Crawford School Dialogue - Australia's carbon price: good policy or not?

The Jobs Issue

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Illustration of what "job loss" means in public debate: a major misunderstanding

(A) The misunderstanding from the news; but need to look after the LTU

(B) Example concerning the Emissions Trading Scheme debate (2009):

Reactions from the CEO of the Minerals Council of Australia to the ETS:

(i) ' The CPRS (emissions trading) scheme will shed 23,510 jobs in the minerals sector by 2020.' [*The Australian* May 2008] *{Counter-factuals are critical to this}*

(ii) The Climate Institute estimated that there will be an additional 31,743 'green jobs' from the ETS, 2010-2030 (about 15,872 by 2020)

(C) Not interesting to most economists ('so what?'):

(a) switching of behaviour is obvious, AND

(b) the flows figures are well known

Outline: Different Approaches and Data (basically the same point)

(i) Labour market stocks, dynamic simulation to 2020

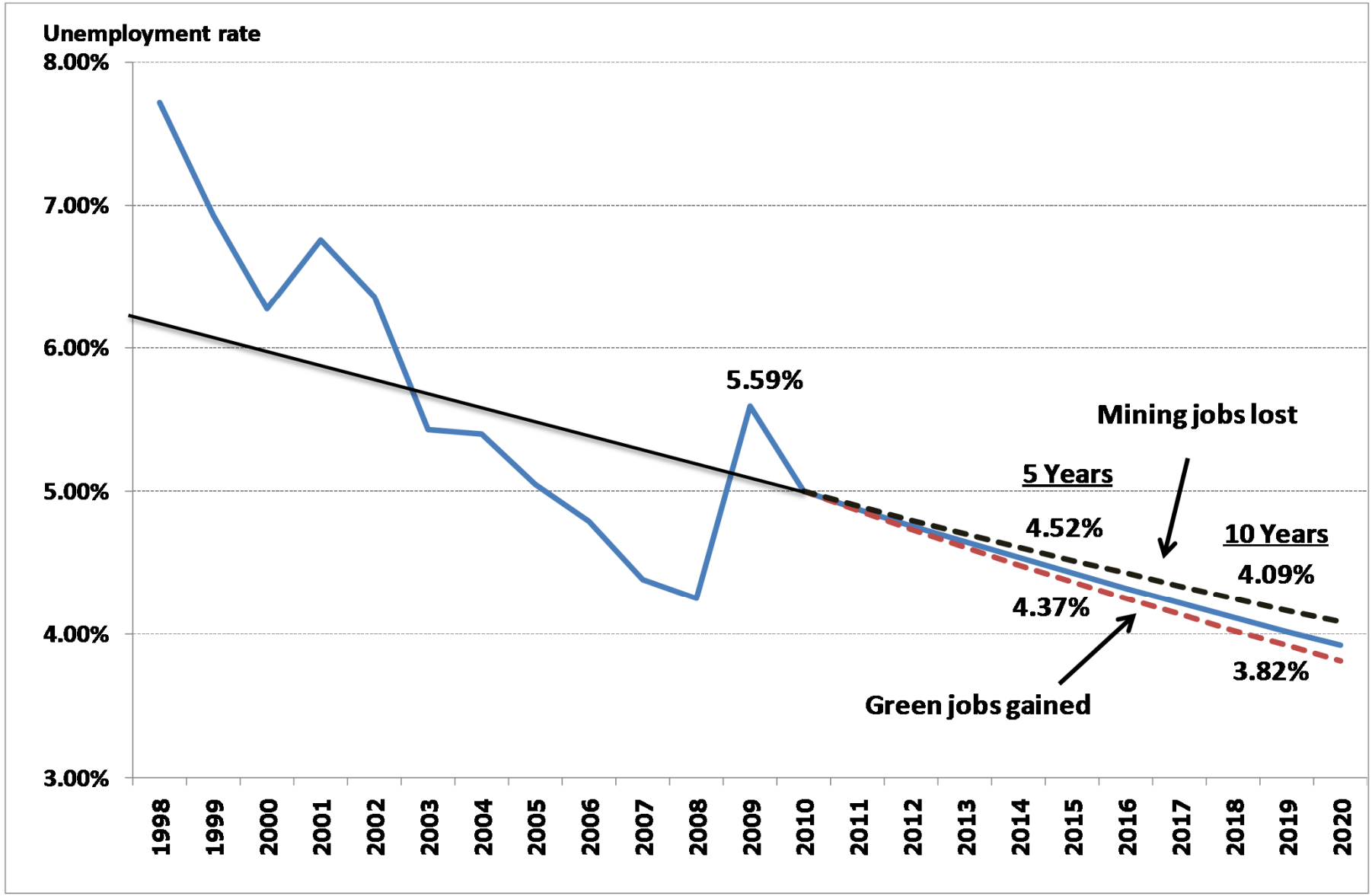
(ii) Aggregate monthly outflows *from* employment and inflows *to* employment (ABS job flows data)

