

2001 Australian elections: The political issues facing the working class

Part 2

Socialist Equality Party of Australia
1 November 2001

This is the second part of the SEP statement on the Australian elections. The first part was posted on October 31.

Australia enters the 21st century as one of the most economically unequal and socially polarised societies in the so-called developed world. Neither Labor nor the Coalition parties can begin to address the social crisis this has produced, because they both remain wedded to the economic order responsible for it.

Despite the economic expansion of the 1990s, with growth rates of 3 or 4 percent per year for nearly a decade, the levels of social inequality have dramatically intensified. Closer examination reveals that only a small layer has prospered at the direct expense of the majority of the population.

The popular image of Australia as an egalitarian society has always been a myth. Nevertheless, between 1915 and 1969 there was a steady decline in income inequality, which continued, albeit more gradually until 1981. From then on, the gulf between rich and poor grew rapidly. The middle began to “hollow out” while the number at the top and bottom of the income scale increased. Between 1986 and 1996, the number of high-income households grew by 30 percent, while the number of low-income households increased by over 80 percent. There was virtually no growth in the middle.

To superficial observers, references to an intractable social crisis seem incomprehensible. They point, for example, to the strong growth in employment and average real earnings during the 1990s. But averages present a highly distorted picture. It is true that, on average, the income of all Australian households rose during that decade. But for the bottom 40 percent, it fell by between \$13 and \$98 per week, meaning that the gains made by the top half more than outweighed the losses of the bottom half.

By the end of the 1990s, the top 20 percent were earning nearly 50 percent of the total income—i.e. nearly the same amount as the bottom 20 percent.

The figures on wealth present an even starker picture. Between 1993 and 1998, the All Ordinaries share price index leapt by 80 percent. The Howard government claimed that the beneficiaries were the “ordinary Mums and Dads” and that Australia had become a “share-owning democracy”.

The truth is that the share market bubble created a class of super-rich, wallowing in unheard of luxury, and augmented the wealth of the already rich. By 2000, the top 200 families owned assets averaging over \$300 million each, and there were 11 billionaires, up from just three in 1995.

The richest 1 percent own half of all shares and investments, while the wealthiest 10 percent own a staggering 85 percent. At the other end of the scale, the bottom 50 percent of the population own \$1,000 or less in shares and other investments each, while the lowest 10 percent have a net worth of less than zero (minus \$1,000). These households have sunk into a state of permanent and rising debt, spending around 2.3 times their income each

year, just to survive.

The fortunes of the top end of town have received a huge boost from government tax policies. The Hawke and Keating Labor governments cut the top personal income tax rate from 60 percent to 47 percent and the corporate rate from 47 to 36 percent, allowing the wealth of the top 200 families to climb from \$7.3 billion to \$37.3 billion between 1986 and 1996. At the same time, the poorest 20 percent were living on a weekly income of less than \$266. Since Howard took office, half of his government’s personal income tax cuts—worth \$12 billion per year—have benefitted the top 20 percent.

During the past three decades, the proportion of families living in poverty has more than doubled. According to a recent study, 2.44 million people, including 732,000 children or 13.3 percent of the population, are not able to access the basic necessities of life. In 1970, less than 3 percent of households were dependent on social security benefits. By 1997-98, the figure was 20 per cent and by June 1999, 17.4 per cent of all dependent children were being brought up in jobless families.

Up until the mid-1970s, poverty was concentrated among people outside the labour force—the aged, the disabled, and the sick. Now it is concentrated among the unemployed and the working poor.

The real level of unemployment—officially at 6.8 percent—is masked by the method used to calculate it. According to the government, if someone is employed for just one hour per week, they qualify as being employed. The real unemployment level (including anyone who works less than 10 hours per week) is calculated by National Economics to be more than 10 percent or nearly a million people, with 21 percent of these being long-term unemployed—unable to find a job for more than a year.

For young people the situation is even worse. The unemployment rate for 15-19 year olds is over three times the national average, while for Aborigines it is officially 26 percent, although actually closer to 40 percent if those obliged to participate in government “employment” programs are counted.

Poverty in Australia has changed not only quantitatively, but also qualitatively. Most significant is the rapid emergence of the working poor. Between 1973 and 1996, the proportion of employed, working-age people living in poverty leapt by 65 percent. They now make up 42 percent of the poor.

One recent poverty study made the point that “having a job no longer guarantees that you and your family will not be in poverty,” while another concluded: “For many households, work no longer provides the basis for family viability, much less prosperity.”

The rapid expansion of the working poor is just one expression of the single most significant characteristic of the 1980s and 1990s—the replacement of full time permanent jobs with part-time, low paid, casual work.

In 1980, about 15 percent of employees worked part-time, earning, on average about 41.5 percent of a full-time wage. A decade later, 21 percent were part-time workers, whose earnings had dropped to 38.5 percent of a full-time wage. By 2000, part-time jobs amounted to more than 29 percent of the total, with earnings dropping to 37.5 percent of a full-time wage.

