she got to work. When she come here, I left. Ahh, very miserable life.

⁸ See Pixley (1994) for instance.

Tired and weak from the long hours of work, and dissatisfied with the disruption to family life wrought by the need for two incomes, he began seeking another job with better pay yet again.

Around 1974 Juan started his fourth job, at BHP steelworks in Wollongong. Like the three preceding jobs he had obtained in Australia, there was no formal application process, he had been informed about the position by a friend who worked there. The work was good; the money was better and the work was easier than most of the other jobs he had held.

Very good money for nothing, just watching the machine. Nothing, watching the machine.

However, Juan and his family stayed briefly, around 3 or 4 months. Pollution generated by the steelworks made his 2 year old son very sick. On the advice of the doctor, they left Wollongong promptly.

Juan arrived back in Sydney and, the following day, obtained a job with his first employer (now called MAC) who had since opened a car manufacturing plant. He had not worried about seeking a job before leaving Wollongong being confident of finding work easily. At the time jobs were easy to find, and further, his first employer had told him that if he decided to return there would always be a job for him. Juan remained at the car plant until he was retrenched in 1994 when MAC closed the car plant.

At the time of interview, Juan had been unemployed 18 months, and although sceptical of his ability to find employment, he continued to look for work, motivated by boredom rather than financial need.

I sleep, watch television, you can do that for a week but not for years. ... I worked very hard all my life, that's why I'm very sad now. I sit here every morning doing nothing.

To improve his chances of employment he enrolled in a literacy and numeracy course through the CES. However, he believes that his age and lack of technical skills limit his ability to obtain employment, although he is confident that he could do many of the jobs advertised in the papers. As testimony to his assertion he explained that he was moved all over the factory at the car plant, learning to do all kinds of jobs as he went along. To Juan the situation is clear, employers are becoming more discerning in hiring employees. He is capable of doing many jobs but the labour market has changed and employers do not want to hire him.

They use you. You are old or you are not have any skills. ... When I come here no worries. ... No the question is, they discriminate people, that's it. There's nothing wrong with that. ... Now is not the same as when I started work at MAC. I remember, if I had a friend who need to work the company give me fifty dollars for that. But now the company give you one hundred dollars to sack you. It's different. ... Too many people looking for job. ... They choose the best.

Clearly, Juan's characteristics—such as his limited English and numerical proficiency and limited technical skills—hinder his ability to compete effectively in the current labour market. Indeed at his mature age, possibly the most debilitating labour market characteristic, it seems more a cruel hoax than a scheme of social support to expect Juan to engage in unrelenting cycles of training and job search as required by the activity test. It is this compulsion that overrides the (ostensibly) reciprocal nature of the contract, between the state and the unemployed.

Gül

Born in Turkey in 1967, Gül migrated in 1969 as a small child with his parents who, lured by stories of abundant jobs with good pay, came to Australia in the hope of making their fortune. Although Gül grew up speaking English and Turkish he struggles with both languages having not really mastered either, especially reading and writing skills. Prior to going to school he mostly spoke Turkish and spoke very little English as did his parents. Of course, this changed once he began school and learned more English. Gül studied Turkish for the higher school certificate (HSC) in 1985, yet despite this and his family background he believes that had he not attended Turkish school each Saturday until he left school, he would not have learned the language. This struggle to grasp both languages seems to have impacted heavily on Gül's life.

To me it was hard cause it was totally two different cultures but I always had problems. If I did poorly in one it effects me other one as well.

Especially translations ... English I can understand fairly well but when it comes to translation I'm very poor. ... Turkish into English is not too bad but when you try to translate into Turkish it's fairly difficult. ...

I've just struggled, like, even high school, I've struggled to year 12. A lot of the subjects wasn't too bad but when it comes in English I'm ... way down the bottom. Cause that's what has been affecting me my entire life, English. Like when I did the school certificate, like for maths I got a grade 3 and like, lot of the other subjects I did very well, but when it come to English, ended up getting a grade 5 It's very hard to do two at the one time. Cause even now with this course [hospitality diploma] like I'm even struggling with English but I'm not too bad overall at the moment, ... I've got to go to Adult Ed., if I don't go there, there's no way I can pass these courses.

In year 12 Gül considered a white collar career.

I had planned to like, maybe have my own place, like as a business, ... like be an accountant, like help people and that, but it just come out opposite.

When he finished the HSC he registered with the CES immediately and one month later he applied for a job with the local council. He was one of several applicants and did not get the job. To Gül, this seemed to be a particularly harsh blow in life.

I thought ... how hard is it for me to get a job?

Then some vacancies in the stores section at MAC, a car manufacturer, were advertised. Once again there were several applicants but this time the employer offered everyone a job. Although the job was not really what he had envisaged in his senior high school years, he accepted the offer. Initially Gül explained that he took the job 'just to see', it was an opportunity, and anyway, if it was not what he expected he could always leave and go somewhere else.

I thought working in MAC there might've been a bit of computer but it wasn't what I expected.

But then later he also commented,

... Because if I didn't take that job like it could've been like the first one, the council one when I kept gettin' knocked back. I said to myself 'I might not get another opportunity to work again cause it's just been very difficult'. That's why I decided

to work at MAC because I knew there was nothing better that was going to come along than this.

The apparent contradiction reflects Gül's situation at the time. Caught between the reality of his position in the labour market and his aspirations for a more secure future career, Gül accepted the offer.

Gül began working at MAC as a storeperson and forklift driver and stayed until the plant closed down in 1994. In the eight year period that Gül worked there his career expectations changed and he began thinking that he would remain at MAC until he retired. Working at MAC had not equipped him with the skills appropriate for the work to which he aspired, making the requirement for study or retraining almost inevitable. But pursuing this requirement meant overcoming difficulties imposed by working at MAC.

You can't really think about [study]. Some periods we used to have a lot of overtime. Sometimes you'd do 4 or 5 hours overtime, some a lot longer. ... You know constantly there's overtime, you need the money, that's more important than study.

It seemed that his original plans to pursue a white collar career were no longer viable. With the few limited skills Gül had acquired from his experience at MAC, he had few options when the plant closed in 1994.

[I]t just totally changed your whole ... future, you've got to start from scratch all over again. ...

... I wasn't fully prepared. Like for me personally, ... I actually needed a counsellor at that time when the place closed down. ... Like when you work in the MAC you've actually limited, like the skills you've got, you really can't just go out into the real world, like saying 'next day I'll get a job', it doesn't work like that. It's just ... so difficult. When I left there I tried to look for a job straight away but I couldn't find any around. Then I decided to actually do some study, like go to a TAFE college.

In 1995 he enrolled in an Advanced Certificate in Hospitality Catering and Supervision and began studying full time, he was required to attend classes 23 hours per week and complete 18 subjects in one year. For Gül, this was a considerable pressure wrought largely by his difficulties with English reading and writing skills, although it seems likely that his lack of confidence also contributed to the stress. As a consequence he relied heavily on the Adult Ed', a resource centre, staffed by teachers at TAFE, where assistance could be obtained in setting out assignments.

Without it there is no way I can pass these subjects.

Gül failed one subject but passed it in the following semester. At the same time he also enrolled in an 18 week computer course. Upon completing these courses, he enrolled in a Diploma in Hospitality Catering and Supervision, a one year course involving 22 hours of classes per week as well as 600 hours of work experience. Gül is not confident of his ability to pass.

To be honest I'll be struggling to get 600 hours to complete it. ...

... I can't handle it. Like, having to ... finish say ... in the afternoon at the college, say 3 o'clock and then having to go and do night shift, ... and then go back again. Like when are you going to have time to do your assignments, when are you going to have time to study for exams? ... I don't know how some people cope with it to be

honest, but I can't really do that. Cause I have to devote my time or there is no way I can actually get through it.

He also plans to do an Advanced Certificate in computers after he completes the Diploma because, as he says

I like to keep my options open.

With few options, Gül is struggling to ensure that even these are not closed to him.

If I can't get a job like in the hospitality industry I can maybe get a job working with computers. ... The way I see it I need something to always fall back onto. Like if you can't get the first choice, you can always, like fall back on the other choices, ...

Gül's willingness to invest more for a minimum return at best—the possibility of attaining employment, as opposed to a guarantee, irrespective of his preferences—defies the rationale that drives investment in most other markets. Indeed it seems that no matter how much training Gül undertakes, his chances of escaping the likelihood of endless unemployment are extremely limited as employers increasingly demand experience from job applicants.

The way I thought ... if I finish all these courses maybe they might help me get a job. But it's not like that. It's totally different, you've got to actually go out and get a job yourself. Nobody wants to help you. ... They want more than that, they want like four or five years or even three years work experience. ... You could do thousands of courses but still not get a job because of the lack of work experience.

Moreover, for Gül, life continues to be a struggle.

It's just getting harder and harder. ... Cause some people can find jobs straight away, like they're born for it, but I'm not, I'm totally different. Cause I can never find a job, to be honest I'll struggle to find a job. If I didn't get into MAC I probably would've struggled my whole life to get a job to be honest.

So, how should we understand Gül's story? Indeed his own narration encourages us to focus on personal weaknesses, the logic of which leads to the view that the solution lies in improving his literacy, and perhaps even his confidence. Undoubtedly this has contributed to his difficulties in finding work, but to view the cause of his unemployment solely in these terms is to overlook other contributing factors. In particular, the failure of training and skills expansion to significantly improve his prospects of employment. Job entry requirements have ratcheted upwards and now extensive work experience, especially for unskilled and semi-skilled jobs such as those found in hospitality, is now required. This requirement is a function of the dilemma which Gül personally experiences. As unemployment has grown, so too has the pool of job competitors especially amongst those in the lower end of the labour market where the most severe effects of economic restructuring have occurred. Through the history of Gül's working life we have gleaned insight into the personal impact of this change. In this context, regardless of Gül's choices, in relation to improving his chances of obtaining employment whether in attaining more training or work experience, his (actual) access to opportunities remain at the behest of employers.

Zimin

Zimin came to Australia in 1988 from China, where he worked first as a construction labourer then as a supervisor in a tyre factory. After several jobs with Chinese employers in Australia he began working on the assembly line at MAC six months after arriving. He has been unemployed since 1994 when MAC closed down. With limited English proficiency and a back injury that he sustained from working the line in the plant he is finding it difficult to get a job.

When Zimin finished high school in China in 1972 he was assigned work in the countryside as a labourer on domestic housing sites. As 'cheap labour' he performed the most arduous and dangerous tasks. Three years later Zimin's father retired from the tyre factory where he worked, leaving a position vacant. This enabled Zimin to return home and begin working in the tyre factory where he was eventually promoted to supervisor in the production department. During this time he also studied rubber technology part time for three years in a technical college.

When asked why he migrated, Zimin responded that he perceived Australia as a mystery but at the same time also said he perceived Australia to be more democratic and easier to live in than China. The apparent contradiction arises from Zimin's experience of living in China and a perception that the world beyond Chinese borders was different, a view in part informed by friends who lived in Australia, but also by his view that Chinese society was exceptional by its absence of democracy and personal freedom.

Zimin arrived in Australia unable to speak English and knowing little about obtaining employment here. Nevertheless he was fairly confident of finding work, able to cook Chinese food he believed he could work as a chef in a Chinese restaurant. However, the legacy of limited demographic and labour market knowledge soon became apparent when he moved to the Blue Mountains, west of Sydney, because a friend advised him that it was a beautiful place to live. With only one Chinese restaurant in the town, Zimin's chances of getting a job as a Chinese chef were limited. Zimin stayed for a couple of weeks and then returned to Sydney where he went door-to-door, looking for work.

In Sydney the penalty of poor knowledge of the labour market knowledge was not as detrimental. His job opportunities were expanded by the existence of a Chinese community network. Within a couple of weeks of being back in Sydney he obtained work as a Chinese chef in a restaurant owned by a friend. But as the working conditions were unpleasant, hot and cramped, Zimin began knocking on doors again. Again, a few weeks later he began another job in a Chinese owned factory working as a machinist alongside a workforce of Chinese employees. One month later he left to help a friend with a Chinese restaurant on the south coast during the busy holiday period. Afterwards he returned to his job as a machinist in the clothes factory and worked a few more months.

Almost six months had passed and Zimin had learnt little English, his prospects of employment seemed confined to the Chinese community. Again the search for another job began but this time the task was made more difficult not simply by a lack of English but also employers' perceptions of a lack of work experience in Australia. Rendered heavily dependent on his Chinese network, his chances of working outside the Chinese community seemed slim. Zimin managed to break from this dilemma when a Chinese friend, who worked in a car plant told him about a job on the assembly line. It seemed that his English proficiency and work history were irrelevant, after a trial period of one week he was given the job as a permanent employee.

Zimin worked at the car plant for five years until it closed down. His search for work since then has been unsuccessful as he is impeded by a back injury that he sustained in his job on the assembly line shortly before closure. This has meant that he now requires light work but doubts his ability to find a job with suitable duties. Furthermore, and contrary to his efforts, Zimin left the car plant with limited English proficiency. Working with many other Chinese, and indeed many other NESB migrants on the line meant that there were few chances of practicing English with fluent speakers of the language. In an attempt to improve his English proficiency prior to closure Zimin attended AMES classes in 1994. However, he often experiences being cut off when making telephone inquiries about a job. Zimin has also found that his experience of working on a car assembly line is not perceived as relevant by many employers, regardless of the requirements of the job for which he is applying. He was once refused a job in a factory assembling hearing aids on this basis.

People don't give you a chance. ... They ask you before you working for them, do you got experience, even the cleaner. I say 'I can understand'. They say 'No, must give five year, maybe two year experience'. How? How can get experience? Many people must got beginning. No beginning, no experience.

At the time of interview Zimin was considering setting up his own small business, although he was not confident of his ability to succeed, aware of the high failure rate for such ventures. According to Zimin, 70 per cent of small businesses fail, however, he is unprepared to do nothing and stay unemployed.

Contrary to Zimin's efforts to resolve his dilemma—that he is a non-English speaking migrant without Australian experience—by working at the car plant, he is currently in the position of having fewer alternatives than he faced when he arrived in Australia in 1988. The irony of Zimin's experience in which opportunity is turned to liability underscores much of the dilemma faced by the long-term unemployed. In short, the circumstances of the long-term unemployed are largely beyond their control. As the broader economic circumstances change so, too, do the options of the unemployed.

Redesh

Redesh is a Tamil from Sri Lanka with a Masters degree in Plant Science from a university in the United States. He has almost a decade of teaching experience in schools and technical colleges and is proficient in English having completed his tertiary education in that language. Since arriving in Australia in 1994, he has been unable to find a job. At the time of being interviewed he had been unemployed almost two years.

Redesh's professional expertise is mostly in agriculture, although this was not his first career choice when he graduated from high school. He originally wanted to study medicine but incorrectly filled out his application for university and ended up enrolled in science. When he arrived at the University of Colombo he managed to transfer to the

School of Agronomy. Finding agriculture uninteresting, he did not perform all that well at university.

After graduating he got a job teaching first year agriculture at the university. About one year later he got another job teaching farm workers in a training institute, run by the Government Department of Agriculture.

Soon after beginning this job, in 1977, civil war began; riots, looting and terror were widespread.

There are some journalists who send ... reports outside [Sri Lanka]. The next day that person will be missing. ... State terrorism, that's how they run the country.

If you walk on the footpath you are safe, ... if you walk a little bit further, one inch, one foot, you'll step on a land mine because the guerillas put land mines in.

The situation is rooted in Sri Lanka's history of European colonisation which has exacerbated racial riots and politically-inspired violence. On a couple of occasions he was looted because of his Tamil background, while two of his friends lost limbs from stepping on land mines.

[T]he situation was not good, everyday ... we are walking on death.

Living daily with the fear of a violent death, Redesh began seeking ways of escaping the situation.

In 1984 he went to America and undertook a Masters Degree. He returned to Sri Lanka at the end of 1985 to return to his teaching position at the training institute, as he was still bonded to the Government. However, the institute had been destroyed, by a bomb detonated by the army, so Redesh was sent to teach in a mission school in the Church of Christ.

Still wanting to escape Sri Lanka, he obtained a three year contract to work as a teacher in Zimbabwe in late 1991. Although his standard of living was much better, his wife, who was also a teacher, could not work.

It was a princely life. And if my wife was working I would have saved a lot of money.

In the same year that he went to Zimbabwe, he also applied to migrate to Australia, thinking that it would take around 4 years to have his application processed. Although he had relatives living in both America and Australia he knew more people here and consequently perceived a greater opportunity to be part of a Sri Lankan community. He had also been told that the Australian Government was supportive of migrants.

Redesh arrived in Australia in a period of high unemployment. He was aware of the economic situation because his brother-in-law told him that there were

'many Ph.d. doing menial jobs'.

Consequently he did not expect to find employment easily. In the first year of being in Australia, Redesh prepared himself to look for work. He attended a 10 week program at Skillmax on the advice of friends. The program entailed work experience during which he was advised to retrain because his agricultural skills were outdated. He also undertook 3 months work experience at the Hawkesbury campus of the University of Western Sydney and participated in a JobClub run by Mission Employment. During this period he was also told that his teaching experience would not be acknowledged in Australia. As Redesh pointed out, this is ironic because his migration papers identified

him as a teacher. It seems that this situation has discouraged him from pursuing Australian teaching credentials, and instead he has opted to find work in agriculture.

In 1996 he enrolled in a Diploma of Agronomy at the University of Western Sydney but achieved low grades. His situation was made more difficult by a lecturer who openly cracked racist jokes and made generalised remarks about students from particular ethnic backgrounds. As a result he temporarily withdrew from the course.

He is sceptical of his chances of getting work in his professional field so when he finishes the Diploma he plans to do a computer course at TAFE.

If you are unemployed the best thing is to learn as much in computers.

So far, he has applied for about 16 jobs, some of which have been with government departments obtaining two to three interviews. Redesh's experience of applying for jobs has been instructive as he has modified his job search strategy overtime. In particular, he is more aware of the kinds of jobs that he is able to apply for with a reasonable expectation of obtaining an interview.

Now I know what kind of jobs they will call me for an interview, so I'm very selective.

Accordingly, the majority of his applications have been in plant biology, although some have been in teaching.

Despite the interview training that he received at Skillmax he has found the interview process difficult, especially for public service positions. Answering questions relating to public service workplace policy have been particularly challenging.

[Skillmax] did not tell us what is the right answer for [employers'] questions.

Redesh also believes that at his age, 49 years, it is not easy to get a job. Yet despite his likely prospect of protracted unemployment, Redesh is much happier with life as he is now able to live without fear of death. Although if the conflict was settled in Sri Lanka Redesh says that he would return.

Redesh's search for employment has clearly benefited through improving his knowledge of the Australian labour market. Skillmax and JobClub have obviously played an important role in the development of his knowledge. While it seems likely that with more labour market guidance, from services such as Skillmax and JobClub, Redesh's chances of employment will improve, the extent of the improvement may be limited.

Redesh's current strategy of seeking jobs and further education in fields related to his higher degree is clearly rational. In terms of the Australian labour market, his American credentials carry most weight and his work history, both in the agriculture and teaching fields, is unrecognised. On this basis, it would seem obvious to adopt Redesh's strategy. However, few jobs exist in the area in which he is searching. Declining Federal Government expenditure and a subsequently smaller agricultural sector, coupled with Redesh's highly specialised skills meant that he was looking in a very small job market. It could be argued that the more rational strategy would be to pursue Australian credentials in an area with more jobs, such as teaching. Alternatively he has the option of seeking work for which no credentials are required, typically unskilled jobs, but it seems likely that such a strategy will be fraught with impediments. Lacking Australian work experience and being of mature age, it seems unlikely that he will be a competitive contender in the vast pool of people searching for such jobs. Redesh's options are clearly few, choosing to pursue work in either market will not lead him easily to employment.

Maria

Maria, who came from an Italian background, arrived in Australia in 1980 from Argentina where she had worked as an infants teacher. Following separation from her husband in 1984 she registered as unemployed and enrolled at TAFE to improve her English. Despite her relentless search for work, beginning in 1986, she did not obtain full time employment until mid 1996, one decade later. And even then it was temporary work.

When Maria came to Australia with her husband she originally intended to stay temporarily, en route to living in America. Wanting to escape an unhappy family situation, they left Argentina thinking that they would find better work opportunities, especially for her husband who wanted to diversify from his career as cabinet maker. She added later in the interview that they also hoped their daughters would have access to a better education.

I come from a good positioned family, but my husband and I could not really afford to send our children to school or high school. ... Here the school gives books and pencils and this and that, but there you have to buy everything.

From the negative experience of separation and then divorce, Maria focussed on the positive: the opportunity to improve her English.

I decided that I will not sit at home any more on my own I will go out and learn English. With my husband, with his idea, I could not go out of the house. ... Maybe if I knew everything that I know, then, I would do things different.

When she arrived in Australia, she could read and write in English but found it difficult to make people understand her when she spoke, possibly due to her accent. Even though she participated in the classes provided in the hostel where they were initially sent, her English improved only marginally. In the ensuing four years she mostly improved her English through helping her children with their school homework.

Her determination to learn English was spurred by the remembrance of the scorn experienced by her family when they publicly spoke Italian in Argentina.

I felt really hurt at that time. And I said, 'Well my children will not have this. ... Every time I go on the train I speak to them in English and my children said, 'Don't speak in English mum, you speak awkwardly in English'. And I said, 'well I feel that people maybe feel that you are talking about them if you are speaking your own language'. ...

... My family comes from Italy, and from Italian to Spanish is not very much. But I remember what I suffer to be an Argentinian person born in an Italian family. So that drives me to say I don't want the same for my children.

So, between 1984 and 1986 she studied English with zeal.

I did every single course for English.

However, the most significant boost to her English came when she was given a temporary job as multilingual course information officer in 1988.

This gave me the push that I needed.

Her appointment to the position was fortuitous. A counsellor at Liverpool TAFE, where there is a high proportion of Italian and Spanish speaking students were enrolled, knew that Maria spoke both of these languages. This job also gave Maria practice speaking English.

Between 1986 and 1990 she enrolled in a string of countless short courses, including office administration, medical office administration, childcare and parenting. Each course was run by Skillshare and lasted 3 to 6 months. She also considered retraining as a veterinary nurse but was told there were few jobs in the area. Further, she also considered enrolling in a teaching diploma so that she could return to her profession but felt that her English was not good enough to do the preparatory course, English for Further Studies.

Courses after courses, I could get a degree in Student, but of course got nothing for it. I kept doing courses because people advise you to do this or that and you do that because you believe that people will take into consideration the courses.

According to Maria, employers do not acknowledge these courses because

[T]hey know that the course is for people who cannot get a job.

A succession of temporary and casual jobs accompanied this period of ongoing courses. Under the previous LEAP program she obtained work as a labourer in landscaping and bricklaying but felt uncomfortable in the work environment due to the prevalent swearing on site by the other, predominantly male, workers. The majority of jobs during this period were mostly in child care, usually lasting no more than a couple of days. The exception to this was her job as an ethnic teachers aide which she obtained around 1991. Although she was employed in this position for three years, on a weekly basis this amounted to few hours and fluctuated according to funding.

Maria's efforts in looking for work and retraining were intensified by the need for experience. Employers viewed her sporadic work history as inadequate for qualifying her as 'experienced'.

I needed to get a job, but nobody give me the opportunity because I didn't I really have anything to fall back on. ... I send thousands of letters, and of course I keep these letters to say I have applied for these jobs and nobody give me an interview. ... Some people tell you come for an interview, but nobody give you. They say you don't have enough experience. How do you get experience if you don't have a job?

Maria suspects that her age exacerbated the way that employers regarded her lack of experience.

[I]f you are young maybe you have better luck because nobody expect you to have experience. When I go for an interview, I am forty three, they expect me to have experience. How can you get it? You cannot say that people discriminate you or you cannot prove it even if you know. You feel that people discriminate you but you cannot prove a feeling, its not something that you can prove. So, you sometimes ... feel maybe its because of you. ... [Y]ou get very depressed.

In 1992 she participated in JobClub and was advised to do some volunteer work but as Maria pointed out, she could not afford the travel each day, which was often to a different area. Here she also learnt more about job search in Australia. Until this time she had not really used the newspapers instead relying on the CES.

In 1994 she responded to a job ad in the local newspaper and obtained a full time position as a multicultural liaison officer for Liverpool Council. She was responsible for visiting childcare centres in the municipality to educate staff and children about multiculturalism.

Realising that employers did not acknowledge the training she had received from Skillshare she decided to enrol at TAFE in an Associate Diploma in Childcare in 1990. She was not accepted but continued to apply in the following years. By 1993 she was applying each new semester for mainstream childcare courses on several TAFE campuses. For two years she repeated the application process, and each time she was rejected on the basis of her language proficiency, each time being counselled to apply for the English as a Second Language (ESL) streams. However, Maria remained adamant that she should keep seeking entry to the mainstream courses. In her view, ESL streams were discounted by employers in the same way that they discounted Skillshare courses. After several years of applying she finally received information from a course adviser, almost by chance, it seems, on how to prepare her application. Contrary to the approach she had been taking, in writing how she felt about working with children, as she would have done in Argentina, she was advised to write about how she could be a good teacher by specifying the qualities that she could bring to the job. It seems that as a result of this that she was finally accepted in 1995 into the mainstream Certificate in Childcare.

The following year, in 1996, she was accepted into the Associate Diploma in Childcare. But after six months of the Diploma she was offered a job and accepted, because she needed the income as her daughter who lived with her, had left her job to study full time. Finally, her unrelenting search for work had come to fruition. Initially Maria was not the preferred candidate. But the Director of the Childcare Centre remembered that Maria had applied for a similar position in the previous year and encourage her to apply again in the future. When the preferred candidate left after a fortnight, the Director offered Maria the job.

The stigma of Maria's unemployment the way in which employers discounted her Skillshare training and temporary work experiences seems to have played a central role in prolonging her ostensibly jobless state. It clearly influenced her own job search strategy and in the process she may have unwittingly prolonged her own unemployment in her determination to escape the stigma under which she laboured in her search for work. Rather than accepting an earlier offer into the ESL childcare stream at TAFE, she continued to seek admission to the mainstream course and in effect delayed her accrual of acceptable credentials and skills. Maria has full time employment for the moment but the question remains, to what extent will she be more desirable at the end of her 6 month appointment? Will employers see her as someone with some (acceptable) experience or as someone without their Diploma in Childcare? And had she completed her Diploma, obviously the question would be reversed.

Binh

Binh migrated from Vietnam via the refugee camps of Malaysia in 1982. She quickly obtained a job as a factory hand and continued working there until the birth of her second child. Since then she has worked in several part time jobs, including working as a bilingual co-ordinator as well as participating in a series of short courses. Bored by the role of primary care giver her search for part time work as an interpreter has been stifled by her lack of qualifications. Consequently she has temporarily withdrawn from the labour force.

Prior to migrating, Binh worked part time in her brother's plastic bag manufacturing business helping to maintain the accounts, ordering stock and performing other similar administrative tasks. Being relatively fluent in English, despite leaving school at the equivalent of year 10 in Australia, she also tutored privately for a couple hours each day.

Like Zimin, Binh says that she migrated with the expectation that life would be more democratic outside Vietnam.

Because, you like run business or you work, but the government still want to control every single person.

Shortly after arriving Binh was accepted into a welfare course but dropped out because her English listening skills were not adequate despite passing the entrance exam. Consequently she enrolled in an AMES course but her English improved only marginally finding it difficult to study and adjust to a new country at the same time. Other matters preoccupied her mind, she became distracted in class and grew bored, so she left to find a job.

She began searching by knocking on doors at factories and after a few unsuccessful attempts she approached the manager of the plastic factory where her friend was working. On the second visit she was offered a job, initially as a packer, later becoming a machine operator.

In the factory Binh found it difficult to advance her English, especially her listening skills, as the factory employed many workers who had limited proficiency in the language.

There were a few Turkish women, they had been working there five, ten years but their English still stay the same. They couldn't speak English.

The need to communicate in a common language was minimised by management's appointment of employees, who were fluent in English as well as their own language, to the positions of leading hands. Moreover, the simple, albeit arduous nature of the work, further reduced the need for advanced English skills. As Binh commented, the presence of other workers from Vietnam made no difference to her ability to do the work because the most difficult aspect was keeping pace with the machine. Binh eventually returned to AMES English classes, studying in the first part of the day and then working in the afternoons.

During the four year period that Binh worked in the factory she married another Vietnamese factory worker, at age 22 and bought a house. With a mortgage to pay, Binh began working part time jobs in other factories for the extra income. As a result they now own their house, and this has helped to ease the financial burden of both Binh and her husband's unemployment.

After the birth of her second child Binh left the factory but soon returned to study being unsatisfied by staying at home with her time completely consumed by family responsibilities. She enrolled in short courses, lasting 10 weeks, in child care and accounting. Upon completing the courses, she began seeking work again and within a few months she obtained her second job.

Seeing an ad in the local newspaper, Binh applied for a job as a bilingual worker in the Cabramatta Community Centre around 1987. After sitting a translation test and two interviews, Binh was offered the job. Initially the job involved 12 hours per week, but over the years, as the funding fluctuated so too did the number of hours, falling to as little as 6 hours at one stage. After several years of working in this position she was

offered the job of bilingual co-ordinator but did not accept because it coincided with the birth of her third child.

A year later, Binh and her husband opened a take away food business, both wanted to broaden their experience. Her husband had lost his job and had mainly worked in factories. They were also afforded the opportunity as her parents-in-law, having recently arrived from Vietnam, were living with them and looked after the children. However, the location was not conducive to the business and eventually her parents-in-law moved out. With a fourth child due to be born, they sold the business almost a year later.

After the birth of her fourth child Binh registered as unemployed although she continued to work as a bilingual worker. During this period she enrolled in a personal development course and a computer course, both run by Skillshare. She also continued looking for part time jobs as a bilingual worker, albeit with more hours but was prevented from applying by the requirement for qualifications.

Despite her preference for bilingual work, and her willingness to study, she has been unable to attain accreditation easily as there are no courses available locally and family responsibilities inhibit her ability to commute. Consequently it seemed easier to look for administrative work and as a result wanted to enrol in another software course run by Skillshare, but was not allowed, it seemed that she had used her training quota. After 12 months of unemployment, Binh was employed at the Working Women's Centre under the Jobskills program. The job was full time and lasted 6 months. The experience was extremely beneficial as she performed a combination of community and liaison work in the community, including radio interviews and organising seminars. As Binh was required to communicate in English for several hours of each day, her confidence and language skills improved significantly. This was in contrast to her experience of working in the factory and as a bilingual worker where most of the communication was in her own language. However, she found juggling family and full time work difficult in part due to her husband's expectations of her domestic role. Consequently she is resigned to staying at home for the meantime but is considering returning to studying accountancy, in the future in the hope of finding administrative work.

It is apparent that Binh's chances of finding part time bilingual work with more robust hours would be greatly enhanced by obtaining the requisite qualifications and given access to affordable childcare. Binh's withdrawal into hidden unemployment reflects the limited choices she has, as an unqualified, albeit experienced bilingual community worker, and as an individual whose life choices are circumscribed by her gender role.

Conclusion

Clearly personal insufficiency cannot adequately account for the failure of Juan, Gül, Zimin, Redesh, Maria and Binh to obtain employment. As the life histories reveal, attempts by the unemployed to make bearable those characteristics identified as unbearable, are made within the context of restricted options. Even the most rational choices, as were made by Redesh and Maria, can potentially lead to a no-win situation. In contrast to quantitative research with its emphasis on individual characteristics, our life histories have drawn attention to the importance of the labour market context in understanding long-term unemployment. In short, our life histories show that individuals cannot act independently of the labour market; choices are always made in relation to their context. We return to this point in chapter seven.

To establish a more accurate picture of the context in which Juan, Gül, Zimin, Redesh, Maria and Binh made their decisions we now turn to the quantitative component of our research where we will identify some important patterns.

4.Unemployment and the Overseas Born

In the early 1990s, the number of unemployed people in Australia reached nearly one million, a figure which represented close to eleven per cent of the labour force. Amongst this unemployed population were nearly half a million immigrants, a majority of whom were born in non-English speaking countries (hereafter termed NESB immigrants).⁹ Did this overseas-born group of unemployed people share the same characteristics as their Australian-born colleagues? What demographic and labour market factors were most strongly associated with being unemployed and were there distinctive aspects for the NESB immigrants? This chapter addresses these two questions and provides the background to the more detailed analysis of the long-term unemployed which follows in the next two chapters. We are particularly interested to know whether the factors most strongly associated with being unemployed are the same factors associated with being long-term unemployed.

An overview

Much of the analysis in the following chapters works with percentages, probabilities and various ratios. While these are valuable analytical measures they do not always indicate the magnitude of the problem, that is, how many people are we talking about?

Consequently, it is useful at the outset to present a numerical summary of some of the key characteristics of NESB immigrants in terms of unemployment and long-term unemployment. Figures 4.1, 4.2 and 4.3 provide a taxonomy of the Australian labour market with the NESB dimension delineated. The dark boxes emphasise the main groups who are the concern of our study. The part-time and casual boxes are also of interest since they constitute part of the domain of precarious employment discussed in Chapter 2. Finally, Table 4.1 presents an overview of some important characteristics of NESB people in the labour market.

⁹ The terms NESB immigrant and NESB will be used interchangeably in this study. Where the Australian-born children of NESB immigrants are included in the term NESB, this will be made explicit in the text.

Table 4.1: Characteristics of NESB persons in the labour market, Australia 1993

Characteristic	Labour force		Unemployed		Long-term unemployed	
	Number	Percentage	Number	Percentage	Number	Percentage
Male	700,404	62	117,997	66	54,691	68
Mature age	248,376	22	38,362	22	25,162	31
Prev job - trades	113,159	10	24,358	14	12,508	15
Prev job - blue collar	308,824	27	69,280	39	35,422	44
Never worked before	n/a		40,065	23	16,705	21
Tertiary qualifications	242,171	21	27,304	15	9,121	11
All NESB persons	1,138,853		178,336		81,033	

Source: ABS 1993a, Training and Education Experience

In summary, in 1993 nearly 180,000 NESB immigrants were unemployed, and of these over 80,000 were long-term unemployed. Former (non-trades) blue-collar workers made up nearly 70,000 of the unemployed and about 35,000 of the long-term unemployed. NESB immigrants with tertiary qualifications numbered over 27,000 of the unemployed and about 9,000 of the long-term unemployed. The percentages in Table 4.1 are useful for highlighting the disproportionate presence of some groups of NESB persons amongst the long-term unemployed. In particular, mature age males who previously worked in blue-collar occupations were strongly over-represented in the ranks of the long-term unemployed.

