

Income & Wealth Inequality in Australia: what it means for the economy, society and politics

About the TJ Ryan Foundation

The TJ Ryan Foundation is a progressive think tank focusing on Queensland public policy. The Foundation aims to stimulate debate on matters of Queensland public administration and to review the policy directions of current and previous State governments. The Foundation's work focuses on evidence-based policy, with our website providing free access to our own research and a range of online policy resources.

The TJ Ryan Foundation, with the support of the Queensland University of Technology, QSuper and the Queensland Council of Unions, presented its major conference for 2017 on 'The Reality of Income and Wealth Inequality in Australia'. The conference featured a day-long program of highly-regarded academics, activists, practitioners and politicians discussing inequality in Australia and what it means for our economy, our society and our politics. This report is a summary of the arguments, comments and conclusions from the presentations given at the conference, held on Friday, 1 September 2017 at the Queensland University of Technology in Brisbane.

Prepared by Adjunct Professor Mary Sheehan AO, TJ Ryan Foundation Board member and Research Associate.

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Speakers

Uncle Bob Anderson. Dr Robert Anderson OAM is a well-respected Ngugi Elder from Quandamooka, South East Queensland. He is a Family representative on the prescribed body corporate, Quandamooka Yoolooburrabee Aboriginal Corporation, QYAC. He is well known for both striving to progress and protect the rights of workers through the trade union movement and for his efforts to maintain and promote the reconciliation process as an Aboriginal Elder and as a member and delegate of the National Congress of Australia's First Peoples. Known as Uncle Bob, he served as a trade union delegate and State Organiser for the Building Workers Industrial Union from 1951 to 1978 and has been recognised as an Honorary Member of the Construction, Forestry, Mining and Energy Union. He is the Patron of the TJ Ryan Foundation Board.

Professor Marian Baird. Professor Baird is one of Australia's leading researchers in the field of women, work and family. She is Chair of the Discipline of Work and Organisational Studies in the University of Sydney Business School and Professor of Gender and Employment Relations. She has been commissioned by business, not-for-profits and unions to undertake workplace and policy research related to women's workforce engagement. She is widely published in Australia and internationally.

Dr Geoff Edwards. Dr Edwards is the President of the Royal Society of Queensland, the state's senior scientific organisation. He has had an extensive career infusing public service with a steadfast passion for ecological science. In addition to other relevant senior positions, he has served as Manager in the Queensland Department of Lands and Natural Resources. His current research interests include analysis of the preconditions of economic prosperity including the debilitating effects of free trade and its environmental implications. He is a Board member and Research Associate of the TJ Ryan Foundation.

Dr Cassandra Goldie. Dr Goldie has been CEO of ACOSS since July 2010. With public policy expertise in economic and social issues, civil society, social justice and human rights, she has represented the interests of people who are disadvantaged, and civil society generally, in major national and international

processes as well as in grassroots communities. Prior to joining ACOSS she held senior roles in both the NFP and public sectors, including as Director of Sex and Age Discrimination with the Human Rights Commission, Director and Principal solicitor with the Darwin Community Legal Service and Senior Executive with Legal Aid in Western Australia. She is a graduate of the Australian Institute of Company Directors. Cassandra serves on the Advisory Committee for the Kaldor Centre for International Refugee Law, as a member of the UNSW Grand Challenge on Inequality and Law Advisory Committees and on the Management Committee of the International Council of Social Welfare.

She was recognised as one of the Inaugural Westpac/Australian Financial Review 100 Women of Influence in 2012 and selected as an AFR/BOSS True Leader in 2013. In 2014, she was voted one of the Impact 25 Most Influential People in the Social Economy and recognised by the AFR in 2015 on its Annual Overt Power List.

Mr Jyi Lawton. Mr Lawton is a Bidjara man from Mackay. He is Team Leader, Enterprises at Indigenous Business Australia. He holds a Bachelor of Justice Degree and is a member of the Alumni Board of QUT which reports to the University Council. He was recognised for outstanding leadership efforts as a justice student, youth worker, rugby league player/coach, student ambassador and Indigenous mentor. He was the first Indigenous student to receive the QUT Leader of the Year award at QUT in 2014.

In 2012 he was awarded an Indigenous Cadetship with the Law and Justice Research Department within Queensland's Department of Premier and Cabinet. He is a Senior Cultural Advisor to the Department of Justice and Attorney General in Queensland and Founding Board Member of the Youth Justice First Nation Action Board.

