

25 years since the Henderson inquiry

Poverty and inequality worsen in Australia

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The recent release of *Australian Poverty, Then and Now*, the first major survey of poverty since the Australian government's 1975 Poverty Report, confirms the impoverishment of ever wider layers of society over the past 25 years.

The 1975 inquiry headed by Professor Ronald Henderson found that, even applying the most "austere" poverty line, 20.6 percent of families and single people were living in, or near, poverty. Today that figure, updated by Henderson's former associates, stands one and a half times higher, at 30.4 percent.

The pauperisation of nearly one-third of society is, in itself, a damning indictment of the present economic order, as well as the Whitlam (1972-75), Hawke (1983-91) and Keating (1991-96) Labor Party governments, which held office for most of the past quarter century. More than six million people, including two million children, are now classified as poor, unable to afford the basic necessities of modern life.

This social crisis is far more serious than even the latest report indicates. The updated Henderson poverty line stands at \$452 per week for a family of two adults and two children—hardly sufficient to cover rent or mortgage payments, food, clothing, childcare and the other essential costs of raising a family. In reality, millions more working people and their families confront daily financial crises.

Moreover, in Henderson's day most of the poor were elderly. Old age pensioners were condemned to live their final years in constant need and fear of outright destitution, yet few people of working age were poor. Today, while the situation is no better for pensioners—one-third of all elderly people are still living in poverty—they have been joined by younger generations.

In fact, the majority of the poor are now young, or of working age. Two factors underpin this shift. First, the unemployment rate has increased fivefold since Henderson's report. Second, a new impoverished layer has begun to emerge, the "working poor"—those whose wages are so low they cannot make ends meet.

The report's authors comment that the continuing existence, and worsening, of high levels of deprivation are a condemnation of the society that produced them. They begin with a quote from Henderson's 1975 report: "If poverty is seen as a result of structural inequality within society, any serious attempt to eliminate poverty must seek to change those conditions which produce it. Although individual members of society are reluctant to accept responsibility for the existence of poverty, its continuance is a judgment on the society which condones the

conditions causing poverty."

The recycling of this quote only points to an even more profound indictment of the present structure of society. A quarter of a century on, not only has poverty intensified and spread throughout the working class, but a very different social climate prevails in ruling circles.

There is a sharp contrast between the political establishment's response to Henderson's work and the reception given to its follow-up today. In the early 1970s official and media commentators described the existence of such terrible poverty as scandalous. Today they bluntly declare that it is inevitable.

Even in launching the latest book, Governor-General William Deane, who has lately become the voice of the most liberal sections of the ruling class, stated that the problem of poverty had remained unresolved despite Henderson's inquiry and "it's unlikely it will ever be resolved."

As for the government of Prime Minister John Howard and the Labor Party opposition, they simply ignored the report, as did the newspapers and TV and radio broadcasters, apart from one or two cursory mentions.

When the Henderson report was first commissioned in 1972, it represented in some ways the highpoint of reformist politics in Australia. Both of the main parliamentary parties, Labor and Liberal, claimed that capitalism could be modified to alleviate inequality and ensure social justice. At that time the postwar period of economic expansion had not yet ended and social concessions could still be made. Moreover, an international upsurge of the working class and oppressed masses from 1968 onwards made it imperative to declare that something would be done about the mounting evidence of widespread poverty.

Earlier work by Henderson, published in 1967, had first pointed to large-scale social suffering in Melbourne, the country's industrial heartland, even after two decades of uninterrupted economic growth. The research dented the carefully cultivated myth that Australia was a prosperous and "lucky" country. Agitation for an official inquiry into poverty finally forced the ALP and then the Liberals to agree.

The Commission of Inquiry into Poverty was announced in the dying days of the McMahon Liberal government, and expanded by the incoming Whitlam Labor government. Whitlam appointed four additional commissioners to produce separate reports on the health, housing, education and legal aspects of poverty. The Labor leaders, backed by editorial writers, charities, churches and even

business chiefs, promised the most exhaustive investigation ever conducted into poverty in Australia, to be followed by comprehensive action.

The result was the opposite. Despite a fairly thorough exposure of entrenched poverty and inequality, the inquiry's recommendations were immediately shelved by both of the traditional ruling parties. The Whitlam government ignored the inquiry's 1974 interim report and the Fraser Liberal government, installed in November 1975, did likewise with the final report.