Figure 4.1 Taxonomy of the Australian Labour Market, 1993
All persons and NESB persons

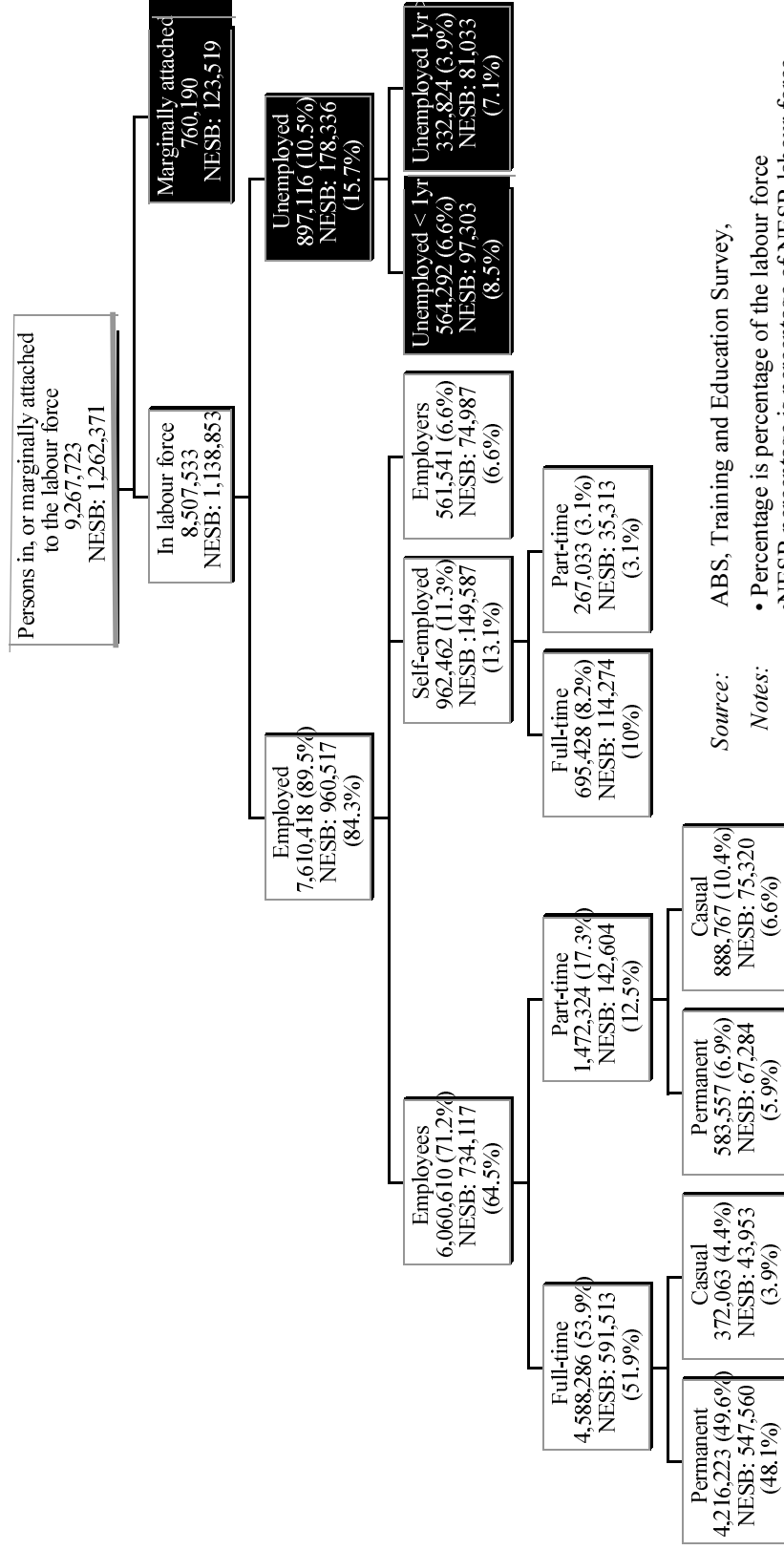


Figure 4.2 Taxonomy of the Australian Labour Market, 1993

All males and NESB males

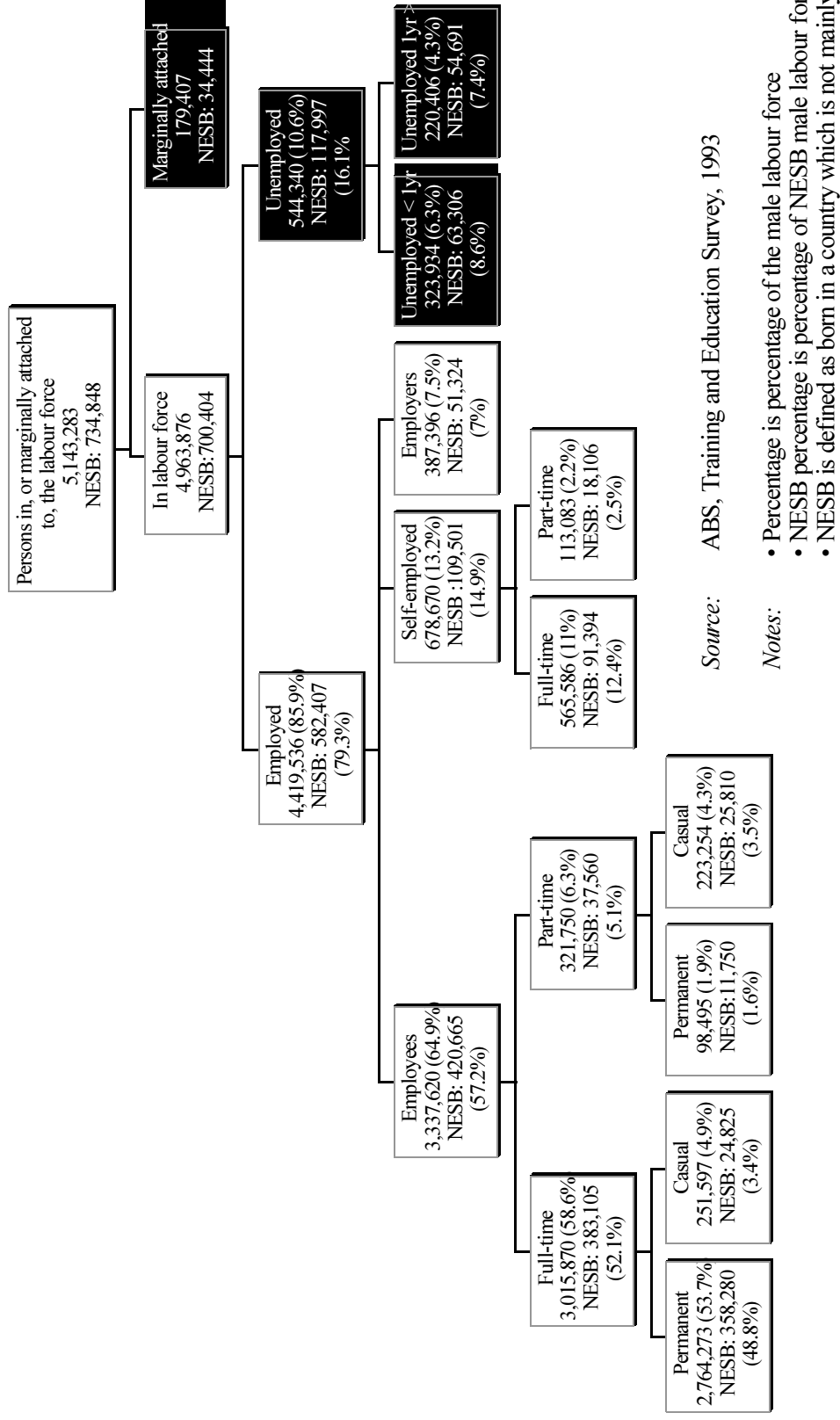
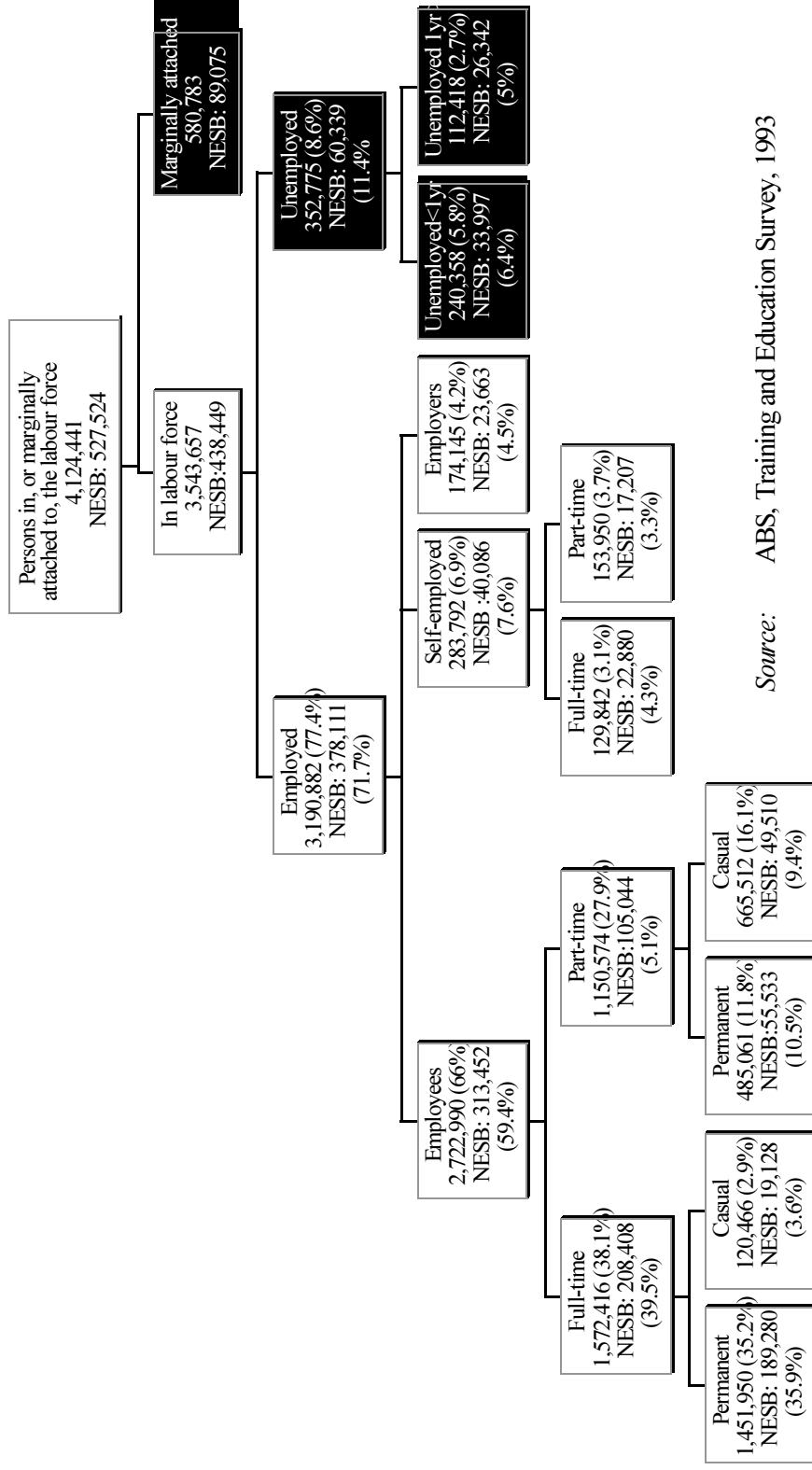


Figure 4.3 Taxonomy of the Australian Labour Market, 1993

All females and NESB females



A comparison between the employed and unemployed populations

Who are the unemployed? For the early 1990s we have a number of survey data sets which can help us answer this question.¹⁰ By comparing the unemployed to those people in employment, we find that they possessed a number of distinguishing characteristics. Unemployed people tended to be younger than those in employment. The average age of the unemployed population was 32 years, the average age for employed people was 37. Unemployed people were more likely to be unmarried (57 per cent) than were employed people (34 per cent). Males tended to be slightly over-represented amongst the unemployed (62 per cent), compared to their presence amongst the employed (58 per cent).

Unemployed people tended to have less formal education than employed people. Two-thirds of the unemployed had not gained qualifications after leaving school, whereas only half of the employed population were in that educational category. Unemployment also seemed to discriminate against certain kinds of educational credentials. The odds of people with trades qualifications being unemployed were nearly two times greater than for people with tertiary qualifications. (By *odds* we mean the likelihood of being unemployed compared to being employed.) Early school leavers were only slightly over-represented amongst the unemployed (32 per cent), by comparison to their presence amongst the employed (36 per cent).

Unemployed people were more likely to come from a non-English-language background than were employed people. About 13 per cent of the unemployed did not have English as their first language, or speak English in their home. The comparable figure for employed people was under 6 per cent. English proficiency followed a similar pattern. Nearly 10 per cent of unemployed people either experienced difficulty with their English, or needed an interpreter, in a survey interview. For employed people, the figure was under 3 per cent.

A comparison amongst birthplace groups

Table 4.2 summarises how proportions of employment and unemployment vary by birthplace. Unemployed people were more likely to have been born overseas than were employed people. About 32 per cent of the unemployed were born overseas compared to 26 per cent of the employed. Unemployed people were also more likely to have parents born overseas, than were employed people. About 43 per cent of the unemployed had a mother born overseas and about 46 per cent had a father born overseas. By contrast, the comparable figures for employed people were 36 per cent and 39 per cent. When we distinguish the overseas-born according to their country of origin we find some distinctive patterns. Amongst unemployed people, about 11 per cent were from ESB countries, a very similar figure for employed people. On the other hand, people from NESB countries made up 20 per cent of the unemployed, but only accounted for 14 per cent of the employed. In other words, people with an NESB background were over-represented amongst the unemployed. This pattern was even more distinctive for people with overseas-born parents. Amongst the unemployed, the proportion of people with parents born in an ESB country was almost identical to the proportion amongst the employed. However, the proportion of unemployed with overseas-born NESB parents was 29 per cent and 27 per

¹⁰ The main datasets used in the following analysis are ABS 1981, Census Person Sample File (PSF); ABS 1991a, Census Household Sample File (HSF); ABS 1991b, Census matrix tables csc6026, csc6035, csc6037; ABS 1993a, Training and Education Experience; ABS 1993b, Labour Force Status and Other Characteristics of Migrants, September 1993.

Table 4.2: Comparison between Employed and Unemployed Persons, Birthplace Characteristics

Birthplace characteristics	Percentage in each birthplace category		Representation - + over - under
	Employed Persons	Unemployed persons	
Born in Australia	75	69	-
Father born in Australia	62	55	-
Mother born in Australia	65	58	-
Born overseas	26	32	+
Father born overseas	39	46	+
Mother born overseas	36	43	+
Born overseas in ESB country	12	11	-
Father born overseas in ESB country	18	16	-
Mother born overseas in ESB country	16	15	-
Born overseas in NESB country	14	20	+
Father born overseas in NESB country	21	29	+
Mother born overseas in NESB country	19	27	+

Source: ABS 1991, Census HSF.

in Table 4.2. Put succinctly, the odds of people from an NESB background (themselves or their parents born overseas) becoming unemployed are over one and a half times greater than for people from an Australian-born background. (This is based on an odds ratio of 1.61 for overseas-born NESB and 1.57 for parents from NESB countries).¹¹

cent (for fathers and mothers, respectively), compared with figures of 21 per cent and 20 per cent for the employed population. *In summary, amongst the unemployed there was a clear over-representation of the NESB population.*

This pattern is also evident when we examine the data from the perspective of unemployment rates. Table 4.3 summarises the different unemployment rates for each of the categories discussed

¹¹ *Odds ratios* are a useful way to compare the relative odds of being long-term unemployed between contrast groups (for example, between males and females). The odds of being long-term unemployed is the probability of being long-term unemployed divided by the probability of being short-term unemployed. Comparing the odds between two contrast groups produces an odds ratio. If the ratio is very close to one, then the two groups have similar odds of being long-term unemployed. If the ratio is greater than one, then the relevant group has an increased odds of being long-term unemployed, vis a vis the contrast group.

Table 4.3: Unemployment Rates for Various Birthplace Groups

Birthplace Category	Unemployment rate
Born in Australia	11.0
Father born in Australia	10.6
Mother born in Australia	10.6
Born overseas	14.0
Father born overseas	13.6
Mother born overseas	13.8
Born overseas in ESB country	10.8
Father born overseas in ESB country	10.9
Mother born overseas in ESB country	11.3
Born overseas in NESB country	16.6
Father born overseas in NESB country	15.7
Mother born overseas in NESB country	15.7

Source: ABS 1991, Census HSF.

The age distribution of the overseas-born NESB (hereafter referred to simply as NESB) unemployed leans distinctively towards an older population. Nearly three quarters of this group were aged over 30, compared with an Australian-born figure of 41 per cent. Unemployed people from ESB countries are somewhat in between, with 65 per cent aged over 30. To some extent, this reflects the fact that NESB people in the labour force generally tend to be much older than their Australian-born colleagues.

In terms of gender, the NESB unemployed were much more likely to be male, compared with both the

overseas-born ESB (hereafter referred to simply as ESB) and the Australian-born. Nearly two-thirds of the NESB unemployed were male, whereas the male proportion of the NESB labour force was 57 per cent. By way of contrast, for both ESB and Australian-born people, the gender proportions show little difference between the unemployed population and the labour force generally. Looking at marital status, the NESB unemployed and the Australian-born unemployed are almost inverse images of each other. Two thirds of the former are married compared to only a third of the latter. Moreover, as noted earlier the unemployed population is quite different from the employed population in terms of marital status, which takes on an interesting dimension when we consider birthplace. To some extent, the high rate of marriage amongst NESB unemployed is a product of their overall labour force population, where nearly three quarters are married. For the Australian-born, however, the figures remain reversed, with unmarried people dominating the ranks of the unemployed. The answer to this anomaly lies in the age structure of the unemployed amongst the different birthplace groups. As we saw earlier, the Australian-born unemployed are a very young population: nearly a fifth are teenagers and nearly two thirds are under 30. Consequently, they are much less likely to be married.

Educational background

Table 4.4 summarises the relationship between birthplace, level of education and unemployment. It reveals that the educational background of the unemployed population is highly sensitive to birthplace characteristics. The Australian-born unemployed appear to be less well educated than their overseas-born peers. Nearly 72 per cent have no post-school qualifications, whereas the comparable figure for ESB unemployed is 61 per cent and for NESB, 58 per cent. Moreover, these figures do not necessarily reflect the characteristics of their labour force populations, since only 56 per cent of the Australian-born labour force has no post-school qualifications (a difference of 16 percentage points). A similar picture emerges for the ESB labour force where 46 per cent have no post-school qualifications (a difference of 15 percentage points). On the other hand, amongst the NESB population, the comparable figures are much closer between those in the labour force and those unemployed (a difference of only 5 percentage points). These figures are summarised in Table 4.4.

Table 4.4: Post-school qualifications - labour force compared with unemployed for different birthplace groups

Birthplace Category	Percentage of each birthplace category with no post-school qualifications	
	Labour Force Population	Unemployed Population
Born in Australia	56	72
Born overseas in ESB country	46	61
Born overseas in NESB country	53	58

Source: ABS 1993a, Training and Educational Experience
 Note: Labour Force Population is composed of employed persons and unemployed persons.

What this pattern appears to suggest is that for both the Australian-born and ESB immigrant populations, unemployment 'selects' the less well-educated, but that this screening process is much weaker for NESB immigrants. When it comes to tertiary education, there seems little doubt that NESB immigrants are over-represented amongst the unemployed. Just over 5 per cent of the Australian-born

unemployed and 6 per cent of ESB immigrants have tertiary qualifications, whereas over 14 per cent of the NESB unemployed have such qualifications. In other words, *tertiary educated NESB people cluster amongst the ranks of the unemployed to a far greater extent than their Australian-born and ESB peers.*

Why is this so? Is it the case that non-recognition of their qualifications prevents NESB immigrants from finding the same protection against unemployment which qualifications confer on the Australian-born? It appears from other data that ESB immigrants whose qualifications were recognised in Australia had an unemployment rate only marginally lower than those ESB immigrants whose qualifications were not recognised (5.5 per cent to 7.6 per cent). There is a similar margin between the two unemployment rates for NESB immigrants, but the actual level of the unemployment rate is considerably higher (13.5 per cent to 18.7 per cent). *In other words, it made a small difference whether NESB immigrants' overseas qualifications were recognised or not, but as a group the overseas educated NESB remained strongly disadvantaged vis-à-vis the situation of ESB immigrants.*

What really makes a difference to labour market outcomes is where the qualifications were obtained. *This pattern of NESB disadvantage weakens considerably if the qualification was obtained in Australia.* The unemployment rate for ESB immigrants is the most favourable (5.5 per cent), followed by the Australian-born (6.0 per cent), followed by NESB immigrants (7.8 per cent). These differences are too small to be statistically significant so we are lead to conclude that if one's qualifications were obtained in Australia, then place of birth is largely irrelevant to labour market outcomes in terms of unemployment rates. Table 4.5 summarises this data.

Table 4.5: Unemployment rates for various categories of post-school qualifications, Australia, 1993

Qualifications category	Unemployment rate		
	ESB immigrants	NESB immigrants	
OS qualifications recognised	5.5	13.4	
OS qualifications not recognised	7.6	18.7	
	Aust-born	ESB immig	NESB immig
Aust post-school qualifications	6.0	5.5	7.8

Source: ABS 1993a, Training and Education Experience; ABS 1993b, Labour Force Focus Status and Other Characteristics of Migrants

In summary, this paradox of NESB unemployment is evident in Table 4.6 which outlines the relative improvement in the unemployment rate for people with a tertiary education and for people with good English proficiency. The unemployment

Table 4.6: Unemployment rates for subcategories within different birthplace groups

Birthplace category	Unemployment rate		
	Labour force population	Tertiary educated labour force	Tertiary educated labour force with good English proficiency
Australian-born	9.8	4.3	4.4
ESB immigrants	9.1	3.8	3.8
NESB immigrants	15.5	11.8	9.1

Source: ABS 1993a, Training and Education Experience

rate falls for tertiary educated NESB people, but this fall is not as great as that of the Australian-born or ESB immigrants. In addition, the unemployment rate for NESB immigrants falls only slightly when English proficiency is included.

The relative disadvantage which

tertiary educated NESB immigrants suffer is consistent with the observation by Beggs and Chapman that ‘as education increases the labour market position of immigrants relative to natives systematically deteriorates’ (1988, p.21). Possible reasons for this will be suggested in the concluding section of this chapter.

Occupational background

It is important to note that many of the labour market disadvantages attached to being overseas born are specific to NESB immigrants, and not shared by their ESB colleagues. This is particularly evident when it comes to occupational background. If NESB immigrants had not worked prior to emigrating, they were heavily penalised in the Australian labour market, enduring an unemployment rate of 23 per cent. If they had worked, this figure improved to 16.5 per cent. By contrast, for ESB immigrants the difference between these two categories was not statistically significant.

While prior work experience does make a difference to unemployment prospects in Australia, the actual occupation held prior to migration appears to be much less important. Table 4.7 shows that with the exception of former para-professionals and salesworkers/personal service workers, most NESB immigrants faced equally poor prospects in the labour market.

Unemployment did, however, appear to be related to the occupations held in Australia by the unemployed. Amongst the unemployed, the type of last permanent job held was not distributed evenly amongst different birthplace groups. In general, the ranks of the unemployed had a strong bias towards less skilled workers—on average over half were formerly low skilled blue collar workers or had never held a permanent job previously. This pattern was heavily influenced by birthplace category. Whereas 27 per cent of the Australian-born unemployed, and 29 per cent of the ESB unemployed, had previously worked as labourers or plant and machine operators, the figure for the NESB unemployed was 38 per cent. To a large extent, this pattern reflects the accelerated dismantling of the manufacturing sector during the 1980s and early 1990s, and the tendency for NESB workers to be concentrated amongst factory machine operators and process workers.

Table 4.7: Unemployment rates according to prior occupation, NESB and ESB immigrants

Occupation prior to migration	Unemployment rates	
	NESB immigrants	ESB immigrants
Held job prior to migration	16.5	6.6
Managers and administrators	14.6	n/a
Professionals	17.5	3.8
Para-professionals	11.8	4.9
Tradespersons	19.1	8.1
Clerks	16.2	6.1
Salespersons and personal service workers	11.5	10.6

Interestingly, at the other end of the skills spectrum—amongst managers and professionals—NESB immigrants also fared badly, though this situation appeared to be shared with ESB immigrants. Whereas only 5 per cent of the Australian-born

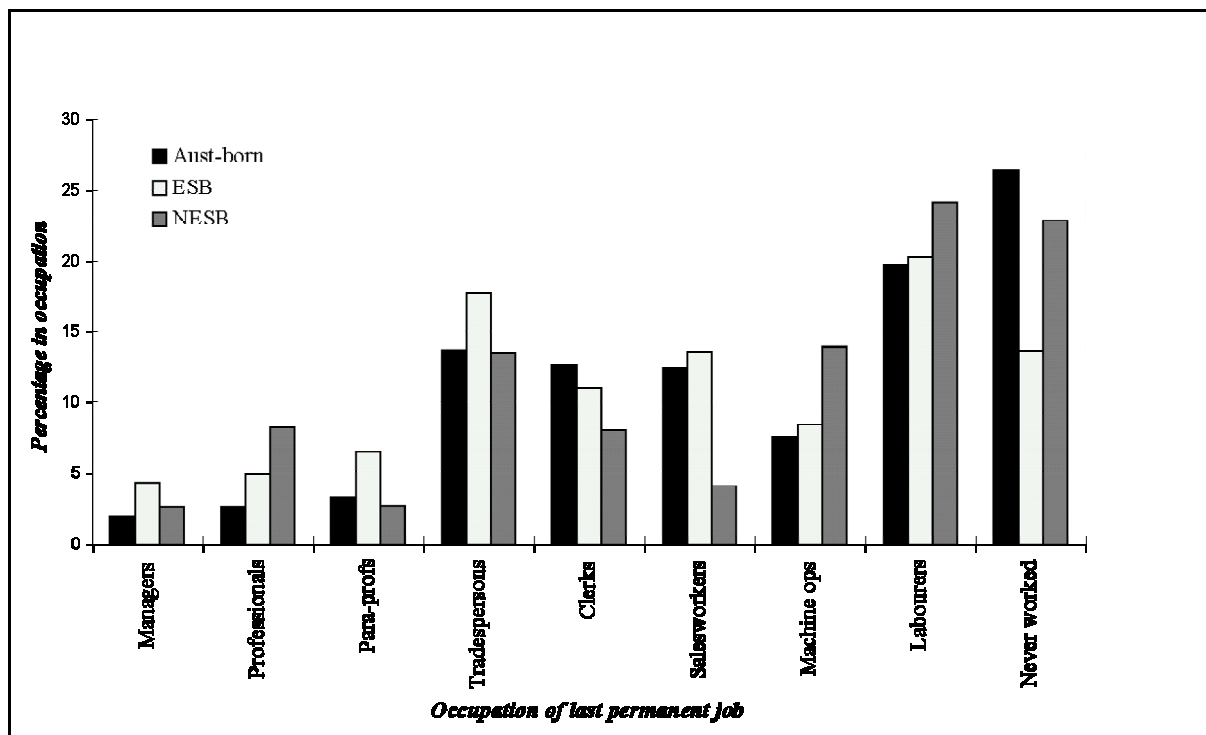
Table 4.8: Occupational background of the unemployed, by birthplace group

Occupation of last permanent job	Percentage in occupational group for each birthplace group		
	Aust-born unemployed	ESB unemployed	NESB unemployed
Labourers and related workers	18.6	11.1	8.0
No job prior to migration	23.0	8.0	8.0
Managers and administrators	1.9	4.3	2.6
Professionals	2.6	4.9	8.2
Para-professionals	3.3	6.5	2.7
Tradespersons	13.7	17.7	13.4
Clerks	12.6	11.0	8.0
Salespersons and personal service workers	12.4	13.5	4.1
Plant and machine operators and drivers	7.5	8.4	13.9
Labourers and related workers	19.7	20.2	24.2
Never had a permanent job or never worked at all	26.4	13.6	22.9
Total	100.0	100.0	100.0

Source: ABS 1993a, Training and Education Experience

unemployed formerly worked as managers or professionals, the comparable figures for the ESB unemployed and the NESB unemployed were 9 per cent and 11 per cent respectively. This appears to depart from the pattern described earlier, where the well-educated NESB differed from their ESB colleagues in terms of vulnerability to unemployment. The full figures for these observations are found in Table 4.8 and illustrated in Figure 4.4.

Figure 4.4: Occupational background of the unemployed by birthplace category, Australia, 1993



Source: ABS 1993a, Training and Education Experience

Factors associated with unemployment

To what extent can striking differences between NESB immigrants and ESB immigrants be attributed to English proficiency? Since good English proficiency is essential in finding and securing work, is it the case that these other educational and occupational differences are simply reflecting differences in English proficiency between NESB and ESB immigrants? To answer this question, and to provide further insights into the factors associated with unemployment, a series of binomial logit analyses were conducted on each of the three main datasets used for this chapter.¹² The tables summarising these results (Tables A1.1, A1.2 and A1.3) can be found in Appendix 1.

The results of the logit analyses are remarkably consistent across all three datasets examined:

- ◆ amongst NESB immigrants, the three most vulnerable groups of people are teenagers, recently arrived people and people with low English proficiency. These results are largely consistent with other research (Inglis and Stromback, 1986; Brooks and Williams, 1995). In one of the datasets, however, period of residence in Australia appeared to have little or no impact on the odds of being unemployed.
- ◆ tertiary education is associated with reduced odds of being unemployed for NESB immigrants, but it does make a difference where those qualifications are obtained. If they are gained in Australia, the effect is beneficial; if they are gained overseas, the effect is insignificant. On the other hand, if overseas post-school qualifications are recognised in Australia, then the odds of being unemployed are reduced by as much as 32 per cent. By way of contrast, being an early school leaver does not appear to be significantly associated with increased odds of being unemployed.

¹² ABS 1991a, Census Household Sample File; ABS 1993a, Training and Education Experience; ABS 1993b, Labour Force Status and Other Characteristics of Migrants

- ◆ in terms of migration factors, it did not appear to make any difference whether one migrated to Australia under the family migration or refugee programs. What does make a difference, however, is whether one worked prior to migration or not. For NESB immigrants, prior work experience was associated with an odds ratio of 0.6. These results are at variance with other research. Analysis of the Longitudinal Survey of Immigrants to Australia (LSIA) suggests that migration category is associated with different labour market outcomes. Beggs and Chapman (1988) found that pre-migration work actually increased the probability of unemployment. They suggested that immigrants with greater home country experience held higher reservation wages and this increased their chances of being unemployed (1988, p. 21). Our findings, on the other hand, show that prior work experience actually reduced the odds of being unemployed, vis a vis those without prior work experience, by about 40 per cent. One possible reason for the different findings is that Beggs and Chapman used an inferred measure of prior work experience (based on the age when the person migrated) while our measure draws on a direct response to a question on occupation prior to migration.

In order to make direct comparisons between birthplace groups a different form of the logit model was specified. This model was used for the Survey of Training and Education Experience dataset and made use of interaction effects to explore birthplace differences. Because of the important gender differences within the Australian labour market, separate models were developed for males and females (see Miller, 1986, p. 83). These results are found in Appendix 1 and indicate that there are a number of important NESB effects in the probability of becoming unemployed. Indeed, for men, simply coming from an NESB country is significantly associated with increased odds of being unemployed. *For both men and women, the most important influences on the probability of being unemployed are low English proficiency and recency of arrival.* These results are consistent with a similar body of research carried out during the 1980s and early 1990s (Inglis and Stromback, 1986; Beggs and Chapman, 1988; Stromback et al., 1992).

From this modelling it also emerges that mature age workers are amongst the least likely to become unemployed, whilst teenagers are amongst the most vulnerable. As we shall see in Chapter 6, these age effects are reversed when it comes to long-term unemployment. As argued elsewhere (Watson, 1994), the collapse of the youth labour market has been particularly severe for young women, and its stark consequences are evident in our modelling. Teenage women have over three times the odds of being unemployed as do prime age women.

To illustrate the impact of these different factors, the probability of being unemployed for women (Table A1.4) in different circumstances are estimated:

- ◆ an NESB early school leaver, with low English proficiency and recently arrived in Australia, would have a probability of being unemployed of 38 per cent;
- ◆ by way of contrast, if that woman were Australian-born (but still an early school leaver), the probability of unemployment would be just 10 per cent;
- ◆ the relative effects of English proficiency and recency of arrival are illustrated by the following probabilities. An NESB early school leaver, with good English proficiency but recently arrived, would face a probability of unemployment of 22 per cent. On the other hand, for an NESB early school leaver, with low English proficiency but *not* recently arrived, the probability would be 18 per cent. In other words, the improvement in odds is slightly greater for a longer settlement period in Australia than it is for having good English proficiency. If one has neither of these labour

market liabilities (but is still an NESB early school leaver) then the improvement in odds is very large: the probability drops to 9 per cent, a proportion comparable to Australian-born early school leavers.

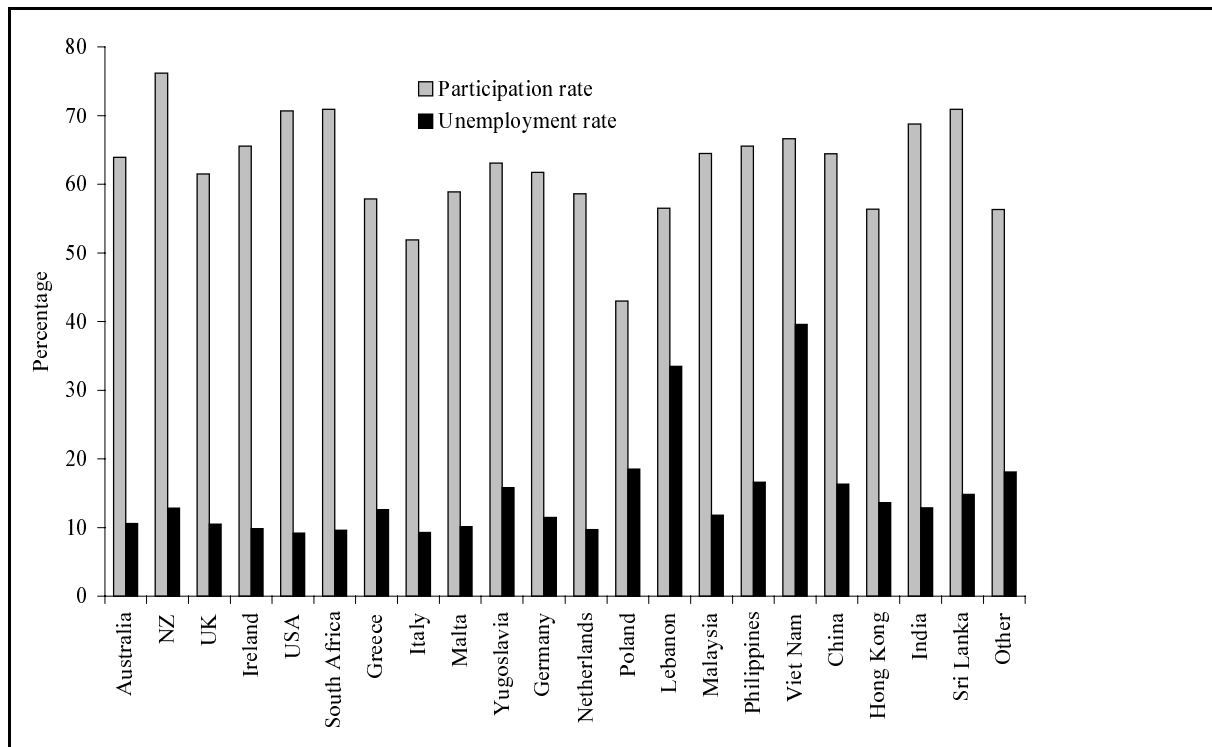
For men (Table A1.5), unlike women, having good English appears to be a greater asset than being resident in Australia for a longer period of time, as the following comparisons illustrate:

- ◆ an NESB early school leaver, with low English proficiency and recently arrived in Australia, would have a probability of being unemployed of 46 per cent;
- ◆ by way of contrast, if that man were Australian-born (but still an early school leaver), the probability of unemployment would be 20 per cent;
- ◆ the relative effects of English proficiency and recency of arrival are illustrated by the following probabilities. An NESB early school leaver, with good English proficiency but recently arrived, would face a probability of unemployment of 24 per cent. On the other hand, for an NESB early school leaver, with low English proficiency but *not* recently arrived, the probability would be 30 per cent. In other words, the improvement in odds is considerably greater for having good English than it is for having lived in Australia for a longer period of time. If one has neither of these labour market liabilities (but is still an NESB early school leaver) then the improvement in odds is very large: the probability drops to 14 per cent, well below that applying to Australian-born early school leavers.

Individual countries of birth

While the category NESB has conceptual coherence for much of our analysis, it does nevertheless obscure the important differences between immigrant groups, particularly between those from Asia, the Middle East and Europe. In this section we review the data on participation and unemployment rates for immigrants from particular countries (see Figure 4.5 for an overview).

