

# Theory and Practice in Australian Social Policy: Rethinking the Fundamentals, Proceedings of the National Social Policy Conference Sydney July 14-16 1993 Volume 1: Plenary Papers

**Author:**

Saunders, Peter; Shaver, Sheila

**Publication details:**

Working Paper No. 111  
Reports and Proceedings  
0733408397 (ISBN)

**Publication Date:**

1993

**DOI:**

<https://doi.org/10.26190/unsworks/910>

**License:**

<https://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Link to license to see what you are allowed to do with this resource.

Downloaded from <http://hdl.handle.net/1959.4/45223> in <https://unsworks.unsw.edu.au> on 2024-04-24



# Reports and Proceedings

SOCIAL POLICY RESEARCH CENTRE No. 111

November 1993

## Theory and Practice in Australian Social Policy: Rethinking the Fundamentals

Proceedings of the  
National Social Policy Conference  
Sydney, July 14-17 1993

Volume 1: Plenary Papers

Edited by  
Peter Saunders and Sheila Shaver



THE UNIVERSITY OF NEW SOUTH WALES  
P O BOX 1 • KENSINGTON • NEW SOUTH WALES • 2033 • AUSTRALIA

---

For further enquiries about the work of the Centre, or about purchasing our publications, please contact the Publications Officer, SPRC, University of New South Wales, PO Box 1, Kensington, NSW, 2033, Australia. Telephone (02) 697 3857. Fax: (02) 313 8367.

ISSN 1036 2835  
ISBN 0 7334 0839 7

As with all issues in the Reports and Proceedings Series, the views expressed in this publication do not represent any official position on the part of the Social Policy Research Centre. The Reports and Proceedings Series is produced to make available the research findings of individual authors, and to promote the development of ideas and discussions about major areas of concern in the field of social policy.

---

## Foreword

The third National Social Policy Conference hosted by the Social Policy Research Centre took place on 14-16 July 1993. The theme of Conference was *Theory and Practice in Australian Social Policy: Rethinking the Fundamentals*. This volume of papers from the Conference is the first of three published in the *SPRC Reports and Proceedings* series.

The Plenary papers contained in this volume are united by a search for appropriate perspectives on fundamental aspects of social policy. Not only do they question basic elements of theory - indeed in the whole 'world view' of social policy itself - but also the fundamentals of how social policy is manifested in the everyday lives of the populace - as families, as workers, as indigenous peoples, as citizens.

In his Opening Address to the Conference, David Piachaud examines the invisible societal values that enable societies to function, and considers them in the more general context of the relationship between economic policy and social policy. Peter Taylor-Gooby's paper describes how traditional approaches to knowledge (the 'grand narratives') are breaking up in response to increasing uncertainty. This theme is echoed in the paper by Jan Carter which, in examining the history of social inequality in Australia, also attempts to isolate the rather elusive qualities of egalitarianism we have heard so much about in this country.

In his paper, Neil Gilbert portrays the family today not as some descendent of the TV family of the fifties, but instead one faced with an almost bewildering set of considerations before mum and/or dad get out of the door to work or to the child care centre. The gender divisions of labour are further highlighted in Bob Gregory's paper. Again, we have to rethink some fundamentals: why has the United States escaped some of Australia's labour force problems, and what would be the consequences of adopting some of their policies?

The striking thing about this collection of these papers is that they are not merely commentaries. Instead, each offers opinions of what could (and sometimes should) be. Whether or not we agree with them, they ask us to consider the possibilities. In the climate of economic rationalism, the need to debate and exchange ideas is easily sidelined, social policy often seeming to be the 'poor cousin' of economic policy. Conferences like the Social Policy Conference remain vital to the vigorous and healthy development of social policy because they are occasions where individuals, researchers and practitioners can gather and exchange ideas instead of working in relative isolation from each other.

We were very fortunate in attracting such a distinguished group of plenary speakers to the 1993 National Social Policy Conference. We were also lucky to have a series of eminent discussants who provided comments on each of the papers. These too have been included in order to provide a different perspective on some of the issues raised in the main papers.

Peter Saunders  
Director

---

# Contents

Foreword	i
David Piachaud	
Social Policy - Parasite or Powerhouse of the Economy?	1
Richard Blandy	
Comments	16
Peter Taylor-Gooby	
Ideologies of Welfare: The Boundaries of the State	20
Barry Hindess	
Comments	37
Neil Gilbert	
Gender Equality, Family Policy, and Social Care	42
John Lawrence	
Comments	58
Jan Carter	
Social Equality in Australia	63
J.W. Neville	
Comments	89
R.G. Gregory	
Would Reducing Wages of the Low Paid Restore Full Employment to Australia?	93

---

---

# **Social Policy - Parasite or Powerhouse of the Economy?**

David Piachaud  
London School of Economics

## **1 Introduction**

This paper is concerned with the relationship between social policy and economic growth. It starts with a conflict of views: some see social policy as something parasitic on the economy; others see it as fundamental, indeed the engine or powerhouse of growth. Is either view correct, or is neither correct?

At the outset, it is necessary to define what is meant by social policy. Here it is taken to include, first, the social services - health, personal social services, education, social housing; second, policies for social security; income maintenance and redistribution; third, policies designed to tackle specific social problems such as crime, drug addiction and child abuse; fourth, policies aimed to shape society - the socialisation role of education, equal opportunities, race relations, and population policies.

This paper attempts to relate recent thinking on economic growth to social policy and to extend the concept of capital in a way that is important both for social policy and for economic growth. It is essentially exploratory, venturing dangerously, but unapologetically, into territory that is disputed between disciplines and ideologies.

## **2 Parasite**

A parasite is an organism that lives on, or in, another from which it derives its nourishment. Some see social policy as a parasite on the economy. It is a common view among businessmen that social services are wealth-consuming, as contrasted with private enterprise which is wealth-creating. This approach is implicitly endorsed in the United Nations System of National Accounts (1968): in effect, all social spending is treated as consumption expenditure.

Many governments see social services as luxuries, however worthy or desirable, to be afforded as and when possible. When the government budget is constrained (providing an election is not approaching) then it is social services which should be cut. In this sense, in many countries, social policy is clearly parasitic: if the nourishment supplied by the economy is reduced, then social provisions are reduced. Even social policy activists implicitly accept the parasite argument when they argue

---



in defence of social programs purely in terms of justice, 'needs', or 'social priorities'.

Some writers regard social provisions as more insidiously parasitic in that they have damaging behavioural effects: people may work less, have more children, break up families, save less, and retire earlier because of social policies. The evidence for any of these propositions is complex and less than clear-cut, although some, such as Charles Murray (1984), do not let that impede their moralising. It is far beyond the scope of this paper to examine each of these alleged behavioural effects in detail. My interpretation of the evidence is that behavioural effects have been quite limited. In most cases social policies have changed in response to changes in behaviour, rather than being the cause of the changes in behaviour.

### 3 Powerhouse

By contrast with the pessimists of parasitism, some have seen social policy as being indirectly the powerhouse of the economy. It is indirect since they have seen the key determinant of economic growth as being the extent of investment in people or the level of human capital - which depends to a great extent on social policy.

Schultz (1980) summarising the implications of this work on human capital in his Nobel Lecture stated

Investment in improving population quality can significantly enhance the economic prospects and the welfare of poor people. Child care, home and work experience, the acquisition of information and skills through schooling and in other ways, consisting primarily of investment in health and schooling, can improve population quality. Such investments in low income countries have been successful in improving the economic prospects wherever they have not been dissipated by political instability. Poor people in low income countries are not prisoners of an ironclad poverty equilibrium that economics is unable to break. (Schultz, 1980: 642-3)

There have been microeconomic studies in many fields of human capital which have suggested high returns to social investments. In education, Schultz (1961) and Becker (1976), the pioneers in the human capital approach, showed high rates of return to education in the USA and subsequent work by Blaug (1970) in the UK, and Miller (1982) in Australia all confirmed high returns to education. In health, from the early work of Barlow (1967) looking at returns to malaria eradication onwards, there has been a stream of studies showing the returns to health programs. More contentiously, a whole literature on the economics of population and the returns to population control programs has developed.

---

Poverty relief may also be seen as an investment in human capital. As Komlos (1992) wrote, cumulative food intake during the life cycle is an important determinant of human capital formation.

Below critical threshold levels, food consumption ... influences not only morbidity, but also mortality rates and, therefore, the rate of depreciation of human capital. (Komlos, 1992: 1546).

Inadequate food can reduce labour force participation rates, work productivity, and increase unemployment rates. Yet, as Schultz pointed out, the attribute of food as a 'producer good' diminishes as food consumption increases - it becomes merely consumption. Thus the contribution of poverty relief to maintaining human capital in industrialised economies is not so clear-cut. Social security programs are primarily concerned with redistribution, sometimes between rich and poor but more often over the life-cycle and between generations. Their goal is to increase social justice rather than enhance human capital.

A broader approach to human capital is taken in growth accounting exercises which attempt to measure the contribution of human resources to economic growth. The most notable early effort was that of Denison (1962) who estimated that 42 percent of the growth in per capita income in the USA from 1929-1957 could be attributed to improved educational levels. The World Bank (1980) reviewed cross-country comparisons which attempted to explain differences in growth rates in terms of differences in the stock of human capital and concluded:

- increases in literacy contribute both to increased investment and (given the level of investment) to increases in output per worker;
- literacy, as well as nutrition and income, affects life expectancy; and
- variations in life expectancy, literacy, income and the strengths of family planning programs explain between them most of the variation in fertility rates across countries.

