

The Commonwealth Of Nations - The Squalor In Some Member Countries

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The original title of this part (the third and last, the other two being: an expensive provincial theatre, www.countercurrents.org/venturini051211.pdf and an uncommon wealth, www.countercurrents.org/venturini261211.pdf) on 'The Commonwealth of Nations' was promised and accepted as 'The poverty of countries'. It was clearly too broad and unspecific; broad in that what follows relates mainly to two Commonwealth countries, with some consideration about the United States because from there came that greedy, testosterone driven, male dominated, recent episode of American-born corporate criminality which is euphemistically called 'the Global Financial Crisis', the first wave of which started in 2008-09. The original title was also unspecific because the word 'poverty' is variously defined but does not include consideration of filth and misery, which seem to be the two constituent elements of squalor - at least from the current best Australian dictionary.

Poverty cannot be thoroughly examined unless one deals with concurrent events to those of the ordinary, day-to-day - one would almost dare say, conventional - poverty as understood in common parlance.

Item: 'recurrent' expenses for the Battenberg-Windsors - The Firm - the most expensive monarchy in Europe. Only in 1998 were the accounts for the massive expenditure on transport and accommodation opened for parliamentary inspection. But the Public Accounts Committee of the House of Commons and the National Audit Office are still forbidden from looking at how the Royal Family spends the money provided from the *Civil List*. Instead, in June of 2002 - ten years ago, 'The Firm' published its own annual civil list accounts for the first time, for information only. The Firm is exempt from the Freedom of Information Act; it is not considered to be a 'public authority.'

Accommodation for the large Family, at almost 15 million pounds (AU\$ 22.620,000), is a highly expensive part of the bill presented to and paid by the British Government. The Battenberg-Windsors are provided with seven residences, 160,000 square metres of land and 1,000 staff to look after the properties. Fifteen craftspeople are employed just to care for the furniture.

In June 2000 a report by the National Audit Office revealed the following costs: 19,000 pounds (AU\$ 29,000) for new wardrobes; 650,000 pounds (AU\$ 980,000) for repairs to a palace exterior; 218,000 pounds (AU\$ 329,000) for redecoration of a castle living room; 135,000 pounds (AU\$ 204,000) for replacement of a palace elevator; and 500,000 pounds (AU\$ 754,000) for a palace furniture and equipment. Other items charged to the government included 150,000 pounds (AU\$ 226,000) for new silk walls and gold gilding in one of the palaces and 300,000 pounds (AU\$ 452,000) for double glazing and sash windows at The Firm's castle in the borough of Windsor.

Security alone for The Firm ten years ago was estimated to exceed 50 million pounds (AU\$ 75.4 million) annually.

Members of The Firm travel in style. In 2007-2008 transport for the Royal Family cost 6.2 million pounds (AU\$ 9.3 million). Charles billed the government for 970,000 pounds (AU\$ 1.5 million) for one year's travel expenses. A single trip to Australia, New Zealand and Fiji cost 292,229 pounds (AU\$ 441,000). Andrew spent more than 560,000 pounds (AU\$ 845,000) of government money on travel in a single year.

There is a 9-car train government funded costing around 1 million pounds (AU\$ 1,508,000) a year. The government pays 4.8 million pounds (AU\$ 7,250,000) for helicopters and Air Force and private planes - 2007-2008 figures. Thirteen staff are employed, and paid out of public funds to organise such travels: 300,000 pounds (AU\$ 452,000). The bills presented to the government for payment in recent years included - amongst others: 275,000 pounds (AU\$ 415,000) for a Caribbean cruise on a chartered yacht; 18,916 pounds (AU\$ 28,600) for Charles to visit a pub in Cumbria; 381,813 pounds (AU\$ 576,000) for the Queen to visit the United States to celebrate the 400th anniversary of Jamestown 'settlement'; 123,731 (AU\$ 186,600) for Andrew on an 11-day visit to East Asia; 700,000 (AU\$ 1,056,000) for The Firm's garden parties; 40,513 pounds (AU\$ 61,100) for a three-day tour by train for Charles; 24,870 pounds (AU\$ 37,500) for a two-day visit to Spain by Charles; 25,829 pounds (AU\$ 39,000) for a visit by Charles to see the Eden botanical project in Cornwall; 2,565 pounds (AU\$ 3,870) for a no-better identified family member flying to a golf tournament; 2,938 pounds (AU\$ 4,400) for a flight by Charles to London to see a film; 1,200 pounds (AU\$ 1,800) for Philip Battenberg-Windsor to attend a cricket game; 1,500 pounds (AU\$ 2,260) for a visit by Charles to Wembley Stadium; and 33,000 pounds (AU\$ 49,800) for an un-named 'prince' to travel the 110 miles from Salisbury to Birmingham.

Item: on 29 April 2011 William Battenberg-Windsor married Kate Middleton. That public circus was thrown to the plebs without any public question, at an estimated cost of some AU\$ 70 million, most of that for state security against any sign of popular protest. When the wider cost to the economy of the British Government's declared 'public holiday' is factored in, the total cost may be AU\$ 10 billion - and this as the British Exchequer is embarking on implementing austerity budget cuts of AU\$ 130 billion.

Item: on 19 October 2011 the Queen arrived in Australia for a visit on the occasion of the Commonwealth Heads of Government Meeting in Perth, Western Australia that she opened on 28 October. She was accompanied by her Consort, Philip and an estimated support-staff of thirty. Say that the cost of the Royal Air Force was the same as that for Charles: about 290,000 pounds (AU\$ 437,000). The Queen was a guest of the Australian Government in Canberra, visited Brisbane and Melbourne for four hours in each place. She stayed in Perth along with some 3,000 delegates to CGHOM 2011 and left Australia on 29 October. The Australian Government paid AU\$ 58 million for the corroboree, the word coined by the initial British occupiers in imitation of the Aboriginal word *caribberie* - such original theft being a prime example of cultural dispossession of the Indigenous People. The Queen renewed the 'traduction' by closing her address at CGHOM with a quotation from an Aboriginal saying: "We are all visitors to this time, this place. We are just passing through. Our purpose here is to observe, to learn, to grow, to love... and then we return home." Repeat: CGHOM cost the Australian taxpayers only AU\$ 58 million.

Item: on 23 December 2011 Philip Battenberg, the Royal Consort, was flown by R.A.F. helicopter from the Sandringham estate, where the Royals were celebrating the festivities of the season, to a highly specialised hospital near Cambridge for an operation to unblock a coronary artery. On the following day the Queen flew by R.A.F. helicopter to see Philip for a 45-minute visit. The first flight, being a matter of life and death, should be available to any person in the United Kingdom to reach a hospital as soon as possible. The second flight was pure waste: the distance between the Sandringham House on the Norfolk estate is about 80 kilometres; a safe car with police escort might have been sufficient to cover the distance in a shorter time from the House. The saving to the public purse would have been substantial - other considerations apart. The 'winter festive season's residence' is situated on an estate of 8,500 hectares. It is one of the many properties personally owned by Ms. Elizabeth Saxe-Coburg-Gotha, transmogrified into 'Windsor'.

Item: on 25 December a pre-recorded 2000 Christmas message by Queen Elizabeth was broadcast. It centred on the concept of family, where courage and hope find inspiration and strength in adversity and hardship.

“Of course - she pointed out - family does not necessarily mean blood relatives but often a description of a community, organisation or nation.” such as the Commonwealth, which “is a family of 53 nations, all with a common bond, shared beliefs, mutual values and goals.”

The frequent reference to Jesus and ‘Christ our Lord’ and Christianity might have sounded a little awkward to people of different faith and/or persuasion: say, 1.2 billions of Indians, 175 millions of Pakistanis - but those are essentially ‘natives’. As she concluded: “I wish you all a very happy Christmas.” She might have been referring to the ‘white nations’ of the Commonwealth, where most Anglicans live: Australia, 3.8 millions; Canada, 642,000; New Zealand, 584,000; and the United Kingdom, 13 millions. The remainder non-white nations have a sprinkle of Anglicans, but do not count for much. For them there is always ‘Boxing Day’, which falls on 26 December and is traditionally the day when wealthy people in the United Kingdom would give a box containing a gift to their servants. It is now observed in different ways even in the United Kingdom, and of course in Australia, Canada, New Zealand, and some other Commonwealth nations.

Item: on 24 December 2011 Benedict XVI, the absolute king of the Vatican State, ushered in Christmas for the world’s 1.2 billion Roman Catholics urging humanity to see through the superficial glitter and commercialism of the season and rediscover the real significance of the humble birth of Jesus. He also urged that those marking the holiday in poverty, suffering or far from home not be forgotten.

A similar message the day after called for a “strengthening of faith over liberal reason”, setting aside our false certainties, our intellectual pride and, of course, also voicing a special prayer for those “in poverty, in suffering, as migrants.” This was followed by a benediction *urbi et orbi* - to the city of Rome (as if Rome still were part of the Church State) and to the World, in which there over 5.8 billion people of different faith/persuasion.

On both occasions the head of the oldest monarchy in the world, and probably the wealthiest, appeared in his sumptuous robes, the papal tiara covered in large stones. If they are authentic they clash with a sense of humility, if purely decorative and of no intrinsic value they grate against the message to guard from glitter and commercialism.

Items such as those preceding may be grouped together under the label of ‘obscenity’. It is hard to go past former Justice Potter Stewart of the Supreme Court of the United States, in attempting to classify, as he was doing in a well known case, what elements constituted exactly “what is obscene.” He relieved himself of any doubt by writing that “I shall not today attempt further to define the kinds of material I understand to be embraced...[b]ut I know it when I see it...” - or hear it, or read it.

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Reflection on such recent events helps to expand the notion of poverty, assisted too by synonyms such as: misery, dirt, grime and filth, even of the moral kind - in other words poverty even of an immaterial, transcendental nature.

Poverty then must be characterised as a condition so limited by malnutrition, illiteracy, lack of education and interest in it, disease, squalid surroundings, high infant mortality, and low life expectancy as to be beneath any reasonable definition of human decency.

There are different ways of defining poverty. The World Bank considers a person to be in absolute poverty if his or her consumption or income level falls below some minimum level necessary to meet basic needs.

In ‘developed’ countries such as Australia, or the United Kingdom, or the other ‘white’ nations of the Commonwealth, including for the purpose of necessary comparison the United States however, many people in poverty often do not look poor in this absolute sense. There, poverty is more often measured in relative terms, where a family’s income is low relative to that of other families. The minimum level of income against which income is considered is called the ‘poverty line’. And how is that articulated, how is it measured ?

Broadly speaking, poverty may be described as the inability to afford essential goods and services that most people take for granted. People living in poverty not only have low levels of income; they also miss out on opportunities and resources such as adequate housing, health and dental care, education, employment opportunities, food and recreation. Consequently, the living standards of people in poverty fall below overall community standards.

Income poverty can be measured using ‘poverty lines’ which indicate minimum levels of income necessary to achieve an acceptable standard of living. In Australia, a commonly-used poverty line refers to the disposable income available for spending by the members of a household, and, in turn, a household is defined as being below the poverty line if it has no

more than half of the median - midpoint average - disposable income of all Australian households. An alternative method of measuring poverty is to look at 'deprivation' - the condition of missing out on essential items like food and heating. People may experience deprivation due to lacking sufficient income, or due to having to spend the majority of their income on other basic needs such as housing or health care. Multiple deprivation refers to the lack of several essential items.

Income poverty and multiple deprivation measure different kinds of poverty. Some groups of people, such as members of unemployed households, have high rates of both income poverty and deprivation. Other groups are more likely to experience just one type of poverty. For instance, single parent families are much more likely to experience multiple deprivation than income poverty, as the parent in the household frequently receives an acceptable income and yet their capacity to afford essential items is often affected by the high costs of rental accommodation. Most of the following considerations apply also to the United Kingdom conditions and to those of the United States, for the obvious reason that the American condition largely affect the countries in the so called 'free world.'

Poverty in Australia is a contentious political issue. There is little doubt there is absolute poverty in Australia especially in Aboriginal communities.

In the years following the end of the second world war, and during Australia's long post-war economic boom, it was widely believed that the introduction of some measures of the welfare state together with the emergence of the affluent society had finally put an end to poverty. The mid-to-late Sixties, however, saw a 'rediscovery' of poverty, as it was found that many Australians had failed to share in the post-war economic boom.

A number of researchers and organisations highlighted the persistence of poverty in Australia. In 1959 an academic wrote about the "submerged tenth" of the Australian population left out of the country's economic prosperity, including Aborigines, shack dwellers, deserted wives, unemployed migrants, slum dwellers, pensioners, and "no-hopers." Research into the extent of poverty in Australia was also undertaken by the Australian Councils of Social Service, while some church-based welfare agencies carried out a number of studies into the needs of low-income families and pensioners. In 1960, according to another academic, about a third of the half-a-million widows and aged and invalid pensioners in Australia were estimated by social workers to be living in poverty. In 1963 a Melbourne university lecturer estimated that 5 per cent of Australians lived in chronic poverty. Articles published in the radical magazine *Dissent* came to similar conclusions. In

1966 popular awareness of poverty was further extended by the publication of John Stubb's *The hidden people*; he estimated that half-a-million Australians lived in poverty. Other studies on poverty carried out by the International Labour Office in Geneva also revealed high incidences of poverty in Australia.

One academic whose work on poverty would galvanise both public and political opinion was Professor Ronald Henderson who, together with his fellow researchers from the Melbourne University Institute of Applied Economic and Social Research, carried out the "first systematic attempt to estimate the extent of poverty in Australia." In 1966 they set out to measure the extent of poverty in the city of Melbourne. A poverty line was set at AU\$ 33, which was close to the basic wage plus child endowment for two children. Based on this figure, 7.7 per cent of all family units in Melbourne lived on or below the poverty line, while an additional 5.2 per cent "hovered dangerously close to the minimum level."

A Commission of Inquiry into Poverty was set up in August 1972 by the Liberal Prime Minister William McMahon, and Henderson was appointed as Chairman of the inquiry. The Whitlam Government elected later that year expanded the size of the Commission and scope, giving it specific responsibility to focus on the extent of poverty in Australia together with the groups most at risk of experiencing poverty, the income needs of those living in poverty, and issues relating to housing and welfare services. In 1973, using a national poverty line, it was estimated that 20.8 per cent of Australians lived in poverty before benefits were taken into account, and 11.0 per cent after benefits were taken into account. By contrast, using a standard poverty line, it was estimated that 24.3 per cent of Australians lived in poverty before benefits, and 19.3 per cent after benefits.

These issues were dealt with in the Commission's first main report, *Poverty in Australia*, which was released in August 1975.

In this report, Henderson sought to identify the extent of poverty in Australia in terms of inadequate income relative to need, and the poverty line was defined as a percentage of average earnings, adjusted for household size. The poverty line was set at 56.5 per cent of average earnings for a 'standard' family - consisting of a male breadwinner, a woman not in paid employment, and two dependent children. According to the report, 8.2 per cent of the population lived in poverty in 1972-73, or 6.4 per cent when housing costs were taken into account. Before housing costs, over 10 per cent of income units in 1972-73 were below the Commission's poverty line, while a further 8 per cent were defined as 'rather poor',

having an income of less than 20 per cent above that line. After housing costs were taken into account, the percentage of income units living below the poverty line was about 7 per cent.

During the first decade of the twenty-first century, the notion that “the rich are getting richer and the poor are getting poorer” gained increasing public and media attention. Often, different conclusions have been reached depending on how poverty is measured. It is argued that Australia’s middle class is shrinking, and while the majority of those living in poverty are probably not becoming poorer in absolute terms, they have become more numerous. It has also been argued that those in the bottom 5 per cent of income earners in Australia had, in fact, become poorer over the past decade. Poverty in Australia today is complex and changing.

According to a report prepared by the Smith Family in 2001, 13.0 per cent of Australians lived in poverty (2.86 million), 2.9 per cent of children lived in poverty, 6.8 per cent of single parent families lived in poverty. This report highlighted the relationship between poverty and unemployment with the under-employed facing greater risks of poverty particularly with the increasing casualisation of the workforce.

According to the Census figures, Australia’s population during census night 2001 was 18,972,350.

The last United Nations Human Poverty Index Report, which covers the period 2007-2008, only has a ranking for 19 of the 22 countries with the highest Human Development Index. This is the most widely used indicator to take non-income factors into consideration and is compiled yearly by the United Nations Development Programme. For advanced economies, this index takes into consideration health - probability at birth of not surviving to age 60, knowledge - percentage of adults lacking functional literacy skills, and social exclusion - long-term unemployment rate. Australia ranks very high on this global index.

In the Report - with the country with the lowest amount of poverty at the top - Australia is ranked 13th with a H.P.I. of 12.1. By way of comparison, Sweden is ranked 1st with H.P.I. of 6.3, while Canada is 8th at 10.9 and the United Kingdom is listed 16th at 14.8 and the United States comes out 17th at 15.4.

The countries ranked by H.D.I. in the top 22 which are not on this list are Iceland, New Zealand and Liechtenstein.

Australia's child poverty rate falls in the middle of the international rankings. In 2007 the United Nations Children's Fund's report on child poverty in the Organisation for Economic Co-operation and Development - O.E.C.D. countries revealed that Australia had the 14th highest child poverty rate.

By mid-2011, according to the Census figures, Australia's population was 22.620,600.

In recent years, the proportion of Australians living in poverty has continued to increase. Some groups of people in Australian society are at high risk of income poverty, particularly unemployed people and single people over the age of 65. The scale of child poverty is also of particular concern. Indigenous Australian households are especially vulnerable to poverty, with a median income substantially lower than the median income of non-Indigenous households. Low income levels contribute to the low life expectancy of Indigenous Australians.

Compared to other countries in the O.E.C.D., Australia has a greater than average proportion of people of workforce age living in jobless households. Nonetheless, Australia spends a smaller than average proportion of its Gross Domestic Product on income support.

An increasing number of Australians live in income poverty even though one member of the household is in paid employment. People in this predicament are known as 'working poor'. To some extent, low paid workers are protected by minimum wage policies - agreements about the lowest wage that employers may legally pay employees, and by family tax benefits - that the government provides to help with the cost of raising children. However, while these measures play a vital role in protecting low paid workers from poverty, they are insufficient to maintain households at an acceptable standard of living.

