

**April 2012 SEMINAR**

**MICHAEL PUSEY**

**WHAT IS THE CURRENT TRAJECTORY OF REFORM?**

Michael Pusey returned to speak about where our national politics are headed. He began by looking at the history of how we came to be where we are today. We are interested in the quality of life of national populations and therefore we need to carry out competitive research on the best methods of devising the markets, the governments, and families and civil societies. Strength is needed in all three; when one of these takes on the role of another then we run into problems. With economic rationalism we have increased the strength of the markets as against government.

In 1945 Australia was insular, white and complacent. During the Menzies years, income was distributed through the Industrial Court whose philosophy was that no group's income would fall while the income of other groups is rising. Through the 1960's there was tariff protection, low unemployment, increase of 5% in GNP each year, leading to low poverty and increases in the standard of living. 70% owned or were purchasing their own homes, workers had secure jobs and most were 'one breadwinner' working households. This lasted until 1975 which brought the oil shock, stagflation, increasing unemployment and falling incomes.

**THREE ASPECTS OF REFORM BUNDLE:**

1. Housing loans have been deregulated so that much more can be loaned. Housing costs have increased so that home ownership is decreasing. The real cost of housing has gone up between five and a half and eight times. Many people are now suffering mortgage stress.
2. The labour market has been deregulated. Part time work has increased from one tenth to one quarter. There have been increases in productivity with real unit costs decreased by about forty per cent, while the wages share of income has shrunk from sixty per cent to fifty four per cent and profits have risen to twenty four per cent. The employment-churning rate is very high and there is less training by employers. Corporations are downloading risk onto householders.
3. 'Whole of life' incomes have been shrinking in real terms as entry into the workforce has been delayed; people are leaving the workforce earlier and living longer. People are paying more for education and health.

**HOW DOES 'MARKET TRAJECTORY' TAKE HOLD?**

Surveys of what people consider important are topped by family and community relationships and relationships with friends, followed by leisure. Material factors are never near the top because people realise they can't buy happiness, but economic stresses and insecurities affect the top priorities.

The Germans and the Dutch have the best systems . The GFC caused stresses in the USA , UK and many European countries.

Reform was necessary but it went wrong when it was captured by business organizations that took over. Policy groups dominate Canberra.

## GLOBALISING MEDIA

Our world view is governed by those who own the market. There is an unregulated media, which has resulted in the shutting down of critical deliberation in the media. It has been taken over by a faction of the ruling elite. Dog whistle has fractured the middle class and played one segment off against the other. Inequality in a society destroys the quality of life for all.

## SOME GOOD NEWS

Civil society is resilient. Relationships between men and women are better. Parents understand their children better. Friendships are providing greater support.

## THE TRAJECTORY CONTINUES

The State has been weakened with opposition from, and influence by, the minerals groups, and the supply of money is now controlled by the Reserve Bank and not by the Government. Superannuation was supposed to guarantee retirement incomes but it has been rorted by the finance industry with their commissions, etc.

Governments need to have greater control.