Yet, as the World Bank acknowledged, the results, and especially the estimated magnitudes of the effects, are not beyond dispute. Most problematic is the direction of causation: better health and education may be consequences as well as causes of increased economic prosperity.

The most recent and sophisticated growth accounting exercise is that of Barro (1991). Studying 98 countries for the period 1960-1985, he found that there was virtually no correlation between the growth rate and the initial level of GDP per capita; but given the level of initial per capita GDP, the growth rate is substantially positively related to the starting amount of human capital. Thus poor countries tend to catch up with rich countries if the poor countries have high human capital per person (in relation to their level of per capita GDP), but not otherwise. Barro also found that measures of political instability (proxied by figures on revolutions, coups, and political assassinations) are inversely related to growth and investment, although

---

he acknowledges that the correlation could reflect a political response, if a little drastic, to bad economic performance.

The available evidence suggests that human capital, and the social spending that is a major determinant of its formation, is extremely important for economic growth. How, then, has social spending changed? In Table 1, the expenditure on education, health and social security expressed as a proportion of Gross Domestic Product is shown for nine countries: in all countries, except Australia, social security expenditure exceeded either education or health expenditure, and in Australia it exceeded education expenditure. In most economically advanced nations there have been major shifts in social spending over the past 20 years, as shown in Table 2. It will be seen that the share of education, which is most directly concerned with enhancing human capital, has declined in most countries. Health expenditure has increased its share in all countries. But the most striking change is the increased share of social security expenditure in all nine countries.

These changes must be interpreted with caution. There are, as always, problems with comparability of data; part of the observed changes may be attributed to demographic changes. In one respect, social security is fundamentally different from education or health since the bulk of expenditure is on transfer payments. But, in another respect, there is no real difference; all these social programs have to be paid for out of taxation in one form or another - a dollar more on social security may mean a dollar less on education.

Nevertheless, in assessing the powerhouse argument it is important to distinguish between social policies, rather than to assume that anything with this label enhances human capital and is good for economic growth. Much social spending is not investment in human capital. Social security expenditure in economically advanced countries does appear to have little direct impact on human capital formation. More and more social spending is concerned with redistributing income rather than enhancing, still less equalising, capacities. It is, in effect, social consumption rather than social investment.

Yet, even when spending is on education or health, it does not necessarily enhance human capital. It is important to distinguish within broad programs; many education and health provisions produce scant returns even though much is spent on them.

In education, the potential dangers of using Western experience to forecast the returns to education in the poorer nations of the world were vigorously set out by Balogh and Streeten (1963). They ridiculed the elevation of a statistical residual to the engine of development - the conversion of ignorance into knowledge. Education is not a homogeneous commodity; the returns to different types of education may differ radically between backward and advanced countries. A high return to training in physics in America, say, does not imply the same high return in Zambia. Education for education's sake is no prescription for economic growth. A still more sceptical view is that education is a positional good (Hirsch, 1977); it is not a ladder but a treadmill on which one person's ascent is another's descent.

---

**Table 1: Social Expenditure as a Percentage of GDP - 1990**

	Education	Health	Social Security
Australia	5.1 <sup>c</sup>	8.2	7.4
New Zealand	6.1 <sup>b</sup>	7.2	12.9
Japan	4.4 <sup>b</sup>	6.7	6.8
United States	4.8 <sup>c</sup>	5.2	9.6
Canada	6.8 <sup>b</sup>	9.3	11.9
France	5.5 <sup>b</sup>	8.8	19.6 <sup>b</sup>
Germany	4.0 <sup>c</sup>	8.1	18.0 <sup>a</sup>
Italy	5.0 <sup>d</sup>	7.7	17.5 <sup>b</sup>
United Kingdom	4.8 <sup>c</sup>	5.2 <sup>b</sup>	15.2 <sup>b</sup>

**Notes:** a) 1989; b) 1988; c) 1987; d) 1986.

**Sources:** *Public Educational Expenditure, Costs and Financing: An Analysis of Trends 1970-1988*, OECD, Paris, 1992.  
*New Orientations for Social Policy: Selected Background Studies*, OECD, Paris, 1992 (Mimeo).

**Table 2: Change in Social Expenditure as a Percentage of GDP - 1970-1990**

	Education	Health	Social Security
Australia	+0.5 <sup>c</sup>	+2.5	+4.9
New Zealand	+0.4 <sup>d</sup>	+1.9	+8.4
Japan	-0.6 <sup>b</sup>	+2.1	+5.5
United States	-1.2 <sup>c</sup>	+2.4	+0.4
Canada	-3.4 <sup>b</sup>	+2.2	+5.8
France	- <sup>e</sup>	+3.0	+6.1 <sup>b</sup>
Germany	-0.2 <sup>c</sup>	+2.3	+2.7 <sup>a</sup>
Italy	- <sup>f</sup>	+2.5	+6.5 <sup>b</sup>
United Kingdom	-1.4 <sup>c</sup>	+1.2 <sup>b</sup>	+2.9 <sup>b</sup>

**Notes:** a) 1970-1989 d) 1972-1988  
b) 1970-1988 e) 1974-1988  
c) 1970-1987 f) 1971-1986

**Sources:** *Public Educational Expenditure, Costs and Financing: An Analysis of Trends 1970-1988*, OECD, Paris, 1992.  
*New Orientations for Social Policy: Selected Background Studies*, OECD, Paris, 1992 (Mimeo).

Even when education enhances skills and abilities this does not mean they will be utilised. The sad fact is that much educated labour is now unemployed and far more people are making little or no use of their education. From a national perspective, it is also important that much educated labour migrates. The issue of the brain drain received far more attention from social scientists in the 1960s and 1970s than at present, but migration remains crucial when considering the impact of human capital development on **national** economic growth. In Australia, and elsewhere, the import of human capital has had a significant impact on economic growth.

What is increasingly apparent is the joint importance of different types of capital. Human capital without appropriate physical capital is little use. Equally, physical capital without appropriate human capital is little use. Numerous examples could be cited for this. Just as there is clearly inappropriate technology in most Third World countries, there is also inappropriate human capital. In many industrialised economies, too, the extent and persistence of unemployment suggest that there is a serious imbalance between human capital and physical capital - which are sometimes confusingly referred to merely as labour and capital.

#### 4 Inter-relation of Economic Growth and Social Change

There are two books, neither within the main stream of social policy or economics that are particularly illuminating about the complex inter-relationship between economic growth and social policy.

The first is McNeill's study *Plagues and Peoples* (1977). His purpose was to examine the influence of epidemics on history. He wrote that

one can properly think of most human lives as caught in a precarious equilibrium between the microparasitism of disease organisms and the macroparasitism of large bodied predators, chief among which have been other human beings. (McNeill, 1977: 6)

McNeill analysed many examples of the radical impacts of diseases. For example, the Black Death wiped out one-third of the British population and the economy was thrown into turmoil. The economic basis of the feudal system received a blow from which it never recovered.

In the nineteenth century cholera threatened the growth of cities. As McNeill makes clear, big cities were impossible but for the social response in the form of public health measures. Thus, it was social policy that was absolutely fundamental to the advance of urbanisation and industrialisation on which economic growth has depended.

The second book is Jane Jacobs' study of *The Economy of Cities* (1969). This fascinating work examines the growth of cities and how cities promoted the growth of economies. What is demonstrated is how the social structure has been crucial to

---

economic growth. Cities were exchanges for ideas and innovations, as well as being pools of skills, on which technical progress has depended. Cross-fertilisation of ideas across different lines of work has, she argues, been fundamental to the growth of cities. The positive externalities from interaction have been the dynamic force for economic growth.

Thus, the social structure has affected economic growth. At the same time, economic growth has affected the social structure. There has been a decline in the significance of tradition and in the importance of status, with increased education and a rise in objectively tested capacities and skills; internal migration with urbanisation and relative growth or decline of regions; changes in demographic patterns of birth and death rates and of family structure; changes in legal and political institutions; and changes in social ideology.

Kuznets (1971) wrote that some structural changes, not only in economic institutions but also in social beliefs are required, without which modern economic growth would be impossible (Kuznets, 1971: 348). What this amounts to is that economic growth both requires and produces a changing role of humans in society. As Kuznets concluded: 'Economic growth is a socially bounded process' (1971: 27).

Thus, social conditions are fundamental to growth. Social policy is a basic determinant of those conditions.

## 5 Types of Capital

Thus far reference has been made to physical and human capital. Early growth theorists, such as Harrod (1948) stressed that the accumulation of capital was basic to growth, yet they did not really think beyond physical capital. Human capital theorists extended discussion to individual human capital.

To explore the relationship between social conditions and growth it may be helpful to go further and distinguish various types of capital.

A distinction can be made, as Harry Johnson (1964) did, in terms of who gets the returns to the investment. He distinguished between:

- physical capital for which the return is normally to the owner;
  - human capital where the return is, at least in part, to the individual;
  - social or collective capital that is paid for by taxation; and
  - intellectual capital or knowledge which, once created, is a free good whose use by one does not affect its availability to others.
-

Johnson also distinguished between capital embodied in physical and human forms from capital not embodied in either physical or human form; he regarded the Arts as intellectual production capital (although, surprisingly, he did not specifically identify Science); he regarded Culture as intellectual consumption capital.

