

# The Social Costs of Unemployment

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The last two decades have witnessed the unraveling of the Keynesian consensus and full employment that characterized the quarter century after World War II. Inequality and poverty have deepened and hundreds of thousands of Australians no longer have job security and are being intermittently or permanently shut out of the formal economy. This review article examines the social costs of unemployment focusing on *The Price of Prosperity: The Economic and Social Costs of Unemployment (TPOP)* edited by Peter Saunders and Richard Taylor.

The *TPOP* is an ambitious endeavour to quantify the costs of employment in a number of areas. Thus there are chapters on the impact of unemployment on health, poverty, inequality, indigenous Australians, youth, the family, crime and urban neighbourhoods. The chapters are consummate reviews of major Australian and international studies on the impact of unemployment, making the book a key text. The emphasis in the reviews is overwhelmingly on quantitative studies, premised perhaps on the notion that a quantitative approach is more likely to influence policy-makers. The limited focus on qualitative studies or studies that combine methodologies weakens rather than strengthens the book. The voices of the individuals, families and communities who bear the devastating brunt of unemployment need to be heard.

The article broadly follows the themes of *TPOP*. The first part examines the link between unemployment, poverty, increasing inequality and social exclusion. This is followed by an investigation of the impact of unemployment on the city and neighbourhoods. Unemployment and its influence on health is then assessed. The social cost of unemployment

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on youth and the family and indigenous Australians is subsequently investigated. The article concludes by examining the relationship between crime and unemployment.

### **Unemployment, inequality, poverty and social exclusion**

The current president of the Australian Council of Social Services (ACOSS), estimated that at the beginning of 2003 about 2 million Australians lived in poverty – the main cause being unemployment (McCallum, 2003). The impact of unemployment on poverty, income inequality and social exclusion is reviewed by Peter Saunders in *TPOP*. Saunders refers to three important Australian studies that illustrate the relationship between unemployment and poverty. Harding and Richardson (1998) found that the poverty rate ‘among the unemployed (was) 14 times greater than among wage and salary earners’ (Saunders, 2002: 181). In a 1992 study, Paul and Podder concluded that for families the chances of being poor increases by 10 to 20 times if the family head becomes unemployed (*ibid*). Saunders quotes his own 1996 study which found that income units that are headed by an unemployed person are almost ten times more likely to be poor.

State policy plays a central role in determining whether unemployment leads to poverty and how deep this poverty is. In some OECD countries, because of generous, wage-linked social security payments, the relationship between unemployment and poverty is negligible or much weaker than it is in Australia. Saunders gives the example of Finland where between 1991 and 1993, when unemployment rocketed from 3.2 per cent to 16.3 per cent, generous social security payments ensured that poverty rates did not increase (Saunders, 2002: 180). The Australian government is passionate that unemployment benefits be limited so as to discourage welfare dependency. This has not always been the case. Michael Raper, the former chairperson of ACOSS, concludes that the ‘small amount of income that unemployed people receive is a key reason why poverty rates among unemployed households have grown dramatically over the past 25 years. In 1972-3, 20% of unemployed households were living in poverty. The rate in 1996 was 60%’ (Raper, 2000: 3).

Saunders does not discuss unemployment benefits in Australia or research that investigates the lives of families dependent on unemployment benefits. He also does not discuss social security breaching. This has become an added fear and burden for tens of thousands of unemployed people with the incidence of breaching increasing significantly every year. In 1997-98, 120,718 breaches were recorded, in 1998-99,

165,492 were, in 1999-00 there were over 223 000 and in 2000-2001 there were 260,750 incidents (ACOSS, 2002; Raper, 2000: 3). The fines for breaching are severe (\$339 for an administrative breach, \$800 for an activity test breach and \$1304 for a third or subsequent activity test breach) and is creating mayhem in the lives of the thousands affected (Raper, 2000: 3). Breaching implies a redefinition of citizenship and the role of the state and needs to be taken account of in any discussion of the 'costs of prosperity'.

