Australia:

A widening gulf in jobs and income

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Some new statistics provide a telling snapshot of the widening disparity between incomes and employment in some of the wealthiest and poorest neighbourhoods of Australia. The globalisation of economic life is polarising society like never before, rapidly enriching a small elite at the expense of not only the poor but also the former middle layers of blue collar and white collar working people.

The figures point to a devastating decline in the living standards of the vast majority of people over the past decade. In that period, the average income in the working class suburbs of Sydney has plunged by nearly 10 percent in real terms. By contrast, those living in the wealthiest suburbs have received an average boost of almost 20 percent. The average income in an affluent district such as Mosman is now double that in Auburn, one of the poorest local government areas.

Across Sydney's middle and outer western and south-western suburbs, dubbed Industrial Sydney by the National Institute for Economic and Industry Research (NIEIR), average incomes have fallen--for example, by 9.7 percent in Bankstown and 8.4 percent in Fairfield. In Bankstown, the average real income in 1986 was $38,300. Today it is $34,600--a drop of $3,700.

These are the suburbs most dependent on manufacturing, clerical and low-paid service industry jobs. Official unemployment rates of 12 to more than 16 percent are three times higher than in so-called Global Sydney--the North Shore suburbs where, according to the NIEIR, most of the 'knowledge workers' live. The average income in Mosman has jumped from $49,400 to $59,200.

The driving forces of the global economy have transformed Sydney into a 'dual city,' says Graham Larcombe of NIEIR, with a chasm of wealth, business competitiveness and employment opportunities dividing its citizens. Outside the wealthy enclaves, entire areas are disconnected from economic growth, dominated by factory closures, joblessness and permanent poverty.

One further set of figures highlights this social polarisation, and the collapse of middle incomes. In Industrial Sydney people are much poorer than they were 15 years ago. From 1981 to 1996, the proportion of adults earning less than $25,000 increased by more than 8 percentage points.

At the same time, middle incomes fell dramatically, with a slump of more than 9 percentage points in the proportion earning between $25,000 and $50,000. Yet few people shifted to high-income work: the proportion of adults earning more than $50,000 increased by less than 1 percent. In other words, many in the middle fell into the low-income bracket while a thin layer prospered.

The social fault lines dividing Sydney, Australia's largest city and its financial centre, are only part of a wider picture. Despite the myths promoted assiduously by the media, big business and the Labor governments of Hawke and Keating in 1980s and early 1990s, the process of 'international competitiveness' has not seen wealth and opportunity 'trickle down' to low-income earners, the youth and the unemployed.

Instead, the increasingly global operation of the profit system has impoverished working people across vast areas of the country and concentrated society's wealth in the hands of an isolated few. Worst affected have been the formerly industrialised states of Victoria, South Australia and Tasmania.

Even on the government's figures, unemployment at Elizabeth, a city built around a General Motors plant on the outskirts of Adelaide, the South Australian capital, has surged from 17 to 28 percent since 1990, while

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remaining at about 3 percent in the well-to-do Sydney suburb of Woollahra. In country regions, jobless rates are three times the rates of the most prosperous suburbs.

Unemployment rates across Victoria, South Australia and Tasmania--now labelled the 'rust belt'--are today 30 to 40 percent higher than in the early 1990s. Pockets of high unemployment exist throughout the northern state of Queensland. Some 39 percent of the workforce is jobless at Mount Morgan, a former gold-mining town near Rockhampton, while the unemployment rate is 28 percent at Wacol, on Brisbane's south-western outskirts.

This social fracturing is associated with distinct shifts in employment patterns. Jobs in the information technology sector grew by 49 percent between 1992-93 and 1995-96, from 136,000 to 208,000. In the decade to 1998, some 391,000 extra jobs were created in business and property services, a category that takes in lawyers, accountants, management consultants, real estate agents and other business professionals.

However, the number of manufacturing jobs nationally fell by 70,000 over the same decade, and the finance sector shed a sum total of 16,200 jobs as banks and other institutions shut down branch offices and automated the tasks of routine clerical workers.

Low-paid service jobs--usually casualised, with no security and poor conditions--have proliferated. Salesworkers increased in number by nearly 100,000 between 1991 and 1995. Hospitality jobs also mushroomed. One of the greatest growth industries has been private security, with a new army of guards watching over banks, businesses, government departments and palatial residences.

These figures provide another insight into the hostility displayed by most voters in the recent federal election toward both the parties--Labor and Liberal--which have enforced these processes. In particular, they confirm that the Hawke and Keating Labor governments, working hand in glove with the trade unions, presided over the greatest transfer of wealth from the working class to the wealthy in history.

Some of the NIEIR figures were given prominence in a recent edition of the *Australian Financial Review*. Its article cited concerns within business and academic circles about the social and political implications of the social divide. Professor Bob Gregory of the Australian National University told the business newspaper: 'The poor are increasingly living together in one set of neighbourhoods and the rich in another. One half of Australia does not know how the other half lives, and this is not a good thing.'

Yet the same newspaper carried an editorial bluntly insisting that even greater inequality was essential if unemployment rates were to be reduced. Such a reality, it suggested, had been accepted in the United States where far larger income disparities were accepted as normal and where unemployment had fallen to 5 percent. The editorial declared that in order to 'create jobs' wages had to be cut to the levels set by the global labour market.

In other words, social inequality will only grow, because it is now inherent to the capitalist market and the private profit system.

See Also:
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