Here I want to put forward a four-way distinction which builds on earlier distinctions but which is, hopefully, more illuminating for the present purpose. Four types of capital may be distinguished:

- Private Physical Capital: factories, machines, houses, etc.
- Individual Human Capital: individual skills based on abilities, education and training.
- Social Capital, or Collective Physical Capital: roads, hospitals, schools etc.
- Societal Capital, or Collective Human Capital: the collective component of human capital and collective human values.

This paper is not primarily concerned with physical capital and the importance of individual human capital has been discussed already. It is the last of type of capital that warrants closer examination.

## 6 Societal Capital

To distinguish what I am calling societal capital from social capital, it may be helpful to start with an example. Central Park, New York consists of grass and lakes, trees and flowers, paths and roads: it is a most valuable part of New York's social capital. Yet after dark Central Park is not somewhere it is safe to go. This is not because the social capital is any different - indeed, many years ago, the park was much preferable on a warm summer's night than in the heat of the day. What has happened is that social conditions have changed, or societal capital has depreciated. The extent of order or of mutual respect and tolerance has so declined that at night neither property nor life are secure. The valuable social capital is put out of action, at least at night, because of the decline in societal capital.

One may think of a society or community as something more than the sum of the parts. It provides a social environment in which skills can be pooled, in which there is some degree of mutual support. It depends for its functioning on some set of shared values or social morality. Thus, two aspects of societal capital may be distinguished. First, there are externalities of individual human capital. Second, there are collective human values. These will be discussed in turn.

The idea of societal capital put forward here is in part similar to that suggested by Lucas (1988), who wrote:

---

The particular aggregate models [of economic development] I have set out utilize the idea of human capital quite centrally, but assign a central role as well to what I have been calling the **external effects** of human capital. This latter force is, it seems to me, on a quite different footing from the idea of human capital generally. The last twenty years of research is almost exclusively concerned with the internal effects of human capital, or with investments in human capital the returns to which accrue to the individual (or his immediate family). (Lucas, 1988: 36).

Growth theory from the 1950s through to the late 1980s tended to assume that technological change was exogenous - it was something that could not be manipulated that maintained economic growth virtually regardless of what happened in the economy or society. In recent work, particularly that of Romer, technological change has been treated as endogenous, depending on investment. Romer (1986) develops a model in which long-run growth is driven primarily by the accumulation of knowledge. He writes:

The creation of new knowledge by one firm is assumed to have a positive external effect on the production possibilities of other firms because knowledge cannot be perfectly patented or kept secret ... knowledge may have an increasing marginal product. (Romer, 1986: 1003)

For Romer, social institutions, such as universities and governments as well as firms, help or hinder innovation and growth through their organisational structure and policies.

The ideas of Jane Jacobs about positive externalities from interactions in cities have recently been empirically tested by Glaeser et al. (1992) who concluded:

The evidence suggests that cross-fertilization of ideas across industries speeds up growth. The growth of cities is one manifestation of this phenomenon but there may be others. Their results imply that open societies, with substantial labor mobility across industries and immigration and migration across areas, will exhibit a greater spread of ideas and growth. They conclude that if, as their results suggest, Jane Jacobs is right, the research on growth should change its focus from looking inside industries to looking at the spread of ideas across sectors. (1992: 1151)

Social policy is crucial in shaping a society in which ideas can spread.

It is perhaps easier to recognise negative externalities that reduce societal capital than to identify the positive externalities. Where there is widespread crime that threatens security and property or where there is conflict over political legitimacy, as

---



in Northern Ireland, then the society may be fundamentally undermined and any prospect of economic growth may be jeopardised. It is quite wrong to treat the social consequence of economic growth as costs, as is often done. As Kuznets wrote,

the proper measure of economic growth should reflect additions to product **net** of all such costs and limitations. In theory, there can be no 'costs' in a net product properly defined as a gauge of economic growth. (Kuznets, 1989: 28)

Thus far the discussion of societal capital has concentrated on externalities resulting from social organisation. There are collective values which cannot be sensibly discussed in terms of externalities which may nevertheless be of great importance for economic growth. Social discipline, pride in one's work, telling the truth, and tolerance for others are examples. Such values may be fundamental not merely to existence in the society but also to the working of firms.

I was tempted to call this paper 'Zen and the Art of Motorcar Construction' because Japanese pride in work, reflecting positive attitudes to the harmony of the whole and negative attitudes towards the ignorance, perversity or misconduct that can cause disruption, seem fundamental to the success of the Japanese economy. Pride and commitment to work and to the quality of the firms products explain a lot about the reliability of Japanese cars and electronics - at least compared with British products. Attitudes towards the enterprise - as those towards the local community or the wider society - are much more than the sum of individual skills. They depend on mutual commitment and collective values - or, in the term used here, on societal capital.

Gunnar Myrdal, in *The Challenge of World Poverty* (1971), wrote of what he called the 'soft state', a term comprising various types of social indiscipline such as deficiencies in the law, its observance and enforcement, and corruption of public officials. Myrdal's soft state is one where societal capital is poorly developed. In a very real sense, as development economists increasingly recognize, this softness is at the heart of underdevelopment. Moreover, softness appears to be a state towards which already developed societies may regress as social discipline breaks down.

To introduce the concept of societal or collective human capital is not to suggest that there is one set of social conditions that is necessary and sufficient for economic growth. Those in Britain during the industrial revolution were very different from the conditions today in the rapidly growing economies of Taiwan, Singapore or Korea. R.H. Tawney in *Religion and the Rise of Capitalism* (1926), stressed the importance of ethical values for economic change; yet Protestantism is not a necessary condition for economic growth, as the growth of the Newly Industrialised Countries (NICs) makes clear. But the fundamental importance of prevailing societal values for economic growth seems evident. There may be some common, necessary conditions for economic growth such as openness to new ideas, adaptability and shared values.

---

## 7 Building Societal Capital

Writing over 20 years ago, Kuznets (1971) saw the nation state as the key enabler of growth, in effect ensuring the necessary social and societal capital:

In three respects - as a clearing house for necessary institutional innovations; as an agency for resolution of conflicts among group interests; and as a major entrepreneur for the socially required infrastructure - the sovereign state assumes key importance in channelling the explosive impacts of continuous structural changes, in providing a proper framework in which these structural changes, proceeding at revolutionary speed, are contained and prevented from exploding into a civil war (as they sometimes may, and have).... A sovereign nation-state, with such demanding functions, presumably should have the support of the population and not have to rely on a policeman's nightstick, or worse, on an army's tanks and machine guns. Underlying such support is a feeling of community of kind, an acceptance of the idea that the good of the nation is more important than the interests of subgroups and individuals - what might be called modern nationalism. (Kuznets, 1971: 346-7)

Kuznets' emphasis on the nation-state seems quite dated. We have a world economy at least in terms of financial markets, environmental pollution and global warming. Robert Reich (1991) argues that globalisation means there is no longer any such thing as an American, Japanese or Australian corporation: what determines national prosperity is the rewards that the skills of those living in a particular country can earn in the world economy. We have a partially global society with much human capital and culture moving across and between continents - one is confused as to who are 'Neighbours' and what is 'Home and Away'. All these trends towards globalisation suggest that we need to redefine what Kuznets wrote about the nation-state on an international scale and consider the policy implications.

On the other hand, there are forces reasserting the nation-state. In the European Community, the Single European Act which took effect at the start of 1993 allowed for the free movement of Community citizens. This raises many issues about common immigration policies, the transferability of social protection, the place of non-EC residents and so forth (discussed by Kleinman and Piachaud, 1993). There are many who reject this European concept of citizenship and wish to return to more narrow and restrictive nationalism. The former Soviet Union and Eastern Europe are fragmenting into national, linguistic or tribal components, often with tragic results. The tigers of South-East Asia want greater trade and development but show no strong inclination for economic and political integration. It may be that for economic growth the size of the economic unit is less important than the level of societal capital - particularly the extent of shared values and openness to new ideas.

---

Whether societies of the future will be based on the nation-state, or not - a question which is a little beyond the scope of this paper - some forms of globalisation have occurred; with faster and cheaper communications these are likely to increase. Unless we develop some collective values on a global scale - at least values of tolerance and respect - then the long-term prospects for any of us are not bright. Yet what are we doing to develop the societal capital of the global society?

If it is accepted that interactions with others, attitudes towards work, the degree of mutual responsibility at work and in society are determinants of economic growth at least as important as more obvious economic factors, then the importance of social policy for economic growth is evident. If, following Amartya Sen (1990), we shift the emphasis from growth measured in terms of goods and resources to the promotion of individual freedom, then

A social commitment to individual freedom must involve attaching importance to enhancing the capabilities that different people actually have; the choice of social arrangements must be influenced by their ability to promote human capabilities.  
(Sen, 1990: 52)

Emphasis on capabilities, which in Sen's terms depend on social organisation and values as much as on the individual, necessarily means treating societal capital as crucial.

