

# Deadline 1990



*Federal Labor is strident in defence of its social justice record. Yet it's increasingly reduced to targetting a shrinking cake ever more keenly. The child poverty debate highlights the government's dilemma. Adam Farrar reports.*

**W**hen Bob Hawke made his 1987 election promise that, by 1990, no Australian child need live in poverty he threw into relief all the paradoxes of Labor's social justice agenda over six years of government.

Labor has been struggling between two apparently opposed pressures. On the one hand, it has been increasingly faced with the need to prove that its time in government has produced real progress on Labor's tradition goal of greater equity. In Social Security Minister Brian Howe's case this has been a genuine desire to entrench major reforms in the structure of social security. On the other hand, it faces all the constraints of its attempt to restructure Australia's stagnant industries and economy. The contradiction between these opposing pressures will be the key to social justice debate in the 'nineties.

The Family Package which was finalised on July 1 this year was Labor's response to one of the most potent symbols of inequality in Australia - the growth of child poverty over the past decade or so, which had seen one in five Australian children come to live below

the poverty line. For some years now the welfare sector has made this statistic the centrepiece of its push for action to redress Australia's growing social inequality.

But poverty is a slippery notion. Quite apart from the interminable debates over what counts as real poverty, it can easily divert attention from all the other forms of disadvantage, inequality and exploitation. And with the child poverty pledge achieved, welfare advocates may have seen the sword turn in their hands, handing the government a publicity coup while leaving the more fundamental questions of access to the labour market, social responsibility for education, health, child care and so on slipping from their grasp.

In many respects this is a model for Labor's new-found concern with social justice. As Labor has struggled to remind supporters and electors of its 'traditional' credentials, 'social justice' has become an ever more frequently heard phrase on politicians' lips. But, at the same time, it has taken on a very specific meaning. Rather than understanding fairness to mean that no one should be disadvantaged because of their circumstances (an understanding which entails a high commitment to so-

cial responsibility), Labor's social justice has come to mean no more than that, once as much responsibility as possible has been loaded back onto individuals, then no one should live in *poverty* because of their circumstances. Hence, the child poverty pledge.

This 'residual' notion of a government's (or society's) responsibilities is nothing new. But what may be new is its ability to meet even the limited goals of social democracy as we have known it in Australia for most of this century. And this brings us to Labor's other constraint: the enormous social and economic changes which Australia has undergone in the last couple of decades.

Even if we ignore the furphy of Hawke's exact wording of the Child Poverty Promise, which has exercised the media recently (in a typical Hawke rhetorical overstatement he actually said, "no child will be living in poverty", although the notes to his speech made it absolutely clear that he meant they will have no financial need to live in poverty), the objective he set Labor was as grand as any in the social democratic tradition over the past fifty years.

It was as grand as the Curtin/Chifley objective of full employment or the



Photo: Rapport

Whitlam plan to eliminate aged poverty. But in some crucial ways it is also very different from these other two.

The full employment objective could be met because the patterns of employment participation were still largely limited to single people and male 'breadwinners'. Safe behind Australia's high tariff wall, income generated by our primary exports was quite enough to generate domestic employment for this group in local manufacturing industries. Security from poverty was guaranteed (as far as anyone cared to see), by the income of these breadwinners, and by the support provided by women in post-war families.

Whitlam's attack on aged poverty came at the end of this long period of comfortable security. But even so it was sustained by some of its benefits. The rediscovery of poverty in the early 1970s pointed up one weakness of the post-war solution to poverty and unemployment. This was that, for a large number of people, the end of their working life removed one of the major planks of post-war security. And the safety net of public pensions was far too meagre to make up the gap. Whitlam responded with a massive injection of funds for

pensions and the pledge to ensure that the pensions would be 25% of average weekly earnings. With that, Brian Howe is fond of pointing out, the problem of aged poverty again disappeared from public view.

Howe is particularly keen to compare the present Labor government's attack on child poverty with the Whitlam success; and, indeed, the strategy is almost identical. Like Whitlam, they have dramatically increased income support for children through the Family Allowance Supplement. And, like Whitlam, they have established (and reached) benchmarks for this support - 15% of the married pension for younger children and 20% for older children. But there the similarity ends. It ends because the scaffold which supported both Chifley's and Whitlam's grand goals has gone forever.

Its first plank was the structure of the Australian labour market which provided jobs in protected industries on the back of primary exports. Its second was the distribution of income through the family to the more than half the population who did not participate in the paid labour force. And its third was the support - personal services provided by

women, and material possessions such as housing - built up within the family. Even Whitlam's attack on aged poverty built its successes on the housing and other security built up by older people throughout 30 years of post-war employment.

We now face a very different picture. With tariff barriers gone and the economy unable to generate the export income needed to overcome the balance of payments crisis, the Australian labour market has been transformed. Secure, well-paid jobs in manufacturing industries have shrunk, part-time work has boomed, and access to jobs has been restricted to 'prime age' workers, locking out both younger and older workers and all those with less access to the new skills required.