Saunders makes the important point that unemployment does not necessarily lead to poverty. Besides the potential impact of state benefits, whether a person or household lapses into poverty when unemployment strikes depends on the duration of unemployment and the family situation of the individual affected. Clearly, the longer a person is unemployed, the greater the chance that they will lapse into poverty. In Australia, the duration of unemployment is increasing. In July 2001, of the 618 000 who were unemployed, '140 000 (22.7 per cent) had been out of work for one year or more ... Almost 84 000 had been unemployed for two years or more' (Saunders, 2002: 3). Many unemployed eventually lose any hope of obtaining a job and drop out of the labour force. This is elaborated on in the unemployment and health section of this paper.

Unemployed individuals who are able to draw on the income of employed family members are clearly in a better position than individuals living by themselves and who are not able to rely on family. Saunders does not develop the implications of one of the most profound demographic shifts over the last 20 years – the increasing proportion of the population living in single person households. Close to one in four Australian households are now single person households (ABS, 2002). In addition, the number of single parent households has also increased sharply and they now constitute about 15 per cent of all family units (ABS, 2002). The impact of unemployment for these single person and single parent households is potentially severe as, once jobless, they often have nobody to turn to for financial (besides Centrelink) or emotional support. There are now significant divisions within society between those households with two persons working, compared to those with one and those with no income earners. The question of whether those working are working full-time or part-time is also of critical importance (Gregory, 1999).

Saunders briefly assesses the relationship between unemployment and social exclusion concluding that unemployment, especially if it is of long duration, may lead to social exclusion. There is little doubt that in Australia social exclusion is becoming more prevalent on both an indi-

vidual and community level and that, in some of the poorer neighbourhoods, young people, especially, are feeling locked out of the mainstream (Nevile, A., 2001). The contentious issue of what social exclusion actually means and its implications is reviewed by Saunders. His examination illustrates the need for more Australian research to help understand what social exclusion actually means for the individuals and communities who are designated to be excluded. Thus are 'excluded' individuals and communities shut out of social and job networks and what policies do the 'excluded' feel will help them regain a foothold in the labour market would be crucial questions to pursue.

A feature of Saunders's chapter is that there is little use of studies which use qualitative research methods. A combination of research methods would give us a more textured understanding of the impact of unemployment and poverty and how social exclusion develops and is manifested. There is a limit to what surveys can tell us about the lives of the unemployed and their families.

### **Unemployment and its impact on the neighbourhood and the city**

Lois Bryson and Ian Winter's chapter on their study of a working class suburb in Melbourne they call Newtown is a superb example of how a combination of research methods can capture social phenomena. Their study done in the early 1990s explores the dramatic impact of economic restructuring in the 1970s and 1980s in Newtown. In 1966 when Bryson and Thompson did the original study of Newtown they did not come across any unemployed people in the area and most of the economically active population, predominantly men, were employed in one of the three manufacturing plants in the area (Bryson and Winter, 2002: 162). In 25 years the situation changed fundamentally. The car manufacturing plant in the area opened in 1956 and, at its height, employed 4500 people. In 1987, production was centralised in South Australia and the Newtown plant was shut down. Another major employer was the truck assembly plant. In the early 1970s it employed 1750 workers, by the 1990s the workforce had been cut to 500. The third substantial employer was the food processing plant. Established in 1955, up until the 1980s it employed about 580 workers. In the 1990s the number employed fell to 380 and, in 2000, the plant faced 'imminent closure' (Bryson and Winter, 2002: 162). In 1966, 55 per cent or 1693 of the 3029 employed Newtown males were employed in the manufacturing sector, as were 746 (58.7 per cent) of the 1270 employed females (Bryson and Winter, 2002: 160). In 1991, manufacturing employed 38.7 per cent of the employed

males (the number employed in manufacturing had halved dropping from 1693 to 843), and 27.4 per cent of the employed females.

These statistics, besides illustrating the dependence of the neighbourhood on manufacturing in the 1960s, also show the strong gender division of labour. Only three out of every ten workers were women. The 1991 employment figures for Newtown indicate that there has been a profound shift in the nature of and availability of work in the locality. The number of males employed had dropped by 28 per cent from 3029 in 1966 to 2178 in 1991. This is partially explained by a greater proportion of the Newtown population being retirees and a small drop in the population. Most of the decline, however, is accounted for by the considerable increase in unemployment. In 1991 the official unemployment rate for Newtown men was 19.6 per cent of whom about 1 in 3 had been unemployed for longer than 12 months (Bryson and Winter, 2002: 163).