Those concerned with social policy have long been intimately concerned both with individual human capital and with societal capital. Levels of human capital depend on education and health services; social interactions, with positive or negative externalities, depend on mobility and housing provisions, on the openness of opportunities, on levels of crime, and on many other factors influenced by social policy. An important concern of social policy has long been ensuring rights for all in the society, whether to education or health care, a minimum income or employment. This concern with universality is important too for economic growth since alienated individuals or excluded groups may be not only morally offensive but also economically self-destructive.

Social policy is not, of course, all that determines the level of societal capital; history, religion, patterns of child-rearing, education, popular culture, economic development, social and economic inequality may all have as much or greater influence. Yet social policy is directly concerned with social conditions and social institutions. An equally important and legitimate concern is how these affect social values. Keynes (1944) appeared to be thinking on similar lines when he wrote to Hayek, having just read and admired *The Road to Serfdom*, suggesting that what was needed was a return to proper moral values in our social philosophy.

Seeing the political, social, economic and ethical issues together may fly in face of a neat, disciplinary breakdown of the social sciences. Unfortunately, a narrow, discipline-based approach remains most conducive to academic advancement. But

---

since, as argued here, different perspectives are interdependent then such a breakdown is scarcely conducive to insight and understanding.

## 8 Conclusions

The first conclusion of this paper is that in many ways, for good reasons and bad, social policy is, in fact, a parasite of the economy. Social policy is constrained by the economy in that the resources available for social programs are determined by economic performance and many of the problems it has to cope with are products of the functioning - or malfunctioning - of the economy.

There has been a shift from helping people to help themselves, by means of education to boost their human capital, to helping people through social security - in effect, from social investment to social consumption. The main reasons for this shift may have been economic and social changes - the need to pick up pieces - but in terms of promoting economic growth this shift does not represent a desirable redistribution of resources. It makes social programs, and those who rely on them, more vulnerable when there is recession in the economy.

If people can be enabled or assisted to provide for themselves then this seems preferable from every point of view to relying on state support. Social policy thinking needs to move beyond redistribution, which has dominated thinking since the Second World War, and in a sense move back a step to think about people's capabilities and how those with limited capabilities - whether due to lack of skills, lack of child care, or lack of jobs - may be empowered to help themselves.

The second conclusion is to emphasise the inter-relationship of social policy and economic policy. It may not be useful to think in terms of either 'parasite' or 'powerhouse'; social policy is fundamental to, and inseparable from, economic policy. If, as argued here, societal capital is important for economic growth, then one might expect economists to have been concerned about it. This has rarely been apparent. Economists are, however, increasingly permeating fields of social policy, sometimes with mutual benefit but often merely imposing market dogmas where they do nothing but damage - particularly to the ethos, or the societal capital, of hospitals, schools and universities. It is desirable that social policy experts - with comprehension and concern for society and social goals - should permeate economic policy discussions. Social policy must respond to changes in the economic environment - the growth in two-earner families, the changing needs for skills, changing patterns of location of employment, for examples. Equally, economic policy must recognize the importance of social policy: education for skills, housing for mobility, health care and rehabilitation for participation of those who are sick or disabled, equal opportunities and anti-discrimination policies for ensuring rights for all.

The third conclusion relates to societal capital. In promoting economic growth it is not enough to think in terms of investing in physical, human, and social capital. It is just as important, indeed indispensable, to think also about societal or collective

---

human capital. Of all the forms of capital, it is the most fundamental to any society and its identity. What is clear in many countries is that it is the societal capital that is most at risk. In Britain, for example, while physical capital and individual human capital may be increasing, most people think the society is decaying - becoming more violent, less caring, less just. No amount of private wealth can compensate for such a decline in societal capital.

There are many challenges to social policy at the present time. No challenge is more important than thinking about what can be done to boost societal capital - which is threatened by the erosion of shared values and co-operative endeavour, by unemployment, by crime and racism, and by the pursuit of mere materialism. Without an enhancement of societal capital then there is little prospect of genuine and lasting economic growth, and there is no prospect of a fairer and more harmonious society.

It is social policy analysts above all who can offer the broad vision and map the paths that can lead to a better society. Not a society in which economic growth is the ultimate goal and in which social policy is judged by whether it is thought to help or hinder economic growth. Rather, a society in which human goals are central and both economic and social policy are judged by whether they work towards those goals.

## References

- Balogh, T. and P. Streeten (1963), 'The coefficient of ignorance', *Bulletin of The Oxford University Institute of Statistics*, 25(2), 99-107.
- Barlow R. (1967), 'The economic effects of malaria eradication', *American Economic Review, Papers and Proceedings*, 57(2), 130-48.
- Barro, Robert J. (1991), 'Economic growth in a cross section of countries', *Quarterly Journal of Economics*, 106(2), 407-43.
- Becker, Gary S. (1976), *The Economic Approach to Human Behavior*, University of Chicago Press.
- Blaug, Mark (1970), *An Introduction to the Economics of Education*, Allen Lane, London.
- Denison, E.F. (1962), *The Sources of Economic Growth in the United States*, Allen & Unwin, London.
- Glaeser, Edward L., Heli D. Kallal, Jose A. Scheinkman and Andrei Shleifer (1992), 'Growth in cities', *Journal of Political Economy*, 100(6), 1126-52.
- Harrod, R.F. (1948), *Towards a Dynamic Economics*, Macmillan, London.
- Hirsch, Fred (1977), *Social Limits to Growth*, Routledge and Kegan Paul, London.
- Jacobs, Jane (1969), *The Economy of Cities*, Random House, New York.
- Johnson, Harry G. (1964), 'Towards a generalized capital accumulation approach to economic development', in *Residual Factors and Economic Growth*, OECD, Paris.
- Keynes, J.M. (1980), *Collected Writings, Vol. 27*, Macmillan, London.
-

- Kleinman, M. and D. Piachaud (1993), 'European social policy; conceptions and choices', *Journal of European Social Policy*, 3(1), 1-19.
- Komlos, John (1992), 'The political economy of hunger', *Journal of Economic Literature*, 30(3).
- Kuznets, Simon (1989), 'Driving forces of economic growth: what can we learn from history?' in *Economic Development, The Family and Income Distribution*, Cambridge University Press.
- Lucas, Robert E. (1988), 'On the mechanics of economic development', *Journal of Monetary Economics*, 22(1), 3-42.
- McNeill, William H. (1977), *Plagues and Peoples*, Basil Blackwell, Oxford.
- Miller, Paul W. (1982), 'The rate of return to education: evidence from the 1976 Census', *Australian Economic Review*, 3rd Quarter, (89), 23-32.
- Murray, Charles (1984), *Losing Ground*, Basic Books, New York.
- Myrdal, Gunnar (1971), *The Challenge of World Poverty*, Penguin, Harmondsworth.
- Reich, Robert B. (1991), *The Work of Nations*, Alfred A. Knopf, New York.
- Romer, Paul M. (1986), 'Increasing returns and long-run growth', *Journal of Political Economy*, 94(5), 1002-37.
- Schultz, T.W. (1961), 'Investment in human capital', *American Economic Review*, 51(1), 1-17.
- Schultz, Theodore W. (1980), 'Nobel lecture: the economics of being poor', *Journal of Political Economy*, 88(4), 639-51.
- Sen, Amartya (1990), 'Individual freedom as a social commitment', *New York Review of Books*, June 14.
- Tawney, R.H. (1926), *Religion and the Rise of Capitalism*, Murray, London.
- United Nations (1968), *A System of National Accounts*, UN Publications, New York.
- World Bank (1980), *World Development Report, 1980*, Oxford University Press.
-

## Comments on David Piachaud's Paper

Richard Blandy

Institute of Applied Economic and Social Research

University of Melbourne

I liked Professor Piachaud's thoughtful and wide-ranging paper.

The paper explores two views of social policy. The first is social policy as redistribution. This is the sense in which he considers that social policy might be considered as 'parasitical' on the economy. The second view is social policy as a contributor to economic growth. Two avenues are explored: through human capital formation and through the creation and maintenance of what Professor Piachaud calls 'societal capital'.

He concludes that social policy over the past 20 years has become increasingly 'parasitical' because it has shifted from helping people to help themselves to helping people through social security. In terms of promoting economic growth, 'this shift does not represent a desirable redistribution ... social policy thinking needs to (consider) how those with limited capabilities may be empowered to help themselves'.

The evidence presented to demonstrate this shift (Table 2) shows a fall in the share of education expenditure in GDP in a number of OECD countries between 1970 and 1990, and a rise in the share of health and social security expenditures. (Australia and New Zealand, however, showed a rise in all three kinds of expenditure). However, as Professor Piachaud notes, 'even when spending is on education and health, it does not necessarily enhance human capital ... many education and health provisions produce scant returns even though much is spent on them.' It follows that **reductions** in spending on education and health do not **necessarily reduce** human capital, either. Nor will such reductions **necessarily** reduce the growth rate of GDP. Hence, we do not really know whether the shifts identified by Professor Piachaud have been growth enhancing or growth reducing, in fact.

In my opinion, changes in these sorts of expenditures are driven by demographic and political changes. Ageing OECD societies can be expected to spend smaller shares on education and larger shares on health and social security - old age pensions, for example. But I do not discount the force of political response to pressures leading to redistributions of one sort or another through the social security system, either. It is possible that harder times than were typical of the 1970s and 1980s may drive a change in the balance of political pressures, leading to a fall in social security spending as well as in education and health. Whether such changes would reduce or increase economic growth is not at all clear.

