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Studies in Society

Australian Attitudes: *Social and political analyses from the National Social Science Survey*

Edited by Jonathan Kelley and Clive Bean

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2 John Braithwaite

Economic policy:

What the electorate thinks

The purpose of this chapter is to summarise the major findings of the National Social Science Survey (NSSS) on the shape of the policies that Australians would like to see the Commonwealth government adopting on the economy, and to speculate on certain paradoxes these findings expose. The examination will be brief and deliberately straightforward, considering in turn policy on the mix between public and private enterprise, deregulation, inflation and unemployment, spending priorities and the distribution of wealth.

The structure of the economy

The NSSS findings suggest that Australians are overwhelmingly attached to the economic status quo. Australians like their mixed economy: greater government ownership of industry is unpopular but so is privatisation of industries presently owned by the government.

Only 25 per cent of the sample said they were in favour of 'government ownership of big industries like steel'. Even among Labor supporters, only 36 per cent were in favour. By 'Labor supporters' is meant people who responded 'Labor' to the question: 'Generally speaking, in Federal politics do you usually think of yourself as Liberal, Labor, National Country Party or Australian Democrat?' (see Chapter 4 in this volume).

The major question on the public-private mix in the economy was: 'Do you think Australia would be better off with a socialist economy or with a private enterprise economy, or would some combination of the two be better?' Responses in Table 2.1 show strong support from both sides of the political spectrum for a mixed economy with a substantial public sector. Around two-thirds favoured this option.

Table 2.1 Preference for structure of the economy by political affiliation

	Total %	Lib. %	ALP %
Entirely socialist, with the government owning all business, big and small	2	0	3
Mostly socialist, with the government owning all big business but not small business	4	1	6
Somewhat socialist, with the government owning about half of the big business	9	4	14
Mixed, with the government owning a few big businesses, together with public utilities like electricity and telephones	64	60	66
Entirely private enterprise, with the government not even owning utilities like electricity and telephones	22	35	12
Total (Number of cases)	100% (2129)	100% (733)	100% (1005)

Source: National Social Science Survey, urban sample.

Deregulation

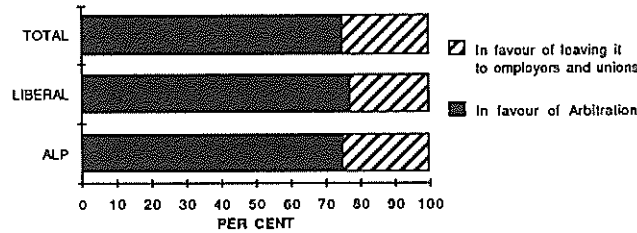
Not only does the Opposition have a massive task in selling privatisation to the Australian electorate, but the deregulation it proposes has even less support. The results in Figure 2.1 surprisingly show that there was even slightly less support among Liberal voters for deregulation of the labour market than among Labor voters. Overall, three-quarters of the sample favoured Arbitration Commission regulation.

Community attitudes to industry protection also give little joy to 'dries' (Figure 2.2, panel 1). Support for increased protection was particularly strong among women, only 15 per cent of whom disagreed with erecting more barriers to imports. In social surveys people tend to support more of all 'good' things without regard to the costs involved. This applied to business regulation as well, although increased industry protection is not as unambiguously 'good' as, say, better roads, and is not a direct drain on the public purse. It should be noted that the survey was conducted before rising imports and falling export prices produced the balance-of-trade crisis of 1985/86 which led to increased calls for protectionism from some quarters.

The Labor Party's own deregulatory initiatives in loosening controls on foreign investment through the Foreign Investment Review Board were taken against the wishes of public opinion. Figure 2.2, panel 2, shows that, at the time these decisions were taken, only 16 per cent of the sample disagreed with a need for tighter control over the activities of multinational companies.

Figure 2.1 Attitudes towards arbitration and wage negotiation by political affiliation

'There has been a lot of talk about how wages and salaries should be settled. Some people think that the Arbitration Commission should set firm guidelines. Others think that employers and trade unions should be left to negotiate wages and salaries alone. How about you... are you...?'



