

# Australia's "golden age" of prosperity ... and poverty

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Data released in Australia this week presents a striking paradox. Economic statistics point to a new "golden age" of productivity growth and improving living standards, while a whole array of social surveys show worsening poverty, unemployment, insecurity and inequality.

According to the federal government's Productivity Commission, economic conditions have never been better. "If the 1960s and 1970s were the golden age of growth in output and productivity, it seems we might need to reach for an even more superlative term for the 1990s," its latest research paper states. "The acceleration in productivity growth in the 1990s is outstripping any earlier results."

Its research paper says productivity growth accelerated to 2.4 percent a year during the four years to 1997-98 and has been sustained since, compared to the long-term average of 1.4 percent. It attributes the boom to structural reforms, technological advancements and management improvements, as well as reduced staffing levels. "The analysis ... shows the Australian economy to have taken a new growth path which has opened up possibilities for faster growth and more rapid improvements in living standards."

And in a series of recent speeches, the two chiefs of official economic policy, Treasury Secretary Ted Evans and Reserve Bank Governor Ian Macfarlane, have trumpeted Australia's high growth rate—a 3.2 percent yearly average in the 1990s; low inflation—a 2.8 percent annual average in the same period; and rising living standards—up 2 percent a year.

This performance, they say, outstrips the best of the post-war period. They have no doubt about the cause: 15 years of financial deregulation, privatisation of public utilities and wage "flexibility".

The headline on a comment by the *Sydney Morning Herald's* economics correspondent summed it up: "Just why we've never had it so good". The article's underline, however, went on: "Sure the '60s were great. But, writes Ross Gittins, if you stop looking in the rear vision mirror, you'll see the '90s are even better."

The "rear vision mirror" refers to the social and human price being exacted by these processes. Output, productivity and profits are soaring, benefitting a thin privileged layer, precisely through the destruction of jobs, living standards and social

conditions for the majority of people.

Two days after the "golden age" report was released, the latest labour force statistics showed that full-time employment is continuing to fall. Economists and business commentators had confidently predicted that the current 4 percent annual economic growth would translate into a rise of up to 50,000 in employment levels during May. Instead, the total number of people employed increased by just 1,000. Part-time employment rose 7,500, but full-time fell by 6,500. Moreover, another 15,700 people gave up looking for full-time work. The official unemployment rate remained unchanged at 7.5 percent.

Government agencies, politicians and all the media pundits insist that economic growth will produce employment growth, but the evidence demonstrates the opposite: full-time jobs are continuing to be destroyed, partially replaced by part-time work. Two statistics highlighted this process. First, there are now 6,000 fewer full-time jobs than last September. Second, the number of men working part-time has almost doubled over the past decade, from 337,000 in May 1989 to 632,000 in May 1999, or 13 percent of the male workforce (even more women are working part-time—1,645,200, or about 40 percent of the female workforce). These part-time jobs are invariably characterised by poor pay, inferior conditions and insecurity.

On the same day that the Productivity Commission produced its glowing report, the St Vincent de Paul Society released a new study showing that two million people are living in poverty on the fringes of cities or in rural areas as the gap between rich and poor widens. The charity group used the term "social apartheid" to describe the division of the country into wealthy and impoverished zones.

"Few people from the more affluent parts of Australia can imagine what this life is like because increasingly the poor have become concentrated in suburbs and regions on the edge of our cities and towns," the report found. "Pockets of poverty are replicated in all major cities and regional centres throughout Australia." It gave the example of a relatively small area of Mt Druitt, a public housing centre in Sydney's west, where the Society assisted 5,500 poor families and individuals last year.

In a related study, called *The Great Divide, Poverty and Wealth in Western and Outer South-Western Sydney*, the Society found poverty and disadvantage to be heavily

concentrated in about 20 suburbs in Sydney's west and south-west. Many thousands of people were living "in a state of despair" throughout the Mt Druitt-St Marys region and in a swathe of south-western neighbourhoods from Macquarie Fields to Claymore.

The width of the social divide was illustrated by the unemployment rate for Claymore, 38 percent, compared to 1.2 percent for Nelson, an affluent pocket in Baulkham Hills. In Claymore and nearby Airds, both public housing estates, more than 40 percent of households were single-parent families, with high proportions of unskilled workers and Aborigines. The society said its volunteers were trying to respond to thousands of requests for financial and material help, as well as deal with complex problems, such as mental illness, without sufficient professional backup.

The charity called for higher pensions and welfare benefits; greater spending on education and training; more funds for public and community housing and rent assistance; more money for dental care, child care and respite care; and innovative programs in poor areas. The reality is that federal and state governments, both Labor Party and conservative, have slashed these programs and facilities over the past decade and a half, as an integral part of economic restructuring.

Another report, issued by the National Centre for Social and Economic Modelling (NATSEM) showed that families where only one parent worked suffered a \$24 a week fall in average incomes between 1982 and 1995-96. The report also revealed a dramatic rise in the proportion of families where mothers had gone out to work. By 1995-96, only one-third of Australian children lived in single income families, compared to 45 percent in 1982. The pattern that emerges is one of both parents having to work—often forced to accept inferior part-time jobs—in order to make ends meet.

A number of other reports demonstrated that some of the worst deprivation exists in rural areas, which have been devastated by closures of mines, meatworks, railways, banks and public utilities. Moreover, farming families and communities have been decimated by the increasing domination of giant agribusinesses. One study found that the 12 poorest areas of New South Wales (NSW) are in the countryside, with average personal income levels of just over \$20,000 a year—less than a third of the levels in the wealthiest Sydney suburbs.

A University of New England survey found that the massive change in agriculture had produced increased marriage difficulties, drug and alcohol abuse, behavioural problems in children, depression and suicide. Other consequences included withdrawal from social and community life, poor decision-making about financial and family matters, violence and occupational accidents. "Many farm families remain in the industry in a very distressed state, while others experience severe trauma in leaving it," the report by the university's Rural Development Centre said.

Young people in rural areas are particularly at risk of anxiety, depression, self-harm and substance abuse, warned Dr Louise Newman, chairman of the NSW branch of the Royal Australian and New Zealand College of Psychiatrists. She described the shortage of rural mental health workers as "severe". According to evidence collated by the Human Rights and Equal Opportunities Commission, suicide rates among males aged 15-24 in rural areas rose from 24 to 34 per 100,000 between 1986 and 1995.

In an ongoing project, called *Bush Talks*, the Commission has found that many rural communities are "under siege": with falling incomes, deteriorating services, a declining quality of life and shrinking populations. In one small NSW town, Scone in the upper Hunter Valley, residents told the Commission of more than a dozen youth suicides within 50 kilometres in the previous year.

Among other findings, the Commission reported that:

\* Between 1988 and 1995, 5,000 hospital beds were closed in NSW. Thirty hospitals, the majority in rural areas, were closed, downgraded or privatised.

\* In just two years, 1996-1998, some 30,000 jobs were lost in rural areas, including 10,500 in agriculture, forestry and fishing; 4,800 in banks; 3,800 in coal mining; 2,750 in steelworks; 2,266 in telecommunications; 1,944 in meatworks; 1,044 in clothing; 900 in metalliferous mining; and 530 in manufacturing.

\* In Western Australia, between 50 percent and 75 percent of students in country schools drop out in Years 11 and 12, compared to 25 percent in Perth, the state's capital.

\* Life expectancy remains 20 years less for Aborigines than for non-Aborigines.

Taken together, these are indices of a gathering social disaster in rural and working class areas. Levels of hardship and despair not seen since the Great Depression of the 1930s are now common. Such is the "golden age" of the private profit system.



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