There is a large underlying problem in evaluating social policy spending (see Table 1): does such spending represent 'success' or 'failure' by the society concerned?

---

For example, an 'ideal' society in terms of its underlying, 'natural' income distribution and access to the good things that the society has to offer might be expected to have little social security spending recorded. Education spending might be predominantly private and health spending might be low (because of health life styles and a healthy acceptance of the inevitability of dying, etc). On the other hand, a society whose 'natural' income distribution was far from 'ideal' might spend greatly on redistributions of one kind or another, without winding up closer to the 'ideal' than the former society. League tables of social spending do not tell us much about what it is like to live in the societies concerned, let alone the contributions that such spending might make to economic growth. One has to dig much deeper into distributional issue and into the design of social policy programs to form conclusions about the value of the spending associated with them.

That being said, I do agree with Professor Piachaud that social policy needs to consider its potential to be disabling of the very people it is supposed to help. Not enough attention, perhaps, is given in the design of social policy programs to the goal of empowering people to look after themselves, rather than developing an increasing dependency on other in the society. I judge this to be bad from the point of view of the targets of social policy themselves. The failure of social policy towards Australia's Aborigines is a good example. The billions of dollars of social spending on Aborigines has created dependency, not empowerment, and does not seem to have enabled the Aborigines to carve out satisfactory lives for themselves within Australian society. Hopefully, the consequences of the High Court's Mabo decision will change this by empowering Aborigines in ways that social policy at present does not.

What this means is that a lot of policies that are not usually thought of as social policy have social policy implications that are at least as important for the society as social policy measures. Economic policy is an obvious case in point. Economic policies which reduce unemployment are more important from a social point of view than policies to increase unemployment benefit (or whatever it is now called in its various versions). The former empowers the unemployed as well as providing them with higher incomes than the latter does.

I am particularly alarmed by the Minister for Employment Education and Training's recent statement on unemployment suggesting that something around 10 per cent may be the best that we can hope for by 1996. The social as well as the economic implications of that outlook are not good. I, for one, do not believe that such an outlook is warranted in the face of possible changes in economic policy. Whatever occurs, it is clear that better economic policy is associated with better social outcomes in distributional and process senses.

This brings us to Professor Piachaud's second (or perhaps, third) conclusion. This concerns the importance of 'societal capital' for economic growth and a harmonious society. Societal capital seems to me to be a useful concept although difficult to define precisely. It amounts to something like the behavioural assumptions of the society - whether it is safe to walk in the parks at night, what norms of effort apply at



work, the degree of respect for laws, the extent of collective identification or individualism in the society, the degree of tolerance of difference and new ideas, and so on. This idea is very like the 'social attitudes and institutions' emphasised by W. Arthur Lewis in *The Theory of Economic Growth* (1955). And, of course, Adam Smith's main preoccupation in *The Wealth of Nations* was to develop a set of social arrangements which would constrain antisocial behaviour in economic matters (particularly by the rich and the powerful) for the betterment of the conditions of the people at large.

Societal capital offers a fruitful focus for social policy. It concerns not just economic outcomes narrowly defined, but all outcomes of a society that people value. In this sense, social policy should be concerned with maintaining and enhancing key values of the society - respect for truth, freedom, tolerance, discipline, honesty, other people's rights, and so on. Also included would be identification of individuals with others around them - family, work mates, neighbours, fellow members of the society in numerous respects. Societal capital concerns the **quality** of the social interactions that occur in a society, and the **quality** of behaviour that can be expected in the society by individuals living within it. It is clear that this social framework is crucial to the satisfaction and comfort that people experience in their lives. This means that the social framework is crucial to economic outcomes, properly understood. The objectives of economic activity are not narrowly materialistic (although materialistic measures are usually adopted to assess the performance of economies) but concern the satisfaction that people experience with their lives. In societies with high levels of productive potential per person, i.e. rich societies, use of some part of this productive potential to enrich the quality of social interactions makes at least as much sense as the accumulation of more material goods. Hence, social policy, in the sense of building the stock of societal capital, is inseparable from economic policy, as Professor Piachaud argues.

But what sort of social policy has the effect of building societal capital? What processes and programs are involved? How much expenditure by government? It seems to me that the only practical answers are to be found by democratic political processes through trial and error. Views about what constitutes 'the good life' come and go, but there are some moral constants, as Professor Piachaud suggests, that perhaps need to be given more prominence in social policy. A refocusing of social policy on such widely accepted moral values may not only respond to an urgent need in many rich societies for more quality in people's lives, but may make it easier to achieve distributional outcomes which accord more with people's sense of justice as well.

A particularly important circumstance raised by Professor Piachaud in this regard is the strong trend to globalisation of the world economy. In addition to global warming, the ozone hole and the borderless world financial market, world trade is persistently growing faster than the world economy, direct foreign investment is growing at a staggering rate, and the pressure for movement of people between countries is growing. New economic issues of great significance are starting to develop, for example, international intellectual property rights and international

---

property of foreign persons in ideas that are valuable in those countries. Whose laws should apply? If my country allows foreign company takeovers, should not other countries allow the same, at least on a reciprocal basis? How will global monopolies or cartels be regulated? What compensation should the rest of the world pay to countries which stop cutting down their tropical rainforests? How should such compensation be organised?

The globalisation of the world economy has far outpaced the globalisation of world government, although national governments are starting to experiment with a number of different approaches to achieving stronger regional and global co-operation and agreement. All this means that national sovereignty is becoming more circumscribed by global markets, and at the same time by global intergovernmental arrangements, as well as often by growth of sense of sub-national identity.

Will national societal capital be adequate in this circumstance? Perhaps - but most likely if it focuses on world **processes** which are regarded as fair, providing greater **equality of opportunity**, say, rather than on world **outcomes** which are expected to be achieved by social policy (which does not mean that such distributional goals should not be held as a hoped-for end). In this respect, **international economic** policy and regulation should be regarded as central to international **social** policy. It seems unlikely, for example, that people living in rich countries will rapidly be persuaded to pay taxes to transfer spending power to people in the poor countries. It is far more likely that they can be persuaded to let those people compete in a fair way for the rich countries' spending power through open market access and free trade. This will have the effect of raising the living standards of people in the poor countries (as well as in the rich). In this regard, the behaviour of the European Community in agricultural trade is an international social disgrace. It is impoverishing people in other countries, as well as the bulk of its own citizens, on behalf of a well organised minority within the Community. Not even the desperate people of Eastern Europe can achieve a fair go at selling one of the few products that they could produce profitably for the EC market. The failure of EC policy in Bosnia, and in dealing compassionately with the EC's 'refugee' problem, suggests that societal capital of the necessary kind in a globalising world has not been sufficient recently in the EC.

Openness, tolerance, regard for the rights of others, and compassion seem to me to be necessary values for the formation of much needed societal capital if a globalising world is going to be a success. Social policy which emphasises such values in its processes does have a fair claim, I think, to be regarded as the powerhouse of the emerging globalised world economy. As the International Labour Organisation's Declaration of Philadelphia says: 'No lasting peace without social justice'.

---

# Ideologies of Welfare: The Boundaries of the State

Peter Taylor-Gooby  
University of Kent

## 1 Introduction

Ideology is a slippery fish. If you look in standard sociology textbooks, such as the *Penguin Dictionary of Sociology*, you find the definition of 'beliefs, attitudes and opinions which form a set, whether tightly or loosely related' which is a bit vague to be useful, and the comment that the term is 'hotly contested' (Abercrombie et al., 1988: 118). Typically, the discussion will continue with an account of the different theories of what produces social ideas and makes particular ideologies dominant, ranging from **materialist** approaches, which see the basis of ideology in economic relations (such as Göran Therborn's account of the class basis of national differences in unemployment policy, 1986) to **idealist** approaches, which argue that ideas are more or less free-standing (for example Fukuyama's neo-Hegelian account of the current dominance of market individualism as the 'End of History', 1989).

The notion is usually employed to distinguish the normative orientation of ideological theories from scientific knowledge, to signal that ideology stands between fact and value, between evaluation and description, with a foot in both camps. In social policy one of the most significant roles of such ideologies is in **legitimation** - in justifying particular arrangements and, by implication, directing attention away from approaches which might lead to different conclusions. Over recent years there has been much discussion of political ideologies - New Right ideologies (which link values of freedom, understood as the simple absence of coercion, to market individualism), Socialist ideologies (which understand freedom more in terms of the support available to all members of the community to achieve their goals in life, and emphasise collective planning, particularly by the state) and of the many varieties of Feminism, which have in common a focus on the way traditional ideologies have devalued women.

Perhaps the main question for us is not what ideologies exist, but which are influential, and what effect they have, what work they do. I do not intend to get involved in the debate between materialists and idealists mentioned earlier, but simply to note that ideologies are not distributed at random over history and to suggest that social circumstances have a significant effect in determining what ideologies are influential at a particular point in time. The steady growth of the 'long boom' favoured the emergence of Keynesian and social democratic approaches to the expansion of state welfare in the 1950s and 1960s in many countries; more

---

recently, a climate of constraint has been associated with a focus on targeting, the enhanced use of the private sector and cost-cutting. I wish to suggest in this paper that recent changes have prepared the way for the predominance of new ideologies in social policy, alongside the more familiar political ideologies. Since one role of ideology is to prioritise, to throw the spotlight on particular ways of looking at problems and how they should be resolved, and to direct attention away from other approaches, new departures in ideology merit close attention - particularly ideologies which do not obviously fit traditional frameworks.

