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The Ideology of the Underclass
and the Reality of the 'Working Poor':
Long-term Unemployment and
Occupational Restructuring

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Introduction

In May 1993 the Federal Labour Government admitted that the long-term unemployed might number half a million people by the end of 1994. In an interview on the ABC's *7.30 Report*, Minister Beazley also agreed that some of the long-term unemployed might become an 'unemployable, permanent underclass'.¹ Over the last year or so the term 'underclass' has emerged repeatedly during discussions about continuing high levels of unemployment. In the wake of the Los Angeles riots of May 1992, conservative commentators were quick to draw the supposed links between unemployment and urban crime. The Victorian Police Commissioner, speaking at a Liberal Party Jobs Forum, warned that Australia faced the emergence of an underclass of disadvantaged people, without jobs or hope. He advised that a 'national integrated anti-crime strategy' was essential to deal with the impending 'time bomb' which this problem posed.² A few weeks later, during the government-sponsored Youth Jobs Summit, Belinda Cant, one of the young unemployed delegates, also warned of the creation of an unemployed underclass, but called for greater empathy for the young unemployed: 'They are hungry, maybe homeless. And there's a staggering feeling of worthlessness out there'.³ As well as youth unemployment, the issue of 'generational unemployment' gave the term 'underclass' an added sting. In regional industrial cities hit by long-term structural change, 'you get a second generation of people locked out the system and you do get into the situation of what is called an underclass'.⁴

This set of linkages between long-term unemployment and an underclass is only the most recent reincarnation of the term. In April 1990, *The Bulletin* ran a major feature on 'The Underclass: Australia's social time bomb', in which the unemployed barely rated a column-length of text. By contrast, 'street kids' were given nearly three pages, single parents two and a half columns, and public housing tenants two columns. Even 'the poor' only managed a column and a quarter. According to *The Bulletin*, the key definers of underclass status were poverty, social isolation and unemployment spanning two generations, although for young people, there was the added worry that this 'substratum' of the underclass 'expect society to provide them with the lifestyle of their choice without their giving anything back' (Crisp 1990, p. 48). In many respects, *The Bulletin's* perspective mirrored the welfare debates which have emerged in the United States during the last decade.

The American Debates

Though the term 'underclass' first appeared in the late 1960s, it was re-popularised in the early 1980s with the publication of Ken Auletta's book of that title (Auletta 1983). Auletta intended that the term should cover chronically jobless men, long-

1. *Sydney Morning Herald*, 7 May 1993, p.1

2. *Sun Herald*, 5 July 1992, p.7

3. *Sydney Morning Herald*, 23 July 1992, p.1

4. John Freeland, quoted in *The Weekend Australian*, 16-17 January, 1993

term welfare mothers, alcoholics, drug dealers, street criminals, deinstitutionalised mental patients, 'and all the other walking-wounded who crowded New York City's sidewalks in the later 1970s' (Kornblum 1991, p. 206). In trying to encompass such a diverse range of people, Auletta was resuscitating the age-old category of the 'undeserving poor'. As Michael Katz suggested:

In the tradition of nineteenth-century social critics who fused crime, poverty, and ignorance into interchangeable eruptions of moral pathology, Auletta linked disparate groups into one class. His definition subsumed women on welfare, street criminals, hustlers, and homeless drunks, drifters, and bag ladies into one interchangeable unit identified not by income or dependence, but by behaviour (Katz 1989, p. 201).

One response to this confusion was to further refine the term, with Christopher Jencks, for example, subdividing the underclass into three categories: the moral underclass, the educational underclass and the economic underclass (Kornblum 1991, p. 207). This redefinition attempted to separate the 'behavioural' (or cultural) dimension of the underclass from the casualties of economic restructuring, particularly those inner city communities affected by long-term unemployment. Despite the moral panic which focused on a supposed 'explosion' of welfare-dependency in black communities, Jencks found that neither the 'moral underclass' nor the 'educational underclass' had grown in size since the 1960s. Rather it was the 'economic underclass' which had steadily increased during this period. This confusion about whom the underclass included was also reflected in the widely disparate head-counts offered: some estimates put the size of the underclass at nine million, others at just over two million (Kornblum 1984, p. 296; Reischauer 1987, p. 2).

This definitional confusion has also been reflected in the political appeal of the term. As Paul Peterson argued, its diversity has made 'underclass' a term used by conservatives, liberals and radicals alike. Conservatives focus on the supposed 'antisocial behaviour' of the underclass, while radicals draw the historical link between the underclass and the nineteenth century lumpen proletariat. For liberals the main contrast is between mainstream American society and a marginalised substratum, and they despair at the paradox of 'poverty amidst affluence' signalled by this contrast (Peterson 1991, pp. 3–4).

Clearly, the conservative response to the underclass is one of self-interest, as Robert Reischauer's sentiments showed:

Even a small population that is denied a chance to participate in the American dream can undermine the promise and strength of the nation. In addition, a small but growing group of dysfunctional citizens can impose significant costs on the rest of society (Reischauer 1987, p. 29).

