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# The Brotherhood of St Laurence

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## AN OPEN LETTER TO THE PRIME MINISTER FROM THE BROTHERHOOD OF ST LAURENCE

26th July, 1984.

The Rt Hon. R. J. Hawke,  
Prime Minister,  
Parliament House,  
CANBERRA ACT 2600

Dear Prime Minister,

Do you realise that nearly one in five children in Australia is now being raised in poverty? That's more than three quarters of a million kids. Do you know what that's doing to their lives?

I write this time in sorrow and in anger, trusting to the compassion I know you possess. You will remember my last letter of May 18th, putting the Brotherhood's tax and welfare package for the coming Budget. This, too, is about the Budget, but it is also about something of much more lasting significance. I suppose you could say it is about the future of Australia.

Something strange has happened to this country in the past decade. Just about every human problem has been reduced to an economic argument. The futures of the poor, the young, families, or the aged are analysed only in the context of the economy, and reflected in a never ending cycle of depressing statistics. Social policy issues, human issues, are reduced to a "bottom line" of numerical patterns. The end result appears to be a complacent acceptance of massive problems because their very expression removes the human dimension.

We get all those statistics. We know them well, but we also know what they really mean. Sometimes, even we are shocked. The other day, for instance, we got an eleven page yellow document from the Social Security Department. It was called "Social Security Pensioners and Beneficiaries as a proportion of the population and the labour force: Australia 1973-1983". Up near the end was a little table showing the growth over the past decade in the number of children of pensioners and beneficiaries as a percentage of all kids under sixteen. Here it is:

1973	1974	1975	1976	1977	1978
4.4	5.9	7.6	8.9	10.1	11.2
1979	1980	1981	1982	1983	
11.7	12.3	13.7	14.7	18.2	

Now we know from lots of other statistics that just about all pensions and benefits are below the Henderson poverty lines. We know that the more kids anyone has got, the further they are below. And now there are more than four times as many as there were ten years ago.

Talking about ten years, that Henderson poverty line itself is coming up to its tenth birthday in April next year. A decade since the release of the Poverty Commission's report. The kids that have grown up and remain in the shadow of that austere measurement of poverty amidst plenty will have little cause to celebrate.

For a decade now that awful statistical indicator has stood like the crossbar of an Olympic high-jump. It's not really that high - we've just never seriously entered that event. And as a result, we've now got nearly three million people below it, including all those kids.

So what does growing up in poverty mean to kids? It's the little kid who has no choice but to clean out his school locker in mid-term and quietly disappear - from friends, from teachers, from the neighbourhood - because his mum's been forced to look for a cheaper place to rent. That's happening everywhere now. For some kids it happens a couple of times a year. What hope have they got of getting an education, of getting a stable, sensible start in life?

Sometimes poverty is the kid who has to go to school in last year's fashion jeans, bought secondhand from a Brotherhood shop. He's wearing loose ones when the other kids' mum's have bought them tight ones. That doesn't matter much you might think. But ask that kid - or ask the schools, or his mum. It's enough to make kids want to leave school. No one feels the stigma of being out of the mainstream more than kids. Our society's gone that way, makes the kids that way - you can't blame the kids.

And of course, poverty is also the kid who lies awake at night hearing his parents fight it out over where their meagre money's gone, who wakes to find his mother with a black eye. The chances are, these days, that that kid's father is unemployed, and has been for a year or more.

The stats tell their story on the unemployed, too, and the most deeply disturbing figures are the one's which show the increasing numbers of men and women who are out of work for increasingly longer periods. Since 1976 those unemployed for more than six months have increased from 54,000 to 312,000; over the past five years the numbers out of work for more than 65 weeks have increased 350% from 41,000 to 146,000. Once again its numbers, numbers, numbers. But the Brotherhood's own research and that of other groups has documented that such long-term unemployment brings in its wake

poverty, decline in work skills, loss of confidence and a variety of health problems. Yet as Ralph Willis keeps saying, we've got this structural unemployment problem for at least another decade. We know there will be no structural solution to poverty without the eventual return to full employment - but we can't just forget what is happening to the unemployed in the meantime. Or are we writing off a whole generation? All the social problems linked to unemployment are exacerbated by the poverty caused by the present dangerously low levels of unemployment benefits.