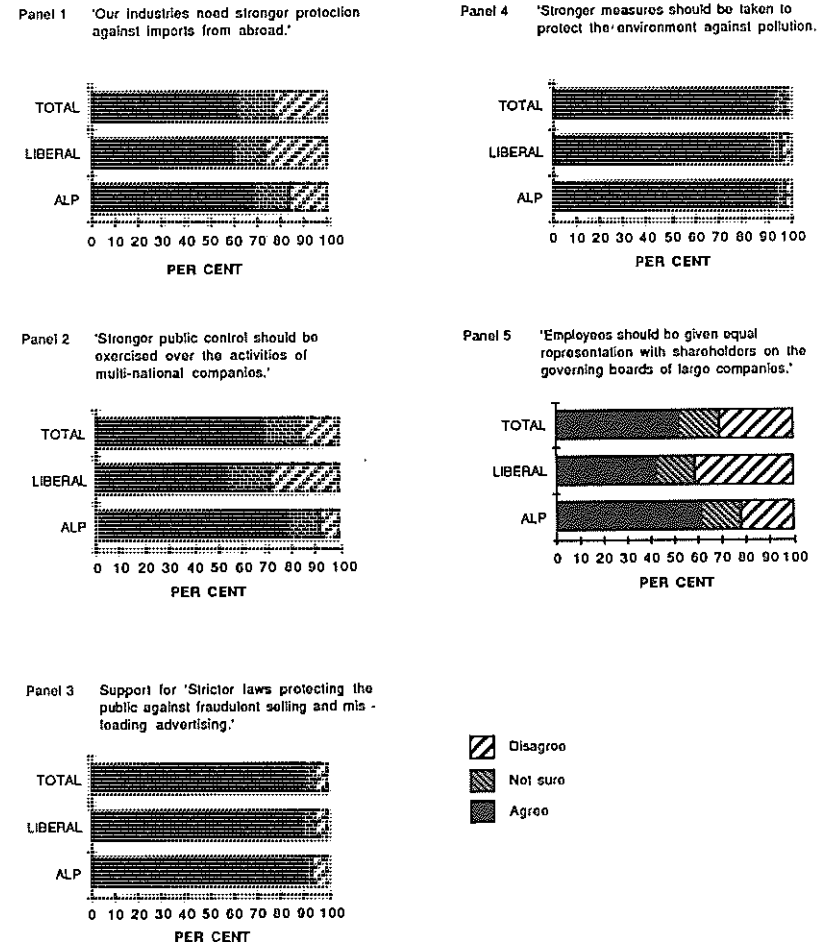
Source: National Social Science Survey, urban sample.

Other areas where support for *more* rather than less business regulation was remarkably strong were consumer protection, environmental protection and industrial democracy (Figure 2.2, panels 3-5). While the conservative parties in Australia have consistently opposed tougher consumer protection laws, only 6 per cent of the survey sample opposed stricter laws against fraudulent selling and misleading advertising (Figure 2.2, panel 3). Even among Liberal Party supporters, approval stood at 88 per cent. Similarly with environmental regulation, an area the conservative parties are concerned to roll back, only 4 per cent of Liberal supporters disagreed with *stronger* measures to protect the environment against pollution (Figure 2.2, panel 4). The question of employee representation on the boards of large companies, in contrast, showed sharper divisions along party support lines (Figure 2.2, panel 5). For example, 62 per cent of Labor supporters favoured the idea that employees be given equal representation with shareholders, whereas only 42 per cent of Liberal supporters did.

Macroeconomic policy

In managing the economy Australians gave somewhat higher priority to reducing unemployment than to reducing inflation: 49 per cent thought the government should concentrate on solving unemployment first, 32 per cent gave inflation a higher priority (Figure 2.3). Contrary to opinion in the 1970s, Australians in 1984/85 saw the Labor Party as better able to reduce unemployment and inflation and also as better managers of economic growth (Figure 2.4). The contrast was most striking with unemployment, which 52 per cent felt would be handled better by Labor compared to only 12 per cent thinking the Liberals would do better.