Figure 4.5: Participation and unemployment rates by birthplace, Australia, 1991



Source: ABS 1991, Census matrix table csc6037, 6035

Demographic factors

Both participation and unemployment rates are very sensitive to age.¹³ As one would expect, the participation rate is low for teenagers, at a peak in the prime age years, and then declines from the mid fifties onwards (See Table A1.6 in Appendix 1). Some Asian birthplace groups have very low teenage participation rates. Whereas the Australian-born figure was 52 per cent, the participation rate for teenagers born in Hong Kong was 11.5 per cent, Vietnam 16.4 per cent, and Malaysia, 19.1 per cent. Several other Asian birthplace groups have teenage participation rates in the 20 per cent range (Sri Lanka, China, the Philippines). These figures reflected the very high education participation by these birthplace groups. Whereas 46.8 per cent of Australian-born teenagers were still at school, the comparable figures for Vietnam-born and Hong Kong-born teenagers was over 70 per cent. Similarly, most of the other Asian-born teenagers had education participation rates in the 60 per cent range.

Unemployment rates follow a pattern almost the inverse of participation rates. They are uniformly high for teenagers, at their lowest for prime age persons, and then rise again for persons over 55 (See Table A1.7 in Appendix 1).

Educational qualifications

We observed earlier that for Australian-born and ESB immigrants, the unemployment rate improved dramatically with increased education. As Table 4.9 shows, the unemployment rate for Australian-born persons with no post-school qualifications was 13.5 per cent and this figure was almost halved for persons with trade qualifications (7.5

¹³ The participation rate measures the proportion of the population (aged over 15) who are in the labour force. The unemployment rate measures the proportion of the labour force who are unemployed.

per cent), and halved again for those with tertiary qualifications (3.5 per cent). We also saw earlier, however, that this level of improvement did not apply to NESB immigrants in general. Table 4.9 highlights which immigrant groups contributed most to this NESB characteristic.

Table 4.9: Unemployment and participation rates by post-school educational qualifications and birthplace, Australia 1991

Country of birth	Unemployment rate			Participation rate		
	Tertiary Quals	Trade Quals	No Quals	Tertiary Quals	Trade Quals	No Quals
Australia	3.5	7.5	13.5	83.1	84.0	57.9
NZ	4.9	10.6	15.6	84.2	89.9	72.0
UK	4.5	10.4	12.8	81.0	78.4	54.2
Ireland	3.6	10.4	12.3	79.7	83.7	57.6
USA	4.8	11.2	14.5	83.6	79.0	58.9
South Africa	5.1	10.5	12.6	85.4	85.9	58.9
Greece	6.4	11.1	13.1	88.7	81.8	54.2
Italy	3.8	8.7	9.7	87.2	79.9	45.9
Malta	1.8	8.7	10.8	83.2	80.7	54.8
Yugoslavia	11.6	15.2	16.1	84.8	78.8	57.6
Germany	6.4	11.4	13.7	80.1	74.6	53.7
Netherlands	4.6	10.6	10.7	77.6	73.3	53.4
Poland	14.3	19.2	19.1	76.8	64.6	30.3
Lebanon	25.2	25.1	36.3	86.1	85.2	50.9
Malaysia	7.3	11.1	17.8	87.0	84.0	45.3
Philippines	13.8	14.2	20.3	80.1	84.2	50.4
Vietnam	18.3	22.7	43.5	90.1	89.7	63.4
China	14.7	15.0	17.7	81.5	84.0	55.1
Hong Kong	9.3	13.1	16.4	82.0	81.5	43.8
India	13.6	11.9	12.7	82.4	83.5	57.1
Sri Lanka	14.2	18.8	14.1	86.1	88.1	60.1
Other	11.3	14.4	21.6	78.4	78.2	52.8

Source: ABS 1991, Census matrix table csc6026

In the early 1990s, Lebanese and Vietnamese immigrants endured dramatically high unemployment rates which remained high across all levels of qualification. There was a large difference between those with post-school qualifications and those without, but there was little difference between those with tertiary qualifications and those with trade qualifications. In both cases, the unemployment rates were atypically high. For example, the unemployment rate for Lebanese immigrants *with no post-school qualifications* was 2.7 times higher than the equivalent

Australian-born figure (33.6 per cent to 13.5 per cent). But for persons *with tertiary qualifications* the unemployment rate amongst Lebanese immigrants was 7.2 times higher than the equivalent Australian-born figure (25.2 per cent to 3.5 per cent). A similar situation applied to Vietnamese immigrants. Indeed, what is distinctive about the data in Table 4.9 is the exceptionally high unemployment rates amongst tertiary-educated people from most Asian countries, the Middle East, Poland and Yugoslavia.

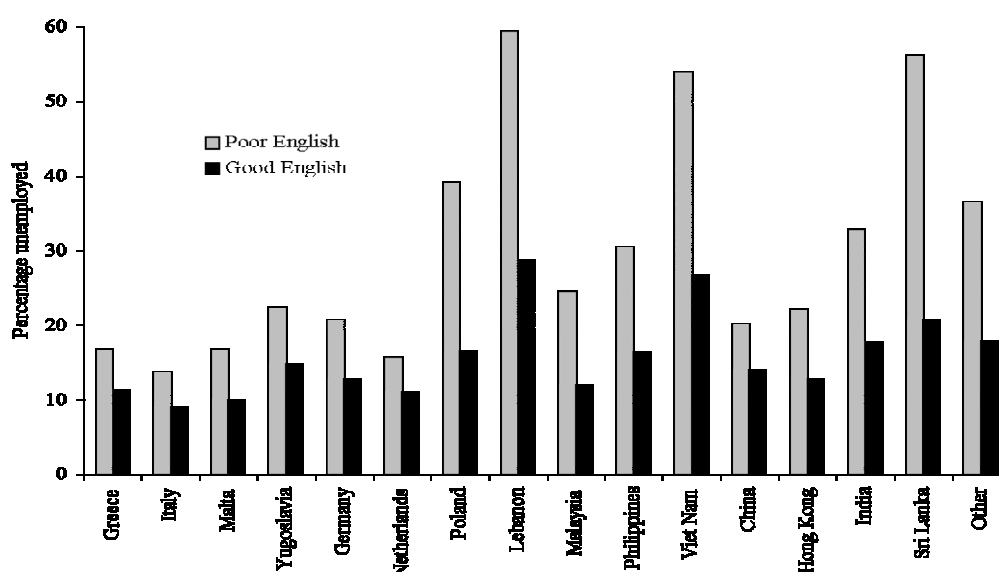
There were a small number of birthplace groups for whom the unemployment rate did not climb alarmingly if they possessed no post-school qualifications: Yugoslavia, Netherlands, India and Sri Lanka. Indeed in the case of the Sri Lankan-born, the unemployment rate was higher for persons with trade qualifications than it was for persons with no post-school qualifications. Across a range of birthplace groups, persons with trade qualifications fared poorly. None had unemployment rates lower than the Australian-born, and amongst the following birthplace groups the unemployment rate was at least double the Australian-born: Yugoslavia, Poland, Lebanon, Vietnam and Sri Lanka.

Finally, the participation rate also showed a dramatic difference between those persons with some kind of post-school qualifications and those without. In the case of the Australian-born, for example, the participation rate for those with post-school qualifications was in the mid-80 per cent range. However, this dropped to well below 60 per cent for those with no post-school qualifications. There were a number of birthplace groups for whom this drop was particularly sharp (Poland, Lebanon, Malaysia, Philippines and Hong Kong).

English proficiency

English proficiency is one of the most decisive factors associated with both unemployment and participation rates. As Figure 4.6 illustrates, for a large number of birthplace groups the unemployment rate for persons with poor English (defined as speaking English not well or not at all) was more than twice the unemployment rate for those with good English (defined as speaking English ‘well’ or ‘very well’). While the very high unemployment rates for Lebanese and Vietnamese immigrants with poor English was not unexpected—given their very high unemployment rates in general—the situation for Sri Lankan immigrants was striking. Their unemployment rate in general was not very different than other Asian immigrants (at 14.8 per cent), but the unemployment rate for those Sri Lankan immigrants with poor English was the second highest for all birthplace groups (at 56.2 per cent).

Figure 4.6: Unemployment rates by English proficiency and birthplace, Australia 1991



Source: ABS 1991, Census matrix table csc6037, 6035

The participation rates in Table 4.10 also show an interesting anomaly. As one would expect, the participation rate improved dramatically for those immigrants with good English. For immigrants from Germany, the Netherlands and the Philippines, for example, it more than doubled. However, for Vietnamese immigrants, the participation rate was virtually identical across both groups. Those with poor English were as active

in the labour market as those with good English. This provides one possible insight into the high unemployment rates observed earlier for this birthplace group.

One would expect that the most favourable labour force outcomes would apply to those immigrants who were both fluent and well educated. Table 4.11 summarises the data for those immigrants who spoke English well or very well, and who had tertiary qualifications.

Despite the solid improvements in the fortunes of a number of birthplace groups, the most striking feature of Table 4.11 are the very high unemployment rates still endured by Lebanese, Indian and Sri Lankan immigrants. Between nearly a fifth and a quarter of fluent, tertiary educated immigrants from these three countries failed to find employment in the labour market.

Table 4.10: Unemployment and participation rates for immigrants by English proficiency, Australia 1991

Country of birth	Unemployment rate		Participation rate	
	Poor English	Good English	Poor English	Good English
Greece	16.7	11.3	39.6	67.5
Italy	13.7	8.9	23.8	59.4
Malta	16.7	9.9	29.3	57.3
Yugoslavia	22.4	14.8	42.3	68.8
Germany	20.7	12.8	23.6	55.5
Netherlands	15.7	11.0	22.5	46.6
Poland	39.1	16.5	33.7	45.4
Lebanon	59.3	28.7	35.8	64.2
Malaysia	24.5	11.9	39.6	64.2
Philippines	30.5	16.3	29.6	69.8
Vietnam	53.9	26.6	66.9	66.5
China	20.1	13.9	55.4	74.3
Hong Kong	22.0	12.8	42.5	58.1
India	32.8	17.7	39.0	77.9
Sri Lanka	56.2	20.7	42.3	75.5
Other	36.5	17.8	44.7	61.9

Source: ABS 1991, Census matrix table csc6026.

Note: Poor English is defined as speaking English not well or not at all and good English is defined as speaking English well or very well.

Length of residence in Australia

As well as English proficiency, length of residence in Australia is also strongly associated with labour market outcomes: recently arrived immigrants are much more likely to become unemployed. As Inglis and Stromback succinctly put it: ‘it takes some time to get a job after arriving in Australia’ (1986, p. 310). Census data confirms this view, but with some important exceptions. There were certainly birthplace groups who followed a general pattern of steady decline

in the unemployment rate as their length of residence increased. Polish immigrants, for example, had unemployment rates of 40 per cent if they arrived in Australia in the five years prior to 1991; this dropped to 18.3 per cent if they arrived in the five years prior to that; and it dropped again, to 10.5 per cent, if they arrived prior to 1981. This pattern was most evident for Southern and Northern European immigrants. Similarly, there were birthplace groups whose unemployment rate was high for recent arrivals, but substantially the same for all periods prior to that. For example, Indian and Sri Lankan immigrants had very high unemployment rates if they arrived in the five years prior to 1991 (both over 26 per cent). But if they had been resident in Australia prior to 1986, their unemployment rates (ranging between 6.7 and 8.9 per cent) were relatively favourable, and were even better than the Australian-born average of 10.6 per cent. However, there was another group of immigrants—from Lebanon and Vietnam—whose unemployment rate remained very high, irrespective of their length of residence.

Conclusion

This chapter has identified two important sub-groups amongst the NESB unemployed. First, there is a category of tertiary educated immigrants who are over-represented amongst the unemployed, and whose characteristics appear to be inappropriate to their labour market situation. Secondly, there is a category of less well educated immigrants, mostly from blue-collar backgrounds who have suffered a similar fate to their

Table 4.11: Unemployment and participation rates for immigrants with tertiary qualifications who speak English well or very well, Australia 1991

Country of birth	Unemployment rate	Participation rate
Greece	6.4	88.9
Italy	4.4	86.5
Malta	1.5	79.5
Yugoslavia	12.5	85.2
Germany	7.8	76.1
Netherlands	6.0	67.8
Poland	13.7	79.2
Lebanon	24.9	86.7
Malaysia	7.8	87.0
Philippines	13.9	82.3
Vietnam	15.5	91.6
China	13.9	82.9
Hong Kong	9.6	82.8
India	17.9	85.5
Sri Lanka	18.9	88.0
Other	14.1	77.4

Source: ABS 1991, Census matrix table csc6026.

Australian-born colleagues as a result of economic restructuring. As we shall see, it is amongst this latter group that long-term unemployment is particularly severe. We shall take up this issue in the next two chapters. Here it is worth considering what might be happening in the labour market to explain the characteristics of this first group.

Beggs and Chapman (1988) suggest four possible reasons for why tertiary educated NESB immigrants fare worse than their Anglophone (that is, Australian-born and ESB immigrants) colleagues:

1. systematic devaluing of immigrant formal training (ie. their overseas qualifications) by local employers and discrimination by domestic ‘special interest groups’;
2. overseas education is less ‘transferable’ internationally at higher levels;
3. unobserved variables, such as motivation or ability, may be responsible for the findings;
4. the quality of education in Australia may be higher than overseas.

Stromback et al. (1992, p. 55) suggest the same set of reasons in discussing their findings on the poor returns NESB immigrants receive for their overseas qualifications. In *Opening the Glass Door* (Watson, 1996) it was argued that the Australian labour market is composed of labour market *shelters*, niches in which the current incumbents find a retreat from competition from outsiders and which also protects them from labour market adversity (unemployment, disability and old age) (Freedman, 1976, p. 113). Both the qualitative research for this study, and the literature more generally, suggest that tertiary educated immigrants face considerable obstacles in gaining employment in Australia in jobs commensurate with their qualifications and skills. Recent research suggests that the incidence of underemployment is highest amongst recently arrived NESB immigrants (Wooden, 1993). The labour market shelters which immigrants attempt to enter are usually well protected by the current incumbents, either through

licensing and credentialing requirements or through recruitment practices which favour the cultural peers of the incumbents. In the language of mainstream economics, these incumbents constitute ‘special interest groups acting in rent-seeking ways by limiting overseas supply competition’ (Stromback et al., 1992, p. 57).

Several possibilities are open to tertiary educated NESB immigrants faced with constant rejection:

1. accepting any job opportunities that are possible (and becoming underemployed);
2. attempting to become self-employed;
3. accepting protracted periods of unemployment while continuing to search for appropriate work;
4. withdrawal from the labour market.

Occupation held by tertiary educated person	NESB percentage of occupation's incumbents
Road & rail transport drivers	26
Stationary plant operators	25
Machine operators	65
Trades assistants	62
Cleaners	42
Miscellaneous labourers	34
Average across all occupations	14

Source: ABS 1991, Census matrix table 6028.

There is abundant evidence that the first two options are widespread. An extensive literature (for example, Castles et al., 1991; Lever-Tracy et al., 1991; Campbell et al., 1991) documents the second option whilst Table 4.12 below highlights the extent to which tertiary educated NESB immigrants are over-represented in low-skilled occupations. As is evident here, in 1991 NESB immigrants made up 14 per cent

of all tertiary educated workers, but across a range of low-skilled occupations they composed between a quarter and two thirds of the tertiary-educated incumbents found there.

The third and fourth options are important aspects of long-term unemployment and we will return to them in Chapter 6.



In summary, most of the findings in this chapter are consistent with earlier studies into immigration and unemployment carried out during the 1980s. Our findings demonstrate:

- ◆ unemployment ‘selects’ the less well-educated, but this screening process is much weaker for NESB immigrants. Their education affords them less protection in the labour market, relative to similarly educated Australian-born or ESB immigrants.

- ◆ the unemployment rate improves for people whose overseas qualifications are recognised, but this effect is weaker for NESB immigrants than for immigrants in general. On the other hand, the unemployment rate is very much improved for persons with post-school qualifications gained in Australia, and the NESB/Anglophone difference here is not significant.
- ◆ unemployment amongst immigrants is only weakly related to the occupation held prior to migration, but it does have a much stronger link with whether a person worked prior to migration. Having a job prior to migration reduced the odds of being unemployed by about 40 per cent.
- ◆ occupations held in Australia were much more strongly related to unemployment, with labourers and plant and machine operators over-represented amongst the unemployed. This was particularly strong for NESB immigrants.
- ◆ amongst NESB immigrants the factors most strongly associated with being unemployed were:
 1. being a teenager;
 2. having low English language proficiency;
 3. being recently arrived in Australia.

This chapter shows that most of the factors associated with NESB unemployment during the 1980s have remained the same during the 1990s. In some cases, the situation has worsened. The next chapter will show that between 1981 and 1991 the labour market situation for unemployed NESB immigrants actually deteriorated. Being an early school leaver, or having low English proficiency, for example, became even greater liabilities in the labour market. Meanwhile the pace of economic change—particularly deindustrialisation and public sector restructuring—made blue-collar NESB workers amongst the most vulnerable workers in the labour force. As the next two chapters will demonstrate, the dilemma of long-term unemployment amongst NESB immigrants is intimately linked to these economic processes.

5. The Emergence of Long-term Unemployment

Economic restructuring and employer behaviour

The Australian labour market in the 1980s

In the 1970s the long post-war boom of capitalism came to an end and high levels of unemployment returned to the industrialised Western economies. While this decade marked a watershed in the history of contemporary labour markets, the 1980s was in many ways no less dramatic. In the case of Australia, the 1980s saw the deregulation of the financial sector and the accelerated dismantling of the manufacturing sector. Both of these developments had profound effects on the labour market:

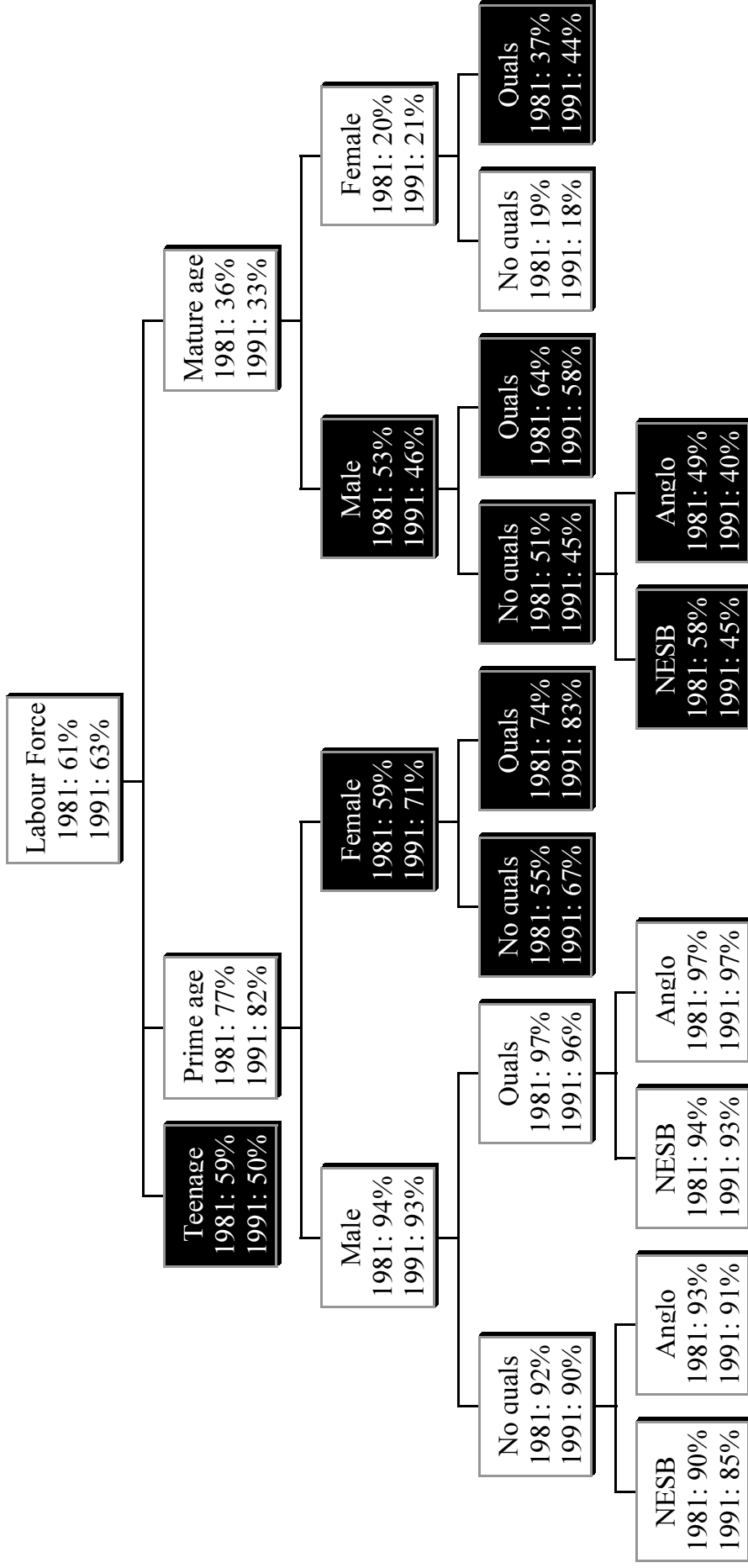
- ◆ service sector employment mushroomed, particularly for part-time workers;
- ◆ manufacturing employment continued to fall, both in absolute terms and as a share of the total labour force.

In tandem with these changes, a number of long-term trends accelerated. Professional occupations grew rapidly, while credentialism also increased; women's labour force participation continued to rise; teenage labour force participation continued to decline; and part-time and casual jobs increased their share of the total jobs in the economy.

The 1980s began and ended with recessions in which levels of unemployment reached new post-war highs. Recovery from recession was slow and uneven, and impacted differently on particular groups of people. A disturbing trend emerged whereby the participation rate fluctuated according to economic cycles, and the unemployment rate failed to fall rapidly during periods of growth. What had happened was that the new jobs created during economic upswings were overwhelmingly taken by new entrants to the labour market, often working part-time; by people re-entering the labour market; and by the people most recently unemployed. Consequently, the long-term unemployed found themselves spending even longer periods of time out of work. In this chapter and the next we focus closely on the long-term unemployed, examining the differences between NESB, ESB and Australian-born persons. In Chapter 6 we will examine whether the same factors which we found in Chapter 4 to be associated with unemployment, are also significant when it comes to long-term unemployment.

In this chapter we also examine the changes which occurred in the labour market during the 1980s, focussing on how these changes affected particular groups of people. In a sense, the labour market 'turned against' certain categories of workers during the 1980s: blue-collar workers, males, mature age workers and less qualified workers. NESB workers also saw their relative disadvantage worsen during that decade. People at the intersection of these various characteristics—for example, NESB mature age blue-collar males who had left school early—became the most vulnerable workers in the labour market by the late 1980s.

Figure 5.1 Labour force participation rates, 1981 and 1991



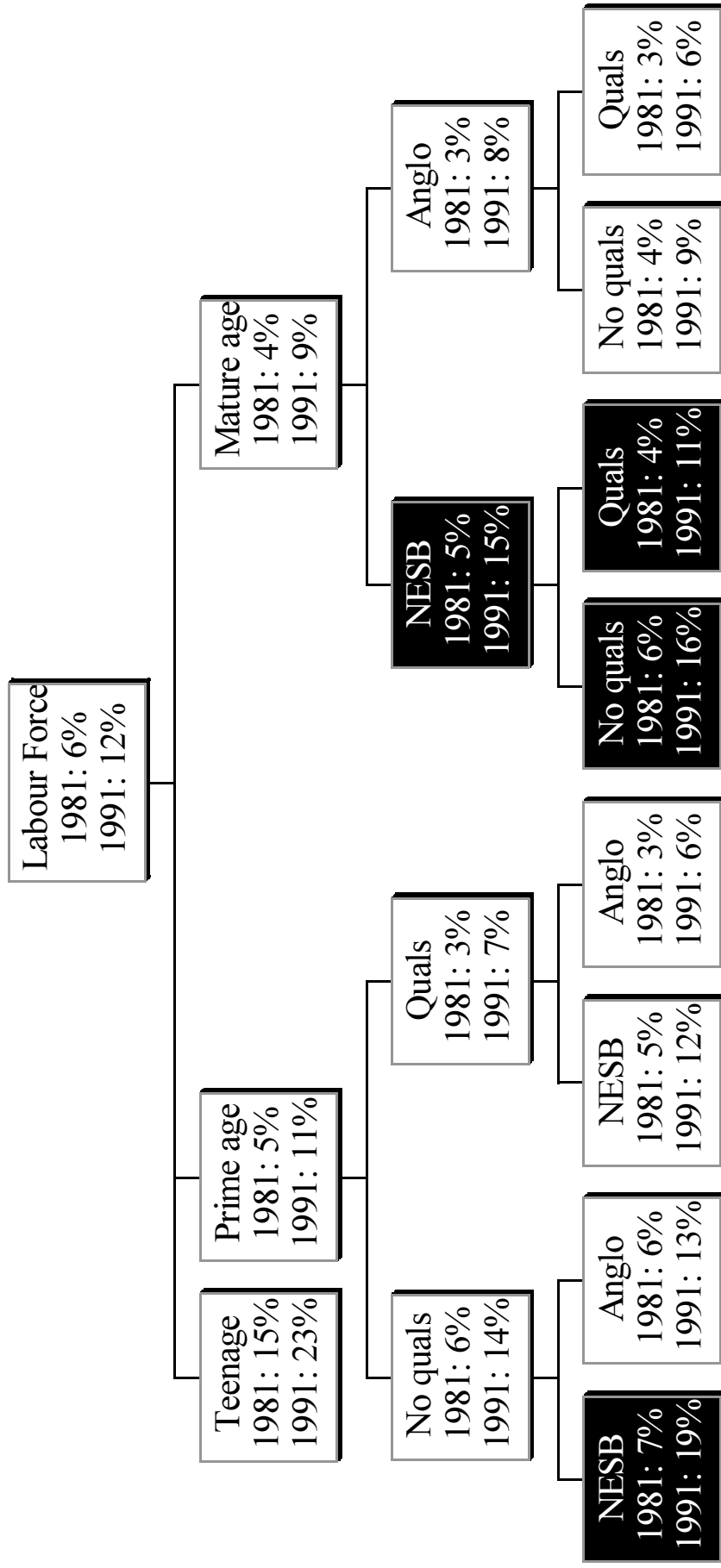
Source: Based on data from ABS 1981 and ABS 1991a.

Notes: •Ouals/no quals refers to post-school educational

•NESB/Anglo refers to country of birth (Anglo includes ESB immigrants and Australia-born.

•Dark boxes indicate considerable changes between 1981 and 1991.

Figure 5.2 Unemployment rates, 1981 and 1991



Source: Based on data from ABS 1981 and ABS 1991a.

Notes:

- Quals/no quals refers to post-school educational
- NESB/Anglo refers to country of birth (Anglo includes ESB immigrants and Australian-born.
- Dark boxes indicate considerable changes between 1981 and 1991.

Changes in unemployment over time¹⁴

How did the characteristics of the unemployed change during the 1980s, a decade which saw major structural changes in the Australian economy? To answer this question we first need to examine how participation rates changed during the 1980s, since unemployment and labour force participation are closely related.¹⁵ Figure 5.1 provides a graphical overview of these changes, illustrating the different participation rates for various segments of the population (aged 15 and over). One of the most striking changes was the removal of teenagers from the labour market through a dramatic increase in *school* participation rates, which grew from 34.5 per cent to 64 per cent between 1980 and 1990.¹⁶ Not surprisingly, the teenage *labour force* participation rate dropped from 59 per cent to 51 per cent during this period.¹⁷ The impact of this on the age structure of the unemployed population was considerable. In 1981, 27 per cent of the unemployed were teenagers; by 1991 this had dropped to 16 per cent. At the same time, there was a marginal improvement in their relative unemployment rates. In 1981 the teenage unemployment rate was two and a half times the unemployment rate for all age groups, by 1991 it was just under twice the average. This was also evident in the improvement in the odds ratios for teenagers compared to non-teenagers. In 1981 the former had 3.4 times the odds of becoming unemployed, compared to the latter. By 1991 this ratio had dropped to 2.5 (see Table 5.1).¹⁸

NESB teenagers shared some of this improvement, but they continued to endure a labour market situation much worse than their Australian-born and ESB peers. In 1981 their unemployment rate was 20.5 per cent, a figure three times worse than the average NESB unemployment rate. By 1991, their unemployment rate was just over twice the NESB unemployment rate for all age groups. Compared to NESB adults, NESB teenagers also saw their odds ratio of becoming unemployed drop from 4 to 3 over this time period.

At the other end of the age spectrum, mature age persons also increased their retreat from the labour market, though this phenomenon was highly gender specific. The participation rate for all persons aged 50 and over fell from 36 per cent to 33 per cent; the drop for males was from 53 per cent to 46 per cent, whereas for women the situation remained static. For older women *with post-school qualifications*, their

¹⁴ The following analysis makes considerable use of odds ratios rather than percentages. The reasons for this are two-fold. First, comparison between percentages is generally highly sensitive to the magnitude of each percentage. A certain difference in relative percentages may appear significant if the percentages are large, but trivial if they are small (Moroney, 1956, p. 203). An odds ratio has the advantage of being invariant to the marginal totals involved: irrespective of the magnitudes involved, the inherent relationships do not change. Secondly, and closely related, this invariance makes odds ratios ideal for comparing relationships drawn from tables from different samples (Reynolds, 1984, p. 41; Liebetrau, 1983, p. 39).

¹⁵ If the participation rate increases, then aggregate increases in employment may not lead to a fall in the unemployment rate, as the size of the total labour force has grown. This is a common phenomenon when the economy is recovering after a recession, since buoyant conditions attract new entrants into the labour market, as well as the return of discouraged job seekers.

¹⁶ Apparent retention rates in Australian schools from first to final year, from Table A9, DEET 1991, p. 42.

¹⁷ These figures considerably understate the extent of the decline in teenage labour force participation, since full-time school students working in very part-time employment are included in the definition of employed teenagers.

¹⁸ For an explanation of odds ratios, see Note 7 in Chapter 3.

participation rate actually rose, from 37 per cent to 44 per cent. Moreover, the comparison with their unqualified peers was striking: their participation rate was only 18 per cent. In a similar fashion, men without post-school qualifications experienced the largest fall in participation rates, dropping from 51 per cent to 41 per cent over the decade. By 1991, unqualified mature age men had participation rates amongst the lowest in the population.

NESB men without qualifications had traditionally maintained a higher participation rate than their Australian-born and ESB colleagues, but during the 1980s this margin also began to shrink. Figure 5.2 highlights the greater impact of unemployment on mature age NESB immigrants during this period. Over the 1980s the average unemployment rate doubled, but for mature age NESB immigrants, the unemployment rate tripled. This impact was felt by the educated and the less educated alike, reinforcing the argument advanced earlier that post-school qualifications do not protect the NESB population in the same fashion as they do their Australian-born peers.

Table 5.1: Odds ratios of being unemployed for teenagers by birthplace category, 1981 and 1991

Birthplace	1981	1991
<i>Teenagers vs. non-teenagers</i>		
All teenagers in the labour force	3.4	2.5
Born in Australia	3.5	2.7
Born overseas in ESB country ^a	3.4	2.7
Born overseas in NESB country ^a	4.0	3.0

Source: ABS 1981, Census PSF and ABS 1991, Census HSF

Note:^a indicates the 1981 to 1991 difference is not statistically significant. The odds ratios are calculated from the cross-product ratio in another set of tables (not shown) and are best understood as a measure of the relative odds of being unemployed for teenagers compared to non-teenagers.

force were part of a much large restructuring taking place in the labour market, particularly around hours of work and a changing industrial composition within the economy. In many respects, the 1980s saw the labour market begin to turn against men. In 1981 men had better odds than women of avoiding unemployment, whereas by 1991 their odds were worse than women's (a change in odds ratios from 0.79 to 1.23).

For men in their prime years (20 to 49), participation rates remained largely stable or declined slightly, with modest declines amongst the educationally less qualified and the NESB. For women, on the other hand, the changes were more pronounced. The female participation rate in this age bracket grew from 59 per cent to 71 per cent, *and this growth was shared by both qualified and less qualified women*. Indeed, unlike mature age women, the less qualified prime age women saw their participation rate grow strongly, from 55 per cent to 67 per cent.

These changes in the gender composition of the labour force were part of a much large restructuring taking place in the labour market, particularly around hours of work and a changing industrial composition within the economy. In many respects, the 1980s saw the labour market begin to turn against men. In 1981 men had better odds than women of avoiding unemployment, whereas by 1991 their odds were worse than women's (a change in odds ratios from 0.79 to 1.23).

For NESB immigrants in general, the 1980s was the decade which saw their labour market fortunes sharply deteriorate. Whereas in 1981 their unemployment rate was only marginally worse than the general unemployment rate, by 1991 it was considerably worse. Australian-born and ESB people saw their unemployment rate nearly double during the 1980s; NESB immigrants saw their rate rise by over two and a half times. Similarly, the odds ratio of becoming unemployed for NESB immigrants compared to the Australian-born and ESB immigrants moved from 1.1 to 1.6 during that decade. *Their relative likelihood of being unemployed was thus 50 per cent higher by 1991.* This picture is summarised in Table 5.2.

Table 5.2: Relative unemployment situation of NESB immigrants, 1981 and 1991

Characteristic	NESB		Aust-born & ESB	
	1981	1991	1981	1991
Unemployment rate	6.6	16.6	5.8	11.0
Odds ratio of being unemployed (NESB vs Aust-born & ESB)	1.1	1.6		

Source: ABS 1981, Census PSF and ABS 1991, Census HSF.

Even amongst prime age workers, NESB immigrants without qualifications saw their unemployment rate rise dramatically, from 7 per cent in 1981 to 19 per cent in 1991. Like their mature age colleagues, these people were being penalise twice: once for being NESB and a second time for being less qualified.

During the 1980s a lack of English proficiency became a greater liability in the labour market than ever before. In 1981, for example, the odds ratio of becoming unemployed for people who were not proficient in English was 2.3. By 1991 it had jumped to 3.3. Amongst immigrants, recency of arrival in Australia continued to be a major factor in their labour market fortunes. Immigrants who had arrived in Australia within the previous four years had two and a half times the odds of becoming unemployed compared with immigrants who had arrived earlier than this. This particular ratio remained constant over the 1980s. As we saw earlier, this phenomenon seemed to largely affect NESB immigrants since recent ESB immigrants were not penalised in the same way. For them the odds ratio of becoming unemployed was only 1.7, compared with an odds ratio of 3 for NESB recent arrivals.

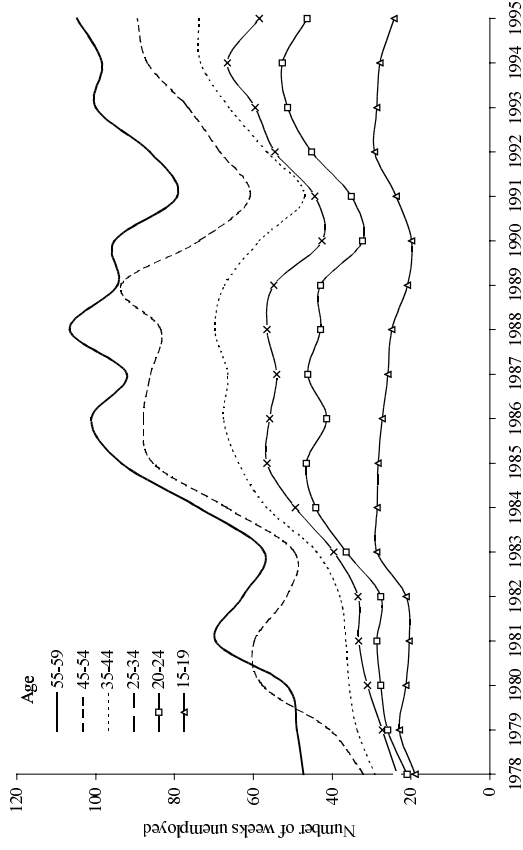
The emergence of long-term unemployment

The economic restructuring which became the hallmark of the 1980s was characterised by an accelerated rate of industrial decline. While manufacturing industries had been shrinking as a proportion of GDP and of the labour force since the 1960s, the pace of this decline accelerated during the 1980s. As a proportion of GDP, manufacturing represented about one quarter during the 1960s and early 1970s. This dropped slightly during the late 1970s to about 22 per cent, but by the mid 1980s this proportion fell to 17 per cent. An almost identical decline in proportions occurred in terms of employment share (from 21 per cent in 1977 to 16 per cent in 1989).