Due to the so-called global financial crisis, the number of Australians working full-time decreased, while the number working part-time increased, as employers cut working hours or replaced full-time employees with part-time employees. The official unemployment rate rose only moderately, partly because people are *for statistical purposes* considered 'employed' even if they worked just one hour per week. The official unemployment rate thus has served to conceal the substantial proportion of underemployed workers. It also failed to record the 'hidden unemployed' - an even larger number of people who dropped out of the labour market due to the economic climate but who would otherwise have been seeking employment.

Poverty is rarely caused only by individual circumstances; more often than not it is the consequence of major inequalities built into the structure of Australian society. Some of the

main causes of poverty and inequality are lack of 1) work, income and wealth, 2) education, 3) housing, 4) health and 5) community services.

1. Work, income and wealth. Despite unemployment rates declining officially, there are large numbers of people who are out of work or only have a few hours of work per week. They must rely mainly on social security payments for their income.

Statistics from the Department of Education, Employment and Workplace Relations show that, in August 2011: 1) 547,029 people were receiving the Centrelink - a government agency which assists people to become self-sufficient and supports those in need - *Newstart* Allowance; 2) of these, 337,649 had been receiving income support payments for 12 months or more - long-term unemployed, an increase of 18 per cent since August 2009; and 3) 79,940 unemployed people were receiving the Youth Allowance. Further statistics from the Department reveal that, in June 2010, there were: 1) 333,512 sole parents receiving Parenting Payment - single; and 2) 124,910 people receiving Parenting Payment - partnered.

According to the Department of Families, Housing and Indigenous Affairs, in the 2009-10 financial year: 1) 792,581 people received the Disability Support Pension; and 2) the maximum rate of Family Tax Benefit Part A went to 613,000 low income families - including single parent families, those on social security payments, and those in low paid jobs.

Statistics show that unemployment is more concentrated in some suburbs and regions of Australia. While, employment levels were similar across suburbs and regions in 1976, levels of employment are now vastly different around the country. In 2009, for instance, while Australian Bureau of Statistics figures showed that the lowest unemployment rate, at 3 per cent, was in Sydney's lower north shore, far north Queensland had an unemployment rate of 12 per cent.

Low levels of income from social security payments are a major factor in increasing poverty. Currently, an unemployed single person on the *Newstart* Allowance may receive as little as AU\$ 243 a week in payments, while young people on the Youth Allowance may receive even less - a minimum of \$194 a week for those living away from home.

The *Newstart* Allowance is the lowest unemployment payment in the O.E.C.D. for a single person on an average wage who has just become unemployed. A person living on the *Newstart* Allowance renting a one-bedroom home in the cheapest area of Sydney would have only AU\$ 16.50 a day left after rent, to pay for groceries, utilities, clothing, transport and other bills.

Inequality in the distribution of wealth also contributes to poverty in Australia. Recent data from the Australian Bureau of Statistics shows that the wealthiest 20 per cent, or quintile, of households in Australia increased their average net worth by 15 per cent between 2005-06 and 2009-10, compared with an increase of only 4 per cent by the poorest 20 per cent or quintile. Those in the lowest quintile had an average net worth of only AU\$ 32,000, which equates to only 1 per cent of total household wealth in Australia. This contrasted strongly with the wealthiest quintile, which had an average net worth of AU\$ 2.2 million, or 62 per cent of total household wealth in Australia.

2. Education. Low education levels are linked to unemployment and, subsequently, the risk of living in poverty. Families with low levels of education often cannot afford better to educate their children and so give them increased chances of employment. Australian Bureau of Statistics figures from 2009 show that: 1) people who had not completed high school had a workforce participation rate of 66 per cent, compared with the rate of 84 per cent for those who had completed year 12, and 87 per cent of people with a bachelor degree; and 2) in 2009, people with a Year 10 qualification received a median weekly wage of AU\$ 907, compared with over AU\$ 1,350 for those with a bachelor degree.

3. Housing. Only a minority of people on low incomes own their homes outright and rent is increasingly unaffordable in Australia's major cities. Housing impacts on a person's ability to find work, education and training. Regions and cities with jobs often have high housing prices and rental rates. Poor housing can also negatively affect a person's health and wellbeing.

Over the past two decades, house prices have risen by 40 per cent, while incomes have risen by only 120 per cent. The problem is exacerbated for low income Australians by the undersupply of affordable and appropriate housing, and an increased demand for housing assistance. Between 1996 and 2006 there was a reduction of 8 per cent in the number of public housing dwellings in Australia. In the same period, Australia's population increased by 13 per cent. In 2010 there were 383,316 social housing - public housing, community

housing, government-owned and managed Indigenous housing) dwellings in Australia, and 248,410 applicants on the waiting list for social housing.

Many low income households are experiencing 'housing stress', which occurs when over 30 per cent of income is spent on either rent or mortgage payments. In 2007, 1,104,480 households, or 10 per cent, were in housing stress.

In 2007-08 the following households in the bottom 40 per cent of the income distribution experienced housing stress: 1) 445,000 private renters; 2) 117,000 private renters wholly dependent on government income support payments; and 3) 27,000 mortgagees wholly dependent on government income support payments.

Almost one third of lone parent families suffered from housing stress.

A lack of affordable housing options has contributed to a rise in homelessness with 105,000 people homeless in 2006, according to the Census. In 2009-10, one person in every 100 - 219,900 people - accessed homelessness services.

4. Health. People living in poverty commonly suffer greater levels of physical and mental illness. The high stress associated with living in poverty can also contribute to behaviour which leads to health risks such as smoking and poor diet. Increasing costs for patients in the health care system makes it harder for people to afford health care. People with disabilities often have higher costs of medication, equipment or aids, appropriate housing, transport and personal care and other services.

There is evidence that health inequalities have increased in Australia. Australians who are most disadvantaged socio-economically are twice as likely as those who are least disadvantaged to have a long term health condition.

Approximately 50 per cent of the people who live in the poorest 20 per cent of households, or who are members of jobless households, or who live in public rental accommodation, report their health as being poor.

45 per cent to 67 per cent of persons living in public rental accommodation have long-term health problems, compared with only 15 per cent to 35 per cent of home-owners.

5. Services. Access to affordable community services is an important poverty prevention strategy by helping disadvantaged people to fully participate in social and economic life. These same services are often under strain, as the Australian Council of Social Service *Australian Community Sector Survey 2011* found.

There was a 12 per cent increase in services provided by respondent organisations from 2008-09 to 2009-10. There was a large increase in instances of service from financial support services - 50 per cent, services specifically targeting those from Aboriginal and Torres Strait Islander backgrounds - 24 per cent, emergency relief - 22 per cent, and housing and homelessness services - 21 per cent.

55 per cent of organisations indicated that they were unable to meet demand for their services.

In 2009-10 some people were denied services on approximately 345,000 occasions, equating to more than 1 in 20 eligible people seeking social services being turned away. This represents a 19 per cent increase on the 298,000 people turned away in 2008-09. There were nearly 50,000 instances in which people were turned away from homelessness and housing services. This equates to a total of 135 people being turned away from these services on any given day in 2009-10. Other services turning away substantial numbers of people included mental health services - 33,444; emergency relief - 30,333; youth services - 21,862; and Aboriginal and Torres Strait Islander support services - 20,516.

The 'problem' is what to do with poverty.

In Australia, as well as in other countries of the Commonwealth, there is a myriad of organisations: federal, state, secular, sectarian, community supported, which aim at 'minimising poverty'. The media are full of news about such initiatives - *what there is not is a serious plan to eliminate poverty.*

Largely this attitude is facilitated by the common notion that 'there has always been poverty' - and the consequent acceptance of 'charity', that outrageously offensive institution, as a palliative. There has been poverty, in different degrees, in different countries, but that is no reason not to apply social forces and means to plan the elimination of poverty.

Always new measures are devised 'to reduce poverty', although they may be mis-named as anti-poverty plans.

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How many Australians live at or below the 'poverty line' ? New research puts the number of Australians living at or below the poverty line above 2 million.

Research conducted by the Australian Council of Social Service and the Social Policy and Research Centre at the University of New South Wales places that number at around 2.2 million. This should come as no surprise. In the decade to 2010 rent increased in Australia by close to 50 per cent, electricity by 87 per cent and health-care cost by almost 65 per cent. To rent a one-bedroom apartment one would need AU\$ 400 per week in Sydney and AU\$ 289 in Melbourne.

Another Anti-Poverty Week opened just three days before the Queen's arrival in Australia. 17 October was the day designated by the United Nations as International Anti-Poverty Day. Around the world more than 1 billion people are desperately poor. The campaign continued until 22 October when the Queen was still strutting about to collect the 'homage of her Australian subjects' - and loyalty confirmation from those locals whose privilege depend on 'fitting properly' in the 'pyramid scheme' which is the monarchy.

The Week has always been rather ambitious, focussing on poverty around the world, especially in the poorest countries but also in wealthier countries such as Australia. Its declared aims are: 1) to strengthen public understanding of the causes and consequences of poverty and hardship around the world and within Australia; and 2) to encourage research, discussion and action to address such problems, including action by individuals, communities, organisations and governments.

Interest is said to have been growing steadily in Australia in recent years and activities such as public lectures, workshops, conferences, debates, concerts, displays, sports days, media briefings and other events have been organised.

In 2010 at least 1,000 organisations around Australia participated in more than 450 activities during the Week, with a total participation of more than 10,000 people.

Yet, no plan had been made for a visit - even of a symbolic nature - to one or some of the many activities contemplated by the organisers. The Queen herself was too busy simply 'being seen by her subjects'. The poor are un-people - not to be seen.

Organisers hoped the event would have encouraged Australians' understanding of poverty and served as a catalyst for change, and for a community call to action. It was high time - it was thought - to consider the 105,000 Australians currently experiencing homelessness and the further millions living below the poverty line.

Income support for a single person barely keeps up. At just AU\$ 243 per week the social security Centrelink's *Newstart* Allowance was ranked lowest among thirty countries, with the O.E.C.D. warning it was so low it raised "issues about its effectiveness" in enabling people to find work or study.

Perhaps the biggest paradox in poverty's relative invisibility is the fact that it could quite easily affect so many - even those who are not immediately suffering it. Recent research revealed that more than a third of Australians could survive financially for only 30 days if they lost their work. For many, poverty is just a pay cheque away.

One of the organisers of the Anti-Poverty Week noted that the objective of 'awareness raising' may sound a bit limp, but it is actually something worth fighting for. A fairly recent study exploring Australians' attitudes to poverty revealed many people lacked "a clear definition of what poverty is in Australia today", and this lack of understanding may be contributing to an increasingly selfish, less community-oriented society. The report recommended using human stories rather than statistics, and speaking positively using potential solutions to poverty, as a way of engaging a broad range of people in informed discussions about disadvantage.

As a society Australians do not like being reminded about the struggles of people in their own backyards - friends, neighbours, Indigenous community or homeless. Because the problem seems overwhelming, sometimes they are more likely just simply to throw their hands in the air with a feeling of helplessness.

The Anti-Poverty Week was precisely aimed to challenge misconceptions about poverty and remove the veil of invisibility which often shrouds the problem.

"In the end raising people out of poverty is the most important thing we can do and providing them with an income is the most powerful step we can take to achieving that." said another organiser. "We think it is about empowering people with their own income so they can take the steps they need to take to get a roof over their heads, focus on their health or rebuild family relationships."

There are no quick solutions to the problem, but Anti-Poverty Week organisers and supporters believed there are ways significantly to lower poverty in Australia. They say it is not always about a crisis response but about intervention and prevention. It is about ensuring there are appropriate safety nets in place to provide all people access to the necessities for a healthy and dignified life: safe accommodation, education or job training, stable work environments, health care and support in reconnecting with the community.

The breaking of the social contract between the rich, the middle class and the poor is regarded by many Australians as one of the great wrongs which have been ignored for decades. Where have our jobs gone ? they ask. More importantly, where has our job security gone ? What happened to the 40 hour week let alone the 38 hour week ? They believe that responsibility for that condition lays firmly with governments and business having accepted and furthered globalisation and thus increased the number of the poor. They summarily identify the elements of poverty. As one of the organisers noted: no job security, no home of your own without a mortgage, no trade or salary, no worthwhile interest bearing bank deposits, sometimes hungry, constantly feeling insecure within a caring community.

A word of attention - empathy is too committal from a person of such dour qualities as the leader of 'The Firm' - would have gone some way in winning the favour of 2.2 million, one tenth of Australians, who happen to be in poverty. But there was none. All those words about "family, courage, hope, inspiration and strength in adversity and hardship", so useful in December 2011, were contingent rhetoric, and the "Commonwealth, as a family of nations, all with a common bond, shared beliefs, mutual values and goals." ? Pure wind.

By sheer coincidence the Australian Anti-Poverty Week opened almost one month after the beginning of the 'Occupy Wall Street' movement in the United States.

The 99 per cent-ers in America continue to suffer multiple abuses from the so-called capitalist system and the pervasive corruption within the system of political representation. The goal of large corporations is to control the political system by manipulating the political parties, the politicians and the think tanks, to shape public opinion in favour of deregulation and corporate control, and to diminish worker's rights. A brave collection of resisters are still demonstrating in some 200 cities around the globe in 'Occupy' demonstrations aimed at showing Corporate America and its 'subsidiaries' that people will not be sold into indentured servitude without a fight.

On the occasion of the Queen's visit, and just to show his devotion to law-and-order in

homage to the monarch, the mayor of Melbourne ordered the police after the people of 'Occupy Melbourne', who had firmly undertaken not to bother the 'ritual demonstrations of the subjects' compulsory merriment'. The police was customarily brutal against the 'un-people' - peaceful but 'unwashed'.

In the United States, according to reports, President Obama had referred to the protests during the dedication of a monument for Martin Luther King Jr., saying that the civil rights leader "would want us to challenge the excesses of Wall Street without demonizing those who work there." Obama said about Martin Luther King: "He also understood that to bring about true and lasting change, there must be the possibility of reconciliation; that any social movement has to channel this tension through the spirit of love and mutuality." ... "If he were alive today, I believe he would remind us that the unemployed worker can rightly challenge the excesses of Wall Street without demonizing all who work there; that the businessman can enter tough negotiations with his company's union without vilifying the right to collectively bargain."

Fine words, indeed, and President Obama knows how to use words. But, as he promised in 2007, the time had come for him to "put on [his] comfortable shoes" and to march with those who sent him to Washington, instead of uttering platitudes designed to placate the 1 per cent-ers who continue to impoverish the rest of the country.

In the United States income for the wealthiest has grown 15 times faster than for the poor since 1979, a government study showed, as a poll available on 26 October 2011 highlighted deep anxiety over uneven wealth distribution a year ahead of the presidential elections.

The income disparity, and concentration of more than 80 per cent of income wealth in the top 20 per cent of earners, highlighted the volatility in the race for the White House as President Obama's Republican challengers were presenting plans to reduce taxes for the wealthy as a way to prime the sluggish economy.

From 1979 to 2007 the wealthiest one per cent of Americans more than doubled their share of the nation's income, from nearly eight per cent to 17 per cent, according to a report released on 25 October 2011 by the non-partisan Congressional Budget Office. "Income after transfers and federal taxes for households at the higher end of the income scale rose much more rapidly than income for households in the middle and at the lower end of the income scale." it said. Government policy over the years has become less redistributive, and

“the equalizing effect of transfers and taxes on household income was smaller in 2007 than it had been in 1979.”

For the wealthiest one per cent of the population, average after-tax household income grew by 275 per cent during the period, compared with just 18 per cent for the poorest 20 per cent. It was also a far greater increase than for the six tenths of the population in the middle of the income scale, who saw their average after-tax income grow by just under 40 per cent during the same period. Meanwhile a new poll by *The New York Times* and *CBS News* found that the vast majority of Americans fear a stagnation or deterioration of the economy, and showed that two thirds of the public believe American wealth should be distributed more evenly. It was clearly a criticism of President Obama to say that it had attempted to position himself as the candidate best-placed to improve the status of the nation’s working class, with 28 per cent of poll respondents saying that his policies favour the rich, compared with 23 per cent saying they favour the middle class and 17 per cent saying they favour the poor. By contrast, 69 per cent of the respondents said that Republican policies favour the rich, while only nine per cent said they favour the middle class and two per cent said they favour the poor.

The emphasis of every campaign such as the Anti-Poverty Week was still on ‘reducing poverty and hardship’, and everyone who wanted to reduce them was encouraged to organise activities. There were official openings organised on 16 October and 17 October. It was suggested that people could organise local anti-poverty forums on 19 October, inviting local members of Parliament to Parliament and mayors to attend.

While there are many different manifestations of poverty in Australia, on the basis of information as at June 2011, one growing cause for concern was the increase in homelessness - and the rate of 58 per cent at which people are turned away from emergency accommodation facilities on any given day. Among people requiring new and immediate accommodation, family groups were most likely to be turned away.

Those family groups largely comprise women and young people. Of those turned away from emergency accommodation facilities in 2009-10, 54 per cent were female, 56 per cent were aged under 20 years, 38 per cent of people were aged 20–44, 6 per cent were aged 45–64 years, and less than 1 per cent were aged 65 years and over.

There is increasing evidence that old women are entering the homeless population for the first time in their lives, due to the impact of ‘housing trends affected by changing demographics, the impact of ageing, and entrenched financial disadvantage on women’.

As they lose employment in their 50s and 60s through health crises and age discrimination, a crisis combined with the failure or refusal of their family to support them, they are exposed to housing risk and homelessness. More older women now enter supported accommodation than older men - 'older' being defined as '45 plus'.

While single females aged 25+ make up 16.8 per cent of homeless people supported, they receive less than 4 per cent of the federal government's Supported Accommodation Assistance Programme funding, as opposed to single men, who make up 28.7 per cent of those supported and receive 14 per cent of the federal government's Supported Accommodation Assistance Programme funding.

The National Housing Supply Council noted that an ageing population will grow 'older households' - people aged 65 and over - from 19 per cent to 28 per cent of the population by 2031. That represents an increase from 1.6 million aged households to 3.2 million.

A growing underclass of aged, poor, homeless female Australians is predicted to emerge concurrent with the ageing population.

In an October 2011 Report, the Australian Council of Social Service, working with the Social Policy Research Centre at the University of New South Wales, estimated that the number of Australians living in poverty has increased.