The liberal response to the underclass is more complex and relates to the tradition of poverty research within American public policy. In his analysis of poverty discourse in the United States, Michael Katz demonstrated that the cultural aspects of poverty have always dominated welfare debates at the expense of the economic questions of unemployment. Commenting on the 'war on poverty' in

the early 1960s, Katz noted: 'Although the most influential analyses of poverty stressed its roots in unemployment, federal antipoverty planners deliberately avoided programs that created jobs' (Katz 1989, p. 91). Instead they constructed a 'service delivery' model which drew on, and in turn endorsed, cultural explanations of poverty. As Katz argued, policies which reflect behavioural and cultural explanations of poverty are the politically easiest to enact. Moreover,

They also conflict with the fewest vested interests because they do not require income redistribution or the sharing of power and other resources. At the same time, they suit intellectuals. For poor people who lack the capacity to mobilize in their own self-interest need advocates, organizers, and therapists. All these factors connect to focus attention on the behaviour of the poor rather than on their lack of jobs (Katz 1989, p. 209).

Katz concluded his analysis by noting that Europeans find American approaches to poverty research 'bizarre', and the American neglect of both unemployment and politics appears 'striking'. As Katz concluded: 'Despite living in a "sea of unemployment", American poverty researchers have focused their efforts on the work motivation of the poor' (Katz 1989, p. 238).

One important analysis of the underclass which did combine both economic and cultural factors in a more coherent fashion was William Julius Wilson's *The Truly Disadvantaged*. Wilson was concerned to stress the link between the dramatic deterioration in the labour market for unskilled urban workers, and the decline in the social environment of inner city areas, a link which resulted in 'weak labour force attachments' by ghetto blacks. However, where earlier commentators had written about 'weak labour force attachment' in terms of individual inadequacies (Ken Auletta and Charles Murray for example), Wilson was adamant that the term was a 'structural concept set in a theoretical framework that explains the vulnerability of certain groups to joblessness' (Wilson 1991, p. 472). Wilson argued that this problem was the combined effect of both the limited job opportunities offered by the local labour market, and the breakdown in those informal job network systems and other resources which had traditionally stabilised urban black working class communities. Wilson explained both these developments in terms of the deindustrialisation of the large industrial metropolises of the North East and Midwest. The accompanying exodus of middle-class black families out of the inner city 'made it more difficult to sustain the basic institutions in the inner city (including churches, stores, schools, recreational facilities etc.) in the face of prolonged joblessness'. In turn, the social organisation of these neighbourhoods also declined (Wilson 1988, pp. 58–59). The strength of Wilson's analysis was that he dealt with the cultural dimension of ghetto poverty without resorting to a cultural explanation. Rather, by drawing out the social consequences of economic restructuring, Wilson's account belonged within that small but critical tradition of American political economy which has developed more incisive analyses of America society in the 1980s.

Beginning in the early 1980s, radical American economists began to examine in greater detail the social impact of economic restructuring in their country.

The Deindustrialization of America, written by Bluestone and Harrison in 1982, highlighted the social consequences for local communities of corporate investment strategies which closed down manufacturing plants (Bluestone & Harrison 1982). By the end of the 1980s the same authors had begun to explore the wage polarisation which was accompanying this process of deindustrialisation: 'as labour shifts from manufacturing to services, the entire wage spectrum shifts towards a lower average, higher variance distribution (Harrison & Bluestone 1990, p. 361). Increasing evidence of a growing inequality of incomes amongst the working population gave to the term 'working poor' a new lease on life during the 1980s. In 1986, two million adults were poor, even though they worked in full-time jobs all year round. This was a 52 per cent increase since 1975 (Robert Pear in Katz 1989, p. 70). Furthermore, 27 per cent of the new jobs created between 1983 and 1987 were poverty jobs in the service sector. This increased poverty amongst the working population was partly due to the increase in such jobs, and also due to the declining real value of the minimum wage, which in 1987 was at its lowest level since the 1950s (Katz 1989, p. 130).

Income was not the only commodity becoming increasingly polarised during this period: so was time. In her study of the decline of leisure, *The Overworked American*, Juliet Schor 1992 highlighted the irrationality of more Americans being unemployed and underemployed whilst those in jobs worked longer and harder than ever before. As she noted:

In recent years, as a majority have taken on the extra month of work, nearly one-fifth of all participants in the labor force are unable to secure as many hours as they want or need to make ends meet. While many employees are subjected to mandatory overtime and are suffering from overwork, their co-workers are put on involuntary part-time (Schor 1992, p. 7).

The Australian Situation

The wage polarisation debate has now spread to Australia, surfacing amongst economists as the phenomena of the 'shrinking' or 'disappearing' middle (King et al. 1992; Gregory 1993). In his analysis of the weekly earnings of non-managerial adult male employees for the period 1976 to 1990, Bob Gregory found that there is 'a loss of one in three jobs in the middle 60 per cent of the earnings distribution'. Gregory listed the major theories advanced to explain this phenomena: declining trade union membership, declining manufacturing employment, growth of international trade, technological change, and the changing demographic structure of the labour force. Gregory himself favoured the view that the substantial loss of jobs in the manufacturing sector, jobs which tend to be middle earning ones, 'may be at the heart of the middle pay job loss' (Gregory 1993, pp. 66–68). He also suggested an important link between the disappearing middle and the long-term unemployed:

The unskilled are unemployed not only because unskilled occupations are disappearing but because employees from the disappearing middle are taking jobs that were previously held by the unskilled (Gregory 1993, p. 75).

