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0521651212 - The Experience of Middle Australia: The Dark Side of Economic Reform

Michael Pusey

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Advance praise

‘Commentators talk about Middle Australia. In this humane and scholarly book, Michael Pusey talks with Middle Australians instead, to find out what they think is happening to their world. The result is fascinating. One of the most important contributions to Australian self-understanding of recent years.’

Robert Manne

‘Ten years ago Michael Pusey’s research told us how we were landed with ‘market rule’ without much chance to vote about it. Now in a fair sample of middle Australia he has found a landslide majority for a fairer, fully employed, less unequal and more sustainable economy than small government has ever given us.’

Hugh Stretton

‘We should applaud Michael Pusey for reminding us that our proper study is not the bottom line but the way we live and relate with each other, and that the quest for constant growth ignores the need for harmony and balance in the finite world that we inhabit.’

Elizabeth Evatt

‘Middle Australia is stretched, anxious, angry. Michael Pusey is its champion. This is moral sociology at its best.’

Peter Beilharz

‘Pusey’s provocative and important book is a challenge to contemporary orthodoxies. Society, he warns, will bite back if we choose to build our civilisation solely around the concern of business to operate with as little constraint as possible. He deserves to be read – and heeded.’

Will Hutton *The State We’re In* and *The World We’re In*

‘Middle Australia wants other riches than money. It has a lurking suspicion that economic reform involves highway robbery of human values. Michael Pusey and his team have unveiled a fascinating insight into the hidden Middle Earth of Australian thinking.’

Bob Brown

‘If the doctrine that “markets know best” is an empirical thesis, not merely fundamentalist dogma, then a variety of questions at once arise. The great value of this book is that it poses some of the most important of these: in particular, the crucial question of “how people experience the economy.” The answers are instructive, in some respects chilling, and should become a central component of public debate on the radical reconstruction of Australian society that has been imposed on the basis of principles that are far from self-justifying.’

Noam Chomsky

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The Experience of Middle Australia

The Dark Side of Economic Reform

This book puts middle Australia under the microscope, examining how quality of life is faring in the face of change and uncertainty. Four hundred Australians from around the country shared their experiences of work, family and community for this book, creating a striking picture of Australian society as it heads into a new century. This lived experience is set against hard data so that we can truly understand the impact – good and bad – of economic restructuring on the broad Australian middle class. Meticulously researched, it mounts a moral and intellectual counter-argument to economic reform. Following on from the groundbreaking success of *Economic Rationalism in Canberra*, Michael Pusey's new book will be equally important.

Michael Pusey was educated in England, France, Australia and the United States, where he took his doctorate of Harvard. He is the author of the best-selling *Economic Rationalism in Canberra* and is presently Honorary Visiting Professor at the University of New South Wales.

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The Experience of Middle Australia
The Dark Side of Economic Reform

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University of New South Wales

With the assistance of Shaun Wilson, Nick Turnbull
and Toby Fattore



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You should write as if you were already dead.
That is the only way to write with integrity.
Nadine Gordimer

This book is dedicated to good citizens
everywhere.

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Preface

This book is written for people who want to understand the experience of their fellow Australians. Everyone agrees that Australia has been profoundly changed by a twenty-year program of economic ‘reform’, ‘structural adjustment’, or ‘globalisation’ – all these terms mean the same thing. Yet we do not really know how economic reform has redefined the lived experience of families, workplaces, and communities. Has it reshaped our dispositions and orientations towards others? We need to understand how it challenges our practical moralities, our trust in others, our time horizons, our coping strategies, and our sense of where we fit in the larger society. In the wake of twenty years of reform how do we now construe our mutual obligations to others? And how do we make sense of our engagements with intimates, strangers, citizens and leaders? It’s the resonances, the meanings and the social significance of the lived experience that matter here. And it’s from this viewpoint, and with the reports of 400 randomly selected middle Australians in five capital cities, that this book explores the impact of economic reform on the experience of middle Australia.

