

Connections with the Australian Community – beyond the comfort zone

Richard Denniss, former Deputy Director, The Australia Institute

Introduction

Australians are working longer and longer hours. Technologies such as mobile phones and the internet are helping to push work into our evenings and our weekends. Mothers and fathers are becoming increasingly aware of the impact of their prolonged absences on the development of their children.

But while the issue of overwork is much discussed, the objective towards which we are working is rarely mentioned. That is, why are Australians working longer and longer hours? What is that we are striving for, and how far away from achieving it are we? Will we ever get there?

I do not want to suggest for a minute that some Australians do not face very real financial obstacles in the deployment of their families and themselves. They do. The minimum wage in Australia today is around \$25,000 per year. Similarly, there are many Australians living on around \$10,000 per year, unemployed people, sick people, and university students. I do not know exactly where the poverty line should go, but I don't doubt that most of those people are below it.

But average full-time earnings are almost twice the minimum wage, and average household earnings are over three times as much. While there is a large number of poor people in Australia who are struggling the make ends meet it, it is the middle and upper income earners doing most of the whingeing and receiving most of the media and political attention.

We have to be very careful when we talk about averages. Take pants for example.

The average Australian has less than two legs. Not much less admittedly; it's probably something like 1.99999; but since there is no doubt that the number of one legged people exceeds the number of three legged people the average is most certainly less than two.

While accurate, I don't think this observation about the average number of legs is meaningless. At The Australia Institute although we take economics seriously we are trying hard to drag it into the real world.

So what have legs got to do with the real world? Well, for a start, I have never seen a pair of pants or a building designed specifically to cope with the 'average number of legs'. In the area of pant design, the majority certainly rules.

But the 'average' Australian is often the central concern of policy makers, even when such an 'average' person doesn't exist. Remember the trouble that Amanda Vanstone got herself into a few years back when she invented the cynically named 'Wright family'?

The point that I want to make is that we can lose sight of the things we care most about when we use 'summary statistics' such as averages inappropriately, especially when we are talking about complex policies for a diverse population.

John Howard is relying on just such a ploy in his defence of his record on wages growth. By focussing on 'average' growth in wages, he can conceal the experience of many of those at the bottom.

Economic growth

Middle income families are not working longer hours to pay the bills, they are working longer and longer hours to pay for their new stainless steel kitchens. It is the chronic shortage of flat screen televisions, not the incessant rumble of an empty stomach that is fuelling discontent in Australian lounge rooms.

The Australian economy grew by more than \$25 billion in the last 12 months. That is, as a society we spent \$25 billion more on goods and services during 2004 than we did in 2003. That's a lot of money.

But how much of that money was spent addressing the problems that have dogged us for years, or in some cases decades? Poll after poll shows that we want to see more money spent on education and health, but we largely ignored that problem. We say we are worried about ageing with dignity yet many Australian age pensioners suffer for months while waiting for basic dental services. But did we allocate any of our economic growth to helping pensioners with abscesses? Not likely.

But we have had successes, and we need to give praise where praise is due. I am pleased to announce here today that in 2004 we took significant steps towards solving the shortage of mobile phones among 15 year olds. We are not there yet, but in another year or two we should have achieved 'market saturation'.

A new problem has, however, recently emerged. A problem that we are making great progress in rectifying: the existence of a faint curve on the face of television screens. It's true, we lived with this embarrassment for decades, unaware of how damaging and dangerous it was to our social standing. But we have now developed a cure, it's expensive, but its effective, and we hope the roll out of \$5000 plasma screen televisions will be complete within the next three years.

Overconsumption

According to research conducted by The Australia Institute, in 2003, 62 per cent of Australians agreed with the statement that 'you can't afford to buy everything you really need'. 62 per cent!

While the percentage of respondents who agreed with this statement is highest among low income households (79 per cent of people in households earning less than \$20,000) the decline is not very rapid. 46.7 per cent of respondents living in households earning over \$70,000 per year agreed that they could not afford to buy everything they really needed.

It gets worse.

Maybe, you are saying to yourself, people are interpreting need as want. Maybe indeed. So we also asked another question in the same survey. We asked people to agree or disagree with the following statement 'I spend nearly all my money on the basic necessities'.

Across the population, 56 per cent of Australians agreed with that statement, including more than 26 per cent of people in households earning over \$70,000 per year.

And it gets even worse. In 2004 the Institute conducted a survey into how much money people spend on things they buy and never use. Australians admit to spending more than \$10 billion each year on food they don't eat, clothes they don't wear and books they don't read (among other things).

