



National Council of Australia Inc

GRAPPLING WITH INEQUALITY

- 1. INTRODUCTION**

- 2. OFFICIAL DENIAL OF INEQUALITY**
 - **Mischievous use of percentages**
 - **Denial of inequality by averaging**

- 3. DENIGRATION OF THOSE RECEIVING WELFARE**

- 4. SILENCING DISSENT**

- 5. WHAT CAN BE DONE**

John Wicks
National Social Justice Committee

1 October 2005

GRAPPLING WITH INEQUALITY

1. INTRODUCTION

A powerful argument for democracy is that because all citizens have a say it is the most likely form of government to express a 'duty of care' for all citizens – especially to ensure that all achieve a basic standard of living (children, the sick and disabled, the unemployed and the aged.) The latter is particularly important as official data shows that the most disadvantaged in the community at present include single people over 65 who do not own their home.

But democracy does not guarantee a duty of care. It can be that 51% of population choose to look after their own interests at the expense of others who suffer the consequences. In this regard, all of the western democracies pursue welfare policies but the past two decades have seen disturbing modifications of their approaches, especially but not only in the English speaking countries. Underlying this trend has been a strong drift to neo-conservative philosophy.

That philosophy promotes a fierce individualism and competition, the paramountcy of unfettered free markets, the supremacy of the profit motive in all aspects of economic activity and NON-intervention by governments. Human beings eventually become marketable commodities and rising levels of inequality are due to lack of effort by those involved.

More than this, as Prof Saunders of SPRC points out in *"Poverty Wars"* there is now a neo-conservative strategy of not to discuss issues of 'duty of care' or the 'common good' but

"TO DISCREDIT POVERTY STATISTICS AND THE CREDIBILITY OF THOSE THAT PRODUCE THEM IN ORDER TO DENY THE EXISTENCE OF POVERTY AND ABSOLVE THE GOVERNMENT OF RESPONSIBILITY FOR ADDRESSING IT".

Let's take a look at how they do this.

2. OFFICIAL DENIAL OF INEQUALITY

I cannot cover the whole spectrum of mischievous claims and dodgy assertions used to deny inequality, but just look at a couple;

(I) Mischievous Use of Percentages

The supposedly irrefutable official government claim was made earlier this year that inequality is declining and low income Australians are becoming better off

because private incomes at the bottom rose 165% and top incomes by only 38%, based on the following figures.

AVERAGE PRIVATE HOUSEHOLD INCOME PER WEEK			
Income Group	1994/5	2002/3	Increase
Bottom 10%	\$16	\$42	165%
Top 10%	\$1,989	\$2,751	38%

On face value that looks correct, but taking a closer look, the following facts emerge:

- (i) only private income is involved and a substantial number of Australians (many aged) who have no private income are relegated to the rubbish heap. How in all honesty can you claim that inequality is declining but eliminate the poorest sectors of society from consideration?
- (ii) the 165% income increase at the bottom was a miserable \$26 per week that won't get you into a footy match, buys less than ½ a tank of petrol, won't pay a gas or electricity bill.

BUT

The poor little 38% increase in top incomes was \$762 per week. That will take you to a footy match, the cinema, a day out with a tank of petrol, a meal, and you still have money in the bank. Who is kidding who about being better off?

- (iii) the government's claim that low income earners are better off is the same as proclaiming that a poor person whose income rises from \$10 to \$50 gets a whopping 500% increase but the millionaire whose income rises \$1 million to \$1.5 million only gets a miserable 50%.
- (iv) the cold hard fact is that the \$762 increase in weekly income by the highest income group is round 3,000% higher than the \$26 increase at the bottom.

When faced with this sort of criticism, the reaction of government supporters is to brand me a MARXIST and to question my religious integrity. It is all a part of their well-known and well-trodden path of:

- (a) firstly, don't admit there is a problem,
 - (b) even if there is a problem, they are coping with it,
-

- (c) in any case, they are doing better than any other government,
- (d) those who are criticising, do not know what they are talking about,
- (e) ultimately if people are deprived and unequal, it is their own fault and they deserve it.

(II) Denial of Inequality by Averaging

A major way of denying the existence of inequality is to use AVERAGES. It gives the impression that most people are around the average – when in fact nothing could be further from the truth. Take some examples:

II (a) Wealth

The Treasury officially announced last year that national wealth amounted to \$5,000 billion, and the media was quick to publicise that the average Australians owned \$250,000. Sounds good, but when you look at foot notes to official income statistics for 2003/4, the poorest 20% of the population accounted for only 1% of net wealth or a net worth of \$23,000. The wealthiest 20% by contrast owned around 60%, with an individual net worth of \$1.4 million. That is an egalitarian society is it?

II (b) Weekly Disposable Income

It was recently proudly and officially announced that average weekly full time earnings had reached the \$1,000 a week mark – a clear sign how we are all better off.

It was not given any attention officially or in the media that over 8 million Australians, some 40% of the population, are in households with less than \$400 a week, and 60% are in households with less than \$500 a week.