Approximately 2.2 million people, or 11 per cent of Australians lived in poverty in 2006 - the latest date for which statistics are available - compared with 10 per cent in 2004 and 8 per cent in 1994. These figures were determined using the O.E.C.D.'s measure of 50 per cent of median income poverty line - a stringent one by international standards. Using the measure of poverty which is currently used by the European Union and the United Kingdom - less than 60 per cent of median income, the number of Australians living in poverty would nearly double to 3.8 million, or 19 per cent of the 2006 population. By way of illustration, 50 per cent of median income poverty for a single adult in 2006 was AU\$ 281 and 60 per cent of median income poverty was AU\$ 337.

The *Household, income and labour dynamics in Australia survey* is a nationally representative panel study of Australian households which seeks to provide longitudinal data on the lives of Australian residents. It has been running since 2001, and data were available between 2001 and 2008. Based on this survey, 35 per cent of the Australian population has

been in poverty - 50 per cent of median income poverty line at some stage during the period 2001-2008. Of these, 46 per cent were in poverty for one year only, and a further 20 per cent were in poverty for two of the eight years.

Child poverty was of particular concern. According to the Social Policy Research Centre, 12 per cent of Australian children - over 500,000 - in 2006 lived in households with equivalent income less than 50 per cent of the median. U.N.I.C.E.F. has repeatedly pointed out that countries which spend more on social security payments have lower child poverty rates. Yet Australia spends much less - 4.3 per cent in 2007 - than the O.E.C.D. average - 6.4 per cent in 2007 - on income support as a proportion of Gross Domestic Product.

Other groups of people in Australian society are also at high risk of income poverty. The groups most experiencing income poverty are single people over the age of 65, 47 per cent of whom were living under the poverty line in 2006; and unemployed people, 45 per cent of whom were living under the poverty line in 2006 - using the 50 per cent of median income poverty line. It is likely that poverty among age pensioners has declined since 2009, when the single rate of pension was increased by AU\$ 32 a week.

However, payments for unemployed and sole parents were not increased at this time.

Most households living below poverty lines are jobless. In 2006: 74 per cent of those below the 50 per cent of median income poverty line were from jobless households and 40 per cent of people in jobless households lived below this poverty line; 69 per cent of those below the 60 per cent of median income poverty line were from jobless households and 66 per cent of people in jobless households lived below this poverty line. Australia has an above average proportion of people of workforce age living in jobless households.

Indigenous Australians are especially vulnerable to poverty. Comparisons show that: Australia has a wider gap in life expectancy - 11.5 years for males and 9.7 years for females - between Indigenous and non-Indigenous population compared with New Zealand or Canada. This gap in life expectancy is larger than the national average in the Northern Territory - 14.2 years for males and 11.9 years for females, and Western Australia - 14.0 years for males and 12.5 years for females. The median income of Indigenous households in 2006 was 65 per cent of non-Indigenous households. In 2008, 47 per cent of Indigenous people over the age of 14 lived in a household where they would not be able to raise AU\$ 2,000 within a week in an emergency, compared with 13 per cent of

non-Indigenous households in 2006 - over the age of 18 only. In 2008, 64 per cent of Indigenous people in remote areas lived in households unable to raise AU\$ 2,000 within a week in an emergency, compared with 40 per cent of people living in major cities or 43 per cent of people in regional areas. 28 per cent of Indigenous people surveyed by the Australian Bureau of Statistics in 2008 lived in households where members had run out of money for basic living expenses in the 12 months before the interview.

The unemployment rate for Indigenous people in 2008 was 16.6 per cent, while in the general population it was 5.0 per cent. The Indigenous employment participation rate is different in certain states and territories. In 2008, the highest rate was in the Australian Capital Territory - 78 per cent - and the lowest rates were in New South Wales and the Northern Territory - 57 per cent and 59 per cent respectively. Indigenous people are over-represented beneficiaries of homelessness services; in 2009-10, Indigenous people represented 18 per cent of homelessness.

An increasing number of Australian households live in income poverty while at least one member of that household is in paid employment. This is known as 'working poor'. There were approximately 389,600 Australians living in these conditions in 2005-06, an increase of 9.4 per cent since 2003. 59 per cent of working poor households are couples with children. While some of these households had a member working full-time, most have only part-time employment. Australian Bureau of Statistics figures show that the proportion in the total workforce of part-time employees is now 37 per cent; and the proportion of casual employees is 21 per cent. 18 per cent of these are casual part-time employees and 3 per cent casual fulltime employees. The Workplace Research Centre at the University of Sydney estimates that up to 40 per cent of the entire workforce works either on a casual or a contract basis, or in some other insecure form of employment. The minimum wage, along with Family Tax Benefits, plays a vital role in protecting low-paid workers from poverty. In October 2011, this was just AU\$ 589.30 a week for a full time worker. Low-paid workers tend to come from certain service industries. In 2006, workers who were low-paid included: 57 per cent of workers in the hospitality industry; 56 per of retail workers; 45 per cent of workers in cultural and recreational services; and 35per cent of workers in health and community services.

Poverty means more than simply a lack of sufficient income. Other measures reveal different groups of people living in poverty. One of these measures is deprivation, where people are asked whether they can afford items which most people regard as essentials of life. In 2006

the Social Policy Research Centre described as 'multiple deprivation' the lack of at least three out of 20 essential items. The S.P.R.C. surveyed people on what they regarded as essential items, asked them whether they had these items, and, if not, whether it was because they could not afford them. Twenty items were regarded as essential by over 50 per cent of survey respondents, including: 1) a decent and secure home; 2) a substantial meal at least once a day; 3) up to AU\$ 500 in emergency savings; 4) dental treatment; and 5) heating in at least one room of the house.

Using this measure, 19 per cent of the survey group were considered to be experiencing multiple deprivation. Multiple disadvantage and income poverty affect different population groups in markedly different ways. For instance, while the rate of income poverty among single people over 64 is approximately 47 per cent, multiple deprivation among single people over 64 is only 19 per cent. One of the main reasons for this difference between income poverty and multiple deprivation is housing costs. For example, 86 per cent of couples over the age of 64 own their house outright, as do 69 per cent of single people over 64, so they do not have to spend a large portion of their income on housing costs. The rate of multiple deprivation for those over the age of 64 was 19 per cent for singles and 8 per cent for couples. This increased to 39 per cent for those in rented housing. Other reasons for different rates of income poverty and multiple deprivation include asset holdings, such as superannuation, and support from other family members. The biggest difference between the rates of income poverty and of multiple deprivation are for lone parent families. Under the 50 per cent median income poverty line, 16.4 per cent of lone parent families in 2006 were living in income poverty. However, in the same period, 49 per cent of lone parent families experienced multiple deprivation. This, once again, is partly due to the high costs of housing, as the majority of sole parent families rent their accommodation. Unemployed households have high rates of both poverty and deprivation.

Recent figures show that, between August 2008 and August 2011, the number of Australians working fulltime increased by 2.7 per cent, from 7.827 million to 8.041 million. However, during the same period, the number of part-time jobs increased from 3.083 million to 3.399 million, an increase of 9.3 per cent, as employers cut working hours or replaced full-time employees with part-time employees. The official unemployment rate rose from 4.3 per cent in August 2008 to 5.8 per cent in September 2009, and then decreased to 5.1 per cent by August 2011. The main reason for this was the modest impact of the 'global financial crisis' in Australia, which owed much to the Government's well timed stimulus measures. However another reason for the modest rise in the unemployment rate was that, for the purpose of

data collection, people were considered employed if they work just one hour per week. The official unemployment rate neglects two groups: the unemployed and underemployed people, hidden unemployed people who would be in the labour force if there was full employment. These people have become discouraged in their search for work and have dropped out of the labour market, or would be looking for work if they considered their chances of gaining employment were realistic. Underemployed people are those who are counted as employed, but would prefer to work more hours. In August 2011 there were 620,300 people who wanted to work but were not employed. At the same time, there were 843,500 workers - 7.0 per cent of the workforce - who were underemployed.

The recently released A.B.S. *Household expenditure survey 2009-10* provided an analysis of financial stress experienced by households within the last year, divided into households dependent upon government pensions and allowances and those which are not. The survey found that 48.3 per cent of households dependent upon government pensions and allowances as their main source of income had experienced three or more indicators of financial stress within the past 12 months. This compared with 10.5 per cent of households who were not receiving government pensions and allowances; and 23.9 per cent of total households.

Poverty is not just caused by individual circumstances but by major inequalities built into the structure of Australian society. Some of the main causes of this inequality and poverty are access to work and income, education, housing, health and services.

The Australian Council of Social Service recommends the following strategies to reduce poverty and address its causes: 1) a National Anti-Poverty Plan coordinating action across all levels of government to meet targets which reduce poverty and alleviate the causes of poverty; 2) an increase in the rates of the lowest social security payments - mainly those for unemployed people, students and lone parents - with new supplements for costs of disability and caring for children alone, beginning with the implementation of the Henry [Head of Treasury] Report proposal to increase *Newstart* Allowance and related allowances for single people by AU\$ 50 a week, so they receive the same increase pensioners have obtained since 2009; 3) additional employment assistance for long-term unemployed people to help them become ready for work - at present their employment service provider receives only AU\$ 1,000 in funding to help them deal with barriers to work such as poor skills; 4) an adequate minimum wage to reduce poverty among working households; 5) increased access to affordable housing including by an expansion of investment in social

housing, improvements in private Rent Assistance, and expansion of the National Rental Affordability Scheme; and 6) improved affordability of essential health and community services such as dental care, child care, and respite care. The next Anti-Poverty Week will be from 14 to 20 October 2012.

* * *

The United Kingdom is a 'developed' country with comparatively large income differences; those at the lower end of the income distribution have a relatively low standard of living. However, the severe privations of those in the developing world are scarcely to be seen due to the more advanced social infrastructure - health services, welfare and so on. Discussions surrounding poverty in the United Kingdom tend to be of relative poverty as well as absolute poverty.

In the early 1950s it was believed by numerous people that poverty had been all but abolished from the United Kingdom, with only a few isolated pockets of deprivation still remaining.

Benjamin Seebohm Rowntree chose a basic 'shopping basket' of foods - identical to the rations given in the local workhouse, clothing and housing needs - anyone unable to afford them was deemed to be in poverty. By 1950, with the founding of the modern welfare state, the 'shopping basket' measurement had been abandoned.

The vast and overwhelming majority of people which fill the government's current criteria for poverty status have goods unimaginable to those in poverty in 1900. Poverty in the 'developed' world is often one of perception; people compare their wealth with neighbours and wider society, not with their ancestors or those in foreign countries. Indeed this is formalised in the government's measure of poverty. A number of studies have shown that though prosperity in the United Kingdom has increased, the level of happiness people report has remained the same or even decreased since the 1950s.

Over the course of the Fifties and Sixties, however, a 'rediscovery' of poverty took place, with various surveys showing that a substantial proportion of Britons were impoverished, with between 4 per cent and 12 per cent of the population estimated to be living below the Supplementary Benefits scales.

In 1969 Professor A. Atkinson stated that "it seems fair to conclude that the proportion of the population with incomes below the National Assistance/Supplementary Benefits scale lies

towards the upper end of the 4-9 per cent.” According to this definition, between 2-5 million Britons were trapped in poverty. In addition, some 2.6 million people were in receipt of Supplementary Benefits and therefore living on the poverty line. This meant that at least 10 per cent of the population were in poverty at his time.

In their 1965 study on poverty, *The poor and the poorest*, Professors Brian Abel-Smith and Peter Townsend decided on measuring poverty on the basis of the Supplementary Benefit scales, plus 40 per cent. Using this poverty line, Abel-Smith and Townsend estimated that some 14 per cent - around 7.5 million of Britons lived in poverty, *i.e.* living on incomes which were below 140 per cent of the Supplementary Benefit scales. Abel-Smith and Townsend also estimated that since the mid-Fifties the percentage of the population living in poverty had risen from 8 per cent to 14 per cent.

In 1972, 12 per cent of British households lived in houses or flats considered to be unfit for human habitation.

In his seminal work *Poverty in the United Kingdom* - published in 1979, Townsend suggested that 15 million people lived in or on the margins of poverty. He also argued that to get a proper measure of relative deprivation, there was a need to take into account other factors apart from income measures such as peoples' environment, employment, and housing standards.

Another study on poverty estimated that 9.9 per cent of the British population lived below a standardised poverty line in 1973. From 1979 to 1987 the number of Britons living in poverty - defined as living on less than half the national average income - doubled, from roughly 10 per cent to 20 per cent of the whole population. In 1989 almost 6 million full-time workers, representing 37 per cent of the total full-time workforce, earned less than the “decency threshold” defined by the Council of Europe as 68 per cent of average full-time earnings.

Prime Minister Tony Blair vowed in 1999 to cut child poverty 25 per cent by 2005, 50 per cent by 2010 and to eradicate child poverty completely by 2020. The Labour Party website stated: “In 1997 Labour inherited one of the highest rates of child poverty in Europe - with one in three children living in poverty. Our mission to abolish child poverty is grounded both in our determination to secure social justice, and to tackle the problems that the social exclusion of children builds up for the long-term. Work is the best route out of poverty and our successful welfare to work measures have lifted millions out of poverty including disabled people, who have too often previously been consigned to a life on benefits. At the

same time, millions of families are benefiting from the Child tax credit, the Working tax credit, and record rises in Child benefit.”

The 2005 manifesto states: “[Since the Labour government came to power in 1997] there are two million fewer children and nearly two million fewer pensioners living in absolute poverty.”

In a report covering only the East of England, the Joseph Rowntree Foundation found that in 2004-2005, 22 per cent of children in the East of England lived in families on low incomes. This compares to the 26 per cent of children in low income families in 1998-1999, showing child poverty had been reduced. The Foundation noted that the Government had missed its official target of reducing child poverty by a quarter between 1998-1999 and 2004-2005.

In late November 2006 the Conservative Party garnered headlines across the press when a senior member spoke out on poverty. The headlines began when then Opposition leader David Cameron’s policy advisor and shadow minister Greg Clark wrote: “The traditional Conservative vision of welfare as a safety net encompasses another outdated Tory nostrum - that poverty is absolute, not relative. Churchill’s safety net is at the bottom: holding people at subsistence level, just above the abyss of hunger and homelessness. It is the social commentator Polly Toynbee who supplies imagery that is more appropriate for Conservative social policy in the twenty first century.” This was followed two days later by Cameron saying that poverty should be seen in relative terms to the rest of society, where people lack those things which others in society take for granted, “those who think otherwise are wrong [...] I believe that poverty is an economic waste, a moral disgrace. [...] We will only tackle the causes of poverty if we give a bigger role to society, tackling poverty is a social responsibility [...] Labour rely too heavily on redistributing money, and on the large, clunking mechanisms of the state.”

The Liberal Democrats held the view that Labour: “must completely overhaul the weapons it uses. The way in which tax credits and benefits are being used, with little or no attention paid to housing, health and education, is creating a state of dependency. The Government must fundamentally rethink how it tackles child poverty. Gordon Brown’s unwillingness to admit and address failures in the tax credit system is undermining the wider aims of the Government. We now have a system where two million people face an effective tax rate above 50 per cent. A single mum on minimum wage can receive just 36p per hour. If we are to truly create opportunity for all we must make work pay. Although the Government has

had some success, particularly in reducing the number of children in poverty, they have already missed their first target by some 300,000.”

Poverty is defined by the British Government as ‘household income below 60 per cent of median income’. The median is the income earned by the household in the middle of the income distribution.

In the year 2004-2005 the 60 per cent threshold was worth 183 pounds per week for a two adult household, 100 pounds per week for a single adult, 268 pounds per week for two adults living with two children, and 186 pounds per week for a single adult living with two children. This sum of money is after income tax and national insurance have been deducted from earnings and after council tax, rent, mortgage and water charges have been paid. It is therefore what a household has available to spend on everything else it needs.

One should consider also that there are basically three current definitions of poverty in common usage: absolute poverty, relative poverty and social exclusion. ‘Absolute poverty’ is defined as the lack of sufficient resources with which to keep body and soul together. ‘Relative poverty’ defines income or resources in relation to the average. It is concerned with the absence of the material needs to participate fully in accepted daily life. ‘Social exclusion’ is a new term used by the British Government. Prime Minister Cameron described social exclusion as “...a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown.”

But there are also other recognised forms of poverty, such as 1) water poverty, which is defined by the government as spending more than 3 per cent of disposable income on water bills. Nationally, in 2006, nearly 10 per cent of households were in water poverty. 2) fuel poverty, which applies to a household which struggles to keep adequately warm at reasonable cost. The most widely accepted definition of a fuel poor household is one which needs to spend more than 10 per cent of its income on all fuel use and to heat the home to an adequate standard of warmth.

Defining the ‘poverty line’ as those individuals and households with incomes less than 60 per cent of their respective medians, in 2009-2010 the percentage of the population living in relative poverty stood at 17.1 per cent - before housing costs, and 22.2 per cent - after housing costs. As a result, 1) 17-18 per cent of the population are found to be in poverty at any one time consistently, from 1994-2004; 2) in 2003 to 2004, 21 per cent of children lived in households below the poverty line. After housing costs are taken into account, this

rises to 28 per cent; 3) 3.9 million number of single people in the United Kingdom lived below the poverty line in 2005. Many of these people are divorced women; and 4) nearly 60 per cent of those in poverty were homeowners.

According to a recent study by four scientists of the Institute for Fiscal Studies, and their report which was supported by the Joseph Rowntree Foundation, the latest year of data available through the methodology of the Households Below Average Income system, despite falls in Gross National Product and employment, average take-home incomes continued to grow in 2009-10. Median equivalised income in the United Kingdom grew by 0.9 per cent, from 410 pounds per week to 414 pounds per week - both in 2009-10 prices, whilst mean income grew by 1.6 per cent, from 511 pounds to 519 pounds. Taking the period from 1996-97 to 2009-10 as a whole, median equivalised income in the United Kingdom grew by about 1.6 per cent per year while mean income grew by 1.9 per cent per year, on average.

□ In the latest year of available data, income inequality was largely unchanged, and it has remained steady from the beginning of the recession. Looking over that during 2008-09 and 2009-10, there has been growth across much of the income distribution, with the highest at the very top and relatively robust growth at the bottom of the income distribution - likely to reflect real-terms increases in benefits and tax credits seen over the periods. Those in the middle of the distribution saw relatively little growth.