Like Gregory, King and colleagues also noted that structural shifts within industries were contributing to wage polarisation, and suggested that the decline in manufacturing and the growth in sales employment 'would have tended to raise the share of low-paid work' (King et al. 1992, p. 28).

Occupational restructuring appears to be less important in accounting for the disappearing middle than does industry restructuring. Bob Gregory, for example, found a mismatch between low pay occupations and the low earnings quintile, with the former declining but the latter increasing. He argued that 'Across each earnings group therefore there is not a precise mapping of employment changes by occupation into employment changes by earning levels' and he concluded 'most of the changing earnings dispersion is occurring within and not across occupations' (Gregory 1993, pp. 69, 70). While this may be true in terms of accounting for the 'disappearing middle' income earners, I would argue that occupational restructuring itself is nevertheless a phenomena with profound consequences for social inequality. To explore this theme we need to focus on the occupational and industry background of the long-term unemployed, and the changing occupational profile of the Australian labour market.

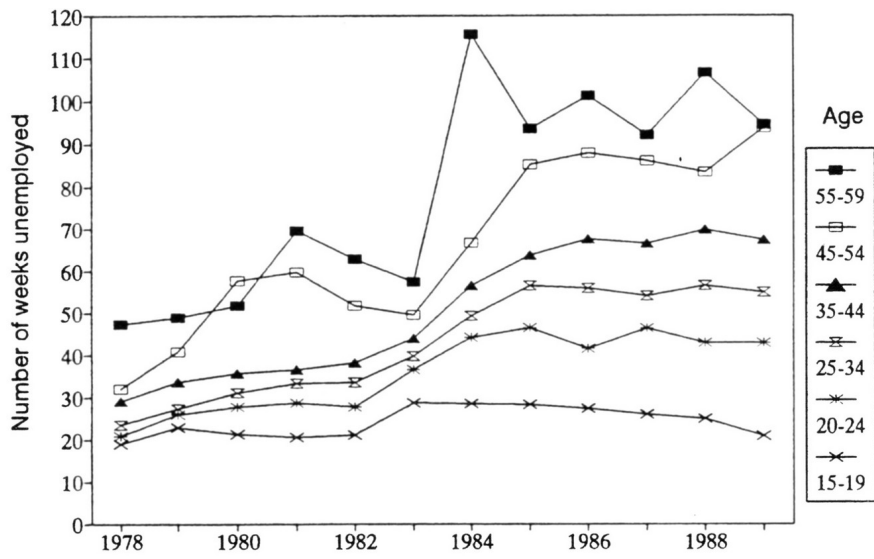
The Long-term Unemployed

Prior to the onset of the current recession, the age and gender characteristics of the long-term unemployed indicated that they did not constitute a marginalised strata of society, a potential underclass. As Figures 1 and 2 show, it was prime-age and mature-age males who consistently recorded the highest average number of weeks unemployed during the 1980s. Even during the growth period of the mid-1980s, the situation for this group continued to deteriorate, in contrast to teenage males and to women aged less than forty five whose situation improved over this period. As Figure 3 shows, at the height of the recession of the early 1990s, the long-term unemployed were overwhelmingly composed of prime-age males.

These three graphs highlight the combined impact of massive job-shedding in the manufacturing sector alongside continuing growth in the service sector (the 'deindustrialisation thesis'). The most recent ABS labour force survey (May 1993) shows that manufacturing backgrounds are *over-represented* amongst the long-term unemployed,⁵ whilst credentialed service sector backgrounds are *under-represented*.

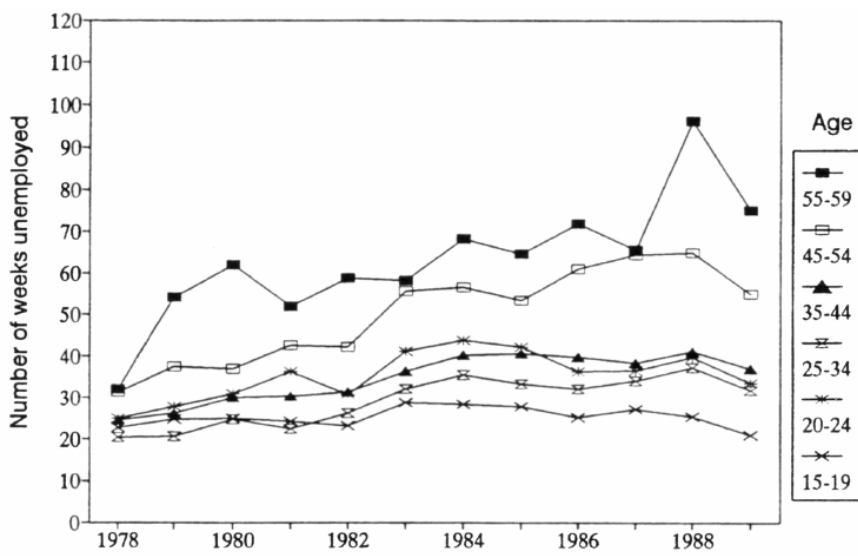
5. The following analysis of occupational and industry background of the long-term unemployed refers only to those long-term unemployed who worked full-time for two weeks or more during the previous two years.

