

The social consequences of unemployment

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‘You don’t live when you are unemployed—you exist’ (Jackson & Crooks 1993).

Overall social consequences

The personal and social costs of unemployment include severe financial hardship and poverty, debt, homelessness and housing stress, family tensions and breakdown, boredom, alienation, shame and stigma, increased social isolation, crime, erosion of confidence and self-esteem, the atrophying of work skills and ill-health. Most of these increase with the duration of unemployment (Dixon 1992; EPAC 1992; Cass 1988; White 1991; Victorian Social Justice Consultative Council (VSJCC) 1992). Unemployed people report that being unemployed is one of the worst things that can happen to them (White 1991). In addition, unemployment falls disproportionately on already disadvantaged groups in society, for example, lower income earners, recently arrived migrants and indigenous Australians.

The Brotherhood of St Laurence’s Life chances study (Gilley 1993) found that compared with families who had an employed parent, more mothers in families in which there was no parent employed reported:

- serious health problems of young children;
- serious problems for themselves;
- serious disagreements with the partner; and
- serious financial problems and serious problems with housing.

‘A drastic effect financially. It creates disturbances, causes stress. We feel hopeless.’ (mother’s comment, Gilley 1993, p. 85)

Poverty and hardship

Unemployment is the major reason for poverty in Australia today. King (1998) finds that unemployed people in Australia had the highest rate of poverty with almost 70 per cent of unemployed people having incomes below the Henderson after Housing Poverty Line in 1996.

The Victorian Social Justice Consultative Council (1992) has documented the rapidity with which unemployed people experience hardship and a decline in their standard of housing, diet, clothing and health care.

Unemployment and health

Australian and overseas studies have unequivocally demonstrated a strong relationship between unemployment and health (National Health Strategy 1992; Smith 1987). This occurs for some specific causes of death (such as diabetes, pneumonia, influenza and bronchitis) as well as for a number of specific chronic illnesses (National Health Strategy 1992). Unemployment has been shown to cause certain forms of mental illness, such as depression (Smith 1987).

Long-term harm for children and young people

In 1997 702,800 children or 17.9 per cent of children under 15 years of age were in families with no parent in paid employment (ABS 1997).

This is not only immediately distressing for the children's lives but is also likely to have long term consequences for their educational, employment and social futures.

People with low education and skills are more likely to be unemployed or to have low wages (The World Bank 1993), and work by Williams and others (1993) indicates that school completion is lower for young people with parents who have low education and an unskilled occupational background (and thus who are more likely to be unemployed).

The Australian Institute of Family Studies found that adolescents with lower levels of well-being (such as health and sociability) have fathers or both parents with no paid work (Weston 1993).

Family stress arising from poverty and unemployment has been found to be associated with children's behavioural problems and with their adjustment over time (Shaw et al. 1994).

Unemployment is also contributing to substantial alienation of a large number of teenagers and young adults.

Social division

There is increasing division between those families with children with both parents in the paid work force and those with no parents with paid work. The wives of unemployed men have much higher rates of joblessness than wives of employed men. Female sole parents also have high rates of joblessness (McClelland 1994).

Unemployment may also contribute to greater divisions according to where people live. McDonald (1995) highlighted the higher rates of unemployment experienced by those in living in older industrial areas such as north-west Melbourne and mid-west Sydney. Gregory and Hunter (1995) found that there had been little or no employment growth for people living in low socioeconomic areas between 1976 to 1991 in contrast with the better experience of people living in higher socioeconomic areas.

Unemployment and retirement

The problems of long term unemployment amongst older people could lead to a resurgence in aged poverty in Australia in coming decades. High levels of long-term unemployment alongside lower declining levels of labour force participation of older men may prevent the possibility for important asset accumulation (such as paying off the family home prior to retirement). Home ownership has been a very important factor in containing aged poverty in Australia in the past.

In addition income inequality amongst older people could well increase with some, as a result of long term unemployment and joblessness, entering old age with very little and others having a substantial accumulation of superannuation and other assets.

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