## 2 Social Change and Ideology

The ideologies with which I am concerned here deal with the organisation of welfare and the relation between government policy and the individual citizen. Two changes in particular have nourished the development of these ideologies. At the practical level, the problem of 'squaring the welfare circle' - of balancing demand for welfare with pressures to contain spending - is significant. At the theoretical level, new approaches which may loosely be termed 'postmodern' tend to prioritise particular ways of looking at the solutions to the problems of welfare. I want to suggest that ideas about change at both practical and theoretical level have set the scene for the emergence of new ideological approaches, and that this must be a central concern in a conference which takes as its theme 'Rethinking the Fundamentals'. Arguments at both levels are controversial. The significance for claims about ideology is not so much whether they are correct, but whether they are believed to be correct by sufficient numbers of people or by sufficiently influential people.

### 2.1 Squaring the Welfare Circle

The development of the idea that there are serious problems in reconciling pressures for increased welfare spending with pressures for retrenchment can be traced in three stages.

First, a number of writers in the early 1970s argued that the expansionist policies of the long boom would lead to problems in matching the output of democratic government with the expectations of the various interests among the citizens - in finding a language in which various interest groups could reconcile their different demands. These themes were analysed in terms of legitimisation crisis, allegiance deficit, fiscal crisis and state overload by Marxist and non-Marxist writers (for example: Habermas, 1976; Hirsch, 1977; Brittan, 1975; O'Connor, 1973). The experience of the late 1970s and early 1980s indicated that a slowdown in the rate of expansion of state spending would not necessarily be accompanied by catastrophe, in the somewhat indefinite terms that crisis theorists employ. However, the second phase in concern about the future of welfare arose from the perception that, for technical reasons, it was hard to see how things could continue as they had in the past. This approach is most powerfully summed up in the subtitle of Peter Flora's magisterial work: *The Growth of the Welfare State in Western Europe, 1815 to 1950: Growth to Limits* (1983). The introductory chapter points out that the factors

---

responsible for the expansion of state welfare, whether understood in terms of class politics, the 'spare' resources available from rapid economic growth, the self-expanding logic of established bureaucracies, or the pressures of urban growth are no longer in place. A similar argument is developed in the influential OECD report *The Future of Social Protection* (1988). This emphasises the declining rate of increase in social spending in the major countries since the mid-1970s, and suggests that the golden age of welfare state expansion is past. It also stresses the likely burden from demographic change over the next half-century. Rising dependency ratios are estimated to imply an increase in the financial burden for each member of the working population of about 40 per cent in Japan and 25 per cent in Canada and Germany by the year 2020, and over 50 per cent in Japan and Germany and 40 per cent in Italy and Canada by 2040 simply to maintain services. There are also challenges to the welfare state arising from the cost of technical improvements in health care, the increase in the length of education and un- or sub-employment. The peculiar force of these arguments lies in the way in which they are phrased - they claim that for **technical** reasons, whether you like it or not, it is simply unreasonable to expect governments to maintain current levels of provision.

If the second stage of debate implied that 'the future will not be like the past', the third stage gives the argument a harder edge, by pointing to factors that demand more immediate retrenchment. The issues are again well summarised by an OECD report, *Controlling Government Spending*, which points to a mismatch between available resources and the demands upon them. The report rehearses the arguments about pressures on spending and goes on to outline the fiscal problems that face many economies in the 1990s:

after the second oil price shock in 1979... concern over the effects of a continuing expansion of the public sector on private sector performance and a greater appreciation of the social costs of higher taxation produced broad agreement that the brunt of this strategy should be borne by reductions in expenditure rather than tax increases. (Oxley and Martin, 1991: 146).

It is certainly true that direct tax rates are tending to fall (CSO, 1992: 115; Hagemann, Jones and Montador, 1988). The conclusion is:

There is a broad consensus among OECD governments that the scope for increasing government resources through the existing tax system is very limited; recent tax reforms have widened the tax base and the political feasibility of extending them further seems low; there is increased recognition of high marginal tax rates; and some tax rates (capital taxes for example) may have to decline (Oxley and Martin, 1991: 178).

Such arguments may resonate with especial force in the context of the debates about tax increases in current Australian politics. The issues arising from a determination to reduce government deficits have struck home with extra force in many EC states,

---

where the recession of the early 1990s has cut government revenues and increased the pressure on services for unemployed people, at the same time as the provisions of Annex IV of the Maastricht Treaty require price stability, the control of interest rates and a deficit not exceeding 3 per cent of GDP to be achieved by the end of 1997 at the latest as a condition of movement towards a single currency. Since deficits stand at over four times this level in a number of states (including the UK), and pressures on spending seem likely to increase as a result of unemployment, this condition seems likely to produce a climate of spending constraint (Belmont, 1991: 2[15]).

These issues are further complicated by arguments about the extent to which social welfare systems, and particularly social security systems, match current patterns of need. Many writers have pointed out (for example, George and Howards, 1991: 168-80; Bennington and Taylor, 1993: 127; Vobruba, 1991: 67, 8; Graycar and Jamrozik, 1993: 326) that the composition of poverty is changing in many countries. Traditional life-cycle poverty remains significant, but its incidence is much reduced for many social groups as a result of the development of social welfare systems. Increasingly, the poor consist of groups such as unemployed people, one-parent families and those on the margins of the labour market. In general, these groups are less well-served by benefit systems than older people or sick or disabled workers. The point is well-illustrated in the distinction drawn in the 1989 Social Charter and confirmed in Annex III of the 1991 Maastricht treaty between the rights to social security benefits at a 'sufficient' level that EC member states will guarantee to workers, and the right to a 'guaranteed' level of resources for those excluded from the labour market (Atkinson, 1993: 11, 12; Belmont, 1991: 11[52]). This must be seen in the context of recent OECD estimates that unemployment in Europe, and in Australia, will remain above 10 per cent at least until the end of 1995 (OECD, 1993: Table 3). Existing systems may be difficult to sustain, and even then are likely to prove inadequate in the face of changing patterns of need.

These arguments about difficulties that governments face in squaring the welfare circle may be incorrect. It is often pointed out that substantial demographic problems in many countries are some way off, and in some cases may be less severe than some estimates imply, due to the expansion of non-state pensions, changes in the structure of the workforce, real economic growth and improved health and capacity to care for oneself among older people (Fries, 1980; Falkingham, 1987). This does not appear to stop governments in a number of countries (including United Germany, France, Italy, the UK, the USA, and Sweden - see Schmahl, 1993: 39 for a discussion) pursuing reforms in pensions, health and social care systems on these grounds. Similarly, opinion surveys suggest that many people may be willing to pay more in taxes than the OECD report I quoted supposes (for example, Papadakis, 1990) - although what people say in surveys must always be treated with some caution (Ashford and Halman, 1992; Taylor-Gooby, 1993). The crucial point is that many people believe these arguments to be correct, and they add up to a sense that welfare arrangements cannot continue as they are - that it is time to 'rethink the fundamentals'.

## 2.2 Postmodernism and the Welfare State

The second factor underlying ideological shifts to which I wish to draw your attention is what it is no exaggeration to call the postmodern revolution in social science. The view that we stand at the turning point between epochs in social development characterised by particular settlements of the dominant themes in the arts, cultural life, natural and social science, approaches to knowledge, the organisation of industry and economic affairs, the state and political consciousness (and perhaps a few other factors as well) is one that has swept like a new broom (some might say a virus) through sociology and related disciplines. The claims of commentators are certainly sweeping and chiliastic. Ulrich Beck writes

just as modernisation dissolved the structure of feudal society in the nineteenth century and produced the industrial society, modernisation today is dissolving industrial society and another modernity is coming into being. (1992: 10).

Bauman simply argues: 'modernity is exhausted' (1988). Crook and his collaborators trace out the basic trajectory 'organisation - hyperorganisation - disorganisation' (1992: chap. 8). Since some commentators suggest that Australia is the 'archetype of postmodern society' (for example, Milner, 1991: 116), I'm not sure what you will make of the last point. While all fashionable ideas should be viewed with suspicion, and many claims of postmodern theory are not compelling, these ideas are sufficiently successful in summing up a number of apparently unrelated currents in contemporary ideas - and sufficiently influential - to merit attention.

The postmodern thesis claims that the social world is in process of transformation, and that the keynotes of the change are fragmentation, diversity, pluralism and choice - the breaking down of existing organisational structures, in thought, in social analysis, in government and in economic and social life. Optimists see this as a process whereby society moves towards a more convivial, responsive and human scale, pessimists are concerned about the implications for chaos and disorganisation. The ideas can conveniently be tackled on three levels - cultural and intellectual life, the practical matters of government and economic life, and individual life.

**At the level of ideas**, perhaps the most convenient approach is through the work of Lyotard. In a report to the President du Conseil des Universités of the Quebec Government on the current state of knowledge (which may not have been quite what they expected), he traces the key themes of western intellectual life back to the Enlightenment two or more centuries ago. The central claim of Enlightenment thinkers was that human reason could arrive at an understanding of all natural and social phenomena, and offer a path to the solution of all the problems that faced humanity - a claim that, writ small, is perhaps implicit in the practice of government funding of social policy research centres. Positive science would extend humanity's mastery over the natural world and knowledge of social life. The expanding circle of truth in the dark of unreason would lead to human emancipation.