Ms Sally McManus. Ms McManus is the tenth elected secretary of the Australian Council of Trade Unions (ACTU) and the first woman to hold the position in the council's ninety-year history. Prior to her current role she served as the ACTU Vice President and Head of Campaigns. She has also been Secretary of the NSW and ACT branch of the Australian Services Union. Since becoming Secretary, she has put the issue of inequality front and centre on the national agenda.

Professor John Quiggin. Professor Quiggin is an Australian Laureate Fellow in Economics at the University of Queensland. He is prominent as a research economist and as a commentator on Australian economic policy. He is a Fellow of the Econometric Society as well as of the Academy of Social Sciences in Australia. He has written over 1,500 publications in fields including decision theory, environmental economics, production economics and the theory of economic growth. His book *Zombie Economics: How Dead Ideas Still Walk Among Us* (2010) has been translated into eight languages. He is a founding Board member and Research Associate of the TJ Ryan Foundation.

Professor Peter Saunders. Professor Saunders was the Director of the Social Policy Research Centre at UNSW from 1987 to 2007. He now holds a Research Chair within the Centre. He is widely published in the areas of poverty and income distribution, household needs and living standards and social security reform. His recent highly relevant book is *"The Ends and Means of Welfare: Coping with Economic and Social Change in Australia"*.

Dr Jim Stanford. Dr Stanford is the Director of the Centre for Future Work, based at the Australia Institute. He served for over 20 years as Economist and Director of Policy with Unifor, Canada's largest private-sector trade union. He also holds the Harold Innis Industry Professor in Economics at McMaster University. He is a prominent public commentator on inequality and the future of work in Australia.

Hon Wayne Swan MP. Wayne Swan served as Treasurer of Australia from 2007 to 2013, as well as Deputy Prime Minister of Australia. He was one of the longest serving Finance Ministers in the G20 and is recognised as one of its leading contributors. He helped to formulate Australia's successful response to the Global Financial Crisis. He is the 2011 Euromoney Finance Minister of the Year awardee. Through his work on the G20, the IMF, and APEC he has been a prominent voice for structural reform, including reform of the international financial system. He was a 2015 Senior Fellow at the Jackson Institute for Global Affairs (Yale University). He has been an advocate for inclusive prosperity and launched the Inclusive Prosperity Commission Think Tank in 2015.

Dr Helen Szoke. Dr Szoke is the chief executive of Oxfam, Australia. She has been Commissioner of the Victorian Human Rights and Equal Opportunity Commission and the Race Discrimination Commissioner for the Australian Human Rights Commission. She holds numerous honorary and governance roles with non-profit organizations.

Introduction and overview

This exceptional group of speakers brought their insights and knowledge to focus on the ideas debate stimulated by defining inequality, what causes it and possible solutions. The presentations covered a wide variety of associated issues including types of inequality, the experience of inequality by different community members, definitions of inequality and inequity, causes of inequality, recommended solutions, and future challenges and potential for change.

These key issues were examined by speakers with very different perspectives and through a wide variety of lenses. There was a common thread of consensus across all speakers that Australia has a serious and growing problem of inequality in income, wealth and related deprivation. The core evidence related to income disparities and their impacts which were most severe at the lower income levels and which carried associated generational impact on opportunities. There are significant problems conceptualising the extraordinary differentials in income in Australia between those earning at the top decile/quintile and those nearer to the bottom. The symposium was also concerned about the deteriorating position of those who are in the middle-income bracket.

The presentations moved from broader population level indicators to the real world. They examined every day experiences of inequality most clearly apparent in the lives of Indigenous people, women, immigrants, and casual workers and single parent families.

The presentations provide a wealth of examples that are replicated through a variety of perspectives on the reasons that have led to inequality. These range from the macro-economic level of the economic policy commitment to neoliberalism in Australian and international policy directions (since the 1970's) through to the personal level embedded in changing employment opportunities, household composition, gender and race.

The symposium challenged current structures by moving well beyond the definition of the problem and possible causes to strongly espouse policy initiatives and changes that should be considered and tested to redress the current and developing crisis. In particular, this was to change the direction of

the Australian economy and to move it appreciably forward based on a consensual view that an increase in equality could only occur in a post-neoliberalism, post-trickle down policy era. In addition, important policy initiatives were raised to re-invigorate the public sector of the economy and to lead visionary initiatives in a digitalised world.

