

# Perspectives on Work-Life Relationship and Their Impact on Real Wage Levels in Modern Australia: A Comparative Analysis of Karl Marx and John Mill

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**Abstract:** Karl Marx (1818-1883) and John Mill (1806-1873) are two worldly philosophers and economy scholars who have deeply influence on people's social, political, and economical perspective nowadays. By analysing their works, Marx's *The Communist Manifesto* (1848) and *Capital: Critique of Political Economy* (1867) and Mill's work *Utilitarianism* (1861) and *On Liberty* (1859), the two perspectives on work-life relationship can be compared and used to increase real wage levels in modern Australia. By establishing minimum wage and other laws and regulations and trade unions have been the traditional method in Australia to ensure the income level of the people. However, after facing the blow to the Australian economy from the pandemic era, Australian people in the post-epidemic era have obviously not recovered from it. On the one hand, the failure of traditional tools means has led to the rising unemployment rate during the pandemic, and the continuous strikes of trade unions have also affected people's normal production and life. On the other hand, the Fed's continuous raising the interest rate since September and have harvested global wealth. This has led to inflation in Australia, which has peaked at 7.75%, and is accompanied by a 3.5% decline in real wages. Mill believes that Europe was able to lead the Asian countries in the 19th century because of its cultural diversity and difference. And the totalitarian state and paternalism will lead to the shrinking and sluggishness of the people's thinking.

**Keywords:** Karl Marx; John Mill; Work-life relationship; Real wages; Australia

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## 1. Introduction

Karl Marx, known as the main founder of Marxism, is known as the "revolutionary teacher of the proletariat and the working people all over the world". During his college years, he was influenced by the Young Hegelians, which enabled him to study and criticize the works of his predecessors through materialism. At the same time, he was also influenced by utopian socialists such as Saint-Simon. Although he was inspired by these utopian socialists, he also criticized them. This is because Marx believed their purpose was to create a small utopian community independent from other nations. It will lead to social isolation and face poverty and other problems, and it is a society that cannot exist for a long time. He is also influenced by Engels's writings *The Condition of the Working Class in England*, he believed that only by allowing the working class to overthrow the capital class could a successful proletarian government and society be established. In his 1845 book *The German Ideology*, Marx predicted that the nation, as a tool to safeguard the interests of the ruling class, was doomed to perish based on the contradiction between the proletariat and the bourgeoisie. It will only exist when it helps the proletariat. And in 1848, in *The Communist Manifesto* he co-authored with Engels, he proposed that the majority (the working class) be oppressed and exploited by the minority (the bourgeoisie). The bourgeoisie exploits the labour force of the proletariat to bring itself to the primitive accumulation of capital, which in turn exploits the laborers even further. To this end, Marx put forward a series of propositions in the manifesto to change the status quo, including progressive income tax, free public education and so on. Surprisingly, these tools are also widely used in modern society. Marx further studied capitalist society and found a major flaw in it, that is, periodic economic crises. The specific manifestation is that the bourgeoisie expands production for profit, while the oppressed proletariat is unable to consume excess commodities, and the excessive backlog of commodities will lead to an economic crisis. And the economic crisis will cause the small capitalists to lose their property and become the proletariat. Over time,

the bourgeoisie will become richer and the proletariat more and more. Inequality became more apparent, which eventually led to the outbreak of social contradictions. Therefore, the government should actively control the production of commodities and guarantee the treatment of workers.

## **2. John Mill's Understanding of Freedom and Attitude towards Government Intervention**

On the other hand, John Mill, was the eldest son of the famous utilitarian scholar James Mill. Because of James' relationship with Bentham, the founder of utilitarianism, John Mill was deeply influenced by liberalism and utilitarianism. In addition to arguing that people have the freedom to interfere with others only in self-defence, he also proposed that people should have freedom of the press, freedom of discussion and freedom of thought. Compared with what Marx thought, freedom is only an end. Only by sweeping away the bourgeoisie can human beings gain real freedom. Mill believes that freedom of choice has achieved its purpose. To choose freedom requires no coercion of individuals. Whether it is legal or social pressure, people will not be free. Even in a democratic society, the vote of the majority will determine the rights of the minority, which will lead to the unfreedom of the minority. Although market freedom was proposed as early as Adam Smith's *Wealth of Nations*. But John Mill was more direct and radical against government interference. But in the principles of political economy, Mill said that although free markets and competition are necessary, governments should also assume corresponding responsibilities. He believes that, unlike the production system, the distribution system is a more artificial system and the object of political economy research. The distribution of wealth depends on how the country or government chooses to distribute it. And he also endorsed the improvement of the distribution system.