Figure 1: Unemployment Duration by Age:
Males, Average Number of Weeks Unemployed, 1978–89



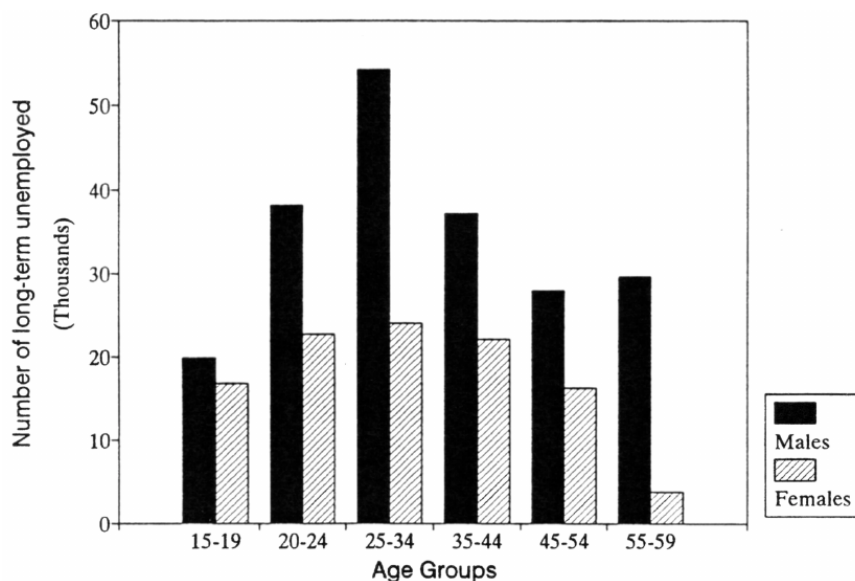
Source: ABS (1992) *The Labour Force, Australia, Historical Summary, 1978–89*, Cat. No. 6204.0

Figure 2: Unemployment Duration by Age:
Females, Average Number of Weeks Unemployed, 1978–89



Source: ABS (1992) *The Labour Force, Australia, Historical Summary, 1978–89*, Cat. No. 6204.0

Figure 3: Number of Long-term Unemployed
by Sex and Age Groups, 1992



Source: ABS (1993) *The Labour Force, Australia, May*, Cat. No. 6203.0

Table 1 below shows that long-term unemployed males who worked in manufacturing constitute 27 per cent of the long-term unemployed, yet their industry sector only accounted for 18 per cent of total male employment. Similarly for women: 22 per cent of the long-term unemployed had worked in manufacturing, yet this sector only made up nine per cent of total female employment. It is the case that the recreation and personal services sector also mirrors the pattern for manufacturing. However, this is not because of an overall decline of employment in this sector, but because of the fierce competition for low-paid, low-skilled work which is so common there (a phenomena captured in Bob Gregory's observation about the competition provided by displaced 'middle income' workers). By way of contrast, all of the other service industry divisions present the opposite picture. For example, long-term unemployed women with community services background made up 18 per cent of the long-term unemployed, yet that division accounted for 30 per cent of total female employment.

To understand what prevents the long-term unemployed moving easily between industry sectors, we need only consider their occupational background. As Table 2 shows, all of the credentialed service occupations are under-represented in the long-term unemployed. By contrast, some 36 per cent of the male long-term unemployed last worked as labourers, yet that occupation only accounted for 17 per cent of total male employment. Similarly, for women, 24 per cent of the long-term unemployed were in labouring occupations, yet they accounted for only 12 per cent of the total. The other significant occupational discrepancy for women is in the plant and machine operators category, where 11 per cent of the long-term unemployed are to be found, even though that occupation only accounted for three per cent of all female employment. This example illustrates well the impact of employment losses in the clothing, textile and footwear industries, and the problems which the machinists working there face in moving into other

occupations in the expanding service sector. Often coming from non-English speaking (NES) backgrounds, and located in 'stranded regions', such women have been effectively locked out of the workforce because the characteristics of the new jobs no longer match their skills and the competition from other displaced service sector workers is intense. This reproduces the pattern observed at the end of the 1970s, after the 'first wave' of deindustrialisation swept through the economy (Cass 1981, p. 3).

Table 1: Industry Background of Long-Term Unemployed Compared with General Population (Percentages), May 1993

ASIC DIVISION	Males		Females	
	Long-term unemp	General pop.	Long-term unemp	General pop.
Agriculture, forestry, fishing, hunting	9	6	2	3
Mining	2	2	0	0
Manufacturing	27	18	22	9
Electricity, gas and water	0	20	0	0
Construction	14	11	0	2
Wholesale and retail trade	18	20	27	23
Transport and storage	9	7	2	2
Communication	3	2	1	1
Finance, property and business services	5	10	9	12
Public administration and defence	3	5	2	5
Community services	4	11	18	30
Recreation, personal and other services	7	6	17	11

Notes: Long-term unemployed defined as duration of unemployment 52 weeks or greater

Source: *Labour Force Estimates*, May 1993, GRP400, Table UE19 for long-term unemployed; *The Labour Force, Australia*, May 1993, Cat. 6203.0 for general population.