A more detailed description of the issues covered in the symposium follows and has been categorised under the following headings: (i) "Inequality", (ii) "Causes", and (iii) "Solutions and the Future". Individual speakers are recognised where possible and citations recognised by the time point in a presentation at which the comment was made. Discussion is informed by the points raised in question times but these are not individually attributed.

Inequality

It is important to be aware that throughout the symposium, with very few exceptions, the speakers distinguished between formal income levels as reported to the ABS and the related but separate issue of wealth. It was noted that self-reported income levels may underestimate these income differentials for the reason that very wealthy Australians may not answer ABS surveys. A further caveat is that the conventional approach to measuring poverty (using an income poverty line) is open to criticism because low-income does not always translate into poverty (e.g. because of access to wealth) while a higher income may not prevent poverty if needs are high (e.g. because of a disability).

Inequality and Relative Poverty

Professor Saunders, in a comprehensive and exhaustive review of the relevant international and national income indicators, drew attention to the fact that inequality and relative poverty have emerged as vital economic and social and political concerns, especially in recent years. Of particular relevance to the current debate, he explained the Gini coefficient that calculates the variation in income (not wealth) across a country into a single indicator that varies in theory between 0 (complete equality) and 1 (complete inequality). The coefficient measures nations on the discrepancy between the highest and lowest incomes within their economy and is a standardised measure comparable across countries. Australia has an index of 0.34 compared with New Zealand's 0.35 and ranks 23 out of 37 countries, or one-third from the bottom, on this OECD equality rating.

Importantly for this symposium, which is concerned to stimulate change actions, he drew attention to "the fact that the Gini varies so much across OECD countries facing similar economic and social conditions indicates that the high level of inequality is of international concern and should be a policy focus for all relevant governments" (Saunders, slide 16). Wayne Swan also expressed concern that the "general trend in the Gini coefficient has been towards widening income inequality which has been rising over time and it is now at a century high" (Swan 4.52 -5.00). Both opinions were noted at question time as being in

contrast to views of the current Australian Treasurer (Scott Morrison) who has stated that the Gini is a key indicator of equality that has remained strong in Australia. This was presumably based on the context of higher scores also being obtained by comparable countries.

A key source of inequality is that “many Australian workers have no job security and poverty level wages” (Swan 3.50). A concrete clarification of the meaning of the inequality statistics is provided in Table 1 below extracted from Professor Saunders’ presentation. The data present the exceptional differences in income levels between the people at the 50th percentile of the income distribution in Australia, or the “average earners”, and those in the highest decile and percentiles, named the “Giants”. These groups are contrasted by a comparison of estimated heights. The people in the 50th percentile of income are represented by the height in metres and in feet of Australian adults in the 50th percentile of height (1.69 metres or 5ft 7ins). At the 90th percentile the comparable height differentials are 4.5 metres or 14ft 6ins. At the top 99.9th percentile the Giant has grown to an extraordinary 19.31 metres or 63ft 3ins.

Table 1, extracted from Saunders, Inequality symposium, Brisbane.

SPRC: Social Policy Research Centre

How Big Are The Giants?

<u>Percentile</u>	<u>Height (metres)</u>	<u>Height (feet)</u>
P50	1.69	5' 7"
P90	4.50	14' 6"
P95	5.62	18' 4"
P99	9.19	30' 1"
P99.5	11.25	36' 8"
P99.9	19.31	63' 3"

Note: Median height of Australian adults in 2011-12 was 1.69 metres.

University of New South Wales

In a proposed redistribution of income in Australia, Saunders demonstrated that the redistribution of a very small percentage of the income of those in the highest income quintile to those in the lowest quintile would provide an increase of “just under \$70 a week for the 2 adult and 2 child families” (Saunders, slide 17). In particular, the data he presents demonstrates how much has been forgone by those who have missed out in recent income distribution shifts. The number of workers on minimum award rates has risen sharply over the last few years from 15.2% in 2010 to 23.9% in 2016. Inequality that comes with the top ten percent getting close to fifty percent of all income leads to the erosion of the living standards of the great mass of people (Saunders, slide 15).

Changes in wealth have been even more dramatic: “The real net worth of the already rich jumped by around 38%, while that of the poor increased by only 4%” (Swan 7.46). The top 1% has more wealth than the bottom 70 percent of Australians. The share of national income going to labour is at its lowest levels in 50 years.

