NSW CENTENARY OF FEDERATION COMMITTEE
Barton Lectures

CLASS IN THE YEAR 2001

Barton Lecture No. 2

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It is only right and proper that an English migrant should be asked to talk about 'Class in the Year 2001', for an English upbringing ensures an acute awareness of class – not just of class as a system of inequalities, but as a kind of social differentiation that permeates people's daily lives. And it is not only about difference, of course, but also pride, snobbery, the desire to be in a higher class and, increasingly, the fear of falling into a lower one. Mrs Bucket who wishes to be known as Hyacinth 'Bouquet', Margo in To the Manor Born, the East Enders and inhabitants of Coronation Street all play on an assumed and agreed-upon hierarchy of classes. Hyacinth is funny precisely because of her refusal to acknowledge the impossibility of social mobility.

When I arrived in Australia in 1976 as a Lecturer at Murdoch University in Western Australia, the first people to invite me to their home for dinner were the departmental secretary and her husband, a fitter and turner. They instructed me to bring a plate, and when I brought an empty plate under the misapprehension that they did not have enough crockery for a large dinner, they mocked me dryly. It could never have happened in my birthplace, the Home Counties.

As I began to read accounts of the distinctive qualities of Australian society that had been written in the 1950s and 1960s they reinforced my own early experiences with their almost invariable insistence on the importance of egalitarianism as a form of expected behaviour. Some asserted the non-existence of classes. The two images that appeared in almost every popular work concerned the way Australians could be counted on to respond to meetings with the plumber, and opportunities to ride in a taxi. I quote: 'the man who comes to your house to mend a broken pipe…will…go out of his way to help if you appeal to him as one man to another, but will take offence if you address him a master to servant'. Or, in another version: 'if the plumber calls to mend the sink it's imperative to offer him a cup of tea'. Taxi riding etiquette is an even more popular exemplar of Australian egalitarianism as in references to 'the almost universal custom of sitting beside the driver in the front of a taxi if you are alone'. This image is used by John Pringle in 1958, Donald Horne in 1964, Craig McGregor in his 1966 *Profile of Australia*, and by the then Premier of New South Wales who declared in 1967 that 'we have no poor people in New South Wales. Nor any very rich people. Ours is a classless society. That's why we ride in the front seat of the taxi'. The sociologist Bob Connell, who has traced the taxi image through its

based on one fleeting visit to Australia in 1922.

Classes did, of course, exist. People lived in working class or middle class suburbs; they shared different patterns of income and opportunity determined by their position in the labour market. Class meant different patterns of consumption and different attitudes. Class was a way of explaining how the world worked. Class was power – or the lack of it.

But in the 1950s and 1960s in Australia (and even in Britain) enough was happening to make a great many people think that classes didn't matter anymore.

In Australia, the widely shared experience of being able to buy your own home, find secure employment whenever you wished, and bring up a family on one wage, created a general sense of well-being – and rendered class based explanations of individual lives increasingly irrelevant. By the early 1960s four out of every five households owned or were buying their homes. Over half of all employees belonged to a union, and most of these voted Labor, but this was for pragmatic reasons rather than ideological ones. Being working class was not a condition that needed to be abolished or even radically altered. Even in Britain, sociologists were wondering whether the growing affluence of groups like vehicle builders wasn't eroding the differences in attitudes and behaviour that had been such visible manifestations of class. Was the man in the Vauxhall car plant becoming increasingly bourgeois, they asked? In Australia opinion surveys consistently found that over half of all Australians considered themselves to be middle class – far more than any objective measure would allow.

It was not simply the rising levels of widely shared affluence that made class so unimportant. It was the result of the particular way in which the bitter class warfare of the late 19th century had been resolved at the time of Federation. Australia, the nation, was established in a climate of widely shared values about the national purpose, with specific legislation and public institutions that embodied these values. When Barton, Deakin and Labor leaders like Spence spoke about 'fairness' they were talking about the same sort of thing. They meant that the living standards of Australian families should be protected through wage regulation, and in this way all Australians would develop into citizens. As Deakin put it in 1906:

> The best thing that Australians could do was to make the country so productive, so good a place to live, and bring about such just and fair conditions, with such fair opportunities for earning an honest living, such protection against monopolies, with such fair chances for all men who were prepared to go on the land and work for industries, that other people would also want to become Australians.

