



Australian Men Without Work

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*A new book reveals how prime aged American men are leaving the workforce. Gideon Rozner shines a light on a similar invisible underclass here in Australia.*

Forget what you've heard— in the land down under fewer and fewer of us are men at work. Today almost one in five men in Australia between the ages 20 and 54 lack paid employment. However, as Nicholas Eberstadt of the American Enterprise Institute demonstrates in his new book, *Men Without Work: America's Invisible Crisis*, we are not alone. Eberstadt's study of the growing number of American males outside the labour force is almost identical to the trend in Australia.

### **AMERICA'S INVISIBLE CRISIS**

One of the most remarkable things about the declining work rate among American men is how little attention it has received. This is partly because the discussion of joblessness usually focuses on indicators such as the official unemployment rate. At the time of writing the US unemployment rate is 4.4 per cent. That measure is down from a peak of 10 per cent during the GFC. And among

men 20 years of age or older, the rate is 4 per cent.

But headline figures such as the unemployment rate conceal a much higher rate of joblessness. The unemployment rate measures the percentage of the labour force without a job—that is, the proportion of people looking for work, versus those employed. Unemployment does not measure the number of people outside the labour force—those neither working nor looking for work.

A more useful figure is the ‘work-to-population ratio’—the number of people in employment as a percentage of the overall population. Critically, the work-to-population ratio takes into account both the unemployed looking for work and those not in the labour force (NILF). If we look at this figure for American males aged between 20 and 54, the work-to-population ratio is around 84 per cent. This means the true joblessness rate among prime age American men is around 16 per cent.

The trajectory of joblessness is also worrying. In 1948, the work-to-population ratio among prime aged men was over 10 percentage points higher than it is now (almost 95 per cent). And unlike unemployment rates, the work-to-population ratio has deteriorated regardless of the economic cycle.

Who is this growing underclass? According to Eberstadt, NILFs are much more likely to be unmarried, to be ‘native-born’ Americans (as opposed to immigrants), and to be ex-prisoners, for whom the barrier to finding work is increasingly insurmountable. Factors like race and level of education don’t matter as much. For example, the NILF rate among unmarried white men is significantly higher than among married black men.

While *Men Without Work* is mostly concerned with documenting the scale of the problem, it does offer some explanation of its causes. Eberstadt acknowledges the decline in demand for unskilled labour in traditionally ‘male’ lines of work, such as manufacturing. But this is only a minor factor. Instead, the growing male NILF rates are attributed to ‘supply side’ factors, such as the availability of welfare benefits. Disability payments are singled out as a means of subsistence for almost 60 per cent of NILF men. This is not suggesting that men are quitting their jobs en masse to live off disability payments. Rather, once men have left the workforce (for whatever reason), the welfare state has allowed and enabled them to stay out.

While Eberstadt’s work is also deliberately short on solutions—the book is, he argues, intended to start a conversation, not prescribe fixes for a complex problem—there are three broad directions for policy-makers. First, revitalise the ‘job creating’ ability of American businesses. This would include a paring back of the growing regulatory and red tape burden. Second, undertake welfare reform, particularly in relation to disability payments, as the US Congress did in its 1996 reforms that moved many single mothers from welfare to work. And third, create better pathways into work for ex-convicts, who represent the single most job-disadvantaged group in the US.

## **AUSTRALIAN MEN WITHOUT WORK**

The situation among primed aged Australian men is almost identical. According to the latest employment data from the Australian Bureau of Statistics (ABS), almost one in every five men

between the ages of 20 and 54 is out of work.

Our work-to-population ratio among prime aged men has fallen steadily over many decades, entering a sharp decline in the mid-1960s. It reached its low point in the 1990s, amid the Keating-era recession, but has remained stubbornly low ever since. The trajectory is even more stark if we separate the unemployment rate from the NILF rate.

While over many decades Australia's unemployment rate has gone through cyclical peaks and troughs, at the same time Australia's NILF rate has trended consistently upwards. This is troubling because while a sluggish economy does tend to accelerate the NILF rate, there doesn't appear to be a commensurate decrease when economic conditions are good. Once prime aged Australian men leave the workforce, they do not come back.

Further, the points where the unemployment and the NILF rate have had an inverse relationship, suggest a 'discouraged worker' effect. That is, the fall in unemployment rates doesn't necessarily reflect a return of many men to work, but rather that some simply give up and 'disappear' from the workforce altogether.

## **WHY ARE MEN LEAVING THE WORKFORCE?**

Demographically, the non-working Australian male is similar to his US counterpart. NILFs are more likely to be unmarried, with married men accounting for just three in ten men outside the workforce. Native-born Australian men are more likely to be NILFs, as migrant surveys report NILF rates at less than half of the general population. And with studies showing up to two thirds of ex-prisoners out of work for prolonged periods, criminal history appears to be a significant factor too. The NILF rate is slightly higher outside capital cities, and is highest in South Australia and Tasmania, but these differences are minor.

The male flight from work may be partly explained by changes in the labour market. The decline of manufacturing and rise of the services sector has resulted in the disappearance of traditionally 'male' jobs, like factory workers, in favour of 'female' jobs, like nursing. The extent to which this is a factor in the rising NILF rate is unclear, particularly because of the boom in mining and construction jobs at the same time, which should have favoured male employment.

Societal changes may also be a factor, with more men in tertiary education and an increasing number of men doing unpaid domestic work. These trends are also likely to be limited in explaining the soaring number of men out of work. Many tertiary students, perhaps even the majority, work part-time while studying, and almost 20 per cent of men between the ages of 20 and 54 are neither engaged in work nor study. In fact, ABS data shows that NILF men spend, on average, less time on education than part-time workers, and less time on child care than men in the workforce.

As in America, if demand-side factors like economic and social trends have a limited impact, we see stronger evidence of supply-side factors, specifically the growth of the welfare state. These pull factors subsidise the male flight from work to joblessness. Disability payments are particularly



instructive. If we compare the number of Australian males on disability support with prime aged NILFs, we not only see that a similar growth rate between the two, but a close correlation.

## **AUSTRALIA'S HIDDEN UNDERCLASS**

Some of the consequences of the growing number of men outside the workforce are self-evident. For instance, the economic costs of non-working men mean that a greater number of taxpayers, both men and women, will need to subsidise them through higher taxes. But there are also more hidden impacts on these jobless men which are even more concerning.

Not only will they suffer lower living standards by subsisting on welfare payments compared to wages, but they will be deprived of the proven mental and physical benefits of the dignity of work. Further, given that children who grow up in a non-working household are more likely to be out of work themselves, there is a strong chance that the problem will become intergenerational.

Our growing cohort of non-working males is a problem we rarely hear about. Giving too much attention to relatively low unemployment rates has concealed a silent crisis. Australia must urgently remove barriers to work in our industrial relations system and pare back welfare entitlements that are enabling so many to live outside the workforce. If we do not, we will condemn more and more men to life on the margins of society, hidden from view.