Considering the 13-year period of Labour Government as a whole, income inequality has increased. However, this increase in inequality is much smaller in magnitude than the rise in inequality which occurred during the 1980s. Moreover, inequality would have increased still further without the discretionary changes to taxes and benefits made by Labour during its 13-year period of government.

The most widely-watched measure of relative poverty in the United Kingdom is the proportion of individuals with household incomes below 60 per cent of the contemporary median. In the latest year of available data - 2009-10, the number of individuals living below this poverty line fell by 500,000 measuring incomes before housing costs but was unchanged measured after housing costs.

Considering Labour's 13 years in office, headline rates of relative poverty fell from 19.4 per cent in 1996-97 to 17.1 per cent in 2009-10 before housing costs and from 25.3 per cent to 22.2 per cent after housing costs. These falls in poverty were not continuous; poverty

generally fell up to 2004-05, rose for three years in a row and then fell again during the recession up to 2009-10.

A recently-published *Child poverty strategy* lays out the government's proposals for meeting the 2020 targets for the 'eradication' of child poverty. It emphasises increasing employment through welfare reform and additional childcare, and reductions in education and health inequalities. It also introduces a number of new indicators which will be tracked in addition to the legislated income-based targets. There are sensible reasons for broadening measures of poverty beyond those based purely on income. However, it is doubtful whether these policies will be enough to meet the extremely ambitious targets, particularly given the significant cuts to benefits, tax credits and public service spending planned in the years ahead.

There is no question that the Cameron's government commitment to austerity will open a path to pain and stagnation to the poor of the United Kingdom. They will be forced to suffer through years of unnecessarily high unemployment. They will also have to endure cutbacks in support for important public services like healthcare and education.

But the pain for the people in the United Kingdom could provide a useful example for the United States. After failing to see the US\$ 8 trillion housing bubble which wrecked the United States economy, the austerity programme in the United States has been newly emboldened by the hugely partisan media which desperately want to eviscerate the country's bedrock social programmes: social security and Medicare.

The *élite* media and the politicians whom they promote would love to see the United States follow the austerity path of the United Kingdom's Cameron government. The predictable result of austerity is slower growth and higher unemployment. The United Kingdom has volunteered to act as a guinea pig and test this proposition. For now, it looks like things are going just as standard economic theory predicts: the economy is slowing and unemployment is likely to rise. Maybe the British populace will tire of the rhetoric of austerity as a way to make politicians 'feel good' about tightening other peoples' belts. Maybe the Liberal Democrats will break away from the coalition and force new elections.

The conclusion should be in any way that austerity does not work and should not be tried.

By mid-October 2011 unemployment in the United Kingdom had jumped to its highest level since 1994, with young people hit hardest as private companies fail to make up for job losses in the public sector, piling pressure on the government to boost a stagnant economy. The

government was quick to blame the rise in unemployment to 2.57 million on the 'global financial crisis' and the euro zone turmoil. But calls for it to ease its austerity plans increased as fears of a 'lost generation' of young people without hope of a job were growing. Economists also warned that people should brace for more bad news as employment numbers tumbled at recession-style rates. Deep cuts in state spending would eliminate more than 300,000 public sector jobs in coming years, while the economy is teetering on the brink of recession again as consumers tighten their belts and key export markets slow down, particularly in Europe.

Less than a week after the Bank of England launched a fresh round of stimulus to prevent a recession, the bank's leading economist told *Reuters* in an interview that the economy was likely to weaken further in the final quarter of 2011. The Office for National Statistics informed that the number of people without a job on the International Labour Organisation measure jumped by 114,000 in the three months to August to 2.57 million, the highest total since October 1994.

By October 2011 the jobless rate hit 8.1 per cent, the highest since 1996. Youth unemployment rose to 991,000, its highest since records began in 1992, driving the jobless rate among eligible 16- to 24-year-olds to 21.3 per cent. The number looked set to exceed the psychologically important 1 million mark next month. The government had been banking heavily on private firms to provide enough jobs to make up for the losses of public sector jobs, but economists said the drop in employment was worrying. The number of people in work had plunged 178,000 in June-August, the biggest drop since mid-2009 and the kind of decline that previously has only been seen during recessions.

Unions seized on the dire numbers to mount a fresh attack against the government. They charged that in the middle of the worst international recession for 80 years the government itself was creating unemployment with 250,000 public sector posts already gone and still more to come. Clearly the government policy was hurting and not working.

The coalition of Conservatives and Liberal Democrats wants to boost growth through lower corporate taxes, fewer labour market regulations and other supply-side measures. The Chancellor of the Exchequer George Osborne had also announced a scheme to funnel loans more directly to credit-starved smaller firms, though this plan may not take effect any time soon.

Meanwhile the Bank of England has swung into action and begun to pump an additional 75 billion pounds into the economy in order to prevent a renewed recession. But doubts remain

over whether this would be enough of a boost for the economy, which had barely grown over the previous year as consumers face a combination of soaring prices, higher taxes and slow wage increases.

The Office for National Statistics' figures showed that real incomes were still falling as pay increases fell even further behind inflation rates of nearly 5 per cent. Average weekly earnings including bonuses grew by 2.8 per cent. Analysts had forecast a rise of 2.9 per cent. Excluding bonuses, earnings rose only 1.8 per cent, below analysts' forecasts of 2.0 per cent.

The Joseph Rowntree Foundation survey, *Monitoring poverty and social exclusion 2011*, published at the end of 2011, revealed the terrible scale of entrenched poverty in the United Kingdom.

The Rowntree report is based on data collected by the Department for Work and Pensions for 2009-2010, the latest year for which full data are available. Rowntree's previous report, from 2008-2009, found that 13.5 million people - 22 per cent of the population in the United Kingdom - lived in poverty. The Rowntree figures reveal that in the 2009-2010 period, 22 per cent of the population were still officially living in poverty. The report also deducts housing costs and housing benefits from household income, and factors in the numbers, and ages, of people living in a household. On this basis, after taxes and housing costs had been deducted, 60 per cent of median income was calculated at 124 pounds per week for a single adult and 214 pounds for a couple with no children. It stood at 210 pounds for a single parent with two young children and 300 pounds for a couple with two young children.

The level of 'deep poverty' - household incomes of less than 40 per cent of the median - was also very high, with 10 per cent of the population affected. Poverty among children stands at 29 per cent and for old age pensioners stands at 16 per cent. The majority of people in poverty in Britain today are not those forced to live on lower than subsistence level welfare benefits, but are part of growing number of 'working poor'.

The Rowntree report found that "Among working-age adults in poverty, 53 per cent live in working families (that is, either they or their partner are working)." Since 2001-2002, the increase in the number of working-age adults in poverty was 2 million. In 2009-2010, the number of working-age adults in working families who were living in poverty stood at 4 million.

Millions of children continue to live in poverty. In 2009-2010, 2.1 million children, more than half of all children in poverty, were living in working households. Child poverty is set to soar as a result of the austerity measures being imposed by the Conservative-Liberal Democrat government. The Treasury's own figures were drawn up after Chancellor George Osborne's autumn budget statement acknowledged "an estimated increase of around 100,000 in 2012-13" in the child poverty figure. The government then attempted to claim that the Consumer Price Index rate of inflation was currently higher than the growth of average earnings, asserting that increasing benefits by the C.P.I. rate of inflation would eventually cause child poverty to fall.

This manipulation of figures was challenged by the Institute of Fiscal Studies, which confirmed that up to 100,000 more children would be pushed below the poverty line as a direct result of government policies.

Another study by Rowntree, published in October, forecasts that a further 700,000 children will be pushed into poverty by 2020. The latest Rowntree reports detail the devastating extent of underemployment and unemployment in the United Kingdom. As a result, "in the first half of 2011, some 6 million people in the UK were underemployed. This had changed little from 2010. Underemployment had not been this high since 1993."

Unemployment has risen markedly since the period analysed by Rowntree, when 2.5 million people were officially unemployed. In the three months to October of 2011 unemployment hit its highest level since 1994, when it shot up by 128,000 to 2.64 million.

By the end of 2011 the Chartered Institute of Personnel and Development think tank warned that unemployment would continue to rise to 2.85 million in 2012, stating that the private sector would not be able to offset the 120,000 job losses set to go in the public sector. However, the C.I.P.D. report appeared to be wildly optimistic, as its figures are premised on there being no widespread new job loss losses in the private sector and a "relatively benign outcome to the euro zone crisis."

According to official figures, up to 710,000 public sector jobs will be lost by 2017. Tens of thousands of people have also been arbitrarily deprived of unemployment and disability benefit payments.

Rowntree's study examines the scale of 'fuel poverty' in the United Kingdom, which has risen drastically over the last decade. The report states, "The proportion of households who struggle to keep their homes warm has risen for all tenure types since 2003. That year,

around 6 per cent of all households were in fuel poverty.” Furthermore, “By 2009 18 per cent of all households, and 21 per cent of those in rented accommodation (social or private), were in fuel poverty. This threefold increase is the steepest of any indicator in this report. In 2009, some 4 million households were in fuel poverty.” This figure has been superseded by the huge growth in ‘fuel poverty’, from nearly one in five households in 2010 to one in four in 2011. According to a recent report by statutory consumer body Consumer Focus, a quarter of all households in England and Wales have now fallen into ‘fuel poverty’. The government had previously forecast that this year would see 4.1 million households in the United Kingdom in ‘fuel poverty’, but the Consumer Focus figures reveal that there are now more than 5 million households in ‘fuel poverty’ in England alone.

In 2012 millions more people would be thrown into poverty due to the more than 2.5 billion pounds of reductions to tax credits, which top up the income of low income families. It was forecast that 2012 would have been the year cuts bite deepest.

Low- to middle-income households would receive 56 per cent of all tax credits in cash terms and would be hit disproportionately. A couple with two children and an income of 40,000 pounds a year would have seen their income fall by 8.9 per cent in 2011 and 2012, and by 14.5 per cent by 2013-2014.

* * *

In the United States poverty is defined as the state of one who lacks a usual or socially acceptable amount of money or material possessions. According to the United States Census Bureau data released on 13 September 2011, the nation’s poverty rate rose to 15.1 per cent in 2010, up from 14.3 per cent - affecting approximately 43.6 million Americans - in 2009 and to its highest level since 1993. In 2008, 13.2 per cent - about 39.8 million Americans - lived in relative poverty.

The government’s definition of poverty is not tied to an absolute value of how much an individual or family can afford, but is tied to a relative level based on total income received. For example, the poverty level for 2011 was set at US\$ 22,350 - total yearly income - for a family of four. Most Americans - about 58.5 per cent - will spend at least one year below the poverty line at some point between ages 25 and 75. There remains some controversy over whether the official poverty threshold over- or understates poverty.

The most common measure of poverty in the United States is the ‘poverty threshold’ set by the United States Government. This measure recognises poverty as a lack of those goods and

services commonly taken for granted by members of mainstream society. The official threshold is adjusted for inflation using the Consumer Price Index.

Relative poverty describes how income relates to the median income, and does not imply that the person is lacking anything. In general the United States has some of the highest relative poverty rates among industrialized countries.

There are two basic versions of the federal poverty measure: the poverty thresholds - which are the primary version - and the poverty guidelines. The Census Bureau issues the poverty thresholds, which are generally used for statistical purposes—for example, to estimate the number of people in poverty nationwide each year and classify them by type of residence, race, and other social, economic, and demographic characteristics. The Department of Health and Human Services issues the poverty guidelines for administrative purposes—for instance, to determine whether a person or family is eligible for assistance through various federal programmes.

Since the 1960s, the United States Government has defined poverty in absolute terms. In 1964, when President Johnson Administration declared ‘war on poverty’, it chose an absolute measure. The ‘absolute poverty line’ is the threshold below which families or individuals are considered to be lacking the resources to meet the basic needs for healthy living; having insufficient income to provide the food, shelter and clothing needed to preserve health.

The Bureau of the Budget - now the Office of Management and Budget - adopted the previous definition for statistical use in all Executive departments. The measure gave a range of income cutoffs, or thresholds, adjusted for factors such as family size, sex of the family head, number of children under 18 years old, and farm or non-farm residence. The economy food plan - the least costly of four nutritionally adequate food plans designed by the Department of Agriculture - was at the core of this definition of poverty. The Department of Agriculture found that families of three or more persons spent about one third of their after-tax income on food. For these families, poverty thresholds were set at three times the cost of the economy food plan. Different procedures were used for calculating poverty thresholds for two-person households and persons living alone. Annual updates of the Social Security Administration poverty thresholds were based on price changes in the economy food plan.

Two changes were made to the poverty definition in 1969. Thresholds for non-farm families were tied to annual changes in the Consumer Price Index rather than changes in the cost of the economy food plan. Farm thresholds were raised from 70 to 85 per cent of the non-farm

levels. In 1981 further changes were made to the poverty definition. Separate thresholds for 'farm' and 'female-householder' families were eliminated. The largest family size category became "nine persons or more."

Apart from these changes, the United States Government's approach to measuring poverty has remained static for the past forty years.

The 2010 figure for a family of 4 with no children under 18 years of age is US\$ 22,541, while the figure for a family of 4 with 2 children under 18 is US\$ 22,162. For comparison, the 2011 Department of health and Human Services poverty guideline for a family of 4 is US\$ 22,350.

The official number of poor in the United States in 2008 was about 39.1 million people, greater in number but not percentage than the officially poor in Indonesia, which has a far lower Human Development Index and the next largest population after the United States. The poverty level in the United States, with 12.65 per cent - 39.1 million people in poverty, of a total of 309 million - is comparable to the one in France, where 14 per cent of the population live with less than 880 euros per month.

Numbers of poor are hard to compare across countries. In the European Union and for the O.E.C.D., 'relative poverty' is defined as an income below 60 per cent of the national median equalised disposable income after social transfers for a comparable household. A research paper from the O.E.C.D. calculates the relative poverty rate for the United States at 16 per cent for 50 per cent median of disposable income and nearly 24 per cent for 60 per cent of median disposable income.

In addition to family status, race/ethnicity and age also correlate with high poverty rates in the United States. Although data regarding race and poverty are more extensively published and cross tabulated the family status correlation is by far the strongest.

According to the U.S. Census, in 2007 5.8 per cent of all people in married families lived in poverty, as did 26.6 per cent of all persons in single parent households and 19.1 per cent of all persons living alone. Among married families: 5.8 per cent lived in poverty. This number varied by ethnicity with 5.4 per cent of white persons, 8.3 per cent of black persons, and 14.9 per cent of Hispanic persons - of any nationality - living in poverty. Among single parent families: 26.6 per cent lived in poverty. This number varied by ethnicity with 30 per cent of white persons, 40 per cent of black persons, and 30 per cent of Hispanic persons - of any nationality - living in poverty. Among unrelated individuals living alone: 19.1 per cent lived in poverty. This number varied by ethnicity with 18 per cent of white persons 27.9

per cent of black persons and 27 per cent of Hispanic persons - of any nationality - living in poverty.

Minorities were hit hardest. Blacks experienced the highest poverty rate, at 27 per cent, up from 25 per cent in 2009, and Hispanics rose to 26 per cent from 25 per cent. For whites, 9.9 per cent lived in poverty, up from 9.4 per cent in 2009. Asians were unchanged at 12.1 per cent.

The U.S. Census declared that in 2008 13.2 per cent of the general population lived in poverty: 8.6 per cent of all whites, 9.8 per cent of all Asian Americans, 23.2 per cent of all Hispanics - of any nationality, 14.2 per cent of all American Indians and Alaska Natives, 24.7 per cent of all African Americans.

About half of those living in poverty are non-Hispanic white, but poverty rates are much higher for blacks and other minorities. 57 per cent of all poor rural children are non-Hispanic white, compared with 28 per cent of poor urban children. The U.S. Census declared that in 2007 12.5 per cent of the general population lived in poverty: 18 per cent of all people under age 18, 10.9 per cent of all people 19-64, and 9.7 per cent of all people ages 65 and older.

The Organisation for Economic Co-operation and Development uses a different measure for poverty and declared in 2008 that child poverty in the United States is 20 per cent and poverty among the elderly is 23 per cent.

Eighty-nine per cent of the American households were food secure throughout the entire year of 2002, meaning that they had access, at all times, to enough food for an active, healthy life for all of the household members. The remaining households were food insecure at least some time during that year. The prevalence of food insecurity rose from 10.7 per cent in 2001 to 11.1 per cent in 2002, and the prevalence of food insecurity with hunger rose from 3.3 per cent to 3.5 per cent. In 2008 eighty-five per cent of American households were food secure throughout the entire year.

The number of people in the United States living in poverty in 2010 rose for the fourth year in a row, and the number of Americans living below the official poverty line, 46.2 million people, was the highest number in the 52 years the bureau has been publishing figures on it. The surge lifted the poverty rate to 15.1 per cent of the population - equal to 1993, revealing the extent of the challenge facing President Barack Obama as he battles to reignite the recovery and reduce unemployment.

Worryingly, the rise in poverty came in the first full year after what appeared as the end of the recession sparked by the global financial crisis, when the economy was growing at between 2 and 4 per cent. In 2011 growth petered out to near-zero, with the jobless rate rebounding above 9 per cent.

The stagnant jobs market was also chiefly to blame for an additional 900,000 Americans going without health insurance in 2010, most having lost the protection employers provide. It was safely estimated that at the current rate the recession would have added nearly 10 million people to the ranks of the poor by the middle of the decade.

Joblessness was the main culprit pushing more Americans into poverty. During 2010 about 48 million people ages 18 to 64 did not work even one week out of the year, up from 45 million in 2009.

Median income fell across all working-age categories, but the sharpest drop was among the young working Americans, ages 15 to 24, who experienced a decline of 9 per cent.

According to the Census figures, the median annual income for a male full-time, year-round worker in 2010 - US\$ 47,715 - was virtually unchanged, in 2010 dollars, from its level in 1973, when it was US\$ 49,065. Those who do not have college degrees were particularly hard hit. And the median, full-time male worker has made no progress on average.

The recession has continued pushing 25-to-34-year-olds to move in with family and friends to save money. Of that group, nearly half were living below the poverty line, when their parents' incomes were excluded. The poverty level for a single person under the age of 65 was AU\$ 11,344.

There was clearly the possibility of risking a new underclass. Young, less-educated adults, mainly men, cannot support their children and form stable families because they are jobless.