Other Barton lecturers have pointed out that this fairness did not extend to Aborigines or other races. Nor did it extend to women. Its significance related only to class. But this was a remarkable and enduring consensus, nonetheless. Ten years earlier the situation could only have been described as one of class warfare. Not only were a third of all skilled workers unemployed, but the employers and the colonial governments seemed bent on destroying the power of the unions, using police and soldiers where necessary.

But out of these bitter struggles came lasting institutions and practices - not just fine words - that delivered a distinctive kind of fairness to many Australian families. Central to these were the Australian Labor Party – Australia's oldest political institution – and the system of industrial arbitration. It took a little longer for the anti-labour classes to organise themselves, but Federation marked the point at which the rather fragmented colonial politics became organised into a relatively rigid two party system based on class loyalties. Class conflict could not be abolished as is inevitable in any capitalist economy. But from 1904 it was to be managed through a judicial process and a special court would decide between the claims and counterclaims of employers and employees.

When Justice Higgins announced that Australian workers were to be paid a fair and reasonable wage based on a family's normal needs, rather than whatever they could extract out of a power struggle with their employer, this most Australian of class compromises was legitimated. Employers who could not pay a decent wage were not welcome in Australia. There are bosses and there are workers, but in the court they are just parties to a dispute. As John Rickard so eloquently puts it:

> Arbitration is the most explicit statement possible of the Australian belief that Jack is as good as his master. This does not of course alter their roles; indeed it is based on the assumption that Jack will remain Jack. Arbitration has not only institutionalised conflict in Australian society, it has also institutionalised some of Australia's most cherished beliefs (and prejudices) about itself and life in general.

Jack was not really as good as his master. Egalitarianism was primarily a matter of manners. There was indeed widespread respect for hard manual labour in a country where sheep and gold were so important. The shearer, for example, came in for adulation and mythologising. None of this had much impact on the material gulf that continued to exist between the incomes, homes and education of the major classes. In Australia, class-consciousness remained distinctively labourist. There was little support for the establishment of a more radical social democracy or a full-blown welfare state. What we did get after the Depression and the Second World War was a genuine policy commitment to full employment for men, and financial support for dependent

wives and children. A job and a family were to be the key to working class security.

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I now realise that when I arrived in Australia in 1976 these distinctively Australian class relationships were beginning to unravel. Every political science textbook still talked about the party structure as 'Labor and non-Labor', and in 1977 an eminent professor of political science wrote confidently that class remained the key to voting patterns. But in 1978 another young professor, who was shortly to begin a political career that now finds him as a Liberal Minister in the Howard government, published research to show that class and party were fracturing. This was probably premature, as it was not until the 1990s that significant elements of the working class felt politically abandoned. The sentiment of egalitarianism was still dominant. In the sixties the normative framework that underpinned widespread acceptance of the notion of a basic wage was still alive and well. In one of its finer - if belated - moments the arbitration system delivered legislative equal pay for women.

Equally striking to an English migrant was the absence then of an immigrant underclass. It still gives me a small sense of Australian-ness when I return to Tullamarine airport and see a white man cleaning the floor. Arriving at Heathrow in London the connections between immigration, race and low pay are immediately revealed as a Pakistani immigrant hovers in the women's toilets. The massive immigration program of the post war years did indeed lead to the creation of migrant jobs in Australia – often dirty jobs – but they were generally unionised jobs – jobs with legally enforceable minimum wage rates. Centralised wage fixing meant that there were no regional wage variations or opportunities for employers to create 'pockets' of cheap labour. It also meant that wage rises won in one sector or industry rapidly spread to others, migrant dominated or not. In other words, the male working class remained, by and large, 'the working class', rather than developing into segments or fragments or other kinds of hierarchically ordered layers. Even the expansion of white-collar occupations and rising levels of education did little to alter the class structure, with white-collar workers joining unions like their blue-collar brothers.