The profile of the female component of Newtown's labour force reflects the increasing participation of women in the labour force, from 32.4 per cent of the labour force in 1966 to 47.3 per cent in 1991. However, whereas no women were officially unemployed in 1966, in 1991 19.3 per cent were (Bryson and Winter, 2002: 163). The differing impacts of global economic restructuring on the city is captured by the variance in neighbourhood unemployment rates. In the middle-class suburb adjoining Newtown, unemployment in 1991 was only seven per cent (Bryson and Winter, 2002: 164). The shift in employment fortunes has affected absolute and relative income. Thus in '1966 only 10 per cent of the survey sample was in the lowest income category, while in 1991 the equivalent category accounted for 37 per cent of the sample families' (Bryson and Winter, 2002: 164). Over a 25-year period Newtown had moved from being a stable, solid working area with full-time, full employment to an area characterised by high unemployment, job insecurity, much part-time work and much poverty.

What has happened in Newtown has been replicated in many working class neighbourhoods throughout the advanced capitalist world (Wilson, 1996; Sassen, 1994; Marcuse, 1996). Almost all major cities are now deeply divided on the basis of employment, income and frequently race and ethnicity. Often the poorest neighbourhoods are numerically dominated by minorities or recently arrived immigrants. William Julius Wilson's (1987; 1996) research on inner-city neighbourhoods in Chicago illustrates how economic restructuring and deindustrialization has led to severe unemployment and social dislocation in these formerly cohesive, full employment areas. These neighbourhoods whose residents are almost all African American, are now characterized by a concentration of poverty, high levels of joblessness, crime, gang activity and run-

down schools and facilities (Wilson, 1987, 1996).

Birrell and Seol (2001) have shown, using Sydney as a case study, that the city is becoming increasingly polarised and that in certain neighbourhoods in Sydney's south-west 'there is a growing concentration of low-income families ... and the families concerned are primarily derived from NESB countries' (Birrell and Seol, 2001: 12). Divisions within the city are reaching high levels and in a number of neighbourhoods in the western and south-western suburbs there is an increasing concentration of unemployed and poor people (Murphy and Watson, 1997). Most of these areas have a high concentration of minorities. Over time there is a possibility that social exclusion in these neighbourhoods could reach dangerous proportions as residents lose hope in the future. This theme is returned to in later sections.

### **The Impact of Unemployment on health**

The crucial issue of the impact of unemployment on the health of individuals is reviewed in *TPOP* in the chapter by Richard Taylor and Stephen Morrell. They conclude that the '(e)vidence for the association of unemployment and ill-health is overwhelming but good quality evidence for unemployment specifically causing ill-health, especially physical morbidity and mortality is not substantial' (Taylor and Morrell, 2002: 208). Whether unemployment causes poor health is difficult to establish definitively for a couple of reasons. The first difficulty is that it is difficult to establish whether ill-health is caused by poverty or low socio-economic status (Taylor and Morrell, 2002: 196). Another complication is that unemployment is often intermittent and a further difficulty is that the government's very narrow definition of unemployment means that the tens of thousands of people who been forced into early retirement or have moved on to disability pensions are not defined as unemployed in the official statistics.

In Australia, the most reliable source of information on the health status of the unemployed is the National Health Survey (NHS) which is done by the Australian Bureau of Statistics. Taylor and Morrell report on the work of Mathers (1994) who drawing on the 1989-1990 NHS data found significant differences between unemployed and employed respondents: 'Overall health was rated as being fair-to-poor 110 per cent more often in unemployed males than employed males, and 85 per cent more in unemployed females than employed females' (Taylor and Morrell, 2002: 204). Although it is difficult to draw causal links these figures indicate that the health status of the unemployed is poorer than that of the employed.



Mather also found that those respondents classified as not being in the work-force were in far worse shape than the employed or the unemployed. The finding around the health status of those not in the work-force is worthy of further discussion. A large proportion of this grouping would be workers who have given up looking for work after an extended period of unemployment. Argyrous (2002) shows that there has been a dramatic increase in the rate at which the working population in Australia has accessed the Invalid/Disability Support Pension – from 134,000 people in 1970 to over 600,000 people in June 2000 (Argyrous 2002: 5). He concludes that a key reason for this increase is the changing nature of the labour market. Previously, the strong labour market would have absorbed a high proportion of individuals with disabilities, however in the contemporary period, the non-availability of employment especially for older retrenched males makes this far less likely. After a period of time on unemployment benefits many of these workers are categorized as disabled (physically and / or psychologically) and move on to the disability pension. Beatty, Fothergill and MacMillan make a similar argument for the UK where the number of disability claimants of working age rose from 0.6 million in 1981 to 1.9 million in 1998 (Beatty, Fothergill and MacMillan, 2000: 2).