But even the period of economic growth which came before the recession did little for the middle and bottom wage earners. And in new signs of distress among the middle class, median household incomes fell last year to levels last seen in 1996.

Median household income fell 2.3 per cent, to US\$ 49,445, taking to 6.4 per cent the decline since 2007, the year before the global financial crisis sent the world economy into recession.

Economists pointed to a telling element of statistics: it was the first time since the Great Depression that median household income, adjusted for inflation, had not risen over such a

long period. It was the concrete sign of a truly lost decade. One thinks of America as a place where every generation is doing better, but one is on the contrary looking at a period when the median family is in worse shape than it was in the late 1990s.

The percentage of Americans living below the poverty line in 2010, at 15.1 per cent, was the highest level since 1993. The poverty line in 2010 for a family of four was US\$ 22,314. The number of people without health insurance coverage rose to 16.3 per cent, or 49.9 million, from 16.1 per cent a year ago. The jump was mostly due to decreases in employer-provided insurance.

It was anticipated that figures could get even worse, due to rising demand for food stamps and a staggeringly high level of long-term unemployment - those out of work for more than 26 weeks.

Among other findings were the following:

- 1) Child poverty rose to 22 per cent, from 20.7 per cent.
- 2) Poverty among seniors remained unchanged at 9 per cent.
- 3) Poverty levels rose across all racial and ethnic groups except Asians, which remained at 12.1 per cent. Poverty among Hispanics increased to 26.6 per cent; among blacks it rose to 27.4 per cent; among whites it climbed to 9.9 per cent.
- 4) Households in the Midwest, South and West experienced declines in real median income between 2009 and 2010, while median household income in the Northeast was not statistically significant.
- 5) In 2010 the number of families living in poverty was 9.2 million, up from 8.8 million in 2009. The family poverty rate also increased, from 11.1 per cent in 2009 to 11.7 per cent.
- 6) There were also increases in the poverty rate: the number in poverty for both married-couple families - 6.2 per cent, 3.6 million in 2010, up from 5.8 per cent, 3.4 million in 2009, and for female-householder-with-no-husband-present families - 31.6 per cent, 4.7 million in 2010, up from 29.9 per cent, 4.4 million in 2009.
- 7) Since 2007 - when the recession began - the poverty rate has increased by 2.6 percentage points. Although the 2010 rate is 7.3 percentage points lower than in 1959 when the rate was first estimated, it is its highest since 1993.

8) The change in income inequality between 2009 and 2010 was not statistically significant, although shares of aggregate household income by quintiles showed a slight shift to increased inequality.

9) Women's earnings for full-time, year-round work in 2010 were 77 per cent that for men - not statistically different from the 2009 ratio.

The Census Bureau's findings were worse than many economists expected, and brought into sharp relief the toll the past decade - including the painful declines of the financial crisis and recession - had taken on Americans at the middle and lower parts of the income ladder. It is also fresh evidence that the disappointing economic recovery has done nothing for the country's poorest citizens.

America's most dire poverty snapshot in 50 years has probably already deteriorated further as the jobs crisis has worsened in 2011 and as a new slowdown threatens to plunge the United States back into recession.

The figures were released as President Obama headed to Ohio to champion his US\$ 450 billion-plus jobs plan that incorporates a mix of payroll tax relief and infrastructure spending as a tonic for reviving the economy. But the plan has run into opposition from Republicans who bridle at its call to close loopholes that benefit big corporations and the rich. The Republicans argue that any effective tax increases would stymie private sector job creation.

Americans, generally, appear sceptical about the plan's ability to jump-start the work programme.

The past decade was also marked by a growing gap between the very top and very bottom of the income ladder. Median household income for the bottom tenth of the income spectrum fell by 12 per cent from a peak in 1999, while the top 90th percentile dropped by just 1.5 per cent. Overall, median household income adjusted for inflation declined by 2.3 per cent in 2010 from the previous year, to US\$ 49,445. That was 7 per cent less than the peak of US\$ 53,252 in 1999. Part of the income decline over time was because of the smaller size of the American family. 2011 was not likely to be any better. Stimulus money had largely ended, and state and local governments had made deep cuts to staff and to budgets for social programmes, both likely to move economically fragile families closer to poverty.

The gap widened between rich and poor: median income for America's top 5 per cent of households slipped 1.2 per cent to \$US 180,810 with declines getting bigger further down the

income scale. Income for the bottom 20 per cent of households fell 3.8 per cent after adjusting for inflation.

The United States has one of the developed world's highest poverty rates, worse than all but three of 34 nations tracked by the O.E.C.D. - Chile, Israel and Mexico. But the outlook threatens to send American poverty rate higher still.

* * *

There are about 350 million Indigenous people in the world. They comprise about 5 per cent of the world's population but make up about 15 per cent of the world's poor. They are often among the poorest peoples and the poverty gap between Indigenous and non-Indigenous groups is increasing in many countries around the world.

Indigenous peoples are the guardians of ancient cultures and traditions, but their ability to uphold them becomes ever more challenging due to their lack of economic opportunity. Living far from cities or centres of commerce, they tend to have much less power and influence over their governments and local policy makers, who could affect change and improve their quality of life. Indigenous peoples have long faced discrimination, social exclusion, marginalisation, and limited economic opportunity - factors which contribute to a cycle of generational poverty. Indigenous women suffer the most from double discrimination: because they are Indigenous and because they are women.

Indigenous people have knowledge of artistic processes, languages, herbal medicine, farming techniques, and more. When they are forced to migrate to urban centres in search of income they are usually forced by the dominant culture to abandon their language, their cultural traditions, their native dress, and sense of unity.

Countless worthy causes and just as many charitable institutions have attempted in the past and continue to 'reduce the poverty' of Indigenous people. Among them are: 1) Trickle Up, which helps people living on less than US\$ 1.25 a day to lift themselves out of poverty by providing them with seed capital grants, community savings groups to help build their assets, and training for how to operate and grow a microenterprise; 2) Oxfam, which works to end poverty and injustice in America and the rest of the world; 3) Doctors Without Borders, which treats, among many others in desperate need, those suffering from severe malnutrition; and many, many more very meritorious organisations - both national and international.

‘Trickle Up’ works on the principle that benefits to the wealthy will be realised due to an increase in sales relative to the amount of benefits which are given to the poor. Proponents of the trickle up effect believe that if the lower and lower-middle classes are given benefits, such as tax breaks or subsidies, the increased funds would be spent at a much higher rate than would the upper class, given similar fund increases.

When ‘Trickle Up’ works with Indigenous people so they can remain and thrive in their own rural communities, it does not only alleviate their extreme poverty, it also enables the preservation of culture and traditions which would otherwise be lost forever. ‘Trickle Up’ is very active in India where 48 per cent of ‘Trickle Up’ participants are members of tribal communities.

Australian Aboriginal people are the persistent, gigantic problem of the Australian society.

The earliest accepted timeline for the first arrivals of Indigenous Australians to the continent of Australia places this human migration to at least 40,000 years ago most probably from the islands of Indonesia and Papua New Guinea. These first inhabitants of Australia were originally hunter-gatherer peoples, who over the course of many succeeding generations diversified widely throughout the continent and its nearby islands. Although their technical culture remained static - depending on wood, bone, and stone tools and weapons - their spiritual and social life was highly complex. Most spoke several languages, and confederacies sometimes linked widely scattered tribal groups. Aboriginal population density ranged from one person per 2.6 square kilometres along the coasts to one person per 91 square kilometres in the arid interior. Food procurement was usually a matter for the nuclear family, requiring an estimated three days of work per week. There was little large game, and outside of some communities in the more fertile south-east they had no agriculture.

At that time of the British invasion the Indigenous population was estimated to have been between 315,000 and 750,000, divided into as many as 500 tribes, speaking many different languages. In the 2006 Census, 407,700 respondents declared they were Aboriginal, 29,512 declared they were Torres Strait Islander, and a further 17,811 declared they were both Aboriginal and Torres Strait Islanders. After adjustments for undercount, the Indigenous population as of end June 2006 - according to the latest available data - was estimated to be 517,200, representing about 2.5 per cent of the total population of Australia. As a community, Aborigines rank 103 on the United Nations Index of Human Development, which considers life expectancy, literacy, and standard of living.

Until 1965 Australia had an assimilation policy in place which aimed at making Aboriginal people blend into white society as much as possible. Though abandoned decades ago, being 'assimilated' has become some kind of cuss word, even among Aboriginal people, especially those living in big cities or working for the government.

As a result of the experiences of the *Stolen Generations* - the practice of removing children of Australian Aboriginal and Torres Strait Islander descent from their families by the Australian Federal and State government agencies and church missions, under acts of their respective parliaments - many Aboriginal people have deep-seated fears about being removed from their communities by white people, be it for welfare reasons or for imprisonment. The removals occurred in the period between approximately 1869 and 1969, although in some places children were still being taken in the 1970s.

This leads to a 'code of silence' which surrounds abuse because Aboriginal people do not want to relive the traumas of forced removals which - it seems - are just starting to heal after the Australian government's apology in February 2008.

Contrary to what many people think - and to the stereotype of Australian advertising - the majority of Aboriginal and Torres Strait Islander people live in Australia's eastern states and not in the remote desert regions of the continent.

Sixty three per cent of Indigenous people live in New South Wales, Queensland and Victoria while Western Australia and the Northern Territory contribute only 28 per cent of the Indigenous population. The population is the lowest in South Australia, 5 per cent and Tasmania, 3 per cent. The Australian Capital Territory is home to only 0.8 per cent of Australia's Indigenous people.

The 2006 census showed that the Aboriginal population is relatively young. The median age is 20 years, compared with 37 years for non-Aboriginal people. Just 3 per cent of the Aboriginal population are over 65 years old, while 13 per cent of non-Aboriginal Australians are in that age bracket.

Ninety per cent of Australia's Aboriginal and Torres Strait Islander population identified themselves as Aboriginal people - coming from mainland Australia, 6 per cent as Torres Strait Islanders - in the far North Queensland - and 4 per cent of both origins.

Racism towards people who are not 'Caucasian-looking' is virulent in Australia. Racism is still viewed by mainstream Australia as wrong, and so it is practised with some guilt and in

polite company circumspection. Discrimination is a subtle sword white Australians use against Indigenous people.

Australia has one of the weakest protections of human rights in the 'western' world. Alone amongst Anglo-phone countries, it has no bill of rights. Its membership of international organisations is more notable for violating the establishing treaties, particularly human and civil rights treaties, than for abiding by and honouring them.

In 1998 the Australian Capital Territory Supreme Court was called to decide a test case brought by members of the Tent Embassy which was erected in 1972, as a sign of protest, in front of Parliament House in Canberra. In the case Mr. Justice Kenneth Crispin found that "there is ample evidence to satisfy me that acts of genocide were committed during the colonisation of Australia." But no-one took notice.

In July 1949 Australia had ratified the United Nations' *Convention on the Prevention and Punishment of the Crime of Genocide* which in article 2 defines genocide as "killing members of the group; causing serious bodily or mental harm to members of the group; deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part; imposing measures intended to prevent births within the group; [and] forcibly transferring children of the group to another group."

However, the bill Australia passed to ratify the convention did not make genocide a crime under domestic law. Consequently, the Aboriginal Tent Embassy plaintiffs lost their case on appeal to the Federal Court.

An Indigenous woman is 45 times more likely to experience domestic violence than a white woman. Violence patterns are passed on from parents to their children. It takes police up to two years to respond to cases of domestic violence and take victims seriously.

Cultural oppression and abuse continues to this day. The case of David Unaipon is the perfect example. David Unaipon (1872-1967) was a Ngarrindjeri man, a preacher, inventor and writer. Among his patents was a helicopter design based on the principle of a boomerang.

David Unaipon is featured on the front of Australia's 50-dollar note, along with drawings from one of his inventions, and an extract from the original manuscript of his book *Legendary tales of the Australian Aborigines*. But in November 2008 Allan 'Chirpy' Campbell, David Unaipon's great-nephew, claimed that David's family has never given

permission for his image to be used. Campbell's argument is that a woman originally consulted by the Reserve Bank, and who gave permission to the use, is not related to Mr. Unaipon.

Each year on Australia Day - which falls on 26 January, the anniversary of the British invasion - the government of Australia honours the Australian of the Year, a person who is said to have "inspired through achievements and challenge to make one's contribution to creating a better Australia." A small list of Aborigines have been picked as Australians of the Year, often by way of token 'recognition'. All this makes the 97.5 per centers - the majority - 'feel good'. Too many Aborigines have been de-tribalised through 'intellectual sodomisation' by Jesuits, Christianisation by Anglicans, and rearing at 'missions' such as the Lutheran Hermannsburg, in the Northern Territory.

It is that increasingly casual reaction to Indigenous achievement and success which is a marker of how far some Indigenous people have progressed. It is becoming unexceptional to have successful Indigenous filmmakers, artists, doctors, academics, lawyers, nurses and politicians. But there are only few Aboriginal role models to inspire Indigenous children. Politicians, actors, musicians, comedians - most of these in Australia are non-Indigenous. Part of the problem is the high rate of Indigenous unemployment, but also the appalling low rate of airplay for Aboriginal music and the few occasions where Australians can celebrate their Indigenous actors in Aboriginal films. Sport, particularly football and rugby league, is the only area where Indigenous players are so successful that, at times, they outshine their non-Indigenous team mates.

Many Aboriginal communities and families fracture and break down because Aboriginal people cannot deal with their current situation, but also because many governments have neglected basic services and infrastructure for decades.

Unable to lift themselves out of their despair, Aboriginal people turn to excessive alcohol consumption and take marijuana and sniff petrol. This is then followed by violence, murder, self-harm, suicide and child sex abuse. Some say that the problem has worsened since Aboriginal people have been driven off pastoral leases in the 1970s to settle in towns.

Few Australians are aware of the extent of the ongoing crisis in Indigenous health or realise that the health of Indigenous Australians is on a par with, or worse than, the populations of many developing countries and the high cost of food in remote areas where many Indigenous people live.

As a whole, Aboriginal and Torres Strait Islander populations throughout Australia have much poorer health than non-Indigenous Australians.

The main causes of Aboriginal community breakdown are: lack of medical and disability services, no home and community care services, no dental care, a decline in education services and school attendance, large turnover in the number of nurses, problems with sewerage and clean water provision, failure to approve foster carers, and children swimming in sewerage ponds because local pools were not operational. Though they are the most helpless members of Aboriginal communities, children bear a great deal of the violence and abuse from Aboriginal people.

The *Little Children are Sacred* report in 2007 uncovered heart-breaking stories about child abuse. Its authors made 42 recommendations to the Australian government, but just over a third of them had been fully adopted two years later. Child protection workers report a 'huge backlog' of cases, hundreds of which 'had not been touched in years'.

Aboriginal children are 7 times more likely to be on a care order, and 7 times more likely to be removed from their parents and placed into out-of-home care than non-Aboriginal children. Helping Aboriginal children requires professionals, such as social workers, welfare workers, nurses, doctors, police and teachers, but attracting these into Aboriginal communities proves a difficult task. Governments receive 'pretty grim' reports but sometimes take 18 months before they investigate what occurs.

Compared with non-Indigenous Australians, Indigenous people have: life expectancy - 20 years less; median age at death of 53 years - 25 years less than for the population as a whole; hospitalisation rate - about twice as high; only 24 per cent of Aboriginal men are expected to live to 65 years of age, compared with 87 per cent for the non-Indigenous population.

Life expectancy in most developing countries has increased significantly over the past 20 years, yet similar gains for Indigenous Australians have not yet been achieved. Indeed, the figures appear to have worsened in recent times. Life expectancy in countries like Nigeria, Nepal, Bangladesh, India and Thailand is much greater than for Indigenous Australians. How does it affect children? Thus: infant mortality rate is twice as high; low birth weight is twice as high; in remote areas children are three times as likely to die before the age of one; the main cause of illness is preventable infection; 30 - 80 per cent of Indigenous school aged children suffer significant hearing loss as a result of preventable chronic ear infections. Low

birth weight is an important indicator of chronic health problems in later life and a possible causal factor in illnesses such as kidney failure, diabetes and heart disease.

What are the levels of illness? As a group, Indigenous people have much higher rates of chronic disease. This burden of illness takes a huge toll on individuals, families and communities. Rheumatic heart disease is 6-8 times higher; diseases of the circulatory system are 3 times higher; diabetes is 4 times higher; kidney disease is 9 times the non-Indigenous rate, and in some regions 30 times as high; diseases such as heart disease, kidney disease and diabetes are linked, and many Indigenous people, especially those in remote regions, may suffer from two or more of these serious illnesses or 'co-morbidities'.

Why is Indigenous health so poor? The underlying causes of poor health are called the social determinants of health. These do not only affect Indigenous people. All people who are disadvantaged are likely to have poorer health, and few of the factors that cause groups of people to be disadvantaged can be controlled by individuals. A recent report by the Productivity Commission says that 'Indigenous Australians continue to experience marked and widespread disadvantage': about 30 per cent of Indigenous households - some 120,000 people - are in income poverty; in 2001, 20 per cent of Indigenous people were unemployed, about three times the rate for non-Indigenous people; 60 per cent of Indigenous people work in low skill occupations. 18 per cent are on 'work for the dole' schemes; it is estimated that the true rate of Indigenous unemployment is more than 43 per cent; the average Indigenous household income is about 62 per cent of average non-Indigenous household income; only about 31 per cent of Indigenous Australians own or are buying their own homes, compared with 70 per cent for other Australians.

In addition to these 'social determinants', Indigenous people in Australia are affected by particular factors like poor housing, lack of community infrastructure - such as water, sewerage, roads, and high levels of poverty. In 2001 a national survey of Indigenous communities found that 31 per cent of houses needed major repair or replacement; many Indigenous communities still do not have a reliable water supply and do not have electric power; a survey of 4,000 Indigenous homes in the Northern Territory in 1998-99 found that only 13 per cent had functioning water, waste, cooking and cleaning facilities.

Education is an important 'social determinant' of health, and there are strong two-way links between health and education. People with low educational attainment have fewer life opportunities, poorer health, lower incomes and are more likely to be unemployed. In 2001

approximately 67 per cent of Indigenous students met Year 5 reading benchmarks and about 63 per cent met year 5 numeracy benchmarks - about 90 per cent of all students met both. Only 38 per cent of Indigenous students complete high school, compared with about 76 per cent of non-Indigenous students. Fewer Indigenous children attend preschool, and so are less school ready than other children who have attended pre-school.