The sense of predictability and acceptance that accompanied the class structure is captured in the way this human resource manager from the Shepparton region remembers schools preparing people for work in the 1960s:

> I went to school at the local high school, and everyone knew how it worked. There were kids who left school at the end of the third form and they went into trades or labouring type jobs. Others left at the end of fourth form and went into a bank, or worked for the SEC or local government. The ones that finished fifth form went teaching or nursing.

The nerds who completed sixth form, or matric as it was then, went to uni.

The majority would not complete high school, and it didn't seem to matter. Although, when I finally crossed the Nullabor and arrived in Melbourne in 1980 I was surprised to find one vital element of the British class system alive and well – namely a relatively well patronised private school system.

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Classes today

Looking back from 2001, it is hard to know which is the more remarkable: the stability of the class compromise achieved at Federation, or the speed with which it has unravelled over the last 20 years. The economic pressures and the ideas used to justify the dismantling of egalitarian structures and sentiment are not unique to Australia, but Australia turned out to be far more vulnerable to these pressures and ideas than, for example, the European social democracies. Nor should Australians confine their comparative gaze to our English-speaking relatives on either side of the Atlantic. They are unworthy competitors and it would be a race to the bottom. In a recent comparison of the degree of income inequality across 21 wealthy countries, the United States came out top (or worst), Britain was not far behind, and Australia was fourth. I think most Australians are shocked by facts such as these.

Australia may yet prove more determined to protect the key values of fairness and decency expressed by all parties one hundred years ago than our Anglophone relatives. I hope so. I didn't take out Australian citizenship in order to protect my place in the sunshine. I took it out because I like those things that are now under threat.

The pressures which have now fractured the old class settlement are well known. They include the increasingly inefficient nature of some Australian production; the increasingly competitive international markets in which many firms now have to do business; the decline of many traditional industries and the rise of new ones requiring different kinds of workers; rising unemployment; and the push for equal employment opportunities from women. Two major bi-partisan policy decisions - to abolish tariff protection and to deregulate the financial system - signalled the radical nature of the changes to come. And in their wake were a host of policy moves that had one common effect – namely increasing the exposure of the Australian working class to market forces, and the winding back of mechanisms and policies designed to regulate these forces in the name of fairness or decency.

Within a very short period, we were being asked to choose between economic growth and sustained prosperity on the right hand, and redistributive policies

based on egalitarian values on the left. It was a case of drown together in a sea of unsustainable egalitarian mediocrity, or free the entrepreneurial spirit from social responsibilities so that we might all rise on a tide of creative destruction. The welfare state, which had embodied a particular kind of class compromise, became a 'burden' on the economy. A new moral economy found expression in phrases like 'the winner takes all' while 'battlers' became unemployed were to 'price themselves' into a job. The changes were presented as inevitable – the TINA syndrome: There Is No Alternative. The fact that other small open economies like Denmark and Holland managed both growth and equity was not allowed to get in the way of the new story. America was to be the constant point of comparison.
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Many elements of Australia's historical class compromises went by the wayside, including regulated home loans. But in terms of the impact on Australia's class structure and class relations, the biggest revolution has been the abandonment of full employment as an achievable goal, and the frontal attack on unions, arbitration and centralised wage fixing. These have been central factors in the fragmentation of the Australian community, and the detachment or marginalisation of significant segments of the population from the mainstream regulatory and social protection mechanisms. The 'wage-earners welfare state', as it has been called, was increasingly unable to protect large sections of the community from growing insecurity and inequality.

Much of the debate about the new class structure, in Australia as well as in Britain and the United States, focusses on what has happened at the bottom end. During the 1990s, for example, we discovered that the unemployed had become detached from the rest of the working class, and become a new, and disturbingly large group to be called the 'long term unemployed'. Closer examination of public expenditure on welfare payments revealed that the numbers of Australians receiving a range of different benefits had increased sharply. Taken together these elements began to fuse into something that was increasingly called an 'underclass'.