EQUALISED DISPOSABLE INCOME PER WEEK 2003/5		
Lowest 20% (4 million)	–	\$226 per week
Second lowest 20% (4 million)	–	\$361 per week
Total 8 million Australians	–	Less than \$400 per week

II (c) The Consumer Price Index

Essentially the CPI is an average of prices, on an average range of goods and services, each weighted on an average usage basis, it does give some idea of the rate of general INFLATION but certainly does not reflect the cost of living for various income groups and family types.

Hence, officials proudly publicise the fact that inflation (and from that they wrongly infer as do the media) that the cost of living has only risen around 3% per annum. How many of you can substantiate that?

In reality many of those basic essentials, which low income families have no options of purchasing have risen up to 100% and more above the CPI average – these include public transport, energy, electricity and communications, housing, banking fees and charges, insurance and some basic staple foods.

Many of the items that have caused the CPI to fall to an average of 3% are NOT purchased by low income households, e.g. new motor vehicles, new white goods, new electronic equipment – including computers and software, etc.

3. DENIGRATION OF THOSE RECEIVING WELFARE

A further major tactic beyond statistical manipulation to deny inequality is that of demonising and denigrating those in receipt of welfare. It is not seen in any way as a CITIZEN'S RIGHT to have the most basic standard of living, but a PRIVILEGE bestowed by higher income taxpayers through government benevolence graciously bestowed.

Hence, the CIS which is not backward in supporting neo-liberal ideas, or the government, published a report 'Behavioural Poverty', where individuals are responsible for their own circumstances, the poor choose to be poor, through their own 'imprudent or irresponsible behaviour'. Clive Hamilton of the Australian Institute calls this CIS approach on 'Behavioural Poverty' a "mish-mash of unsupported, illogical and just plain silly prejudices about low income households".

Underlying this is the disgraceful concept that poor or low income households have to be PERFECT – perfect budgeters and auditors perfect dieticians, perfectly health conscious must not drink alcohol, must not play a pokey, and must perfectly plan their weekly lifestyle. Of course, if you are wealthy you can do what you like essentially and we end up with a set of MORALS for the poor and a completely different set for wealth. You only have to look at recent corporate collapses due to unethical behaviour, tax dodging scams by the wealthy, and ostentatious spending to verify this.

More than this, the 'Australian' reported that 'almost 40% of Australia's richest households are claiming some form of family payment from the Government, and that even a number of millionaire households were claiming \$15 per week benefit.

One simply asks why denigrate the poor? It probably reinforces the comfort zones of the wealthy.

4. SILICENCING DISSENT

The ultimate official weapon in approving anything or any one who exposes inequality in our society is to use

- financial threats and power plays
- backed at the end of the day by legislation to silence dissent

The Australia Institute in 2004 produced a report called 'Silencing Dissent'. It showed clearly that a wide range of community organisation and not for profit bodies such as charities were subject to threats and bullying if and when they chose to criticise government policy.

A good example in the 'CHARITIES BILL' drawn up by the Government a year or so ago. Section 8 of that draft legislation threatens any not for profit community organisation including charities with withdrawal of any government funding **"IF IT ATTEMPTS TO CHANGE THE LAW OR A GOVERNMENT POLICY"**. I thought that was a fundamental tenet of democracy. The bill was withdrawn, but it still sits there and there are some who would be eager to see its reintroduction.

But perhaps they don't even need that legislation, recent advice of which I am aware is that the Taxation Authorities can currently declare an organisation involved in political lobbying not to be a tax exempt body.

5. WHAT CAN BE DONE

How do we respond to those developments, especially in a case such as yourselves, dealing with pensioners and superannuants? Here are three suggestions.

(a) Improved Official Data

Of all the subjects impinging on whether to stay in Iraq or not, Australia's future e.g. climate change, to be or not to be nuclear, etc are demanding more attention than most is that of an AGEING POPULATION – its implementations for growth, taxation, infrastructure, health, employment. With such concern, you MUST lobby for more OFICIAL, SPECIFIC, statistical studies of the aged in Australia covering:

- Income levels (Private & Government)
- Expenditure and patterns of expenditure
- Housing, aged care and medical needs
- A specific cost of living/CPI assessment based on those specific goods and services essential to lower income aged Australians.

You cannot accept the argument that these are covered in current statistical collections; they are NOT and receive scant consideration. The cost is not great, and the only reason for not doing so could well be that if you are not going to like the answers don't ask the questions.

(b) Pre-Emptive Surveys of Your Own

Simple pre-emptive surveys of members of your own organisation would be a good way to pressure for the above. Next time a CPI figure of 3% or so for a year is close to being published survey your members – did your medical cuts exceed 3% did your transport costs exceed 3%, etc. etc.

With the results, you get even from a limited number of respondents, you can then lobby your local MPs, Ministers and departments.

(c) Raise Public Awareness

Raise public awareness of any survey you do but also any other issues, where a situation regarding the aged is you being misrepresented.

- Ring talk back radio when issues related to you arise.
- Write letters to the press, as individuals as well as an organisation.
- Be prepared to present you view on TV; ring programs such as Channel 9's ACA when you think you have a good story to demonstrate some injustice.

One thing for sure is that with an ageing population, politicians of all persuasions will not be in a position to ignore you.