

This Government Definition of "Employment" Is Laughable

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Our world record breaking recession-free run continues.

The miracle economy continues to defy the odds.

In the second quarter, the [Australian economy](#) grew by 0.8%...more than double the previous quarter.

What's behind the latest surprisingly good GDP figures?

According to *The Australian* on 6 September 2017: '*The upbeat GDP data reflect rising business confidence in Australia, which has*

Stronger employment growth? Well, that depends on whether you use the Australian Bureau of Statistics (ABS) numbers or not. The

How laughable?

This is the definition from the ABS site (emphasis mine):

'Paid employment includes persons who performed some work for wages or salary, in cash or in kind...'

'Self-employment includes persons who performed some work for profit or family gain, in cash or in kind...'

What's the ABS definition of 'some work'...

The notion of 'some work' is interpreted as work for at least one hour.

Work at least one hour per week for *cash* or — wait for it — *in kind*, and you, my friend, are employed. Congratulations; you're now

This data is what policymakers use to guide our economy... Now you can start to realise why we are in the mess we're in. *Garbage*

Roy Morgan Research conduct their own monthly employment survey using a process and definition that would pass the pub test.

According to Roy Morgan's more accurate data, un- and under-employment numbers have actually deteriorated in 2017...not streng

	Unemployed or 'Under-employed**		Unemployed		Looking for		'Under-employed**	
	'000	%	'000	%	Full- time	Part- time	'000	%
					'000	'000		
2017								
January 2017	2,402	17.9	1,295	9.7	634	661	1,107	8.2
February 2017	2,390	17.9	1,253	9.4	576	677	1,137	8.5
March 2017	2,340	17.7	1,236	9.3	563	673	1,104	8.4
April 2017	2,307	17.6	1,217	9.3	612	605	1,090	8.3
May 2017	2,622	20.0	1,284	9.8	659	625	1,338	10.2
June 2017	2,645	19.6	1,200	8.9	550	650	1,445	10.7
July 2017	2,462	18.8	1,236	9.4	568	668	1,226	9.4
August 2017	2,565	19.7	1,324	10.2	639	685	1,241	9.5

Source: Roy Morgan Research
[\[Click to enlarge\]](#)

Make-believe employment numbers create a make-believe world. One that deludes us into thinking our economy is a miracle...when

The ABC News report on the stronger GDP numbers was a bit more accurate:

'GDP rebounds from weak first quarter, driven by 0.7pc rise in household spending...Increased spending has pushed household

But did households spend their savings or go deeper into debt?

The [Australian Debt Clock](#) calculates we have a national — public, corporate and private — debt-load exceeding \$6.4 trillion...around

The debt clock is ticking over at around \$750,000–\$800,000 per minute. Quick arithmetic would tell you that our nation's debt-load is

All that newly-fractionalised money goes into our economy and is recorded as part of our GDP.

The ABS tells us that our \$1.7 trillion economy 'grew' by 0.8% in the second quarter...expanding by \$136 billion.

And that's the story behind our miracle economy. We're just going deeper and deeper into the brown stuff and being told it's a bed o

The fake news about our economy is not confined to the ABS or Treasury.

In late March 2017, the Australian Trade and Investment Commission (ATIC) published a report titled: 'Australia has experienced the

Here's what ATIC had to say about our 'uninterrupted economic growth'...

'Australia's economy grew a strong 1.1 per cent in the fourth quarter (Q4), lifting Australia's annual economic growth to 2.5 per cent, the highest among major developed countries.'

To support this view, ATIC published this table...



Source: Australian Trade and Investment Commission
[\[Click to enlarge\]](#)

The report went on to extoll our 'relative growth performance':

'My [Edmund Tang] estimates for Australia's relative growth performance are based on the growth accounts assembled by the C

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You can see the writing on the wall

With regards to duration, we've outperformed second-placed Ireland.

The Irish economy delivered uninterrupted economic growth from Q3 1986 to Q1 2007.

The Economic and Social Research Institute of Ireland released a journal article in February 2016, titled: 'Economic Stress and the Great Recession in Ireland: Polarization, Individualization or "Middle Class Squeeze"?'

Here's an extract (emphasis mine):

*'Following an unprecedented boom, **since 2008 Ireland has experienced a severe economic and labour market crisis.** Con*

Ireland's economic miracle was nothing but a mirage. Economic expansion was simply a function of its citizens' willingness to believe the BS and borrow like there was no tomorrow.

Well, tomorrow did come with a 'dramatic increase in the scale of debt problems including significant negative equity issues'.

All that debt funded growth came back to bite them hard. 'Negative equity issues' is a nice way of saying 'people owe the bank more than what the asset is worth'.

And then the second-place getter in *relative growth performance* is Japan — Q1 1975 to Q1 1993.

In 2009, University of Huddersfield Business School released an economics paper on Japan:

*'**Japan has experienced a severe economic recession since the early 1990s, despite a short lived recovery in between, is o***

Are you noticing a pattern here?

Remember Japan's miracle economy of the 1980s?

This is a copy of *The New York Times* on 7 September 1988:

Allianz

CHOOSE YOUR
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Tokyo Journal; A Real Estate Market No One Can Afford Anymore

By DAVID E. SANGER, Special to the New York Times
Published: September 7, 1988

TOKYO, Sept. 6— The real estate boom here has been long been out of control, but many people were still shocked when a Government-affiliated research group calculated a few months ago that the book value of all the land in Japan - \$13.47 trillion and change at current exchange rates -easily exceeded the value of all the land in the United States.

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Source: The New York Times

[\[Click to enlarge\]](#)

An out of control real estate market.

Sounds eerily familiar.

There's no secret as to what propelled Japan to 'miracle economy' status: rising private debt. Take a look:

Japan Debt to GDP Ratios



Source: Debt Deflation

[\[Click to enlarge\]](#)

Note when Japan's private sector debt hit its high...early 1993. Exactly when Japan's record-breaking period of relative growth performance ended.

Both Ireland and Japan have paid a very high price for their so-called economic success.

Our recession-free run is completely contingent upon Australian households' willingness and ability to increase their debt-loads. Once households reach debt fatigue — and they will — our economy will go from 'hero to zero' very quickly.

The problem is that it's far too late to stop this disaster from happening.

The debts have been accumulated. The assets purchased. People are locked in.

Government agencies — the RBA, the Treasury, ABS, and the Trade Commission — are knowingly or unknowingly aiding and abetting our nation's plunge into the economic abyss.

Unless this time is different — and it *never* is — Australians are about to pay a very high price for being deluded into believing we could live beyond our means indefinitely.

[Will you be on the right or wrong side when the carnage hits?](#)

Regards,

Vern Gowdie,
Editor, *The Gowdie Letter*

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Vern Gowdie Editor at Markets %26amp; Money

Vern Gowdie has been involved in financial planning in Australia since 1986. In 1999, Personal Investor magazine ranked Vern as one of the top 100 financial planners in Australia.

His previous firm, Gowdie Financial Planning, was recognized in 2004, 2005, 2006 %26amp; 2007, by Independent Financial Adviser magazine as one of the top 100 financial planners in Australia.

He is a feature editor to Markets and Money and is Founder and Chairman of the Gowdie Family Wealth and the Gowdie Letter advisory service.



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