What is needed in Australia is a war on poverty. There has got to be an all-out, systematic, co-ordinated program to eliminate poverty. All our experience shows that it is never done in stops and starts. Most of all, it takes willpower - political will. You know all about personal willpower, and I firmly believe that you can marshal it politically. The eradication of poverty may well mean that the "haves" would have to make do without a continually rising standard of living, for a time. That is politically tough, certainly but if anyone can sell that to Australia you can. There is nothing more certain, however, that if you don't, there will be no bringing Australia together, no real national reconciliation. We will drift up to 1988, the beginning of our third century, as a nation deeply, harshly, and perhaps, irrevocably divided into two Australias. That phrase should ring bells with you - as I recall, you were the first public figure to take Disraeli's famous words in the context of the widening gulf separating the affluent and the poor in Australia. We will have created, through complacency, through a measure of greed and lack of compassion, another whole "lost" generation. It's slipping away from us, Bob, probably faster than we know, another whole cycle of poverty beginning to role through Australian life, maiming and wasting all in its path. Is that the sort of Australia we want?

I can't think of a better place to start than in this year's Budget.

Tax cuts of the order being mooted in today's papers are a serious step in the wrong direction. They are the easy way out of political, economic, industrial and

electoral problems. They keep the skeleton locked firmly in the closet and in fact even add another bolt to the door. But no doors will contain the spectre of massive poverty. Of course, you have got the numbers on your side - there are probably still more people on wages, paying tax, than there are in poverty. They will welcome a tax cut - everybody always does. Nobody has ever put much effort into explaining to the community that Australia has one of the lowest overall tax rates among the OECD nations. At the same time middle Australia seems to have dispensed with our traditional notions about a "fair go" - it has become incompatible with the "me generation". We have steadily developed a culture based around notions of "us" versus "them", and this has become the most significant underlying barrier to even mild forms of redistribution and reform. It will have to be grappled with before long, else we give away hopes for social justice in this country.

No one seriously doubts that the prices and wages accord presents the best hope of sustaining the economic recovery. But it seems to me that the issue is rapidly becoming, if you follow me, the price of the prices and wages accord. The crucial issue here is the selective bestowing of a surplus of taxation revenues upon people who have already maintained and improved their position through the recession at the expense of the unemployed and the poor. It seems that those who paid the price of the recession are now paying the price of the recovery.

In specific terms, we believe that the benefits this Budget provides to the employed should not be greater than the increased assistance to the unemployed and other pensioners and beneficiaries. A package which provided for example, \$1 billion in tax benefits to the employed and only \$400 million to the unemployed and other poor, would further widen the gulf between the "haves" and "have-nots" in Australia. Family poverty has taken root in Australia. You know that it has been talked about by social policy makers and welfare agencies for some years now, having taken over from the poverty of the aged as the focal issue. Family poverty means child poverty. The easiest path to poverty these days is to have a couple of

kids, get retrenched or separate from your spouse. It is almost inevitable. Just the other day, the Institute of Family Studies released some recent research which showed that up to 540,000 families had an income in 1981/82 less than the poverty line. This was an increase of more than 22% since the ABS survey of 1978/79, and even more disturbing, the Institute said, was that among types of family below the poverty line, married couples with children had increased by more than 54% and those in one parent families had grown by more than 38%.

In my earlier letter to you and in subsequent discussions with the ACTU, the Brotherhood has argued that if there had to be tax cuts, a major proportion of those cuts should comprise increases in family allowances. We see increases in family allowances, which, of course are paid to the unemployed and pensioners and beneficiaries who have children, as well as those in the work force, as the best way of targeting tax relief to those in the greatest need. Since 1976, all families, except those now receiving the family income supplement, have experienced a decline in the real value of government support through either the taxation or income security system. We remain committed to the view that to the extent your government is committed to "universal" tax cuts, family allowances are the way to go. However, it is a curious thing that we have been rebuffed in putting this view with the argument that increasing family allowances is the wrong tack because they also go to the well off families. Now, we read in today's papers that the final ACTU position on the tax cuts would still give someone on an income of \$35,788 a tax cut of \$4.45 a week, and those above that to a ceiling of \$100,000 would still get a tax cut of \$3 a week. We think that's a bit rich!

We believe that at a minimum, the following initiatives should be included in your Government's second Budget:

- 1) Increased allowances paid to pensioners and beneficiaries for each of their children, from the present level \$12 to \$15 a week.
- 2) Increased family income supplements paid to low-income working

families, from the present level of \$12 a child a week to \$15 a child a week.

3) Increased mothers/guardian allowances paid to lone parent, pensioners and beneficiaries from the present level of \$8 to \$15 a week.

4) Increased supplementary rent assistance paid to pensioners and supporting parents from \$10 to \$15 a week.

5) Increased standard rate of pensions from the existing \$89.40 to \$94.40 a week.

6) Increased unemployment benefit levels from \$78.60 to \$94.40 a week for single people over 18, and from \$45 to \$65

a week for unemployed people under 18.

Bob, I cannot stress enough my view that the coming Budget should be the starting point for a new broom to sweep away poverty. It's time Australia stopped kidding itself about its kids.

Yours sincerely,



Peter Hollingworth,

EXECUTIVE DIRECTOR.