Argyrous and Beatty, Fothergill and Macmillan do not dwell on the health implications of unemployment, however their research does suggest that a sizeable proportion of disability claimants became either mentally and / or physically disabled whilst unemployed and that unemployment was a key reason for them becoming ill. The statistics Beatty, Fothergill and MacMillan present supports this argument. In the UK only for about half of disability claimants was ‘ill-health or injury ... the principal reason for their last job ending’ and ‘in about a quarter of cases, health was not even a lesser factor in bringing their last job to an end’ (Beatty, Fothergill and MacMillan, 2000: 7). These figures strongly suggest that a sizeable proportion of these individuals became disabled after losing their jobs.

Taylor and Morrell’s hesitation to directly link unemployment and ill-health is undermined by their review of the classic American studies by Kasl et al (1968; 1970; 1972; 1975) on the health status of workers before and after a factory closure. The study found that the cholesterol and blood pressure of workers increased when they were retrenched and returned to normal when they went back to work (Taylor and Morrell, 2002: 206). In the Australian context Harris and Morrow are less circumspect about the health impacts of unemployment concluding that ‘Unemployment is without doubt a health hazard. It effects the health of people who are both unemployed and those who think they might be-

come unemployed, their families and the society generally' (Harris and Morrow, 2001: 19). As evidence of a causal link Harris and Morrow refer to the important UK study by Moser et al (1987) which found that the unemployed had far higher mortality rates (Harris and Morrow, 2001: 21).

In *TPOP* the psychological impact of unemployment is reviewed by Bruce Headey. Like Harris and Morrow, Headey has no qualms about linking unemployment and mental health. He points to the 'hundreds of studies' that have shown 'that there are statistical correlations between unemployment and low-life satisfaction, low self-esteem, and high levels of anxiety, depression and suicide' (Headey, 2002: 213). He does state that there is debate about the strength of the correlation and also what comes first unhappiness or unemployment. However, Headey concludes that a major German study by Winkelmann and Winkelmann (1998) which drew on a panel survey with 15 000 people, interviewed every year over 15 years, has resolved the causal direction issue. The same study also found that satisfaction with life improved after people who had experienced unemployment for the first time in their working life found a job. It did not, however, apply to people who were repeatedly out of work. It is probable that this grouping had a far more cynical attitude to the security of employment.

The causality issue is still unresolved in discussions of the link between unemployment and suicide. The issue 'is whether people who were more likely to commit suicide are more likely to have become unemployed in the first place' (Headey, 2002: 218). What is not questioned is that, globally, unemployed people are more likely to take their own lives. Headey refers to the study by Argyle (1987) which showed that in the UK the suicide rate of unemployed people was five times above the national average. In Australia, suicide is one of the leading causes of death for young people. Taylor and Morrell (2002: 204) present startling data on suicide among males aged 16-25 and suicide. They quote their own 1999 survey of young people in Australia which found that 'for those classified as not in the labour force (and not a student), the odds ratio of mortality was 8.6 times higher than those who were employed or a student' (Taylor and Morrell, 2002: 204).

In Australia, male suicide in the 20-24 year age group trebled between 1960 and 1989 and the female suicide rate in the same age group doubled (Morrell, Page and Taylor, 2001: 5). Although it is not possible to conclusively argue that the increasing rate of unemployment lead to increased suicide rates, the figures do suggest a strong link.

Employment is not merely a way to earn a living (Pixley, 1993). Although many jobs are stressful and unfulfilling, not working is usually a



lot more stressful. Employment provides people with an identity and often a social context and structures their lives. There is consensus that employment is central for self-esteem: 'We need to feel that we are doing something worthwhile or acceptable with our time' (Headey, 2002: 218). The demise of job security and the rise of joblessness have contributed to making stress and related depression one of the primary health problems of the contemporary period. In 1999, the Director-General of the World Health Organisation (WHO), Gro Brundtland, quoted WHO research which concluded that within twenty years 'depression would rate second to heart disease as the major health problem facing the world' (Merson, 2001: x).