At the same time, the patterns of dependence have also changed dramatically. Since 1971, those who received their income through the family have fallen from 47% of the population to around 30%. While the amount of work available per person in Australia has grown by 10% since Labor came to power at the end of the recession, it is still 3% lower than it was 20 years ago. And this has to be spread between more

workers due to the growth of part-time work - up from 5.3% of the population to 9.4% in the last 15 years. As well as more people seeking work, the proportion of the population dependent on social security has grown from one in ten to one in four.

The effect of these changes has been to undermine dramatically the ability of the government to remove poverty by throwing more money at it. First, access to financial security through the labour market has been greatly reduced. Since far less of the life cycle is spent in work, and since the work is not only more thinly, but also less evenly, distributed with some households having two wages and others depending on one or a part-time wage, many people's ability to build up the personal resources which provide security has been greatly reduced. Perhaps even more important, many more people no longer have access to the unpaid support of a dependent spouse.

For families with children, all this means that poverty has a new dimension. Lack of childcare, affordable housing, support during illness and secure access to the labour market all loom as large as income support. And without them it is a travesty to talk of removing the need to live in poverty.

Because of this the Prime Minister's promise has provoked a Child Poverty Campaign around Australia by the Councils of Social Service and the Brotherhood of St Laurence to raise public awareness of the real nature of child poverty and to add to the package all those measures lacking at the federal, state, local and community level. But even in terms of the financial assistance provided by the Family Package, it is now possible that child poverty has not been overcome. Some preliminary research seems to indicate that the proportion of children living below the poverty line will only be cut from 20% to 15% - although, without it, by now the proportion would have risen to 22%.

Again this goes to the heart of the government's understanding of poverty. Drawing on studies around the world, the cost of children has set its benchmarks at 15% of the married pension rate (20% for older children). This has the advantage of ensuring that the benchmarks will increase as the pension is indexed. It has the disadvantage of providing only the same meagre level of

support as offered to older people by the pension. And without the extra security of such things as home ownership or lifetime savings, that level is itself below the poverty line.

But, just as important, these benchmarks ignore one of the most important aspects of the Henderson poverty line: that it is set relative to average household disposable income - in other words, that it measures relative equality and inequality, not some absolute minimum for survival. This means that as social inequality increases - as the incomes of those at the top end increase faster than those at the bottom - the proportion of the population in poverty increases. This growing inequality is the reason that, despite achieving the benchmarks, child poverty is far from eliminated. Not surprisingly, this is not a message the government wants to hear and, as a result, ministers such as Senator Peter Walsh have turned their attacks on the poverty line itself.

This is yet another sign of the changed understanding of social justice within the government. Of course, social justice is a vital political concept for those who wish to increase social responsibility and reduce inequality. The welfare sector's current Child Poverty Campaign can be seen as the claim that the living standards of Australian children must be viewed as a matter of social justice, not poverty narrowly defined. But it also means that a struggle over the understanding of social justice itself is now on the agenda for the 'nineties.

Labor sought to build a viable industrial base for the Australian economy (to replace our previous dependence on highly vulnerable primary exports) by wholesale deregulation. Ever since, it has found itself trapped between a growing national debt (fuelled in large part by greater attractiveness of debt and corporate raiding over equity and productive investment), and the fickle perceptions of the international money markets. This has led to the demand that overall national consumption must fall and national savings rise. At the same time, a perception that scarce skills and investment must be encouraged has led to the conclusion that a lion's share of this saving must come from ordinary workers and from the public purse. Reduced real wages for many workers (compounded by

record interest rates) has been one result. Another has been record surpluses and reduced public expenditure as a proportion of GDP.

But, at precisely the same time, we have seen the dramatic growth in public dependence replace family dependence. Labor has responded with a strategy, largely legitimated by its new social justice rhetoric which seeks to abandon the basic principle of social responsibility.

In order to reduce public spending Labor has chosen a four-pronged approach. It has sought to return, as far as possible, responsibility, on the one hand to the family and on the other to the labour market. Youth unemployment has been tackled by increasing school retention. In part, the cost has been met by transferring youth dole payments to increase Austudy; but, at the same time, it has placed increased costs on the families of young people. Similarly, the cost of Supporting Parents pensions have been reduced by making child maintenance take up a larger share of the cost of both child and supporting parent. Other changes have both encouraged and forced sole parents back into the labour market.

As well, Labor has much more tightly targeted both income support and subsidised services only to the most needy. Its rhetoric has been an attack on 'middle class welfare'. Its method has been increased means testing and user pays. This has had the twin effect of increasing 'poverty traps' (which place prohibitive costs on individuals attempting to enter the workforce) and, in the case of services, it redistributes the cost *within* particular areas of need (aged, disabled, working parents and so on) rather than sharing it among the community as a whole.

This is the new Labor version of social justice. Not surprisingly, it has turned our attention away from broader issues of inequality back onto a far narrower concern with poverty. The bitter irony is that, as the attempt to eliminate child poverty has shown, the very pressures which have provoked this approach will make any real attack on poverty less susceptible to such an approach in the 'nineties than ever before.

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