THE DISAPPEARING AUSTRALIAN WORKING MAN

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About the author

Gideon Rozner is a Research Fellow at the Institute of Public Affairs. He was admitted to the Supreme Court of Victoria in 2011 and spent several years practicing as a lawyer at one of Australia’s largest commercial law firms, as well as serving as interim general counsel to an ASX-200 company. Gideon has also worked as a policy adviser to ministers in the Abbott and Turnbull Governments. He has been published in the Herald Sun and The Spectator Australia, and has appeared on Sky News, 3AW and Network Ten’s The Project.

Gideon holds a Bachelor of Laws (Honours) and a Bachelor of Arts from the University of Melbourne.
Introduction

In *Men Without Work: America’s Invisible Crisis*, American Enterprise Institute fellow Nicholas Eberstadt takes a close look at the rapidly growing cohort of American men who are out of work.

Eberstadt argues that the overemphasis of economists and policy-makers on the official unemployment rate is hiding the true state of joblessness in America. This is because the unemployment rate measures only the proportion of the labour force that is out of work. It does not account for the growing number of Americans who are leaving the labour force altogether and therefore do not figure in unemployment data.

The shrinking American work force is a problem that particularly affects men, a trend that has worsened for decades with no end in sight:

In the half century between 1965 and 2015, work rates for the American male spiralled relentlessly downward, and an ominous migration commenced: a ‘flight from work,’ in which ever-growing numbers of working-age men exited the labor force altogether. America is now home to an immense array of jobless men no longer even looking for work...¹

The most startling aspect of the male exodus from work is how little attention it has received, Eberstadt argues:

The collapse of work in America’s men is arguably a crisis for our nation – but it is a largely invisible crisis... Somehow, we as a nation have managed to ignore this problem for decades, even as it has steadily worsened.²

This phenomenon is not, unfortunately, unique to the US. Australia, it seems, has its own silent crisis in male employment.

**Australia’s shrinking male work force**

As in the US, discussion of joblessness in Australia focuses largely on the official unemployment rate: the percentage of people looking for work within the overall labour force. On that measure, the Australian labour market is performing relatively strongly, both among men and overall. Unemployment rates remain relatively low, at least compared with the historical ‘peaks’ during the recessions of the 1980s and 1990s (see figure 1).³

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² Ibid.

However, as discussed in the previous section, the unemployment rate only measures the proportion of the work force without employment – that is, those who are out of work but looking for a job.

To gauge the overall level of joblessness in Australia, we must look at the work-to-population ratio: the rate of employment as a percentage of the population as a whole. On this measure, the rate of employment among ‘prime age’ men (ages 20 to 54) has been in steep decline over the past few decades.4

As figure 2 demonstrates, around 95 per cent of prime aged men were in paid employment up until the mid-1960s. The work-to-population ratio fell sharply throughout the following decades and reached its low point after the 1990s recession. Critically, however, it has basically remained at that low level ever since, despite Australia’s considerable economic recovery.

The disconnect between the cyclical nature of the unemployment rate and the continual decline in the overall rate of male employment can be explained by an increase in the not-in-labour-force (NILF) rate – men who are neither working nor looking for work. Figure 3 shows that, unlike the unemployment rate, the NILF rate among prime age men has been rising steadily since the Australian Bureau of Statistics started measuring it in the late 1970s.5

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5 Australian Bureau of Statistics, above n 3.
Both the unemployment rate and, to a lesser extent, the NILF rate are driven by the economic cycle. However, only the unemployment rate eases when the economy is performing well. While sluggish economic performance does tend to trigger or accelerate growth in the NILF rate, there has never been a commensurate decrease when times are good. Once Australian men leave the workforce, they do not come back.

In fact, there are several points at which the NILF rate and the unemployment rate have had an inverse relationship. As unemployment eased after ‘peaking’ in the early-1980s, mid-1990s and late-2000s respectively, the NILF rate edged upwards. This suggests a ‘discouraged worker’ effect: While some men do find work as the economy recovers, others give up and ‘disappear’ from the workforce altogether.
Meet the non-working man

In his extensive demographic analysis, Eberstadt concludes that in the US, there are three traits most common in prime age NILF men. These factors also strongly influence the likelihood of being a NILF male in Australia.