A great scholar once said to me that all learning and all scholarship in every branch of the humanities and social sciences is always led by inner motives. We academics, teachers and writers feel driven without respite by questions that have no easy answers. In this quest my scholar friend was also reminding me that the experience of others only becomes intelligible through questions that have taken hold in our own intellectual imagination. My own driving questions first took shape in the national debate that exploded with the publication in 1991 of *Economic Rationalism in Canberra*. Suddenly the costs and benefits of economic reform became a burning public issue. *Economic Rationalism* was an empirical and sociological study based on some two hundred interviews with top Canberra public servants. Among other things it showed how economic rationalism (or, in different words, applied neo-classical economic doctrines, laissez-faire, and ‘free market’ economics) had colonised and narrowed the intelligence of Canberra’s

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central policy apparatus. Economic reform was already busy recasting society itself as a stubbornly resisting sludge through which we must drive the economy. In this upside-down view of the world, society had been redefined as a generic externality for the economy.

As the debate over economic rationalism intensified, I found myself variously supported and attacked by parliamentarians from both sides of politics, public servants, public intellectuals, by some excellent journalists and by the hired guns of corporate Australia. At one point 200 economists wrote a petition to the then Treasurer John Kerin objecting to the reform agenda and supporting my criticisms. Over the best part of three years from the end of 1991, I unexpectedly found myself speaking to parliamentary committees, engaged in some 200 media commentaries and interviews, and talking to public interest groups and to church, trade union and community organisations. I was generously received as a guest speaker to a range of organisations across a political spectrum from the Evatt Foundation, the Australian Democrats and Federal ALP Caucus Committees to the Sydney Rotary Club, the Harvard Club, and the Committee for Economic Development of Australia. Everyone, it seemed, wanted to know about economic rationalism. Who was driving it? What impact would it have on contemporary Australia? In struggling for answers over the course of nearly a decade I often asked academic audiences of social scientists and economists, ‘Does anyone here think that economic reform is really going to benefit the broad mass of the Australian population?’ To this day I have not had a single positive answer.

It was in this context that the ‘inner motives’ for this research took hold. I was locked in debate with opponents – most of them libertarian economists and proclaimed reformers – who argued with mineral certainty about other people’s life experience. Evidently they felt no need whatsoever to question people about how they live with money, order their priorities, make choices and experience the economy. External economic measurement of market behaviour would provide the only sufficient and valid answer. Of course I accept that social science has its own division of labour. It allows each of us to make our inevitably specialised contributions to a world that is infinitely larger than the tiny patch on which we concentrate our energies. But still, there is something perverse in the presumption that extremely artificial and disputed abstractions can be used to re-engineer, from the top down, a whole nation society without any felt need to ask how the lives of millions of people will be affected. For *Economic Rationalism in Canberra* I had done the empirical work. But now, increasingly, I found myself opposing libertarian and economic ideas not with appeals to sociological ideas but rather to a lived experience of ‘middle Australia’ that I had not studied for myself. At

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the same time the ground was moving under me in another even more unsettling way. How can you know anything about other people's lives? Are you not projecting your own narratives and languages upon them? The footings of my own discipline were moving. It's good for us of course, but very unnerving. Just as you reach out to engage with others in a splintering public sphere, you feel the ledges giving way under your feet. Either quit, or brace yourself for something new. How does middle Australia experience the new economy? You have to go and ask them for yourself – and you must do it with just the breadth and openness that you find wanting among your opponents.

As the world has both shrunk and changed, we find our own theoretical uncertainties echoing back to us from a broad public that is puzzled and mistrustful. We are all pluralists now. Thoughtful people everywhere know that arguments about how best to live the Good Life can no longer be quickly settled with trump cards, expert findings and conventional answers. People know they have to choose, but in doing so they want to see how the choices are generated. And when positions are publicly contested, they look for sense and feeling about how the disputes are grounded. Who are the arbiters of choice? With what authority do they speak? In any and all these discussions people like to know something about our political positions. I have always been a middle-of-the-road social democrat. I might often even find myself to the right of centre in other nations like the Netherlands, Denmark and France that I much admire.