### Unemployment and youth

The grouping that is most vulnerable to the scourge of unemployment is youth – those aged 15-24. In Australia the unemployment rate for youth is about double the national average. Bruce Chapman and Matthew Gray in their chapter on youth unemployment in the *TPOP* argue 'that the scale and seriousness of the current youth unemployment problem are often overstated. There is no evidence that the aggregate unemployment experience of young Australians has changed over the last two decades' (Chapman and Gray, 2002: 86). This conclusion does underplay the marked shift in the position of youth who leave school before Year 12.

Over the last twenty years an important shift in Australia has been the increase in the proportion of students completing Year 12. Whereas approximately 35 per cent of teenagers completed Year 12 in 1980, by 1998 just over 70 per cent did down from 77 per cent in 1993 (Bagnall, 2001). This increase reflects the changing nature of the economy and the labour market. No longer can working-class students leave school early and walk into a job in the manufacturing sector and government realized that there was a need to push up school retention rates. The thirty per cent of students who do not complete high school, particularly those who do not do a TAFE course, have poor employment prospects. Chapman and Gray show that in 1996 the unemployment rate of those youth who did not complete high school was 22.1 per cent compared to 12.7 per cent for those who did, but had no post-schooling qualification and 5.8 per cent for youth who had a higher degree, postgraduate diploma or bachelor degree (Chapman and Gray, 2002: 93-4).

The increasing link between formal educational qualifications and employment has implications not developed by Chapman and Gray. Research in Australia and globally has shown that there is a strong relationship between social class and educational performance (Bowles and

Gintis, 1976; Considine, and Zappala, 2002; Willis, 1977). In poorer neighbourhoods the attrition rate in schools is usually much higher. Schools enter a spiral of decline as more affluent and / or aspirant parents move from areas where the schooling is perceived as inadequate (Tabakoff, 2002). Many of the early school-leavers in the poorer neighbourhoods will not find jobs and, if they do, the jobs are likely to be poorly paid and part-time. This will intensify the growing concentration of poverty in the neighbourhoods concerned. The importance of employment and related skill development early in an individual's working life is well recognized – young people who experience unemployment early on have a higher probability of experiencing joblessness and lower earnings in the future (Biddle, 2001: 117).

Chapman and Gray perhaps underestimate the potential destabilizing impact of youth unemployment on the social fabric. Globally, it is usually unemployed male youth who create a situation of unease and insecurity in poorer neighbourhoods (Wacquant, 1996; Wilson, 1996). Wacquant describes how in Chicago's South Side because of fear of youth, residents 'cannot safely walk across public parks even in broad daylight' and at night 'residents commonly barricade their homes and apartments behind wrought-iron bars and gates' (Wacquant, 1996: 249). In some low income areas and housing estates in Sydney there does appear to be increasing fear amongst residents as unemployed youth gang up and vent their anger in various ways. Connolly (2003) tells of a street in Punchbowl (a poorer area of Sydney where a large proportion of residents are of non-English-speaking-background) where a 14 year-old Korean boy was senselessly stabbed to death by another youth in a racially inspired attack. During the subsequent police investigation 'there was a wall of silence... Despite more than 100 people being on the street at the time of the killing, not one would come forward.' The same street between 1998 and 2000 'was linked with up to four murders and 25 shootings' (Connolly, 2003).

In Australia, youth from non-English-speaking-background, especially those located in low-socio-economic areas are more likely to be unemployed (Stilwell, 1993; Birrell and Seol, 2001). Polarisation in the cities is not only increasing but is being overlaid with an ethnic dimension. In cities in the UK, the US and in Europe, the racial and ethnic concentration of unemployment, poverty, relative inequality and sense of exclusion has been an explosive mix (Castells, 1983). Australian cities have thus far been immune from violent neighbourhood protests but if the current situation prevails it is possible that we could see young people out in the streets venting their frustration and anger in a variety of ways. Increasing unemployment often has the effect of intensifying local

networks and of the neighbourhood becoming a source of identity (Marcuse, 1996: 202). Strong neighbourhood identification can ignite turf wars as residents battle for some semblance of control over their lives (Marcuse, 1996: 202).