Henderson and his fellow commissioners had a grand plan for redressing social inequality, based on the expectation of continued economic growth. They proposed that half the expected 3 percent annual rise in per capita income be harvested through taxation and dedicated to improved education, health and welfare services, including a universal guaranteed minimum income scheme. They calculated that a satisfactory level of income redistribution could be achieved within a decade. In other words, they asserted that poverty could be eliminated within 10 years, through the operation of the private profit system itself.

By the time that the report was drafted, however, a fundamental economic shift had begun. The global recession of 1971-72 signaled the end of the post-World War II boom. Most visibly, permanent mass unemployment emerged. In 1973, as the inquiry got under way, the official jobless rate topped 2 percent for the first time since the war. Throughout the 1950s and 1960s, the rate had been less than 1 percent. By 1975 it had soared to nearly 5 percent and today stands above 8 percent. "The Henderson Inquiry did not foresee the end of full employment," admits one of Henderson's associates, Ian Manning, in the new book.

In a useful chapter, Manning reviews the welfare policies of the Fraser, Hawke, Keating and Howard governments, from 1975 to 1997, as they sought to deal with the deepening social crisis. Far from adopting the Poverty Inquiry's proposals, the Fraser Liberal government attempted to curtail welfare spending. It scrapped cost-of-living increases for single parents and for unemployment benefits, introduced harsh means tests and imposed severe work tests and other eligibility restrictions on the unemployed.

Despite this, primarily because of rising unemployment, social security outlays increased by 5 percent a year, adjusted for inflation. Under McMahon and Whitlam, social security had grown from 13 percent of total budget outlays to 19 percent, and under Fraser it rose further to 24 percent.

After the Liberals were swept from office in 1983, the Hawke and Keating Labor governments continued to tighten eligibility and means test conditions. At the same time, in a bid to quell the unrest generated by massive job losses and declining wages, they introduced training programs for the jobless and an increased (but means-tested) child endowment program, titled Family Assistance, that included rent subsidies. It was in this context that then prime minister Bob Hawke made his 1987 election pledge that no child would live in poverty by 1990.

In reality, the Family Assistance program only subsidized continued wage-cutting. It slightly raised income levels for those working families no longer able to survive on their pay packets. Increased family allowances raised social security to 29.5 percent of total budget outlays, yet the number of children actually living

in poverty soared. All social security benefits remained below or near the poverty line, even with rent assistance.

These deteriorating social conditions helped pave the way for the return of the Liberals under Howard. His government appointed a National Commission of Audit that soon declared that social security benefits had become a barrier to lowering wages to internationally competitive levels. As initial steps toward eliminating this barrier, the Liberals have abolished most training programs, scrapped all benefits for those under 18, introduced "work for the dole" and imposed severe parental means testing on student allowances and unemployment benefits for those under 21. Under the banner of "mutual obligations," the very concept that society has a responsibility to provide for the poor and that social security is therefore a right, is being dispensed with.

Whereas Henderson volunteered a plan to eliminate poverty, the authors of *Australian Poverty, Then and Now* do not even suggest that they have an answer. For example, Bob Gregory and Peter Sheehan simply conclude their chapter on "Poverty and the Collapse of Full Employment" as follows: "In Australia in the 1990s poverty is being systematically generated by trends within the economy and the labour market which show no signs of abating. While action to mitigate the impact of rising poverty on the families and neighbourhoods affected is urgent, initiatives to reverse these trends will require economic and social thought and action on a scale not envisaged as necessary in the Henderson Report."

None of the authors pretend that such "economic and social thought and action" is likely. Ian Manning notes that any ameliorating policies will be "unacceptable to the financial sector and to other powerful groups." His perspective is to appeal to the ruling class to tackle the increase in inequality, so as to avoid high police and prison costs. "It will be argued that the rich are better off paying taxes to finance redistribution rather than to finance social control," he states.

Such pleas merely underline the collapse of the reformist perspective. Impotent appeals to self-interest will not stop the drive to eliminate jobs, cut wages and reduce corporate taxes. Governments around the world are dismantling the welfare state to meet the cost-cutting requirements of global capital. The extraction of profit has become incompatible with maintaining even elementary social safety nets.

Definite political conclusions must be drawn by the working class. Poverty can be eradicated and genuine social equality achieved only by taking the economic and political power out of the hands of the ruling class and reorganizing society on truly socialist and democratic foundations. Then the enormous social wealth created by the working people will be used to provide decent and ever-higher living standards for all.



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