The Emergence of Long-term Unemployment

This decline in manufacturing had particular consequences for the labour market in Australia because it introduced structural unemployment into the economy. The emphasis on industry competitiveness which emerged during the 1980s reinforced the creation of 'technological unemployment' whereby major job shedding occurred as labour-saving technology was introduced. While capital became more mobile, moving interstate and even off-shore to exploit cheaper foreign labour or government concessions and incentives, labour remained largely stationary: 'Unemployed persons were not perfectly mobile: they were not like idle bank balances, and consequently unemployment in industrial countries tended to be geographically concentrated' (Dyster and Meredith, 1990, p.228).

Figure 5.3: Average duration of unemployment, Males, Australia, 1978-95
(number of weeks unemployed)

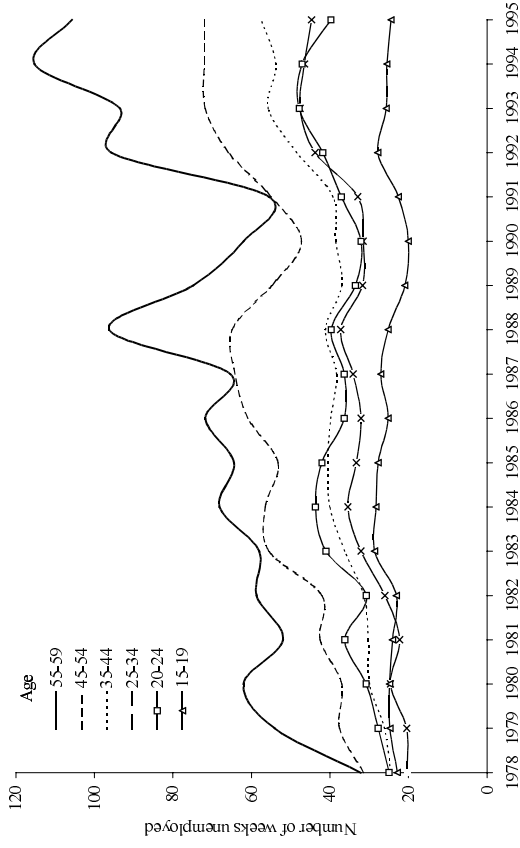


Source: ABS (1992), *The Labour Force, Australia, Historical Summary, 1978-95*, Cat. No. 6204.0

The Emergence of Long-term Unemployment

It is worth looking more closely at some of the characteristics of the long-term unemployed in order to appreciate the impact of manufacturing decline on employment. Figures 5.3 and 5.4 show the remorseless increase in the average duration of unemployment during the 1980s and early 1990s, particularly amongst non-teenage males. Again, the gender differences are sharp, with female averages much lower than male averages across all age groups. Figure 5.3 makes it very clear that mature age males, the category of workers most heavily affected by manufacturing decline, have been the most severely affected by long-term unemployment in terms of average duration.¹⁹

Figure 5.4: Average duration of unemployment, Females, Australia, 1978-95
(number of weeks unemployed)



Source: ABS (1992), *The Labour Force, Australia, Historical Summary, 1978-95*, Cat. No. 6204.0

¹⁹ While males aged over 45 do not make up the majority of the long-term unemployed, their almost certain exclusion from further work is emphasised in Figure 4.1

Table 5.3: Industry background of long-term unemployed, Australia, 1993 (percentage of persons in each industry division)

ASIC Division	Males		Females	
	Long-term unemployed	Labour Force	Long-term unemployed	Labour Force
Agriculture, forestry, fishing, hunting	9	6	2	3
Mining	2	2	0	0
Manufacturing	27	18	22	9

Table 5.4: Occupational background of long-term unemployed, Australia, 1993 (percentage of persons in each occupational group)

Major occupation	Males		Females	
	Long-term unemployed	Labour Force	Long-term unemployed	Labour Force
Construction	14	11	0	2
Transport & storage	18	20	27	23
Communication	3	15	2	7
Finance, property & business services	5	13	5	14
Managers and Administrators	4	6	4	6
Community Services	10	10	10	10
Para-Professionals	5	6	25	30
Total	100	100	100	100

Source: Labour Force Estimates, May 1993, GRP600, Table UE5 for long-term unemployed; The Labour Force, Australia, May 1993, Cat. 6203.0, for general population

Note: Long-term unemployed defined as duration of unemployment 52 weeks or greater.

Tables 5.3 and 5.4 show the industry and occupational background of the long-term unemployed and confirm the disproportionate contribution made to unemployment by industrial decline. Both the manufacturing sector and labouring occupations are massively over-represented amongst the long-term unemployed.

In the case of men, some 27 per cent of the long-term unemployed last worked in manufacturing, whereas the proportion of the labour force working there was only 18 per cent. With women, the picture is even bleaker: some 22 per cent of the long-term unemployed had manufacturing backgrounds, while only 9 per cent of all women in the labour force worked there. By way of contrast, in finance and property, the situation was reversed. Both men and women working there were more likely to be under-represented amongst the long-term unemployed.²⁰

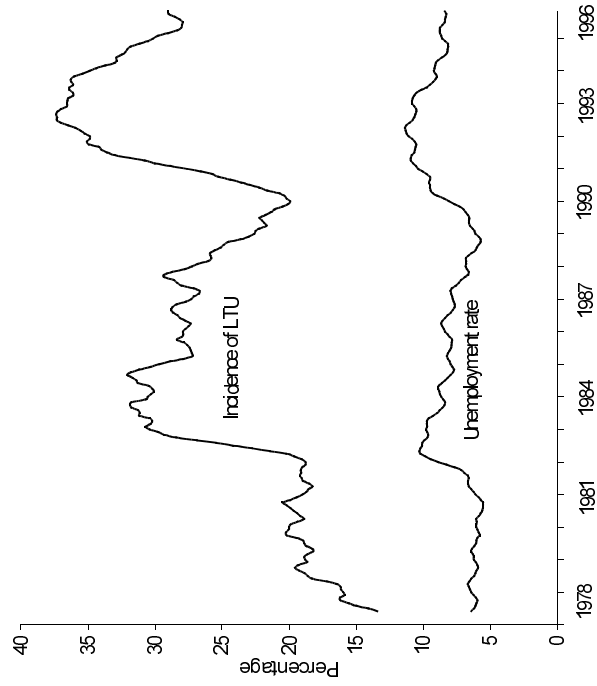
²⁰ It is the case that the recreation and personal services sector also mirrors the pattern for manufacturing. However, this is not because of an overall decline of employment in this sector, but because of the fierce competition for low-paid, low-skilled work which is so common there (a phenomena captured in Bob Gregory's observation that they face steep competition from displaced 'middle income' workers (Gregory, 1993)).

Turning to occupation, a similar picture emerges. Both men and women with labouring backgrounds, and with backgrounds in plant and machine operating, were over-represented amongst the long-term unemployed. The situation for labourers was striking: the proportion of men and women amongst the long-term unemployed was double the proportion in that occupation in the labour force generally. As well as industrial decline, this pattern also emphasises the way in which long-term unemployment disproportionately affected the less skilled and lower educated sectors of the workforce, irrespective of their industry background. Again, by way of contrast, managers and professionals were massively under-represented amongst the long-term unemployed.

As well as industrial decline, the other major contributor to the emergence of long-term unemployment were changes in the pattern of labour market recruitment which became evident during the 1970s. As the economy moved out of recession and into a growth cycle, many of the new jobs created went to new entrants or re-entrants to the labour market, rather than to applicants from the pool of unemployed. As a result, unemployment remained at a relatively higher level in each subsequent post-recessionary period. Similarly, the incidence of long-term unemployment—the unemployed who unemployed for longer months—worsened initial periods of

example, during the 84 to 1984-85 the unemployment rate 9.6 per cent to 8.6 per cent to 8.6 per cent to 8.6 per cent to 8.6 per cent to 8.6 per cent. incidence of long-term unemployment rose cent to 31.1 per cent. sustained economic the pool of long-term diminished. This happen during 1988 this recovery was the recession of the Figure 5.5 highlights relationship between unemployment rate incidence of long-term

Figure 5.5 Relationship between unemployment rate and incidence of LTU, 1978 to 1996



Source: ABS Monthly Labour Force Surveys

term proportion of remain than 12 during the growth. For period 1983- dropped from cent, but the from 29.8 per Only with growth was unemployed began to and 1989, but dashed by early 1990s. the the and the

unemployment. The incidence of LTU continues to climb steeply even after the unemployment rate levels out, and after each recession LTU settles at a higher level than before the recession.

In essence, short-term changes in the incidence of LTU simply reflect the vagaries of labour market flows—of the inflows and outflows from unemployment which determine the relative proportions of short-term and long-term unemployed persons. For example, at the onset of a recession the inflows into unemployment increase, leading to a drop in the proportion of the unemployed who are LTU because of the increased numbers of short-term unemployed. However, after a year if the recession continues, the proportion of LTU begins to rise (Junankar and Kapuscinski, 1991, p. 4). These trends are evident in Figure 5.5.

◆ Economists have observed that as the economy recovers from recession, the LTU have a lower probability of escaping unemployment than the short-term unemployed. They see this as due to two factors:

1. 'heterogeneity'—the clustering of 'poorer marketable characteristics' amongst the LTU as a group. This follows from the observation that the people most likely to exit from unemployment after a short duration are the young, better educated and more highly skilled.
2. 'duration dependence'—the experience of unemployment itself leads to skills loss, demoralisation and stigmatisation. The longer one remains unemployed, the worse are one's prospects of escaping unemployment. (Junankar and Kapuscinski, 1991, p. 4; Chapman and Smith, 1993, pp. 7-8; ABS 1994, p. 48)

In the long-run, it is clear that the relentless increase in the incidence of LTU reflects an underlying and severe problem with the capacity of the labour market to provide work for certain categories of people, even during periods of economic growth.

'Duration dependence' also represents one way in which the behaviour of employers compounds the problem of long-term unemployment. Employers view the duration of unemployment as a 'negative signal' (Junankar and Kapuscinski, 1991, p. 4) and their recruitment practices consistently favour either new entrants, re-entrants, or recently unemployed persons (ABS 1994, p. 48). In this respect, the outflows from LTU are much lower than they might otherwise be. At the same time, the behaviour of employers in job shedding contributes to the inflows into unemployment, and potentially into LTU as well. The final section of this chapter uses survey data and case study material to explore this issue more fully.

Employer behaviour and the LTU

Much of this study has dealt with issues of labour supply. As noted in Chapter 1 this is an unfortunate side-effect of working with datasets based on surveys of individuals in the labour force. This pre-occupation with the characteristics of the unemployed should never be taken as an adequate explanation for their condition of unemployment. We need only remind ourselves of the 1960s, when being a newly arrived, mature age migrant who did not speak English was no impediment to finding almost immediate employment. It

is the labour market which has changed, and the patterns of recruitment found therein. In particular, *the behaviour of employers* is now a major contributing factor to the problem of long-term unemployment.

Survey evidence

Data sources relevant to employer behaviour and the LTU are difficult to find. Fortunately, the Australian Workplace Industrial Relations Survey (see Callus et al., 1991) can be used to examine a range of employer behaviours as they were evident at the end of the 1980s, just prior to the onset of the 1991 recession. The strategy pursued here is to classify workplaces into two categories: those that predominantly employed low skilled blue-collar workers (plant and machine operators and labourers) and those that predominantly employed other workers. The low skilled blue-collar criterion is used because, as we saw earlier, the ranks of the male LTU are overwhelmingly drawn from these occupational backgrounds. Table 5.5 suggests that both NESB and mature age workers were prominent in these kinds of workplaces.

The findings suggest that a considerable proportion of all workplaces reduced their workforce, and that low skilled blue-collar workplaces were much more inclined to use compulsory redundancies and retrenchments than were other workplaces. Moreover, compared with other workplaces these low skilled blue-collar workplaces were more vulnerable to cyclical downturns; they experienced more technological change (though less organisational restructuring) and they made considerable use of casuals and contractors (though other workplaces made greater use of casuals).

Table 5.5: Characteristics of low skilled blue-collar workplaces, 1989 (percentage of workplaces)

Characteristic	Low skilled blue-collar workplaces	Other workplaces	All workplaces
Workplaces with more than 25% NESB workers	20	5	10
Workplaces with more than 10% of mature age workers	40	24	29
Reduced workforce during the last year	29	25	26
Method used to reduce workforce			
◆ Natural wastage or attrition	60	58	60
◆ Redeployment to another workplace in the organisation	19	38	29
◆ Early retirement	11	12	11
◆ Voluntary redundancies	19	19	20
◆ Compulsory redundancies/retrenchments	38	28	31
Reason for reduction			
◆ Lack of demand	51	36	41
◆ Technological change	7	3	4
◆ Organisational restructuring	10	22	18
Contractors			
◆ Used contractors during the last year	69	60	63
◆ Increased use of contractors during the last year	21	12	15
Casuals			
◆ Used casuals during the last year	78	87	86
◆ Increased use of	24	31	29

While Table 5.5 offers us insights into the situation of these workplaces in the 12 months prior to the survey date, Table 5.6 provides us with the patterns which these workplaces tended to follow at different times during the business cycle. Table 5.6 suggests that while low skilled blue-collar workplaces tended to be more monopolistic than other workplaces, the demand for their product was still reasonably volatile, with a third of such workplaces subject to seasonal demand. When it came to short-run increases in demand, low skilled blue-collar workplaces were much more likely to increase overtime; and much less likely to increase their employment numbers compared with other workplaces. Even if a situation of long-term increased demand arose, these low skilled blue-collar workplaces were more inclined to increase capacity than to employ more people. In both cases, these responses were different to those of other workplaces. When it came to decreases in demand, low skilled workplaces were not any more likely to reduce their employment numbers compared to other

workplaces, but such a reduction was still the dominant response by all workplaces. *Some 48 per cent of all workplaces chose to reduce their workforce in order to deal with a short-term decrease in demand.*

The implications of these findings for the problems associated with unemployment are:

- ◆ workers in low skilled blue-collar workplaces were vulnerable to being laid off, with all of the subsequent labour market problems this entails. Compared to workers in other workplaces, these workers were more likely to face compulsory redundancies and less likely to be redeployed within the organisation.
- ◆ the chances of unemployed blue-collar workers being able to find *full-time* re-employment was hampered by the high usage of casual workers and contractors, an employment practice which exacerbates the problems of 'precarious unemployment'.

◆ low skilled blue-collar workplaces the fluctuations of cycle in a fashion least favourable to of their workforce. workplaces, they ready to lay off during a downturn. workplaces, they reluctant to increase during an upturn. the return of low skilled blue-collar workers to these much more difficult otherwise have been

Case study

Statistical data reveal associations and trends. To understand generating LTU, it is understand how and workplace level have worked out in recent times. done by organisational and other kinds of data.

Table 5.6: Market situation of low skilled blue-collar workplaces, 1989 (percentage of workplaces)

Situation	Low skilled blue-collar workplaces	Other workplaces	All workplaces
Workplace faces few or no competitors	49	28	36
Seasonal demand for the workplace product	34	23	26
Methods used to deal with short-term increase in demand			
◆ Increase overtime	33	21	25
◆ Increase the numbers employed	36	53	48
Methods used to deal with long-term increase in demand			
◆ Increase capacity	46	33	37
◆ Increase the numbers employed	40	53	49
Methods used to deal with short-term decrease in demand			
◆ Decrease hours	34	21	25
◆ Decrease the numbers employed	43	50	48
Methods used to deal with long-term decrease in demand			
◆ Decrease hours	12	6	8
◆ Decrease capacity	15	9	11
◆ Decrease the numbers employed	59	68	65

Source: unpublished AWIRS data

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evidence

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An organisational case study - Constro

Another insight into the way in which employer behaviour is responsible for long-term unemployment can be gained from examining the 'downsizing' pursued by a major government construction authority: Constro. In 1994 Constro employed about 7,000 people, a quarter of whom were NESB immigrants. The internal occupational composition of this workforce had changed dramatically over a ten year period beginning in the mid 1980s. Whereas 60 per cent had been wage workers, by the mid 1990s 60 per cent were working in salaried occupations. The NESB workers had overwhelmingly clustered in the labouring occupations (37 per cent worked there, compared with a figure of 14 per cent for the Australian-born), so this dramatic restructuring was largely at their expense.

From the early 1950s to the late 1970s Constro was overwhelmingly a construction oriented organisation. Consequently, engineers formed the elite core of the salaried staff, and labouring gangs formed the bulk of the wages workforce. During its construction phase Constro was a major employer of NESB workers. A census carried out by the Anti-Discrimination Board in the late 1970s showed that over 53 per cent of Constro's wages staff who were working in construction were migrants, with workers from just three countries—Italy, Greece and Yugoslavia—accounting for 32 per cent. Other research showed that over 30 per cent of Constro's wages staff in the maintenance and operations area were migrants.

Amongst its construction workforce Constro followed the practice of forming construction gangs from single ethnic groups and then placing workers from that ethnic group who had good English into the leading hand positions. This was partly done to facilitate communication between the Australian-born supervisors and the workforce, but it also reflected the views of some Australian supervisors that workers from different ethnic backgrounds would fight if they were put together. One of its consequences was that it gave considerable power to the leading hands because their labourers had no independent source of information about their working conditions or other workplace rights. According to one of our informants, abuses arose as a result of this system, and these included labourers paying the leading hand to be allowed to do overtime and paying for safety equipment.

Nepotism was also evident when it came to job allocation amongst the wages staff. The category of 'plant operator' was one of the most highly sought after labouring jobs, but it was overwhelmingly given to Australian and English-born workers (over 71 per cent). This happened because allocation to this job was 'haphazard and arbitrary' and largely at the discretion of the overseer. Many employees reported that 'bribery and corruption' were rife when it came to securing better jobs in Constro wages workforce.

Recruitment into Constro's wages workforce during this period was ad hoc and unsystematic:

Constro has traditionally made little attempt to understand its workforce. When hiring labour no attempt is made to inquire into an applicant's educational or skill qualifications and little effort is ever made to match new employees' skills with an appropriate job.

There was also considerable under-utilisation by Constro of the informal trades skills possessed by its wages' workforce, particularly those from migrant backgrounds. The dissatisfaction of the workforce with Constro's 'conservatism and neglect' of workforce planning and management was also partly evident in very high labour turnover figures, which averaged 113 per cent per annum throughout the 1960s, as well as in survey results which showed 72 per cent of recent recruits desired a different job at Constro.

Amongst the wages workforce, migrants were 'seriously disadvantaged' when it came to promotion. Towards the end of the 1970s, Constro introduced an explicit English language requirement into its job definition for overseers. This partly reflected the increased paper work demands for that job, but its effect on less literate workers was severe. As one district inspector conceded: 'quite a few good men have missed out because of their language and lack of writing ability'. This was a particular problem for NESB migrants, whose representation at overseer level was poor. Whereas NESB migrants made up 66 and 61 per cent of two construction districts surveyed, they only constituted 50 and 42 per cent of the overseers in those districts.

Overseas trained engineers whose qualifications were not yet recognised often worked in the construction gangs as labourers during the 1960s. One of our informants noted that about eight or nine migrants were in this position and once their qualifications were recognised, they were promoted directly into engineering jobs with Constro. Leading hands could also become supervisors, but promotion beyond that level was rare. As one of our informants put it, moving beyond that level was 'a mate's game' and NESB workers would only ever make it to first line inspector. The other avenue for advancement from a labouring gang was to move into a base level administrative job. In theory, if a labourer was good with figures, various clerical positions might be open to him. All of these avenues required, of course, good English language skills and good literacy skills.

In practice, however, the wages and the salaried divisions were water-tight compartments and there was little movement between them. Wages staff were not given leave to attend approved courses of study that might have allowed them to transfer to a salaried position (eg. accounting or draughting) or even to improve their technical skills (eg. technical college courses). By contrast, salaried staff were allowed to undertake further study to improve their career prospects. This discrimination against the wages staff reflected an overall Constro perspective that the wages workforce were not part of Constro's career structure. The workers certainly saw it this way themselves. Large proportions of unskilled labourers (65 per cent), plant inspectors (57 per cent) and trades employees (50 per cent) all expressed the view that they had no promotion prospects. For migrants, the situation was made worse by a complete absence of English language training on the job during this period.

Following a government review, Constro underwent a decade of organisational transformation culminating in its corporatisation during the mid 1990s. The main contours of this transformation were evident even before corporatisation was mooted and consisted of:

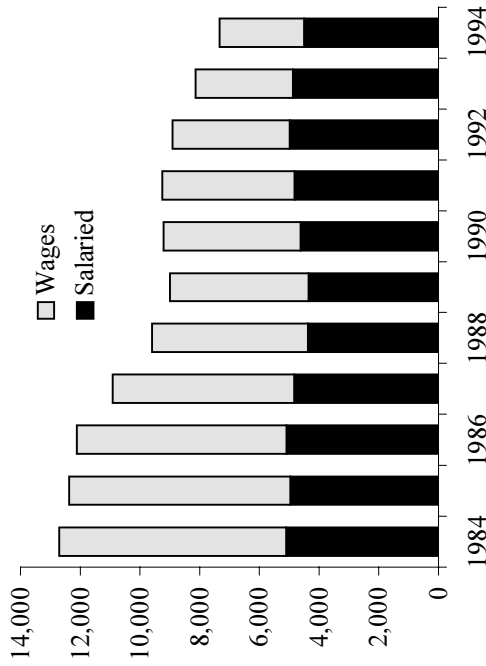
- ◆ cutting back the construction workforce and concentrating Constro's activities on operations and maintenance;
- ◆ becoming 'customer focused' and more commercially oriented in its procedures;
- ◆ restructuring the organisation to:

1. reduce the number of levels in the hierarchy;
2. replace promotion by seniority with promotion by merit;
3. implement EEO.

As early as 1978 a study by outside consultants had recommended cutting back Constro's workforce and this issue remained on management's agenda right through the 1980s and early 1990s, even when Constro was pursuing other organisational goals. As one of our union informants noted: 'every restructuring became a downsizing.' In 1987 Constro began a Voluntary Redundancy Scheme and by 1993 nearly three and a half thousand employees had taken that option. For other workers, it was a case of redeployment. If there was no immediate position available, redundant workers were placed in the Career Assistance Program (CAP). According to our other union informant, Career Assistance was a 'euphemism' because Constro had no intention of redeploying these workers but was just looking for ways of getting rid of them altogether. During this period Constro used a strategy of 'spill and fill' in which management estimated the size of the workforce they needed in various areas, declared all of the jobs in that area non-existent, and then created new jobs. The former workers would then compete for the smaller number of jobs, with some being successful, some choosing voluntary redundancy and some being redeployed. One of our informants recalled that on one particular Friday a thousand people left Constro!

The extent of the reductions in Constro workforce are shown in Figure 5.6, which highlights how the wages staff bore the brunt of the reductions. As one of our union informants described the process: 'the impact at the bottom was horrendous'. While Constro's management argued that the days of building big projects were over and that Constro was now a 'customer focused' organisation, the construction work-load had not entirely disappeared. However, this work went to outsiders. About 75 per cent of construction work passed over to contractors, and the small core of Constro construction workers (about 600 employees) were kept for emergencies and for work which the contractors would not touch, work which was "too hard, too dirty or too vague".

Figure 5.6 Constro workforce, 1984 to 1994



The dilemma for NESB workers during this decade of change was that they were the least well equipped workers to win the new positions or to benefit from any real redeployment opportunities. Constro had begun English language programs during the mid 1980s and supervisory training courses had been running since the 1970s. Both of these initiatives allowed some NESB construction supervisors to transfer into operations and maintenance (O & M) but for the vast majority of NESB workers, downsizing meant the end of their working lives at Constro. In particular, their lack of literacy skills left them highly vulnerable to new personnel procedures such as performance appraisal, which required poor English language fluency, also meant

filling in questionnaires in order to keep their jobs. Lack of numeracy and literacy skills, and poor English language fluency, also meant that NESB construction workers were the least well placed of Constro's employees to exploit any new openings brought about by Constro's new commercial focus.

In the early 1980s public opinion pollsters ANOP found that 75 per cent of rate payers believed Constro provided a good service to the public at a reasonable cost. Business, however, was far less impressed and Constro's strongest critics were drawn from land developers, builders, solicitors and financial institutions. Constro concluded that: 'Our objective is to be perceived as an organisation supportive of residential customers and of the business community and not as an unresponsive bureaucratic monolith'. This self-image, expressed in the language of being 'customer focused', came to dominate Constro's re-organisation during the 1980s and early 1990s, and it neatly dovetailed with the State Government's concern to make government trading enterprises more commercially oriented. As one of Constro's reports phrased it: 'These policies centre on competition, efficiency, commercial performance and reimbursement for community service obligations.'

During 1992, in preparation for corporatisation, Constro was restructured into three major businesses:

- ◆ a core policy, planing and resourcing business;

- ◆ a core operations business; and
- ◆ a trading enterprise (Australian Construction Technologies, ACT).

ACT was viewed as a 'contestable' area of business, meaning that it was open to external competition, whereas the core areas were viewed as 'non-contestable'. Early casualties of this policy of exposing support services to external competition included the printery and the micrographics branch (which reproduced plans). Management considered that if Constro could get this kind of work done more cheaply outside Constro, then Constro should not be doing it. From the union perspective this was a wasteful exercise since outside providers could not match the quality which Constro had traditionally achieved.

Whereas in the early period of restructuring much of the 'downsizing' had occurred by workforce reductions, particularly of construction labour, in the latter stages of restructuring jobs were lost because whole business areas closed down and because specialist services cut back their support staff. In the surveying area, for example, one branch's employees dropped from 70 in the mid 1980s, to 50 by the early 1990s, to just 23 by 1995. The major casualties were employees such as field hands (8 remained from a staff of 40), about a fifth of whom had been migrants. Again, these were the people least able to compete for the new jobs, which required 'multi-skilling' and becoming proficient with new computer technology.



The Constro case study is useful in exposing how the current fashion for corporatising public authorities directly feeds into the problems of long-term unemployment. The workers who bore the brunt of the restructuring involved—the inevitable round of downsizings—were the same people who populated the ranks of the long-term unemployed: NESB, mature age, blue-collar male workers. The failure to redeploy such workers within the new organisational structure, or assist them into other jobs, inevitably led to large numbers becoming unemployed. Moreover, the processes by which this group of people were ejected from the workforce, with minimal skills enhancement or English language assistance, inevitably condemned them to *long-term* unemployment.

A retrenchment case study - the Motor Assembly Company (MAC)

Retrenchments are a major cause of unemployment, accounting for nearly a third of all people who find themselves unemployed (Buchanan and Cowan, 1995, p. 3). Much of the deindustrialisation discussed throughout this report has led to large scale retrenchments within the manufacturing sector. In the private sector 45 per cent of workplaces rely on compulsory redundancies or retrenchments in order to reduce their workforce (Buchanan and Cowan, 1995, p. 3). Unlike the Constro case study, where a war of attrition against the blue collar workforce was waged over several years, these manufacturing retrenchments are often sudden and final, the product of total plant closures.

The Motor Assembly Company (MAC) is a case study of one such plant closure. Researchers from ACIRRT (John Buchanan and Linda Cowan) reviewed the initial closure of the plant, which took place in 1994, and the following case study draws extensively on their report. In addition, former employees were interviewed for this current report, in most cases just under two years after the closure. This case study concludes with insights provided by these former employees. Unlike the retrenchment studies discussed in Chapter 2, our analysis makes use of life-history interviews with the former employees, rather than survey findings. Consequently, we are less concerned with the quantitative aspects of the post-retrenchment experience—such as what proportion subsequently found work—and more interested in how the experience of working at MAC, and the handling of the retrenchment process, contributed to the prospects of workers ending up long term unemployed. In this sense, the MAC case study is intended to provide a counterpoint to the Constro case study.

The precise merits or otherwise of the MAC plant closure are beyond the scope of this case study, though it is important to recognise that deindustrialisation is not an automatic nor unstoppable process, and that industry policies can be tailored to prevent unnecessary retrenchments.²¹ Indeed the MAC closure can be directly linked with the dismantling of industry protection by the former Labor Government. Nevertheless, for Buchanan and Cowan, the plant closure was taken as a given, and they set out to assess its conduct and its initial impact.

Their conclusions were generally positive, and they deemed the closure an example of ‘best practice’ by comparison with the normal pattern of plant closures and retrenchments. Indeed, the usual pattern is such that retrenchees are given little notice about their impending lay off, and little assistance in finding subsequent work, factors which limit their opportunities for re-employment. By comparison MAC’s procedures in this regard were very good:

- ◆ workers had six months notice of the closure;
- ◆ extensive assistance was given to workers in an effort to enhance their re-employment.

The last point is worth examining in detail, since it marks such a sharp departure from the usual pattern. Together with the union and the government, the company established an Employee Assistance Centre (EAC) which performed a number of important functions:

- ◆ during the final six months of operations, EAC assisted workers to upgrade various skills and obtain various certificates which could enhance their employability;
- ◆ EAC staff prepared detailed resumes for all workers and ensured that their records were forwarded to their local Commonwealth Employment Service offices;
- ◆ EAC staff assisted the workforce to make the most of a government industry re-structuring package (the PMVLAP) which included extensive retraining provisions;

²¹ See Buchanan et al. (1992) and Spoehr and Shanahan (1994) for examples.

- ◆ EAC conducted a targeted mail promotion aimed at potential employers of the current workforce. An invitation was extended to visit the MAC plant and meet the workforce.
- ◆ EAC brought 100 employers to MAC plant for a conducted tour of the work site, again attempting to bring current workers and potential employers together (Buchanan and Cowan, 1995, pp. 13-15).

These last two initiatives were particularly innovative, and had been modelled on earlier strategies pursued by other motor vehicle manufacturers. The initial success rate was very high. Of the 420 workers effected by the closure, 260 wanted to continue working, and of these, about 160 had lined up new jobs within a month of the closure. It is important to note, however, that anecdotal evidence gathered later by Buchanan and Cowan in focus groups suggested that subsequent jobs had not lasted long for many of the workers. The literature on retrenchments confirms this possibility, showing that despite initial success in finding new work, many retrenchees eventually find themselves unemployed (and most experience downward occupational mobility in their new jobs. See Chapter 2 above.)

NESB immigrant workers composed a significant proportion of the MAC workforce (nearly 40 per cent) and their needs were seen as an important part of the retrenchment process. One of the EAC staff was fluent in three Asian languages, and an important part of the needs assessment process conducted by EAC included English language assessments for 169 employees. Arrangements for Adult Migrant Education Service (AMES) English language training after the closure was set in place by the EAC staff. MAC had itself arranged in-house English language training since the early 1980s, though many employees had managed to successfully work at MAC speaking minimal English.

While many of the initiatives outlined above illustrate how employer behaviour attempted to minimise the negative employment consequences of the plant shutdown, it also remains the case that MAC employment practices more generally had an uneven impact on the long term prospects for successful re-employment. On the one hand, the internal labour market provided the opportunity for skills formation and accreditation, as well as promotion. Attempts were made to ensure MAC's NESB workforce had access to these aspects of the internal labour market through providing English classes.

On the other hand, occupational injuries sustained while working at MAC were a significant barrier to finding work in the external labour market, regardless of skill levels. This was particularly evident amongst the retrenchees who had worked at MAC before the plant was modernised and work practices made safer. However, the greatest difficulty faced by retrenchees, especially mature age workers, relates to the restructuring of the manufacturing industry. The decision to close the plant released a flood of workers into the market with similar characteristics at a time when employer demand for unskilled blue collar labour was declining.

Employers and the recruitment of the unemployed—the case of the CES

The last two case studies concentrate on how employers' shedding of labour contributes to the perpetuation of long-term unemployment. Insights into how their recruitment practices also feed into this problem are much more difficult to find. While some studies have examined how recruitment practices affect the employment of immigrants (Turner and Norman, 1984; Iredale and Newell, 1991; Watson, 1996), there is scant research into the direct linkages between employer recruitment and long-term unemployment. Fortunately, an important study from the mid 1980s by Chauvel (1985), which examined the relationship between immigrants and the Commonwealth Employment Service (CES), contains several insights into this issue.

Chauvel's study highlighted a number of important deficiencies in the operations of the CES, particularly the activity of CES staff in limiting the access of NESB immigrants to employment. In many cases, judgments about the suitability of particular applicants for certain jobs were highly conservative, often because the CES staff regarded good English proficiency as essential for most vacancies, even where this was not the case. At the same time, the classification system employed by the CES worked against the interests of the more highly educated NESB unemployed. Most immigrants with low English proficiency were classified as only suitable for labouring occupations, irrespective of their former work experience (1985, p. 13). Despite these shortcomings, and despite the limited use made of the CES by employers, it nevertheless remains one of the key hiring sites for the long-term unemployed.²² Consequently, we should look more closely at employer relationships with the CES as part of examining this more general issue of employer recruitment practices.

Employers appeared to be opportunistic in their use of the CES. Mass-market retailers, for example, made extensive use of the CES 'for the convenience offered and the resources saved' (1985, p. 25). Other employers, however, uncritically accepted the stigmatisation of the unemployed and regarded CES referrals as 'dole bludgers'. As Chauvel observed:

Employers maintained strong stereotypes about the quality of referrals from the CES, despite the fact that the people they would gladly employ through other channels were also registered with the CES. Employer stereotypes noted related to distinct groups of job-seekers, but often to the same people. (1985, p. 25)

Amongst these stereotypes was the assumption that the CES was not the appropriate place to recruit skilled or professional workers. There was also an expectation amongst some employers that the CES would thoroughly screen all job applicants, and one of their major complaints against the Service was inadequate screening. In a sense, employers off-loaded the recruitment costs of their own firms onto the public sector, and then complained when that recruitment was not conducted to the same standards normally carried out in-house.

As far as immigrant recruitment was concerned, the employers interviewed by Chauvel tended to make use of channels other than the CES, usually the factory gate or employee recommendation (1985, p. 27). Because the CES gave such weight to English language skills, NESB immigrants found it hard to break into jobs where their other 'qualities' were valued (such as 'diligence, good attendance and

²² In the early 1980s the CES penetration into the vacancy market ranged between a low of 15.5 in May 1983 to a peak of 35.7 in May 1984 (Chauvel, 1985, p. 3).

tolerance of difficult working conditions'). Consequently, it was only through these other channels of recruitment that immigrants stood a reasonable chance of gaining employment.

In summary, the Chauvel research highlights how the inadequacies of the CES and the prejudices of employers combined to weaken the job prospects of the NESB unemployed. If those unemployed had low English language proficiency, then their treatment was particularly adverse. This happened even where the kind of work involved did not require high levels of English proficiency, and reflected a profound bias against NESB immigrants who had not mastered the English language. This applied not only to recently arrived immigrants, but also to immigrants who had lived in Australia for decades, and whose working lives had limited their access to learning the English language. One of our life-histories exemplifies this situation. Mohamed Hanan migrated from Lebanon to Australia in the early 1970s. He immediately found work at the BHP steel works at Port Kembla. Everybody else on his shift was from Yugoslavia and spoke their own language. Mohamed acclimatised by learning the 'local' language, until one day his foreman warned him: "Hey, you have to speak English, not Yugoslav". Yet the conditions of Mohamed's working life contained few opportunities to learn English on the job, the most effective way to learn any language (Castles et al., 1988). After an industrial accident Mohamed spent a year on workers' compensation, followed by a slide into long-term unemployment, a situation which has effectively locked him out of any opportunity to improve his English language skills.

Conclusion

In this chapter we looked at the emergence of long-term unemployment during the 1980s and its links with processes of de-industrialisation and public sector restructuring. We also looked briefly at some of the ways in which employer behaviour exacerbates the problem of NESB long-term unemployment.