The symposium papers as a whole provided a wide and interesting variety of figures/statistics and documentation of inequality which can be accessed through each of the relevant papers on the TJ Ryan Foundation website. They include the Gini coefficient over the period 1981-82 to 2013-14; the income distribution in 2011-2012; decile shares and the related levels of income associated with decile rankings; the “arithmetic” of inequality and redistribution in 2013-14 which illustrates how much income has been foregone by those who have missed out at the expense of those who have gained most from recent distributional shifts (Saunders).

Impact of inequality on specific groups

The huge and meaningful differential in incomes was raised as a catastrophic economic and social problem in nearly all the presentations. Speaker after speaker identified particular groups that were economically severely disadvantaged.

Sally McManus noted the following groups as having a particularly high risk of inequality:

- Workers on minimum award rates (there has been a major increase in the number of workers in this category);
- Underclass of workers in wage theft contexts described as casuals;
- Gig economy workers;
- Temporary visa workers;
- Newly arrived immigrants, workers on sham contracts for \$5 or \$10 or less an hour;
- Fake casual jobs on rolling contracts (McManus, 8.00-9.44).

Australians have been partly protected by industrial relations legislation and regulation including the supposed safety net of our social protection system.

However, even those who live on the social security protection system through New Start (\$38) or minimum wages (\$40-\$45) face increasing costs of essentials. This means that personal lives are very hard and are not made easier when there is explicit government commitment to policy austerity (McManus).

Cassandra Goldie reviewed the impact of failing social policy across many key areas including age care, health, housing affordability and availability and children in disadvantage. She advised the audience that there were 40% of children in single parent families who were getting to school disadvantaged because of the failure of the system to bring a Gonksi perception of the need for equality in education to policies covering child care. "The early childhood area is just unbelievably chaotic and inadequate" (Goldie, 39.42-39.52). She further reported that there is inequity embedded in a policy that finances a childcare package by cutting income support from single parents. Associated major inequalities relate to systems and policies where people who are economically disadvantaged are required to have access to computers, apps and the like to make requests and to receive payments. The tragic outcome of these demands has been people who report that it is easier to live homeless than to try to pay rent and meet the IT demands of the funding agency. Among the many such focal points of inequality discussed and defined in the symposium by the speakers and audience questioners, some are standout problem areas. One such example:

- Electricity prices at the moment are causing major problems across the lower half of the income distribution;
- Something in excess of 480 people a week in Australia are having their electricity cut off. If that remained a steady rate that would be more than 20,000 a year.

There is a need to think beyond (or in addition to) reported income levels to the real-world experience of inequity-related poverty. Recent work on poverty using research from HILDA surveys documented the experience of being unable to afford items regarded by a majority of Australians as essential (Saunders). Among other unmet essentials for low income earners that are considered basic by a national sample of Australian householders include:

- "Yearly dental check-up for children"
- "Dental treatment when needed"
- "New school clothes"
- "Hobby and leisure activities for children"
- "Insurances that are priced beyond capacity to pay"
- "Up to \$500 in emergency savings".

Using these indicators, the groups in the community who have most difficulty and are most likely to report deprivation in comparison to the general community are "sole parent with children", "Indigenous people" and "people with an ongoing disability" (Saunders, slides 20-22).

Inequality, Inequity and Indigenous Australians

The impact of inequality on Indigenous Australians was specifically addressed in the presentation by Jyi Lawton which focused on the issue of Indigenous inequality and its more harmful effects in the context of inequity. His presentation provided important and meaningful clarifications and a key issue for the symposium is clearly illustrated in Figure 1 below. This was further developed using socio-historical examples of lived Indigenous Australian experiences. Equality can only exist if everyone starts from the same place. If equality aims to give everyone the same core economic and social equality, it cannot be achieved without a linked commitment to all people having access to the same opportunities.