Figure 2.2 Attitudes towards deregulation and related issues by political affiliation

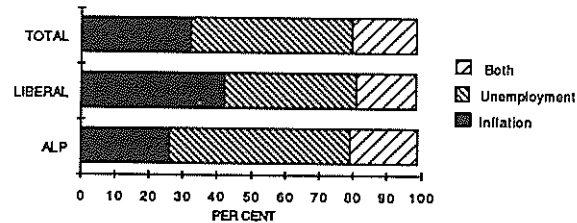


Source: National Social Science Survey, urban sample.

Other surveys confirm a massive turnaround of public confidence in the Labor Party as economic managers during their first three years in office. Morgan Gallup polls in 1977 and 1980 showed the coalition to have substantial leads over Labor when asked which party would be 'best for managing the economy'. By December 1984, 52 per cent thought Labor was best for managing the economy, compared to 26 per cent who thought the Liberal/National Parties would be best (Morgan Gallup polls, December 1977, October 1980, December 1984; see also January 1986).

Figure 2.3 Attitudes to the relative importance of inflation and unemployment

'Inflation and unemployment are both major problems in Australia at present. Which do you think the federal government should concentrate on solving first?'

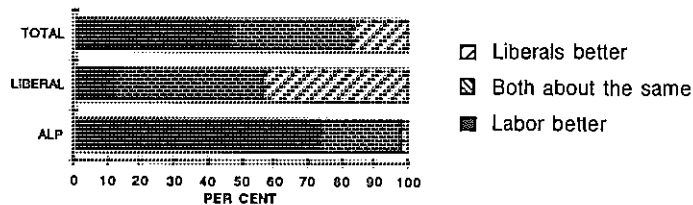


Source: National Social Science Survey, urban sample.

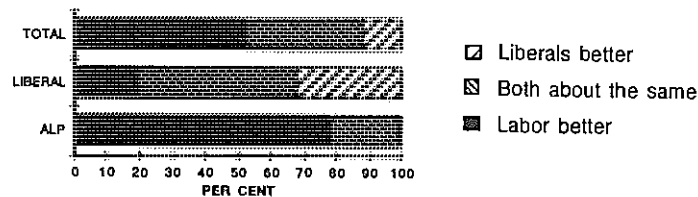
Figure 2.4 Perception of the relative competence of the ALP and the Liberal Party on various issues

'Which of these problems do you think would be handled better by the Labour Party and which by the Liberals?'

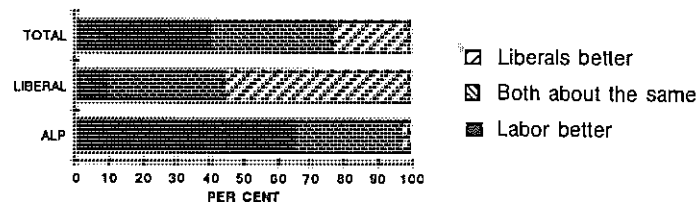
Inflation and the cost of living?



Unemployment?



Economic growth and the economy?



Source: National Social Science Survey, urban sample.

Table 2.2 Attitudes to public spending

'We are faced with many problems in this country, none of which can be solved easily or inexpensively. We would like to know if you think we're spending too much money, too little money, or about the right amount on them.'

	Spending:			Total	(% too little - % too much)
	Too much	About right	Too little		
Improving the nation's education system	4	25	71	100%	67
Dealing with drug addiction	6	25	69	100%	63
Improving roads and highways	5	38	57	100%	52
Improving and protecting the nation's health	6	37	57	100%	51
Scientific research and new technology	8	36	56	100%	48
Improving and protecting the environment	8	41	51	100%	43
The military, armaments and defence	18	24	58	100%	40
Pensions and other social services	13	38	49	100%	36
Providing assistance for the unemployed	18	36	41	100%	23
Improving the conditions of Aborigines	26	33	42	100%	16
Foreign aid	42	40	18	100%	-24

Source: National Social Science Survey, urban sample.

