

OASIS-Australia

Organisation Advocating Support Income Studies in Australia

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In previous years the emphasis of the OASIS newsletters and papers has been on employment and the role a universal system of income support can play in relieving the problem of high unemployment. The implications of universality, however, extend far beyond unemployment, and this year we will be exploring these wider implications. A series of papers or essays is planned, with perhaps an occasional newsletter commenting on current events. The following paper is an introduction to this series.

INTRODUCTION

Today we contemplate the start of a new year in a new century.

Economically the future seems bright - a growing economy, a bullish share market (perhaps subject to some correction). and the Sydney Olympic Games to provide a boost late in the year. Even the planned introduction of a GST mid-year with its inflationary potential is viewed with only mild concern.

Socially, however, the picture seems far from bright. We have very high (and growing) levels of poverty and income inequality, and an unemployment rate which is hovering about the 7 per cent rate. What we also appear to have is a growing acceptance within the community of the inevitability of these conditions.

If we look back three decades to the late 1960's - early 1970's there were also high levels of poverty and income inequality, and a seemingly high level of unemployment which had persisted since the mid 1960's. In the five year period 1966-71, for example, the unemployment rate each year was between approximately 1.5 per cent mid-year and just over 2 per cent as the school leavers entered the labour market.

In this period, however, there was a difference. In this period there was a genuine concern regarding the social problems being created by the growing levels of poverty, income inequality and unemployment, and this concern extended throughout the whole of the community. In 1971 the government of the day responded by proposing a Commission of Inquiry into Poverty, with Professor Ronald Henderson as Commissioner. In 1972 the incoming Whitlam government endorsed this proposal, creating the commission of inquiry with extended terms of reference and two additional commissioners.

And this widespread community concern was not peculiar to Australia. In the USA, for example, there was a similar concern sparked by a sudden increase in welfare dependency, and in 1970 President Nixon responded by proposing a Family Assistance Plan which had many of the elements of a GMI Scheme. This proposal was accepted by the House of Representatives, but the Senate failed to support the plan and it was allowed to lapse.

Today, as we start a new century, we are faced with the same social problems of poverty, income inequality and unemployment we faced in the 1970's. However, these problems are now of a far greater magnitude.

There appears to be general agreement that the levels of poverty and income inequality in Australia today are far greater than in the early 1970's. The gaps between the rich and the poor are now far greater. According to a United Nations report published in July 1999, our richest 20 per cent earn almost 10 times as much as our poorest 20 per cent, and income inequality is one of the highest in the industrial world. 12.9 per cent live below the poverty line.

[The Australian Bureau of Statistics reported in August 1999 that in the year 1997-98 the bottom 20 per cent of all households were on gross incomes of less than \$204 per week.] Australia appears to be following a worldwide trend towards an ever-widening gap between the haves and the have-nots. (As reported in The Age, 13 July 1999)

Unemployment today is also far higher - in the order of 7 per cent rather than the 2 per cent prevailing in 1970. The downward trend towards the end of 1999 sparked fears of inflationary pressure - indicating that in economic terms the "natural" rate of unemployment today is nearer 7 per cent than 6 per cent. Not a very bright prospect for the future.

What is different today is that we do not appear to have the same social concern today for the poor, the disadvantaged, and the unemployed. The social problems are far greater, but the level of community concern as indicated by government action or inaction, is nowhere near as great.

Unlike the situation 30 years ago there is no call today for any enquiry into poverty, or income inequality, or even unemployment. The last in-depth unemployment study conducted by a government committee of enquiry was in 1993. Its report led to the White Paper "Working Nation" presented by the Prime Minister in May 1994, a paper which merely confirmed social and political acceptance of continuing high unemployment. Today the social and political acceptance of continuing high unemployment has been well and truly confirmed, with the Prime Minister, confident of widespread support, being able to say that he was "proud" of the unemployment rate of 6.7 per cent announced in December 1999.

There have, however been government policy decisions which indicate a basic lack of concern for the social problems we face. In recent times the government has announced the introduction of a GST, lower income taxes, continuing taxation concessions for superannuation, lower capital gains tax, subsidies for private health insurance premiums, and greater flexibility in the labour market - all steps which have the potential to increase rather than to decrease income inequality. In addition there are policies introduced or being considered in health, education and welfare which will increase social inequality.

In a period of one generation our whole approach to the social problems of the day has changed. Our overall social attitude and outlook has changed, and has changed significantly. In a period of one generation there has been a virtual sea change in our concept of society. If we consider the position today, and the position in the early 1970's, it is hard to accept or even to understand how such a change in attitude could occur in this time span.

This is not merely a generational change. This is not a change which can be identified with one particular generation, as those promoting the concept of the "baby boomers" or generation "X" would have us accept. This is a change which has occurred across the whole of the community.

How and why has this change occurred?

Our aim this year is to try and gain some understanding of the reasons which lie behind this social change, and inevitably this will mean an understanding of the reasons which lie behind the political changes which accompanied this social change. We cannot divorce social and political change.

Certainly we are still today a capitalist state, just as we were in the 1970's. But it is now a vastly different capitalist state.

Capitalism has changed. The structure of capitalism has changed through developments in technology and the globalisation of industry. The ideology of capitalism has also changed through the adoption of fundamentalist economic theories and practices.

As we consider these changes and their social implications, we will be looking at some of the following topics.

- a. Globalisation and Technological Change. Their effects on employment, on regional development, on lifestyles, and on society in general, and their influence through the WTO.
- b. Superannuation, and the contribution it makes to income inequality and the maintenance of economic growth.
- c. Gambling. To what degree are markets based on the gambling ethos. To what degree can gambling be seen as one of the foundation stones of a capitalist society.

- d. The end justifies the means. Is there a moral code in a free market society? Why is there a need for a regulator in a free market economy?
- e. Collective action in a free and unregulated market economy. Is it possible, or desirable, to limit collective action by employers and employees in a free labour market?
- f. Size and nature of our land. Is there a need for continuing government expenditure on transport and communications infrastructure, and on landcare and regional community requirements?
- g. As we consider the ethical and moral implications of a free market economy, it is inevitable that we will move towards consideration of the question - "Is capitalism a religion?" This will possibly raise more questions than answers.
- h. Is there a need to upgrade our social policies to meet the demands of today's new capitalism? Is it still appropriate to identify and target groups within the community, for this new capitalism fosters change, and groups are continually subject to change. Should the trend now be towards universal rather than selective community support, e.g. universal health, universal education, and universal income support.

Your comments on these topics, and suggestions for other topics which you consider appropriate, will be most welcome,

Allan McDonald

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