However, if we want to understand how classes work in general, and if we want to understand Australia's new class relations, then we need to start at the top – with the interests of capital and the managers of capital in this rapidly changing economy. After all, some classes are more equal than others.

The overclass

The employing class has also been transformed. Some large employers now like to distance themselves from the greed, corruption and short-term horizons of the more famous entrepreneurs – the Bonds and Scases - who unleashed themselves onto the rest of us in the 1980s. But there was a more generalised shift in the priorities of employers that was used to justify the

a term invented by Robert Reich. These are the individuals who earn very large salaries or fees and invest in shares as a major source of longer-term security. They, like the other members of the overclass have no use for the major institutions of the welfare state – public hospitals, public schools or

pensions. They benefit from the short-term profit-seeking of highly mobile investment funds. The rise of performance related pay and bonuses rather than status based salaries helps to detach this group from more egalitarian workplace cultures. They are likely to believe that the public sector is a drain on the private sector's ability to generate wealth, however untrue this might be.

The middle class

Beneath the overclass we still have a middle class, defined increasingly by their tertiary educational credentials, or cultural capital. This class is growing, as the new economy requires a lot of highly skilled managers, professionals and technicians (the fastest growing occupational categories in the 1990s). This is the group that Robert Reich calls 'symbolic analysts' knowledge or information based workers who identify and solve problems. The middle class includes more secure and less secure strata, of course. Some elements are a bit uncomfortable in the new era of 'fast capitalism'. Some managers find they are still on the greasy pole at the age of forty when they expected to be comfortably established; some occupations – especially those in the public sector – have become a lot more stressful. Some in this class have had to trade off some security for increased pay. Some worry about the competition for middle-class jobs that their children face, so they are queuing up to send their children to private schools, in Victoria at least – some of which now take them at 3 months and keep them to 18. (And nearly every child at a private school stays on until Year 12, compared to only 65 per cent in government schools.)

This class is also blessed by often having two middle incomes in the one household, for women with tertiary education have really been making advances in these kinds of educationally credentialled jobs. This is why they need the private school pre-school as well as after-school. Their commitment to public education is probably now purely ideological rather than self-interested. This class also has private health insurance. It wishes it had more shares. They live in inner suburbs and have helped to push the value of housing in these areas through the roof. They are accumulating wealth that will later help to give their children access to these suburbs.

My own story shows how accidentally these middle-class changes can occur. On arriving in Melbourne I bought a wooden cottage in a good inner suburb. I bought it from a retired fitter and turner who had raised 6 children in its 3 bedrooms. I sold it for three times what I had paid for it, 13 years later, and bought a dual-income much larger version not far away. Property values in this street have increased at least 50 per cent after 8 years. At the same time the government's competition policy forced me to choose between my superannuation scheme that guaranteed me a reasonable retirement income if I behaved sensibly, and a risky share option scheme that might make me a lot better off in my old age. Enough of the personal revelations here – my

point is simply that middle class people do not have to be ill-intentioned to find themselves increasingly aligned with the overclass, and objectively detached from the interests of the underclass. They are increasingly ambivalent about redistributive taxation and the value of public utilities and public services because their standard of living is now more closely tied to the share market and property market.

The one element of the middle class that has never been ambivalent about redistributive taxation, but consistently opposed it, is small business.

The working class

As well as a middle class there is still a working class. The better off segment of the working class have ongoing full-time employment (in theory at least), and they can join a union. Their employment conditions are still regulated by awards and union shaped enterprise bargains. They get holiday pay and sick pay and can't be sacked on a whim. The more highly skilled element has managed to maintain its living standards, but the traditional working class is shrinking. In 2001 the working class are as likely to be bank, retail or call centre employees as factory workers and they are all working very long hours. For the majority, one wage is no longer enough to sustain the Australian dream.