Chapman and Gray's chapter is a useful review of youth and unemployment, but, like other chapters in *TPOP*, the human dimension is missing. Not one young person is quoted. What do young unemployed males and females think? Why are they not working? What impact does the lack of a job have on their self-esteem and everyday life? These vital questions, and others, are left unanswered.

### **Unemployment, the family and inequality**

Perhaps one of the most devastating indictments of current economic policy in Australia is the number of families with children under the age of 15 who have no breadwinner in the household. Taylor, Saunders and Headey in their respective inputs in the *TPOP* all point to the enormous number of children that are in this situation. Saunders estimates that 'close to 20 per cent of Australian children were living in a family with no parent in employment' (Saunders, 2002: 179). In absolute numbers this meant that in 2000 'over 300 000 families with children under the age of 15 had no family member in paid work – that is one in six for all Australian families with a child under 15' (Taylor, 2002: 65). Unemployed single parents accounted for one in four 'unemployed parents with children under 15' (Taylor, 2002: 65). In 1999, 71 per cent of job-less couples with children were living in poverty (Saunders, 2002: 183).

Australia has become increasingly polarized, based largely on how many members of the household are employed and whether they are employed full-time or part-time (Burbridge and Shehan, 2001). Taylor, in her chapter on unemployment and family life in *TPOP*, draws on the Brotherhood of St Laurence's longitudinal Life Chances Study of 167 children born in Melbourne in 1990 to illustrate the widening gap between those families with employed members and those without. What the study found was that in those families where the father was employed in 1990, family income increased significantly between 1990 and 1996. This was mainly because the mother returned to work. In those families where the father was unemployed or under-employed or in low-paid jobs at the time of the child's birth, household income had remained virtually stagnant in most cases. Many of the unemployed men were still struggling to find work and by 1996 only a third of the low-income mothers had employment compared to two-thirds of the mothers from more affluent households (Taylor, 2002: 72-3).

The impact of unemployment on the family is not uniform. It will depend on who is unemployed and the duration of unemployment. Thus, if the main breadwinner is unemployed this usually has more serious ramifications than if the secondary breadwinner is. Taylor's review of the literature indicates that long-term unemployment potentially has a devastating impact on family life. Financial difficulties cause severe stress, family relations become more strained, and children and other family members often experience serious psychological and other health problems. Unemployed males experience more stress than unemployed females and studies have found that the relationship between male unemployment and marital dissolution or abandonment of partner is strong (Wilson, 1996).

The plight of the growing number of sole parent families is not addressed-by Taylor. These families are the most likely to be jobless and poor. Bob Gregory has estimated that on average single mothers in Australia spend 12 years on welfare (Gregory, 2002). During this period the family's income will be minimal and the children are likely to be denied what most families take for granted. Gregory concludes that in this situation there is strong possibility of intergenerational welfare dependency developing.

Certainly one of the most disturbing implications of unemployment and poverty is its impact on children. The Life Chances Study found that children in low-income families were 'less likely' to have items like children's books or to be involved in sporting or musical activity (Taylor, 2002: 74). It is likely that only a small proportion of children in these households will be able to break out of the cycle of disadvantage. Most will leave school prior to year 12 and struggle to find employment for the remainder of their working lives.

Taylor concludes that in Australia and elsewhere, research on the impact of unemployment on the family declined in the 1990s. This is an indictment of the social sciences as it is a topic which certainly should be the subject of intense scrutiny.

## **Unemployment and Indigenous Australians**

No grouping in Australia has been as overwhelmed by unemployment as have indigenous Australians. Boyd Hunter and John Taylor's chapter on the costs of indigenous unemployment in *TPOP* sets out the devastating position of the indigenous population in the labour market. The unemployment rate of indigenous Australians 'is between two-and-a-half and five times the national average, depending upon whether one classifies people in the "indigenous work-for-the-dole scheme" – the Community

Development Employment Projects (CDEP) scheme – as being unemployed or not’ (Hunter and Taylor, 2002: 109). Noteworthy is that when indigenous Australians are unemployed they are often unemployed for 12 months or more. Not surprisingly, when compared to the rest of the Australian population, indigenous Australians are ‘less likely to participate in the labour market’ (Hunter and Taylor, 2002: 109). A large proportion have simply given up looking for work.