(iii) Additional monthly outflows and inflows from the ETS (mining/green jobs)

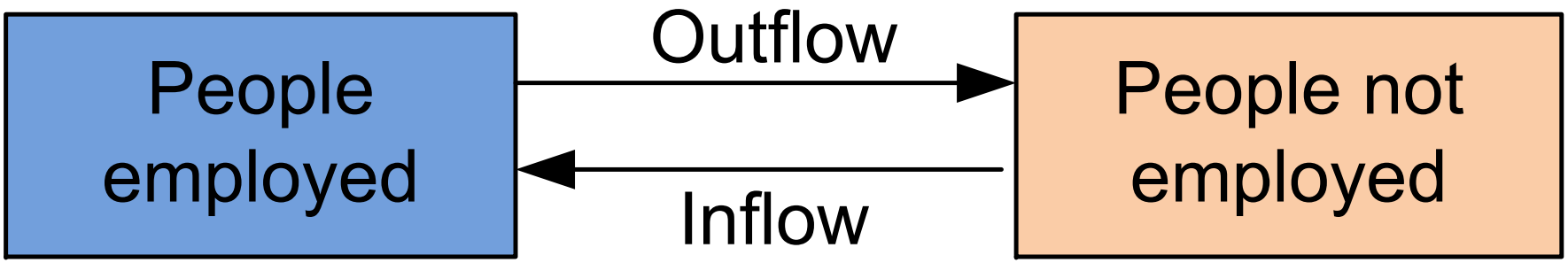
(iv) HILDA: Understanding outflows in the mining sector

(v) HILDA: Mining outflows from employment: where did they go, 2001-08?