**Marital status**

Firstly, NILF men are much more likely to be unmarried. Of the almost 600,000 prime age men outside the labour force, less than one third are married. Also, as figure 4 indicates, unmarried men are four almost four times more likely to be NILFs. Eberstadt attributes the similar pattern among US men to the difference in married men’s ‘motivations, aspirations, priorities, values, and other intangibles that do so much to explain real-world human achievements’.

**Figure 4** Proportion of married (shown in blue) and unmarried (shown in red) men not in the labour force, by age group.

Source: Australian Bureau of Statistics

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7 Eberstadt, above n 1.
**Migration status**

Men outside the labour force are more likely to be native-born Australians than migrants, with the former comprising almost two thirds of the male NILF population. This corresponds with work rates among migrants overall, who record NILF rates of about half the general population. Figure 5 breaks down the NILF rate and median income of a sample of migrants, compared with the general population.

**Table 1 – NILF rate and median annual earnings of migrants in selected visa categories, surveyed after six months of arrival in Australia.**

<table>
<thead>
<tr>
<th></th>
<th>All surveyed migrants</th>
<th>Skilled stream – Primary applicant</th>
<th>Skilled stream – Migrating partner</th>
<th>Family stream – Migrating partner</th>
<th>General population</th>
</tr>
</thead>
<tbody>
<tr>
<td>NILF rate</td>
<td>15.7%</td>
<td>3.5%</td>
<td>21.2%</td>
<td>22.8%</td>
<td>35.4%</td>
</tr>
<tr>
<td>Median annual full-time earnings</td>
<td>$55,000</td>
<td>$64,200</td>
<td>$49,900</td>
<td>$50,000</td>
<td>$69,600</td>
</tr>
</tbody>
</table>

Source: Department of Immigration and Border Protection

Not only do migrants surveyed have an average NILF rate of less than half the general population, median incomes across all migration categories – including skilled migrants – are lower. This suggests an ‘aspirational’ quality among migrants and a greater willingness than native-born Australians to take lower-paid jobs.

**Criminal history**

The third trait Eberstadt identifies that affects the likelihood of being a NILF male is criminal history. The escalation of incarceration rates starting in the 1960s, Eberstadt argues, has been a strong driver of the accelerating NILF rate among American males since that time, as more and more men re-enter law-abiding society with diminished prospects.

We can assume that criminality is somewhat less of a factor in Australia’s overall increase in the male NILF population, given that our incarceration rates are substantially lower than those in the US. However, it still appears that criminal history may increase the likelihood of individual men leaving the workforce. Data on former prisoners is limited, but one study estimates that as few as 20 per cent of prisoners on parole have paid employment. Another indicates that almost two thirds of prisoners are unemployed six months after their release.

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Other demographic factors

Aside from the three traits identified by Eberstadt, there are few clear demographic factors common to NILF men. Recent data from the Australian Bureau of Statistics indicates that:

- the NILF rate does not vary widely between states, though it was slightly higher in states with weaker recent economic performance, such as South Australia (32 per cent) and Tasmania (35 per cent);\(^\text{13}\)
- prime age men outside capital cities are only slightly more likely to be outside the labour force, with a NILF rate of 33 per cent compared to 27 per cent in metropolitan areas;\(^\text{14}\) and
- NILF men are not necessarily mostly unskilled, with a relatively even spread among ‘white collar’ and ‘blue collar’ workers, in relation to men who have previously held paid employment (see figure 6).\(^\text{15}\)

**Figure 5** NILF men (all ages) who were previously employed, by previous occupation.

![Pie chart showing previous occupations of NILF men](source: Australian Bureau of Statistics)

In short, the male flight from work is not limited to men of any particular socio-economic group, region or even professional background.

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\(^\text{13}\) Australian Bureau of Statistics, above n 6.
\(^\text{15}\) Australian Bureau of Statistics, above n 8.
Why are fewer men working?

The exodus of Australian men from the workforce appears to be the result of a combination of changes to the labour market that have caused them to leave paid work (‘push’ factors) and welfare entitlements that have allowed them to stay out (‘pull’ factors). However, there is a much closer relationship between falling male work rates and pull factors.