The same Australians who can't afford to buy everything they really need are throwing away billions.

Is income growth the answer to the problems facing Australia?

Most economists and policy makers take as given the notion that increasing economic growth is the best way to improve society. But while a few economists and policy makers might be aware of the assumptions that underpin this belief, I doubt the public at large understands, or accepts, the premises on which that belief is held.

The belief that economic growth is the most important objective of government policy is based on the assumption of 'non-satiety'.

'Non satiety' simply means that more is always, and everywhere, better than less. It means that our appetites are assumed to be never sated; we can never be satisfied.

Now you might think that I am making too much about the pursuit of economic growth, but the Prime Minister has himself said, on repeated occasions that:

The overriding aim of our extensive economic reform agenda is to deliver Australia an annual growth rate of over 4 per cent on average during the decade to 2010.

The problem with relying solely on economic growth to improve wellbeing is that growth is directionless. Economic growth refers to the expansion in the size of the economy, it does not signify that we are moving closer to achieving our objectives.

The point that I am trying to make is not that money cannot make people happier, of course it can. There are few people in this room who would say no to an offer of an extra \$10,000 per year. But the important question is not would you prefer an extra \$10,000. The important question is 'what would you be willing to give up for an extra \$10,000?'

What would you give up for an extra \$10,000 per year?

Would you give up having dinner with your family each night for a pay rise? Would you give up having an uninterrupted weekend? Would you give up on the idea of taking your annual leave each year?

Australians are working longer hours, they are taking more work home with them and they are giving up their annual leave and their weekends because of changing workplace expectations and cultures. While I would not suggest for a minute that there are not some Australians who face the very real threat of job loss if they do not conform to these expectations, to suggest that the majority of the workforce is being dragged kicking in streamlining in a direction they adamantly oppose is ridiculous.

Whether we like it or not, many Australians are selling their personal time, their family time and their community time for a few pieces of silver. They may believe that they need to 'keep up with the Joneses', they may believe that they have to 'provide a secure future for their kids', and they may even believe that they need to fund their own retirement. But the fact is, Australians are becoming increasingly willing to trade off their quality of life for money.

We need to help people off the treadmill. We need to support and encourage people who take brave steps to prioritise their families, friends and communities. The NGO sector is built by such people, but we need to let more people see how rewarding such a life can be.

Earning lots of money can be expensive

One of the problems with the pursuit of higher and higher incomes is that it can be an expensive operation. Even leaving aside the competitive consumption on clothes and cars, long hours usually mean a lot more expenditure on take away food, domestic cleaning services, car washing, dry cleaning and of course a few 'little rewards' and expensive weekend 'getaways' to make it all seem worthwhile.

The money - time trade-off

In a recent report published by The Australia Institute, Barbara Pocock spoke to children about their parents' work/money decisions. The children came from low, middle and high income families, from city and country areas and from NSW and South Australia. The take out message was that money was not a substitute for time with parents, and that time with one parent was not a substitute for time with another parent.

Children, even young children, demonstrated a high level of understanding about the need for their parents to work. They knew that the family needed money, and they knew that work provided that, but few of them thought more money was more important than more time.

Conclusion

There is no doubt that higher incomes can help low income earners meet their needs and help them to more fully participate in contemporary society. There is also no doubt, however, that the simple pursuit of higher incomes at the expense of time spent with families and friends, time spent in community activity and time simply spent resting can cause major problems for individuals, families and communities.

Governments have an important role to play in ensuring that individuals can manage work – life balance. It is not sufficient for governments to say that employees and employers can negotiate such outcomes by themselves. Many individuals struggle to see their concerns reflected in their employment conditions. Similarly, many people work in organisations that have extremely ‘flexible’ conditions of work, many of which are actually made available to employees.

Individuals also have an important role to play in achieving work family balance. There is little doubt that contemporary Australian culture suggests that earning higher and higher incomes is not just rewarding, but essential for the provision of a ‘safe’ environment for families. There is, however, little evidence that the pursuit of higher incomes results in increased wellbeing. A three fold increase in real incomes since the 1950s has not resulted in a similar increase in measured wellbeing. Individuals must, therefore, ask themselves, and their families, what it is they are trying to achieve. While higher incomes may assist in the pursuit of some family goals, it is unlikely to lead to more time, better communication or stronger family relationships for middle and high income earners.

Having determined what family priorities are, individuals may then decide to ‘downshift’; they may opt for increase holiday leave rather than an annual pay increase, or they may simply participate in events such as ‘National Go Home On Time Day’, which are designed to make individuals and their organisations reflect on office cultures of long hours of work.