(i) ETS: 2010-2020 Unemployment Rate Projections with Mining/Green Jobs



(ii) Understanding Monthly Labour Market Flows, Simply

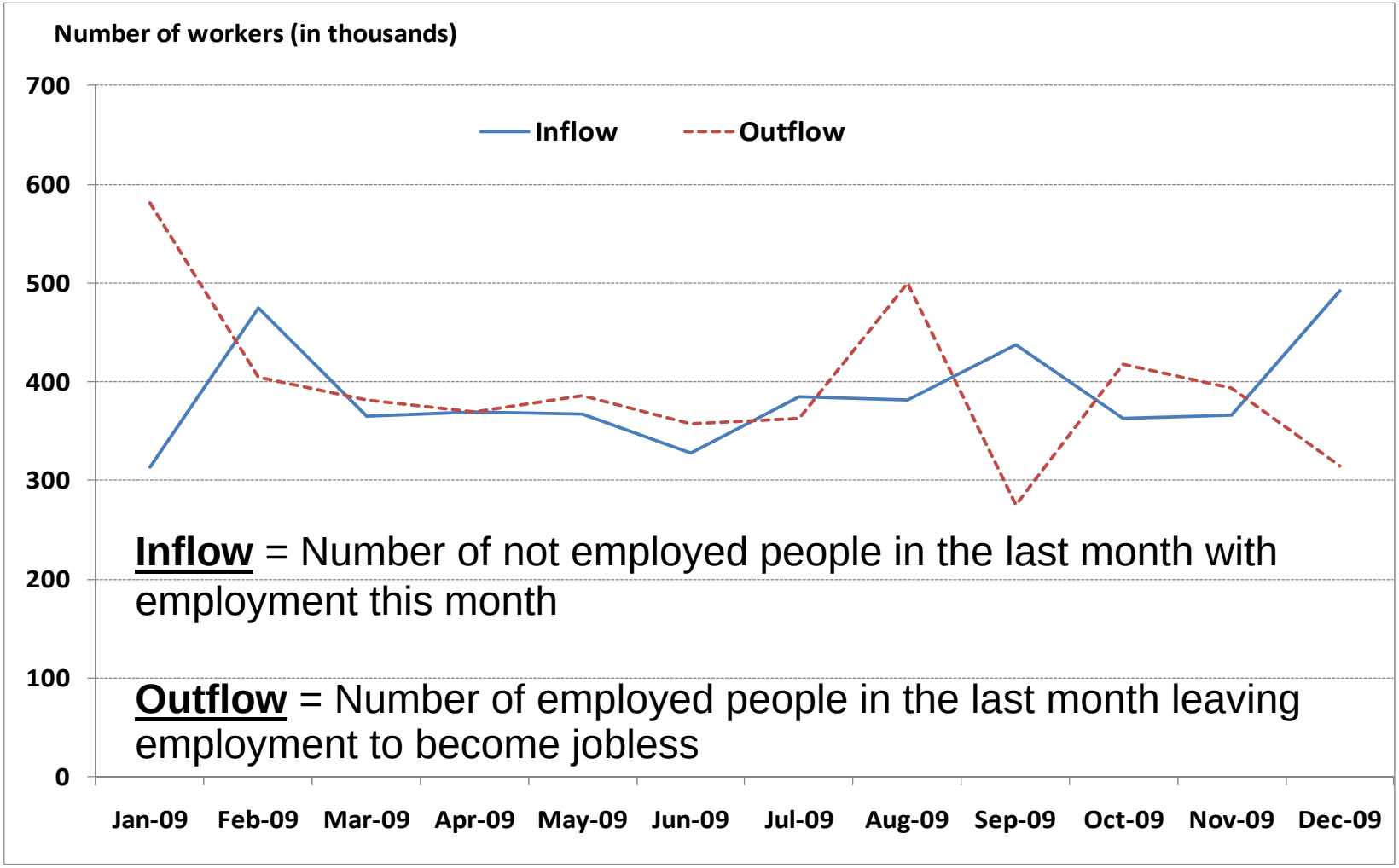


(iii) Monthly Gross Flows Descriptive Statistics (1998 – 2009)

Data	Mean	Standard Deviation	Min	Max
Inflow	372,270	51,590	284.87	530.68
Outflow	367,920	71,960	226.41	588.86
Net inflow	4,350	3,800	-271.75	200.33

N= 144
Source: ABS, *Labour Market Flows*, Cat. 6202.

Illustrating Flows
Aggregate Variations in Inflows and Outflows for 2009



Source: Calculated from ABS, *The Labour Force*, Catalog 6202.2

Monthly Employment Flows (average 1998-2009)