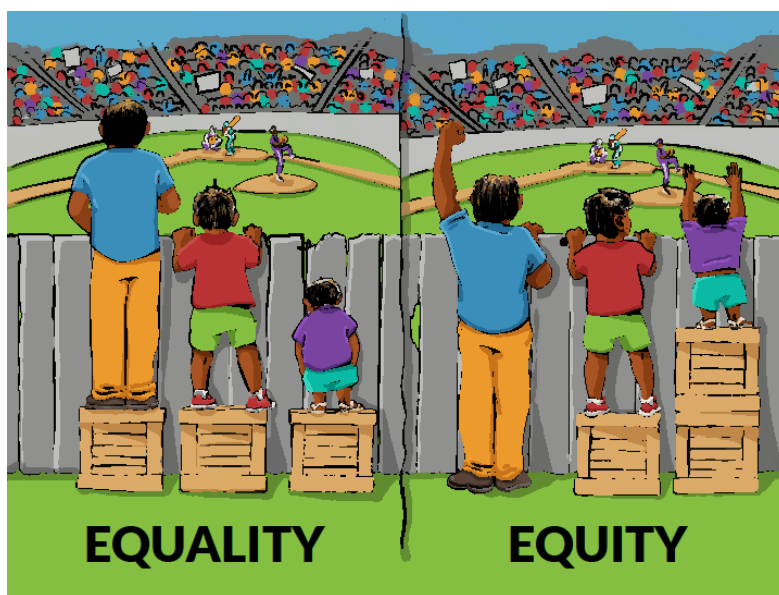


Figure 1, extracted from Lawton, Inequality symposium, Brisbane.

Equity is based on the notion of fairness and it gives people access to the same opportunities. We must first ensure equity before we can enjoy equality.

The Challenge of Gender Inequality

The particular difficulties of gender-based income and superannuation inequalities were addressed in the presentation by Marian Baird. This considered the wide-ranging areas of inequality faced by women as a generic group. The particular problem for single parents with children who are overwhelmingly female lone parents (ABS, 2016, 81.8% female) had been raised in the earlier deprivation indices (Saunders). Gender inequality indices are summed up in Table 2.

Table 2. Gender Gaps at a Glance

	Males	Females
Labour force participation	70%	59%
Employed part-time	17%	46%
Under-utilisation rate	12.6%	16.8%
Division of total paid work hours in families with child >5	77%	23%
Average full-time weekly wage	100%	85%
Without paid leave entitlement and with dependent children	10%	20%
Average superannuation	100%	47%
Age pension receipt	44.4%	55.6%
Year 12 (by age 20-24)	86%	90%
Bachelors Degree (by age 25-29)	30%	40%
Unpaid care work	36%	64%
Unpaid housework	6.2 h/wk	18.7 h/wk
Women on private sector boards (Feb 2017)	75%	25%
Representation in Parliaments	68%	32%
Order of Australia	65.3%	34.7%

Extracted from Baird, Inequality symposium, Brisbane.

As demonstrated above, some of the gender inequities that disadvantage women derive from the unpaid tasks of caring and home maintenance which influence the much higher rates of women who are employed in a part-time capacity (46%) and build on an already much lower labour force participation than men (59% compared with 70% respectively). While participation rates have been slowly increasing they have not been accompanied by an expected equivalency in pay rates which is surprising given the somewhat higher educational levels of women. These differences are documented in Marian Baird's presentation including the best and worst industry differences in terms of the Gender Pay Gap (GPG), with the highest differential being in the "financial and insurance services industry".

Other associated inequalities that extend the definition of income inequality include the major inequality in superannuation benefits for women. This will generate emerging problems for women given their increasing age expectancy.

Global Inequality

A particular challenge to this symposium's concern with inequality came from the presentation by Helen Szoke on behalf of Oxfam Australia. Her address drew on similar principles and realities that informed the presentation by Jai Lawton on the position of Indigenous Australians. The presentation placed the gross inequality seen in Australia between the wealthiest and others in the international context of inequity in which "just 8 billionaires own the same wealth as the poorest 3.6 billion people" (Szoke 7.16-7.41). This occurs in a world context in which taxation is unjustly distributed and there are many clearly recognised tax avoidance havens that need eradicating.

