



Pursuit of the common good for the wellbeing of all Australians

An address to the CES Canberra Chapter
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Economic rationalist vs. traditional Christian ethics

Of the various philosophies that claim to engender the common good in society, two that many in Australia and overseas try to co-join but which are fundamentally different are traditional Christian ethics and neo-liberalism or conservatism (often encompassed in the term economic rationalism).

Traditional Christian ethics focus on love of one's neighbour, compassion, forgiveness, charity, the importance of community in exercising a duty of care for all and the primacy of the common good over purely pursuit of self-interest. It also focuses on the primacy of employment in providing for a family's well-being but emphasises the need for adequately paid work that treats workers as human beings and not simply commodities to generate profit.

Neo-liberalism, on the other hand, emphasises individualism, competition, free market solutions to even a range of social issues, supremacy of the profit motive and pursuance of self interest to achieve the common good. Succinctly expressed by George Schultze, advisor to the US President in 1978:

Market-like arrangements reduce the need for compassion, brotherly love and cultural solidarity as motivating forces behind social improvement.... Harnessing the basic motive of material self interest to promote the common good is perhaps the most important social invention that mankind has ever achieved.

It is difficult to imagine two such divergent approaches to human well-being, and because of their current relevance, it is essential to look at the claims being made for their validity.

Overall economic performance and well-being

Neo-liberals are quite emphatic that positive economic performances, as they define them and as they apply them to Australia, as being a prime generator of the common good. They continuously extol and ensure that the media extols major gains in our well-being from:

- GDP growth of around 3%
- High and rising average weekly incomes now over \$50,000 pa
- Low unemployment around 5%
- Low level of inflation around 3%

But let us examine some of the realities inherent in these economic outcomes, which economic rationalism fails to concede. GDP growth for example increases on the basis of significant negatives which, in fact, detract from well-being. Road accidents and deaths, tobacco and asbestos diseases and death, crime, GDP rises with fast food sales but it increases even further with the obesity epidemic and the millions of dollars needed to address it. GDP also rises from the recovery costs of natural disasters, and so many more of these negatives including annual environmental damage put as high as 2.6% of GDP by some Australian researchers. In fact the Bureau of Statistics officially proclaims

“there are significant aspects of an individual’s well-being which are not measured by the conventional (GDP) concept.”

So why the constant NEO-liberal bombardment with claims that GDP growth equates with well-being; the negatives would certainly cause significant reductions. I do not know what the real situation is. It has not been calculated in any detail for Australia by the authorities. A number of reputable researchers have done so in the USA and concluded that well-being is falling. What we do know in Australia is that substantial numbers, especially of wealthy and high income households, have made major gains in wealth, and hence access, to all those good and services that contribute to well-being - but equally substantial numbers of low income disadvantaged households have not.

Average weekly earnings are around \$1,000 pw with NEO-liberals creating the impression that this average is what most Australians enjoy – at best this is deceptive. Some 50% or more of Australians live in households that do not enjoy that level of income, in fact, around 40% of some 8 million Australians (based on official HES data) live in households with around one half or less income than the level of average weekly earnings.

On the employment question, no wonder that officially unemployment can be shown to be around 5% when the official definition of being fully employed is having ONE HOUR OF WORK A WEEK. Less emphasised in the media is that some 500,000 Australians have insufficient hours of work (and hence wages) and desperately want more. When you add these to adults not counted because there are no jobs in their area and they have given up looking for work, plus the inclusion of some questionably classed as fully employed, the combined unemployment and under-employment rate rises to around 9-10%.

So why is the labour market so tight at the present time? Two reasons stand out. First, management of the economy involving government and business has grossly failed to help produce the type of labour required, especially skilled tradespersons who are now being imported from overseas in large numbers.

Second, much of the shortage of labour is for low paid work in metropolitan areas (eg hospitality industry) and the cost of travel and accommodation for the unemployed in outlying depressed areas is prohibitive. There is little point in offering casual work at \$200 a week when the average cost of a rental in Australia’s metropolitan areas is \$220 per week, not to mention other living costs.

Similarly with the level of inflation - proudly proclaimed at around 3% pa. That may well be, but it is an average of a wide range of products, in the major capital cities applied to everyone. That does not represent the cost of living for all Australians, because many of the things that low income Australians must, or would like to buy but often find themselves short (transport, energy, water, health, education, housing, appliance repairs) have all risen 100% or more above the inflation rate. It is the things they don’t buy that have reduced in prices (new electrical and white goods, new vehicles, overseas holidays etc). It is interesting that with the petrol price hikes of recent, the weighting of petrol in the CPI has reduced; one reason being that the fuel efficiency of new cars has improved. That may be, but low income households either use old inefficient cars or public transport, the costs of which have certainly not declined.

Some official studies which seek to establish the opposite have, in my view, deficiencies which do not address the reality of poor and disadvantaged households.