The less well off segment of the working class is employed in non-unionised service industries or industries dominated by casual and part-time work such as hospitality and tourism, or they work for labour hire companies. If they own a house it may well be in a suburb with declining property values. They may work full-time but are in danger of sliding into the 'working poor'. Some of these people may best be understood as sharing the difficulties faced by the class below, but the trade union movement is now engaged in a critical struggle to draw them more tightly into the organised working class.

The Underclass

Most discussion about Australia's changing class structure has focused on the growth of a very large number of people whose material circumstances make them worse off than the traditional Australian working class, and who stand little chance of finding secure employment, or buying a house. Not only this, but they will find their claims to welfare support increasingly challenged and contested. For the moment let's just call them the 'new underclass' even though this term is disputed.

The thing that defines this group primarily is their tenuous relationship with employment. It includes the unemployed *and* the very insecurely employed; the people on various kinds of make-work schemes; the discouraged job seekers; the mothers who cannot afford childcare; the growing army of the working poor who rely on welfare support to survive; those on disability

pensions who would work if appropriate jobs existed; those with part-time jobs who need a full-time income.

It is important to appreciate the sheer size of this new underclass. We can quibble about exactly who is in it and who isn't, but its outlines are clearly visible to anyone who wishes to see. Almost a fifth of working-age people in Australia are now in sufficient strife to receive some kind of social security payment. The proportion in such need has doubled since I arrived in Australia. That is now over 2 and a half million people. If we look at those who do have employment, there are at least four overlapping categories who cannot be said to enjoy any of the traditional benefits of being a worker in Australia – those who are involuntarily working less than full-time; those employed in temporary jobs; those employed on a casual basis; and those whose hours vary at the whim of their employer. If we just look at short-term employment, this has grown to a quarter of all jobs. A cautious estimate would put this 'precariously' employed group at about another 2 million.

Households that manage to combine a working class job with an underclass job can just about keep their heads above water. But just as the university-educated middle class tend to marry each other, so the unskilled and economically vulnerable tend to do the same. Hence the growing polarisation between what have been called 'work-rich households' and work-poor households. About 850,000 Australian children live in families where neither parent has a job.

The four classes

There are greyish boundaries between all these classes, and they could be subdivided around finer distinctions. But even this rather crude description of four main classes allows us to think about the class system more generally. The most striking feature is that the material gaps between them and the gaps in shared political interest are getting wider by the minute. And these inequalities are further exaggerated by the increasingly geographic concentration of classes, driven largely by the housing market and the private/public school division.

Understandings of class

If the objective underpinnings of the Australian class system have been transformed over the last twenty years, it should not surprise us that attitudes to class have also been turned upside down. In particular, we don't seem to know how to make sense of this new underclass.

But let's start with the traditional working class. After all, this is Newcastle. The historic belief in the importance of security and the respect for hard physical labour has collapsed in a policy environment that insists we abandon all resistance to the demands of market forces. Steel must go, and tourism

must come. Steelworkers should become waiters or social workers. For any enterprise to survive it must be free to deploy its labour force with untrammelled flexibility. Workers and unions who resist are, by definition, unrealistic, inflexible, or just plain dinosaurs. Concepts of solidarity, egalitarianism and the right to a decent wage simply have no place in the new world of work. A reverence for honest toil is hard to sustain when there is a full-scale war being waged against those toilers' historical rights. Workers are no longer equal parties in the industrial court, with needs that that must be defended in the name of a socially and politically defined broader national interest. The interests of capital must be put first, or we will all be dragged down by some combination of uncompetitiveness, mediocrity, and special pleading. And these are claims which no amount of empirical disputation seems to dent.

Not only has the working class had much of its blue-collar employment removed, but it has also lost the respect for honest toil that went with it. Honest toil is a concept that has been politically hi-jacked and used to construct a quite different kind of moral framework. It is now something that only the self-employed and small businesses can really understand – the new battlers – in sharp contrast to the underclass, whose access to handouts has atrophied their ability to get up and go.