At the top end of the scale, high value, full-time permanent jobs have expanded, paying more than \$1,400 per week. In the middle, jobs paying between \$700 and \$1,400 have declined by more than 8 percent. At the bottom has been the explosive growth of low-value, part-time, casual, jobs, paying less than \$500—overwhelmingly the largest group of jobs created in the past 10 years. Nearly half of all the new jobs in the 1990s paid less than \$300 per week, or \$15,600 per year.

Except in the managerial and professional categories, not one of the 1.3 million new jobs created in the 1990s was full-time or paid a decent living wage. Moreover, casual employment—where employees receive no leave entitlements—accounted for 75 percent of the jobs created in the 1990s. This has led to a dramatic increase in income inequality. In 2000, for example, a part-time casual employee earning the median wage took in just 23.5 percent of the average earnings of a worker in full-time permanent employment—less than a quarter.

As a recent study noted: “Such an outcome cannot support viable communities, nor maintain the social fabric intact. Thus it is not surprising that Australia enters the twenty-first century in a mood of deepening social crisis.”

Unable to sustain a family on a part-time wage, workers are being forced to juggle two or more jobs each—with couples barely having time to see each other, let alone deal with the problems and stresses of daily life. Through the casualisation of the workforce, job insecurity is a constant pressure, exacerbating family tensions. For those who still have full-time jobs, the level of exploitation has increased dramatically. Australia is one of the only countries in the world where the average working week has increased during the past 20 years—by an average of 3.7 hours per week. Since the early 1980s, the number of people working more than 45 hours per week has increased by 76 percent. Nearly two and a half million workers are being forced to work longer hours, many of them truck drivers, miners and factory workers, leading to a precipitous rise in deaths and injuries on the job. And most of the extra work is unpaid overtime.

Not only does income and job inequality determine how people live, it increasingly dictates where they live. A 2001 report by the Australian Housing and Research Institute discovered that no households in the bottom 40 percent of income earners could afford to buy a 3-bedroom house in any location in Melbourne or Sydney, the two most populated cities. Of those in Sydney, none could afford to purchase a one-bedroom dwelling of any description. Only 9 percent in Melbourne and 3 percent in Sydney could afford to rent a 3-bedroom house in an outlying suburb. No childless households that were dependent on social security benefits could afford any type of average priced rental dwelling in any area of Melbourne or Sydney.

Due to drastic cutbacks in the government funding of low-cost housing, between 1986 and 1996 the stock of low-cost dwellings fell by 28 percent, a decline of 70,000 homes. At the same time, the stock of moderate and high-rent housing leapt by 70 percent. As a result, there is an estimated shortfall of 150,000 dwellings for low-income families.

The high cost of housing in the inner cities and suburban areas, where access exists to public transport, entertainment, restaurants and other facilities necessary for a normal and decent life, has driven the unemployed and working poor into virtual ghettos of disadvantage, concentrated in the impoverished outer fringes of the capital cities and in regional and rural towns.

In the working class outer suburbs of the major cities, real average incomes fell by up to 10 percent between 1986 and 1998, while they soared by around 20 percent in the most affluent areas. A growing social

divide exists between inner and outer suburbs, between capital cities and the rest of the country, and between rural areas and rural and regional towns. Millions of working people and their families are trapped in a vicious circle from which there is no escape. Without any hope of a secure and decent-paying job, they are forced into rental accommodation in impoverished areas, which, according to a number of recent studies, are characterised by higher rates of unemployment, poorer health, lower life expectancy, higher rates of mental illness and lower educational standards. The unemployment rate for the affluent northern suburbs of Sydney is below 2 percent. In regional northern New South Wales it hovers around 15 percent, while in Elizabeth, an industrial outlying suburb of Adelaide, in South Australia, it is 25 percent.

Those who continue to live inside the major cities, including significant sections of the middle class, are increasingly suffering from what has come to be known as “housing stress”—i.e. they are obliged to spend more than 30 percent of their income on putting a roof over their heads. Across all seven Australian capital cities, housing stress rose from 64.1 percent of households in the bottom 40 percent of income earners to 72.7 percent between 1986 and 1996. During the past five years it has become far worse.

The rapid plunge of millions of ordinary people into a precarious, uncertain existence is the root cause of the terrible social problems afflicting wider and wider layers of society: family breakups, depression, drug and alcohol abuse, petty crime and youth suicide.

But the blame for these problems is being sheeted home not to the social processes that have produced them—economic restructuring and the drive by the major corporations and banks to win a competitive edge through the destruction of secure, decent and well-paid jobs—but to the victims themselves. Law and order has become the mantra of both major parties, and youth in working class areas suffer constant harassment at the hands of an ever-growing number of police and security guards. Since 1950, the rate of jailings in Australia has more than doubled, from 52.22 per 100,000 people to 107.85 per 100,000 in 1999. Some 80 percent of prisoners are locked up as a result of drug-related offences and there are, at any one time, more than 55,000 people serving community correction orders—probation, parole, community service or home detention. Aborigines, the most oppressed section of the working class, are jailed 15 times more frequently than non-Aborigines, and make up 19 percent of all prison inmates.