Causes

All speakers indicated that the policy of neoliberalism and the commitment to the concept of a trickle-down effect were the leading causes of the explosion of inequality since the 1970's with the top 10% getting close to 50% of all income. At a macro level, Wayne Swan in his presentation discussed the impact of major global trade changes that have seen a redistribution of income so that people in the developing world have begun to emerge from serious poverty. Global developmental changes have improved the lives and incomes of people in Africa and the emerging middle class in Asia who have experienced substantial income gains. At the same time there has been an associated erosion of living standards in the lower middle classes in western developed economies. The outcome of this change has resulted in a "souring mood of dashed expectations" (Swan 5.50) and the growth of an 'angry' community looking for a redress of their concerns. This combined with the national neoliberal policy supported by both conservative and centre-left governments has hollowed out the living standards and conditions of many middle class people in the developed world and created vast armies of working poor with associated attitudinal (and political) loyalties. The commitment to failed trickle-down economic policies has meant only limited flow-on has been to those in the middle and disadvantaged sectors of the economy. "The IMF says that we ignore distributional outcomes of globalisation and unfettered market capitalism at our peril" (Swan 3.07).

A significant problem in Australia is that there has been a rapid acceleration of inequality. The share of the national income going to employees is at the lowest level in almost 60 years (Swan 10.21). This decline in the labour share of national income is happening elsewhere in the world. Inequality isn't the only explanation ... technological change and production process changes are also contributing to the effects. There is also an excess of corporate power and arrogance. Corporate boards in Australia are the least accountable of any group in the country. There is something like 1,500 director positions across Australia and over a 10-year period only 15 directors were removed (Swan 26.07-26.25).

Jim Stanford graphically presented and described the social historical precedent of the current experience of inequality, and also spelled out some of the

characteristics of the system that embed inequality and have led to the Australian economy having worse than average inequality, compared to other industrialized countries. These characteristics include:

- Wealth concentration at the top;
- Inequitable tax collections as a share of GDP;
- Weighting of program expenditure as a share of GDP;
- Low and shrinking trade union membership as a share of employment.

The wealth increase has been even more marked due to the very rapid rise in the value of household properties, investment properties, shares, bonds and other assets. There is a structural inequality and maldistribution of power in our society and the tax system is biased in favour of income from capital as opposed to income from labour. A number of speakers at the symposium drew attention to:

- Partial taxation of dividends;
- Negative gearing loopholes;
- Partial taxation of capital gains.

“The benefits seem to multiply the more wealthy you are as our current tax laws mean that you can get out of paying your fair share of tax” (McManus 6.58-7.05)

John Quiggin drew attention to other advantages that go to people who own wealth. For example, inequality is getting more focus and this is not necessarily because of the reduction in pay to workers but because the price of housing has gone up so much. At the same time the impact of this gain is going to a new landlord class through the benefits of the taxation system.

Trickle-down economics doesn't work but it has been part of the creed of neoliberalism that has informed economic policy of Australian and international governments and the relevant policies of conservative and to a lesser extent centralist and social government parties (Stanford 17.30). There is consensus from OXFAM, ACROSS, OECD and IMF that there is no such lift as the rising tide bringing everyone with it. Jim Stanford draws attention to the longer run problem of a breakdown in the nexus between work and income evidenced by productivity growing and real incomes not growing.

Another big issue is the unfair distribution of market income and decades of labour market reforms in the interests of employers and against the interests of workers. This had damaged the incentives and mechanics that drive the whole economic system. Wage stagnation damages economic performance and is the most pressing issue for workers. He proposed that the development of neoliberalism as an economic policy was a reaction to the major reductions in inequality after World War 2 due to a reduction in the proportion of people at the top levels of wealth.

Neoliberalism was the whole set of fiscal/monetary, labour market, globalization, regulatory and social policies designed to reverse this experienced imbalance (Stanford 15.30). We're coming to the end of a 30-year era of neoliberalism. The consensus that neoliberalism is right has fractured. In this case since the 1970's in Australia there has been an 11% decline in labour share of GDP and this decline is reflected in an associated increase in the share of corporate growth (Stanford 19.53). Examination of the unit labour costs in Australia indicates that in recorded economic history there has never been a time when workers relative to their productivity have been cheaper than in Australia today (Quiggin 27.56).

The response to the current economic downturn internationally has been cheap money to the private sector and very low interest rates – this seems to have increased inequality rather than decreased it. The question here is who is going to borrow money and spend it. It seems evident that the credibility of neoliberalism is crumbling and the role of central banks in the economy may need to be re-examined.

Inequality reflects a number of causes including (Quiggin 27.56):

- Corporate profits are increasingly dependent on monopoly power of various kinds;
- Industries globally are more concentrated;
- A large share of corporate profits is generated by a limited number of banks owning regulated monopoly assets, and engaging in the business of gaming regulations with government;
- A very large share of profits is going to the financial sector rather than to the actual producers of goods and services;
- Tax free inherited wealth;
- There is a massive deficit in the hours of work that people want which is one of the reasons our economic growth is so sluggish.