The death of many Aborigines is often related to the abuse of alcohol and cannabis. The appalling living conditions play their part: foetal alcohol syndrome, poor levels of education, few jobs, 'disgraceful' public housing, overcrowded homes, poor health, sexual abuse and much lower life expectancy.

Aboriginal male suicides play an important part in explaining elevated suicide rates with many suicides concentrated in the 15 to 24 and 25 to 34 age brackets,, often through hanging and while incarcerated. 'Normalisation' of suicide in Aboriginal life contributes to more suicides just as the lack of opportunity to discuss grief or taboos surrounding suicide.

Increasing government spending is an attempt to improve community life and avoid Aboriginal suicides. But it is seriously flawed, because no organisation or individual monitors the performance of government agencies and no-one is held responsible for achieving improved outcomes for Aboriginal people.

Many young Aboriginal people have lost faith that services such as counselling services could help them. They have doubts about the cultural competence and generally do not believe services can help them. Some have confidentiality concerns about their issues remaining private, while others fear that using a service would result in shame for themselves or their family, being judged, ridiculed or punished. But one of the biggest barriers in rural and remote areas remains access to such services in the first place.

Many Aboriginal people have been traumatised when they were abused as children in Aboriginal missions. The pain haunts them through their adult life and if they do not receive help some just cannot cope anymore.

A recent study found that the quality of life of Aboriginal Australians was the second worst on earth. In countries comparable to Australia, Australia has the highest gap in educational attainment between its Indigenous and non-Indigenous population and this gap has widened in the past decade.

The health outcomes for other Indigenous populations have improved markedly over the past 30-40 years. Maoris in New Zealand, Native Americans and Aboriginal Canadians all enjoy significantly better health than Aboriginal and/or Torres Strait Islander Australians.

* * *

A recent report of the O.E.C.D. concluded that in the three decades prior to the recent economic downturn, wage gaps widened and household income inequality increased in a large majority of O.E.C.D. countries. This occurred even when countries were going through a period of sustained economic and employment growth. The report, *Divided we stand: why inequality keeps rising*, analyses the major underlying forces behind these developments.

With reference to Australia the report noted that income inequality among working-age people has been rising since 2000 and is today above the O.E.C.D. average. In 2008 the average income of the top 10 per cent of Australians was AU\$ 131,300 (US\$ 88, 800), nearly 10 times higher than that of the bottom 10 per cent, who had an average income of AU\$ 13,700 (US\$ 9,300). This is up from a ratio of 8 to 1 in the mid 1990s.

The growth in inequality since 2000 was driven by two forces in different periods: widening disparities of market incomes - gross earnings, savings and capital - between 2000 and 2004 and weakening redistribution since 2004. According to the latest data, taxes and benefits reduce inequality by 23 per cent, which is about O.E.C.D. average.

In particular, the report found that the richest 1 per cent of Australians saw their share of total national income almost double, from 4.8 per cent in 1980 to 8.8 per cent in 2008. Moreover, that of the richest 0.1 per cent rose from 1 per cent to 3 per cent. At the same time, top marginal income tax rates declined markedly, dropping from 60 per cent in 1981 to 45 per cent in 2010. Labour market changes have been a key driver of inequality trends in Australia. The earnings gap between the 10 per cent best and least paid full-time workers increased by a fifth between 1980 and in 2008.

Employment income makes up only a third of household income in the bottom quintile in Australia - compared to an O.E.C.D. average of two thirds. This suggests jobless households face a much higher risk of falling at the bottom of the income distribution.

Societal changes, such as more single parent families and people living alone, and people marrying within similar earnings classes, also contributed to rising household earnings

inequality. At the same time, higher employment rates for women helped reduce household earnings inequality. Growing disparities and declining employment rates among men are the main drivers, explaining about two-thirds of the increase. The tax-benefit system in Australia has offset just over half of the rise that occurred in market income inequality during the past two decades, a percentage which is higher than in many other O.E.C.D. countries. Nonetheless, since the mid-1980s, taxes have become less redistributive. Both progressivity and average tax rates have declined. And since the mid-1990s the overall redistributive effect also weakened. In most cases, out-of-work income as a proportion of in-work income has fallen, in part due to allowance rates failing to keep pace with wage growth. Only single parents, whose income support is tied to an average earnings measure and who benefitted from more generous family benefits, were excepted. The flattening of the personal income tax system in the mid-2000s - e.g. through increases to the top threshold - also contributed to a reduced capacity of redistribution.

Spending on public services in Australia is higher than the O.E.C.D. average but spending on cash transfers is lower. Overall, these services such as education, health or care cut inequality by 17 per cent, a little less than the O.E.C.D. average.

To mark Anti-Poverty Week, on 21 October the Australian Council of Social Service released an update of its *Poverty Report* bringing together all the latest measurements of poverty and inequality, and calling on the Commonwealth Government to increase income support allowances like *Newstart*, in order to tackle the growing gap between the rich and poor in Australia. “The evidence is mounting of a growing divide with more people hitting hard times and falling into poverty.” said A.C.O.S.S. “There is widespread consensus that the paltry payment levels for allowances such as *Newstart*, Parenting Payment Single, and Youth Allowance is one of the principle reasons for increasing hardship and poverty in our rich country. This was highlighted at the recent Tax Forum in Canberra where participants almost unanimously agreed that the *Newstart* Allowance of AU\$ 35 a day is simply not enough to live on.”

There is now an irrefutable volume of evidence pointing to a growing gap emerging between the haves and the have-nots in Australia. Perhaps the most stark are recent Australian Bureau of Statistics data showing that the wealthiest 20 per cent of households in Australia increased their average net worth by 15 per cent in the past 5 years compared to just 4 per cent by the poorest 20 per cent. The bottom 20 per cent had an average net worth of only AU\$ 32,000, just 1 per cent of total household wealth. The richest 20 per cent by contrast

accounted for 62 per cent of the whole country's wealth, or an average of AU\$ 2.2 million per household.

"We urge the Federal Government to listen to the overwhelming consensus emerging - not only among the entire community sector - but also unions, academics, economists, the Henry Review and the O.E.C.D. We call for a commitment to an AU\$ 50 increase in single payment allowances and to index allowances the same way as pensions. A.C.O.S.S. understands the current political reality and budgetary constraints, however, we believe the time has come to address this pressing issue. We feel the AU\$1 billion cost is modest and not significant enough to blow the budget bottom line. It could be funded almost immediately by Government action to close business loopholes and shelters that we estimate cost at least AU\$ 20 billion in forgone revenue every year. This important step would almost overnight lift around one million Australians out of the worst forms of deprivation. It would also go some way to address the growing divide between the rich and poor which is greater than ever before. The price of not acting is to condemn many more people to poverty and the margins of our society." A.C.O.S.S. said.

A new report also released in October 2011 by the Australian Bureau of Statistics showed that the gap between the richest and poorest layers of society has widened since the beginning of the global financial crisis in 2008. The statistics indicate that, as has happened elsewhere around the world, the wealthy *élites* in Australia have been able to exploit the economic breakdown to profit at the expense of ordinary people.

For all the claims that Australia has been shielded from the global turmoil by the current mining boom, the results point to a different conclusion: that the benefits of this boom have been confined to a small minority of people. While the richest households, particularly in the top 1 per cent, continue to increase their share of net wealth, 4.9 million people, or 23 per cent of the population, were living under mounting financial stress in "low economic resource households".

In 2009-10 the wealthiest 20 per cent - quintile - of households held 62 per cent of the total net wealth of all households, an increase from 59 per cent in 2003-04, while the poorest quintile held less than 1 per cent. The bottom three quintiles - 60 per cent - had just 18 per cent. More than 1.2 million households - 16 per cent - had net worth less than AU\$ 50,000, yet the number of households holding more than AU\$ 5 million - the top 1 per cent - grew from 50,200 to 88,300 during the six-year period. The poorest households suffered increasing financial insecurity. The bottom 40 per cent of households by

income all earned less than they spent. This situation was most extreme for the lowest-earning 10 per cent of households, where expenditure outstripped income by about AU\$ 200 per week. These figures include government support, such as pensions and unemployment benefits.

The A.B.S. *Household wealth and wealth distribution report* did not delve into the reasons for these extraordinary figures, but they have two obvious explanations. Firstly, many poor families are living on, and are only able to survive, because of credit. Secondly, increasing numbers of elderly households - households which earn little, if any, income - are using their assets, including the values of their homes, to pay for their living costs.

As with most studies on inequality, the report had rated barely a mention in the media. Such data challenge the notion peddled by the political establishment and media that Australia is more equal than other societies. That fantasy is rooted in notions of Australian 'exceptionalism' - that is, the claim that Australia is separate from global economic events and that there is little or no genuine conflict between classes.

The new figures showed that although Australia's inequality is not yet as great as that in the United States, where the top 20 per cent hold more than 80 per cent of the wealth, the trend is heading in the same direction. Even within the top 1 per cent, most of the wealth increase went to the super-rich. The number of Australian households worth more than AU\$ 10 million - the top 0.3 per cent - more than doubled from 10,300 to 24,200 between 2003-04 and 2009-10.

At the other end of the social scale, the A.B.S. reports on a range of 'stress indicators'. About 43 per cent of households in the lowest income and wealth groups said they could not raise AU\$ 2,000 in an emergency, such as illness, unemployment or car repairs. About 50 per cent of households in the low wealth bracket said they would not be able to raise the funds from their own savings or from a bank, but instead would need to go to family or friends.

About 39 per cent of these low wealth households reported that their finances were worse than they had been two years before - a development at least partly explained by the growing levels of unemployment and the fact that business has responded to the global recession by shifting workers into part-time or casual positions. Only 17 per cent of low income and low wealth households were *ever* able to save money.

The statistics indicate that millions of people are living on a financial knife edge, facing constant crises. Among low economic resource households, 43 per cent reported one or more

cash flow problem over the previous 12 months, with the most common problem - reported by 31 per cent of these households - being inability to pay a utility bill on time. Sixty-nine percent reported missing out on one or more experience over the 12 months, with 56 per cent unable to afford a holiday of at least one week.

Not just households in the lowest income groups reported deteriorating financial circumstances. More than 27 per cent of *all* households reported being financially worse off than they were two years before. More than 45 percent of *all* households reported that they just managed 'to break even' in their finances.

The report also noted that despite nearly 20 years of compulsory superannuation, the amount of retirement savings available to the vast majority of households is paltry at best. A quarter of households had no superannuation at all. For households which had superannuation accounts, their average value was AU\$ 154,000. However, for half of these, the value was less than AU\$ 60,000. Such amounts will be of little assistance in paying for rising aged care costs, especially in the face of deep cuts to government spending.

The compulsory superannuation levy was introduced in the 1980s by the Hawke Labor government and by 1994 had increased to 9 per cent of wages. The levy is formally paid by employers, but wage-setting takes into account their superannuation costs, so the levy is in fact passed onto workers themselves. Superannuation funds are heavily invested in stock exchanges. The losses sustained since 2008, together with the fees that fund managers charge, mean that many workers' planned retirement incomes have largely disappeared into finance industry coffers.

This outcome is in line with Labor's design, which was always to provide the financial markets with a new multi-trillion dollar source of funding. A report commissioned by the Australian Broadcasting Corporation, released in 2010, indicated that workers would have achieved better returns from an ordinary bank account than Labor's superannuation scheme.

The A.B.S. report pointed to a society in the throes of a deep and intractable social crisis, with country's super-wealthy steadily increasing their wealth, exacerbating the economic insecurity and poverty among working people.

The O.E.C.D. report *Divided we stand: why inequality keeps rising* also analysed the major underlying forces behind recent developments in the United Kingdom.

The report concluded that income inequality among working-age persons has risen faster in the United Kingdom than in any other O.E.C.D. country since 1975. From a peak in 2000 and subsequent fall it has been rising again since 2005 and is now well above the O.E.C.D. average.

The annual average income of the top 10 per cent in 2008 was almost 55,000 pounds, almost 12 times higher than that of the bottom 10 per cent, who had an average income of 4,700 pounds. This is up from a ratio of 8 to 1 in 1985. Taxes and benefits reduce inequality by a quarter in the United Kingdom, in line with the O.E.C.D. average.

Among the key findings were the following:

1) The top income shares doubled. The share of the top 1 per cent of income earners increased from 7.1 per cent in 1970 to 14.3 per cent in 2005. Just prior to the global recession, the top 0.1 per cent of top earners accounted for some 5 per cent of total pre-tax income. At the same time, the top marginal income tax rate saw a marked decline: dropping from 60 per cent in the 1980s to 40 per cent in the 2000s, before its recent increase to 50 per cent.

2) The higher-paid worked more hours. As in most other O.E.C.D. countries, the United Kingdom recorded a trend towards an increasing divide in hours worked between higher- and lower-wage earners. Since the mid-1980s, annual hours of low-wage workers remained stable at around 1,050, while those of higher-wage workers augmented from 2,240 to 2,450 hours.

3) More workers became self-employed. About one-half of the increase in individual earnings inequality is explained by changes in self-employment income as on the whole the self-employed earn less than full-time workers. Their share in total earnings increased by one fifth since the mid-1980s and among the self-employed, the gap between high and low earners has risen.

4) More people are marrying within the same earnings class. Unlike many other countries, the earnings gap between wives of rich and poor husbands has grown strongly: this gap was about 3,900 pounds in 1987, but increased to 10,200 pounds in 2004.

5) Transfers and taxes became less redistributive. Between the late 1970s and mid 1980s, the tax-benefit system in the United Kingdom offset more than 50 per cent of the rise in market income inequality. This effect has fallen in the subsequent decades.

6) Benefits became less redistributive despite being more targeted towards the poor. This was largely driven by declining benefit amounts. It was also due to more people working, often at low-wage jobs and so not qualifying for benefits. And lastly due to tighter eligibility conditions.

7) Taxes became less equalising. Reduced progressivity has cut the redistributive effect of income taxes approximately by half. Lower progressivity was due in part to the removal of the higher-rate tax brackets and a reduction in the basic tax rate.

Yet, public services improved their impact on reducing inequality. Social spending in the United Kingdom relies more on public services - such as education, health, *et cetera* - than on cash transfers: spending on services amounts to over 15.4 per cent of Gross Domestic Product while spending on cash transfers is some 10 per cent. These services reduce inequality more than almost anywhere else, and this impact has increased over the 2000s.

□ In the latest year of available data, income inequality was largely unchanged, and it has remained steady from the beginning of the recession. Looking over that during 2008-09 and 2009-10, there has been growth across much of the income distribution, with the highest at the very top and relatively robust growth at the bottom of the income distribution - likely to reflect real-terms increases in benefits and tax credits seen over the periods. Those in the middle of the distribution saw relatively little growth. Considering the 13-year period of Labour Government as a whole, income inequality has increased. However, this increase in inequality is much smaller in magnitude than the rise in inequality that occurred during the 1980s. Moreover, inequality would have increased still further without the discretionary changes to taxes and benefits made by Labour during its 13-year period of government.

Between 1996-97 and 2009-10 income growth was largely constant across much of the income distribution, but it was weakest at the very bottom of the distribution and strongest at the very top. It is these contrasting trends at the very top and very bottom which drove the increase in income inequality.

There was strong growth in incomes at the very top of the income distribution between 2008-09 and 2009-10, the fastest in a decade, tracking a strong rebound in financial markets following the 'global financial crisis'. Given that 2010-11 has seen further recovery in financial markets, one may well expect this growth to continue in 2010-11 - albeit at a

slower rate. However, several changes to the tax and benefit system look set to hit those on high incomes particularly hard from April 2010 onwards, which will tend to reduce income inequality, all else being equal. Beyond 2010, deep cuts to benefits and tax credits are likely to act to increase inequality year after year, all else being equal.

With reference to the United States, the O.E.C.D. report noted that it has the fourth-highest inequality level in the O.E.C.D. - after Chile, Mexico and Turkey. Inequality among working-age people has risen steadily since 1980 - in total by 25 per cent. In 2008 the average income of the top 10 per cent of Americans was US\$ 114,000, nearly 15 times higher than that of the bottom 10 per cent, who had an average income of US\$ 7,800. This is up from 12 to 1 in the mid 1990s, and 10 to 1 in the mid 1980s.

Income taxes and cash benefits play a small role in redistributing income in the United States, reducing inequality by less than a fifth - in a typical O.E.C.D. country, it is a quarter. Only in Chile, Korea and Switzerland is the effect still smaller.

The report's key findings were:

1) The wealthiest Americans have collected the bulk of the past three decades' income gains. The share of national income of the richest 1 per cent more than doubled between 1980 and 2008: from 8 per cent to 18 per cent. The richest 1 per cent now makes an average US\$ 1.3 million of after-tax income - compared to US\$ 17,700 for the poorest 20 per cent of American citizens. During the same time, the top marginal income tax rate dropped from 70 per cent in 1981 to 35 per cent in 2010.

2) The rising incomes of executives and finance professionals account for much of the rising share of top income recipients. Moreover, people who achieve such a high income status tend to stay there: only 25 per cent drop out of the richest 1 per cent in the United States, compared to some 40 per cent in Australia and Norway, for instance.

3) The main reason for widening inequality in the United States is the widening wage gap. The gap between the richest and poorest 10 per cent of full-time workers has increased by almost one third, more than in most other O.E.C.D. countries. Contrary to the O.E.C.D. trend, annual hours among lower-wage workers in the United States *increased* by more than 20 per cent over the past decades. This trend partially offset the rising wage gap and led to a more moderate increase in overall annual earnings inequality.

4) Societal change - more single and single-parent households, more people with a partner in the same earning group - accounts for much less of the increase in household

earnings inequality - about 13 per cent - than the widening dispersion of men's earnings - about 46 per cent. At the same time, increase in employment, both among women and men, countered the increase toward higher inequality.

5) Redistribution of income by taxes and benefits is limited. Over the long run, these offset less than 10 per cent of the increase in inequality of market incomes - gross earnings, savings and capital taken together. The limited redistributive effect in the United States is to be found on the benefit side rather than the tax side: benefits represent just 6 per cent of household income, while the O.E.C.D. average is about 16 per cent. Income support for the unemployed has become less generous over time prior to the 2008-09 financial crisis. The gap between in-work and out of work income has increased for lone parent families and couples with children particularly. The income of a single mother with 2 children, who had full unemployment insurance and earned around the average wage, is less than 40 per cent of her former take-home pay - in 1995 this was over 50 per cent.