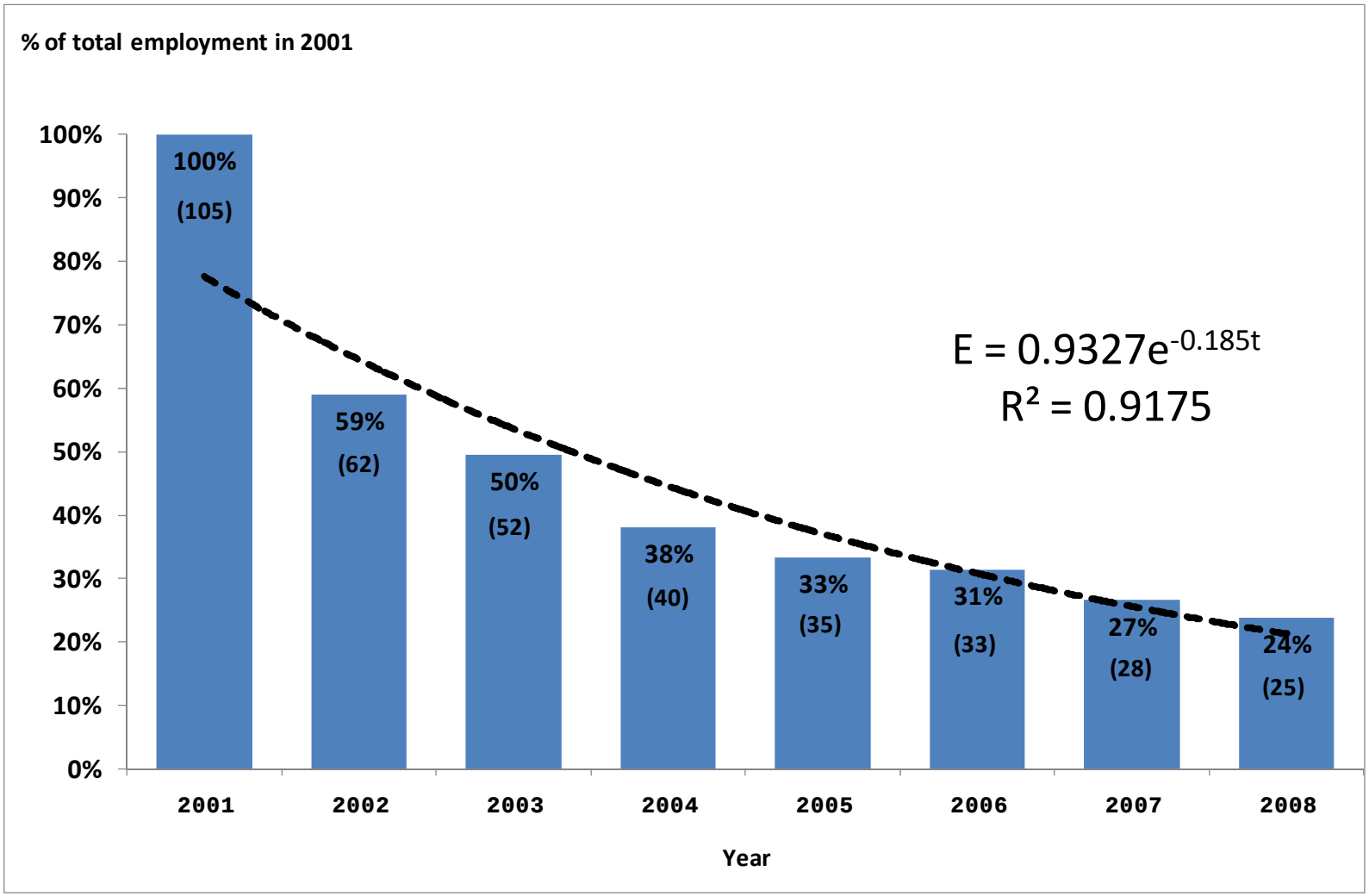
Month	Inflow to Employment	Outflow from Employment	
Average per month	**372,270**	**367,920**	
Average per (8 hr) day	**18,614** **(581 people in 15 mins)**	**18,396** **(575 people in 15 mins)**	

Contribution of the ETS to Monthly Employment Outflows/Inflows (2011-2020)

(Calculated by taking the average of monthly flows from 1998-2009)

