Reports point to growing social inequality in Australia

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Two reports released last month cast further light on the acute class polarisation across Australia.

A report by the Australian Council of Social Services (ACOSS) estimated that in 2017 about 3,000 ultra-wealthy individuals each had wealth of over $US50 million ($A65 million) making it the country with the fifth highest number of ultra-wealthy individuals in the world next to France and Canada.

As elsewhere globally the wealth of Australia's richest has swollen over the past two decades. Between 2004 and 2016 the fortunes of the top 5 percent of the population increased by an average of 60 percent, and the top 10 percent by 56 percent.

Using statistics compiled by Credit Suisse research the report also disclosed the differences in wealth among the richest 10 percent, who own nearly half of all the wealth—45 percent. Within this affluent layer, the richest 1 percent, a little over 240,000 people, owns the lion's share, controlling 15 percent of all wealth, around $A246.3 billion.

The top 20 percent of households now hold 62 percent of all wealth, 100 times greater than that of the poorest 20 percent, who own virtually nothing—less than 1 percent of society's wealth. The bottom half of the population, approximately 12 million people, own just 18 percent of the wealth, with 6 percent of that distributed to the poorest 40 percent of homes.

An individual in the top 1 percent will have an average weekly income of 26 times that of a person in the poorest 5 percent of households ($11,682 per week vs $436 per week), thus earning roughly in a fortnight the equivalent of what the poorest people earn in a year. This does not account for additional earnings from investments and shares, which are not reported in the statistics.

The report claims that the average household wealth in 2017 was $936,000, up from $644,000 in 2003. This average figure has been inflated by a 61 percent increase in "investment property" wealth and a 119 percent rise in superannuation balances.

The primary beneficiaries of this wealth increase have been the top 20 percent of the population, who own 80 percent of all investment properties and shares, and 60 percent of superannuation assets.

This surge has fed a property bubble that is now showing signs of collapse. For millions of working class people, who have had to take out huge mortgages to buy a place to live, the bursting of this bubble could cause financial ruin, wiping out life savings and forcing many to default on their loans, losing their homes.

A Household Income and Labour Dynamics in Australia (HILDA) report highlighted the increased financial burden on families because of stagnant real wages and rising living expenses. The report is the latest survey of approximately 9,500 households that has charted the social and economic trajectories of its participants over the past 16 years.

Between 2009 and 2016, the mean annual household income of the respondents increased by only $2,168 or 2.4 percent. This meant a decrease once adjusted for the cost of living. A clearer indicator of the worsening inequality is the absolute fall in median "equivalised" household disposable income. In 2016 half of all house holds were earning less than $46,865 per year, down from $47,085 in 2015.

Of all respondents 10 percent reported they "felt" they were in poverty and approximately 11 percent said they felt they were in financial stress in 2016. Between 2010 and 2015 over half (54 percent) of the respondents experienced financial stress, often for more than a year at a time. That meant they were not able to afford regular meals and/or were not able to pay rent or

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bills on time, had to pawn belongings for money or had to ask family or friends for financial assistance.

Utility costs such as gas, water and electricity all increased, with families regularly receiving heavy bills. Mean expenditure on home energy rose from approximately $1,360 per year in 2006-2008, to $2,118 per year in 2015-16.

Many families live pay cheque to pay cheque. Approximately 23 percent of respondents said they would be unable to bring together $3,000 in the event of an emergency. A medical issue, weather-related disaster, an unexpectedly large bill, an accident or loss of a job would push many households into crisis.

The financial stratification is exacerbated by astronomical housing costs. A weakness of the HILDA report is that it limits the definition of housing stress to respondents in the bottom 40 percent of income earners who spend more than 30 percent of their income on housing costs. It proceeds from the "assumption" that those with higher incomes choose to live in housing stress and can move elsewhere if necessary.

Even by this measure around 19 percent of households reported they were in housing stress—virtually half the respondents in the bottom 40 percent. Those most impacted were single parent households and young couples. Approximately 22 percent and 14 percent respectively indicated they are in housing stress.

Many more young people are forced to keep living with their parents or are crammed into student accommodation and shared housing, often well into their 20s.

The HILDA report points to an enormous growth in underemployment over the past four decades. In February 1978, only 2.6 percent of people in the workforce were underemployed; in February 2017 it had reached an all-time high of 8.7 percent. This is a nearly four-fold increase in the proportion of workers wanting full-time work but pushed into casual, temporary or part-time work.

This process, hidden by the official unemployment statistics, is the product of the extensive destruction of jobs and working conditions enforced by successive Labor and Liberal-National Coalition governments, particularly since the wholesale restructuring imposed by the Hawke and Keating Labor governments, assisted by the trade unions, between 1983 and 1996.

This has impacted on young people above all—31 percent of workers below the age of 20 reported being underemployed. Even more revealingly, "41.2 percent of part-time, casual employees aged 15-19, and 47.1 percent of part-time employees aged 20-24" were underemployed.

The results presented in the HILDA report predate the implementation, from this July, of the Fair Work Commission's March 2017 ruling to slash weekend penalty rates in many of the industries, such as hospitality, on which young workers and students often rely to make ends meet.

Both the ACOSS and HILDA reports point to an historic social reversal and a widening wealth and income gulf that is a product of four decades of attacks on working people by Labor and Coalition governments alike, and the long suppression of workers' struggles by the trade unions.

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