Table 2: Occupational Background of Long-Term Unemployed Compared with General Population (Percentages), May 1993

ASCO MAJOR GROUP	Males		Females	
	Long-term unemp	General pop.	Long-term unemp	General pop.
Managers and Administrators	3	15	2	7
Professionals	5	13	5	14
Para-Professionals	4	6	4	6
Tradespersons	24	23	2	4
Clerks	5	6	25	30
Salespersons and personal service workers	9	10	27	24
Plant and machine operators and drivers	14	11	11	3
Labourers and related workers	36	17	24	12

Notes: Long-term unemployed defined as duration of unemployment 52 weeks or greater

Source: *Labour Force Estimates*, May 1993, GRP600, Table UE5 for long-term unemployed; *The Labour Force, Australia*, May 1993, Cat. 6203.0 for general population.

In the light of these data, it is clear that the vast majority of the long-term unemployed do not constitute a potential underclass, in the American sense of the term. The long-term unemployed are overwhelmingly traditional wage-earning people whose 'behavioural' characteristics are no different to the rest of the working-class population. Their dilemma is that the skills, and other workforce attributes, which they have nurtured for decades have become redundant in the wake of Australia's deindustrialisation.

The 'Working Poor'

Unemployment research in Australia during the 1980s repeatedly showed that poverty⁶ was overwhelmingly the result of unemployment (see the various poverty reports from the Social Policy Research Centre at UNSW). However, unemployment itself was not neutral in terms of its industrial and occupational characteristics, as the figures above have just shown. In the early 1980s, Bettina Case observed: 'unemployment is a process which makes the poor poorer by "selecting out" those with the least secure and the least well paid jobs in the occupational structure' (Cass 1981, p. i). Research during the 1980s on retrenchment has also shown that workers who are re-employed 'are forced into jobs of a noticeably lower occupational status with lower wage levels'. (Bradbury et al. 1988, p. 26).

Nevertheless, poverty research in Australia during the last decade has rarely examined poverty amongst the paid workforce in any detail. The Bradbury et al. study of *Poverty and the Workforce* in 1988 observed that the self-employed constituted a significant pocket of poverty amongst the paid workforce (with an incidence of poverty at 12.4 per cent, after excluding farmers). But their study also seemed to confirm the conventional wisdom that amongst wage and salary earners 'poverty was rare and was lower than it had been in the early 1970s' (Bradbury et al. 1988, pp. 53, 55). However, by the early 1990s evidence was emerging to unsettle this complacency. In 1991 Saunders and Matheson found themselves admitting: 'Perhaps the most surprising aspect [of this table of data] is that there is apparently some poverty among families with a full-time, full-year worker present' (Saunders & Matheson 1991, p. 24). These families accounted for some seven per cent of all poor families in 1989-90. After a decade of declining real wages under the Accord, an increase in poverty amongst wage earners was inevitable. As King et al. noted, 'people at the lower end of the pay structure fared badly under the Accord provisions of the late 1980s' (King et al. 1992, p. 21).

Increases in poverty amongst the paid workforce can be disguised in crude poverty 'head-counts'. During the last decade, for example, government revenue transfers to low income working families (through the Family Allowance Sup-

6. Poverty amongst the paid workforce is a much better formulation than 'working poor', because it highlights how poverty is a condition which people pass through. The 'working poor' can too easily denote a discrete category of people, something which I criticise strongly later in this paper. I have retained the term (in quotes) because of its importance for highlighting one of the paradoxes of capitalism: that a person can be working full-time in a job and still be poor.

plement) have offset the decline in real wages, sheltering the family's disposable income from the worst effects of the Accord. The long-term increase in part-time work also disguises the increase in poverty amongst wage earners. Bradbury et al. noted in 1988 that part-time employment had grown by 142 per cent between 1966 and 1984, whereas full-time employment had risen by only 22 per cent. This meant that by 1984, 18 per cent of all employed persons were working part-time, compared with 10 per cent in 1966 (Bradbury et al. 1988, p. 45). This trend has intensified since 1984 with the current percentage working part-time now over 23 percent.⁷ This trend is overwhelmingly associated with increased female participation in the labour force, and with growth in the service sector, and thus has characteristics related to these factors (married women's domestic labour; variable fluctuations in labour demand). However, there is also the important point that creating part-time work is an employer strategy for cheapening the cost of labour. As the Bureau of Industry Economics noted: 'employment of part-time married female workers in peak demand periods can result in higher relative output per hour employed and hence lower unit labour costs compared with the alternative of employing full-time males or females'.⁸ In the early 1980s, Cass noted that in various categories well over 20 per cent of part-time workers wished to work full-time. This indicated 'a significant incidence of under-employment ... [which] constitutes under-utilisation of labour and may well involve a level of remuneration inadequate for workers' needs' (Cass 1981, p. 35). More recent analysis of part-time employment trends confirms this picture. Peter Robertson found that about half the increase in part-time employment between 1978-9 and 1983-84 was composed of people who would have preferred longer hours. He concluded that 'For males and non-married females, this involuntary component seems to explain nearly all of the increase in PT relative to FT employment'. Robertson also observed that 'the trend of rising involuntary PT employment may also be seen as a trend towards pushing more people into "bad" jobs, because of high levels of involuntary unemployment (Robertson 1989, p. 398). Other studies of the labour market have confirmed this equation between 'bad' jobs and casual and part-time employment (Carter 1990; Dawkins & Norris 1990).