Economic changes

Labour market changes may partly explain the growing NILF rate among men, but this is limited. On the one hand, it is true that many traditionally ‘male’ jobs – such as factory workers – have disappeared, while the number of traditionally ‘female’ jobs in the services sector – such as nurses – have grown. However, as figure 7 demonstrates, there has been recent growth in other ‘male’ industries, such as construction and mining, as seen in hours worked across various industries.\(^\text{16}\)

Figure 6 Hours worked index by industry, 1986-2016.
Source: Australian Bureau of Statistics

Accordingly, while it may be one factor, economic change alone is unlikely to account for the substantial decline in male work rates.

Social changes

A partial explanation may also lie in societal factors. Three long-term trends in particular are relevant:

• increasing work rates among women;
• an increasing number of ‘house husbands’ doing unpaid domestic work; and
• the expansion of tertiary education.

However, as with economic factors, the relationship between these social trends and rising male NILF rates is complex.

On the one hand, there does appear to be a clear correlation between falling work rates among men and the post-war explosion of women entering the workforce. Figure 7 shows that as the male work-to-population ratio fell from 93 per cent to 79 per cent between 1947 and 2011, the equivalent ratio for females soared from 23 per cent to 69 per cent in the same period.17

**Figure 7** Work-to-population of males (shown in blue) versus females (shown in red), 1947-2011.

However, as women enter the workforce in greater numbers, there is little evidence of a ‘swap’ in which men have assumed more traditionally ‘female’ responsibilities, such as unpaid domestic work. Nor do falling work rates among men seem to be the result of greater engagement with tertiary education.

Time use surveys by the Australian Bureau of Statistics suggest that NILF men spend little, if any, additional time on study or domestic work than men who work. In fact, as figure 8 demonstrates, NILF men spend, on average, less time on education than part-time workers, and less time on child care than any men in the work force.18

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Admittedly, these figures are somewhat distorted by the inclusion of all NILF men, including retirees, rather than just prime-aged men. However, even among parents without employment (included as a subset of data in the same time use survey), differences in time spent by fathers and mothers further discounts the ‘house husband’ theory (see figure 9).19

**Figure 9** Average minutes spent per day on various activities by fathers (shown in blue) and mothers (shown in red) without paid employment.

Source: Australian Bureau of Statistics

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A more recent study of NILF Australians in general confirms that prime age men outside the labour force spend significantly less time than their female counterparts on domestic work and childcare, as shown in figure 10.\textsuperscript{20}

\textbf{Figure 10} Main activity when not in labour force, men (shown in blue) and women (shown in red) aged 25-54

\includegraphics[width=\textwidth]{figure10.png}

Source: Australian Bureau of Statistics

In short, societal changes do not, by and large, explain why there are so many men out of work.

\section*{Welfare spending}

If ‘push factors’ like economic and social trends have a limited impact, we see stronger evidence of ‘pull factors’, specifically the growth of the welfare state that has subsidised the male flight from work.

However, jobless men are not necessarily subsisting from ordinary benefits such as the Newstart Allowance. Instead, it appears that disability payments are contributing to the high NILF rate. As figures 11 and 12 demonstrate, payments for ‘incapacity’ have grown steadily in recent decades – unlike those for unemployment – and in close correlation with the NILF rate.\textsuperscript{21}

\textbf{Figure 11} Payments for incapacity (shown in red) and unemployment (shown in blue) as a percentage of federal government spending.

\includegraphics[width=\textwidth]{figure11.png}

Source: OECD

\textsuperscript{20} Australian Bureau of Statistics, above n 8.

The disappearing Australian working man

Figure 12 Male Disability Support Pension recipients (shown in red) and male NILFs aged 20-54 (shown in blue), both in absolute terms (solid lines) and as a percentage of the total male population (dotted lines).

Source: Department of Social Services; Australian Bureau of Statistics.

The soaring number of men receiving disability payments corresponds with ABS data showing that almost 40 per cent of prime age NILF men give disability or illness as their ‘main activity’ (see figure 13).\(^22\)

Figure 13 Stated ‘main activity’ of NILF men aged 25-54.