The question is, however, whether all or most of this confidence in Labor as economic managers has eroded since the balance-of-trade crisis. At the time of writing there are certainly signs of an emerging crisis in confidence (see, for example, a June 1986 Ogilvy and Mather poll, *Sunday Telegraph*, 29 June 1986).

Spending priorities

Surveys tend to show that people want to see more spent on almost everything while at the same time wanting lower taxes! The NSSS was no exception. However, we can get a ranking of the relative support for spending by subtracting the percentage who think we should spend less on a particular area from the percentage who think we should spend more. Areas of expenditure are ranked on this basis in Table 2.2. Expenditure on education and on dealing with drug addiction had

clearly the greatest support, while foreign aid and improving the conditions of Aborigines had least support.

Of the major spending areas for the Commonwealth, education and health enjoyed very strong support, while social security and defence had relatively weak support. Women gave stronger support than men to the areas one might call social spending—including education, pensions and other social services, improving the conditions of Aborigines, assistance for the unemployed, and improving and protecting the nation's health. Labor supporters were stronger advocates of spending on environmental protection, Aborigines, the unemployed and social services, and were more likely to approve reduced defence spending than Liberal supporters.

One question attempted explicitly to force respondents to choose between reducing taxes and spending more: 'If the government had a choice between reducing taxes or spending more on social services, which do you think it should do?' Sixty per cent favoured reduced taxes and 40 per cent favoured increased expenditure.

Inequality between rich and poor

These results might lead one to think that Australians are unconcerned about assisting the poor. They give comparatively low priority to spending on the unemployed, pensioners, Aborigines and poor people in the Third World. Paradoxically, however, Australians also evidence a strong commitment in principle to redistributing wealth from rich to poor. Consider the results in Figure 2.5.

Panels 1 and 2 of Figure 2.5 show more than twice as many supporting redistribution as opposing it. Sixty-one per cent agree that there is too much difference between rich and poor in Australia, while only 24 per cent disagree (Figure 2.5, panel 1). Only 26 per cent oppose redistributing income and wealth in favour of ordinary working people. Yet the finding in Figure 2.5, panel 3, was the most striking: only 36 per cent were opposed to *increased* taxes for the rich (Figure 2.5, panel 3), while in another question only 19 per cent of the sample were opposed to reduced taxes as a general principle. Thus Australians are in favour of redistribution of wealth from rich to poor as an abstract principle and as a tangible taxation policy, but on the expenditure side of the budget do not strongly support spending on the poor.

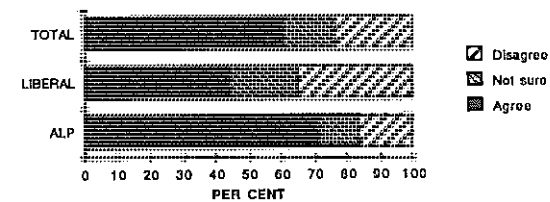
Toward an interpretation

After a brief summary, the rest of this chapter advances two speculative and polemical interpretations concerning Australian attitudes toward redistribution/welfare and business regulation.

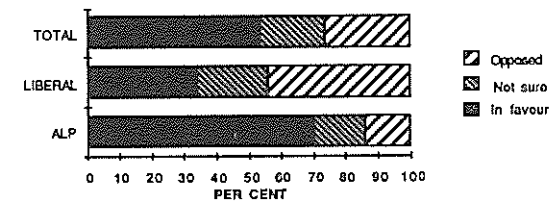
In 1984 and 1985 when interviews for the NSSS were conducted,

Figure 2.5 Attitudes towards inequality and redistribution of wealth

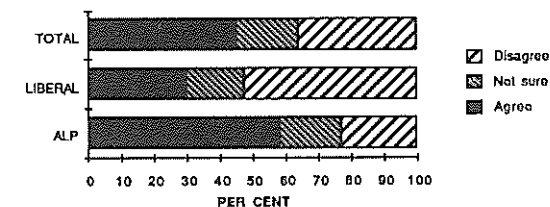
Panel 1 'There is too much of a difference between rich and poor in this country.'