The history of dispossession of indigenous Australians makes it difficult to isolate unemployment as the cause of the high rates of incarceration, excessive substance abuse and low life expectancy. We can safely say, however, that the shockingly high unemployment rate of indigenous Australians plays a central role in perpetuating the devastating health and social profile of the indigenous population. The damaging impact of unemployment is starkly illustrated by the statistic that unemployed indigenous Australians are eight times more likely to be imprisoned than their employed counterparts (Hunter and Taylor, 2002: 118).

The methodology used by Hunter and Taylor to measure the social cost of unemployment for indigenous Australians is puzzling. They highlight potentially key indicators like frequency of arrest and long-term health problems but then throw into the basket ‘attendance at indigenous festivals’, voting or not voting in the last election and involvement in voluntary work. There could be a myriad of reasons why a person did not vote or do voluntary work. The authors use Putnam’s (1993) narrow concept of social capital, its primary defining feature being civic engagement. As a measure of the impact of unemployment on indigenous Australians it is not useful.

A surprising omission in Hunter and Taylor’s review is their failure to mention the problem of alcoholism and petrol sniffing and its impact on the individuals, families and communities affected (Pearson, 2001). Unemployment is central to creating the context for these activities.

Perhaps the most profound indicator of the devastation of the social fabric of indigenous Australia is that their life expectancy is approximately twenty years lower than that of the non-indigenous population. This is not examined by Hunter and Taylor. If indigenous Australians were in a situation where regular and adequate employment was available their life expectancy would almost certainly rise significantly over time.

## Unemployment and crime

A common view is that unemployment is a key cause of crime. Don Weatherburn’s chapter in *TPOP* argues that once again we cannot take

the causality issue for granted and that unemployment does not necessarily cause crime: 'The problem is that studies examining trends in unemployment and crime over time have found either no significant unemployment-crime (UC) relationship or a significant *negative* UC relationship' (Weatherburn, 2002: 227). Weatherburn refers to studies that shows, when the general unemployment rate goes up, crime does not necessarily increase. I found this a peculiar argument as it does not mean that unemployed people are not more likely to be involved in criminal activity. The chapter then refers to a number of studies (Freeman, 1995; Braithwaite and Chapman, 1998; Kapuscinski, Braithwaite and Chapman, 1998; Polk and White, 1999) that illustrates unemployed people are more likely to be involved in criminal activity than employed people.

The argument of Polk and White (1999) outlined by Weatherburn appears to be a prudent way to approach the relationship between crime and unemployment. Polk and White's study of young offenders argues that when unemployed young people feel that their unemployed status is a passing phase and that they will ultimately find a job, participation in criminal activity is highly unlikely. In contexts, however, where young people have lost hope of obtaining employment there is a far greater possibility of these young people becoming involved in regular criminal activity. The argument of Polk and White is important as increasingly, in many neighbourhoods young Australians, especially those who have not finished school, are facing bleak employment prospects. In these contexts it is likely that the desire to increase income combined with general resentment and peer pressure, will play a major role in pushing young people into criminal activity.

The impact of unemployment on crime levels in a neighbourhood is also dependent on the nature of state policies. Wacquant (1996), in his comparison of a working class neighbourhood (La Courneuve) in the north-east of Paris with an area in Chicago's South Side (Woodlawn), illustrates how the respective histories of the two areas and the approach of government have resulted in different outcomes. Both areas 'exhibit unusually high levels of unemployment caused by de-industrialization and labour market change' (Wacquant, 1996: 236-7). However, whereas crime in La Courneuve is moderate and residents can still use the public spaces, the situation in Woodlawn is comparable to a 'war-zone'. He explains this difference by examining state policy and the respective histories and compositions of the two neighbourhoods.

La Courneuve's population (about 36 000) still had a substantial number of working public institutions – schools, medical facilities and cultural institutions. There is a 'congestion of public services' in the area



(Wacquant, 1996: 248). Although the reliance on the bureaucracy is resented, state institutions help maintain social control. France's strong social democratic tradition had ensured that state institutions were adequate in most areas. In stark contrast to La Courneuve, Woodlawn (population about 100,000) is characterized by a virtual collapse of public institutions and authority. The most dramatic example of this is the collapse of the public schooling system. The schools are under-resourced, poorly equipped and have to be patrolled by parents to keep out gangs.