John Edwards also raised linked ideological themes that have become central to arguments on the causes of inequality (Edwards 18.30).

- Money directed to the wealthy will trickle down and will be sufficient to create jobs;
- Only the private sector creates wealth and it is necessary to direct money to the private sector to create wealth and associated jobs;
- Any money that government spends disappears into a 'black hole' and it never reappears in the form of wages and economic activity.

He also drew attention to other serious problems with the current GDP and its use (Edwards 19.56). These include:

- We accept using GDP as a measure of economic activity. This is actually malign because it does not include measures of the erosion caused by capital whether human capital or environmental capital;

- It measures traded goods and services as a positive contribution whether they are good or bad for society's wellbeing;
- The value created by government services is worthless and contributes no value. This concept creates great damage;
- It documents and celebrates growth, not sustainability;
- Our policy leaders haven't been reading the sustainability literature and the enormous depth of scholarship in environmental science, in complexity theory, in systems theory, and in ecological economics that haven't been transposed into the political or policy areas.

As a result, we have an economy based on endless expansion which has a limited future.

There are two other major causes of inequality and they are the current environment of insecure work and limited access to enforcement of industrial regulations. There is a proliferation of 'fake' casual employment because the industrial laws took away the fairly straightforward, universally accepted definition of what a casual employee is. Casuals are meant to fill short-term needs with no expectation of ongoing employment. When we got rid of WorkChoices a lot of protections were placed back but they were not strong enough to deal with the current situation (McManus 25.38-25.43). There has been a weakening of the national "safety net" and national employment standards. It is now very hard to address problems with awards or to have them reviewed. Public monopolies have become semi-private monopolies.

Cause of Indigenous Inequality

A major cause of Indigenous lack of success and equality is the lack of policy equity. Jyi Lawton believes that at the moment the orthodoxy of policy and policy implementation means that white people own the space:

- They develop the policy;
- They decide on the policy or action;
- They enact the policy;
- Their rules;
- Their power;
- Their control.

This lack of an Indigenous voice in policy decisions is a powerful contributor to inequality and inequity.

Cause of Gender Inequality

Marian Baird argued that it is important to recognise that the causes of gender inequality are interrelated and complex. They include the gender pay gap, the motherhood working hours gap and the associated working hours pay gap. These problems are further increased by the supplementary contributions-gap in payments such as superannuation that grows from the income differentials.

Solutions and the Future

Movements like the privatisations Australia has experienced have failed to convince the public that they are beneficial. Privatisation is one of the aspects of neoliberalism that Swan believes needs to be re-visited in any solution. “Jobs have been outsourced, wages have been cut and prices have gone up as companies extract profits from essential services. The promise here of trickle-down economics meaning that the wealth we give to the very rich will come back to us has not materialised (Swan 3.05). In fact, “a lot of the corporatization and privatizations and deregulations that have happened across a lot of industry have proven to be a disaster” (Swan 44.14) and have contributed significantly to the growing inequality.

Reducing inequality is about ‘growing the pie.’ You can’t ‘corporate dodge’ your way to prosperity (Swan 21.08). You cannot have good economic policy without a good social policy and there is no way you can drive economic growth strongly without fair outcomes across a wide range of policy inputs (Swan 19.03). We urgently need to strengthen multidisciplinary policy analysis and not just base it on economics. Australia needs to develop forums to bridge disciplines and to move towards the formulation of holistic policy. This includes the policy input of Indigenous culture and the need to ensure that Indigenous people have a voice or say in policy decisions in order to provide sustainable environments and employment in the regions (Edwards, Lawton). A solution also requires empowering workers to develop collective bargaining through their unions or other ways in order to obtain wage gains that match or exceed productivity gains.

Jim Stanford proposed that we have to make the tax system fairer by closing loop holes and being more systematic in redistributing economic power among the different economic groups in society. That will give us a better aim at a decent pre-tax distribution of income. Australia needs “to strengthen the institutions of wage determination and income distribution in our economy before tax and to strengthen state-managed regulations like the minimum wage and a fair and effective modern award system. You can’t have a progressive economy that grows on a reduced percentage of national output going to the

great mass of consumers in that society” (Swan 21.32). We need to re-visit and re-frame the contribution of the state to wealth and equity in society; recognise that it underpins all shared services and civil contracts. Government should rein in corporate power and prevent unfair trade practices. It should boost productivity by putting the underemployed capacity to work. There is an ongoing need to recognise the contribution to national productivity attributable to the child rearing and caring roles of women that underwrite superannuation discrepancies.