What does middle Australia think about economic reform? Only a minority believe that they and the society as a whole, have benefited. But as the reader will discover, the answers are mixed. It's what *they* say that forms the basis of this book. The data was gathered with two projects that were generously funded by the Australian Research Council: one on the experience of middle Australia, and a second on the impacts of economic reform on quality of life. In the book my own judgements on the dark side of economic reform are clearly marked so that the reader can make up her own mind about what is at issue and see how the judgements have been made.

I cannot think of any aspect of academic life more satisfying and stimulating than the experience of working with talented younger scholars. For their dedication to the Middle Australia Project I must thank at least four people without whom the study would never have seen the light of day. Nick Turnbull and Shaun Wilson saw me through the hard grind of marshalling and analysing the data over the last eighteen months. At the beginning it was George Matheson who got us started with the processing and mining

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of the data before Toby Fattore took over about three years ago. Without the friendship, generosity, and abilities of George, Toby, Nick and Shaun the study would have broken my back. My thanks go also to Claudia Tazreiter and to Lydia Burns, who both helped me get the instruments working and who so patiently did all the early administration of the field work. In the last months Harry Blatterer, Aileen Woo and Ben Butcher have helped me with the seemingly endless job of getting the manuscript moving into the hands of my friends at Cambridge University Press and the good care of Peter Debus in particular. I would like to thank the former Commissioning Editor, Phillipa McGuinness, for her confidence in my work and most recently Janet Mackenzie, my copy editor, for her amazing skill in turning my manuscript into a book.

In these difficult times for academics and universities, scholarly care and collegial friendship still spring forth as perennial as the grass. When I was in despair over my earlier drafts several people – Hugh Stretton, Judith Brett, Sue Richardson, Bill Martin, Kevin McDonald, Peter Saunders, Martin Krygier, and Boris Frankel – came to the rescue with patient reading and indispensable critical advice. Some months later John Buchanan, Michael Johnson and Barbara Pocock helped with still more. Often they do not agree with me. I take full responsibility for every word that I have committed to these pages. And then, as my kids used to say, there are people who are always ‘there for you’. First among them is Maria Markus, who has been an inspiration to me for the best part of twenty years, and with her, some especially generous colleagues in the School of Sociology at the University of New South Wales; Jocelyn Pixley, Clive Kessler, Mira Crouch, Paul Jones, Michael Bittman and Michael Humphrey. Beyond the school, special thanks go to John Milfull, Craig McGregor, Bruce Petty, Deborah Mitchell and Peter Beilharz, among many others.

Institutions matter perhaps as never before. The Academy of the Social Sciences in Australia has given me much stimulating engagement with scholars across several disciplines. Other proteins have come from participation over several years in the Australian National University’s Reshaping Australian Institutions Project. Thanks go there especially to John Braithwaite, Geoff Brennan and Francis Castles, who have been the driving forces behind that very successful initiative. I would also like to thank Clive Hamilton and the Australia Institute, and my several friends in the International Society for Studies in Quality of Life. My closest friends know how much they matter to me. My partner Vivienne and my two daughters Cara and Lisa are my nearest dialogue partners in this passage of my life that is for me so thankfully intertwined with theirs.

Abbreviations

ACIRRT	Australian Centre for Industrial Relations Research and Training
ACTU	Australian Council of Trade Unions
ALP	Australian Labor Party
BCA	Business Council of Australia
CD	Collection District
GST	goods and services tax
IMF	International Monetary Fund
MAP	Middle Australia Project
NSSS	National Social Science Survey
OECD	Organisation for Economic Cooperation and Development
WEF	World Economic Forum
WTO	World Trade Organisation