Occupational Restructuring

I now turn to a detailed review of occupational restructuring in Australia since the early 1970s. What I have sought to do is examine some of the characteristics of Australia's changing occupational profile for the period 1971 to 1993 (and these are summarised in Table 3). I have subdivided this longer time period into three shorter periods: 1971 to 1981, 1981 to 1986 and 1986 to 1993. The first period covers the 'first wave' of deindustrialisation in Australia, the second period covers the growth years of the mid-1980s, and the third period covers the recession

7. ABS, *The Labour Force*, May 1993

8. Quoted in Cass (1981, p. 19)

of the early 1990s. By looking at all occupations (at ASCO minor group level) which either increased or decreased by at least a thousand males or females, we can gain a good overview of how the occupational profile has been re-arranged over these three time periods. Each of these occupations is then measured in terms of whether they are high, middle or low income occupations; and whether they are predominantly credentialed occupations or open to unqualified persons.⁹ It is important to note that viewing occupations in this way is in no way analogous to the 'disappearing middle' methodology, since there is no comparability between the range of occupations deemed low, middle or high income here, and the size of income groupings used in that methodology. (There is also Bob Gregory's point that income dispersion occurs within occupations).

Table 3: Occupational Changes 1971 to 1993: Income and Credentials Distributions
Based on ASCO Minor Groups for Changes Greater than 1,000

	Income						Credentials				Total
	High	%	Mid	%	Low	%	No	%	Yes	%	
<i>1971 to 1981</i>											
Male Increases	15	41	14	38	8	22	22	59	15	41	37
Female Increases	20	50	15	38	5	13	29	73	11	28	40
Male Declines	3	43	0	0	4	57	5	71	2	29	7
Female Declines	0		0		1		1		0		1
<i>1981 to 1986</i>											
Male Increases	14	67	4	19	3	14	10	48	11	52	21
Female Increases	17	57	10	33	3	10	19	63	11	37	30
Male Declines	5	26	8	42	6	32	17	89	2	11	19
Female Declines	1	17	3	50	2	33	6	100	0	0	6
<i>1986 to 1993</i>											
Male Increases	4	50	3	38	1	13	5	63	3	38	8
Female Increases	8	80	2	20	0	0	5	50	5	50	10
Male Declines	15	37	13	32	13	32	23	56	18	44	41
Female Declines	10	32	12	39	9	29	25	81	6	19	31

Source: Censuses 1971, 1981 and 1986; 1993 from *Labour Force Estimates*, May 1993; Income from *ABS Distribution and Composition of Employee Earnings and Hours Australia*, May 1986 and May 1991, Cat. No. 6306.0.

In terms of incomes, it is clear that during the 1970s high and middle income occupations were increasing for both males and females. For the early part of the 1980s however, growth was much stronger in the high income occupations, particularly for males. This growth dropped significantly during the late 1980s

9. Income has been defined as follows: High = above 110 per cent of median weekly earnings; Middle = between 90 per cent and 110 per cent of median weekly earnings; Low = below 90 per cent of median weekly earnings. (For earnings, 1986 data was used for the first two periods, 1991 data for the last period.)

Credentials has been defined as Yes where the proportion in that occupation who possessed formal post-secondary qualifications in 1986 was greater than 50 per cent.

Minor Groups were analysed omitting the dump codes (that is the Not Further Defined categories) because these groups did not constitute discrete categories.

and early 1990s for males, falling from 67 per cent to 50 per cent. For females, however, the growth in high income occupations continued (rising from 57 per cent to 80 per cent), at the expense of middle and low income occupations. In terms of declining occupations, we find that in the first half of the 1980s, the male and female declines were overwhelmingly in the middle income occupations (42 per cent for males, 50 per cent for females). This pattern changed in the late 1980s and early 1990s when the decreases were more uniformly spread across all occupations.

In terms of credentialed occupations, interesting changes have also occurred. For males, nearly 60 per cent of occupations which were growing during the 1970s did not require credentials, but by the mid-1980s this had dropped to 48 per cent. At the same time the occupations which were in decline were mainly in the non-credentialed area (some 89 per cent). However, in the late 1980s and early 1990s this pattern reversed, returning to almost the same situation of the 1970s when nearly two-thirds of growing occupations were still open to unqualified persons. Similarly, the declining occupations evened out (with a drop from 89 per cent to 56 per cent). For females, the trend has been more consistent, with a steady increase in credentialed occupations since the 1970s (rising from 25 per cent, to 37 per cent, to 50 per cent). At the same time the loss of occupations has mirrored this phenomena, with the vast majority being in the non-credentialed area (100 per cent and 81 per cent in the last two periods respectively).

Analysing occupational changes using raw counts of occupations does not indicate the scale of these changes. In order to get some idea of the significance of this restructuring in terms of labour demand, we need to weight the occupations in proportion to the size of the increases or decreases. In other words, raw counts need to be multiplied by the size of the increase or decrease for each occupational group. The results of this for income are shown in Table 4.