Source: Australian Bureau of Statistics

To be sure, it is unlikely that many men are deciding to quit their jobs to live off disability payments. However, it appears that the Australian welfare state is enabling and even encouraging them to stay out of work.

\(^22\) Australian Bureau of Statistics, above n 8.
Why does it matter?

Soaring NILF rates in the prime age male population brings substantial consequences, both for Australia in general and for jobless men themselves.

Poorer living standards

The economic consequences of this growing army of men without work are largely self-evident. As more men disappear from the workforce, a greater number of taxpayers – and women – will be needed to support them.

Arguably, however, it is the out-of-work men who will suffer the most. For one thing, subsistence on welfare payments will obviously mean a lower income and poorer living standards. As figure 14 indicates, even the relatively high Disability Support Pension is lower than the minimum wage and far lower than what is earned by the average worker.23

Figure 14 – Weekly government payments compared with wage levels.

<table>
<thead>
<tr>
<th>Payment</th>
<th>Weekly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newstart Allowance</td>
<td>$267.80</td>
</tr>
<tr>
<td>Newstart Allowance (with dependent children)</td>
<td>$289.65</td>
</tr>
<tr>
<td>Disability Support Pension</td>
<td>$444.15</td>
</tr>
<tr>
<td>Minimum wage</td>
<td>$694.90</td>
</tr>
<tr>
<td>Average weekly earnings (All workers)</td>
<td>$1,163.50</td>
</tr>
<tr>
<td>Average weekly earnings (Full-time workers)</td>
<td>$1,595.50</td>
</tr>
</tbody>
</table>

Sources: Department of Social Services; Australian Bureau of Statistics; Fair Work Commission

Poorer health outcomes

The consequences of long-term unemployment, however, are greater than just financial and economic costs. Studies increasingly demonstrate a number of non-economic benefits to people from paid employment, such as greater happiness from ‘earned success’, more social interaction and substantial improvements in mental and even physical health.

One of the most significant contributions to this body of research is a 2011 consensus statement led by the Royal Australasian College of Physicians (RACP). Signatories include medical research organisations, health insurance funds and key industry and employer groups. (Curiously, Australian trade unions are absent from the statement’s list of signatories, though a number of New Zealand unions are represented.)24


The RACP cites numerous studies showing significant health consequences of unemployment, including:

- poorer mental health, including higher rates of depression, anxiety and low self-esteem;
- poorer physical health, including higher rates of cardiovascular disease and respiratory infections;
- higher rates of medical consultation and hospital admission; and
- increased mortality rates, including a higher likelihood of suicide.\(^\text{25}\)

Relevantly – and importantly – the RACP states that ‘[t]he health effects of work and unemployment are generally most marked in middle working-aged men’.\(^\text{26}\) In other words, all jobless people experience poorer health outcomes, but it is prime age men who are the most susceptible.

Where NILF men have dependent children, the consequences are particularly serious. A study by the Department of Social Services found that children without a working parent are more likely to suffer from lower levels of cognitive ability, including in areas like receptive vocabulary and non-verbal intelligence, and higher rates of social and emotional difficulties.\(^\text{27}\) The RACP has also found that parental joblessness may result in poorer outcomes in physical health among children, including ‘a higher likelihood of chronic illness, psychosomatic symptoms and lower wellbeing’.\(^\text{28}\)

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28 Royal Australasian College of Physicians, above n10, 14.
Conclusion

The decline in Australia’s working male population is a constant and serious trend that, unfortunately, is rarely discussed. Yet this silent crisis brings significant consequences for Australia, for the rapidly growing cohort of jobless men themselves and for their families and children.

Worst of all, evidence suggests that children without a working parent are much more likely to experience joblessness themselves in adulthood. The effects of joblessness in prime age men therefore risk becoming intergenerational, resulting in a permanent underclass of Australians with lower living standards, health outcomes and future prospects.

Policy-makers must take urgent action to reverse the exodus of men from paid work. Structural barriers in our industrial relations system must be removed to allow the long-term unemployed to re-enter the labour force. The welfare benefits that are keeping men out of work should be pared back.

If we as a country do not undertake these vital reforms, we will condemn more and more men to life on the margins of society, hidden from view.

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