The composition of La Courneuve is very different to that of Woodlawn. Unlike poor neighbourhoods in the US 'French *cities* are not ghettos if by that we mean a racially and /or culturally uniform socio-spatial formation based on the forcible relegation of a negatively typed population to a specific territory' (Wacquant, 1996: 263). The population of Woodlawn is almost totally black. This homogeneity is crucial – 'there can be little doubt that racial separation, where it prevails, radicalizes the objective and subjective reality of urban exclusions' (Wacquant, 1996: 266).

There are, as mentioned, a growing number of neighbourhoods in urban Australia where there is a concentration of poverty and unemployment (Stilwell, 1993: 99-116). Although most residents feel safe in their neighbourhoods, a recent survey found that only half of all the respondents living in the Bankstown and Fairfield local government area in Sydney's west felt safe (Collins, 2002). Female respondents felt less safe than males. The survey also found that there was some concern amongst residents about youth gangs. At the moment public life in these neighbourhoods has not been seriously affected. However, if the economy dips into recession and the harsh regime around social security persists there is every possibility that crime in these areas could escalate. Endemic and long-term unemployment could precipitate a situation where in some neighbourhoods public spaces become no-go areas for residents.

An important argument of Weatherburn is that parenting practices can be an important determinant of criminal activity. He concludes that 'economic and social stress' often disrupt 'the parenting process' and that because of peer pressure 'children from disadvantaged families are even more likely to become involved in crime if they reside in disadvantaged neighbourhoods' (Weatherburn, 2002: 239). The impact of unemployment and poverty is thus intergenerational and spatial. What we have in Australia is a 'progressive spatial concentration of offenders which seems to accompany growing income inequality ...' (Weatherburn, 2002: 242). The concentration of poverty and unemployment has a

spiraling effect as residents become cut off from information about legitimate jobs.

The issue of crime and unemployment presents a major policy challenge. If we want to cut crime and prevent ghettoisation we need to create policies that will cut long-term unemployment. The current emphasis on sentencing and punishment is clearly the wrong end of the stick. John Nevile, in his insightful chapter in *TPOP*, makes a similar point, arguing that it is imperative that policy be developed to cut the number of people unemployed and the costs of unemployment. The latter will involve increased social security, an effective labour market program and 'intensive counseling' (Nevile, J. 2002: 266). Greater expenditure on education in poorer areas is also essential. In order to cut unemployment he proposes that a Keynesian response by government is the only way forward. This will necessitate 'a substantial increase in government expenditure' and 'an equally large increase in taxation revenue' (Nevile, J. 2002: 266). It will also require 'an effective incomes policy', 'substantially expanded and better designed labour market programs' and 'measures to reduce the current account deficit ...' (ibid).

## Conclusion

Economic growth has ensured that much of Australia's population have an adequate standard of living. However, the articles in *TPOP* show that a large part of Australia's population have been left on the side-lines. The social costs for that section of the population that has not been able to find constant or any employment have been high. So far these costs have been borne mainly by the individuals affected and the households in which these individuals are located, however, the costs are starting to permeate with ever increasing magnitude into the general society. Our cities are becoming more and more polarized. Racism and ethnic stereotyping is on the increase and more and more young people are feeling marginalized from the mainstream world of work. Some are turning to bear criminal activity. The poorer neighbourhoods bare the brunt of this increase in crime but the more affluent areas are not immune.

Current government policy is certainly accentuating inequality and the concentration of poverty and unemployment. Cutting the education budget and strengthening the non-government schooling sector has meant that more and more government schools are dependent on parents to make up the shortfall to pay for essential equipment and maintain and improve facilities. Government schools in poorer areas cannot compete and are becoming residues of disadvantage as the more affluent students opt for private schools or government schools in middle class

neighbourhoods.<sup>1</sup> The increasing cost of university tuition has meant that for many working class students the possibility of using a university training to ensure stable employment has evaporated.

*TPOP* is an invaluable contribution to the debate on the social costs of unemployment. We can only hope that our policy-makers take heed of its contents before the depth of the problems stemming from unemployment become intractable.

## Note

- 1 In 2002 37 per cent of HSC candidates were from non-government schools, up from 34.7 per cent in 2000 (Doherty, 2002).

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