Our major findings were:

- ◆ between 1981 and 1991 the labour market situation deteriorated for NESB immigrants. Relative to Anglophone persons in the labour force, NESB immigrants faced odds of being unemployed which were 50 per cent higher;
- ◆ lack of English proficiency became a greater liability in the labour market during the 1980s, with the odds ratio of being unemployed for people with low English proficiency increasing from 2.3 to 3.3 between 1981 and 1991;
- ◆ an examination of the average duration of unemployment between 1978 and 1989 demonstrated that mature age males were bearing the greatest burden of unemployment;

- ◆ the industry and occupational backgrounds of the long term unemployed showed that manufacturing contributed a disproportionate share to the ranks of the LTU. Similarly, blue collar occupations (labourers for men and women and plant and machine operators for women) were over-represented amongst the long term unemployed. These patterns provided evidence for the argument in this chapter that de-industrialisation had contributed significantly to the problem of long-term unemployment.
- ◆ the incidence of LTU has tended to lag behind the unemployment rate, continuing to rise even when the economy is growing. Only in the late 1980s did the incidence of LTU begin to fall, but this was cut short by the 1991 recession.
- ◆ the activities of employers, both their recruitment and labour shedding practices, can make a significant difference to whether workers become long-term unemployed. Case studies of public sector restructuring and private sector retrenchments were used to explore this theme. In the case of NESB workers, their past history with their employer was also significant, particularly whether they were given the opportunity to enhance their English proficiency and develop career paths and transferable skills.

These findings provide the context for our examination of long-term unemployment amongst NESB immigrants in Chapter 6. As mentioned earlier, statistical modelling of the characteristics of the unemployed can too easily slide into an ‘individual characteristics’ explanation for unemployment. The human capital perspective, oblivious as it is to the social and historical context of the economy, embraces this mode of explanation without any hesitation. In the case of our own research, we are prepared to make use of statistical modelling (since only multivariate techniques allow one to isolate the relative strength of the associations between various factors) but we are not prepared to accept the human capital interpretation of these results. Rather, we argue that those statistical influences—the educational, migration and demographic factors discussed in Chapters 4 and 6—are not the domain of individual attributes and personal choice, but are symptoms of more deep-seated patterns of causality. For example, the burden of long-term unemployment borne by mature age workers is not the result of some kind of deterioration in their physical condition, but is the product of the social choices made by employers. Mature age workers are actually in their prime when it comes to questions of work experience and sound judgment, and yet over the last two decades employers have systematically turned against employing them.

The emphasis on the behaviour of employers has been an important theme in this chapter. Using survey materials, earlier studies and our own case studies we have shown that the labour market activities of employers, particularly their retrenchment practices and their approaches to restructuring, are directly implicated in the problem of long-term unemployment. We shall see in the next chapter that the experience of being long-term unemployed does indeed discriminate against people with certain attributes—particularly those mature age workers with low English proficiency—but we must not lose sight of this broader context. Those ‘personal attributes’ are rarely causal in their own right but reflect, as Webber and Campbell so elegantly phrased it, ‘the multiple choices of employers’ (1994, p. 144).

6. Long-term Unemployment Amongst NESB Immigrants

Measuring long-term unemployment is highly problematic. The duration of unemployment can be measured as a continuous period of time, or as an accumulation of separate spells of unemployment. The definition of long-term unemployment—generally 12 months or more of continuous unemployment—is itself fairly arbitrary. In the early 1980s, for example, the definition of LTU was set at 6 months duration or longer. Even to be counted as ‘unemployed’ can be viewed as overly restrictive: a single hour of work in the preceding week deems one to be employed in the eyes of the Australian Bureau of Statistics.²³ Given what we know about the prevalence of intermittent and casual work in the economy, as well as the tendency of women to leave the labour force rather than remain unemployed, the statistical picture of long-term unemployment must be viewed as a very limited one. Attempts to move beyond some of these limitations have been made, particularly efforts to capture the dynamic nature of unemployment duration using longitudinal data sets (Chapman and Smith, 1993) and gross flows data from labour force surveys (Brooks and Volker, 1986).

Because the current project works only with cross-sectional data the dynamic nature of unemployment duration is not visible. Nevertheless, some important aspects of the dynamics of long-term unemployment were graphically illustrated in Chapter 3, where we introduced our life history interviews. Similarly, aspects of hidden unemployment will be canvassed in this current chapter, where we make use of data on marginal attachment to the labour force. Finally, despite the limitations outlined above, this chapter is able to draw upon one of the best large-scale surveys of labour market activity yet undertaken in Australia: the 1993 Survey of Education and Training Experience (ABS, 1993a). This survey, with over 20,000 respondents, covered a large range of questions, including demographic, educational and labour market issues, all of which provide considerable insights into the circumstances of the unemployed (a sub-sample of 1,895 persons) and the long-term unemployed (692 persons).

The NESB long-term unemployed

The trends discussed in Chapter 5, particularly de-industrialisation and restructuring of public instrumentalities with large blue-collar workforces, have affected NESB immigrants to a far greater degree than they have the Australian-born or ESB immigrants. The average duration of unemployment for NESB immigrants was roughly equivalent to the Australian-born during the late 1970s, but by the mid 1990s it had climbed to a level that was over 40 per cent higher (Table 6.1).

Amongst NESB immigrants this steadily worsening picture has been more severe for males. As Table 6.1 demonstrates, NESB males and females began from a similar base in 1978 but by 1995 male average duration of unemployment was over a third higher than the female duration.

²³ The ABS definition of an unemployed person is someone not working and ‘who ... had actively looked for ... work at any time in the [preceding] 4 weeks, and were available for work in the [present] week’ (ABS 1994, p. 60).

The incidence of long-term unemployment

In 1978 NESB immigrants made up about 20 per cent of the long-term unemployed, a figure that increased moderately to 24 per cent by 1995. However, in terms of the *incidence of LTU*—which measures the proportion of the unemployed who are long-term unemployed—the disadvantaged situation of NESB immigrants is striking. Between 1978 and 1995, the incidence of LTU amongst the Anglophone

(Australian-born and ESB immigrants) unemployed rose two-fold (from 13.5 to 29.5 per cent); for NESB immigrants the rise was three-fold (from 16.2 to 46.2 per cent). *In other words, by the mid-1990s nearly one half of all NESB unemployed persons were long-term*

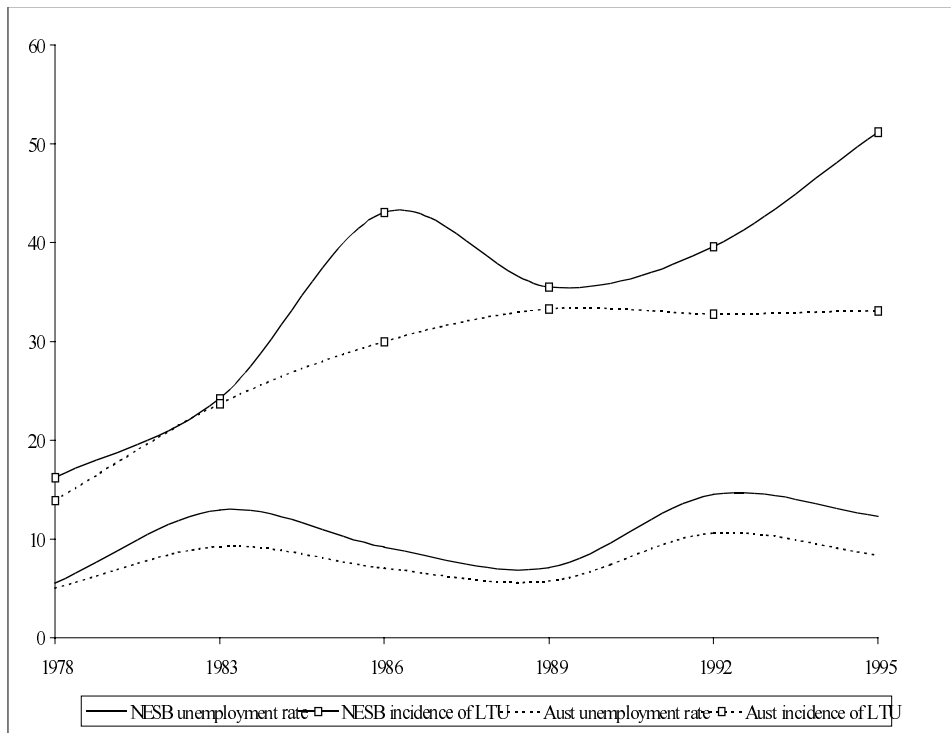
unemployed. The picture was particularly disturbing for NESB males. By 1995 over 51 per cent of NESB unemployed males were long-term unemployed, at a time when the comparable figure for Anglophone unemployed males was 32.5 per cent. Figure 6.1 illustrates that while the unemployment rate for NESB males closely followed that of Australian-born males (though always at a higher rate), the incidence of LTU was much more erratic, with the NESB figures greatly diverging from those of the Australian-born during the mid-1980s and again during the mid-1990s—both periods when the unemployment rate was dropping. Indeed, apart from a brief period during the late 1980s, the incidence of LTU amongst NESB males has grown at a very steep rate for most of the 1980s.

Table 6.1: Average duration of unemployment 1978-1995 (number of weeks)

Birthplace category	1978	1983	1986	1989	1992	1995
Australian-born	23.6	36.5	43.3	50.7	47.4	51.8
ESB overseas born	22.5	31.3	33.5	41.3	48.6	45.1
NESB overseas born						
Persons	24.8	38.8	48.3	57.7	61.1	73.9
Males	24.9	38.3	53.1	65.6	65.0	82.0
Females	24.7	39.8	40.6	46.3	54.9	60.7

Source: ABS Labour Force Survey, GRP600, Tabl

Figure 6.1 Unemployment rates and incidence of LTU, Australian-born and NESB males, 1978 to 1995



Source: ABS Labour Force Survey, GRP600, Table UE8, 1978-1995

Other characteristics of the long-term unemployed

Who ends up becoming long-term unemployed? Compared to the ‘short-term’ unemployed, the LTU’s demographic characteristics are distinctive: they tend to be older, to be males, to be less educationally qualified and to have formerly worked in blue-collar occupations. Of course, these characteristics overlap considerably and later in this chapter we will decompose these different effects in order to assess their relative contribution to the chances of being long-term unemployed. Table 6.2 summarises the demographic, educational and occupational characteristics just outlined, both for all unemployed persons and for our three broad birthplace groups.

Table 6.2: Incidence of LTU by various characteristics (percentage of the unemployed who are long-term unemployed)

Characteristic	All unem- ployed persons	Aust born unem- ployed	ESB unem- ployed	NESB unem- ployed
<i>Age</i>				
Teenage	23.5	24.0	27.2	11.5
Prime age	36.6	36.6	27.5	41.0
Mature age	56.0	53.2	44.1	64.7
<i>Gender</i>				
Male	40.5	39.7	33.5	46.0
Female	31.9	29.8	26.5	42.9
<i>Education</i>				
Early school leaver	43.1	43.1	22.3	57.5
Tertiary quals	23.8	19.2	7.6	34.2
<i>Former occupation</i>				
White collar	27.8	25.8	25.6	35.3
Pink collar	36.1	37.7	21.4	43.7
Blue collar	44.2	42.5	38.2	51.3
Never had a job	32.9	31.7	24.0	39.8

Source: ABS 1993a, Training and Education Experience

The heavy concentration of mature age persons, males, blue-collar workers and early school leavers amongst the NESB long-term unemployed is striking. In all these categories, the NESB long-term unemployed have figures as much as ten percentage points higher than for the Australian-born (and even higher than for the ESB). Similarly, the NESB unemployed with tertiary education qualifications also have an incidence of LTU much higher than the Australian-born and the ESB, a trend which is consistent with the findings in Chapter 4.

While a full gender breakdown of unemployment figures is hampered by small cell counts, Tables 6.3 and 6.4 nevertheless reveal interesting patterns, particularly for the NESB/Australian-born contrast. Amongst males, the incidence of LTU is particularly high for the mature

aged and early school leavers. *Nearly two thirds of unemployed NESB immigrants in these categories are long-term unemployed.* The figure is nearly as high for former blue-collar workers. While this pattern is similar for the Australian-born unemployed, the magnitude for the latter group is by no means as large, remaining below fifty per cent. Amongst females the most striking difference between the NESB unemployed and the Australian-born

Table 6.3: Incidence of LTU by various characteristics for males (percentage of the unemployed who are long-term unemployed)

Characteristic	All unem- ployed males	Aust born unem- ployed	ESB unem- ployed	NESB unem- ployed
<i>Age</i>				
Teenage	25.9	26.9	0.0	22.4 [#]
Prime age	40.2	41.3	31.3	40.6
Mature age	53.3	47.3	43.7 [#]	64.8
<i>Education</i>				
Early school leaver	47.5	47.2	27.8 [#]	62.0
Tertiary quals	25.0	9.6 [#]	8.0 [#]	40.4 [#]
<i>Former occupation</i>				
White collar	34.2	32.1	31.8 [#]	39.5
Pink collar	34.2	31.7	19.3 [#]	51.8 [#]
Blue collar	45.0	44.1	38.4	50.8
Never had a job	34.4	35.2	4.7 [#]	36.2 [#]

Source: ABS 1993a, Training and Education Experience

Note: [#] indicates the cell count is unreliable because the relative standard error is greater than 25 per cent.

unemployed is in their previous occupations. *Over one half of the NESB unemployed had previously worked as blue-collar workers whereas the comparable figure for the Australian-born was only about one third.* The Australian-born unemployed were much more likely to have formerly worked in pink-collar jobs (sales and personal service occupations) than in blue-collar jobs. These differences reflect the impact of increased de-industrialisation during the last decade, a period which saw large numbers of female NESB factory workers retrenched or otherwise laid off.

Table 6.4: Incidence of LTU by various characteristics for females (percentage of the unemployed who are long-term unemployed)

Characteristic	All unemployed females	Aust born unemployed	ESB unemployed	NESB unemployed
<i>Age</i>				
Teenage	20.8	20.7	36.3 [#]	0.0
Prime age	31.3	29.8	22.3 [#]	41.8
Mature age	64.9	73.2 [#]	45.1 [#]	64.3 [#]
<i>Education</i>				
Early school leaver	34.9	35.2	13.2 [#]	49.7 [#]
Tertiary qualifications	22.4	25.8 [#]	7.3 [#]	21.0 [#]
<i>Former occupation</i>				
White collar	23.0	22.3	19.1 [#]	29.4 [#]
Pink collar	38.2	41.2	22.1 [#]	38.0 [#]
Blue collar	40.7	34.3	37.6 [#]	53.2
Never had a job	31.3	28.1	31.4 [#]	43.5

Source: ABS 1993a, Training and Education Experience

Note: [#] indicates the cell count is unreliable because the relative standard error is greater than 25 per cent.

Labour market characteristics

What are the labour market characteristics of the long-term unemployed? Was their last job long-term or short-term? Are they looking for work in their usual occupation? What do they see as the main impediments to finding work? The following discussion seeks to answer these questions and, where

the data allows us to disaggregate, examine whether there is an NESB dimension to these aspects.

While the majority of the unemployed last worked in jobs that lasted less than five years, the NESB unemployed were much more likely to have worked in longer-term jobs, suggesting that they have been more subject to job shedding in the economy than has been the case for the Australian-born. As Table 6.5 shows, nearly 30 per cent of the NESB unemployed last worked in jobs which had lasted five years or more, whereas the comparable figure for the Australian-born was only 17 per cent. Of even more interest is the observation that 37 per cent of the NESB LTU had worked in these longer-term jobs, compared to only 21 per cent of the Australian-born. Indeed the incidence of LTU amongst this group of NESB unemployed was 57 per cent, considerably higher than both the average NESB incidence (45 per cent) and the equivalent Australian-born figure (43 per cent).

The determination of unemployed people to find work is evident in the finding that they were more likely to be looking for work in an occupation that differed from their last one. About one fifth of the unemployed were looking a for a job in a different occupation

Table 6.5: Duration of previous job by birthplace and unemployment category, Australia 1993

	Australia-born			ESB immigrants			NESB immigrants			All persons		
	LTU	Short-term unem	All unem	LTU	Short-term unem	All unem	LTU	Short-term unem	All unem	LTU	Short-term unem	All unem
Never worked	9.0	9.2	9.1	1.2	2.1	1.8	7.4	10.1	8.9	7.9	8.5	8.3
Under 5 years	70.4	75.9	74.0	77.5	73.0	74.4	55.7	67.1	62.0	67.3	74.0	71.5
5 yrs and over	20.6	14.9	16.9	21.3	25.0	23.8	36.9	22.8	29.1	24.8	17.5	20.2

Source: ABS 1993a, Training and Education Experience

and nearly two fifths were looking for jobs in a different occupation as well as their old occupation. These figures were similar for both the short-term unemployed and the LTU, as well as between the NESB and Australian-born.

The main difficulty unemployed people face in finding work is the absence of jobs, both in the absolute sense and in terms of appropriate jobs in their locality and area of expertise. Over two fifths of the unemployed nominated 'lack of jobs' as their main difficulty, with little difference evident between the short-term unemployed and the LTU. The next most common impediments nominated were age—being too old or too young—and lack of schooling, training, skills or experience. Again, the LTU were no different to the short-term unemployed in this regard. While the NESB unemployed followed this general pattern, a sizeable proportion, about 17 per cent, nominated difficulties with their English language proficiency or their ethnic background as their main obstacle. Interestingly, there was no difference here between the short-term unemployed and the LTU.

One of the skills factors associated with long-term unemployment was familiarity with computers. The incidence of LTU amongst unemployed people who had used computers was eight percentage points lower than the incidence of LTU generally.

The most striking difference between the NESB short-term unemployed and the NESB LTU concerns the question of age: over 20 per cent of the LTU nominated their age as their main difficulty, compared with only 10 per cent amongst the short-term unemployed. The incidence of LTU amongst those NESB concerned about their age was 63 per cent, a figure well in excess of the NESB average of 45 per cent, and considerably higher than the equivalent Australian-born figure of 44 per cent. *In other words, the evidence which emerges throughout this study—that there is a profound bias in the labour market against mature age workers—is something readily apparent to the job seekers themselves.*

Multivariate analysis

To what extent do the characteristics unique to immigrants—such as recency of arrival and English proficiency—influence the probability of being long-term unemployed? We saw earlier that both of these factors were very significant in explaining the probability of becoming unemployed in the first place. Does their influence also extend into the duration of unemployment?

To explore these issues we used a similar method to that employed in Chapter 4: a binomial logit model. The dependent variable was the odds of being long-term unemployed, defined as 12 months or more of unemployment, and the independent variables included demographic, educational and labour market factors. The detailed results can be found in Tables A1.8 and A1.9 in Appendix 1.

Our findings show that the same *educational factors* which are associated with being unemployed are also associated with being long-term unemployed. Having good English proficiency, a tertiary education and familiarity with computers are all linked to favourable labour market outcomes. However, whereas tertiary education appeared to have a uniform value for both NESB and Anglophones in avoiding unemployment (see Chapter 4), in the case of long-term unemployment this uniformity disappeared. Instead, changing from Anglophone to NESB caused a favourable tertiary education odds ratio to reverse to an unfavourable odds ratio. What this suggests is that a tertiary education is a considerable asset for both Anglophone and NESB males in terms of avoiding unemployment, but once a period of unemployment commences, the continuing benefit from a tertiary education is restricted to the Anglophones alone. Indeed, for NESB males who possessed tertiary qualifications, that education is actually associated with increased odds of being long-term unemployed.

The liability of being mature aged in the ranks of the unemployed also emerged strongly in our results. One's odds of being long-term unemployed if aged 50 or over is nearly double that of prime aged males. The factors which one might assume reflect the dismantling of the manufacturing sector—such as early school leaving and former blue-collar occupation—do not appear to be significantly associated with being long-term unemployed. It may well be that the age effect captures all of these other factors. In themselves, educational level and former occupation are not necessarily liabilities, but if one is also mature aged then the combination represents a serious problem.

Recency of arrival is not the same liability in relation to LTU as it is for unemployment per se. While years of residence is statistically significantly associated with the odds of being LTU, the odds ratio is so close to one that its effect is insignificant.²⁴ It may well be the case that the ranks of the unemployed are so populated by mature age NESB immigrants from earlier waves of migration, that immigrants arriving in more recent years do not impact on the composition of the unemployed population.

In the case of women, there are very few factors associated with the odds of being long-term unemployed. As Table A1.9 shows, both educational and language factors are not statistically significant. Only familiarity with computers makes a difference. This situation, particularly the findings on English proficiency, may well reflect the fact that women with serious labour market liabilities tend to move out of the labour force altogether once they become unemployed.

Nevertheless, being mature aged is the single most dominant factor associated with long-term unemployment. For a woman aged over 50, the odds of being long-term unemployed are over 4 times greater than for a prime aged woman. We are looking at a situation where this group of unemployed women do not leave the labour market but persist in their job search, though clearly against formidable barriers.

To illustrate the impact of the different factors in Tables A1.8 and A1.9, the probability of being long term unemployed, *for people already unemployed*, is estimated for a number of different combinations of characteristics. One cannot make direct comparisons between the two gender models²⁵, so each set of examples will be given in turn.

For males:

- ◆ a mature age male, born in Australia, who was an early school leaver and formerly worked in a blue collar occupation, would have a probability of being long term unemployed of 48 per cent;
- ◆ the probability for the same person, but born in an NESB country and resident in Australia 20 years, would be 35 per cent; but if that person had low English proficiency, the probability would be 62 per cent;

²⁴ The definition of recency of arrival used in the logit models for unemployment (that is, arrival in Australia in the 5 years prior to the survey) was inappropriate for a model for long-term unemployment, since anyone arriving in the two most recent years could not, by definition, be included as long term unemployed. Consequently, an interval level variable - years of residence - was used for the LTU models. (This was calculated as year of survey minus year of arrival).

²⁵ Unfortunately, one cannot make direct comparisons between the coefficients between two separate models because logit models are not linear. The coefficients for any particular variable in one model depends on the other variables specified in that model. (Beggs and Chapman, 1988, p.14; Aldrich and Nelson, 1984, p. 44).

- ◆ an Australian teenage male, who left school early and had never had a job at all, would have a probability of being long term unemployed of 31 per cent;
- ◆ the probability for the same person, but born in an NESB country and resident in Australia for 5 years and with low English proficiency, would be 50 per cent;
- ◆ a tertiary educated, prime age Australian male, with familiarity with computers, would have a probability of being long term unemployed of 12 per cent;
- ◆ the probability for the same person, but born in an NESB country and resident in Australia 20 years, would be 25 per cent.

For females:

- ◆ a mature age female, born in Australia, who was an early school leaver and formerly worked in a blue collar occupation, would have a probability of being long term unemployed of 76 per cent;
- ◆ the probability for the same person, but born in an NESB country and resident in Australia 20 years, would be 75 per cent; if that person had low English proficiency, the probability would still be 75 per cent (this highlights the tendency of women with low English proficiency to withdraw from the labour market);
- ◆ an Australian teenage female, who left school early and had never had a job at all, would have a probability of being long term unemployed of 26 per cent;
- ◆ the probability for the same person, but born in an NESB country and resident in Australia for 5 years and with low English proficiency, would be 36 per cent;
- ◆ a tertiary educated, prime age Australian female, with familiarity with computers, would have a probability of being long term unemployed of 13 per cent;
- ◆ the probability for the same person, but born in an NESB country and resident in Australia 20 years, would be 15 per cent (this highlights the fact that tertiary education is not the same 'liability' for NESB women as it is for men).

Doubts have been raised about the usefulness of cross-sectional data for exploring questions concerned with the duration of unemployment. As Chapman and Smith (1993) argued, we do not know the characteristics of the persons who have just left the sample, nor how much longer the currently unemployed stay unemployed. For these reasons, Chapman and Smith employed longitudinal data to estimate what variables were associated with the duration of unemployment. Unfortunately, the dataset used—the Australian Longitudinal Survey—is restricted to young people, a group for whom the experience of long-term unemployment is extremely limited. As we have just seen, it is primarily older workers who have been hardest hit by long-term unemployment, so that the Chapman and Smith dataset has, by definition, excluded this dimension.

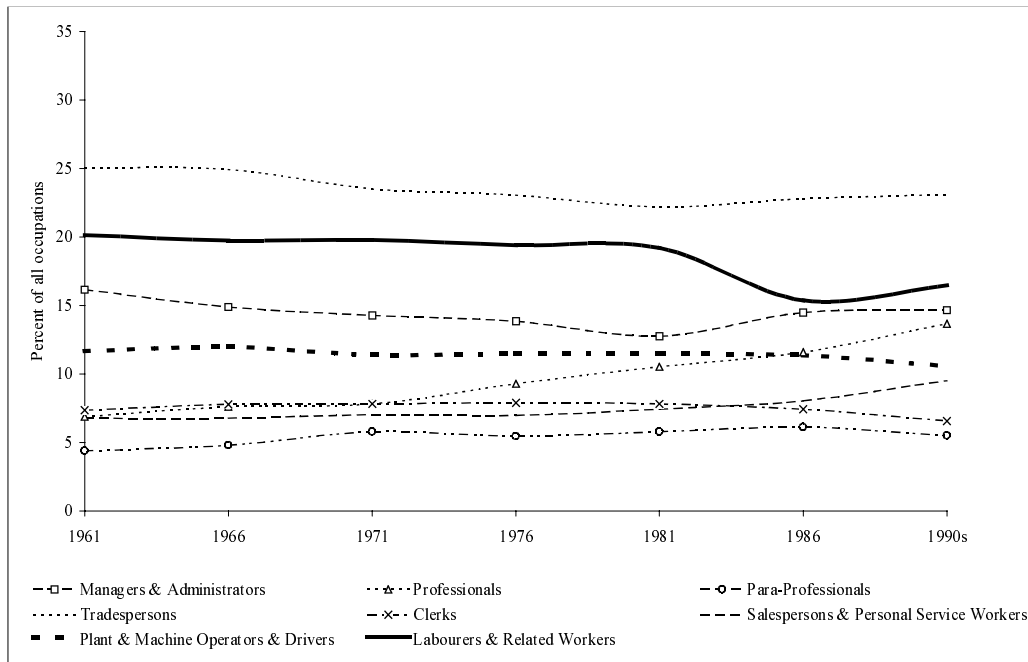
Chapman and Smith found the most important predictors of being long-term unemployed were: being an early school leaver, living in a country town, being male, and having a 'high' reservation wage. Interestingly, they did not find that ethnicity had an effect on unemployment duration (though a second model, which took account of subsequent destinations other employment, found that ethnicity was significant). While these findings are useful, they do not appear to capture the full complexity of LTU, particularly its close links with the restructuring of the economy, and the social havoc amongst older manual workers which de-industrialisation has left in its wake. Nor do the findings of Chapman and Smith offer insights into the very differentiated experience

of the NESB unemployed. As we saw above, being tertiary educated reduced the odds of being LTU, but this was an advantage restricted to Anglophones. Thus despite the shortcomings of its cross-sectional nature, the 1993 STE dataset provides richer insights into this complex picture of NESB long-term unemployment.

A gender dimension

We have seen throughout this study that LTU is a particularly serious problem for mature age male blue collar workers. If we examine changes in the occupational structure of the Australian labour market since the early 1970s, we become aware of the extent to which male labourers have endured declining job opportunities: between 1971 and the early 1990s, their market share fell from 19.8 to 16.5 per cent. Yet, turning to female labourers, the falls are even greater: a drop from 19 per cent to 12.2 per cent. Moreover, whereas male plant and machine operators have tended to maintain their share in the labour market, the proportion of women in this occupational category has nearly halved. Figures 6.2 and 6.3 summarise this picture.

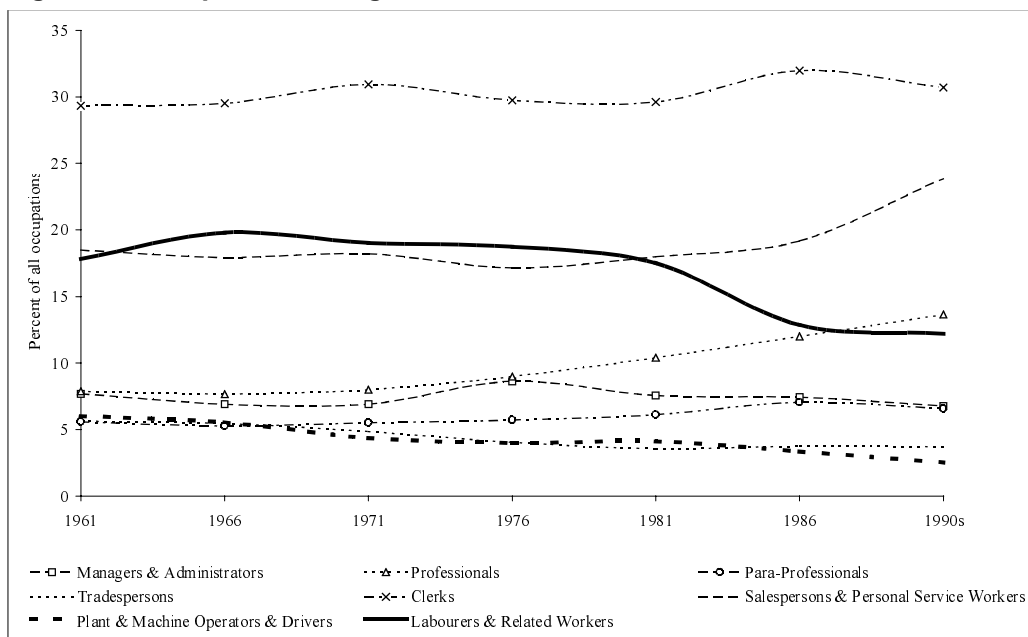
Figure 6.2 Occupational change for males, 1961 to 1990s, Australia



Source: Census for 1961 to 1986, Labour Force Surveys for 1990s.

Notes: 1990s is an average for the years 1991 to 1995. Conversions from CCLO to ASCO for pre-1986 data used the 1986 Link File (ABS 1988)

Figure 6.3 Occupational change for females, 1961 to 1990s, Australia



Source: Census for 1961 to 1986, Labour Force Surveys for 1990s.

Notes: 1990s is an average for the years 1991 to 1995. Conversions from CCLO to ASCO for pre-1986 data used the 1986 Link File (ABS 1988)

Historically, immigrant women have been clustered within a restricted range of blue collar occupations, particularly factory jobs (Storer, 1976; Fincher et al., 1991). In 1981, for example, immigrant women accounted for 58 per cent of all female factory jobs (and 54 per cent of all female clothing workers). The 1980s and 1990s have seen massive job shedding in these sectors (particularly, the textiles, clothing and footwear industry) and immigrant women have been amongst the hardest hit. Yet the 1980s has also been a period of considerable growth in women's employment, with their numbers in the labour force growing from two and a half million in 1981 to three and a half million in 1991. Have NESB women been able to share in this growth in ways that offset their employment losses in traditional manufacturing areas? An analysis of the NESB share of employment in the top twenty industry subdivisions between 1981 and 1991 (see Table A1.10 in appendix 1) helps answer this question. During the 1980s, NESB women lost nearly 14,000 jobs in two main areas of manufacturing (clothing-footwear and machinery) while they gained a similar number of jobs in the two main growth industries of hospitality and retail. However, this apparent balancing out is misleading for a couple of reasons. First, the women who gained the new service jobs were not the same group of women who lost the old manufacturing jobs. The latter ended up becoming unemployed or withdrawing from the labour market. Secondly, in terms of their relative position vis-a-vis Anglophone women, NESB women actually lost employment opportunities over that decade. With a few exceptions, their growth rates were well behind those of the Anglophone women, while their areas of job loss were much more severe. Across all industries, NESB women saw their share of women's employment fall by 1.6 per cent during the 1980s. With a few important exceptions (public administration and finance), their fall in employment share averaged 3.4 per cent.

Consequently, the 1980s was not a period of labour market success for most NESB women, particularly those who lost employment in traditional manufacturing industries. Despite this, becoming LTU remained overwhelmingly a male destination. Why was this so? The most likely answer lies in the gender-patterned nature of labour market participation. Faced with serious unemployment women are much more likely to withdraw from the labour market altogether because:

1. they are less subject to the ideology of the 'male breadwinner', which obliges men to be more publicly visible as job-seekers;
2. if they are married they are often not eligible for various unemployment-related benefits (Brooks and Volker, 1986).

As a consequence, unemployed women are much more likely to find themselves amongst the 'hidden unemployed', the discouraged job-seekers and others for whom strict Australian Bureau of Statistics guidelines rule them out of the definition 'unemployed'. As Brooks and Volker observe with respect to married women: 'the distinction between unemployment and non-participation is blurred and ... withdrawal from the labour force is in large part movement to hidden unemployment' (1986, p. 302).

The hidden unemployed

Labour economists have long recognised that the official statistics on the level of unemployment do not fully capture the true extent of unemployment in the economy. Deemed the 'hidden unemployed', large numbers of discouraged job seekers leave the labour force at regular intervals (see Brooks and Williams, 1995). They remain unemployed, and continue to want to work, but they cease actively seeking work.

Similarly, other unemployed people, who also want to work, find themselves unable to start work immediately because of problems such as lack of childcare. These varied groups of unemployed people are sometimes termed ‘marginally attached to the labour force’.²⁶ Fortunately, one of our datasets allows us to look at this group of people in some detail and pose several questions:

1. what are their defining characteristics and how do they differ from the official ‘unemployed’?
2. are there important distinctions, based on birthplace, within this group?
3. what factors are strongly associated with becoming a member of this group?

Table 6.6 summarises the characteristics of this group of people. Their defining feature is their gender: over three quarters are women. This is nearly double the female proportion of the unemployed, and 34 percentage points higher than the female proportion of the employed workforce. Their other most distinctive feature is the presence of dependent children. Over 40 per cent of this group are married with children aged under 14. One can appreciate why the availability of childcare is critical to the definition of labour force attachment. Amongst this group of marginally attached persons, single parents with dependent children make up the third largest family category (nearly 14 per cent), a proportion much greater than amongst the unemployed. Clearly, single parents with dependent children cluster in this labour force category to a far greater extent than people living in other family situations.

Those marginally attached to the labour force are also, overwhelmingly, early school leavers. Over one third left school aged 15 or younger, compared with equivalent figures of 20 per cent and 26 per cent for the employed and the unemployed. They also tend to be older than people in the labour force.

Table 6.6: Characteristics of those marginally attached to the labour force, Australia 1993 (percentage)

Characteristic	Marginally attached to the labour force	In the labour force	
		Unemployed	Employed
<i>Age</i>			
Teenage	8.2	13.5	5.2
Prime age	72.7	74.9	78.6
Mature age	19.1	11.6	16.2
<i>Gender</i>			
Male	23.6	60.7	58.1
Female	76.4	39.3	41.9
<i>Family status</i>			
Married with depend children 0-14 yrs	41.1	25.8	33.0
Single parent with depend children 0-14 yrs	13.6	4.3	2.0
<i>Education</i>			
Early school leaver	35.0	26.3	20.0
Tertiary qualifications	8.5	8.6	18.0
Had used a computer	42.2	46.4	58.1
<i>Birthplace</i>			
Australian-born	71.8	68.9	74.6
ESB immigrant	11.1	10.2	12.0
NESB immigrant	17.2	20.9	13.4

Source: ABS 1993a, Training and Education Experience

²⁶ The ABS (1994, p. 58) defines this category as: ‘persons aged 15 to 64 who were not in the labour force in the reference week, who wanted to work and who were either:

- actively looking for work but did not meet the criteria to be classified as unemployed; or
- not actively looking for work but were available to start work within 4 weeks if childcare was available (for any children aged under 12 years).

In several areas those marginally attached to the labour force resemble the unemployed. Their lack of familiarity with computers is very similar and they are almost identical in their lack of tertiary qualifications. Like the unemployed, those marginally attached to the labour force also disproportionately come from an NESB background. However, if we examine those marginally attached to the labour force according to birthplace, we find few strong deviations from the pattern outlined above. There is a high female presence for the Australian-born, ESB immigrants and NESB immigrants. However, the family situation of NESB immigrants who are marginally attached to the labour force differs from the Australian-born. Nearly one half of NESB immigrants in this category are married with dependent children, compared with an Australian-born figure of 39 per cent.

Educational backgrounds show a familiar pattern: like the unemployed, the NESB marginally attached are more educated than their Australian-born colleagues. They also tend to have a slightly smaller proportion of early school leavers amongst their ranks. The age differences are quite distinctive. Amongst NESB immigrants the mature aged make up one fifth of the employed, unemployed and marginally attached respectively. Amongst the Australian-born, however, the mature age proportions vary considerably, depending on the labour market status of the group: 18 per cent for the marginally attached, 8 per cent for the unemployed, and 15 per cent for the employed.