Enforcement Powers

Decades of anti-union propaganda have been effective (Quiggin 34.00). We need to address the low rates of participation in unions and political engagement by young people. This issue is particularly marked in Australia (McManus 32.51). The outcome is that we now have a system that makes it hard for working people to fight for their rights regarding unemployment issues or for that matter to establish equitable rights in the first place (McManus 25.20). The way in which work is changing and in particular the growth of part-time work requires changes in the design of current regulatory systems.

The problems that have been created are many but there is an urgent need to address the particularly serious problem combination of the casualization of the workforce and the weakening of workers’ appeal capacity when they attempt to gain enforcement of claims. There is an urgent need to develop a new system in which workers are able to bargain directly with the source of their employment power.

It used to be that the industrial umpire had the power to enforce agreements, enforce awards fairly quickly and easily respond to award underpayment claims. “Now the worker has to go to the federal court just to get a relatively small payment... let’s just say they didn’t get paid for a Saturday shift and let’s say it is worth \$200 which would be a lot of money for a worker in a kitchen washing dishes. That worker would now have to go get a lawyer, go to the federal court, and would have to go through conciliation for a while ... you think that they are going to last that pace at that place and after they have spent all that money on lawyers maybe they will eventually get their \$200 back? Currently there is an unequal voice before the umpire” (McManus 26.34-27.22). Workers need to be able to bargain directly with the source of their employment power. We need a clearer and reasonable definition of what a permanent job is. We need to restore a proper definition of what a casual worker and casual job is. There is also a need to resolve similar problems with contractors. Australia used to have a system in which it was relatively simple to deal with sham contracts. Changes to the law have meant that it is now an extremely long and expensive process and with the fall in rates of group bargaining it becomes impossible for the ordinary worker who is caught in all this to do anything at all.

Indigenous Inequality

One part of the solution for Indigenous inequality is the start-up and development of Indigenous business in Australia. We need a commercially focused organization with a vision in which the first Australians are economically independent and an integral part of the economy (Lawton).

International Equity

Helen Szoke provided a very clear message to Australians about a simple way to make a difference to the gross experience of international poverty. This is to resist purchasing from companies that fail to pay living wages to their employees. Such companies, for example clothing manufacturers, on-sell the garments made by employees, who are primarily women, to Australia.

Szoke lists some of the relevant companies in her presentation and indicates that comprehensive lists for checking names of relevant outlets are readily available. A list of such companies is given in her presentation on the TJ Ryan Foundation website. Oxfam promotes and advocates the effectiveness of boycotts of these companies. There is a need for Australian companies to make it clear that they will not purchase and sell clothes made by such operators. The solution also requires empowering workers to develop collective bargaining through their unions or other ways in order to obtain wage gains that match or exceed productivity gains.

Future

There is a consensus across all speakers that the problem is a serious national one and it is part of a recognized international need to make major changes. "The IMF says that we ignore the distributional outcomes of globalization and unfettered market capitalism at our peril" (Swan 3.00).

It is crucially important that parties [such as the audience of this seminar] consistently and actively communicate the need for change on many fronts to address the serious and widely spread problem of inequality and inequity in Australia. This can be undertaken in many ways including the use of the growing power of social media for disseminating change messages (McManus 41.57).

Swan strongly advocates that the only way forward out of these serious problems is to face the challenge of changing direction. This includes moving to a "larger public sector commitment that promotes and supports initiatives in technological change and uses the profits created to spread back through the community". He gave the "Clean Energy Finance Corporation as one model for what a good old-fashioned Development Bank can do in an area where we are facing a future of fundamental technological change" (Swan 32.00). This is to be undertaken with private sector partners that are working equitably, fairly and efficiently.

This sets the direction Australia needs to aim for if it is to move forward.

For more details, see the conference flyer and full conference program, and hear the individual speakers, at the links below to the TJ Ryan Foundation website.

- [TJRF 2017 Conference flyer »](#)
 - [TJRF 2017 Conference program »](#)
 - ['Inequality in Australia' 2017 Conference Speakers »](#)
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