Work rich, work poor
Inequality and economic change in Australia
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in Australia

edited by
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This book is one of the results of a three-year project to examine a central issue facing Australia—how trends in the labour market, in terms of jobs and the earnings which they generate, may be driving fundamental social division in this country. While the issue is complex and has many dimensions, one main conclusion of this study is that these forces are indeed generating deepening division within Australia. This finding in turn raises central questions about the emerging nature of Australian society and about our strategies for economic and social development.

Given the importance of the issue, it was a great pleasure to be able to assemble, under the banner of the Australian Research Council’s Strategic Partnerships with Industry – Research and Training (SPIRT) program, leading economists from the Australian National University and the University of Melbourne to work with the Victoria University team on these issues, with the support of a distinguished group of industry partners.

Thus, our thanks are particularly due to the Australian Research Council, for the core funding which made the project possible; to my joint chief investigators, Professor Bob Gregory of the ANU and Associate Professor Jeff Borland of the University of Melbourne, and to the industry partners which contributed in cash and/or in kind—the Australian Council of Social Service, the Brotherhood of St Laurence, the Strategic Industry Research Foundation, the Australian Institute for Family Studies and the Productivity Commission. The support of the Henderson Foundation, and through it that of the Pratt Foundation, was also vitally important for the success of this project. Above all, of course, our thanks are due to the authors of the various chapters within this book. These include
several authors not directly involved in the project but working in related areas, who agreed to contribute papers reporting some of the results of that work to this volume.

The project was overseen by a Steering Committee, which brought together representatives of the industry partners and the chief investigators. I would like to thank the key individuals involved on behalf of the industry partners in that Steering Committee—Alison McClelland, Lynne Williams, Jenny Trethewey, Andrew Burbidge, Kim Sweeny, Peter Davison and Fiona McDonald.

The initial results of this project were reported and discussed at the conference Earnings Inequality in Australia held in Melbourne on 13 August 1999. The discussants at that conference—Bruce Bradbury, Chris Worswick, John Freebairn, Peter Dawkins and Graeme Woodbridge—made a major contribution to the subsequent development of these papers. While the project has focused mainly on empirical analysis rather than policy development, the conference involved a policy forum, where Ralph Willis, Nick Gruen, Alison McClelland and Sue Richardson explored the policy implications of these emerging trends. We are grateful for all these valuable contributions to the process of understanding.

Nevertheless, and in spite of contributions at the conference and elsewhere, the policy task in regard to these issues remains far from completed. There is little doubt that Australia is becoming a deeply divided community, and that these divisions are being driven by economic change and by the growing polarisation of the community into work rich and work poor. These are no longer marginal issues related to the labour market. Rather, they raise deep-seated questions about what sort of society Australia is becoming, how economic trends influence social development and how economic and social policy can affect outcomes. Thus the policy issues raised by the increasing division into work rich and work poor go to the heart of our strategies for achieving competitiveness and social viability in a rapidly changing world.

The work of transforming completed drafts into the final manuscript of a high quality book is a complex and onerous task. Carla Taines carried out the editorial role for this volume, and as usual did it with distinction. Derrick Stone did all of the design, layout and typesetting, and has produced a handsome volume. Finally, Margarita Kumnick linked together authors, editors and chief investigators in her normal inimitable style. The Centre is very grateful to these three individuals for their expert and generous contributions to bringing this central output of the project to final form.

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Jeff Borland is Associate Professor of Economics at the University of Melbourne. His main research interest is in the area of the operation of the Australian labour market, in particular in terms of earnings and inequality, and unemployment.

Andrew Burbidge previously worked with the Henderson Poverty Inquiry, the Minister for Social Security and the Australian Institute of Family Studies. As a visiting researcher at the Centre for Strategic Economic Studies, Victoria University, his research focuses on inequality, families and changes in the labour market.

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Yvonne Dunlop is undertaking her doctoral thesis as a Henderson Foundation Research Scholar at the Centre for Strategic Economic Studies. Her work relates to issues concerning employment stability in the low-paid labour market.
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Alexis Esposto is a Henderson PhD Scholar at the Centre for Strategic Economic Studies, Victoria University, where he is studying the concept of skill, its measurement and its impact on earnings inequality in Australia. His other area of interest is the role of migrants in the labour market, where he has numerous publications.

Bob Gregory is Head of Program, Economics Program, Research School of Social Sciences, at the Australian National University. He has published extensively, both in Australia and overseas, on labour-market issues and regional concentration of inequality in Australia.

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Nick Pappas has been undertaking research at the Centre for Strategic Economic Studies since 1994, and was Henderson Research Fellow from 1999 to 2001. He has worked particularly on industrial, technological and labour-market issues, and is currently employed in the private sector.

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