Is the category 'marginally attached to the labour force' some kind of labour market refuge for recently arrived immigrants or for people whose characteristics prevent them from entering the labour market? To answer this question a binomial logit analysis similar to that discussed in Chapter 4 was conducted. This model used the same specifications as that model but 'being marginally attached to the labour force' replaced 'being unemployed' as the dependent variable. The results of this analysis are detailed in Table A1.11 in Appendix 1 and are quite striking. While this category of women is overwhelmingly characterised by the presence of dependent children, they are also a group whose other attributes mirror the situation for the unemployed population. Tertiary education appears to keep one out of this labour market category, while early school leaving and coming from an NESB country are both closely linked with being in this category. Unlike unemployment though, being mature age (as well as being a teenager) are hallmarks of this category. Despite this similarity between unemployment and marginal attachment to the labour force, the identity definitely breaks down when it comes to English proficiency and recency of arrival. Neither appear to be statistically significant. In this regard then, the notion that marginal attachment might be some kind of labour market refuge for newly arrived immigrants with poor English skills appears unfounded. Rather, what these analyses suggest is that immigrants in this situation attempt to enter the workforce with considerable perseverance, ending up either unemployed or not in the labour force at all (NILF), rather than withdrawing into the ranks of the marginally attached.

Conclusion

In this chapter we have looked closely at the situation of the NESB long-term unemployed. For mature aged, early school leavers with blue-collar backgrounds, the incidence of long-term unemployment varied between 50 and 65 per cent. The comparable range for the Australian-born was 44 to 48 per cent. It is these blue collar mature age workers who are most seriously affected by the patterns of de-industrialisation and economic restructuring discussed in Chapter 5.

This chapter has also shown that, relative to the Australian-born, the situation for the NESB LTU deteriorated significantly between 1978 and 1995. The deterioration was worse for men than for women.

Our other findings included:

- ◆ the NESB long-term unemployed were more likely to have formerly worked in jobs of longer duration (5 years and over) than were the Australian-born; the jobs which they were looking for tended to be in occupations different to their last one; 'lack of jobs' was seen as the most important difficulty in finding work, though English language proficiency was also nominated amongst 17 per cent of the NESB unemployed.
- ◆ both familiarity with computers and tertiary education were associated with reduced odds of being long-term unemployed, *but for NESB males, there was no improvement in their odds by being tertiary educated*. This was an important difference to the findings for the NESB immigrants in Chapter 4, where tertiary education was associated with reduced odds of being unemployed.
- ◆ the hidden unemployed are predominantly composed of women with dependent children, but their other characteristics closely resemble the unemployed, except in one respect: the influence of English proficiency. This suggests that female NESB immigrants with poor English proficiency are inclined to leave the labour market altogether rather than remain marginally attached.

Our major conclusion in this chapter is that there is a profound bias in the labour market against mature age workers, and that this problem is closely linked to processes of deindustrialisation and economic restructuring.

We saw in Chapter 4 that the major factors associated with increased odds of being unemployed were:

1. being a teenager;
2. being recently arrived in Australia;
3. having low English language proficiency.

In this chapter we have seen that the factors significantly associated with increased odds of being long-term unemployed are:

1. being mature aged;
2. having low English language proficiency.

Clearly, the common factor is proficiency in English, since length of residence is not influential amongst the LTU. The absence of a teenager effect amongst the LTU reflects the intermittency of their labour market activity, particularly the movement between work, training, education and other peripheral labour market activities.



What are we to make of the importance of English language in the labour force? It clearly plays an important role for recently arrived immigrants in establishing themselves in the labour market. It is a critical part of their 'cultural capital' (or as the economists would phrase it, in the 'transferability of their human capital'), and thus assists the job search activities of some unemployed NESB immigrants. But amongst the long term unemployed, particularly those with decades of work experience in

Australia, this explanation runs dry. These are people who have successfully negotiated the labour market for much of their lives but have found, during the 1980s and 1990s, that their prior work skills and other attributes are no longer wanted. In this respect, their level of English language proficiency is more a symptom than a cause. The kinds of jobs they are good at, the kinds of social relations of the workplace with which they are familiar, their work habits and modes of thought, all of these dimensions of their work history, have been rendered obsolete by de-industrialisation. It is not their English language proficiency which impedes their movement into the growth sectors of the economy—particularly the part-time service sector jobs—but this process of enforced obsolescence.

Statistical data sets are very poor at capturing this kind of complexity: they simply emphasise crude associations, such as the English proficiency influence. It does not follow from this association that intensive English classes for mature aged, former blue collar workers will secure their futures. Nor is it the case that such workers want to enhance their English language skills in this way. As one of our community sector informants pointed out, many of the NESB mature aged, long-term unemployed resented the implication that they were ‘deficient’ and had to remedy their personal characteristics—such as their English skills—in order to work again. In their eyes, they had worked long and hard for decades without any problems. They simply wanted the opportunity to work again. Similarly, amongst some of our Wollongong life history interviewees there was a similar resentment against the implication that English language training was necessary. The problem in a region like Wollongong was stark: a lack of jobs in general, and a lack of jobs suitable for former steelworkers. English language proficiency was quite irrelevant in this context.

The logic of this argument is not that English language classes are useless resources for NESB immigrants. Where access to such classes can make a real difference, then such classes are highly valuable and should be more adequately funded. As we pointed out in Chapter 1, there is no blanket prescription of appropriate responses for all unemployed NESB immigrants. Insisting that they should all have high levels of English proficiency is just as misconceived as suggesting that all unemployed people should have enhanced job searching skills.

7. Rational Labour Market Behaviour

NESB Migrants and Labour Market Strategies

Introduction

Having developed a profile of unemployment in Australia since the early 1980s in the preceding chapters, we now posit our life histories in a broader context. From this we develop a dialogue between the life histories and statistical data. As a result the focus of our analysis widens to incorporate the irreducible social dimension of the labour market. Accordingly we argue that individual labour market behaviour is highly contingent upon circumstance: rationality is bounded.²⁷ Our analysis of individual labour market behaviour inevitably leads us to assess the efficacy of human capital theory, ostensibly for two reasons. First, the dominance of human capital in theories of labour supply with an individual perspective logically requires us to address the model given the focus of our own research (see McNulty 1984 and Thurow 1984). Second, the model has been afforded substantial sway in labour market policy advice given to Australian governments over the last few decades (Toohey 1994, p. 3).

The Irreducible Social Dimension of Life in the Labour Market

Chapters 4 to 6 provided a statistical snapshot of the characteristics of the unemployed, of which the NESB LTU are a significant category. Although these statistical categories map out sections of the labour market landscape and identify some employment barriers endemic in a segmented labour market, our analysis remains limited. The static nature of the data reveals little of the causality that underlies the trends and patterns found in the statistics. As Webber and Campbell remind us, as do our life histories, this essentially anonymous group of workers reflected in the statistics, have lives that extend over time.

Whatever the intrinsic interest in the snapshots provided by the Australian Bureau of Statistics (ABS), greater interest must lie in the changes that have occurred in people's lives over time and in the variables that are defined over intervals rather than at a single time. (Webber & Campbell, 1994, p. 145)

Thus inevitably, our statistical analysis, limited to discrete points in time, is unable to adequately account for life experiences that extend over a prolonged period. In other words, there is an explanatory gap in our statistical analysis which we intend to fill with life history. Through the eyes of the individuals in our stories we reveal the social processes that underlie (or create) the trends and patterns found in the statistical data. We identify the (social) experiences that lead workers into unemployment and keep them in their jobless state to the point where they become identified as long term

²⁷ Bounded rationality is a concept developed by institutionalist economists to explain apparently irrational behaviour in terms of the neoclassical (aka human capital) model (Toohey, 1984, p. 44).

unemployed. In turn we relate these individual experiences back to the wider patterns found in the data. In this way we are able to link individual behaviour to the broader social context. We find that for NESB migrants, de-industrialisation and restructuring labour markets have played a significant role in their labour market experiences. Obviously employers have been central to this restructuring process and accordingly the focus of our analysis widens even further to incorporate their behaviour. In particular, we examine how managerial decisions affect the working lives of individuals through strategies commonly used in Australia in response to changing economic circumstances, such as plant closures. We also examine how employers select candidates from a heterogeneous pool of unemployed. In this way we show that the features that characterise both LTU NESB individuals and their wider population are in part, a reflection of the filtering processes used by employers in choosing who will fill their workforce. Moreover, we reveal how attempts by the NESB unemployed, to escape their jobless state are constrained by the wider social, political and economic circumstances. In this way the labour market characteristics of the unemployed can be viewed as labour market outcomes rather than simply being the sum of individual choices.

As a result, we argue that the individual experiences portrayed in the life histories arise from the exercise of individual agency within the context of social and economic processes. As Chapter 3 showed, the *formulation* and *execution* of individual decisions evolve as circumstances change. In sum, there is a dialectic between circumstance and choice. Ultimately, the supply of labour at the individual level is neither a dependant or independent variable. Rather it is rendered contingent by the interdependence between individual choice (or agency) and circumstances. This stands in contrast to the normative behavioural tendencies inferred by human capital theory.

Briefly, in the human capital model, individual labour market behaviour is determined by economic interest and individual preferences. In short, individual 'tastes' are satisfied economically. The decision making process is represented by the budget constraint function in which income and time are the only independent variables. At the heart of this framework lie several consistent and interdependent assumptions. Individuals are utility maximisers, they have perfect knowledge and information, and are only motivated to work when offered payment in excess of their reservation wage. This is the wage at which an individual chooses not to work, in other words it reflects their 'taste' for leisure. A low reservation wage expresses a low valuation of leisure time, whilst a high reservation wage expresses a higher valuation of leisure time. Finally the model assumes the bulk of skill formation is assumed to occur *prior* to entering the labour market.

Accordingly, the behaviour imputed to individuals in this model is as follows. Individuals maximise utility by choosing between work, which provides income, and in turn allows utility yielding commodities and leisure *time* — which yields utility in itself — to be obtained. In the short run individuals maximise utility by choosing the optimal mix of work and leisure. In the long run, individuals choose between income in the present, and income in the future, depending on which income has the largest net present value. Choices are made early in life because individuals possess perfect knowledge of current and future circumstances of the labour market. Accordingly they select the optimal choice: they know whether to forgo an immediate income in order to invest in their training and education and earn a higher future income, or whether to find a job immediately (Whitfield, 1987, pp. 18-41).

Human capital theory has been widely criticised but we do not intend to give a complete exposition of the opposing arguments here. Instead we simply draw attention to the core complaint: human capital attempts to explain all labour market phenomenon in

terms of economic processes alone. Indeed the untenable nature of the assumptions about human behaviour — the purely economic motivation to work, and possession of perfect knowledge for instance — have been strongly criticised, especially by Thurow (1984). Whilst we acknowledge this heuristic function of simplification in model building, the exclusion of real world social processes clearly renders the theory conceptually flawed. Rather than clarifying, in the human capital model, simplification has created contradiction. On the one hand, the exclusion of the social dimension gives rise to the apolitical, or libertarian appearance of the model in which individual action is unencumbered by society. De facto, it generates the perception that individuals choose their labour market destinies freely in order to satisfy their individual tastes. But on the other hand, the model is actually highly prescriptive, all behaviour is performed strictly to the pecuniary and maximising rules where there is no room for the exercise of the libertarian notion of free will (Toohey, 1994). In sum, the simplification, or dismissal, of the social and political factors that shape the way labour markets function, compounds the inaccuracy of the model (Whitfield, 1987, pp. 22-23).²⁸

Even some founders of neoclassical labour supply theory concede there are epistemological weaknesses in their models. Paul H. Douglas who made significant contributions using quantitative techniques acknowledged that the assumptions of wage theory were neither completely true, nor completely false. The obvious question arising from this observation is—do these assumptions have any use at all? Furthermore, Douglas acknowledged that unrealistic assumptions lead to inaccurate predicted outcomes. Most significantly he conceded that the assumptions which depart most from reality are those that ascribe more power to workers than they actually possess (McNulty, 1984, p. 182). Joseph E. Lucas founder of new classical economics, the late twentieth century version of neoclassical theory, also acknowledged the unreality of the model. In new classical economics, ‘rational’ decision making is held paramount, but Lucas noted the prevalence of uncertainty in reality. Alluding to the deductive, and somewhat non-empirical basis of much neoclassical theory, econometrician Wassily Leontief once complained that many assumptions about human behaviour are, whilst plausible, arbitrary. Finally, Pareto, one of the first to depart from the political-economy discipline founded by Marx and Smith, and who pursued a more exacting mathematical model of economics, recognised the limited ability of neoclassical theory to address the ‘mutual dependence of social phenomena’ (Toohey, 1994, pp. 18, 54, 128). Similarly John Maynard Keynes, a vociferous critic of the mathematical approach that neoclassical theory has built upon, has argued that it did not make sense to distinguish between dependent and independent variables when there are no truly independent variables. The high level of interdependency in reality makes it impossible to be depicted in a mechanistic model (Toohey, 1994, p. 84). We demonstrate this in the following section.

Constructing the Characteristics of the NESB Long-term Unemployed

Chapter 6 broadly identified three groups within the NESB long-term unemployed. The first group typically being mature age, male, blue collar workers and early school leavers. The second are characterised by their tertiary qualifications. Finally the third group, the hidden unemployed, are predominantly women who have withdrawn from, or who are marginally attached to the labour force. In this section our strategy is to

²⁸ For some of the most coherent critical accounts see Thurow, 1984; McNulty, 1984; Villa, 1986. Also see Toohey, 1994, for an historical account of the epistemological flaws of neoclassical theory.

complement the statistical data with our life histories. This method allows us to locate the individual within the social and economic context of labour market processes. By doing this, we highlight the interdependence of individual characteristics and labour market processes. As Webber and Campbell point out, the choices of employers and the individual characteristics of job seekers are inextricably linked.

Employers selection of workers acts as a filtration process, producing not only acceptance but also rejection, and it is in this process that individual characteristics such as age, skill level and illness or injury become most salient. (Campbell & Webber 1996, p. 115)

Furthermore, Norris has argued that 'personal characteristics' is a flawed concept. 'Characteristics' need to be separated into those which 'individuals bring to the market' and those which are a result of their participation in the employment system. This is an important distinction because it highlights the irreducible presence of a social dimension to all 'individual characteristics'. Unemployment itself is thus implicated in the creation of individual characteristics, such as low skill, or poor health (Norris, 1978a, p. 92).

The story of Alessandro encapsulates this dialectical process well. As a retrenchee from the car manufacturing industry, he bears the hallmark characteristics of being a mature age, blue collar male with limited education.

Alessandro is Italian born and is almost 54 years old. At age 13 he came to Australia with his sister to join his father and brother. After attending school for one and half years he left to work in a fruit shop and help with the family income. It was this experience that enabled him to learn English. As a result, he still finds reading, writing and spelling difficult. For most of his life this has not posed much of a problem because of the routine nature of most of the jobs in which he has worked.

Following his first job in the fruit shop, where he personally knew the owner, there were a series of jobs working in factories assembling televisions, making cords, assembling trains. He moved between jobs wherever he heard of a job with better money or conditions.

In those days there was a lot of bits and pieces.

In those days it was easy to get a job, you could leave a job and get one the next day.

There was no medical checkup, nothing you'd just start

Mostly he got his jobs through friends or by word of mouth. There was no resume, no paper work to fill in, no selection criteria.

You just turned up, even if you didn't know how to fill in the form they'd help you

In those days skill was a matter of practice rather than of qualifications. Once Alessandro did an Arc Welding course and although he passed the practical test he would have failed the written test because of his limited writing skills. At the time, this did not greatly disadvantage Alessandro.

In those days I could've gone to a factory and done a welding test to prove I could do it.

In 1965 he began working in a company contracted by MAC to assemble heavy vehicles, buses and trucks, where he was promoted to leading hand. When the contractor's plant closed down Alessandro was transferred to the MAC plant at Homebush. Initially he

intended to stay with MAC for only a short period until things settled down, he had only just been married a few weeks before starting at the Homebush plant. But as things turned out, he ended up working for MAC for 25 years as life became busier and preoccupied with family commitments and buying a house.

In the early days the quick pace of work and lack of organisation on the shop floor lowered the quality of work. Cars regularly came off the line with bits missing, most had to be pushed rather than driven.

In those days attention was given to quantity rather than quality, people were put in charge because of the ability to work quickly not because of the quality of their work.

This way of working frustrated Alessandro who was a diligent worker, although often unrewarded for his efforts, in part because he was a NESB migrant.

In the early years they also treat you a bit harder because you're migrant, but fortunately I found someone who appreciated my work.

At one stage Alessandro was considering leaving, but management discovered his plans and moved him to an area with better working conditions.

Poor work organisation also generated dangerous working conditions. It was only after a person was killed when crushed by a car that a hoist was installed in the plant. During this period Alessandro injured his knee as he was pushing a car off the assembly line, an apparently very dangerous practice.

With the modernisation of the plant, greater attention was given to quality. In 1976 Alessandro was promoted to a mechanics inspector. By the time of plant closure he was working closely with the quality control and plant manager because of his knowledge and skills. He had become the plant's specialist in locating and evaluating major customer complaints and vehicle defects. Finally Alessandro began enjoying his work.

It was sort of digging for gold, like an adventure

When rumours began to circulate about the plant's closure Alessandro became fearful of his prospects of getting another job. His injury had begun to interfere with his work. However, because the plant was modern and well equipped he had been able to arrange to do tasks that were less strenuous for his knee.

He began looking in papers for jobs. The plant manager also tried to assist Alessandro through using his contacts with dealerships but without success.

They did try, the plant manager even personally tried. They did their best. It was the best thing they had done in all the years I was there.

Before leaving MAC Alessandro managed to get four interviews for mechanic's positions with car dealers. Initially each of these employers expressed a lot of interest in hiring him, being highly recommended by management at MAC as well as a very experienced mechanic. But as Alessandro had feared this enthusiasm soon diminished when they asked about the details of his compensation claim and injury.

I knew it, when I filled out a form I'd be in trouble

Alessandro managed to get a job on the fourth interview with a Mazda dealer a few weeks before closure. He worked here until June 1995 when the specialist told him he couldn't work as a mechanic any more. Unlike his job at MAC, Alessandro was unable to only do light duties because the organisation was smaller. Also the quick pace of

work and pressure to fill repair quotas, in dollar terms, made the work less rewarding than working for MAC where he was given time to ensure quality and fix things properly. After 12 months Alessandro was forced to leave this job due to the fifth operation he was scheduled to have on his knee.

Alessandro was unemployed for one year. It took him six months to recover from the operation. The doctor told him that he was only capable of doing light duties. In terms of employment this left Alessandro with few options, especially in an economy undergoing a process of de-industrialisation.

How can I work a desk job, I can read and write to get by but I didn't get the chance to finish school here or in my home country. If my knee was good I wouldn't have any problem.

A bloke like me, I could be a genius but unless you've got a personal friend, you won't get work or only as a contractor like I am now

Currently Alessandro is 'self employed'. He is working as a contractor handy man at the local shopping centre. He got the job because he knew a shop owner who recommended Alessandro to the landlord. He believes that because of his injury he will only ever be employed as a contractor because of the insurance premiums required to cover his injury. Contract employment allows the expense of the insurance to be passed back to Alessandro who must now pay for his insurance out of a weekly income that is substantially less than what he earned at MAC.

Retrenchment for Alessandro has been difficult due to his injury and his limited English writing skills.

Being that long at MAC, going outside was difficult

Consequently, Alessandro views his success in obtaining two jobs since being retrenched largely as a matter of luck.

When you left the place nobody would help you. ... When you're on compo you're branded.

Here in Alessandro's story we see the dialectical process of individual characteristics formation in which individual attributes and personal choices are shaped by the social and economic context, in particular, working experiences. We see this in the way that Alessandro learned English, an integral part of his NESB characteristic. Being from a migrant working class background meant that the imperative for Alessandro to contribute to the family income militated against the possibility of finishing school. At the same time the labour market, notably the abundance of unskilled and labouring jobs, made it possible for Alessandro to find work easily. Working in the fruit shop provided an opportunity for Alessandro to practice speaking all day, a possibility denied to him at school. However, as a blue collar worker doing fairly routine work, until later in life, he was neither afforded the possibility, nor required to practice reading and writing. In this way Alessandro's English skills developed to the point that was demanded by a labour market that often relied on migrant labour to fill blue collar jobs in the boom of post World War II.²⁹

²⁹ Alessandro's experience of learning English on the job is not uncommon amongst many migrants. Several of our life history informants gained employment within days of arriving in Australia unable to speak English. George, a Greek who worked in a glass manufacturing plant in Sydney explained how the workers communicated by hand signals because English skills amongst the workforce were limited. Ostensively the workforce spoke, Italian, Maltese and Slavic languages. Like Alessandro, George is now quite fluent in English but has

Similarly, Alessandro's blue collar characteristic reflects the demands of the Australian labour market in the post war boom. Along with many other people who migrated in that period, Alessandro worked most of his life in unskilled jobs. From a labour market perspective, Alessandro's advancement to the status of a skilled worker is exceptional. Two factors were important in his promotion: his permanent employment and subsequent extended tenure, in conjunction with management's commitment to training³⁰ following modernisation of the plant. Clearly the internal labour market played an important role in the formation of Alessandro's skills.

Yet at the same time that the internal labour market was building up Alessandro's 'human capital', the labour process was depleting it. Like many of Alessandro's peers from MAC, his work injury and compensation history now make it difficult to find employment. As we saw, dangerous work was an integral part of working at MAC until the plant modernised, a hardly surprising result from a labour process perspective (Willis, 1989). By contrast, neoclassical theory has no way of accounting for the impact of work on workers. At best, injury could be conceived of as reduction in 'human capital', but is largely unacknowledged in the literature. In short, significant structural change in the labour market has severely curtailed Alessandro's employment options. In the lexicon of neoclassical macroeconomic theory, the impact of structural unemployment on 'human capital' is imbibed in the concept of a 'skills mismatch'.

For Alessandro and his peers, the impost of de-industrialisation — the demise of manufacturing and shedding of labouring jobs — is evident. The ethnic segmentation in the labour market has meant that in both the manufacturing sector and labouring occupations the NESB long-term unemployed are massively over-represented.³¹ In the manufacturing industry much of this labour shedding has made use of retrenchments. This has not simply been a response to recessionary conditions. Labour market deregulation has encouraged employers to look to their workforces for adjustments in response to changing economic circumstances. As a result, retrenchments have been a popular adjustment technique. This widespread practice of labour shedding has effectively released a flood of workers into the labour market with similar work experiences who are no longer sought by employers (Campbell & Webber, 1996, pp. 95-97). For job seekers like Alessandro the options for employment have been severely curtailed.

Similarly employer behaviour is integral to the process by which many NESB migrants with tertiary qualifications have become long-term unemployed. As will be discussed later in this chapter, Australian employers appear to be systematically devaluing qualifications obtained overseas. Among conventional economists this is usually referred to as the 'transferability gap'. In part this gap may be attributed to burgeoning credentialism arising from the growing numbers entering training. This has raised the overall level of qualification of the workforce and spiralled into rising credentials inflation. Effectively formal qualifications have lost market value but have become increasingly important in competing for jobs (Windolf et al., 1988, p. 135). However, this cannot account for the different labour market outcomes for ESB and NESB migrants with similar qualifications and experiences. As argued in chapter two, a more useful explanation for this outcome is the concept of 'cultural capital'. As Arkim's story will show, 'cultural capital' is an elusive screening device used by employers.

difficulty reading and writing.

³⁰ This was made apparent following an interview with the company's trainer.

³¹ See Tables 4.4 and 4.5.

Arkim is a Tamil who came to Australia in 1994 to escape the prevailing political situation in Sri Lanka. Due to his education, he arrived in Australia able to speak fluent English. After graduating from Calcutta University with an Arts Degree in English, History and Economics he obtained a teaching position in Colombo. He then won the Fullbright Scholarship to America to obtain his Masters Degree in Library Information Science at Atlanta University in 1962-63. Following this he obtained a position at San Diego public library where he worked for one year. Next he went to Jaffna where he worked as Chief Public Librarian between 1964-68 until the library was burnt down by the army. His career then branched into teaching as he obtained a lectureship in library science at Junior Technical College. He then progressed to the position of vice-principal in a Senior Technical College where he stayed until he retired in 1987 at age 55. This coincided with the completion of his Ph. D. which he obtained from the University of Jaffna.

Upon arrival, Arkim made visits to several libraries such as the State Library, and TAFE libraries to familiarise himself with Australian library systems. Despite his qualifications and concerted efforts to find a job, it took him a year to be employed.

With all the qualifications, I couldn't find a job for one year.

During this year he wrote fifteen applications and made four interviews but without success. He missed out on one job interview because he had no computer skills (Sri Lanka had no computers installed in its libraries).

He also had difficulties in having his qualifications recognised. To improve his opportunities of obtaining library work he applied for membership to the Australian Library Information Association. In this process, his Masters Degree was recognised because it had been obtained in America, but his Ph. D. was not recognised because it had been obtained in Sri Lanka.

During this initial job search period he also applied for clerical assistant and retail sales jobs. Amongst Tamil professionals the option of being underemployed is often regarded as a better option than returning to the danger of Sri Lanka. Despite his efforts, Arkim was unsuccessful in obtaining both clerical and sales work. In interviews he was told he needed 'local' knowledge.

I was employable, but it was my fault, you know, not having local experience.

He then went to Sydney City Mission where he undertook a five week course. The course included information about the Australian workplace environment such as how to get along with people in the workplace and how to work as team. This was learned through role playing. He also received advice on the job application process and subsequently made significant changes to the way in which he wrote his resume and letter of introduction. In the job search period prior to attending Sydney City Mission, he had given a very extensive resume including his age. Following completion of the course he no longer included his age and modelled his resume closely to the job description.

The course also involved two weeks of work experience at Penrith City Library which provided Arkim with 'local experience'. During this time he was able to gain experience in using computers. This experience enabled him to get a job at the library at the University of Western Sydney where he was allowed the opportunity to get further computer experience.

Despite his training at Sydney City Mission, it was only after Arkim joined the university that he realised the differences between the Australian and Sri Lankan library work environments. In Sri Lanka there is a strong job hierarchy with labourers, clerks, and librarians doing very specific work. By contrast, libraries in Australia operate on 'team basis' where everyone does a range of tasks in which there is a perception that every staff member is 'working for the library'. Other more subtle practices also became evident through working in the library. For instance, the expectation that colleagues leave the work area when a personal phone call comes through for someone.

Arkim worked at the University of Western Sydney for approximately two years but was forced to stop working following a mild heart attack.

In this story we see the difficulties confronted by Arkim through having a 'lack' of 'cultural capital' in the application and interview process which in turn impeded his ability to search for work effectively. His experience highlights the importance of early intervention with training such as that offered by the Sydney City Mission as it reveals those elusive components of the application process for NESB migrants. For many people who come to Australia unable to speak English this type of training is incorporated into language classes. However, for people like Arkim who arrive being able to speak English, the danger is that it is not until they are long-term unemployed and finally eligible, they receive appropriate training and assistance. Without such training NESB job applicants typically pursue relentless and fruitless job search in which long-term unemployment is almost a certainty.

The difficulty in 'discovering' the hidden components of the application and interview process is compounded for the hidden unemployed who are mostly women. Knowledge of workplace milieux is particularly elusive for those who have never had the opportunity of working in Australia. One Indian woman was only made aware of the significant cultural differences through working as a volunteer in a local nursing home and being involved in meals-on-wheels. Renu arrived in Australia in the early 1980s and delayed her search for employment due to family responsibilities until 1994. Now that Renu is looking for employment she says the single most difficult barrier she has to obtaining employment is lack of local experience. As she points out,

How can I get experience if no one will give me the chance?

To understand the role that 'cultural capital' plays in the selection process we have had to rely upon the work of other researchers. One limitation of our methodology is that its insight into employer behaviour is obviously restricted. According to Iredale and Newell, Australian employers fear communication difficulties and cultural differences. This leads to demands for 'local' experience from NESB migrants which is used as a proxy assessment of local 'know-how' such as knowledge of codes, regulations, tiers of government and style of operating (Iredale & Newell, 1991, p. 89; Watson, 1996, p. 14).

Other research into recruitment practices in general, has observed that in a recessionary climate, as competition increases in the labour market due to high unemployment levels and lower turnover rates, employers' conceptions of the 'ideal' candidate become increasingly specific. As a result, selection criteria and mechanisms become increasingly narrow, sifting out the least desirable candidates (Boreham et al., 1994; Campbell and Webber, 1996; Windolf et al., 1994). This is part of the process that underlies the readily made observation by economists that the long-term unemployed are marked by a 'clustering of poorer marketable characteristics' and 'duration dependence'.

In Chapter 6 we noted that the defining characteristics of the hidden unemployed is their gender — over three quarters are women — and the overwhelming presence of dependant children.³² For this group of long-term unemployed it is their gender roles that most tightly circumscribe their ability to work. As a consequence part time work was often seen as a solution. But unlike their Anglophone peers for whom part-time work is a growth area, NESB migrant women appear to be excluded from this area of employment. Research by Alcorso indicates that a lack of access to childcare for this group of women is a significant impediment to their ability to find or maintain employment is childcare (1991, p. 35). Similarly, for each of the women we interviewed, experiences of prolonged periods of unemployment interspersed with relatively brief (often very brief) periods of employment were clearly related to their childcare responsibilities.

NESB migrant women also experience exclusion from the labour market for reasons similar to those of their male counterparts from both the blue collar, mature, age group and the tertiary educated group. For females in the former group, it is the imposed obsolescence of their work experiences in a radically changed labour market and the subsequent difficulties they face in retraining. Similarly, females with tertiary education face the problems of their male counterparts: 'lack of local experience' and difficulty in having their qualifications recognised.

Education

The statistics show that education plays a role in unemployment. However, as the stories reveal, the effect of education on life experiences in looking for work, is not independent of the labour market.

One such story is that of Imran, a highly skilled and highly educated male from Pakistan with several years of experience in Britain as an academic and project manager in the field of material sciences. With this store of human capital it could seem almost inconceivable that Imran has been unemployed since his arrival in Australia in 1991 with the exception of 6 months work. However, a combination of life decisions such as returning to Pakistan, and limited opportunities, such as his heavy teaching requirements in Pakistan, eventually led him to Australia in search of research work. Yet despite his extensive efforts to gain employment, his plans have not been realised.

Imran obtained his undergraduate degree in Pakistan then worked for 5 years as an academic teaching in materials science and metallurgy. In 1984 he went to England and undertook a Ph. D. at Sheffield University, completing it in 1986. During his time at Sheffield he pioneered some new alloys, and published widely, with around 18 to 20 articles placed in international journals. He also undertook some teaching during this time.

Imran left Sheffield University to work on an industry steel project for 2 years. When the project finished in 1988 Imran returned to Pakistan University in honour of the commitment he made prior to leaving. In Pakistan he undertook some research at the university, for industry and for government departments. Yet his workload was filled with teaching. He worked for around two and a half years and then decided to immigrate to Australia. Aware of the kind of work that was being done in his field in organisations such as the CSIRO, Imran believed the labour markets for metallurgy researchers, in Australia were similar to the United Kingdom. Consequently he expected to gain employment in a relatively short period of time, around 2 to 3 months, although not necessarily at an equivalent level of seniority.

³² See Table 5.10.

Imran arrived in Australia with his family in 1991 under the skilled migration category. Straight away he began looking for work in all major universities, research organisations in private industry, and state and federal government departments and authorities. Within these organisations he applied for the full range of jobs available including: from junior and senior lectureships to fellowships. He has also applied for technical officer positions, as well as administrative assistant positions within the university departments where he has been seeking work.

Mostly Imran has sought work through 'cold' calling employers either by phone or by sending a copy of his resume. Imran is unable to estimate accurately how many applications he has made, he says he has applied for hundreds of positions and only one has led to a job. He has also sought employment through the CES, having registered soon after arriving in Australia, but has been unable to find any jobs that match his professional expertise.

Part of Imran's job search strategy has involved undertaking unpaid work experience. In 1993 he worked for five months at the CSIRO but this did not lead to any employment opportunities. He also undertook work experience with the local Skillshare in administrative work, but once again to no avail.

In the later half of 1994 Imran applied for an academic/research position with a department in one of Sydney's universities but was offered a temporary position as a technical officer. According to Imran, despite the different names given to the positions, the job requirements were the same. Imran's employer claimed that the funding for the job that had been advertised was not available anymore. Imran worked in this position for 4 months and although his employer was apparently happy with his work, as he received a good reference, he was not reappointed. It is this experience that has led Imran to focus on applying for jobs as technical officers as opposed to academic positions.

Imran's long spell of unemployment has begun to undermine his ability to perform in interviews. The attrition of skills and dating of knowledge that comes with enduring periods of unemployment combined with inadequate access to resources for the preparation of professional presentations has meant that the interview process has become more difficult. This process has been fairly acute for Imran who is a highly specialised professional. Ironically, Imran has also been overlooked for some positions as some employers have perceived him as over qualified for the job, the administrative positions especially. To circumvent such employer perceptions, and in the desperation to get any job at all he is now considering adopting a different approach to writing his resume. This plan entails limiting the information about his training and experience such as only indicating the degrees or experiences that are directly relevant or specified in the job description. Thus if the position only requires a higher degree to masters level, he will not mention his Ph. D. Imran also believes that he has missed out on jobs on several occasions as a result of his Muslim background, in several interviews he has been asked his country of origin. He is also currently considering setting up his own small goods delivery service.

Imran now perceives the decision to leave the United Kingdom as a mistake. Indeed, neoclassical theory would encourage us to make this conclusion, viewing Imran's migration as an imperfect outcome. However, Imran's situation is not atypical. In Chapter 3 we saw that tertiary educated NESB people cluster amongst the ranks of the unemployed to a far greater extent than do their Australian-born and ESB peers. In particular, people from the Middle East, Poland, Yugoslavia, and most Asian countries

with tertiary qualifications have exceptionally high unemployment rates.³³ Moreover, in chapter 5 we saw that for NESB males tertiary qualifications are associated with increased odds of being long term unemployed.³⁴ By contrast, the unemployment rate improves dramatically with increased education for Australian-born and ESB immigrants.³⁵ Thus it would appear that human capital theory stands in direct contradiction to the empirical statistical evidence. In the case of Imran, we also see reality belies neoclassical theory, as Imran is now confronted by the impossible situation in which his education is now a liability with some employers perceiving him as overqualified for some jobs, while others are only willing to appoint him to jobs for which he is overqualified.

However, in Chapter 3 several suggestions consistent with the axioms of human capital theory, were proffered as explanations for the unemployment experience of tertiary educated NESB migrants. Broadly there were two explanations: overseas qualifications are systematically devalued, and 'unobservable' variables such as motivation or ability of the job applicant, determine their labour market status. Obviously in the case of Imran this second argument is unsustainable.

Attributing the unemployment experience of the tertiary educated NESB migrants to the systematic devaluation of their qualifications does appear to be supported by the evidence. Several reasons for this were outlined in Chapter 3. First it was suggested that the quality of Australian education is higher than overseas. Indeed it was shown that if qualifications are gained, or recognised in Australia, the odds of being unemployed are much lower than if tertiary qualifications are gained overseas.³⁶ Although this evidence does not directly support the claim that Australian education is superior, it does suggest that there may be a *perception* that this is true.

Basic econometric modelling techniques tell us that when a model is unable to adequately represent the observed activity, the model has been mis-specified and we need to reconsider our explanatory variables. It seems that the explanation for the labour market status of Imran and his peers lies elsewhere. Our statistical evidence forces us to look beyond the supply of labour.

The statistics show that the benefit of attaining Australian qualifications is much stronger for NESB migrants than for ESB migrants suggesting that some other form of discrimination may be occurring. As some of our informants explained, in order to assess the standard of qualifications, employers sometimes use their knowledge of the country in which the applicant attained their tertiary education to make a judgement. Discrimination by employers on this basis could be viewed as 'rational' in the sense that perceptions are substituted for information that may not be available, especially in smaller organisations. Australian employers are more likely to have a knowledge, or at least a perception of education obtained in other Westernised economies and thus more likely to favour these qualifications. Whilst plausible, this argument cannot account for Imran's situation. The bulk of his experience and credentials were obtained in Britain, and he has international standing in English journals in his professional field.