On the other hand, the United States invests relatively more in public expenditures in in-kind services, and those help reducing inequality by roughly 18 per cent.

The key policy recommendations for O.E.C.D. countries - and that includes Australia, the United Kingdom and the United States - from *Divided we stand* were simple:

1) Employment is the most promising way of tackling inequality. The biggest challenge is creating more and better jobs that offer good career prospects and a real chance to people to escape poverty.

2) Investing in human capital is the key. This must begin from early childhood and be sustained through compulsory education. Once the transition from school to work has been accomplished, there must be sufficient incentives for workers and employers to invest in skills throughout the working life.

3) Reforming tax and benefit policies is the most direct instrument for increasing redistributive effects. Large and persistent losses in low-income groups following recessions underline the importance of government transfers and well-conceived income-support policies.

4) The growing share of income going to top earners means that governments may re-examine the redistributive role of taxation.

5) The provision of freely accessible and high-quality public services, such as education, health, and family care, is important.

Divided we stand also looked into the impact of global developments in rising wage dispersion and employment trends over the past quarter century up to the 2008-09 'global financial crisis'. For the O.E.C.D. areas as a whole, the following key findings emerged:

- 1) Globalisation, *i.e.* the rapid trade and foreign direct investment integration which occurred in all O.E.C.D. countries over the past century did not - *per se* - play a major role in driving growing wage dispersion. However, globalisation pressure affected domestic policy and institutional reforms.
- 2) Technological progress led to higher wage differentials: advances in information and communication technologies in particular have been more beneficial for workers with higher skills.
- 3) Regulatory reforms and changes in labour market institutions increased employment opportunities but also contributed to greater wage inequality. More people, and in particular many low-paid workers, were brought into employment. But one of the consequences of more low-paid people in work is a widening distribution of wages.
- 4) The rise in the supply of skilled workers provided a sizeable counterweight to offset the increase in wage inequality from technological progress, regulatory reforms and institutional changes. The up-skilling of the labour force also had a significant positive impact on employment growth.

It was perfectly clear to everyone who wanted to see that by early June 2011 there was an extremely high wage inequality. Even just some of the details are quite indicative.

Wage inequality had been increasing very substantially during the past 30 years, with the overall level of it now approaching the extreme level which prevailed prior to the Great Depression. Recent decades have seen a clear increase in the difference between C.E.O. compensation and that of the average worker in manufacturing or production. C.E.Os in 1965 made 24 times more than the average production worker, whereas in 2009 they made 185 times more.

At least 750,000 Americans are homeless on any given night, with one in five of them considered chronically homeless. The ranks of the sheltered homeless include

disproportionate numbers of males, blacks, middle-aged people - i.e., ages 31-50, veterans, and disabled.

21 per cent of all children are in poverty, a poverty rate higher than what prevails in virtually all other rich nations. In 2007, 8.1 million children under 18 years old were without health insurance. Children in poverty and Hispanic children were more likely to be uninsured.

The ownership of wealth among households in the United States became somewhat more concentrated since the 1980s. The top 10 per cent of households controlled 68.2 per cent of the total wealth in 1983 and 73.1 per cent of the total wealth in 2007.

The number of all wage and salary workers who are union members has declined from 24 per cent in 1973 to 12.4 per cent in 2008. The decline in the private sector was steeper than the decline in the public sector. At the same time as union membership declined, the real value of the minimum wage also fell by 25 per cent in the 1980s, leading to a weakening influence of the minimum wage on the low-wage labour market. These two developments in combination may be understood as the foundation of the newly 'deregulated' American labour market.

The U.S. Census Bureau's annual report *Income, poverty, and health insurance coverage in the United States: 2010*, which was released on 13 September 2011 reveals a part of an 'imperial' struggle within and the system's failure to help its poor citizens. The report provided the following figures:

1) The number of the poor moved up to about one in six persons. In 2010 the overall poverty rate rose to 15.1 per cent or 46.2 million, up from 14.3 per cent in 2009. In 2009 there were 43.6 million Americans living in poverty. Since 2007 the poverty rate has increased from 12.5 per cent to 15.1 per cent. The poverty line in 2010 was at US\$ 22,113 for a family of four. Measured by total numbers, the persons living in poverty is the largest on record since the census began monitoring poverty in 1959.

Between 2009 and 2010 the poverty rate increased for non-Hispanic Whites, from 9.4 per cent to 9.9 per cent; for Blacks, from 25.8 per cent to 27.4 per cent; and for Hispanics, from 25.3 per cent to 26.6 per cent. For Asians, the rate - 12.1 per cent - was not statistically different from the 2009 rate.

In 2010 the family poverty rate was 11.7 per cent and the number of families in poverty was 9.2 million. In 2009 it was 11.1 per cent and 8.8 million. The poverty rate and the number in

poverty increased for both married-couple families - in 2010, 6.2 per cent and 3.6 million, and in 2009, 5.8 per cent and 3.4 million, and female-householder-with-no-husband-present families - in 2010, 31.6 per cent and 4.7 million, and in 2009, from 29.9 per cent and 4.4 million. The females had to bear the burden. In spring 2011, 5.9 million - 14.2 per cent - young adults age 25-34 stayed with their parents. It was 4.7 million - 11.8 per cent - before the recession. This shows the hardship the young faced.

The poverty rate increased for children younger than 18. It was 22.0 per cent in 2010. In the previous year it was 20.7 per cent. The numbers were 15.5 million and 16.4 million in 2009 and 2010 respectively. For people 18 to 64 it also increased: from 12.9 per cent in 2009 to 13.7 per cent in 2010. The numbers were 24.7 million in 2009 and 26.3 million in 2010.

2) In 2010 the real median household income was US\$ 49,445, down 2.3 per cent from 2009. It was seven per cent more in 1999: US\$ 53,252. Since 2007, that real median household income has declined 6.4 per cent. It declined for white and black households between 2009 and 2010.

Since 2007 the number of men working full time, year-round with earnings decreased by 6.6 million and the number of corresponding women declined by 2.8 million. In 2010 the earnings of women working full time year-round were 77 per cent of that for the same category of men.

The reality which emerges from the data just mentioned tells of nothing but a class war, and a failure to adopt measures capable of securing a system. At the same time, it projects a downward trend in education - as well as in many really creative activities. And given the level of poverty, social needs - hunger, often - one may very well ask how long can it be sustained, and how much 'productivity', a 'magic *mantra*' to capital, can be achieved ?

The United States is waging war - with the complicity of Australia and the United Kingdom - in several countries and struggling with poverty at home. Good news is not coming from any front. At home, median household income has declined; the poverty rate has increased; workers and farmers are having hard days. The percentage of the Americans living in poverty in 2010 mounted to the highest level since 1993.

Some questions are appropriate in the end: what is the logic of waging wars, and promoting allies in faraway lands ? What benefit are the money spent behind allies bringing for the citizens of the 'empire' ? What does the future hold in a reality where, in particular, children, farmers and students suffer ? Shall some kind of a *ratio* between citizens' benefit and war

expenditure and aid to allies be calculated ? Where does the wealth go that the social labour creates ? Shall the reality, if prevails, put pressure on the foundation of legitimacy of the governing system ?

Americans have been watching protests against oppressive regimes which concentrate massive wealth in the hands of an *élite* few. Yet in their own democracy, 1 per cent of the people take nearly a quarter of the nation's income - an inequality even the wealthy will come to regret.

In terms of wealth rather than income, the top 1 per cent control 40 per cent. Their lot in life has improved considerably. Twenty-five years ago, the corresponding figures were 12 per cent and 33 per cent. One response might be to celebrate the ingenuity and drive that brought good fortune to these people, and to contend that a rising tide lifts all boats. That response would be misguided.

While the top 1 percent have seen their incomes rise 18 per cent over the past decade, those in the middle have actually seen their incomes fall. For men with only high-school degrees, the decline has been precipitous - 12 percent in the last quarter-century alone. All the growth in recent decades - and more - has gone to those at the top. In terms of income equality, America lags behind any country in the old, ossified Europe that President George W. Bush used to deride.

The view has been for too long to associate higher incomes with higher productivity and a greater contribution to society. It is a theory which has always been cherished by the rich. Evidence for its validity, however, remains thin. The corporate executives who helped bring on the recession of the past three years - whose contribution to American society, and to their own companies, has been massively negative-went on to receive large bonuses. In some cases, companies were so embarrassed about calling such rewards 'performance bonuses' that they felt compelled to change the name to 'retention bonuses' - even if the only thing being retained was bad performance.

Those who have contributed great positive innovations to our society, from the pioneers of genetic understanding to the pioneers of the Information Age, have received a pittance compared with those responsible for the financial innovations that brought our global economy to the brink of ruin.

Some people look at income inequality and shrug their shoulders. So what if this person gains and that person loses? What matters - they argue - is not how the pie is divided but the size of the pie. That argument is fundamentally wrong. An economy like the American, in which most citizens are doing worse year after year-an economy, is not likely to do well over the long haul. There are several reasons for this. They are:

1) Growing inequality is the flip side of something else: shrinking opportunity. 2) Many of the distortions which lead to inequality - such as those associated with monopoly power and preferential tax treatment for special interests - undermine the efficiency of the economy. 3) Perhaps most importantly, a modern economy requires 'collective action' - it needs government to invest in infrastructure, education and technology.

The United States and the 'developed' world have benefited greatly from government-sponsored research which led to advances in public health, to the Internet, and so on. But America has long suffered from an under-investment in infrastructure; one should just look at the condition of highways and bridges, railroads and airports, of basic research, and of education at all levels. Further cutbacks in these areas lie ahead.

Economists are not sure how fully to explain the growing inequality in Australia, the United Kingdom and the United States. The ordinary dynamics of supply and demand have certainly played a role: labour-saving technologies have reduced the demand for many 'good' middle-class, blue-collar jobs.

Globalisation is the scapegoat: it has created a worldwide marketplace, pitting expensive unskilled workers in 'developed' countries against cheap unskilled workers overseas. Social changes have also played a role - for instance, the decline of unions.

But one big part of the reason why 'developed' countries have so much inequality is that the top 1 per cent wants it that way.

When one looks at the sheer volume of wealth controlled by the top 1 per cent in 'developed' countries, it is tempting to see American growing inequality as a quintessentially measure of 'achievement' - by Wall Street or by 'the City'. Australia just follows, as it becomes a client-state. The 'leader' is, of course once again, the United States. There, virtually all Senators, and most of the Representatives are members of the top 1 per cent when they arrive, they are kept in office by money from the top 1 per cent, and they know that if they

serve the top 1 per cent well they will be rewarded by the top 1 per cent when they leave office. By and large, the key executive-branch policy-makers on trade and economic policy also come from the top 1 per cent.

Of all the costs imposed on society of the 'developed' countries by the top 1 per cent, perhaps the greatest is this: the erosion of one's sense of identity, in which fair play, equality of opportunity, and a sense of community are so important. Inequality distorts any society in every conceivable way.

Australia, in particular, has long been proud of its sense of equality and 'fair go' - both myths, in the circumstances: the chances of an Indigenous person or a poor citizen, or even a middle-class citizen, making it to the top in Australia are smaller than in many other countries. It is this sense of an unjust system without opportunity which has given rise to protests, in North-Africa, in Europe, in North-America and to a very meagre extent in Australia, too.

Of all the many banners being waved around the world by disgruntled protesters from Argentina to Australia the one which reads, "We are the 99 %" is the catchiest. It is purposefully vague, but it is also underpinned by some solid economics. A report from the U.S. Congressional Budget Office pointed out at the end of October 2011 that income inequality in America has not risen dramatically over the past 20 years - when the top 1 per cent of earners are excluded. With them, the picture is quite different. The causes of the good fortune of those at the top are disputed, but the C.B.O. provides some useful detail on that too. The biggest component of the increase in after-tax income for the top 1 per cent is 'business income' as opposed to income from labour or investments - though admittedly these things are hard to untangle. Whatever the cause, the data are powerful because they tend to support two prejudices: first, that a system which works well for the very richest has delivered returns on labour which are disappointing for everyone else; and, second, that the people at the top have made out like bandits over the past few decades, and that now everyone else must pick up the bill. Of course it is a little more complicated than that.

Consider the condition of what was the world's eighth economy: California. By early November 2011 it was possible to chart the measure of poverty there, and the explosive rise of food stamp usage. National figures for the Supplemental Nutritional Assistance Programme were released and, once again, hit a new record. Nearly 46 million Americans are now taking food stamps, and the growing numbers advanced at 8.1 per cent over just the past year. So many of them are children. Looking at overall economic conditions among just

O.E.C.D members, it is possible to rank child poverty among the ‘developed’ countries of the world.


[The United States currently is near the bottom of O.E.C.D. member states - at 28th place out of 31 members; it is no surprise. Child poverty is at 21.64 per cent. Australia is at the 22nd post, with 13.96 per cent; and the United Kingdom is at 19th place with 13.18 per cent. The best placed are the five Scandinavian countries: Denmark, 3.69; Finland, 5.23; Norway, 5.48; Iceland, 6.68, and Sweden, 6.95 per cent - in that order. Inequality in the United States has been growing for years but has accelerated after the 2008 ‘crisis’. Most usually, one could try to tie such conditions to the rapid rise in energy costs which have befallen the United States over the past decade. However, while the production of food globally is inextricably linked to energy, one must conclude that there is frankly more of an issue of policy and investment which has driven countries such as Australia, the United Kingdom and the United States, with their still very high per capita income, to such shameful levels in child poverty rankings.

To quote David Graeber writing about the ‘Occupy Wall Street Movement’ in *The Guardian*: “When the history is finally written, though, it’s likely all of this tumult - beginning with the Arab Spring - will be remembered as the opening salvo in a wave of negotiations over the dissolution of the American Empire.”

The likelihood that maintenance of the United States ‘empire’ is no longer to the advantage of Americans is an issue which has been around for some time now. The extraordinary resources that the United States devotes to its global military presence is a kind of economic proposition, supposedly conferring an array of benefits to the domestic economy from security to free trade. However, that the country now has a problem feeding itself is a clear rebuttal to such a thesis.

The question is, yet again: how long, at current growth rates, before a full 15 per cent of America is on food stamps ?

* * *


Is this what the ‘Occupy Wall Street’ protesters are angry about? They are the same things most of the world is angry about. The only difference is that the protesters turned their anger into public action. ‘Occupy Wall Street’ lit the embers and the sparks are flying.

Whether it will turn into a genuine populist prairie fire much will depend on many others.

Now is not the time for simple ‘policy solutions’ - as some media are advocating. Rather, it is time to air the others: the 99-per-centers’ grievances as loudly as possible, which is precisely what Wall Street and its protectors fear the most.

Much of what follows may seem not to apply to Australia, where the zealous subjects even launched the police against the few, and truly peaceful demonstrators in Melbourne, on the occasion of the Royal Visit in October 2011. Anyway, so long as something can be extracted from the quarry and sold overseas, things will be alright in God’s-own-land. Law-and-order will reign.

The citizens of Ukania have other matters to think about: medals, pomp, famous costly marriages - all the exterior signs of a decaying feudal place.

Americans seem to be more concerned. To begin with, their ‘dream’ is clearly imploding.

An examination of any responsible productivity-wage comparison leads rapidly to the following conclusions. From 1947 until the mid-1970s real wages and productivity - economic output per worker hour - moved together. Both climbed year after year as did American real standard of living. A person old enough to have lived in those times will remember her/his parents doing just a little bit better each year - year after year. Then, the United States embarked on a grand economic experiment. Taxes were cut especially on the super-rich. Finance was deregulated and unions were crushed. Result ? Productivity continued to climb, but wages stalled and declined. So where did all that ‘productivity money’ go ? To the rich and to the super-rich, especially to those in finance.

At the top of the 1 per cent are the super-rich. Because of financial deregulation and tax cuts for the rich, the income gap is soaring. Here is a clear indicator, compiled for a study which needs no introduction: *The looting of America* by Les Leopold. In 1970 the top 100 C.E.O.s ‘earned’ US\$ 45 for every US\$ 1 earned by the average worker. By 2006 the *ratio* climbed to a 1,723 to one. That brings to mind Mr. Justice Potter Stewart and his short definition: “ ... I know [obscurity] when I see it...” - or hear it, or read it.

When women started entering the workforce, family income made up for some of the wage stagnation. Now even family incomes are in serious difficulty. Meanwhile, the incomes of the richest families continue to rise.

To add financial insult to injury, the richest of the rich pay less and less each year as a percentage of their obscene incomes. The top 400 American taxpayers during the 1950s faced a 90 per cent federal tax rate. By 1995 their effective tax rate - what they really paid after all deductions as a percent of all their income - fell to 30 per cent. Now it is barely 16 per cent.

When the rich become astronomically rich, they gamble with their excess money. And when Wall Street is deregulated, it creates financial casinos for the wealthy. When those casinos inevitably crash, the one-per-centers pay to cover the losses. The 2008 financial crash caused eight million American workers to lose their jobs in a matter of months due to no fault of their own. The last time there was so much money in the hands of so few was 1929 !

One would have thought, and correctly, the Bush Administration to be corrupt in every way. Yet, the Obama Administration bailed out the big Wall Street banks and protected the billionaires from well-deserved ruin.

Wall Street has become the centre of riskless free enterprise. Banksters risk other peoples' money. If 'deals' turn bad, they collect their fees in any event. The entire hedge-fund industry - probably their best 'creation' - is designed to hedge bets so big investors can make money whether the price of assets they bet on rises or falls. And if the worst happens, the biggest banksters and investors now know they will be bailed out by taxpayers because they are 'too big to fail'.

There may be less shameless effrontery in Australia, but the attitude is the same, and the silent confidence is solid that in the end banksters are outside the reach of the law. By modern financial terms the United Kingdom is no more than the City of London. There the effrontery is more 'proper' - but the effect is the same.

The worst examples of riskless free enterprise are the C.E.O.s who rake in millions after they screw up - royally.

Now the one-per-centers are being asked to make good on the debts the super-rich caused, while they get even richer, some making more than US\$ 2 million an hour ! It would take over 47 years for the average family to make as much as the top 10 hedge- fund managers make in one hour.