Table 4: Occupational Changes 1971 to 1993: Weighted Income Distributions Based on ASCO Minor Groups for Changes Greater than 1,000

	High	%	Mid	%	Low	%	Total
<i>1971 to 1981</i>							
Male Increases	175,611	49	80,136	22	104,742	29	360,489
Female Increases	240,923	38	273,445	43	124,483	19	638,851
Male Declines	25,586	58	0	0	18,416	42	44,002
Female Declines	0		0		1,774		1,774
<i>1981 to 1986</i>							
Male Increases	111,625	77	9,559	7	24,677	17	145,861
Female Increases	99,232	38	133,252	51	31,058	12	263,542
Male Declines	27,597	14	18,213	9	156,018	77	201,828
Female Declines	3,348	3	12,136	10	111,213	88	126,697
<i>1986 to 1993</i>							
Male Increases	74,133	74	12,213	12	14,350	14	100,696
Female Increases	65,258	95	3,457	5	0	0	68,715
Male Declines	285,958	29	292,723	30	398,415	41	977,096
Female Declines	87,069	13	361,972	56	202,645	31	651,686

Source: Censuses 1971, 1981 and 1986; 1993 from *Labour Force Estimates*, May 1993; Income from *ABS Distribution and Composition of Employee Earnings and Hours Australia*, May 1986 and May 1991, Cat. No. 6306.0.

The differences between Table 4 and Table 3 are quite significant, particularly for females in the period prior to 1986. The occupational profile approach suggests greater growth in high income occupations than in fact occurs in terms of job numbers. It is middle income occupations which have the greatest increase over the period 1971 to 1986. In the 1970s, for example, 43 per cent of the increased jobs were in middle income occupations, compared with a figure of 38 per cent using the occupational profile approach. A similar pattern continues in the early 1980s, with the difference widening (51 per cent to 33 per cent). The pattern changes decisively after 1986, where we find that the vast majority (some 95 per cent) of the female increases occurred in the high income occupations. Of even greater significance is the dramatic change in the low income occupations once we begin weighting the figures. Table 4 shows clearly the enormous decline in low income occupations during the first half of the 1980s (a figure of 88 per cent in Table 4 compared to 33 per cent in Table 3). In the late 1980s and early 1990s this pattern stabilises and we find that middle income occupations suffer the largest job losses. Right through the 1980s, however, high income occupations for females are well-sheltered from job losses compared with the middle and low income occupations.

Turning to males, the differences between Tables 3 and 4 are not as dramatic. In the early 1980s the growth in high income occupations is greater in terms of job numbers (at 77 per cent) than in terms of occupational profile (67 per cent) and this pattern continues into the 1990s (74 per cent compared to 50 per cent). However, the sharpest difference emerges in declining occupations between 1981 and 1986. Table 3 suggests this is more pronounced in the middle income occupations whereas Table 4 shows clearly that, in terms of job numbers, it is the low income occupations which bear the brunt of the decline (at 77 per cent).

The pattern that emerges from both of these tables confirms the conventional wisdom that high income, credentialed occupations have gained from occupational restructuring over the last twenty years. However, in terms of declining occupations, it is clear that this trend accelerates during periods of growth (such as the mid-1980s), and slows down during periods of recession (such as the early 1990s). This is probably due to the 'levelling' effect caused by retrenchments taking place across a wider range of occupations.

This long-term increase in high income, credentialed occupations is sometimes viewed as a positive development, indicating that a more highly skilled workforce is evolving. However, critics of credentialing have often argued that such changes really represent an increase in the erection of labour market barriers.¹⁰ Recently the Department of Employment, Education and Training (DEET) proposed a review of credentialism in the Australian labour market, and expressed the fear that employers had begun upgrading minimum hiring standards, leading to an increase in the educational qualifications needed for entry into various occupations. The

10. For the classic critique of credentialing see Berg (1971); for a more recent Australian account see Marginson (1992).

DEET document further noted:

[Credentialism] also creates inequity where the career progress of competent workers is blocked by inflated requirements for formal credentials, or credentials are used as a means of restricting entry into specific occupations, thereby creating additional income and status for those in these occupations.¹¹

While the DEET document also presented the opposing view on credentialism (that higher entry qualifications indicate a need for higher skill levels), it nevertheless raised doubts as to the wisdom of the Federal government's training agenda, which has been premised on the assumption that additional training (or retraining) is the appropriate response to high levels of unemployment. However, as the earlier parts of this paper have shown, additional levels of training do not deal adequately with the problems posed by a growth in both the 'working poor' and the long-term unemployed. The dramatic decline in middle income earners noted by Gregory and King et al. (Gregory 1993; King et al. 1992), and the large decline in middle and low income occupations highlighted in Tables 3 and 4, both suggest that, in aggregate terms, there is a surplus of skilled workers in an economy which no longer values those skills.

The implications of occupational restructuring for increasing poverty are evident from the above data. Larger numbers of displaced workers are in poverty as a result of becoming unemployed, and staying unemployed for longer periods of time. At the same time, the increased competition for jobs in lower income and non-credentialed occupations maintains a strong downward pressure on wages, thereby increasing poverty amongst the paid workforce.

Conclusion

The American debate on the 'underclass' has been largely futile, leading some commentators to advise rejecting the term altogether:

The term has taken on so many connotations of undeservingness and blameworthiness that it has become hopelessly polluted in meaning, and should be dropped—with the issues involved studied via other concepts.¹²

Even William Julius Wilson has conceded this risk, suggesting that another term may be required by researchers if journalists persist in using the term in 'non-systematic, arbitrary, and atheoretical' ways (Wilson 1991, p. 475). However, the term underclass, or a synonym for it, is not appropriate in Australian conditions, even in the more precise sense suggested by Wilson. Of the two key criteria—deindustrialisation and the collapse of inner city social institutions—only the former is apparent in Australia.