Panel 2 Support for 'Re-distributing income and wealth in favour of ordinary working people.'



Panel 3 'Rich people should be taxed more heavily.'



Source: National Social Science Survey, urban sample.

Australians had a conservative attitude toward their economy. The socialism of the left and the privatisation and deregulation of the right were both overwhelmingly opposed. While other questions from the survey showed that Australians felt little confidence in big business (except banks) and in trade unions, and felt that these institutions had too much power, the survey suggests that there was a new confidence in the way a Labor government could get these interests working together for economic growth. Australians were perhaps grudgingly resigned to what they saw as the excessive power of these blocs; what they were really concerned about was to have a government which ensured that their power was not used to hold the national interest to ransom. The question on the Arbitration Commission suggested that it may be seen by most Australians as a crucial institution which the

government uses to prevent blackmail by the powerful.

Deregulation rhetoric, which has been so much the stuff of the economic policy debates of the 1980s among elite groups, academics and financial journalists, may have had minimal impact on middle Australia. Australians not only support labour-market regulation and more industry protection, they want to see a lot more business regulation in areas such as consumer protection, environmental protection, control of multinationals and worker rights.

Education and health are the big spending areas of government where Australians most wanted to see even more spending. Notwithstanding strong commitment to the principles of redistribution and of taxing the rich, support for spending on the poor was weak. Interests concerned to increase spending in these areas—welfare lobbies, Aboriginal rights groups, the women's movement, the foreign aid agencies and elements of the Labor Party itself—have failed to mobilise the fundamentally egalitarian attitudes of Australians on economic policy behind support for specific egalitarian spending priorities. Perhaps these movements successfully resisted the more extreme rhetoric of the 1970s directed at 'dole bludgers', blacks as lazy, women as taking men's jobs and famine victims as suffering from an unwillingness to practise contraception; yet a reluctance to accept that the poor are 'deserving' remains. Ironically, the Labor Party more than any other institution may have fostered a sceptical attitude to welfare spending, including the view that we must be on guard to distinguish the deserving from the undeserving. It has been a Labor government which, over great opposition, argued for working to get the dole, and for asset or means testing of pensions, childcare subsidies, housing subsidies and a variety of other expenditures. In a good-faith effort to direct spending to those who need it most, the Labor Party may have cultivated a cynical public perception toward one of their most cherished spending priorities.

The ideologies of most European social democratic parties have rejected the path followed by the Australian Labor Party (ALP) out of precisely this fear. They tend to favour universalism over selectivity of welfare benefits, partly because they believe that the middle class will be loath to lend their support to cutting off welfare branches of government which they themselves are sitting upon.

One can only speculate on whether the debilitating battles the ALP fought against universal benefits is an explanation for both the tepid community support for welfare and for the very low level of welfare spending in Australia, compared to other countries that have had periods of social democratic government.

Equally, one might wonder whether the Labor Party of the next decade, in adopting the rhetoric of deregulation as a good-faith pursuit of wasteful red tape, may pave the way for another kind of conservative ascendancy which is just the opposite of its intentions. So far the

opinion poll evidence suggests that has not happened. But how long can it be that a community, fed the rhetoric of deregulation from both sides of politics, will hold out in its strong support for arbitration, occupational health and safety, consumer protection, affirmative action and so many of the indisputably regulatory activities which are at the core of Labor policy and philosophy. The irony may be that community attitudes, which the NSSS shows are so consonant with the economic priorities of the Hawke government, are being slowly undermined by the government's own efforts to neutralise business opposition through adopting the rhetoric of its opponents.

The Hawke government might be doing more than just the hard work for its opponents by softening up entrenched community support for business regulation. Out of a misplaced understanding of where that community sentiment lies, it has been rather timid to cash in on the votes that might be won from contrasting its commitment to reform in areas like industry policy, consumer protection, environmental quality, and occupational health and safety with the opposition of the conservative parties to government intervention in these areas.