Whatever the outcome of the November 10 poll, it is indisputable that Australian workers will face a new offensive on jobs, wages and living standards. For the first time in decades, the world’s three major economies—the United States, Europe and Japan—are in, or close to, recession. While the impact of the Asian crisis of 1997-98 was alleviated somewhat by the boom in the United States, the plunge in the US share market over the past months, coupled with the economic impact of the terrorist attacks and the war, is seeing the Australian economy descend into deepening slump. The dollar is at historic lows, reflecting its dependence on world commodity prices, and, in a further indication of the weakness and dependency of Australian capitalism, a string of major corporations and retail outlets—including household names like Ansett, One Tel, HIH, Pasmenco, Harris Scarfe—has collapsed in the past few months, throwing tens of thousands more workers onto the unemployment scrap heap.

The economic expansion of the 1990s, and the benefits that accrued to a tiny wealthy elite, took place at the direct expense of the majority of the population. Under conditions of gathering recession, the next government, whether Labor or Liberal, will receive its orders from the major corporations, banks and international financial institutions to destroy the last vestiges of the welfare state and impoverish ever-wider layers of society.

Both Rupert Murdoch’s *Australian* and the *Australian Financial Review*

made clear at the start of the campaign that the “big election issues” were accelerating competition policy and privatisation, lowering corporate taxation and further labor market reform.

The great dilemma facing the ruling elite is that they cannot forge any significant social base for such an agenda. The vast majority of the population are profoundly alienated, not only from the major parties, but from the political system as whole. The Labor, Liberal and National parties have lost any genuine mass base, and tensions and divisions abound within and between their various internal factions.

During the past three years, a burgeoning anti-market sentiment has swept leading advocates of free market policies off the political stage, in one state election after the other. But while there were massive swings against the Coalition parties, the ALP’s vote remains at record lows. “Lesser evilism,” the lingering conception that, while Labor has betrayed workers’ interests, it remains, on balance, preferable to the conservatives, is losing its grip. As for the trade unions, they have become a virtual irrelevancy. The union bureaucracy has totally abandoned any conception of defending jobs, wages or working conditions, becoming, instead, an arm of corporate Australia. Those workers who believed that, with the advent of a Coalition government, the unions would be forced to fight, have been totally disabused of their illusions.

None of the recent electoral volatility has been correctly forecast by political analysts or the mass media. The uniform reaction in ruling circles has been shock and disbelief—just one measure of the chasm that exists between the concerns and aspirations of ordinary people and the preoccupations and orientation of the official political establishment.

Both Howard and Beazley are seeking, with the backing of a servile media, to project an image of leadership, strength and security. In fact, the opposite is the case. The Australian ruling class and its political representatives are crisis-ridden and confused. Vast international economic processes have shattered the old program and mechanisms of national regulation, along with the stable middle ground that formed the basis of parliamentary rule.

Deep-going divisions are surfacing over how to respond. One wing, consisting of the less competitive sections of the Australian bourgeoisie, backs Howard and Beazley’s efforts to deflect discontent into racial scapegoating and law-and-order demagoguery. According to the second wing, comprising Murdoch and other representatives of more globally integrated capital, this strategy is highly damaging. Firstly, it relies on populist appeals to unstable social layers who can rapidly turn on the government—as occurred earlier this year when Howard was obliged to reverse a number of key policies in order to assuage rising anger within his own carefully cultivated constituency. Secondly, anti-Aboriginal and anti-refugee policies threaten to compromise Australian economic and strategic interests in the Asia-Pacific region and to relegate the country to the status of international pariah.

Murdoch and company are casting about for a new version of British Prime Minister Tony Blair’s Third Way—a “socially progressive,” “humanitarian” and “ethical” wrapping—along the lines of Keating’s new nationalism—in which to package their economic agenda. Both wings remain united, however, in their efforts to place the full brunt of the deepening crisis onto the backs of ordinary people.

All the conditions are rapidly maturing for the eruption of major class conflicts that will profoundly transform the political landscape. At present, the majority of the population is completely disenfranchised. They have no means within the current political order to articulate their own interests or be heard. There is no doubt, however, that the best and most class conscious sections of workers, youth and middle class people are beginning to search for a progressive alternative.

The development of an independent political movement of the working class requires nothing less than a thorough-going break from the entire existing political apparatus and the building of a new mass political party.

That party is the Socialist Equality Party, grounded on the program and perspective of socialist internationalism: the unity of Australian workers with workers in every part of the world against all forms of racism and nationalism, and the development of a society based on genuine democracy and social equality, where the wealth created by ordinary working people is utilised to harness and develop the capacities, potential and livelihoods of all, not just the privileged few.



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