---

Lyotard argues that the 'Grand Narratives' of this approach have broken down in the increasing uncertainties of natural science, the failure of all attempts to construct a positive social science to secure agreement, and the manifest failure of political ideologies to enhance the sum-total of human happiness. There is a corresponding account of the collapse of approaches based on rationality, imitation and experimental method in art and culture to be found in the critiques of authors like Lewin which I shall not explore here:

the modernist period believed in scientific objectivity, scientific invention: its art had the logic of structure, the logic of dreams, the logic of gesture or material. It longed for perfection and demanded purity, clarity, order. And it denied anything else, especially the past: idealist, ideological and optimistic, modernism was predicated on the glorious future, the new and improved. (Lewin, 1985: 2)

Lyotard's solution to the problem he identifies is the conduct of science, of social science and correspondingly, of social life on the basis of 'little narratives' in the 'outline of a politics that' embraces both the desire for justice and the desire for the unknown', but acknowledges that the machinery of reason will not by itself supply them (1984: 67). There is a substantial similarity to the philosophy of Richard Rorty (1991: 202), summed up by Bauman as 'a strategy to put an end to all strategies, one which declares the search for the strategy a waste of effort, a misaimed concern' (1987: 198). Appeal to the possibility of an over-arching truth which is most prominent in the work of writers like Habermas is 'an appeal to an outmoded and suspect value' (66). This atmosphere of radical uncertainty provides the foundation for ideologies which undermine the more optimistic claims of social science.

**At the practical level of politics and economic relations**, postmodern writers point to changes in the organisation of work, in class structure and in the modern state, all concerned with the erosion of the previously dominant structures. Many of them suggest that these changes furnish the material basis for the ideas which have led to the rejection of the 'grand narratives' of the Enlightenment. The principal changes are concerned with five factors. First is the breakdown of the 'Fordist' system of mass production as the dominant theme in industry, to be replaced by the 'flexible specialisation' of the 'second industrial divide' (Piore and Sabel, 1984: 6). Associated with this is the increasing importance of the service sector, both in contribution to national wealth and in framing people's lives. Throughout economic life, the increased use of new decentralised management techniques is breaking down the size and homogeneity of the units into which the work-force is organised and restructuring the chief patterns of industrial organisation. These changes result partly from the spread of new information technology, which means that a firm need not incorporate all subsidiaries into one bureaucracy in order to be able to control them. This is partly from the development of new philosophies of management which stress the devolution of budgets and responsibilities and partly from the pressures on capital to keep options open in the face of the increasing uncertainty associated with the globalisation of markets as a result of cheap transport, uneven



development and political shifts (Turner, 1990: 343). At the same time, changes in employment patterns underscore a growing distinction between the relatively secure and stable core work-force and lower paid, lower skilled and less secure peripheral workers.

All these changes are seen as eroding old patterns of working class consciousness and political organisation. New patterns of organisation, based on gender interests, or regional or ethnic identities are becoming more significant. Touraine (1981) and Laclau and Mouffe (1985) emphasise the role of 'new social movements' in an unstructured and indeterminate politics. The political implications are that the collective pressure for unified mass services is broken down, and support for a powerful and interventionist state undermined. At the same time, national governments are increasingly subject to forces at the international level, from multi-national political and economic agencies. The old ideal of the nation-state is weakened.

The fragmentation of structures in economic and political life is reflected **at the level of individual experience**. Ulrich Beck's influential *Risk Society* (1984) draws together evidence from case-studies of ecological problems and arguments about the dissolution of traditional structures guiding family and economic life to claim that the keynote of modern life is uncertainty. There is simply no way in which we can be confident that the decisions we make in everyday life about diet, voting or personal transport are the best ones, yet we have to make decisions. As a result of the collapse of the 'grand narratives' outlined by Lyotard, it is exceedingly difficult to have any confidence in the opinions of experts.

The central themes of postmodernism draw together claims about the disintegration of structures in ideas, in social science in economic and political life and at the level of the individual. All these claims are highly controversial. It is true that scientific scrutiny has demolished the claims to veracity of the pre-existing structures that sustained particular forms of life, whether in religion or in political authority. There are reasonable grounds for suggesting that recent developments in the sociology of knowledge such as Kuhnian paradigm theory, in psychology such as the positing of a subconscious dimension to human psychic existence, and in social science such as the spread of relativism, lead the disinterested search for truth of modernity to gnaw at its own foundations. However, many theoreticians continue in the attempt to reconstruct 'grand narratives', foremost among them Habermas, whose work centres on the notion of 'ideal communication'. This assumes that truthful interaction is possible because it is presupposed in all our attempts to communicate. If this is so, there is a possible route out of the uncertainties of relativism, although the theory does not prescribe what that route is. The recent work of Doyal and Gough, in attempting to construct a *Theory of Human Need*, is a move in this direction (1991).

The evidence for the shifts in economic and social life referred to earlier is uncertain. It is true that the proportion of the labour force employed in manufacturing industry in the most advanced countries has declined. Indeed, there is a strong inverse relationship between national affluence and manufacturing employment among

---

European countries for the period 1950-1985 (Lane and Ersson, 1991: 60-2). It is also true that markets have become more globalised and that information technology permits a more flexible organisation that would have been difficult to achieve previously.

There is considerable emphasis in a number of countries on the desirability of achieving greater flexibility in the labour-force. However, this has not obviously expressed itself in the division between core and peripheral workers anticipated in the theory. Part-time working has not significantly increased (with the possible exception of the UK - OECD, 1989: 32). International trends seem to be set more in the direction of rising levels of long-term unemployment, earlier retirement, increased withdrawal on grounds of disability and more difficulty in entry to the work-force (OECD, 1992: 85-6). This suggests that the pattern of divisions among the workforce may not correspond to a simple core/periphery distinction, cross-cutting traditions of class solidarity. Perhaps the most striking social division will be between a poorly educated and marginally employed group at the bottom, which may become an underclass in a United States sense, depending on social welfare policy, and the mass, structured in complex hierarchies of inequality in opportunities and reward. In a powerfully-argued case for the retention of full employment as a key theme in government policy against the trends identified above, Pixley points out that access to an income from work is the principal source of independence for most people in our society. The shift towards a post-industrial regime in which many people are effectively separated from the labour market implies that the group in society with little capacity to resist state power grows: 'the more powerless the citizens, the fewer defences they will have in checking the authoritarian and non-democratic tendencies of governments, as well as the dull compulsion of the market' (1993: 32).

While new technology may allow the devolution of responsibility in some areas of work, in others it allows greater routinisation and opportunities for management surveillance, which implies a strengthening rather than a weakening of organisational authority. Much argument is based on case-studies of particular regions (for example, Piore and Sabel, 1984, on Northern Italy and the Munich region; Boddy, 1989, on the M4 motorway development in the UK), or of particular industries (for example, Mattera, 1985; Murray, 1983, on the car industry).

There is no evidence of an association between any growth in political diversity and affluence or the expansion of the service sector (Lane and Ersson, 1991: 360), although it is clearly a feature of European politics that regional loyalties appear to be playing a more significant role, especially in the Mediterranean countries, and in those countries affected by the collapse of Soviet hegemony. While the influence of transnational organisations such as the International Monetary Fund and the European Community has grown in recent years, it is also possible to point to an extension of the national power of countries such as the United States, Japan and Germany. At the individual level it is at least arguable that the uncertainties and insecurities experienced by the labour force in industrialised countries were at least as great in the early 1930s as they are now.

Counter-evidence to postmodern theories may be found in the continued existence of large and indeed larger organisations. A powerful example is the discussion of the potential for restructuring through mergers, takeovers and joint ventures described as a solution to a problem of 'massive over-capacity' of European industry in the Cecchini report (1988), one of the most influential documents arguing the case for the Single European Market. Bennington and Taylor argue that

ownership, investment and employment in key sectors are becoming more concentrated in the hands of a small number of larger, more powerful, European and transnational firms which are aiming to reap the benefits of economies of scale and the opportunities provided by the more open but more competitive European markets... This is seen as part of a desirable process of Europeanisation of firms to enable them to compete more effectively with Japan and the USA. (1993: 122; see Baine et al., 1992, for an extended discussion of this point)

It is also possible to point to continued evidence of high levels of popular confidence in big government (for example, Jowell et al., 1990, chap. 7). Fragmentary trends co-exist with developments on a larger scale. Perhaps the most sensible approach is to acknowledge the significance of postmodern ideas, but to conclude that the jury is still out on their accuracy, and likely to remain out for some time.

One of the most careful commentators, Anthony Giddens, suggests that while the ideas and tendencies which undermine the foundations of modernism are loose in the world, the nation-state and capitalism have a great deal of vitality left (1990: 15). As regards the former, the means of war and of mass surveillance are at the highest level ever achieved. The 'industrialisation' of war by the United States in particular has played a substantial role in Fukuyama's 'end of history'. The development of ever more precise and minute methods of controlling the behaviour and now, through counselling schemes, the attitudes of unemployed people, illustrates the development of mechanisms of surveillance. In the case of the latter, mass production and the capacity for economic expansion have not exhausted their potential for further development. The most significant developments are two: first, at the individual level, modernism has undermined the basis of traditionalism and in doing so has eroded any foundation for certainty in the expertise of modern rationality. Enlightenment is much better at critique than it is at developing unargued statements of principle. Secondly, there is an interesting duality about modern political and economic structures, in that they may contain both pressures for devolution and pluralism and the mechanisms that enhance central power. Thus we live in what Giddens calls 'high modernism', essentially 'a post-traditional order' (1990: 20), and one that contains opportunities for the development of an individual 'life-politics' as a response to the challenges raised by the new social movements alongside more traditional political structures.