In the United States both political parties are 'occupied' by Wall Street. For nearly an entire generation they have competed with each other to gain campaign contributions in exchange

for tax breaks and regulatory loopholes for the richest of the rich. Today's so-called financial reforms are porous, while the money continues to flow to both parties. In Australia as well as in the United Kingdom Her Majesty's Government and Her Majesty's Loyal Opposition are identical right wings of a sick bird called the 'Westminster System'.

The reckless gambling on Wall Street tore a hole in the economy sending millions to the unemployment lines. Wall Street caused the enormous spike in unemployment and no one else - not the government, not home buyers, not China. Australia has so far mitigated the consequences by selling much of itself to China.

It is bad enough that unemployment has gone sky-high in the United States. But it is even worse when one cannot find work for months, even years. Right now the number of unemployed for 26 weeks or more is at record levels. Many of the long-term unemployed will never work again.

The biggest banks, the biggest corporations are getting even bigger - relatively, too, even in Australia. Most Americans hoped that after the crash, the big banks would be broken up, the casinos would be shut down and the gamblers would be punished. At the very least, Americans expected that the *élite* financiers would pay for the damage they caused - the jobs destroyed, the neighbourhoods wrecked, the services cut. But that did not happen. And the notion that they are 'too big to fail' is alive and well. American biggest banks are growing larger and larger with no end in sight. Despite what they say, the 'people's representatives' will call on the taxpayers to bail out the big banks - again, and again. The big banksters know it well. In Australia the so called Labour government has overcome any previous performance of subjection to capital - both local and international.

Something else though did happen: 'Occupy Wall Street' was born. Many people have seen in it an outlet for their frustration, their justifiable anger, their disappointment in leaders who sold out.

It is hard to know where it will go. The guarantee of success of a populist revolt is numbers in the street. One should remember the words of President Franklin Roosevelt who, during his first inaugural address in 1933, led the 'first occupation' of Wall Street: "Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. True, they have tried, but their efforts have been cast in the pattern of an outworn tradition. Faced by failure of credit, they have proposed only the lending of more money. Stripped of the lure of profit by which to induce our people to

follow their false leadership, they have resorted to exhortations, pleading tearfully for restored conditions. They know only the rules of a generation of self-seekers. They have no vision, and when there is no vision the people perish. The money changers have fled their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit.”

The world now knows more, and knows better than it did in 1929.

Towards the end of October 2011 a new study of the global economy and wealth concentration identified a complex system of only 147 banks and corporations around the world which share in the largest chunk of the profit of the one-per-centers.

The study was prepared by three theorists of complex systems, working at the Swiss Federal Institute of Technology in Zurich. It is an academic work, purposely beyond ideology and pre-conceptions, but aimed exclusively at identifying such “a network of power” - as *New Scientist* wrote while presenting it. The study contains valuable data which will not only strengthen ‘Occupy Wall Street’s political arguments but will help to identify whether, and how, the global economy is unstable.

The analysis by the three Swiss scholars, available in *PLoS One* - an open access peer-reviewed scientific journal published by the Public Library of Science (San Francisco, Cambridge U.K.) since 2006 - revealed a core of 1,318 companies with interlocking ownerships. Each of the 1,318 had ties to two or more other companies, and on average each was connected to 20. What is more, although they represented 20 per cent of global operating revenues, the 1,318 appeared to own collectively through their shares the majority of the world’s large ‘blue chip’ and manufacturing firms - the ‘real’ economy - representing a further 60 per cent of global revenues.

When the team further untangled the web of ownership, it found much of it went back to a ‘super-entity’ of 147 even more tightly knit companies - in which all of their ownership was held by other members of the super-entity - which controlled 40 per cent of the total wealth in the network. In effect - the study concluded - less than 1 per cent of the companies were able to control 40 per cent of the entire network. Most were financial institutions. The top 20 included Barclays Bank - number 1, JPMorgan Chase & Co - number 6, Deutsche Bank A.G. - number 12, the Goldman Sachs Group - number 18, and the ING *Groep* NV - number 41. Some familiar names reappear, and it is possible

to identify within the first 50 super-connected corporations many which 'do business' with the Battenberg-Windsors' Firm.

The rest is really cheap rhetoric to enchant the plebs throughout the 'Commonwealth of Nations' !

According to the annual report of the business magazine *Forbes* there are 1,210 individuals - and in many cases family clans like 'The Firm' - with a net value of US\$ 1 billion dollars - or more. Their total net worth is US\$ 4 trillion, 500 billion dollars, greater than the combined worth of 4 billion people in the world.

The United States shelters the most billionaires in the world: 413, more than one third of the total, the greatest proportion among the 'big countries' in the world. A closer look also reveals that among the top 200 billionaires - those with US\$ 5.2 billion and more - there are 57 from the United States: 29 per cent. Over one third made their fortune through speculative activity - as predators on the productive economy and exploiters of the property and stock market. This is the highest percentage of any major country in Europe or Asia - with the exception of the United Kingdom. The enormous concentration of wealth in the hands of this small, parasitical ruling class is one reason why the United States has the worst inequalities of any advanced economy and among the worst in the entire world.

Speculators do not employ workers; they secure tax loopholes and bailouts and then press for cuts in the social budget, since they do not require a healthy, educated workforce - except for a tiny *élite* of specialised accomplices. In 1976 the top 1 per cent held 20 per cent of the wealth; in 2007 they commanded 35 per cent of total wealth. Eighty per cent of Americans own only 15 per cent of the wealth. The recent, revolving economic crises, which initially reduced the total wealth of the country, did so in an uneven fashion - hitting the majority of workers and employees worse.

The *seriatim* bailout arranged by the Bush and Obama Administrations led to an appearance of economic recovery, not of the economy in general, but was confined to further enhancing the wealth of the billionaires. And this explains why the unemployment/under employment rate has hardly moved, why the fiscal debt and trade deficit grow and the government lowers corporate taxes and slashes federal, state and municipal budgets.

What is striking about the 'recovery', growth, and expansion of the world's billionaires is how dependent their accumulation of wealth is based on pillage of state resources; how much of their fortunes were based on neo-liberal policies which led to the takeover at bargain prices

of privatised public enterprises; how state de-regulation allows for plunder of the environment to extract resources at the highest rate of return; how the state promoted the expansion of speculative activity in real estate, finance and hedge funds, while encouraging the growth of monopolies, oligopolies and conglomerates which captured 'super profits' - rates above the 'historical level'. Billionaires in the leading emerging capitalist countries - particularly India - and in the older imperial centres - in Europe and the United States - have been the primary tax beneficiaries of reductions and elimination of social programmes and labour rights.

The sector composed of parasitical capitalists employs few workers, exports no products, pays lower taxes and imposes greater cuts in social spending for productive workers. In the case of the United States billionaires, their wealth is largely accrued through the pillage of the state treasury and productive economy and through speculation in the Information Technology sector which houses one-fifth of the top billionaires.

The leading emerging capitalist countries - Brazil, Russia and China, and India pre-eminent within the Commonwealth of Nations - hailed by the mass media for their rapid growth over the past decade are disgorging billionaires at a faster rate than any bloc of countries in the world. According to the recent data published by *Forbes*, the number of billionaires in the those four countries increased over 56 per cent - from 193 in 2010 to 301 in 2011, exceeding that of Europe.

The growth of billionaires in those countries has led to the most glaring inequalities in the world.

India's billionaires are a combination of old and new rich drawing their wealth by exploiting low wage industrial workers, dispossessing slum and tribal peoples, as well as from diversified holdings in real estate, Information Technology and software. India's billionaires accumulated their wealth through their class-kin linkages to the very corrupt higher echelons of the political class, securing monopolies through state contracts. India's high growth over the past decade - at about 7 per cent - and the upsurge in billionaires upward to 55 by 2011, are both linked the neo-liberal policies of deregulation, privatisation and globalisation, which have concentrated wealth at the top, undermined small scale producers and dispossessed tens of millions.

Ostensibly the wealthiest person in the United Kingdom is Lakhsmi Mittal, a steel magnate originally from Calcutta, who now stands at 17.5 billion pounds (AU\$ 25.9 billion) - if one

ignores Elizabeth Battenberg-Windsor, of course. The wealthiest Australia also is a woman: Gina Rinehart at AU\$ 10.3 billion, until recently - and clearly not in the race.

This, if any, is the real stuff which was discussed in Perth, Western Australia at the 'business sessions' of CGHOM 2011. The rest was really bad, provincial, travelling theatre.

* * *

The 'global economic crisis' which began in 2007-2008 and is continuing - albeit, perhaps, in a less clamorous way - inflicted only temporary losses to some Wall Street-City of London billionaires and not others - around the Commonwealth of Nations. Thanks to trillion of dollar and Euro bailouts, the billionaires class has recovered and expanded, even as wages in Europe and the United States stagnate and living standards are slashed by massive cutbacks in health, education, employment and public services.

According to a study reported the day after what is referred to throughout the Commonwealth as 'Boxing day', nearly half the members of the United States Congress are millionaires. Of the 535 legislators - 100 members of the Senate and 435 members of the House of Representatives, at least 250 are millionaires and the median net worth is US\$ 913,000. Sixty-seven senators are millionaires and the median wealth of the body's 100 members is US\$ 2.63 million.

The median wealth of members of Congress rose 15 per cent from 2004 to 2010, despite the financial collapse which devastated working people and for a time drove down the median wealth even of the financial aristocracy. In part, this was the result of congressional turnover - the incoming 'Tea Party' Republicans were on average far better off than the Democrats or 'establishment' Republicans they replaced, with a median net worth of US\$ 864,000 for the 106 members of the supposedly 'populist' freshmen class of 2010.

The *Washington Post* and the *New York Times* have recently been worrying over the discrediting of the United States political system - and with good reason. The vast and historic socio-economic polarisation in America is giving rise to a political polarisation: not the mock conflicts between Democrats and Republicans which are the exclusive focus of the corporate-controlled media, but the real conflicts between the working population and an isolated and arrogant financial aristocracy.

Working people are increasingly conscious that official Washington represents government of, by, and for, the rich. This political and social reality accounts for the dismal standing of

Congress in the eyes of the public, with only 11 per cent approving of the record of the current Congress according to one recent poll. The popular disaffection extends not only to elected officials, but to the two officially recognised parties.

Looking at things from Australia, the situation is much the same. And one would not expect otherwise in the United Kingdom - a country of social and economic classes *par excellence*.

As Australians would say, though: “No worries”, and not much worries around the Commonwealth, either ! 2012 marks Queen Elizabeth II’s diamond jubilee. Preparations are on the way for a wave of compulsory merriment. The Queen will be presented with some large gift in recognition of ‘her being there’. It may not be a new yacht, if Prime Minister Cameron has his way - recession is tightening British belts. It is estimated that a new yacht would cost at least 60 million pounds (AU\$ 90 million). If Cameron has his way, it would be a pity. ‘Royal watchers’ remember that one of the few times Elizabeth has shown emotion in public - certainly not in death of Diana - was when she shed a tear at the decommissioning of the *Britannia* in 1997 after 44 years as a floating royal residence known to have been cherished by the Queen. Hard times, indeed !

During the past 60 years the Royal Family has tried desperately to maintain its credibility amid revolving scandals and seismic social changes.

One could guess that the Royal Family is viewed - even in the United Kingdom - as a purely symbolic state decoration by some, as being completely irrelevant by others, or as a mildly entertaining soap opera centred on a deeply dysfunctional family. English speaking people around the world are duped into believing that the British Royal Family is only ceremonial in nature, good for people who cannot resolve the problem of what to do with their own right to sovereignty - or too lazy, like the Australians, to face the problem and solve it. The governments of these components of the Commonwealth of Nations by-and-large are not willing to refute such lie, which covers the real significance of wealth-in-power of an organisation which possess unimaginable, practically incalculable, discreetly unaccountable, wealth and wields extraordinary power - essentially over the entire world. In parts of that residual Empire the British monarchy also plays a constitutional role which is generally hidden behind a carefully constructed *façade* of political neutrality.

That is part of a myth, even the more strongly held by indifferent, unsophisticated and badly educated as the Australian populace. The more one hears and sees the profession of ‘not being interested in politics’ the greater is the ‘belief’ in Queen-and-Country.

It is an 'attitude' to life most likely shared through the Commonwealth and certainly strongly held to by the English populace. When that is combined with an undefined, unexplained, general 'belief' in a Superior Being who legitimises the presence of the Saxe-coburg-gotha-hanover on the English throne - the monarch always chosen by God, as a poll claimed in 1964 that 30 per cent of the English public believed - fifty years do not seem a long time in the dismantling of myths !

'Subjects' are not interested in history. They are impressed by the Fordian definition of that discipline as 'bunk'. Exactly: who would know, and in knowing would care, that on 4 January 1649 parliament passed a resolution which abolished the House of Lords, confiscated crown, church and royalist land, and set up a commission to try the king, Charles I, who was later executed ? Eleven years later Charles II arrived to restore privileges and the 'God-given' monarchy. The present system well suits Australians, always acting as 'abandoned Britons' - albeit with waves of varying intensity for what has been traditionally 'home' since the original invasion of the Austral continent in 1788.

Many places moved from feudalism to capitalism in the seventeenth and eighteenth centuries, and in the process they drastically curtailed the privileges of their royalty. In the United Kingdom the monarchy has re-invented itself several time and retained an unusually important position.

For over two centuries at least, unremittingly, the monarchy has stood for conservative values and the *status quo*. On more than one occasion it has favoured authoritarian 'solutions', supported would-be dictators such as Hitler, ran anxiously to secure a place at the table for tea-with-Mussolini, settled down with unsavoury characters such as Saddam Hussein of Iraq and Hosni Mubarak of Egypt. The only guiding criterion throughout has been making money, and with it gaining more power - appropriate to a Firm unlike that of the Medici, because the Battenberg-Windsors know nothing about spiritual or artistic values.

The strength of the English monarchy is in following 'tradition', at best creating precedents - and those to be followed with fanatically religious obsession, as it is done in Australia. Hardly two members of the Australian Parliament would know from where the 'tradition' of the Black Rod knocking on doors came - although most Australians would show their reverence for *any* monarch, as it becomes *courtiers*, keeping their distance, asking no questions, and walking backwards in sign of last homage and subjection.

By free people, a monarchy should be regarded as an anachronism, what for the arcane language it uses and the totally out-worldly parades it produces. Undeniably, there is a commercial value to the monarchy. How could any public relations agency not recommend that a product - say, toilette paper - be sold, if at all possible, with the devoutly requested and at a price conceded 'by royal appointment' ? With the wedding of an 'ordinary' William and a 'commoner' Kate the 'future' monarchy has become even sexy. As one knows, sex sells anything. And it may even sell out, by-pass, the not-always-there Charlie with his common Camilla.

The Royals themselves have become a media commodity - they sell: newspapers, glossy magazines, juicy gossip, and a love-hate relationship which is so dear to Australians. Americans, in their weakest moments, would be envious of such 'respect'. There was a time when Alphonse Gabriel 'Al' Capone and Meyer Lansky, to name just two 'kings', were commanding a similar kind of 'respect'.

It may be tempting, and relatively easy, to ridicule the pompous attitude of the British monarchy. Its members, despite the occasional contrived down-to-earth-ness of Number One, betray a peculiar, other-worldly arrogance - should one look at the Consort-*par-excellence* - which suggests that they really believe that they are superior beings.

The Queen, dressed in garrulous colours and travelling by a specially-repainted and colour-suited tram in Melbourne in October 2011, was meant to be seen as 'giving pleasure to the people' for her down-to-earth-ness - achieved by travelling a few kilometres on a tram ! Sober minds might have looked upon the spectacle as some provincial theatre, or circus, act performed by shameless and gaudy clowns.

Yet the Queen is quite realistic - yes, calculatingly realistic; she knows that the Battenberg-Windsors Firm, with its connection with high international finance, is one of the greatest assets to the capitalist system, a magnet - the bonding agent ? - for rallying reaction forces on both sides of the Atlantic.

It is not an inexpensive show: British taxpayers give Queen Elizabeth a straight annual allowance of 23.3 million pounds (AU\$ 34.5 million) for performing 360 engagements a year as Head of State; 25.9 million pounds (AU\$ 38.2 million) go to maintain her palaces; 6.4 million pounds (AU\$ 9.5 million) are needed to maintain the Royal Train, helicopters, jets and other transports; additional 6.4 million pounds (AU\$ 9.5 million) are spent on State Visits and related matters. All told, the Queen costs the British taxpayers 83.8 million pounds (AU\$ 123.7 million).

If the impoverished British people are prepared to pay that price, so be it. But there is a more subtle price, which is being paid by other members of the Commonwealth. It is the price of the continuous enfeeblement of the sense of belonging to a place that Australians, and Canadians, and New Zealanders, and all the others for whom the English monarchy is the ultimate authority pay in their daily, in the poverty of their life - both of a material and of a spiritual kind, in the reduction of their 'civic' worthiness, in the loss of those qualities which characterise a free people who freely govern themselves in a modern society.

It is the price which is paid every time a child's mind is abused by having her/him wave a flag which embodies the domination over the Irish and the Scots, every time an Australian political representative competes with another in declaring the Queen as 'part of Australia' - as 'republican' Prime Minister Julia Gillard did in October 2011, only to be out-done by the Leader of the Opposition Tony Abbott who on the same occasion said that Elizabeth Battenberg-Windsor is 'one of us'. And the immediate cost of such snivelling prostration? a bare AU\$ 58 million - plus.

Dr. Venturino Giorgio Venturini, formerly an *avvocato* at the Court of Appeal of Bologna, taught, administered, and advised on, law in four continents, 'retiring' in 1993 from Monash University. Author of eight books and about 100 articles and essays for learned periodicals and conferences, since his 'retirement', Dr. Venturini has been Senior Associate in the School of Political and Social Inquiry at Monash; he is also an Adjunct Professor at the Institute for Social Research at Swinburne University, Melbourne. He is yet again re-reading *Common sense* by Thomas Paine on the 275th year of his birth. He wrote: "To the evil of monarchy we have added that of hereditary succession; and as the first is a degradation and lessening of ourselves, so the second, claimed as a matter of right, is an insult and an imposition on posterity. ... One of the strongest natural proofs of the folly of hereditary right in kings, is, that nature disapproves it, otherwise she would not so frequently turn it into ridicule by giving mankind an ass for a lion." george.venturini@arts.monash.edu.au.