So why are we continually bombarded, particularly in the media, by the rosy picture of life for all Australians drawn by neo-liberals? The ethics of the way in which they often interpret the data is, to say the least, suspicious, often deceptive and certainly not geared to generating a real understanding of what the well-being of all Australians means. We must admit that large numbers of Australians have benefited substantially from recent economic performances and have been maintained or enhanced in

their 'comfort zones' but this does not apply to all, and substantial numbers have been left out in the cold – but of course to the economic rationalist, that's their own fault and they choose to be that way!

Health and welfare

Health is one of the largest Federal Government annual expenditures currently around \$40B and an economic rationalist can point to a range of achievements. These include annually rising expenditure (\$45B by 2009-10), subsidised private health insurance, pharmaceuticals, GP services, increasing numbers receiving medical care, control of major diseases and, above all, a growing lifespan enjoyed by Australians - around 71 for men and 74 for women.

These achievements and many others cannot be denied. However, the simple fact is that significant numbers of Australians are not receiving the adequate medical services they require and the current system is fraught with problems.

- Many do not have access to bulk billing doctors and cannot afford specialist services
- Nor can low income families afford private health insurance or many pharmaceuticals despite subsidies
- One of the biggest single problems is dental care, with around 500,000 requiring care, but with waiting lists of 2 years and more, causing rising costs of hospital treatment due to ailments caused by lack of dental care
- There is a critical shortage of aged and mental care facilities
- Ultimately if you are low income you will die up to 15 years before your wealthy neighbours, and if you are indigenous, a lot earlier.

Certainly the States have an important role to play in the provision of health services, but is it not the Commonwealth's responsibility, with its much greater revenue base and constitutional and related powers, to ensure adequate health treatment for all Australians, regardless of where they live? Christian ethics, which require a duty of care for all, demands it.

Welfare and social security also raise basic differences between economic rationalism and Christian ethics. To the NEO-liberal, such payments - the largest area of government expenditure and currently in excess of \$90B - should be minimised. Individuals and household should, to the maximum extent, look after themselves, and to that end, should undertake any work that is available, regardless of the level of wages and other conditions. The Christian approach sees welfare and social security as a crucial element of a community, or Nation's, 'duty of care' for all citizens. Equally, the Christian ethic is happy to see the individual or household providing for their health, welfare and old age but on the basis that adults have adequate wages to fund these – millions of Australians are NOT in that position.

Moreover, when one examines the \$90B plus annual welfare expenditure, nearly 85% or almost \$80B is spent on pensions and benefits for old age, veterans, the disabled and families with children. From media hype one would think that the bulk goes to the so called 'dole bludging' unemployed, who in reality are one of the smallest general categories taking about 7% of the total expenditure.

In addition, notwithstanding the size of the welfare budget, these are crucial areas requiring additional funds including:

- Additional payments for some recipients in categories of old age, disabled, carers for the disabled

- Job creation in depressed areas, where unemployed cannot afford the costs of moving or travelling to areas of low paid work, and work needs to be brought to areas/locations where they live
- In particular, this would support the concept of ‘welfare to work’, which at present is mainly a stick with no ‘carrots’. Hence, those on welfare able to find work, find themselves paying an effective marginal tax rate in excess of 60%, often higher when the wealthiest billionaire is only required to pay around 47%.

If the biggest single problem is the current level of expenditure and needed additions to it, there are billions of dollars of savings that can be achieved by reducing various forms of ‘welfare for the wealthy’ such as:

- Means testing a variety of subsidies such as health insurance; specialist and overall medical expenditures; tax benefits for families which can be received by household with incomes as high as \$150,000; child care assistance which can be used for private nannies; and
- Restricting a range of programs which reward wealth creation by the wealthy and which low income families are unable to access, such as negative gearing, family trusts and private companies that result in a wide range of tax exempt benefits and many others.

Education and housing

The economic rationalist would complement Australia’s joint public/private education system which has around three and a half million children at school, rising ‘apparent’ retention rates now around 81%, over 400,000 apprentices and trainees, and high achievements in some key subjects by international comparison.

But these figures are across the board averages and a ‘duty of care’ would demand some focus on low income deprived or disadvantaged areas. In these school retention rates are significantly lower; for indigenous students for example, the retention rate is only around 40% - less than half the average. These areas show the blatant inequality in educational opportunities clearly seen in, not simply the school buildings themselves, but lack of facilities such as libraries, computers and internet access, sports facilities and teacher shortages and turnovers.

Education is essentially an individual’s and hence a household’s passport to work and career opportunities, and ultimately their well-being. The plain fact is, that if each individual cannot receive education that will maximise their potential, then the community as a whole, or the nation, cannot maximise its potential.