## **3. The Economic Risk of Declining Real Wages and Its Impact on the Australian Economy**

The reduction of real wages will be a great economic risk, which will harm Australia's national economy and will also affect the quality of people's living standards and the gap between the rich and the poor. Through the definition of real wages, the value of real wages is strongly connected with the inflation rate, it can be seen that the amount of real wages is directly affected by how much the wage itself and the impact of the inflation rate. While Australia's average wages have risen slightly, Australian workers' real wages have fallen by 3.5% compared to a 7% inflation rate. The amount of wages is affected by the relationship between supply and demand in the market on the one hand, and the environment of the overall economy on the other. The living cost indexed has increased by 7.3% since September. By observing the recent wage income growth rate in Australia, it is already very difficult to keep wages constant, and wage increases are even rarer. Under the persistent slump of nominal wages, the current excessively high inflation rate has further reduced real wages. The reduction of real income means that consumers can only consume fewer goods when their wages remain unchanged. The cost of living will be forced to increase, and people's normal quality of life will decline.

## **4. Causes and Measures to Address the Decline in Real Income in Australia**

Economists are concerned about this trend, given that the decline in real income since the epidemic has brought significant wealth inequality, leading to a further widening gap between the rich and the poor in Australia. Although the current stepped taxation model has significantly reduced the gap between ordinary workers and middle-to-high-income earners, for the richest at the top, even 45% of the tax revenue for the top class, and their millions or even billions of dollars. In terms of income, it is a drop in the bucket. Even if the top rich people don't work, they can still earn extra income than ordinary people. This structure has led to resistance to the tax system for middle-income earners on the one hand, and negligible impact on the billionaires who were originally targeted on the other. A large amount of potential tax revenue has been collected by the rich, which has severely affected people's enthusiasm for work and fairness in the market. On the other hand, because of the turmoil in the international situation, the energy crisis caused by the Russia-Ukraine War, and supply chain shortages have a greater impact on ordinary Australian families. The central bank's continuous interest rate hikes have further tightened consumption and demand. As a lesson from the past, the UK should avoid going down the same path of failure. Unnecessary interest rate hikes will only further worsen people's real income and economic growth. At the same time, slowing economic growth and extremely high asset returns will continue to further divide the gap between rich and poor. Therefore, by setting higher tax reforms for extremely high-income earners, it can effectively help more Australians to obtain less income pressure, thereby achieving the purpose of increasing the real wages of Australians.

## 5. The High Applicability of Marx's Theory to Australia's Current Economic and Social Background

Marx's theory is highly applicable to Australia's current economic and social background. Faced with the current situation, people can easily obtain a lot of unearned wealth and income (real estate investment and financial investment), and the housing stock will reach its peak in 2022. 10145789 million Australian dollars. Compared with the 3.9% GDP growth, household savings decreased by 2.4%. The growth of capital wealth is far greater than that of Australia, and the gap between rich and poor has widened. In Australia's fiscal revenue, more than 45% of the revenue comes from personal income tax, and the rest is mainly composed of value-added tax and corporate income tax. This means that substantial capital gains are not taxed, and government agencies miss out on further funding from unearned revenue, further reducing potential funding for sectors such as public health and education. Compared with low- and middle-income families, households with additional capital gains will achieve faster capital accumulation and further enjoy unearned benefits. This is very consistent with the inferiority of capitalism described by Marx. If the government cannot cater to the needs of the proletariat, then the "end" of capitalist society will come. At the same time, there are still certain problems with the current stepped taxation in Australia. For example, workers who have just stepped into the middle-income threshold and high-income threshold may face more effective tax rates than higher middle-income and high-income workers. Mill's theory can also be applied, and he believes that absolute freedom from a hindrance to others should be achieved. Similarly, a free market and full competition are also necessary, but the free distribution of production cannot represent the free distribution of wealth. Mill's political economy theory believes that the government has the responsibility and obligation to set distribution rules to ensure that wealth is distributed fairly.

## 6. The Continued Applicability of Philosophical Theories in Today's Social Conditions

In conclusion, the philosophical theories of the two thinkers are still applicable in today's social conditions and can guide economic policies. Their ideas are amazingly forward-looking, and the solutions have already been listed in their writings, such as the stepped tax proposed by Marx. This policy can significantly prevent the real wage reduction of Australians and bring them more substantial future income growth. Analyzing the writings of Marx, he explains how the bourgeoisie exploits the proletariat for unearned income and ultimately its self-destruction. Only radical economic and political reforms can guarantee people's real wage increases.

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