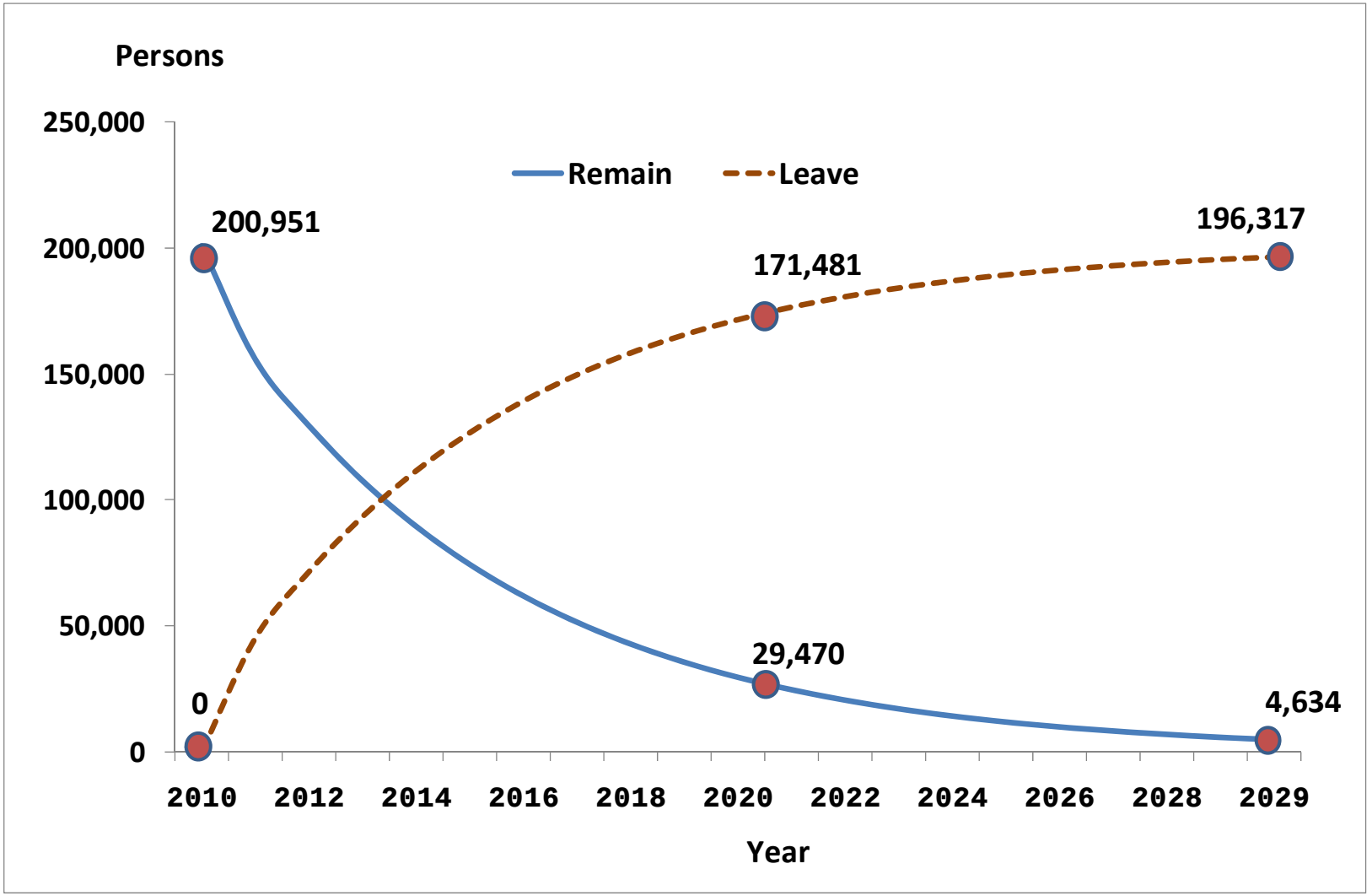
Variable	Person/Percent
Average monthly inflow/outflow without the ETS*	372,270 /367,920 people
Additional monthly outflow contribution from mining jobs, 2010-2020	196 people
Additional monthly inflow contribution from 'green jobs', 2010-2020	133 persons
Monthly Contribution of ETS to outflows/ inflows	0.05 (0.036) per cent (net addition = - 1.4 jobs per 10,000)

HILDA: More on Understanding Flows
Labour Market Outflows for the Mining Sector:
Proportion of Continuing Mining Employment (2001 HILDA Cohort)