In this area as in many others, the Federal–State ‘blame game’ is rife, but it is the nation that suffers the consequences and demands a nationally organised response. Economic rationalism, with its emphasis on fee for service, has shown itself incapable of such a response. In disadvantaged areas children are leaving school early, unemployment is as high as 20%, work that does become available is largely low paid unskilled at a time when the country is facing a disastrous shortage of well paid technicians. Moreover, the educational outcomes in middle income areas are now raising a variety of problems, with free public education questionable when payments are required for a number of courses, sports and school visits and the teacher shortage is increasing.

Equally, the competitive free market and its self-interested focus on profit is failing now to provide the most basic of human needs and the very roots of well-being – HOUSING. Having a permanent roof over one’s head is almost a prerequisite of citizenship, i.e., opening a bank account, getting a loan, acquiring a driving license, and establishing important fundamental relationships with local schools and medical services.

Housing affordability in Australia is now the worst in decades, and amongst the worst in the developed world. It is estimated that 20,000 children have no roof over their head. Provision of public housing is declining, more and more households are having to turn to camping and caravan parks and homelessness is rising at an unacceptable rate – one only has to ask any of the major charities, who are having to turn away individual and households seeking accommodation because their facilities are stretched to the limit.

Average house prices around the capital cities range from around \$250,000 to over \$500,000 in Sydney, and national average rent is around \$220 per week. It is now estimated that some 250,000 low income households are paying more than 30% of their income in rent. Moreover, government rent assistance schemes only serve to push up rents and do not add a single unit to the accommodation stock.

Disadvantaged pre-school children

If the ‘common good’ and ‘well-being’ means anything, it must mean the care of young children. The economic rationalist can point to any number of government policies and programs including childcare subsidies, parenting payments, tax benefits A & B, various forms of medical assistance and many others. These do help provide many of the basics for young children, but they are not succeeding across the board - and that is not acceptable. Hence:

- Official data confirms that over 600,000 children are in jobless households
- A UN report indicates that Australia has the highest level of child poverty in the developed world
- Recent OECD report ranks Australia as second from last among 20 developed countries in funding early childhood education and care
- A report by Prof Vinson for Jesuit Social Services, ‘Dropping Off the Edge’, gives a great deal more information on the location, deprivations and needs of young children in Australia
- A variety of other reputable studies such as ‘Pathways to Prevention’, Griffith University, on behalf of Mission Australia, shows quite clearly the needs and benefits of early intervention.

The economic rationalists’ response is to deny the extent of the problem and ultimately blame any problems that potentially do exist on dysfunctional families, without analysing why families may become dysfunctional. That is not a solution, but merely a way to side-step one.

Conclusion: Seeking solutions

The traditional Christian approach to the common good demands actions and policies and offers possibilities that the economic rationalists, in the main, fail to address, because they see the ‘invisible hand’ driven by self interest in a profit driven free market achieving the common good with minimal intervention. As such, NEO-liberalism fails to fully recognise the problems of well-being that Australia faces and it does so by hiding behind assertions, often ignoring the realities or by simply denying their existence. At the same time they commonly use scare tactics claiming that alternatives are based on massive state control and unsustainable levels of expenditure.

That is just wrong, and the implementation of fundamental policy and program changes to address the well-being of all does NOT require revolution, does not involve state control beyond current practice and does not involve prohibitive costs. Australia has both the technical and financial resources to resolve issues in the areas of health, education, housing, early childhood initiatives, and the like by straight forward policy changes using current administrative mechanisms. It would require

somewhere between 2-3% of the GDP annually – not an unreasonable burden on the 20% of Australians who currently own around 65% of all the wealth.

Neo-liberals will argue that such a transfer would place unreasonable burdens on the wealthy, who currently pay most of the taxes, and reduce the use of that wealth to benefit the economy. That argument is rolled out time and time again whenever an impost on wealth is proposed. How come then, with growing government expenditures including welfare, the wealthy have been consistently increasing that wealth since the 1950's, and the 65% of wealth that 20% of the population currently own is set to increase to around 70% in the next two decades?

The crucial first step in changing direction is to examine ALL existing databases on which public policy and programs are built, to amend definitions and extend collections and research to more accurately reflect national well-being. This is necessary because:

- only when we have ample, accurate, unbiased and expanded data can the problems we face be clearly delimited (not too difficult with modern computer capacities) and appropriate policies developed, and
- an initial provision of \$50-\$100 million to the Bureau of Statistics and a variety of reputable research bodies to undertake the work would be really peanuts compared to the \$36B that official budget data shows is proposed to be given in income tax reductions to 2009-10 and the bulk of which will go to higher income Australians.

Ultimately we have to overcome what seems a pervasive economic rationalist attitude that if you know you are not going to like the answers then don't ask the questions and deny any utility in asking the questions. That is not a constructive policy approach to Australia's future and the common good of all its people.

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