As well as the 'journalistic risks' inherent in using the term underclass (evident in *The Bulletin* article), there are also serious risks at the level of social policy.

11. Quoted in *The Australian*, 1993, 7 July, p.15

12. Hebert Gans, in Kuttner (1991, p. 213).

Michael Katz (1989) has argued persuasively that the quantification methodologies used in poverty research create 'discrete categories' of people and thus promote a descent into moral judgments about behaviour (Katz 1989, pp. 169–70). Similarly, Theda Skocpol has highlighted the dilemma involved in developing 'targeted programs' to address poverty. Writing about the United States experience she has argued: 'policies targeted on the poor alone ... have not been politically sustainable, and they have stigmatized and demeaned the poor' (Skocpol 1991, p. 414). In the Australian situation we face a similar dilemma. If we too readily accept that the long-term unemployed are permanently locked out of the workforce, and thereby constitute an 'underclass', we begin the categorisation process that already mars welfare policy in this country. After the underclass have been counted, and programs targeted to them, the moral language will not be far behind.

The choice of the term 'ideology' in the title of this paper was deliberate. There have been at least three senses in which the term ideology has been used within the Marxist tradition, and each is relevant to the term 'underclass'. While these three senses are often seen as mutually incompatible, for example, Joe McCarney, I follow Jorge Larrain in believing that they can be usefully combined at the level of concrete analysis (McCarney 1980; Larrain 1991).

The more orthodox position, forcefully argued by McCarney, is that ideology is a realm of struggle at the level of ideas. As Peterson's observation (outlined above) makes clear, 'underclass' is certainly a terrain of contestation. Even in Australia, this ideological struggle is apparent: journalists seem intent on capitalising on the cultural connotations of the term underclass, while more critical commentators attempt to speak about social marginalisation without endorsing victim-blaming.

The second sense of ideology is the 'critical' notion: the sense of epistemological deficiency implied in labelling some forms of knowledge 'ideological' (Larrain 1983). The usual contrast to ideology is 'reality' (as in my own title) and the problems of justifying this kind of epistemology are well known. Such a task is beyond the scope of this paper, although the work of critical realists (Bhaskar 1989; Bhaskar 1978; Sayer 1981; Collier 1979) indicates that a respectable defence can certainly be mounted. In the context of this paper, 'underclass' is regarded as an ideological term because it mystifies structural processes occurring 'beneath the surface' of the economy. The kind of occupational and industry restructuring which this paper has briefly outlined—and which I would maintain is increasing poverty amongst the paid workforce as well as increasing long-term unemployment—is obscured by the notion of the underclass. As an ideology, this term stays confined to the level of superficial appearances, dwelling on the characteristics of the unemployed, as if these had some kind of explanatory power.

The third sense of ideology is that associated with Althusser's influential theory of subjectivity (Althusser 1971; Laclau 1979; Therborn 1980). In this formulation, ideologies play a sociological role, of addressing subjects and thereby 'positioning' them in particular ways. Katz's argument about the underclass as the latest successor to the label 'undeserving poor' is particularly relevant here. Once the underclass becomes a common category of social policy and journalistic discourse, the sub-

jectivity it implies enters the ideological field. The 'self' and 'other' positions which have already emerged around this ideology can be seen in the United States, where middle-class whites shrink from the shadows in New York alley-ways, and where alienated black teenagers celebrate their marginalisation. While the American situation is an extreme one, both in terms of vast disparities of income and deeply entrenched racism, the potential for 'underclass' to become a subjectivity which positions people in terms of fear and disgust is already apparent in the way that homeless children, once labelled 'street kids', can be easily transformed into 'feral children'.

Historically Australia provided 'universal' welfare through its centralised wage fixing system, an arrangement which left the formal social welfare system relatively under-developed. Unemployment benefits, for example, were only ever intended to provide income for short periods between jobs. However, the last 15 to 20 years has seen this situation begin to change in quite profound ways. On the one hand, large numbers of working-class people are being forced to survive for years on unemployment benefits, leading inexorably to chronic poverty for their families. On the other hand, welfare provision has become increasingly targeted, leading to the stigmatising of these families as inherently different from ordinary working-class families. At the same time, that form of 'welfare' which traditionally ensured respect and a reasonable standard of living—the full-time award wage—has come under increasing threat from the demise of the centralised wage fixing system and the spread of enterprise bargaining. This transformation in the character of welfare provision in Australia is an ominous one. It leads to greater disparities in income amongst the paid workforce, and between those in paid work and those unemployed. It also further entrenches a welfare-charity bureaucracy whose relations with large segments of the working-class is increasingly pre-occupied with discriminating between the 'deserving' and 'undeserving' poor. As this paper has argued, the 'underclass' is another version of this dubious division and serves no useful role in serious social analysis. With its inevitable focus on the behavioural characteristics of the long-term unemployed, the notion of an underclass only serves to divert our attention from the phenomena which the existence of long-term unemployment highlights—the inherent failure of the economy to provide adequate livelihoods for all of the population.

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