

Millions of Australians living in recession

Mike Head

3 December 2016

Economic growth has slowed sharply across Australia since the mining boom began to implode in 2011, in the wake of the 2008 global financial crisis. However, the overall statistics hide the fact that growing numbers of people are living in areas of outright economic decline.

National gross domestic product (GDP) growth has averaged around 2.8 percent since 2011. Yet data released last week by SGS Economics and Planning, a consulting firm, show that in 2014-15, an estimated 6.6 million people—28 percent of the population—lived in a region where economic activity contracted. This figure had risen from 21 percent, or about 4.8 million people, in 2012.

People living in rural and regional areas hit hard by the mining collapse were most affected, but major urban working class populations were also living in recession, including in Sydney, the country's biggest financial centre. This represents a devastating economic and social reversal.

Two thirds of the 6.6 million people were in the states of Queensland (3 million people) or Western Australia (1.1 million people) “where the mining bust hit the economy hard,” SGS's Terry Rawnsley told a Sydney conference. But “of most surprise” was the 2 million people living in a recession-hit areas in New South Wales (NSW), whose capital is Sydney.

Rawnsley reported that between 2012 and 2015, the number of people in NSW who experienced at least one year in recession ranged between 1.6 million and 2.7 million people. He noted that record low interest rates had failed to halt the reversals.

These disparities underscore the ever-widening social inequality that is fuelling mounting discontent and political disaffection. Beneath the picture of economic growth painted by the media and political establishment, the conditions of life are worsening in working class suburbs and entire regions of the country.

Prime Minister Malcolm Turnbull last month called

for deep corporate tax cuts and other “hard” decisions that would “create winners and losers.” The SGS analysis points to the reality that the only “winners” are the financial and corporate elites. The “losers” are workers and young people, who already confront recession, accompanied by the ongoing destruction of jobs, the driving down of wages and conditions, and the devastation of essential social services.

Parts of Sydney are booming. The Ryde-Macquarie Park area, a corporate technology hub, grew by 5.8 percent in 2014-15. Four other relatively affluent Sydney regions—Northern Sydney, the inner city, the northern beaches and Baulkham Hills—each had growth rates of 4 percent or more.

By contrast, Sydney's working class suburbs went backward or stagnated. Parramatta declined by 0.2 percent and Sydney South West by 0.1 percent, while Blacktown recorded 0 percent. These are areas where, despite fast growing populations, thousands of jobs have been wiped out in the manufacturing and retail sectors, including in auto and steel.

People in the industrial and mining-dependent cities to the north and south of Sydney also fared badly. Newcastle and Lake Macquarie contracted by 0.1 percent, the nearby Hunter Valley recorded 0 percent, and the Illawarra region, centred on Wollongong, grew by 0.1 percent after declining by 2.1 percent two years earlier. Thousands of steel and coal mining jobs have been eliminated in these areas.

In other parts of the country, some of the biggest reversals occurred in Geelong (-0.5 percent), an industrial city near Melbourne hit by auto and refinery closures, Brisbane South (-1.3 percent), where long-term high levels of unemployment have been compounded by mining-related losses, and Perth South East (-1.4 percent), where mining-related jobs have also been decimated.

Regional South Australia (-3.6 percent), where

mining and steel jobs have been slashed, suffered the worst decline, followed by areas of Queensland. These included Ipswich (-1.6 percent), an outer Brisbane working class suburb, Townsville (-1.9 percent), where this year's closure of the city's nickel refinery has since added to the slump, and Toowoomba (-2 percent), a regional city affected by the mining crash.

In his presentation to a population conference, Rawnsley warned: "When we publish the 2016 economic growth data in early 2017, I expect an even worse result for regional areas across the country."

Rawnsley also issued a political warning. "Beyond the economic and social issues that these long periods of stagnation can generate, there is increasingly a political dimension," he said. "The Brexit result and election of President Trump was on the back on voters in communities who have not experienced the benefits of globalisation. We have seen the same process in Australia with strong support for One Nation in recession-hit parts of Queensland and Western Australia."

In Australia, as in the US, Britain and continental Europe, the main beneficiaries of the seething hostility toward the traditional ruling parties that have imposed this social crisis, so far have been right-wing populists. Most prominent are the anti-immigrant One Nation party led by Pauline Hanson and the protectionist Nick Xenophon Team, headed by the senator of the same name.

During the campaign for the July 2 double dissolution election called by Turnbull, these formations targeted the areas mired in recession. By posing as anti-elite candidates, they cynically exploited the social misery and sought to divert the widespread anger in nationalist and xenophobic directions, blaming foreign workers, especially from China and the Middle East, for the mass unemployment and poverty created by the capitalist profit system itself.

Since the election, in which these demagogic parties and "independents" picked up 11 out of the 76 Senate seats, reducing Turnbull's Liberal-National Coalition to 30 seats, they have been heavily promoted throughout the corporate media as major political figures, as if they genuinely represent impoverished working class and rural people. None of them has any solution to the mounting social problems facing working people.

As the parliamentary year ended last week, however, these parties propped up the crisis-wracked government, providing the votes it desperately needed to push through legislation that will only intensify the hardship being experienced by millions of people. This included about \$20 billion in social spending cuts, more income tax cuts for the wealthy and the re-establishment of a policing agency with draconian powers [link to ABCC article] to suppress resistance by workers throughout the construction and related industries.

In the final parliamentary session for the year, both Turnbull and Deputy Prime Minister Barnaby Joyce, who heads the rural-based Nationals, were effusive in their praise for Hanson and Xenophon. Far from having any answer to the social crisis, these right-wing outfits fully support the underlying corporate profit system.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact