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**Evidence and Perceptions of Inequality in Australia**

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## **Abstract**

Following the increasing impact of globalising economic forces world wide Australia, like many other liberal democracies, moved to adopt neoliberal economic policies with an emphasis on increasing deregulation of economic markets. The economic changes instituted since the 1980s have fundamentally restructured the economy and created a more flexible labour market. Jobs growth has been concentrated in industries that rely heavily on casual and part-time workers. Consequently, the proportion of all jobs that are permanent and full-time has declined. In this paper, we are interested in how these changes have affected the level of income and wealth inequality within Australian society. Although there is a general agreement amongst researchers that there has not been a significant increase in inequality in regard to either income or wealth between the 1980s and the 2000s, some researchers argue that earnings inequality has increased. There is also evidence of a mismatch between objective measures of inequality and the perceptions of the Australian people, with a significant majority of respondents in a national survey conducted in 2005 believing that Australia had become a more divided and less fair society since the 1980s. The present paper examines these disparities and attempts to account for them.

**JEL Codes:** J01; N30; Z13

**Key words:** Social inequality, neoliberalism, attitudes

## **Introduction**

In the 1980s, following the increasing impact of globalising economic forces Australia, like the great majority of liberal democracies, moved to adopt neoliberal economic policies with an emphasis on increasing deregulation of economic markets. The economic changes instituted at this time fundamentally restructured the economy, creating a more flexible labour market and impacting on many other facets of Australian life. Jobs growth has moved out of manufacturing and into service industries that rely heavily on casual and part-time workers. This is not a situation unique to Australia and is one of the globalizing consequences of moving manufacturing 'off shore' to take advantage of cheaper labour markets. As a result of this market change, the proportion of all jobs that were permanent and full-time declined and the proportion of jobs that were casual and or/part-time rose.

Neoliberalism is based on an economic theory that posits that the role of the state is to 'create and preserve an institutional framework characterized by strong private property rights, free markets and free trade' (Harvey, 2006: 2). As a 'set of political ideologies and practices' (Stilwell & Jordan 2007: 153), neoliberalism ensures the supremacy of the market, allowing the market to determine the value of just about everything (Pusey 2003: 52). From a neoliberal perspective, self-interested buyers and self-interested sellers are imbued with 'perfect knowledge' therefore ensuring markets operate efficiently (Woodward 2005:42). Intervention by governments is seen as undermining this efficiency, providing opportunities for uncompetitive businesses to remain in operation. One consequence of this thinking has been the winding back of tariffs to make Australian manufacturers more competitive.

Neoliberal policies undermine the stability of internal labour markets allowing employers more freedom to determine the wages and conditions of their employees so that they may tailor their workforces to meet fluctuations in demand for their products or services (Muller and Arum 2004:11). This allows businesses to decrease costs and increase profits. Consequently, the wages share of national income declines and the profit share increases. According to the ABS (2000:18 cited in Pusey 2003:52) wages and salaries accounted for just 54 percent of national income in 2000, down from 62.5 percent

in 1974-75. There was a further decline to 53 percent in 2003-04 when profits accounted for 27 percent of national income (Stilwell & Jordan 2007:3). These figures are an indication of the 'relative power of labour and capital' (Pusey 2003:52).

These neoliberal policies led to the transformation of the Australian economy from a goods-producing economy in the 1970s, in which the manufacturing sector provided 28 percent of employment, predominantly full-time and permanent, to a service-provider economy in the 2000s with the services sector accounting for 75 percent of employment, a large proportion of which is part-time and/or casual (Woodward 2005: 144). Evidence of the effects of these changes is provided by Borland, Gregory and Sheehan (2001:16). Their research shows that the overwhelming majority of new jobs created during the 1990s were low paid jobs. In fact, 87 percent of new jobs created in the 1990s returned earnings of less than \$500 per week and 50 percent returned earnings of less than \$300 per week.

According to Pusey (2003:50), between 1985 and 2000 labour market deregulation, industry restructuring, the weakening of industrial unions and continuous pressure for round after round of 'job-shedding' led to a lowering of labour costs (that is, lower wages) and a more flexible supply of workers effectively creating a two-tier labour market: full-time permanent jobs in higher skilled occupations; part-time casual jobs in low skilled occupations, thus increasing wage dispersion (that is, inequality). This economic restructuring expanded the role of the market as the government relinquished control and allowed the market to determine the value of just about everything (Pusey 2003:14).

Whether an increasingly flexible labour market with a growing proportion of low paid jobs increased inequality has been the subject of intense debate (see Heckman & Krueger 2003 and Harvey 2005). However, Australian researchers generally agree that although there is no evidence of a significant increase in inequality in regard to either income or wealth between the 1980s and the 2000s (Baekgaard 1998; Harding 2003; Headey et al. 2005), there is evidence that earnings inequality increased (Borland et al. 2001; Borland & Wilkins 1996; Johnson & Wilkins 2004; Keating 2003). In the next section, we review three dimensions of inequality in the Australian context.

**Levels of inequality: 1980s and 2000s**

Assessing inequality in Australia is a complex process due to both its multidimensional nature (Saunders 2002: 177) and the paucity of comprehensive data. There are several dimensions of inequality: wealth, the extent to which the value of assets exceeds that of liabilities (ABS 2007b: 4); earnings, gross earnings in the form of wages, salary or business income; and disposable income, calculated by deducting income tax and the Medicare levy from individual earnings and adding all cash transfers flowing from the government. Each dimension can be assessed at either the individual or household level. A further complication is that the Australian Bureau of Statistics (ABS) has introduced several changes to the way it collects data usually employed to measure inequality in earnings, income and wealth making comparability over time difficult if not impossible (Atkinson 2008; Saunders & Hill 2008: 55). This has given rise to considerable debate within the Australian community regarding both the level of inequality and the most effective way to measure it.

Two commonly used measures of inequality are the Gini coefficient and the P90/P10 ratio and variants of it. The Gini coefficient ranges from 0 to 1, where a value of 0 indicates complete equality and a value of 1 indicates complete inequality. The lower the Gini coefficient, the more equal the distribution of income. According to the OECD (2006), the Gini coefficient for income in Australia declined marginally from 0.312 in the mid-1980s to 0.305 in 2000.

The P90/P10 ratio is calculated by first ranking all the units of analysis (either individuals or households) from lowest to highest and then dividing the ranking into deciles. The units in the lowest decile (P10) are the 10 percent with the lowest share of wealth and those in the highest decile (P90) are the 10 percent holding the most wealth. Therefore, changes in the distribution of wealth can be measured by comparing the P90/P10 ratio at different points in time. Larger P90/P10 ratios indicate greater levels of inequality. In 2005-06, the P90/P10 ratio for net household worth equalled 47.3 (ABS 2007b: 6). In 2003-4, the P90/P10 ratio for household income was 3.7 (ABS 2005 cited in Stilwell & Jordan 2007: 33), indicating that disparities in wealth are considerably greater than disparities in income.

### *Wealth inequality*

According to researchers investigating trends in wealth inequality there has been no increase in inequality since the mid-1980s. Using data from the ABS, Baekgaard (1998: 14-15) estimated that 30 percent of total household wealth in both 1986 and 1993 was held by the wealthiest 5 percent of households. An almost identical result was estimated using the second wave of the Household, Income and Labour Dynamics in Australia (HILDA) survey conducted in 2002. Headey et al. (2005: 165) concluded that the wealthiest 5 percent of households held 31 percent of total household wealth in 2001-02. Baekgaard also estimated that the households in the lowest quintile held no wealth and those in the highest quintile held 63 percent of total wealth in both 1986 and 1993. In 2005-06, households in the highest wealth quintile accounted for 61 percent of total wealth whereas households in the lowest wealth quintile held just 1 percent of total wealth (ABS 2007b: 6).

These figures suggest a marginal decrease in wealth inequality since the 1980s. Some researchers have linked this to the introduction of the superannuation guarantee arguing that now all Australian workers have some wealth in the form of superannuation (Harding 2003: 164). Without the inclusion of superannuation in the calculations, the Gini coefficient for wealth inequality increased from 0.67 in 1986 to 0.70 in 1998 suggesting that superannuation offset 'growing inequality in many other forms of wealth' (Harding 2003: 164). On the other hand, Stilwell and Jordan (2007: 54) cite more recent findings from research conducted by Kohler et al. (2004) and Headey et al. (2005) using the HILDA data suggesting that the universal superannuation guarantee actually intensified existing wealth inequality with the wealthiest 10 percent of households owning 40 percent of the total wealth held in superannuation. According to Kohler et al. (2004:7), the average wealth of those in the top quintile (the wealthiest 20 percent) was 284 times as much as the average wealth of those in the lowest quintile.

### *Income Inequality*

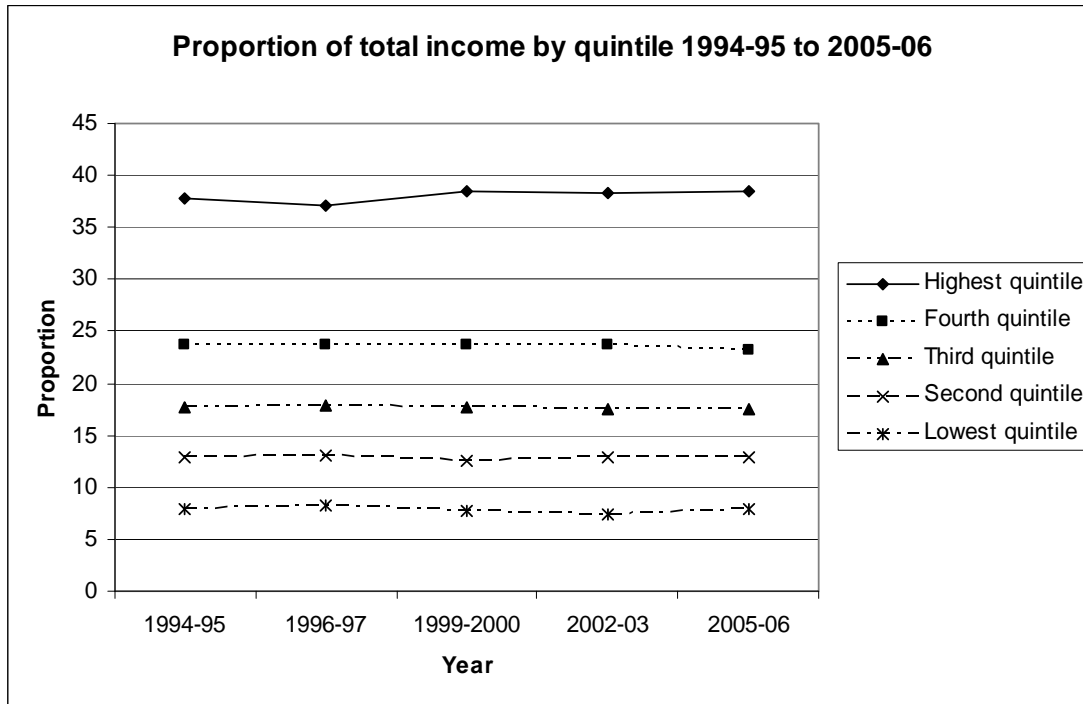
Rather than measure income inequality based on individual incomes, the ABS argues that equivalised disposable income is a better measure representing the economic resources available to meet the needs of households. By adjusting disposable income using an

equivalence scale, the equivalised disposable income reflects the requirement for larger households to have a higher level of income to achieve the same standard of living as smaller households (ABS 2007a: 33). The Organization for Economic Co-operation and Development (OECD) equivalence scale is widely used and is calculated by adding together the values for each member of the household. The first adult is given a value of 1.0, the second adult is given a value of 0.7, and each child aged under 15 years is given a value of 0.5. The OECD equivalence scale for a family with two adults and two children is 2.7, that is, a household comprising of two adults and 2 children would require 2.7 times as much income as a single adult to achieve an equivalent standard of living (Saunders 2002: 190).

Data collected by the ABS (2007a: 5) shows that equivalised disposable income has also remained relatively stable over time. Between 1994-95 and 2005-06 the mean real income of households in the bottom three deciles (those with the lowest 30 percent of incomes) increased by 31 percent compared to 32 percent for middle income households and 36 percent for high income households (those with the highest 20 percent of incomes). Figure 1 shows that each quintile's proportion of total equivalised disposable household income barely changed between 1994 and 2005-06. Each quintile has maintained its proportion of total income suggesting there has been no change in the overall dispersion of income.

Two other indicators of inequality, the Gini coefficient and the P90/P10 ratio also show that there has been little change in the level of income inequality in the decade from 1994-95 to 2005-06. In 2005-06, the Gini coefficient was 0.307 compared with 0.302 in 1994-95 and the P90/P10 ratio was 3.92 in 2005-06 compared with 3.78 in 1994-95 (ABS 2007a). In other words, in 2006, the equivalised household incomes of persons at the top of the 90<sup>th</sup> percentile were 3.92 times higher than the equivalised household incomes of persons at the top of the 10<sup>th</sup> percentile.

Figure 1. Proportion of total equivalised disposable household income by income quintile 1994-95 to 2005-06



Source: Derived from ABS Cat. No. 6523.0 2007a:13

Although there has been no systematic apparent increase in household income inequality, some researchers argue that this is entirely due to increases in the level of cash transfers that the average Australian household received. Looking at the trend in inequality in household income over a 15 year period from 1983, Keating (2003: 388) concluded that income support provided to families had increased their disposable income by 24 percent. These increases in cash transfers from the government to families more than offset increasing inequalities in earnings derived from market work (Saunders 2002: 191; Johnson & Wilkins 2004: 226), however, increased earnings inequality has not been offset for lone person households or families without dependent children to support (Saunders & Hill 2008: 56). Data from the OECD tend to support this argument. According to the OECD (2006), working age individuals in the lowest three deciles received 37 percent of government transfers, however, those in the middle four deciles



received 59 percent of government transfers. The top three deciles received the remaining 4 percent.

### *Earnings Inequality*

Research into earnings inequality generally relies on various ABS publications using the average earnings for males employed on a permanent full-time basis even though the proportion of the workforce fitting this description has been steadily declining over the past three decades. Comparing Gini coefficients for earnings between 1982 and 1993-94, Harding (1997: 345) found that there had been a slight increase in inequality of 0.037 (from 0.5 to 0.537). This increase in earnings inequality was also detected by Borland and Wilkins (1996: 9) using data from ABS Income Distribution Surveys conducted in 1981-82, 1985-86 and 1989-90. They estimated that real weekly earnings of a male employee in the 10<sup>th</sup> percentile decreased by 6.6 percent whereas real weekly earnings of a male employee in the 90<sup>th</sup> percentile increased by 13.3 percent.

Keating (2003: 375) compared earnings data for 1985, 1995 and 2000 finding that the P10/P50 ratios had declined from 0.72 to 0.68 to 0.65 and the P90/P50 ratios had increased from 1.63 to 1.67 to 1.75 indicating an increasing dispersion of earnings from the median for those with high earnings and decreasing dispersion of earnings from the median for those with low earnings. Watson (2002: 98) estimated that between 1990 and 1997, hourly earnings for workers in the bottom decile declined by 11 percent and their weekly earnings declined by 20 percent. The weekly earnings of workers in the bottom earnings decile declined due to both a drop in their real hourly earnings and a decrease in the availability of full-time jobs. Workers in the top earnings decile enjoyed a real hourly earnings increase of 14 percent and were not affected by the declining availability of full-time jobs that workers in the lowest decile faced, therefore their real weekly earnings also increased by around 14 percent.

Evidence of this increasing dispersion in incomes is also provided by a comparison of the earnings of Chief Executive Officers (CEO) to average employees. According to Saunders (2002:197), citing OECD data from 1995, the earnings of the average CEO were 19 times the earnings of the average manufacturing worker. Stilwell & Jordan (2007:3) compared the average remuneration of CEOs with the average earnings of full-time Australian workers in 2005 finding that CEOs earned, on average,

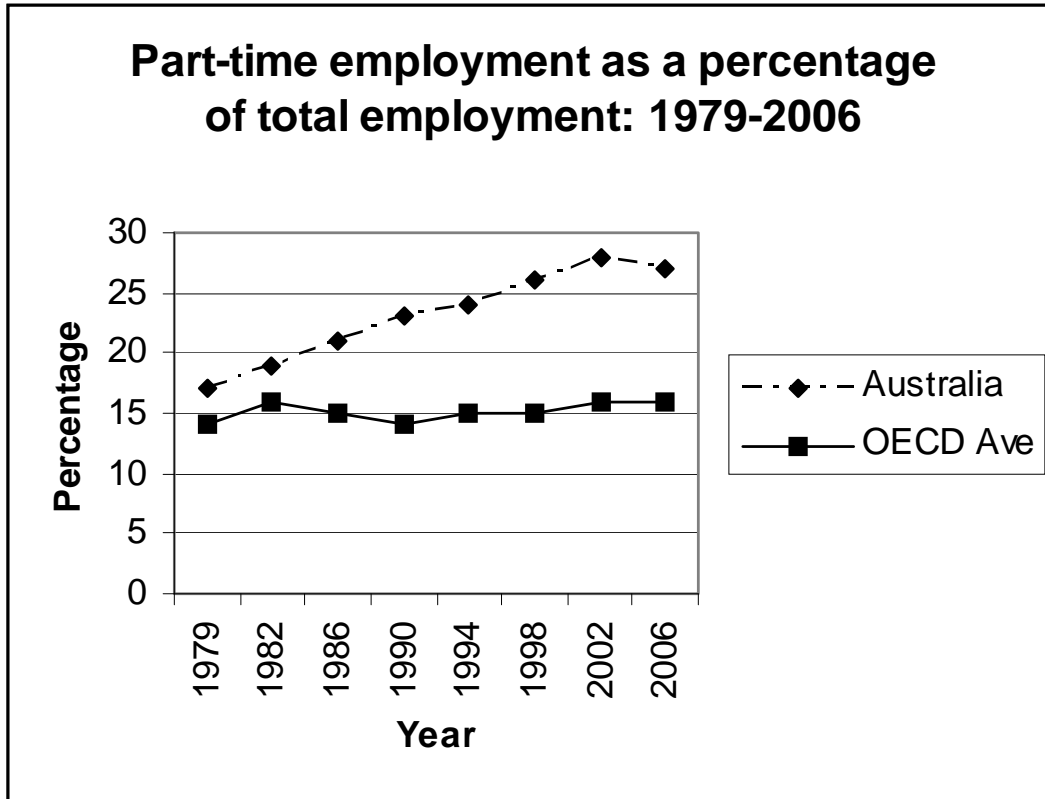
63 times the earnings of full-time workers. This increasing disparity in incomes has been confirmed by data released by Atkinson and Leigh (2006: 254), showing that the ratio of the average earnings of the CEOs of the top 50 companies in Australia were 27 times the average earnings of Australian wage and salary earners in 1992. By 2002, this ratio had increased to 98.

Employees at the top of the earnings scale are more likely to be employed full-time in higher skilled occupations, such as the professions. Keating (2003) found that professionals and associate professionals accounted for most of the jobs growth for full-time employees between 1989 and 2000. During this period there were significant full-time job losses in trades, elementary clerical, sales and service occupations and for labourers and related workers. The changing occupational structure of jobs for full-time employees has created a more unequal distribution of earnings. That is, full-time jobs in highly skilled and highly paid occupations have expanded relative to other occupations and this has increased median earnings. Between 1989 and 2000, the number of full-time employees employed in occupations classified as ASCO (Australian Standard Classification of Occupations) 1, 2 and 3 (managers, professionals and associate professionals) increased by one third whilst the number of full-time employees employed in occupations classified as ASCO 4 to 9 (tradespersons, clerical sales and service workers, transport and production workers and labourers) declined by 8 percent. Across all occupations, full-time employees increased by 9 percent, part-time employees increased by 75 percent and casual employees (including both part-time and full-time casuals) increased by 73 percent (Keating 2003: 389).

According to data from the OECD (2008), part-time employment has accounted for an increasing percentage of total employment in Australia, up from 17 percent in 1979 to 27 percent in 2006. In contrast, the average for OECD countries increased far more moderately from 14 percent in 1979 to 16 percent in 2006. The graph in Figure 2 shows that, in Australia, between 1979 and 2002 there was a steady increase in the proportion of total employment that was part-time, however, by 2006 the percentage had declined marginally to 27 percent. These changes are linked to the decline in the proportion of jobs provided by the manufacturing sector and a rise in the proportion of jobs provided by the service sector (Fincher & Saunders 2001: 2; Watson 2002: 98). In

the early 1970s, the manufacturing sector supplied 28 percent of jobs, predominantly full-time permanent jobs, and now supplies around 12 percent of jobs (Woodward 2005). The services sector currently employs 75 percent of all workers with the majority working part-time and/or in casual jobs (Woodward 2005: 144).

Figure 2 Part-time employment as a percentage of total employment: 1979-2006



Source: Derived from OECD Factbook 2008

#### *Perceptions of Inequality*

Despite evidence of growing inequality in earnings, some researchers investigating the attitudes of Australians to the differences between the rich and the poor have found that overall attitudes remain relatively stable. Using the ISSSA-Pool (International Social Science Survey Australia) database, Kelley, Evans and Sikora (2004: 94) found that between 1984 and 2000 there had been little, if any, change in attitudes towards relative inequality. Using five items common to each year data were collected they constructed an

index to measure changes in attitudes to inequality. The index mean averaged 0.60 in the mid-1980s and increased marginally to 0.63 in 2000.

On the other hand, research conducted by Pusey and Turnbull (2005: 174) using data from the National Social Science Surveys (NSSS) conducted in 1984, 1987 and 1994 and the Australian Survey of Social Attitudes (AuSSA) in 2003 shows that the proportion of Australians who believed that the gap between those on high and those on low incomes is too large increased from 62 percent to 84 percent. Stilwell and Jordan (2007: 226) updated these results using data from the second AuSSA survey finding that in 2005, 82 percent of Australians agreed that income differences were too large. The 2005 Neoliberalism, Inequality and Politics Project (Western M. et al. 2005) provides us with an opportunity to expand on this research and take a closer look at the perceptions of Australians with regard to current levels of inequality as well as changes in inequality between the mid 1980s and 2000s.

## **Data**

The 2005 Neoliberalism, Inequality and Politics Project (Western M. et al. 2005) surveyed a nationally representative sample of 1623 individuals aged 18 years and older via telephone interviews. We are particularly interested in the responses of this representative sample to a series of questions relating to views on how changes linked to neoliberal economic policies have impacted on Australian society. It is unlikely that respondents aged less than 35 years would have the capacity to compare the Australia of the 1980s with contemporary Australia given that they would have been less than 10 years of age in 1980, therefore, this analysis is restricted to respondents aged 35 years or older (n=1326).

## **Method**

### *Dependent variables*

The dependent variables are related to six questions designed to tap respondents' attitudes to the effects of neoliberal policies of various Australian national governments since the

1980s. Respondents were asked to think about how Australia had changed since the 1980s and to what extent they agreed or disagreed with the following statements:

1. Australia has become a fairer society since the 1980s.
2. Australia has become a more divided society since the 1980s.
3. Australia has become a better place to live since the 1980s.
4. Australia has become a more individualistic society since the 1980s.

The five answer options were: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree. Respondents were also asked:

5. Do you think the changes that have occurred in Australia since the 1980s have brought only benefits, mainly benefits with some costs, about the same benefits as costs, mainly costs with some benefits, only costs.
6. Would you say that the gap between those with high incomes and those with low incomes is much too large, too large, about right, too small or much too small.

Table 1 shows the distribution of respondents for each of the questions. A high proportion of respondents either agreed or strongly agreed that Australia had become a more divided society (67 percent) and a more individualistic society (70 percent) since the mid-1980s. The respondents were more evenly divided in their thoughts about whether Australia had become a fairer society or a better place to live since the 1980s with 41 percent indicating that they either agreed or strongly agreed with the statements. With regard to the gap between those on high and low incomes, the overwhelming majority (84 percent) said that the gap was either much too large or too large and less than 2 percent said it was either too small or much too small. Less than a third (30 percent) felt that the changes in society since the 1980s had produced benefits while a slightly larger, 36 percent, reported that costs were more common than benefits. Interestingly, again around a third (34 percent) felt the benefits were balanced by the costs. So while there was some equivocation, the general consensus was that Australia had not become a better society since the 1980s.

Table 1. Distribution of respondents for each of the questions used for the dependent variables.

<i>Australia has become</i>	<b>% Strongly agree</b>	<b>% Agree</b>	<b>% Neither</b>	<b>% Disagree</b>	<b>% Strongly disagree</b>
A fairer society since the 1980s n= 1290	2	39	19	34	6
A more divided society since the 1980s n= 1293	13	54	12	21	1
A better place to live since the 1980s n=1298	3	38	22	33	3
A more individualistic society since the 1980s n= 1284	11	59	14	15	1
	<b>% Only benefits</b>	<b>% Mainly benefits</b>	<b>% Same benefits as costs</b>	<b>% Mainly costs</b>	<b>% Only costs</b>
The changes in Australia since the 1980s have brought n=1257	1	29	34	34	2
	<b>% Much too large</b>	<b>% Too large</b>	<b>% About right</b>	<b>% Too small</b>	<b>% Much too small</b>
The gap between high incomes and low incomes is n= 1291	42	41	15	1	1

We constructed an index measuring attitudes to change in Australian society using the responses to these questions. Questions 4 and 6 were not included in the index after a factor analysis of the six items showed that these two had relatively low factor loadings (0.15 and 0.26 respectively) on the factor on which the other four items loaded highly. These two questions were included in the analysis as separate items. The index was constructed by summing the responses to the four remaining items (questions 1, 2, 3 and 5) and taking the mean. In order that high scores on the index would indicate that respondents perceive that the changes to Australian society since the 1980s have had a negative effect, responses to question 2 were reverse coded so that high scores would be consistent with responses on the other items. The index ranges from 1 to 5 and was tested for reliability returning a Cronbach's alpha of 0.7346. The frequency distribution of the attitudes to change in Australian society index is presented as Table 2. As might have been expected, the results from the summary scale resemble quite closely those from the

individual items. No more than 17 percent of the sample achieve scores indicating their belief that over the last 30 years Australia had changed for the better, while over 40 percent see the changes that have taken place in far less positive terms.

Table 2. Frequency distribution of the attitudes to change in Australian society index

<i>Attitudes to change in Australian society index</i>		
<b>Score</b>	<b>Frequency</b>	<b>Percent</b>
1.5/2.33	226	17
2.5/3	391	30
3.25/4	595	46
4.25/5	94	7
Total	1,306	100

In constructing the final two dependent variables, the responses to the individual two questions, 4 (individualistic) and 6 (income gap) were also reverse coded so that higher values would indicate a more individualistic society and one in which the income gap was too large. In summary, the three dependent variables we are concerned with are: the attitude to change in Australian society index and variables measuring attitudes to increasing individualism and the income gap.

#### *Independent variables*

As we have seen the judgements made about Australian society were not all of a kind with some responding far from positively to the changes they have seen than others. To investigate the extent to which these differences are socially patterned we explored the extent to which gender, age, education and income level made a difference to how our respondents view Australian society. The descriptive statistics for the four independent variables are reported in Table 3.

Table 3. Means and standard deviations of the dependent variables and proportions of the independent variables

<i>Variable</i>	<i>Mean</i>	<i>Std Dev</i>
Change in attitudes to Australian society index n=1306	3.16	0.72
Individualistic n=1284	3.63	0.91
Income Gap n=1291	4.23	0.79
<b>Gender</b>	<b>Proportion</b>	
Male	0.47	
Female	0.53	
<b>Age</b>		
35-44 years	0.23	
45-54 years	0.24	
55-64 years	0.25	
65+ years	0.28	
<b>Education</b>		
Missing	0.01	
<Year 12	0.17	
Year 12	0.22	
Trade/diploma	0.30	
Uni degree	0.30	
<b>Income</b>		
Missing	0.24	
<\$10000	0.08	
\$10000-<\$20000	0.13	
\$20000-<\$40000	0.21	
\$40000-<\$60000	0.16	
\$60000-<\$100000	0.12	
\$100000 or more	0.06	

## Analysis

We conduct our analyses in two stages. Firstly, we look at the bivariate relationships between the three dependent variables and each of the four independent variables. Secondly, we conduct multivariate analyses using ordinary least squares regression to model the effects of all the independent variables on each of the three dependent variables. For the purposes of the multiple regression analyses, gender is included as a dummy variable with the reference category being male. A series of dummy variables are also included for age: 35-44 years (reference category), 45-54 years, 55-64 years and 65 or older. Education is based on the following dummy variables: missing on education, less than Year 12 education (reference category), completed Year 12, trade certificate or diploma, university degree or higher. Finally, annual income is constructed from: missing



on income, less than \$10000 (reference category), \$10000 to less than \$20000, \$20000 to less than \$40000, \$40000 to less than \$60000, \$60000 to less than \$100000 and \$100000 or more.

Table 4 presents the associations between each of the independent variables and the attitudes to change index. Chi-square tests of significance were calculated for each of the four cross tabulations. The only significant relationship was with respect to age with respondents aged 55 to 64 tending to score higher on the index than respondents 65 years or older indicating that older respondents were less likely to hold negative views about changes in Australian society since the 1980s. Gender, education and income make no difference to attitudes to change: women are just as likely as men to hold positive or negative attitudes to the changes that have taken place in Australian society over the last 30 years or so, as are the better educated compared to those with less education and the wealthy compared with the not so wealthy. These findings come as some surprise as we would have supposed that those who had benefitted from the economic changes brought about by neoliberal policies, those near the top of the income distribution for example, would have had a more positive view of the last 30 years; apparently not.

Table 4. Attitudes to ‘change in Australian society index’ by gender, age, education and income

<i>Attitudes to changes in Australian society</i>						
<b>Variable</b>	<b>1.5/2.33</b>	<b>2.5/3</b>	<b>3.25/4</b>	<b>4.25/5</b>	<b>X<sup>2</sup></b>	<b>p-value</b>
<b>Gender</b>	%	%	%	%		
Male n=617	19	31	43	8		
Female n=689	16	29	48	7	3.21	0.360
<b>Age</b>						
35-44 n=300	17	31	47	5		
45-54 n=320	16	29	43	12		
55-65 n=323	16	27	51	6		
Over 65 n=363	20	32	42	6	23.43	0.005
<b>Education</b>						
Missing n=6	17	0	67	17		
< Year 12 n=225	16	28	52	4		
Year 12 n=287	16	37	41	6		
Trade/diploma n=397	17	30	46	7		
Uni degree n=391	19	27	44	10	19.61	0.075
<b>Income</b>						
Missing n=316	15	33	45	7		
<\$10000 n=100	19	24	53	4		
\$10000- <\$20000 n=173	17	29	46	8		
\$20000- <\$40000 n=269	15	29	51	6		
\$40000- <\$60000 n=215	18	31	43	8		
\$60000- <\$100000 n=157	19	32	41	8		
\$100000 or more n=76	26	28	36	11	18.2	0.442

Has Australia become a more individualistic society in this period of neoliberal “reform”? Differences by gender, age, education and income are shown in Table 5. Men are more likely to believe Australia has become more individualistic, as are those who are older but there are no differences between the wealthy and the not so rich and those with more or less education. Socioeconomic position apparently does not systematically affect the way respondents see this issue as does their age and gender.

Table 5. Attitudes to ‘Australia has become a more individualistic society’ by gender, age, education and income

<i>Australia has become a more individualistic society</i>							
<b>Variable</b>	<b>less</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>more</b>	<b>X<sup>2</sup></b>	<b>p-value</b>
<b>Gender</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>		
Male n=607	2	13	12	62	11		
Female n=677	1	17	16	57	10	9.93	0.042
<b>Age</b>							
35-44 n=293	2	16	17	55	10		
45-54 n=317	2	14	15	55	15		
55-64 n=319	1	12	13	63	11		
65+ n=355	1	17	12	64	6	29.10	0.004
<b>Education</b>							
Missing n=6	0	33	17	50	0		
< Year 12 n=221	<1	15	18	60	7		
Year 12 n=281	1	15	15	62	8		
Trade/diploma n=391	2	16	13	59	10		
Uni degree n=385	2	14	11	58	15	23.16	0.110
<b>Income</b>							
Missing n=309	1	19	16	55	9		
<\$10000 n=99	0	7	11	70	12		
\$10000- <\$20000 n=167	1	14	10	64	11		
\$20000- <\$40000 n=265	<1	16	12	62	9		
\$40000- <\$60000 n=212	2	14	18	56	10		
\$60000- <\$100000 n=156	3	13	12	58	15		
\$100000 or more n=76	3	14	14	57	12	31.19	0.148

Differences on views on the income gap are more pronounced (see Table 6). Women are more likely to think it is too large or much too large Age also makes a difference. The young are less likely to believe that the gap is much too large. Both socioeconomic measures are also significant. Those with tertiary education are less likely than those without to think that the income gap is much too large and compared to those on low incomes, those on high incomes, over \$100000 annually, think much the same. The gap is thought to be much too large by only about 24 percent of high income earners compared to about 47 percent of those with an annual income of less than \$40000.

Table 6. Attitudes to ‘the income gap’ by gender, age, education and income

Variable	<i>Gap between high and low incomes</i>					X <sup>2</sup>	p-value
	Much too small	Too small	About right	Too large	Much too large		
<b>Gender</b>	%	%	%	%	%		
Male n=613	1	1	18	40	40		
Female n=678	1	2	11	43	44	13.12	0.011
<b>Age</b>							
35-44 n=302	0	<1	18	46	36		
45-54 n=315	1	1	13	43	43		
55-64 n=314	<1	1	15	39	45		
65+ n=360	1	3	13	39	44	24.66	0.017
<b>Education</b>							
Missing n=5	20	20	20	20	20		
<Year 12 n=218	1	2	16	38	43		
Year12 n=284	1	1	14	43	41		
Trade/dip n=394	1	1	12	40	46		
Degree or higher n=390	<1	1	16	44	39	54.77	<0.0001
<b>Income</b>							
missing n=307	1	2	11	40	46		
<\$10000 n=100	2	1	11	39	47		
\$10000- <\$20000 n=172	1	1	12	41	46		
\$20000- <\$40000 n=266	<1	2	11	39	47		
\$40000- <\$60000 n=212	0	0	15	46	39		
\$60000- <\$100000 n=160	1	1	25	41	33		
\$100000 or more n=74	0	1	27	47	24	55.43	<0.0001

So at the bivariate level of analysis, socioeconomic factors, education and income, affect how our respondents judge the income gap between those on high and low incomes suggesting that those in the more advantaged positions are less likely to believe that the gap is much too large. But socioeconomic factors do not affect either views on Australia as a more individualistic society than in the past or that the changes Australia has experienced over the last three decades or so has made it a better society. For these matters the more important factors are age and gender. Bivariate analyses are admittedly crude and can be misleading if the independent variables are correlated, so as foreshadowed earlier, in our final exploration of the data we will make use of ordinary least squares analysis to attempt to model the effects of the independent variables on the three dependent variables. The advantage of this procedure of course is that it enables the independent effects of the predictor variables to be examined.

We present the results in Table 7. The amount of variance explained in each analysis (R squared) is not great suggesting that the predictor variables examined are not accounting for much of the variability in the dependent variables. Considering attitude to change in society first, the results are quite similar to the bivariate analyses. The only variable approaching significance is age, otherwise the variability in attitudes is simply not due to the independent variables we have examined. So while the group is divided in their views about the nature of change in Australian society over the last thirty years or so, some think it has been for the good while others disagree, this difference is not due in any systematic way to gender, age or the two socioeconomic factors, income and education.

Table 7. Regression coefficients for determinants of attitudes to changes in Australian society since the mid-1980s

<b>Variable</b>	<b>Changes</b>		<b>Individualistic</b>		<b>Income Gap</b>	
	Coeff.	Std err	Coeff.	Std err	Coeff.	Std err
<b>Gender</b>						
Male- reference						
Female	0.05	0.04	-0.06	0.05	0.04	0.05
<b>Age</b>						
35-44 years- reference						
45-54 years	0.10	0.06	0.15*	0.07	0.07	0.06
55-64 years	0.05	0.06	0.21**	0.07	0.10	0.06
65+ years	-0.10	0.06	0.05	0.08	0.001	0.07
<b>Education</b>						
Missing	0.22	0.30	-0.34	0.38	-1.21***	0.35
<Year 12 -reference						
Year 12	-0.08	0.06	0.04	0.08	0.04	0.07
Trade cert/diploma	-0.02	0.06	0.01	0.08	0.13	0.07
Uni degree	-0.01	0.06	0.12	0.08	0.09	0.07
<b>Income</b>						
Missing	-0.01	0.08	-0.37***	0.11	-0.03	0.09
<\$10000- reference						
\$10000-<\$20000	0.04	0.09	-0.19	0.12	0.02	0.10
\$20000-<\$40000	-0.003	0.09	-0.27*	0.11	0.02	0.09
\$40000-<\$60000	-0.06	0.09	-0.35**	0.11	-0.07	0.10
\$60000-<\$100000	-0.06	0.10	-0.25*	0.12	-0.27**	0.10
\$100000 or more	-0.08	0.11	-0.35*	0.14	-0.35**	0.12
Constant	3.16***	0.10	3.79***	0.12	4.16***	0.11
n=	1306		1284		1291	
Adjusted R-squared	0.0036		0.0131		0.0248	

\*p<0.05, \*\* p<0.01, \*\*\* p<0.001

In the multivariate analysis when the effects of other variables are controlled, income is seen to be a significant predictor of whether Australia is seen as a more individualistic society these days than previously. Thus in contrast to those on an annual income of \$10000 or less who feel that Australia has become more individualistic over time, those with incomes of more than \$20000 are less likely to agree that this has been the case. In the multivariate analysis gender does not make a difference but age still does: those who are older, between 45 and 64, are more likely than the reference category to believe Australia has become more individualistic. So while the older and less well off see Australia as a more individualistic society than previously, the younger and wealthier do not see this as a trend. Finally, with respect to the income gap, variability in whether this is seen as too large or not is taken up almost entirely by income. Those on incomes of over \$60000 are less likely than those on lower incomes to believe the gap is too large. In contrast to the bivariate analyses where other factors are not controlled education is not a significant predictor.

These attitudes all focus on different aspects of societal change which have occurred in the context of market restructuring and are variously socially patterned. Attitude to change is, arguably, not patterned at all. It perhaps resembles an attitude constellation that Philip Converse (1964) famously referred to in his paper *The Nature of Belief Systems in Mass Publics*. In trying to explain the lack of coherence in a variety of political attitudes Converse argued that they were often not well formed or systematically related to structural features of the society and that on occasion contradictory attitudes could be held with impunity. It was only when attitudes became well defined and in a sense institutionalised that their structural bases could be unambiguously identified. Perhaps this is a feature of our index of attitude to change. The other two variables are more easily dealt with. Whether Australia is seen as largely a more individualistic society these days has to do with one's age and wealth. The younger and high income earners do not believe so, the older and low income earners do. Finally, whether the income gap is seen as too large or not is again largely a function of income. The more income you have the less likely is the gap a problem.

## **Conclusion**

During the past 25 years, the Australian economy has undergone a dramatic restructuring brought on by the consequences of globalization. Successive governments adopted neo-liberal policies removing constraints on the operation of the market in an effort to remain internationally competitive. The effects of these economic changes have been widely debated within Australia and within the many other countries also affected by the race to allow markets to operate freely and efficiently. Australian researchers generally agree that differences in the dispersion of wealth and disposable income have not changed greatly since the 1980s, however, there is considerable debate regarding the level of inequality in gross earnings. Much of this debate is a consequence of the lack of reliable data with the ABS making several changes to the way it has collected data during the past few decades. Research conducted by Atkinson (2008) provides an excellent overview of the difficulties of working with Australian data on inequality.

Despite this continuing debate as to whether or not inequality has increased since the 1980s, the perceptions of Australians are clear. We find that there is a widely held perception that Australia has become a more divided and more individualistic society since the 1980s and that the gap between those on high incomes and those on low incomes is too large. A significant number of respondents in the 2005 Neoliberalism, Inequality and Politics Project, regardless of their sex, age, level of education or income, indicated that the changes related to neoliberal economic reform have had negative consequences for Australia society. Previous research has indicated that inequality in earnings has increased dramatically during the past two decades but intervention by the government to top up low market incomes has prevented similar increases in income inequality. Low income earners, who are not eligible for these top-ups, have borne the brunt of economic reforms. The restructuring of the labour market has increased the flexibility of working hours and increased the proportion of jobs that are part-time and/or casual. These factors impact directly on those in the workforce and their families and thereby account for, at least in part, the perception that Australia has become a more divided and less fair society since the 1980s.

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