Similarly, another explanation of unemployment amongst tertiary qualified NESB migrants is that at higher levels, overseas education is less transferable. Once again, the statistical evidence does not support this argument, as tertiary educated ESB

³³ See Table 3.15.

³⁴ See Table 5.8.

³⁵ See Table 3.15.

³⁶ See Table 3.10.

migrants are not as prone to becoming unemployed as their NESB counterparts.³⁷ Such evidence suggests that overseas qualifications obtained from English speaking countries are similarly esteemed to those obtained in Australia. Once again this would accord with the comments of our informants, outlined above.

Some explanations of the systematic devaluation of overseas qualifications have focussed on the labour supply. In some segments of the labour market niches exist to shelter the incumbents from competition by outsiders with methods such as licensing or credentialling. In Australia, examples of this may be found in the medical and legal professions. Yet, once again, in Imran's case, the explanation does not hold.

Research by Watson (1996) returns our attention to employer behaviour, the demand side of the labour market, to understand market niches. In examining the experiences of NESB managers, Watson (1996) showed that market niches also arise from systematic and 'rational' employer behaviour. In this way we can begin to understand the apparently 'irrational' situation in which human capital becomes a liability. Watson found that in selecting professional and managerial employees, employers sought candidate's with cultural capital that matched the workplace. Employers discerned cultural capital by assessing attributes such as employment and education history, and accent. The more closely a candidate's cultural qualities resembled those already employed in the workplace, the more likely they were to be given the job. The underlying rationale being that the employer believed that this would give them greater chances of choosing the candidate most likely to fit into the workplace. To address this problem, some of our informants working in the field assisting the NESB LTU set up mentoring schemes for newly arrived migrants. The aim of such schemes is twofold: it provides a network of potential job contacts as well as an educative network of workplace environments within various fields of work.

Just as the valuation of educational attainment is heavily influenced by employer behaviour, the (individual) decision to invest in education is influenced by social circumstances. Witness Alessandro whose story we recounted earlier and who left school early to work in a fruit shop. Being an Italian migrant and understanding little English, made the option of leaving school early to begin work, most rational at that point in time.

Born in Italy, he came to Australia at age 13 with his sister to join his father and brother. He attended school for one and half years but learnt very little English being treated 'like any other sixth grader who could speak English'. The teacher rarely spoke to him and devoted little attention to his needs as a non-English speaker. To cope with this situation Alessandro would sometimes while away his time in class by reading his Italian books.

Alessandro left school at an early age to assist with the family income despite his limited English skills, being able to understand a few words and barely able to read or write.

This is one of the problems I've got today

Everything I've learnt, I've learnt myself

After leaving the fruit shop he spent the next couple of years moving in and out of series of jobs; working in factories assembling televisions, making cords, assembling trains, doing whatever, wherever he heard of work with better money or conditions.

³⁷ See Chapter 3.

Around 1969 Alessandro was thinking of leaving where he worked so he enrolled in a course at Meadowbank TAFE to learn Arc Welding. Although he was able to pass the practical test he could not have passed the written examination because of his limited English writing skills. Consequently he completed the course without formally qualifying. Fortunately for Alessandro at that point in time the lack of formal credentials in the Australian labour market did not really pose a problem.

In those days I could've gone to a factory and done a welding test to prove I could do it.

Here, in Alessandro's life, we see that both the choice between pursuing employment or education, as well as the value attributed to formal education, are contingent upon the circumstances of the labour market. This is particularly the case for people whose social conditions limit the array of possibilities available to them as in the working class, whose choices are most sharply dictated by economic imperative. In this respect the neoclassical model could be considered a fair approximation of working class decisions. However, being at the lower end of the socioeconomic scale also means that both unemployment and the opportunity of a higher income have higher premiums thus raising the stakes in the trade off between education and employment. The story of Lena's son illustrates this point well.

Lena is from Lebanon, she came to Australia in 1974 with her husband when she was 16 years old, in search of work. When Lena arrived she spoke very little English but was fluent in French. It took 12 years before she had the opportunity to learn English formally. During that time she relied on talking with her neighbour and watching television to learn English. Lena has experienced intermittent and infrequent bouts of employment whilst her husband was retrenched from BHP in 1990 and currently works for a contractor doing his old job. This puts Lena and her family in a precarious financial situation, an endemic state among her community: 'our community is very poor'. This situation exacerbates both the need for, and worry about employment, Lena is particularly concerned about her children's employment prospects.

In year 10 her son decided that he did not want to go to university, that he wanted to 'do something with his hands' like panel beating or being a mechanic. But Lena would not let her son leave:

You have to continue to year 12, because year 10 is nothing. He said 'I can find apprentice in year 10'. But I didn't let him. Now he's 21 and still looking around and now he's too old for apprentice. He's applied to all big companies. He knew all about cars because he had done it at school and came first in the class.

For Lena and her son, either choice—to look for work, or to continue education—is a 'high' risk strategy, particularly in the face of a rapidly changing labour market. Both the experience and subsequent fear of unemployment mediated the choice that was made from a limited range of options. For Lena, the concern to equip her children so they could escape the situation which besets her community both influenced the way she made her decision by systematically ruling out the option of leaving school early and seeking work.

The Decision to Migrate

The clearest illustration of our dialectical theory in which strategies evolve as circumstances change because of the contextual constraints in which people make their decisions is the migratory experience.

We can see this in Birkan's life story, a surveyor from Iraq. Upon completing his Diploma in 1984 he worked as a surveyor in local government in Iraq for eight years, eventually being promoted to a supervisory role.

My situation was very, very good. Money, finance, perfect, everything perfect, my job perfect. I've got car, company car, company mobile phone ... my life was perfect for me.

But then the Gulf War broke out, and due to the prevailing circumstances, Birkan left Iraq as a refugee and came to Australia because he had an uncle here. Initially his uncle supported him but then later he applied for Social Security benefits. He also undertook English courses for a month. Through Job Club he learnt how to apply for jobs including writing letters, preparing resumes, and how to behave and communicate through body language in an interview. He applied for jobs advertised in newspapers, often getting no further than a telephone inquiry. Once it was known that Birkan was from Iraq and had no local work experience the conversation would often finish. As a result this strategy failed to yield any job interviews. Using the Yellow Pages Birkan also wrote to 44 companies throughout New South Wales and received four responses of which three were letters of acknowledgment, only one was an offer of an interview.

At the interview Birkan stated that he did not have any local work experience. Despite this the employer said, 'I think you are suitable'. Birkan worked with the company for one month, at the end of this period his job was terminated. Officially he was told that there was not enough work, but Birkan thinks that it was actually related to his English skills because he saw an advertisement for the position 2 or 3 days after he left the job.

When it came to technical language Birkan's English was adequate but problems arose when the language was more general. Once he went to a building site with the supervisor to do some surveying,

and the supervisor said, 'Take this stuff and put it inside the car' and then he left. I followed him, I said, 'Sorry, excuse me, what you say?' He said, 'Fuck, I told you to put the stuff in the car'. I said, 'Sorry I didn't understand you, sorry about that'. ... I didn't know what 'stuff' [meant] ... I thought the 'stuff' was what we used in surveying, we called 'staff' ... but he meant put everything inside the car. He was angry because I didn't understand.

Here, Birkan's unemployment situation cannot be explained with simple reference to his own labour market behaviour. As our life histories demonstrate, migration is often propelled by a desire for a better life and the expectation of an opportunity to work, however it is a decision that is often a constrained choice, circumscribed by the prevailing social, political, cultural, and economic circumstances. By contrast there are no feedback effects in the neoclassical model. Rather it deliberately simplifies human behaviour; choices are omniscient, driven by pecuniary interests, and made from a predetermined set of options. To this extent the complexities of human decision making are ostensibly external to the neoclassical model. But indirectly human complexity re-enters the model either as a market imperfection or as an alteration to the individual's preference and ultimately manifests as an 'individual characteristic'. By using neoclassical theory, or its statistical tools as we have done in chapters 4 to 6, and restricting the analysis to an economic focus, Birkan's labour market position would appear largely the outcome of insufficient human capital, specifically inadequate (or unrecognised) qualifications and experience, and English fluency difficulties.

Job Search Strategies of the Long-Term Unemployed

Identity, Work and Unemployment

As we have seen in the preceding discussion, the decision to work is not simply circumscribed by economic imperative although, for those who have a precarious financial situation, pecuniary *need*, as opposed to preference or 'taste', does closely circumscribe choice. The stigma of being unemployed and the identity that comes through work militate against so called 'rational' tendencies to maximise income.

The importance of work in the formation of identity and sense of self worth is encapsulated in the observation made by one community worker who works with the long-term unemployed.

They come with the aspiration that says my whole life is my job, if I don't have a job, I don't have a life, if my job is a nothing job then it's a nothing life.

The strong attachment to work was reiterated many times throughout our life histories.

I love the job, I love any job ... I work shift-work job too, because I'm no lazy ... Doesn't matter to me, very hard job, or easy job, I love the job. [Unemployed Lebanese worker, Wollongong]

As pointed out by the community worker, the flip side of this strong work ethic is the damage that unemployment inflicts on one's self esteem. This can be particularly hard for males. As one Lebanese worker commented,

Now I sit at home with my family, my kids. For man, this very hard to sit at home. If I have a full-time job, I have a better life, better everything. [Unemployed Lebanese worker, Wollongong]

This worker also likened unemployment to living like an animal because of the restrictions it has imposed on his life. Social activity has been reduced to a minimum: staying at home, sleeping and eating. For reasons such as these, another Lebanese worker commented:

I want to find job from tomorrow, more happy, more freedom

The emotional impact of unemployment for this worker has been particularly depressing. His wife commented,

[He] [m]ake himself busy. Feel sick if you stay home. Better if working

Similarly, Menka, a Croatian woman who was retrenched, likened the loss of her job to the occurrence of death.

It's ... just a feeling that when you get up in the morning like somebody died. It's not there anymore, there's nowhere to go. ... It was one big mess.

At the same time, employment is only one half of her identity. She has plenty of work to do at home and, consequently, if she had the choice she would not seek paid work. This preference is also influenced by her affinity with her home: she loves spending time around the house, listening to music, reading and gardening.

By contrast, Renu, a woman from India with a middle class background sought work to escape the boredom of domestic labour. But she also wished to escape the identity of being a housewife.

It's nice to say you are working ... as much as I keep telling myself there is nothing wrong in being a housewife ... you have so many skills that are involved in housework ... but people just don't want to know you in a crowd when you say you're housewife. If you are doing something they are interested in talking to you. It's a labelled that you are labelled with, housewife ... she's just got half a brain. I hate that thing of being just a housewife'. I want to do something, I want to feel I'm contributing something towards the community.

Despite this social limitation on her identity, Renu's commitment to her role as primary care giver is evident. Her decision not to work in the past revolved around this role as she was unwilling to 'put the family second'. Similarly her current bout of looking for work has been tempered by her domestic role. Renu is only willing to do part time work because it

gets me out of the house, keeps me occupied but I'm still there for the kids

As discussed earlier in relation to hidden unemployment, gender clearly mediates the impact of being unemployed.

Just as the work ethic draws people into the labour market, the stigma of being unemployed drives people to look for work. As we discussed in Chapter 3, there is broad community expectation that the unemployed actively seek work. The impact of the expectation that the unemployed must relentlessly look for work is summed up by one community worker.

[The unemployed] are not given permission to just be themselves as they are for a while and therefore are not given permission to take some time out from the pressure of competing for a job. They are not given the freedom or time to explore what they want to do.

Any time taken out to 'just be themselves' is likely to result in being branded a 'dole bludger'. Like the distinction made last century between the 'deserving poor' and the 'undeserving poor' in the handing out of charity, 'dole bludger' is a morally loaded term. It connotes those branded as being dishonest in their search for work, and therefore undeserving of assistance (Windschuttle, 1979; Walters, 1994). Stigmatising the unemployed in this way adds to the emotional baggage that comes with being out of work. For one unemployed worker, unemployment meant shame, not simply in receiving unemployment benefits. Shame was also experienced in having to look for work!

I like the job, honest, I don't like the money coming from the employment office. I'm shamed when I go to employment office.

As the life histories show, the decision to work is as emotional as much as it is economic or social and, as such, they challenge those economic models built around simplified concepts of motivation by narrow pecuniary interests.

The main difficulty unemployed people face in finding work is the absence of jobs, both in the absolute sense and in terms of appropriate jobs in their locality and area of expertise. Chapter 5 showed that over two fifths of the unemployed nominated 'lack of jobs' as their main difficulty. In circumstances such as these, it could be argued that the most rational choice for the unemployed would be to give up looking for work. But as our discussion about work and identity showed, the motivation to work extends beyond the boundaries of the economic imperative, although this is not to dismiss the frugality provided by unemployment benefits.

Given these circumstances what are the job seeking options?

The determination, or perhaps desperation, of the unemployed to obtain a job is reflected in their search strategies, in particular their willingness to do any job at all. Chapter 5 showed that nearly one fifth look for an occupation that differed to their last job while nearly two fifths look for jobs in both different occupations as well as their own occupations.

Clearly in spite of the awareness amongst the unemployed of their circumstances, the majority continue to search for work relentlessly. Indeed the long-term unemployed have been encouraged in their relentless job search activity by the provision of case management. If this offer is not seized upon in searching for work is further discouraged by the threat to remove such assistance if compliance is not forthcoming. Whilst most of our interviewees have been highly supportive of the case management system, some have also been critical. The unfairness of the discipline of the activity test in an economy without enough jobs is evident. As one Lebanese worker from Wollongong, a particularly depressed regional economy, bluntly stated:

What you think the case management he can help? Every company today, you see, give sack for five, or ten, or fifteen workers. What the case management can help? You hear on the news everyday, company, if they have one hundred labourer, keep fifty, sack fifty. What case management can help?

For many of the long-term unemployed, relentless and unrewarding job searching leads to withdrawal from the labour market. Obviously this option is taken up by far more women than men. In part this is because of the pressure women face in trying to combine family responsibilities with employment, but also their role as prime care givers makes it easier to retire from job search activities. By contrast males remain strongly tied to their identity as 'breadwinners', a role that is also enforced by community expectations. To this extent, withdrawal from the labour market is not an option.

(Local) Experience

Amongst more recently arrived migrants job search activity is also driven by the need for 'local experience'. According to some of the Specialist Migrant Placement Officer (SMPOs), employed by the New South Wales Government, if the employer knows very little, or nothing at all about the candidates country of origin they are likely to be suspicious of the applicants claims about their ability to do the job. As one SMPO commented,

Unless they have local work experience they are invisible

As a consequence, much voluntary work is performed, sometimes for quite extensive periods. Although the practice is highly illegal, it is apparent that some employers condone it, undoubtedly in part due to the access to free labour that it provides.

In their bid to attain local experience as quickly as possible, often professionals undertake unskilled work. For tertiary educated NESB migrants, this often amounts to a zero sum game because they can lose credibility in the eyes of employers. As a result, this strategy can lead to downward occupational mobility and marginal employment. The story of Joseph exemplifies this downward spiralling occupational pathway, a situation in which many NESB migrants find themselves. Although he obtained employment relatively quickly he ended up in marginal employment with few options, one of which was to retrain.

Joseph studied at undergraduate level in Sudan and then went to the United States to study an MBA, graduating in 1977. He left the United States and went to Egypt where he began teaching in an American university in Cairo for a short period. He then worked for 3 years as a national sales manager in Egypt for a multinational company selling personal care products.

Joseph arrived in Australia able to speak English fluently due to his education. He was seeking better employment opportunities as well as escaping the effects of the civil war in Sudan. Sponsored by his sister to migrate to Australia, he arrived 1987 expecting that he would work with the same company that he had worked with in Egypt.

He thought that his overseas work experience and his MBA from the United States would place him in a favourable position in the Australian labour market. He certainly did not expect unemployment to be so high nor the labour market competition to be so fierce.

Realising the barriers that he faced in the private sector in terms of senior managerial positions Joseph began seeking teaching and training positions. Once in the college sector he found out about other teaching positions and consequently jumped from one college to the next obtaining temporary contract work. At this stage Joseph did not see this as long term career, rather he saw this as a temporary arrangement that enabled him to earn an income.

Meanwhile he was also trying to maintain contact with the company for whom he had worked in Egypt as he had a good reference from the managing director. Although the company had an office in Sydney, the head office was located in Melbourne. Eventually the company invited him to Melbourne for the day where he was told that if he wanted to accept a job in marketing — with the possibility of promotion — he would have to move to Melbourne. Alternatively, he could stay in Sydney with the company but this meant fewer opportunities for promotion. Having established himself in Sydney, Joseph was not prepared to move. Relocating over such a distance would have added to the difficulties of settlement. Consequently he accepted a position with his former employer as an area sales manager.

Joseph left the position after 6 months, unsatisfied by the work he was doing and took a position as an internal auditor in a retail company. He had heard about the job by word-of-mouth, rang and applied. Following this position he again returned to teaching because the money was better, apparently due to the very long hours in which he was often required to teach back to back classes. Over a period of two years Joseph switched from working full time to part time as sometimes he was teaching at more than one college. In 1991 he left teaching for the second time.

A friend had bought a franchise petrol station and sought Joseph's assistance in setting up. Joseph decided to take the position because the teaching was beginning to wind up. Once the franchise was operating smoothly he then moved to the finance industry selling housing loans.

He obtained this position by responding to a job advertisement, went for an interview and got the job. The organisation was new and operating at the margins. Joseph was hired on a commission basis and had the dual responsibilities of sales and marketing but without adequate marketing support. In the 6 month period he was employed there he received no income and was forced to live on his savings. Not long after Joseph left, the company was liquidated. In the meantime one of the ex-employees from the finance business set up another operation and Joseph went to work for him. Yet again he was not paid, having to generate his own leads as well as conduct sales.

It was not until seven or eight months later that he registered with the CES as unemployed. Joseph experienced difficulty in registering as unemployed because although he was receiving no income from his insurance sales position he was officially considered employed.

Since mid 1995 Joseph has had a case manager having been registered as unemployed for 12 months. In March 1995 undertook volunteer work with St Vincent de Paul Society in head office in Petersham in the refugee and immigrant division. He was assisting the coordinator and was hopeful that it would lead to paid employment. During this period life was financially difficult as he was trying to support his family with unemployment benefits. However Joseph feels that it was an important time in terms of spiritual growth. Later in July he enrolled in a twelve week course for assistant welfare workers at Skillshare. During this time he had to reduce the number of hours he was devoting to volunteer work.

Prior to unemployment Joseph's main methods of seeking employment appear to have been via newspapers. He has also used employment agencies. Occasionally he would hear of jobs through personal networks. He has also applied for jobs in a wide variety of areas pertinent to the skills that he has including retail, customer sales and service and teaching.

It seems that Joseph's pathway to working in the welfare sector was in part assisted by his case manager and the CES as the bulk of job referrals he has been given have been in this area. As the area is new to him, he does not have any personal networks which can assist him in his job search. Consequently he is reliant upon the Jobskills program to make contact in areas that he is trying to gain experience.

Joseph has responded to this situation willingly, glad of the opportunity, although this acceptance has required considerable personal effort. With his scope for career progression narrowed greatly he now seeks satisfaction through working with, and helping people. Furthermore he has had to recast his priorities after investing heavily, in 'human capital' terms, in a managerial career.

This downward occupational spiral is not an uncommon experience amongst NESB migrants, especially for professionals who accept jobs outside their occupational expertise. As one of our informants commented, their 'credibility' is diminished in the eyes of potential employers. Yet again we see that the measurement of 'human capital' is not an objective process; rather it is a subjective market outcome strongly influenced by the selection process. The disapproving glance of an employer casting their discerning eye over an inconsistent job history can instantly devalue the 'human capital' of a job applicant. An alternative strategy to accepting any job, is of course, to wait for an appropriate job offer and almost certainly risk prolonged unemployment.

Training and Skill Formation

Recent labour market programmes have attempted to redress the 'skills mismatch' gap by offering training to the long-term unemployed. Implicit in this policy is the assumption that retraining is a seamless process. It ignores the personal difficulties involved in breaking with the accumulated experiences of a life time. For Alessandro and his peers, it is the challenge of improving their English skills so that new skills can be learned. The comments from Menka, a mature age, female, blue collar worker from Croatia, exemplify these difficulties. After being retrenched from the textile industry she enrolled in a class to learn computing in an attempt to obtain office work. Like many of the long-term unemployed, she was first required to learn how to type letters.

First of all my spelling, if I put my mind to it I know that I can do it. But if you type a business letter that is not correct you don't have time to look for you know, ten words in the letter, if they're correct in the dictionary ... in a business situation.

As Menka said, she did not see herself as a typist, and certainly her English skills limited in her attempts to retrain in this occupation.

Whilst retraining programmes are undoubtedly necessary, in a context in which jobs are in short supply the value of training is sharply limited. The severe limitation of training to improve the chances of the unemployed are particularly obvious among the life histories that we collected from Wollongong. This is an area that has long experienced high unemployment following the labour shedding strategies by BHP, the main employer in the region.

Ahmed was sent by the CES to do a three month MIG welding course, at the time he was told that this would help him find employment. Upon completion of the course he tried to get work using his credentialled skills but was unsuccessful because of the lack of employment in the Wollongong region. Consequently when his case manager wanted to send him on another course Ahmed replied

I said, 'Excuse me. I don't want to do course. I want work. I change from CES to case manager because you look for me for work. You look for the job and I look for the job, together'.

Another ex-labourer from BHP expressed the stark reality of searching a region where there are no jobs with his blunt comment.

I go around every day, me and my wife, but nothing. No jobs here.

Networks

Research by Carson (1995) and Alcorso (1991) has documented the extensive use of networks by NESB migrants in their search for employment. Similarly, our life histories also indicate that networks have been important for finding work in the past. By contrast current spells of unemployment are marked by the inability to obtain work through such avenues. Among blue collar workers the failure of this strategy is best conceived as the outcome of a labour market fraught with collapsing segments. Networks that once led these workers to employment due to employer reliance on such channels as a recruitment strategy, now lead to unemployment as employers of blue collar labour increasingly shed jobs. Amongst the tertiary educated migrants that we interviewed, the use of networks as a job seeking strategy was conspicuous by its absence. In fact the absence of such networks could be seen as a factor in their long-term unemployment. One case manager that we interviewed explained how the mentoring scheme she had set up was an important part of obtaining employment amongst her professional clients because it provided the long-term unemployed with a network. Not only was this network useful for obtaining jobs, it demystified Australian workplace milieux for the long-term unemployed, thereby imbuing them with local 'cultural capital'.

In these circumstances it is highly conceivable that the significance of 'cultural capital' as a selection criteria is also raised. Thus attaining local experience on a voluntary basis may account for very little in some occupations. Such an explanation may explain Imran's situation, a story mentioned earlier. Imran, an academic in material sciences with British qualifications and work experience, undertook five months of unpaid work experience at the CSIRO but without any commensurate job opportunities. Similarly,

Birkan the surveyor from Iraq who we introduced earlier, worked unpaid for two months, 4 to 5 days a week, as a structural drawer. Birkan spent a considerable amount of time and money travelling as the company was a considerable distance from his home. The supervisor acknowledged Birkan's enthusiasm and reported it to the owner. After two months, the supervisor left and Birkan asked the owner if he could apply for the position. However, the owner refused saying that he already had eight applications and the Birkan would not be good enough.

Conclusion

In sum, the strategies available to the unemployed in their endeavours to escape their jobless state are limited by the social and economic context. Notably the demands of employers in recruiting labour as well as the rapidly changing structure of the economy. The comment of one Skillshare worker encapsulates the dilemma faced by the long-term unemployed:

We are expecting miracles inside a structure where people have no power.

By denying that the experiences of individuals are shaped by the workplace and labour market the theory reduces individual experiences to the sum of the individual choices. For NESB migrants, this approach ignores the constrained choices available to this group of workers.

8. Policy Discussion

This chapter will contrast two broad approaches to unemployment policy: those offered by neo-classical economists, including the OECD, and those advanced by Keynesians. Simply put, the neo-classical economists believe in market solutions to unemployment, the Keynesians see an essential role for state intervention in the labour market. Our own policy position is sympathetic to the latter, largely because our research findings cast severe doubts on the efficacy of market solutions. As this study has shown, it is hard to see how market solutions can work when it comes to long-term unemployment because there is no single labour market. As outlined in Chapter 2, the labour market is segmented along occupational and industry lines, is regionally divided, and is characterised by labour market shelters for particular groups of workers. In addition, the evidence on the blurred categories of long-term unemployment, marginal attachment and not in the labour force, all suggests there is another, even more profound, division in the labour market: the *active* labour market and the *defunct* labour market. The latter no longer functions as a labour market, so that even in periods of labour demand, people in this segment find no opportunities to return to the world of work. As we will see below, economists have characterised this phenomenon as ‘hysteresis’ and have suggested that the persistence of high levels of long-term unemployment for over a decade has transformed the way the labour market works. Similarly, other commentators have raised fears about the emergence of an ‘underclass’ in Australia, a group of people permanently excluded from active engagement in formal, paid work. A more useful way of viewing this phenomenon is that the ‘active labour market’ is almost a different world to the ‘defunct labour market’. In the same way that an informal, black economy exists alongside the formal, ABS-measured economy, so too do these two kinds of labour market co-exist. For these reasons, market-based solutions to long-term unemployment are unlikely to be effective. Nevertheless, over the last decade neo-classical labour market theory has been influential within the OECD and within Australian government decision-making bodies. For this reason, it is important to look more critically at the OECD’s approach to the issue.

The OECD approach to unemployment

Background

In the mid-1960s the OECD developed the concept of ‘active manpower policy’, an approach to labour supply which emphasised training, placement and labour mobility. While the context of this period was one of expanding labour demand, the OECD Recommendation of 1964 also recognised the value of counter-cyclical Keynesian labour demand policies (such as public works programs) during periods of slack demand. Ironically, by the mid-1970s, with the onset of world recession, OECD policy makers abandoned Keynesian policies in favour of a broadly anti-inflationary stance, in which public expenditure was to be directed towards paying marginal employment subsidies rather than directly creating jobs (OECD 1988, p. 46). By the mid-1980s it was obvious that long-term unemployment had become chronic in most western economies. Many OECD countries responded with labour market programs which did not attempt employment creation as such, but rather developed ‘distributional’ policies which

attempted to alleviate ‘the impact of unemployment on those most severely affected’ (OECD 1988, p. 47). A major review of long-term unemployment, carried out in 1988, suggested that many of these schemes, given their short-term duration, and their absence of training or useful work, ‘were primarily designed to remove individuals from the unemployment registers’ (OECD 1988, p. 47).

The ‘active manpower planning’ of the 1960s still featured in OECD thinking about the unemployed. Rather than governments simply paying income support to unemployed workers, the latter should be obliged to be more ‘active’ in the labour market in return for their payments. Governments should design labour market programs, such as short-term training and employment subsidies, which enforced this activity. In Australia, this took the form of the Activity Test (an expanded version of the old Work Test) which attached to the payment of unemployment benefits and required unemployed persons to be engaged in job search activities, training programs or other acceptable placements.

The OECD Jobs Strategy

By the 1990s the OECD was promoting ‘The OECD Jobs Strategy’ a major policy initiative whose theoretical roots lay firmly within neo-classical economics. Before we look at the policy prescriptions, it is worth examining the OECD analysis of the reasons for the persistence of long-term unemployment since the late 1970s. In the eyes of the OECD secretariat, the cause is quite simple: ‘the failure to adapt satisfactorily to change’. In detail:

Management skills, education and training attainments have failed to keep pace with the requirements of a more technologically advanced economy. Companies have not sufficiently improved the productivity of their operations; and workers have not become sufficiently trained ... high unemployment should be addressed not by seeking to slow the pace of change, but rather by restoring economies’ and societies’ capacity to adapt to it. (OECD 1994, p. 30)

To the OECD, policies to maintain employment through trade protection, job sharing, government subsidies or public works, are all viewed as part of the problem, not the solution. These kinds of programs slow down the rate of economic change and thus impede the process of adaptation.

The logic behind this analysis is the neo-classical theory of market equilibrium. Productivity ‘shocks’ are seen as the driving force for economic change. They lead to job destruction in particular industries or sectors, ‘freeing up’ labour that was previously employed there. The newly unemployed workers put downward pressure on wages and eventually they price themselves into employment in other industries or sectors of the economy. Thus, left to itself, the labour market takes care of the re-allocation of labour from high productivity sectors (or dying sectors) of the economy to sectors with expanding labour demand (Johnson, 1995, p. 38). Within this perspective, any processes which impede the re-allocation of labour, which interrupt this momentum towards equilibrium, are seen as responsible for prolonged unemployment. Wage ‘rigidity’, enforced by trade unions or minimum wage legislation, comes in for particular criticism. Government subsidies which interfere with the efficiency of markets are also seen as slowing down this process of adjustment. Geographical immobility or skills shortcomings on the part of displaced workers are also seen as responsible for prolonged unemployment. In summary, while frictional unemployment is a natural part of the re-allocation of labour within the economy, long-term unemployment is symptomatic of a malaise in the economy, of interference—generally by governments or unions—in the efficient working of the market.

On the basis of this theory of the need to 'adapt to change' the OECD (1995a, p. 15) formulates a number of specific recommendations:

1. macroeconomic policies should be aimed at encouraging growth, but in a non-inflationary way. In other words, wage claims should be kept in check and government spending should be constrained.
2. the creation and spread of technological knowledge should be improved.
3. working-time arrangements should be made 'flexible'. This can mean that full-time workers should work longer hours while casual workers should accept shorter shifts.
4. an entrepreneurial climate should be nurtured by eliminating restrictions on the creation and expansion of enterprises.
5. wages and labour costs should be made more flexible, particularly to reflect 'local conditions' and 'individual skill levels'. In other words, wage cuts may be needed in regions of high unemployment or for groups of workers who are in 'oversupply'.
6. change employment security provisions which inhibit employment expansion in the private sector. (In Australia, the unfair dismissals legislation has been seen in this light by some commentators.)
7. labour market policies should be made more active. The unemployment benefits system should not be simply a 'passive' income support system.
8. labour force skills should be improved by changes to education and training systems.
9. unemployment benefits, and other related benefits, should be changed so that 'equity goals' can be achieved in ways 'that impinge far less on the efficient functioning of labour markets'.

A Critique

While some of these goals are economic 'motherhood statements' (eg. points 2, 4, and 8), many of the others are precise interventions into social policy areas with the aim of facilitating that movement toward market equilibrium sketched above. As we saw earlier, this argument suggests that labour will only price itself into new jobs if wages fall (point 5), and if disincentives to retraining or other forms of labour immobility are removed.

The final point is particularly interesting and highlights one of the profound contradictions in the OECD approach to economic life. Since the early 1980s social policy makers have been concerned about 'poverty traps', situations which keep people stuck in unemployment because if they try to take on small amounts of work, they find themselves disadvantaged. This is usually the result of the interaction between benefits systems and the tax system, or the restrictions on extra income imposed by the regulations attached to the benefits system. In Australia in the late 1980s, for example, the incomes test for unemployment benefits deducted 50 cents in the dollar for every dollar earned above \$30 per week, and a dollar in the dollar for every dollar earned above \$70. Poverty traps such as these prevented unemployed persons from taking on the kind of part-time work which might have led to full-time work. As well as this situation, the OECD also had in mind what they called 'overgenerous' unemployment insurance schemes, mostly in western Europe, where workers could receive as much as 70 per cent of their former earnings.

The contradiction with which the OECD must grapple is this: if wages fall too much, poverty traps increase. Consequently, there is only one way to eliminate poverty traps which is consistent with the other elements of OECD policy and that is to lower unemployment benefits. However, to do so would exacerbate economic hardship in most OECD countries, a result at odds with the constant references to ‘equity goals’ found throughout the OECD literature. The only conclusion to be drawn from this policy confusion is that the OECD’s acknowledgment of these ‘equity goals’ is tokenistic. Evidence for this can be found in a careful reading of the OECD’s economic analysis and its various euphemisms. The social dimensions of economic life—both government social policies and the social and cultural activities of workers and consumers—are invariably presented by the OECD as aberrations or distortions of economic activity. They prevent the smooth working out of the neo-classical model. Thus long traditions within working class culture which aim to make hardship more ‘habitable’, or social democratic accommodations with popular aspirations, are seen as ‘restrictive work practices’, ‘rigidities’, or ‘political expediency’. In this context, social equity is seen as an impediment to economic transformation and growth, and social democratic governments are too weak to confront the problem. For the OECD, the neo-classical model is not a heuristic tool to understand economic life, but a prescription for how economic life should be ordered, and the lament is then offered that real life gets in the way of the model!

The major shortcoming in the OECD’s analysis of long-term unemployment is that it is empirically wrong. Productivity ‘shocks’ have not been severe during the last two decades, the period when long-term unemployment mushroomed. As one of the OECD’s own authors noted:

A robust finding that characterises all OECD countries is that the trend growth rate of labour productivity slowed, often substantially, by around 1973, from the rates observed during the 1960s. (Johnson, 1995, p. 40)

In the case of Australia, labour productivity averaged 2.9 per cent per annum prior to 1973, 2.2 per cent during the remainder of the 1970s, and one per cent during the 1980s. Faced with evidence like this, some OECD authors acknowledge that the causes of long-term unemployment are not productivity related:

The overall trend towards higher unemployment cannot be attributed to the trend movements in labour productivity growth, as the latter declined in the 1970s and has remained below earlier levels. Worker displacement as a result of higher productivity is thus not a fundamental cause of the rise in OECD area unemployment over the past thirty years. (Johnson, 1995, p. 41)

Despite such a stark admission, this author still attempts to rescue the overall OECD explanatory edifice (outlined above) by suggesting that failure to adjust to change may have ‘aggravated’ the problem of long-term unemployment. This is then used to justify the raft of policy measures discussed earlier.

There are a number of other conceptual shortcomings with the OECD analysis of labour markets and long-term unemployment. These include:

- ◆ the concept of productivity—whether labour or factor productivity—is a very limited one, particularly in service industries and in public administration. This is reflected in the difficulties found in measuring it. Hence relying on a causal analysis of unemployment which makes productivity central is a dubious exercise.

- ◆ labour markets do not function like other commodity markets. This is not because of trade union or government imposed ‘rigidities’ but because labour is a commodity like no other, it is embodied in human beings. The supply of labour—both its quantity and quality—does not respond to price signals as happens in other markets because the owner of the commodity and the commodity itself are the same person. Outside of immigration and changes in the participation rate, a new commodity takes at least 16 years to be produced, and even longer to be adequately skilled. A sudden rise in the price for labour cannot induce a fresh supply to be produced. Moreover, this commodity, ‘labour’, has motivations which go beyond ‘utility maximisation’, and a life which lies outside the realm of market relations.³⁸
- ◆ market-wide competitive models rarely apply in the real world. Changes in relative wages do not induce changes in labour supply and demand because sector-specific factors constantly shape labour market outcomes. As the OECD concedes: ‘While wage flexibility may signal that market mechanisms are free to work, it is not necessarily the case that greater wage flexibility implies a higher level of employment’ (Johnson, 1995, p. 50). Consequently, developing models which take the national economy as the locus for change may be entirely misguided.

We will offer an alternative explanation for unemployment later in this chapter. At this point we will examine the prescriptions for dealing with long-term unemployment offered by several Australian economists whose perspective is closely aligned with the OECD analysis.

The Australian neo-classical analysis

In *Achieving Full Employment*, Helen Hughes echoes the OECD analysis when she argues that unemployment is the result of ‘rigidities in the Australian economy that have made it very unresponsive to changes in the rest of the world’ and that Australians have been persuaded to distrust, rather than to welcome change’ (1994, pp. 4, 13). For her, low utilisation of capital is the major cause of Australia’s uncompetitive international trading position and is responsible for slow investment and low research and development spending. Trade unions—and the industrial relations ‘club’—are largely responsible for this situation, since their regulation of the labour market, particularly around remuneration, hours of work and working conditions, has contributed to the low utilisation of capital.