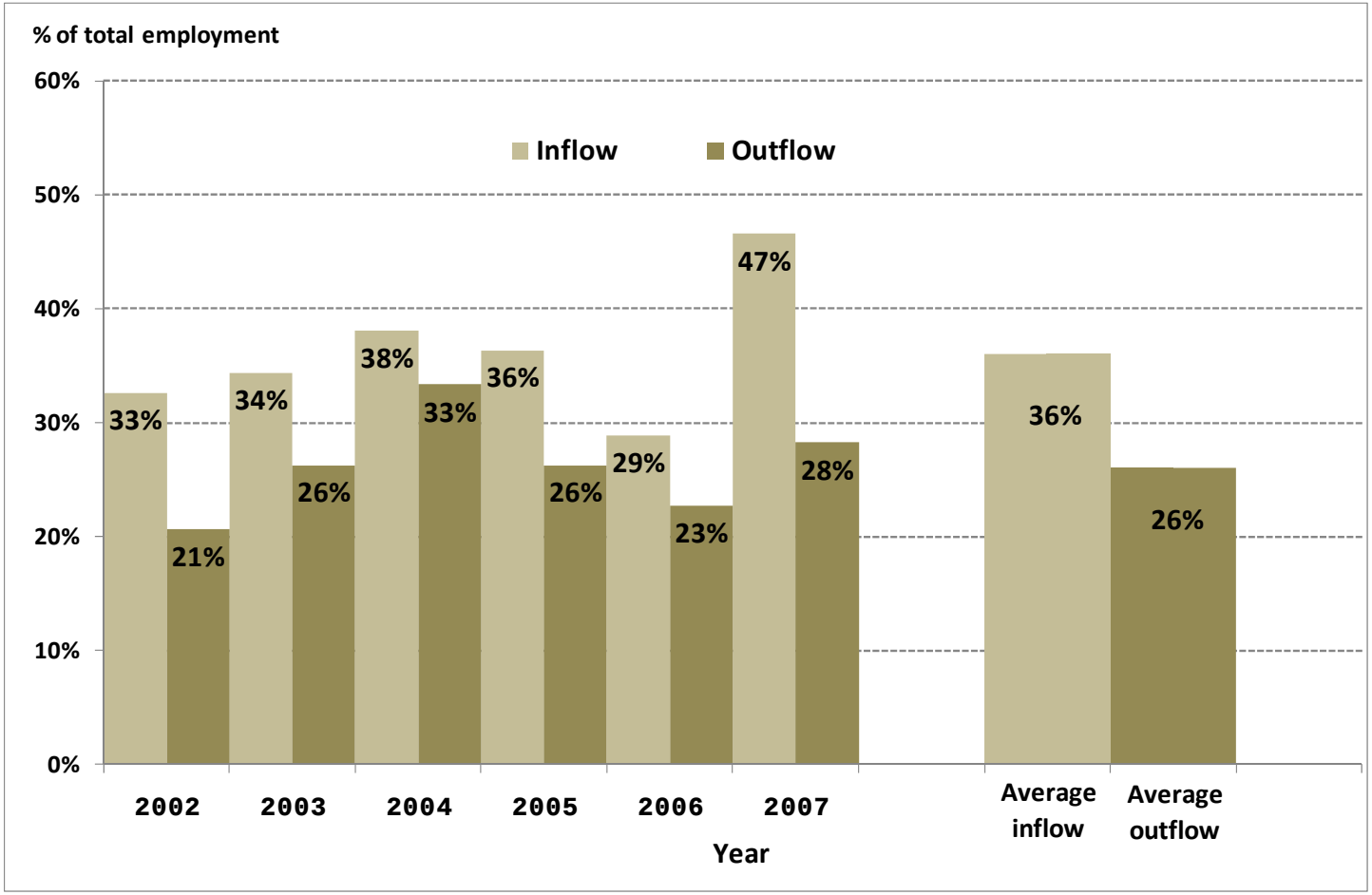
Understanding Flows

Aggregate Projections of Mining Employees Who Leave/Remain in the Sector*

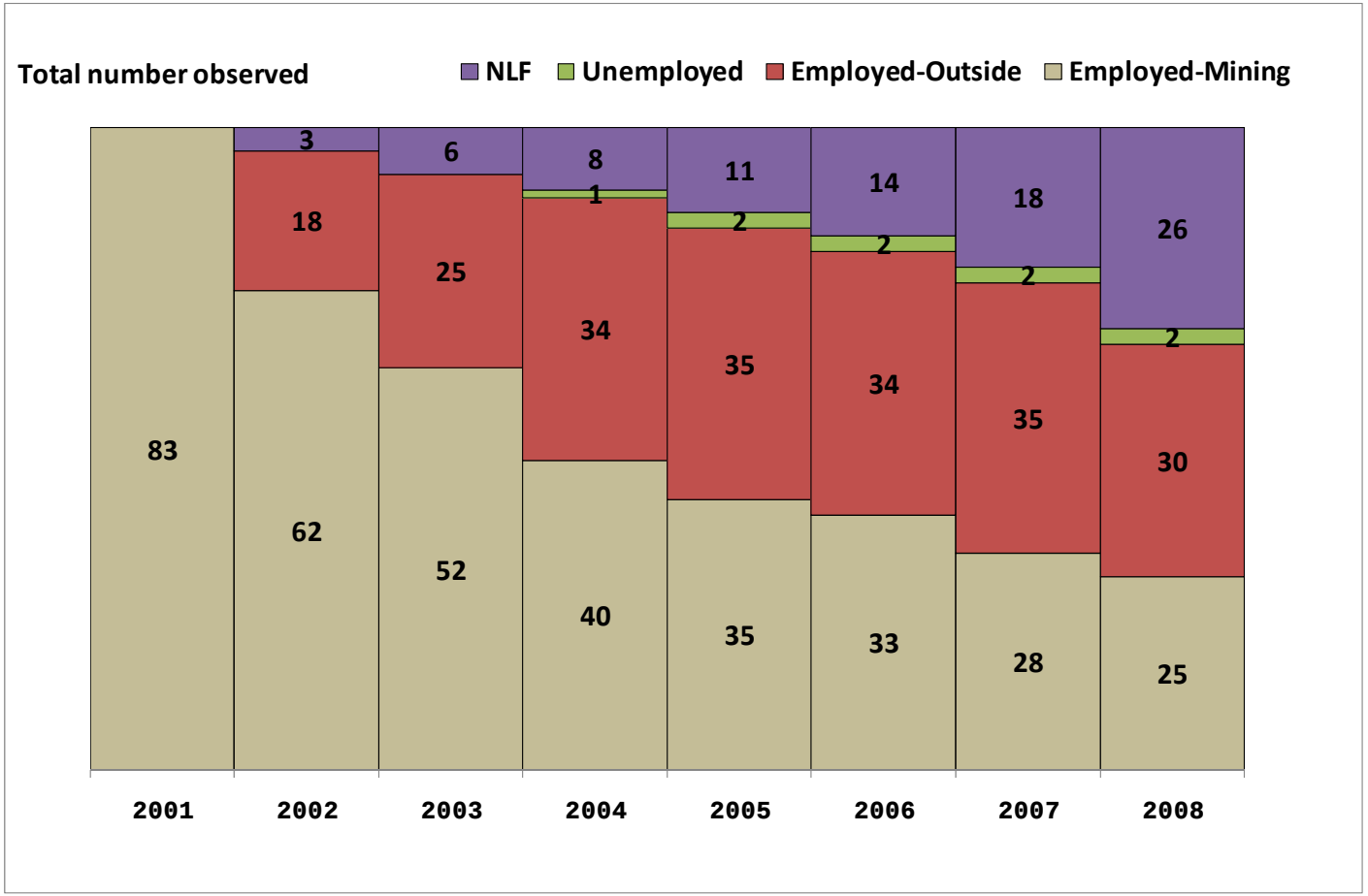


*Mining employment data from ABS Catalog 6291.0.55.003 (November 2010)

Employment Inflows and Outflows from Mining per year, HILDA 2001-2008



Labour Market Destinations of Mining Employees, HILDA 2001-08 (Where do they go?)



Conclusions

(i) Major misunderstanding of net job figures

(ii) 2010-2020 effects on employment/unemployment stocks is tiny

(iii) Extraordinary extent of job flows in aggregate

(iii) Net aggregate contributions from mining job loss or green jobs gain are trivial (*invisible*) in a flows context

(iv) HILDA: Mining inflows/outflows per year are also very high

(v) HILDA: “Where do they go from mining?” – not to unemployment

(vii) For the carbon price debate, the jobs issue is a non-issue