There is a disturbing common theme in the diagnoses of what ails the underclass – the notion that it is attitudinal problems that prevent welfare recipients from getting off welfare. At its most charitable, it is argued that long periods of welfare dependency, resulting from long term unemployment or lengthy periods of full-time parenting for example, erode people's ability to see and take advantage of the opportunities for economic independence that do exist. Indeed, it erodes their capacity to participate economically and socially more generally. The fact that there is no evidence to suggest that the underclass are any different to anyone else in their patterns of social participation seems to be irrelevant to this ideological debate.

This framing of the problem encourages us to believe that this part of the underclass needs firmness, even compulsion, in its own best interests. It needs to be 'obliged' to stop being a drain on all of us. In the charitable version, there is an acknowledgement that the vision of converting the welfare-dependent into self-employed or employees could cost a lot of money, but there is no discussion of where this money might come from – which is hardly surprising since anyone of any influence has been convincing us for too long that higher taxes and other forms of income redistribution are bad for the economy.

The uncharitable versions which have always emanated from what used to be called the petty bourgeoisie – the owners of fish and chip shops, for example – who see the culture of welfare dependency as a culture of laziness and

special pleading, and welfare recipients as people who simply need to be made to realise that the handouts are finished.

The charitable and uncharitable versions resonate together partly because of the history of class interests in Australia and our 'residual' welfare state that has always relied on paid work as the fundamental source of income security. What all versions fail to acknowledge is that there are no jobs, and that making the most vulnerable compete more strenuously simply jeopardises the minimal security experienced by the other half of the new underclass – the precariously employed – and, increasingly, the security of the working class. Yet all parties are arguing for a more selective, more conditional, more judgmental, less 'generous' and more paternalistic welfare system. We are dividing the underclass into the deserving poor and the undeserving poor again.

And maybe we can't any longer assume that we know how to provide enough jobs as the basis of income security for all? If that is the case we face an enormous challenge in re-thinking the foundations of economic security for the underclass and the more vulnerable sections of the working class. Every plausible solution to the problems of growing inequality and detachment or marginalisation requires considerably higher levels of taxation. Here in Australia we have no shared historical policy framework for such actively redistributive measures, despite our long history of egalitarian sentiments. This is not to say that we cannot develop such a framework, for there is no logical contradiction between an open and internationally competitive economy and the welfare state. But redistributive measures have to be funded out of taxes on incomes and sales. As this recent analysis of globalization and welfare puts it:

> This means that the public must both want welfare services and be willing to pay for them. It implies both solidaristic values and appropriate political institutions that force decision-makers to respond to those values. Hence both attitudes and institutions become central, in the form of distinct national legacies that favour solidarism and public consumption. Societies without such inheritances or the means to invent them will thus feel the pressure.

For much of the century since Federation, Australian attitudes and institutions combined to mediate class relations within a framework that acknowledged social values and egalitarian manners. The institutions have been seriously undermined as class interests have diverged, and new class interests have found themselves unrepresented. Despite the challenges posed by the dramatic economic changes of the last twenty years, we are a richer country than ever before. The problem is that far too many people have been excluded from the benefits. As long as the overclass insist on arguing that we cannot have economic growth *and* social welfare there will be a space for One Nation and the politics of grievance. In the politics of grievance those

who work very hard, but have increasingly little to show for it, start to blame anyone who doesn't work (whether it's their fault or not) and anyone who might be seen to be taking Australian jobs – which targets Aboriginal people, single mothers and Asian migrants.

Conclusion

If we want to be able to go on sitting in the front seat of the taxi and talking respectfully with each other across class differences then we must first of all face up to the scale and depth of the of social and economic marginalisation that we have allowed to occur in recent years, and the intensity of people's feelings of insecurity. If we want to revive egalitarian manners we must engage in a mutually reinforcing process of mobilising our egalitarian traditions and building new institutions that regulate the market and redistribute the wealth it creates. The possibility of political solidarity between the middle class, the working class and the underclass – I don't think I'd count on the overclass – depends, in part, on our ability to remember and revivify an emotional solidarity that is there in our history.