Hughes favours a number of policies and dismisses what she calls ‘quick fixes’. Amongst the latter are government job creation measures, which are criticised for increasing budgetary spending, an undesirable policy because it ‘crowds out’ private sector expenditure and thereby contributes to further unemployment. (The ‘crowding out thesis’ was popular amongst conservative economists during the mid 1980s as an argument against increasing government spending to boost labour demand.) For Hughes the answer to unemployment lies in:

- ◆ removing poverty traps and overhauling the social security system (1994, p. 16);
- ◆ improving vocational education to standards comparable with the OECD, particularly Germany (1994, p. 17);

³⁸ As Langmore and Quiggin observe: ‘The central assumption about human motivation underlying neo-classical economic theory is that people are egotistical, rational utility maximisers ... Of course everyone in paid employment wants fair pay and many people would like a higher income, but there are few for whom this is their only or even principal goal. Human motivation is endlessly complex ...’ (1994, p. 101).

- ◆ greater use of shiftwork to increase capital utilisation and thereby make exports more competitive (1994, p. 18);
- ◆ overhauling the industrial relations system to bring remuneration into line with productivity, eliminating ‘social welfare’ from the workplace (things like penalty rates, superannuation, long service leave, childcare and so forth).

The difficulty in evaluating Hughes prescriptions lies in assessing the nature of her evidence. She cites no research findings for her various arguments but relies on ‘common knowledge’ or anecdotal evidence: ‘Council sub-committees have trouble in coming to grips with development and aesthetic issues. Planning officers can’t read architects’ plans’ (1994, p. 62) and ‘Most measures to correct market failure have proved to be more costly than the market failure they sought to fix’ (1994, p. 10). Like the OECD analysis, Hughes’ position shares a similar contradictory stance towards social equity. She calls for ‘the social priorities of an egalitarian and fair society’ (1994, p. 4) and yet most of her economic prescriptions would result in greater income inequality in Australia, particularly measures to reduce the wages of low-skilled workers (1994, p. 14).

Like most neo-classical economists, Hughes ignores ‘externalities’, aspects of economic life which remain uncoded and thus absent from various economic equations. These externalities, such as pollution or road trauma, are usually privately created social costs, and their absence from the economic balance sheet indicates an implicit form of social subsidy. In the case of Hughes’ analysis, road transport is praised for its efficiencies while ‘publicly-owned state monopolies’ in most infrastructural industries are characterised as inefficient and overcharging. In both cases externalities are ignored. The unrecouped costs of road transport (highway damage and loss of life) are not factored into its real cost structure, nor are the various social benefits of government monopoly practices (particularly in regional economies) given a dollar value. The irony of this situation is that most neo-classical economists call for subsidies to be made transparent, so that their removal can be hastened, yet the persistence of externalities throughout the economy leaves social subsidies common within private production.

Other neo-classical economists in Australia who have contributed to the debate around long-term unemployment include Sloan (1993), Wooden, Chapman and Kenyon (1993). While their analyses and prescriptions differ, they share a number of common assumptions:

- ◆ economic growth at rates greater than 3 per cent is essential for making inroads against unemployment;
- ◆ subsidies to employers are preferable to direct job creation schemes;
- ◆ labour market programs to enhance the skills of the long-term unemployed are useful;
- ◆ government spending on unemployment must always be subordinate to a broader anti-inflationary strategy.

These last two points raise an important issue concerning the neo-classical stance on the relationship between inflation and unemployment, a relationship in which high levels of unemployment are seen as conducive to dampening down wage demands, and thereby keeping inflation in check. This trade-off between the unemployment rate and the rate of inflation, traditionally expressed in the Phillips Curve, gave rise to a notion of a ‘natural rate’ of unemployment, a level below which unemployment should not fall or else serious inflationary pressures would erupt. As one of the classic economics textbooks phrased it, the Phillips Curve showed that ‘it is *not* open to governments permanently to reduce unemployment simply by stimulating demand’ (Samuelson,

Hancock, Wallace, 1975, p. 850). This 'natural rate' of unemployment has been steadily rising over the last two decades—from 4 per cent in the late 1970s to 8 per cent more recently—and has provided a convenient justification for government inactivity to seriously bring down unemployment (Langmore and Quiggin, 1994, p. 48). The more recent incarnation of this concept is the NAIRU: 'the non-accelerating inflation rate of unemployment'. While less 'ideologically loaded' than the natural rate, the NAIRU works with the same empirical claim that inflation will take off if unemployment falls too low. It is worth noting that some economists (eg. Langmore and Quiggin) reject the inflation-unemployment trade off as only applicable in 'relation to short-term variations in the level of aggregate demand', but not relevant in the long term (1994, p. 48).

Long-term unemployment produces a dilemma for policy makers working with NAIRU assumptions. Generally, after each recession, unemployment levels drop but the rate of long-term unemployment fails to return to pre-recession levels. The reasons for this—duration dependence and heterogeneity—were discussed earlier in this study. What this means is that the trade-off between unemployment and inflation no longer works as effectively. Termed 'hysteresis', this situation leads to unemployment becoming increasingly unmanageable:

continuing high levels of joblessness make it less possible for the economy to deliver low levels of inflation and unemployment in the future, essentially because a growing part of the unemployment pool becomes increasingly less relevant to employers. A consequence is that unemployment becomes persistent, responding increasingly less to expansionary shocks to aggregate demand. (Chapman, 1993, p. 23)

In Marxist terms, the long-term unemployed cease to be part of the reserve army, and thus no longer play a role in depressing wage levels. This may happen because their own labour market activity becomes weaker, or because employers no longer seriously consider them part of the labour market. Labour market programs, particularly those aimed at making the long-term unemployed 'job ready' can be viewed as an attempt to restore these traditional labour market relationships.

This analysis goes some way towards explaining one of the most bizarre aspects of recent Australian economic history. Federal Labor Governments have refused to restore full employment using traditional social democratic job creation strategies and have opted instead for an 'economic growth plus labour market programs' strategy. Most community sector workers who have dealings with the long-term unemployed find it baffling that short-term training courses and short-term subsidised jobs are regarded as the panacea for the problem of long-term unemployment. They regularly witness the futility of job searching, the frustration of short-term jobs and the dispiriting collecting of training certificates. The enigma of this process is solved once we recognise that the underlying logic of labour market programs is not the reduction of unemployment per se, but the restoration of the inflation-unemployment trade-off. If the long-term unemployed can be made 'job ready', if they can be made 'actively unemployed' by careful case management, then their labour market role in depressing wages and keeping inflation in check is restored. In terms of the distinction drawn earlier, such policies attempt to move the LTU from the defunct labour market into the active labour market.

This is not intended as a cynical attack on economic policy makers. There is little doubt that political concerns about the emergence of an underclass, compassion for the plight of the LTU, and equity concerns to redistribute the burden of unemployment away from the most disadvantaged have all converged at different times in the formulation of

labour market programs. Rather, what this analysis suggests is that a number of the pillars of neo-classical orthodoxy, particularly the reliance on economic growth within a restrained budgetary stance, have been confounded by the persistence of long-term unemployment. Within this context, labour market programs are an attempt to improve 'the ability of the long-term unemployed to compete in the labour market' (Wooden, 1994, p. 9), partly for their own benefit, but also partly so that the NAIRU can be lowered. If the long-term unemployed are ignored and neglected, the NAIRU will settle at a permanently high level.

An Australian Keynesian approach

In this section we will examine in greater detail some proposals for job creation advanced by Langmore, Quiggin and Green. The Langmore and Quiggin proposals are located within a broadly Keynesian demand management strategy which emphasises the employment generating aspects of public expenditure in community services. The Green proposals are premised on a revival of Australian manufacturing industry.

Public sector expansion

For Langmore and Quiggin, one of the main reasons for the growth in unemployment during the last two decades has been cutbacks in government expenditure, particularly Commonwealth funding for the states which has fallen from 9.5 per cent of GDP in the mid-seventies to 4.9 per cent in the early 1990s (1994, p. 3). They see increased spending on health, education and infrastructure as not only directly generating employment, but also as contributing to the 'vitality of the economy' and thereby guaranteeing its long term expansion. L&Q also argue that increased spending must be accompanied by industry and regional policies which are formulated not on the presumption of competitive markets, but rather on the need for private and public sectors to co-operate effectively (1994, pp. 4-5).

This expansion in public sector employment is presented within the context of a number of other proposals (1994, pp. 117-118). These include:

1. expanding labour market programs, with a job guarantee for the long-term unemployment;
2. an incomes policy based on the Accord;
3. progressive taxation reform.

These measures are designed to ensure that the long-term unemployed benefit from the expansion in employment (point 1) and to counter the inflationary effects of expanded public expenditure on job creation (points 2 and 3).

Interestingly, Langmore and Quiggin echo the OECD phrase about 'the failure to make an appropriate social adaptation to change' but their prescriptions are quite different. Jobs lost through technology and structural change in traditional employment areas should be offset by an expansion of jobs in health, education, welfare, research, the arts and environmental services (1994, p. 80). These are all areas which are largely publicly funded and the winding back of public expenditures over the last decade has prevented such an expansion. In this sense, failure to adapt to change is the result of misguided economic policies by Commonwealth governments, particularly since the mid 1980s.

One critic of this strategy has argued that ‘it is difficult to believe that the currently unemployed can slot into public sector jobs in community services such as education and health very easily’ (Kenyon, 1993, p. 21). However, this objection is misguided. The Langmore and Quiggin position also envisages an expansion in the construction of public infrastructure, an employment area ideally suited to male, low skilled LTU. Moreover, an expansion of employment in health and education would not just entail increased recruitment of professionals and para-professionals, but would also create jobs for ancillary positions like cleaning, administration, support and food preparation. The workers needed to fill these positions could also be drawn from the ranks of the long-term unemployed, particularly women. Finally, increased employment in these areas would also draw qualified workers from other sectors of the economy where they may be currently underemployed, and their departure would open up possibilities for unemployed workers in the jobs they vacate. In 1993, about 15 per cent of persons with teaching qualifications were employed in lower level positions, mostly sales and clerical jobs, and over one quarter of persons with health qualifications were similarly underemployed (ABS, 1993a).

The real dilemma concerning the Langmore and Quiggin proposals lie not in the viability of their employment generating aspects, but at the level of macro-economic constraints. The legacy of the Hawke and Keating governments, particularly the serious current account deficit and the weakening of opportunities to increase taxation revenue, have limited the scope for Keynesian-style expansionary policies. Langmore and Quiggin are aware of this dilemma and suggest that increased taxation be used to fund their proposals, and that one of the consequences of this strategy would be a reduction in the current account deficit because ‘a significant proportion of discretionary spending goes on imports’ (1994, p. 121).

Ultimately, the question of unemployment is a question of political will, not technical difficulties. If the community is prepared to pay, through higher taxation, for full employment, then full employment is possible. Unfortunately, a decade of tax cuts, or promises of tax cuts, have created a climate in which reform of taxation to increase revenues in an equitable fashion is seen as too difficult. Yet Australia remains one of the lowest taxing OECD countries, and the scope is certainly there for significantly increasing revenue (by about twelve billion dollars, according to Langmore and Quiggin, 1994, p.156). Recent findings by the Australian Taxation Office, which show that multinational corporations pay effectively no income tax in Australia, also highlight the haemorrhaging of government revenue which current taxation policies have allowed. Finally, increased taxation revenue need not be the only source of funding for public sector employment creation. B.A. Santamaria, for example, has been arguing for several years for an increase in Commonwealth funding of national infrastructure projects to be paid for by an issue of low interest Commonwealth bonds (regular column in the *Weekend Australian*).

Manufacturing

An important theme in this study is that the de-industrialisation of the Australian economy has been responsible for a significant proportion of unemployment and that particular groups of workers—predominantly mature age blue collar workers—have been most severely affected. It is feasible to expect this process to be slowed, or even halted? Can Australian manufacturing be revived and would it be accompanied by a revival in employment? To explore these questions it is worth examining Roy Green’s *Industry Policy and Jobs* (1993).

Like Langmore and Quiggin, Green sees the balance of payments constraint as an important limit on the scope governments may exercise to manage demand in the economy. Too much economic stimulus by the government to increase employment can induce a flood of imports and send the balance of payments rocketing. For Green then,

the only way to secure growth and jobs in the long-term is to take action on the supply side ... by improving the productivity and competitiveness of the traded goods sector of the economy, which, without a dramatic upturn in the prospects for commodities, means sharpening the focus in Australia on our small but increasingly sophisticated manufacturing sector. (1993, p. 3)

The industry policy envisaged by Green is based on the argument that Australia cannot rely on earnings from commodity exports to overcome the balance of payments constraint, since these constitute a declining proportion of world trade and their relative prices are in long-term decline. Rather, the solution lies in greater earnings from manufacturing exports, particularly elaborately transformed manufactured products (ETMs), one of the fastest growing segments of world trade (1993, pp. 9-10). Green characterises Australia's manufacturing sector as a 'sheltered workshop', the legacy of decades of tariff protection, and views recent programs of tariff reduction as essentially correct but incomplete:

The problem ... was that, without a clear and coherent industry policy to support it, the development of export competitive manufacturing was made to depend entirely upon the market, or what boils down in the Treasury models to 'spontaneous entrepreneurial combustion'. (1993, p. 10)

The components of Green's industry policy include:

- ◆ a *tripartite framework* for developing industry policy;
- ◆ *workplace bargaining* as the mechanism for increased manufacturing productivity;
- ◆ *sector strategies* to coordinate investment which would emphasise: 'networking' between companies, closer producer-user linkages, technology transfer and, possibly, export facilitation measures (1993, p. 16).

Green's confidence in ETMs as the basis for a revived manufacturing industry is borne out to some extent by research by Sheehan et al. (1994). They argue that while ETMs remain a small component of Australian manufacturing, their rates of growth and their export potential are exceptionally promising. Between 1985 and 1993, the ETM export/import ratio doubled, from 15 per cent to 30 per cent, 'an indication of a remarkable change in Australian trade performance in elaborately transformed manufactures' (1994, p. 6). If this trend continues to the end of the decade, a ratio of 50 per cent could eventuate with 'vast implications for the economy as a whole'. In particular, such a change would allow a rate of growth under the balance of payments constraint of between one and half and two percentage points higher than would occur under the current ratio (1994, x). This suggests that economic growth rates of five per cent are sustainable. Such growth rates are an essential precondition for reducing unemployment to a level below five per cent. Thus, while the direct employment effects of the growth in ETMs are modest—something acknowledged by Green, who expects most of the flow-on employment growth benefits to emerge show up in retailing and services—they may play a critical role in revitalising employment growth more generally.

Labour Market Programs - an assessment

It is difficult to be definitive about the specific outcomes of various labour market programs. As Wooden notes, 'well-controlled evaluations of Australian LMPs are rare'. His own assessment is that 'we should not be overly optimistic about their impact' (1994, p. 8). Certainly, the neo-classical attack on Keynesian policies, including public job creation ventures, is often ideologically driven, not the result of careful assessments. Sloan, for example, dismisses the value of such schemes and writes of 'the painting of barbed wire is an (apocryphal?) example often cited' (1993, p. 37). Historically, both the REDS and CEP schemes came under attack because of political expediency—the need to shift policy direction—rather than because of genuine misgivings about their effectiveness. As Langmore and Quiggin observe:

The aversion of many policy-makers to public job creation schemes is more than an over-reaction to past mistakes. It is ultimately part of the belief that governments can and should take no serious action to reduce unemployment, other than by permitting the market to drive wages down. It is closely related to the belief that only private sector jobs are 'real' jobs and that the market is the only test of value. (1994, p. 165)

Despite the absence of good evaluations and the plethora of ideological judgements, it is nevertheless possible to compare the relative merits of Australian labour market programs. In an illuminating discussion Stretton and Chapman trace the history of labour market programs (LMPs) since the early 1970s and demonstrate that they have been characterised by both ad hocery and complexity (1990, pp. 14-30). One of their major problems is that they governments have used them 'in response to the political imperative to "do something about unemployment"', rather than as part of an integrated economic and training approach (1990, p. 19). Training for the unemployed, for example, has rarely been integrated into the wider training system, which itself has been seriously neglected (particularly vocational education).

The conventional wisdom concerning wage subsidy schemes (WSS) and direct public job creation (DJC) can be summarised as:

- ◆ WSS can lead to substitution effects, without any net gain in employment. This can happen because employers simply substitute targeted workers for non-targeted workers. It can also happen because firms without subsidised workers lose market share to those with subsidised workers. The general consensus in the research literature is that only about 15 to 20 per cent of all placements are additional jobs (Stretton and Chapman, 1990, p. 36).
- ◆ DJC can also be liable to substitution effects in that the jobs may well have been created anyway by state, local or community sector expenditure. Assessing the size of this substitution effect is not easy, though Stretton and Chapman cite one source which suggests that about three quarters of projects would not have been undertaken in the absence of DJC, suggesting a quite low substitution rate (Stretton and Chapman, 1990, p. 37).
- ◆ About 60 per cent of disadvantaged jobs seekers lose their job when the WSS finishes. All of the participants in the DJC lose their job when its funding ceases. In terms of subsequent labour market outcomes, it is very difficult to assess these because of the lack of control groups with similar characteristics to those of the participants (Stretton and Chapman, 1990, p. 40). It is also sometimes claimed that DJC participants are 'stigmatised' by being part of such a program.

- ◆ WSS work best in periods of recovery, rather than in the depths of a recession. They are thus not a useful initial response to an economic downturn which is when DJC may be most effective (Langmore and Quiggin, 1994, p. 162).
- ◆ WSS are perceived as a 'cheap' labour market program, compared with DJC (Sloan 1993, p. 39). In fact, when the analysis takes account of whether additional jobs are created, the cost of each scheme is approximately the same (Stretton and Chapman, 1990, p. 50).

Clearly, WSS and DJC are complementary approaches to dealing with unemployment, appropriate at different stages in the recessionary cycle. Given their similar costs, the main weakness of DJC is that the jobs end when the funding ends, and the likelihood of re-employment in other jobs remains uncertain. This is only a weakness if the DJC program runs for too short a period of time and operates without adequate integration with training programs. Historically, this has been the case with REDS, Wage Pause and CEP. If DJC programs were given longer time frames, then they could come to play the role of semi-permanent conduits between the active labour market and the defunct labour market. This would, of course, require adequate integration with other training programs so that participants' employment-related skills could be enhanced. In a sense, DJC programs could come to play the role of 'ports of entry' into the active labour market in the way 'junior jobs' once did for organisations.

Appendix

These binomial logit analyses make use of *odds ratios* which compare the relative odds of being unemployed between contrast groups (for example, between males and females). The odds of being unemployed is the probability of being unemployed divided by the probability of being employed. Comparing the odds between two contrast groups produces an odds ratio. If the ratio is very close to one, then the two groups have similar odds of being unemployed. If the ratio is greater than one, then the relevant group has an increased odds of being unemployed, vis a vis the contrast group. Similarly, if the odds ratio is less than one, then the relevant group had reduced odds of being unemployed, vis a vis the contrast group.³⁹

Relevant characteristic	Odds ratio of being unemployed			
	Aust-born	ESB	NESB	
<i>Migration factors</i>				
One or both parents born overseas in NESB country	1.11	**	-	-
Recently arrived in Australia	-	1.91	**	2.65 **
<i>Education and English proficiency</i>				
Early school leaver	1.52	**	1.58	** 0.99
Tertiary education	0.34	**	0.38	** 0.65 **
Low English proficiency	-	-	**	2.22 **
<i>Demographic factors</i>				
Male	1.23	**	1.35	** 0.99
Married	0.33	**	0.42	** 0.57 **
Teenage	1.68	**	1.65	** 2.63 **
Mature age	0.77	**	1.27	** 1.06
Pseudo-R ²	0.08	0.06	0.06	

Source: ABS 1991a, Census Household Sample File

Note: ** statistically significant at one per cent level. * statistically significant at five per cent level. G_M (Model Chi-Square) statistically significant at one per cent level for each birthplace group.

The most useful strategy for making comparisons based on this modelling involves ‘plugging in’ a set of values for the variables in the model and thereby estimating the probability of being unemployed for a person with a particular set of characteristics.⁴⁰

For example:

- ◆ an NESB prime age male with a tertiary education who was recently arrived in Australia would have a probability of being unemployed of 26 per cent;

³⁹ The odds ratio for the contrast group can be calculated by taking the reciprocal of the odds ratio shown in the table. Odds ratios (OR) can be converted to probabilities using the formula: $OR/OR+1$. The logit models reported in this research make use of dichotomous educational variables (tertiary education, early school leaving) because these categories mark ‘watersheds’ in terms of labour market experiences. The conventional econometric practice of using ‘years of education’ (a continuous variable) to capture the links between education and the labour market overlooks this ‘watershed’ effect. As Stromback et al. observe, regarding education as a continuous variable is a restrictive specification, since ‘it implies an additional year at school has the same effect as an additional year of tertiary education’ (1992, p. 30).

⁴⁰ As mentioned in the notes to Chapter 6, because a logit model is not linear in form, one cannot make direct comparisons between the coefficients for the different birthplace groups as one can with linear regression.

- ◆ the same person, with low English proficiency, would have a probability of 45 per cent;
- ◆ the same person, but not being recently arrived, would have a probability of 12 per cent;
- ◆ by way of comparison, an ESB prime age male with tertiary education who was recently arrived in Australia would have a probability of being unemployed of only 11 per cent (despite their recency of arrival);
- ◆ similarly, an Australia-born prime age male with tertiary qualifications would have a probability of being unemployed of just 6 per cent. If this person were an early school leaver without a tertiary education, then their probability of being unemployed would rise dramatically to 23 per cent. If they happened to be a teenager as well, the probability would leap to 33 per cent.

Table A1.2: Odds ratios of being unemployed, Australia 1993

Relevant characteristic	Odds ratio of being unemployed		
	Aust-born	ESB	NESB
<i>Migration factors</i>			
Recently arrived in Australia	-	1.37	2.08 **
<i>Education and English proficiency</i>			
Early school leaver	1.23 **	1.47 *	.76
Post-school qualifications gained in Australia	0.52 **	0.52 **	0.58 **
Post-school qualifications gained overseas	-	0.68	0.78
Low English proficiency	-	-	2.85 **
<i>Demographic factors</i>			
Male	1.17 **	1.17	1.29 *
Teenage	2.49 **	2.78 **	3.77 **
Mature age	0.50 **	0.78	0.99
Pseudo-R ²	0.04	0.03	0.07

Source: ABS 1993a, Training and Education Experience

Note: ** statistically significant at one per cent level. * statistically significant at five per cent level. G_M (Model Chi-Square) statistically significant at one per cent level for each birthplace group.

Table A1.3: Odds ratios of being unemployed, Australia 1993

Relevant characteristic	Odds ratio of being unemployed		
	ESB	NESB	
<i>Migration factors</i>			
Recently arrived in Australia	1.66	5.02	**
Work experience prior to migration	1.12	0.60	**
Family reunion or refugee program	0.77	1.05	
<i>Education and English proficiency</i>			
Early school leaver	1.66	1.43	
Overseas qualifications recognised	0.69	0.68	*
Low English proficiency	-	2.23	**
<i>Demographic factors</i>			
Male	0.94	1.12	
Teenage	1.14	2.05	*
Mature age	2.10	2.10	**
Pseudo-R ²	0.02	0.10	

Source: ABS 1993b, Labour Force Status and Other Characteristics of Migrants

Note: The survey sample did *not* include the Australia-born.

** statistically significant at one per cent level.

* statistically significant at five per cent level.

G_M (Model Chi-Square) statistically significant at one per cent level for NESB and at five per cent level for ESB.

The following logit models make use of 'interaction effects'. These are best interpreted as the change in the odds for a particular variable when one controls for its effect according to a third variable (for example, the effect of education taking into account sex).

Table A1.4: Odds ratios of being unemployed for males, Australia 1993

Relevant characteristic	Odds ratio of being unemployed
<i>Migration factors</i>	
Born in NESB country	1.43 **
Recency of arrival in Australia	0.89
<i>Education and English proficiency</i>	
Early school leaver	1.84 **
Tertiary education	0.45 **
Had used a computer	0.71 **
Low English proficiency	2.70 **
<i>Demographic factors</i>	
Presence of dependent children	0.65 **
Teenage	2.14 **
Mature age	0.51 **
<i>NESB interactions</i>	
NESB by tertiary education	1.64
NESB by early school leaver	0.43 **
NESB by recency of arrival in Australia	2.24 *
NESB by teenager	1.39
NESB by mature age	1.59 *
Constant	0.14

Source: ABS 1993a, Training and Education Experience

Note: ** statistically significant at one per cent level * statistically significant at five per cent level.

G_M (Model Chi-Square) statistically significant at one per cent level.

Pseudo-R² = .06

Recency of arrival is defined as arrived within the five prior to the survey.

Table A1.5: Odds ratios of being unemployed for females, Australia 1993

Relevant characteristic	Odds ratio of being unemployed
<i>Migration factors</i>	
Born in NESB country	1.03
Recency of arrival in Australia	2.32 *
<i>Education and English proficiency</i>	
Early school leaver	1.03
Tertiary education	0.51 **
Had used a computer	0.78 **
Low English proficiency	2.13 **
<i>Demographic factors</i>	
Presence of dependent children	1.17
Teenage	3.40 **
Mature age	0.39 **
<i>NESB interactions</i>	
NESB by tertiary education	1.11
NESB by early school leaver	0.87
NESB by recency of arrival in Australia	1.22
NESB by teenager	1.33
NESB by mature age	2.36 **
Constant	0.11

Source: ABS 1993a, Training and Education Experience

Note: ** statistically significant at one per cent level * statistically significant at five per cent level. G_M (Model Chi-Square) statistically significant at one per cent level. Pseudo- $R^2 = .06$. Recency of arrival is defined as arrived within the five prior to the survey.

Table A1.6: Participation rates by age and birthplace, Australia 1991

Country of birth	Age groups						All age groups
	15-19 yrs	20-29 yrs	30-44 yrs	45-54 yrs	55-64 yrs	65+ yrs	
Australia	52.0	83.7	82.1	78.0	45.4	6.7	63.9
NZ	56.7	85.6	85.1	84.6	57.4	8.2	76.2
UK	55.3	82.9	84.0	81.7	50.0	4.3	61.5
Ireland	51.4	89.4	86.5	81.5	53.0	6.5	65.6
USA	36.5	75.6	82.1	84.2	60.1	11.6	70.7
South Africa	38.5	82.8	86.4	85.8	58.7	9.6	70.9
Greece	43.2	83.9	79.1	67.0	42.9	5.8	57.9
Italy	47.1	82.7	80.4	68.5	45.1	5.6	51.9
Malta	55.6	80.5	77.5	68.2	37.9	2.8	58.9
Yugoslavia	43.7	84.1	82.0	68.3	41.0	5.1	63.1
Germany	37.4	78.3	82.8	79.6	45.9	6.7	61.7
Netherlands	44.8	80.9	83.0	79.1	47.7	5.1	58.6
Poland	28.2	72.4	83.2	75.4	37.8	6.7	43.0
Lebanon	34.5	68.4	64.4	57.4	33.4	8.0	56.5
Malaysia	19.1	58.9	82.8	78.5	47.0	7.6	64.5
Philippines	26.8	72.1	75.6	72.8	38.8	6.6	65.6
Viet Nam	16.4	75.0	83.3	77.7	52.3	8.5	66.6
China	23.7	79.8	84.1	74.6	45.4	7.2	64.4
Hong Kong	11.5	53.1	77.6	74.1	48.5	10.1	56.4
India	32.3	80.3	86.6	85.4	54.3	6.5	68.8
Sri Lanka	24.2	78.1	87.2	87.6	55.9	5.4	70.9
Other	31.8	72.0	78.6	74.9	43.5	5.6	56.3

Source: ABS 1991, Census matrix table csc6037.

Table A1.7: Unemployment rates by age and birthplace, Australia 1991

Country of birth	Age groups						All age groups
	15-19 yrs	20-29 yrs	30-44 yrs	45-54 yrs	55-64 yrs	65+ yrs	
Australia	22.5	13.9	7.6	5.9	8.2	6.2	10.6
NZ	25.8	16.0	10.2	9.3	11.7	8.1	12.8
UK	22.9	14.3	8.8	8.0	13.8	9.8	10.5
Ireland	19.9	10.1	9.1	9.1	12.5	7.9	9.8
USA	27.3	12.8	7.7	6.5	8.2	4.2	9.2
South Africa	22.3	12.7	7.5	6.6	10.2	13.2	9.6
Greece	27.8	18.5	11.7	11.3	13.1	10.1	12.6
Italy	25.3	13.7	8.4	8.4	10.0	7.4	9.3
Malta	17.6	11.5	9.6	9.1	13.7	14.2	10.1
Yugoslavia	36.5	19.7	14.4	14.2	16.7	11.3	15.8
Germany	30.1	17.1	9.4	10.5	15.1	8.6	11.5
Netherlands	20.1	13.8	8.2	8.0	15.1	9.6	9.7
Poland	38.9	34.0	18.8	14.4	15.4	8.4	18.5
Lebanon	51.8	34.3	31.7	33.3	35.5	25.5	33.5
Malaysia	28.9	17.4	8.4	8.9	15.8	15.2	11.8
Philippines	37.2	22.6	13.1	13.3	33.1	36.5	16.6
Viet Nam	57.3	43.5	32.2	44.0	74.6	53.8	39.6
China	35.8	18.6	13.6	12.2	29.0	18.6	16.3
Hong Kong	29.6	20.5	10.2	8.6	14.4	21.1	13.6
India	28.9	19.2	12.8	7.3	12.6	13.4	12.9
Sri Lanka	29.4	20.9	14.4	9.2	12.9	12.8	14.8
Other	32.2	23.0	16.1	14.0	17.7	11.4	18.1

Source: ABS 1991, Census matrix table csc6035.

Table A1.8: Odds ratios of being long term unemployed for males, Australia 1993

Relevant characteristic	Odds ratio of being LTU
<i>Migration factors</i>	
Born in NESB country	0.40
Years of residence in Australia	1.02 *
<i>Education and English proficiency</i>	
Early school leaver	1.08
Tertiary education	0.29 **
Had used a computer	0.71 *
Low English proficiency	3.01 **
<i>Labour market factors</i>	
Previous job - blue-collar	1.31
Previous job - never had a job at all	1.55
<i>Demographic factors</i>	
Teenage	0.51
Mature age	1.98 *
<i>Age interactions</i>	
Teenage by blue collar job	0.57
Teenage by no previous job	0.79
Mature age by blue collar job	0.50
Mature age by no previous job	0.66
<i>NESB interactions</i>	
NESB by early school leaver	1.57
NESB by tertiary education	7.41 **
NESB by blue collar job	1.04
NESB by no previous job	0.62
NESB by years of residence in Australia	1.04
NESB by teenage	2.69
NESB by mature age	1.05

Source: ABS 1993a, Training and Education Experience

Note: ** statistically significant at one per cent level

* statistically significant at five per cent level.

G_M (Model Chi-Square) statistically significant at one per cent level.

Pseudo-R² = .06

Table A1.9: Odds ratios of being long term unemployed for females, Australia 1993

Relevant characteristic	Odds ratio of being LTU
<i>Migration factors</i>	
Born in NESB country	1.28
Years of residence in Australia	0.99
<i>Education and English proficiency</i>	
Early school leaver	0.96
Tertiary education	0.54
Had used a computer	0.64 **
Low English proficiency	1.02
<i>Labour market factors</i>	
Previous job - blue-collar	1.11
Previous job - never had a job at all	1.38
<i>Demographic factors</i>	
Teenage	0.64
Mature age	4.02 **
<i>Age interactions</i>	
Teenage by blue collar job	0.01
Teenage by no previous job	0.97
Mature age by blue collar job	1.71
Mature age by no previous job	2.19
<i>NESB interactions</i>	
NESB by early school leaver	0.78
NESB by tertiary education	0.81
NESB by blue collar job	1.52
NESB by no previous job	1.20
NESB by years of residence in Australia	1.00
NESB by teenage	0.00
NESB by mature age	0.55

Source: ABS 1993a, Training and Education Experience

Note: ** statistically significant at one per cent level

* statistically significant at five per cent level.

G_M (Model Chi-Square) statistically significant at one per cent level.

Pseudo-R² = .06

Table A1.10: Changes in women's employment by industry, Australia, 1981 to 1991
NESB proportions for top 20 industry subdivisions

	1981			1991			Change from 1981 to 1991				
	All women		NESB women	All women		NESB women	All women		NESB women		
	No.	No.	%	No.	No.	%	No.	%	No.	%	Share
Retail trade	355,600	43,383	12.2	483,200	50,736	10.5	127,600	35.9	7,353	16.9	-1.7
Health	290,600	42,718	14.7	375,000	44,625	11.9	84,400	29.0	1,907	4.5	-2.8
Education	240,600	22,857	9.5	318,400	26,427	8.3	77,800	32.3	3,570	15.6	-1.2
Property & business services	128,400	17,077	13.3	221,900	24,853	11.2	93,500	72.8	7,776	45.5	-2.1
Agriculture	105,200	9,363	8.9	87,700	6,665	7.6	-17,500	-16.6	-2,698	-28.8	-1.3
Restaurants, hotels & clubs	103,200	17,647	17.1	162,900	23,295	14.3	59,700	57.8	5,648	32.0	-2.8
Wholesale trade	102,500	16,400	16.0	135,900	16,172	11.9	33,400	32.6	-228	-1.4	-4.1
Public administration	90,900	8,545	9.4	128,300	13,985	10.9	37,400	41.1	5,440	63.7	1.5
Finance & investment	87,200	8,982	10.3	127,700	15,196	11.9	40,500	46.4	6,215	69.2	1.6
Food, beverages, tobacco	54,100	14,607	27.0	56,100	10,603	18.9	2,000	3.7	-4,004	-27.4	-8.1
Clothing & footwear	48,900	25,281	51.7	40,900	20,491	50.1	-8,000	-16.4	-4,790	-18.9	-1.6
Personal services	46,600	8,481	18.2	64,600	7,106	11.0	18,000	38.6	-1,375	-16.2	-7.2
Welfare & religious institutions	38,400	4,608	12.0	88,100	7,753	8.8	49,700	129.4	3,145	68.2	-3.2
Other machinery manuf	36,800	12,696	34.5	29,500	7,818	26.5	-7,300	-19.8	-4,879	-38.4	-8.0
Insurance & services	32,000	4,512	14.1	45,500	5,096	11.2	13,500	42.2	584	12.9	-2.9
Communication	31,200	3,713	11.9	29,300	4,395	15.0	-1,900	-6.1	682	18.4	3.1
Other community services	30,200	3,715	12.3	52,500	3,833	7.3	22,300	73.8	118	3.2	-5.0
Entertain & recreation	30,200	2,386	7.9	53,100	4,089	7.7	22,900	75.8	1,703	71.4	-0.2
Paper products	28,800	3,600	12.5	39,500	5,293	13.4	10,700	37.2	1,693	47.0	0.9
Road transport	24,700	2,297	9.3	26,600	1,702	6.4	1,900	7.7	-595	-25.9	-2.9
All industries	2,531,300	382,226	15.1	3,404,800	459,648	13.5	873,500	34.5	77,422	20.3	-1.6

Source: ABS 1981, Census Person Sample File
 ABS 1991a, Census Household Sample File

TableA1.11 Odds ratios of being marginally attached to the labour force for females, Australia 1993

Relevant characteristic	Odds ratio of being marginally attached
<i>Migration factors</i>	
Born in NESB country	1.82 *
Years of residence in Australia	1.00
<i>Education and English proficiency</i>	
Early school leaver	1.45 **
Tertiary education	0.38 **
Had used a computer	0.49 **
Low English proficiency	0.85
<i>Demographic factors</i>	
Teenage	2.32 **
Mature age	1.98 **
Presence of dependent children aged under 14	4.35 **
<i>NESB interactions</i>	
NESB by early school leaver	1.01
NESB by tertiary education	1.85 *
NESB by years of residence in Australia	0.97 **
NESB by teenage	1.22
NESB by mature age	1.06

Source: ABS 1993a, Training and Education Experience

Note: ** statistically significant at one per cent level

* statistically significant at five per cent level.

G_M (Model Chi-Square) statistically significant at one per cent level.

Pseudo-R² = 0.11

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