The usefulness of postmodernism for our interest in ideologies of welfare is that it draws together a range of disparate ideas that are influential in policy discussion.

---

Four themes are perhaps of most relevance: postmodern approaches imply that the 'grand narratives' of redistribution, equality, opportunity, or racial superiority are bankrupt. They also suggest that the bureaucratic structures through which much of welfare policy has operated are obsolete. They argue for a much stronger emphasis on pluralism and on respect for the different interests and desires of different consumers. Finally they stress the responsibility of the individual to chart out a life and plan to meet their own needs in an uncertain and unreliable world.

### 3 Implications for Policy

So far I have traced two themes which I wish to suggest are relevant to the future of social policy ideologies - at the practical level, the theme of 'squaring the welfare circle'; and at the theoretical level, the theme of postmodern rejection of the universalising focus of social policy. These issues are two-edged in their implications for policy. Postmodern approaches have real virtues (Williams, 1992). First, they allow stress to be placed on the multi-dimensionality of needs and of policies, so that the significance of gender, age, disability, ethnicity and region can be taken seriously, alongside that of class. The 'grand narrative' of social policy had previously tended to over-emphasize class inequalities as the pre-eminent focus for and criterion for the success of policy. Secondly, postmodernism strengthens respect for the consumer of policy as an individual, rather than as a client of the system.

These points are certainly helpful. However, it is also true that postmodern approaches in the context of the pressures on the welfare state discussed earlier may have different results. This can be illustrated in relation to two themes: managerial change and individual responsibility.

### 4 The New Managerialism

The principle of managerial decentralisation in welfare provision is an idea whose time has come, especially in the most highly centralised polities. France has pursued policies which pass responsibility for a wide range of services to the local level under the Decentralisation Act of 1984 and the introduction of the 'user participation' principle in social security (Chamberlayne, 1992: 313), more recently New Zealand has pursued marketisation reforms in health and social care, and similar reforms are instituted in the UK and Sweden (see Baldock: 193, chap. 2, for a review). One interesting feature is how widely the idea of decentralisation is endorsed by people from widely different political backgrounds (Le Grand and Estrin, 1989; Coote, 1992: 6; Doyal and Gough, 1991: 306). The experience of the UK illustrates how a vigorous decentralisation program based on principles of market co-ordination and claiming to highlight consumerism has tended in practice to serve rather different ends. This illustrates the ideological impact of the themes we have discussed in a particular political context.

Over the early and mid-1980s, the main themes of social policy in the UK were retrenchment and support for the expansion of the private sector. Since 1987 and

particularly with the advent of a new Prime Minister, John Major, in 1990, a new policy direction has emerged. In education, health and community care (and also in state services outside the welfare sector) there has been an emphasis on the separation of the purchased and provider roles previously incorporated within departmental hierarchies. In health care, there has been a radical decentralisation of budgets, in many respects analogous to the new Swedish model in health care and following the developments in New Zealand (Diderichsen, 1993: 183-6). State hospitals, clinics and general practitioners compete with each other and with the private and voluntary sectors for contracts to treat patients, and their funding is directly tied to the number treated. A similar system has recently been introduced to manage community care and the personal social services responsibilities. In education, the corresponding reform is currently limited to state and certain quasi-independent schools which have opted out of education authority control and are run by Boards of Governors, but are subject to the same regulations as other state schools and are entirely state-funded.

These are radical changes. The NHS was the largest single employer in Western Europe with over a million staff. The education service employs over 600,000. A shift from direct state control to indirect funding in a more or less competitive market has substantial implications for pay and conditions of work and for variations in the quality of service that can be offered. These developments have been extensively discussed (Taylor-Gooby and Lawson, 1993; Le Grand, 1990; Flynn, 1992). Whether they are likely to achieve the declared objectives of consumer choice and greater efficiency is at present unclear. On the one hand, there is evidence of market chaos (the least attractive children, in terms of social class and ability, being unable in some cases to find places in any school, and certainly having little choice; hospital wards closing through lack of funding three-quarters of the way through the year despite long waiting lists). On the other hand, there are cash savings - 70 million pounds in the first year, according to official estimates (Cabinet Office, 1991: 2 - for a higher estimate see Waldegrave, 1992), which may approximate to improved efficiency. It is at present uncertain what the outcome of the new managerial practices will be. They certainly reflect a postmodern emphasis on individual choice and on the splitting up of large structures.

I wish to focus on the issue of choice. Despite the emphasis on consumerism, expressed in such devices as the promulgation of 'citizens' charters', laying down the standards that service users can expect to receive, and the widespread use of terms such as customers to refer to individuals who were previously clients, in many respects government has rationalised and standardised service provision. In education, the centre has imposed a detailed 'National Curriculum', for the first time in the UK, which specifies the range of subjects to be covered and the way in which they are to be treated in great detail throughout the years of compulsory schooling. This is policed by a system of national 'Key Stage' tests. The test results are published in league tables to act as indicators of the relative performance of different schools - as signals to consumers in the educational market. More recently, a national body with strong powers to direct admissions and to insist on school amalgamations and closures has been created.

---

In medical care, government has taken powers to restrict the list of drugs that may be prescribed under the NHS and to define the list of specialities that a locally managed hospital must offer. The powers in education and health care are taken for the first time in the UK and represent a departure in policy that is the subject of considerable controversy.

In community care, further conflict has surrounded the system of assessment by professionals, which was originally designed to produce a listing of individual needs, so that the service consumer and social workers could assemble a package of care from state, voluntary and private sources. Such a system is innovative and potentially liberating in that it allows the individual access to high quality information on which demands for state services, or for the finance of non-state alternatives may be based. It is also potentially expensive, since government would have to provide in relation to assessed need, not budgets. This problem has been resolved by a directive requiring social services departments to assess only for services that they can actually provide, thus defusing the empowering and potentially costly implications of the service (Community Care, 1993: 1). If you need something they can't provide, you won't be told about it.

The point that these developments illustrate is that the ideologies of consumerism and of choice that are nourished by postmodern approaches, are just as vulnerable to restriction on the crunch issues of the cost and quality of provision as are directly-run state systems, in a time of financial constraint. Consumerism in the UK has proceeded alongside the expansion rather than the contraction of central government power. As Giddens points out, arguments that see the empowering of citizens as a simple consequence of the break-up of large structures and the introduction of market competition may be simplistic. The political structures of modernity are not yet exhausted. Perhaps when we hear politicians talking a language of consumerism and choice, we should be especially cautious.

## 5 Responsibility and Dependency

The second issue I wish to raise concerns the status of the individual whose consumer power is set against the authority of a bureaucratic state in the postmodern analysis. It is not unreasonable to assume that increased pressures on social welfare will lead to greater selectivity in welfare policies, and in targeting resources on particular groups. One theme that has coloured discussion in this area in the UK and USA, and emerged elsewhere, is concern about the 'dependency culture' which the availability of state welfare is seen to generate (Muckenberger, 1991). In one sense the notion of a dependency culture appears puzzling: most people are dependent on others for something, perhaps interdependent (c.f. Lister, 1990). What is at issue in this debate is the **legitimacy** of dependency on the state, and this makes the issues ideological.

One feature of this debate is an emphasis on employment as the criterion for citizenship - the active pursuit of employment is the theme by which the legitimacy of benefit dependency for people of working age is to be judged. Increasingly

stringent tests of availability for work and preparation for it are devised and applied in the USA, the UK and other European countries and also I believe in Australia - in, for example, the substitution of the Job Search Allowance for unemployment benefits for long-term unemployed people (Graycar and Jamrozik, 1993: 318). The logic of dependency culture typically ignores unwaged but socially necessary work - particularly child care and the care of older and infirm people. This is clearly ideological, valuing one kind of social contribution above another. The point is aptly illustrated in Atkinson's interesting suggestion of a 'participation income benefit' in his paper at the York Beveridge conference (1993). In the context of the European debate about citizens' incomes, which has arrived at a distinction between welfare policy for workers and for those excluded from the labour market, he suggests instead a benefit available to all and based for those of working age on willingness to participate in socially desirable tasks. These might include retraining and education; child care; support for older or infirm people; as well as the active pursuit of employment. This approach would of course secure more equal access to benefits among the non-working population, and extend the ideology of benefit in return for social contribution beyond the sphere of waged employment.

The significance of postmodernism to this point is that the claim that the political structures of class that sustained the bureaucratic state and its involvement in mass welfare are now eroded opens the way both to greater attention to individual need, and also to more detailed individual scrutiny of claims to entitlement. When there is severe pressure on budgets, the latter tendency may be in the ascendant. This is the obverse of the expansion of consumerism and diversity. Again we should pay particular attention to arguments which stress ideas of individual responsibility and obligation. These themes may serve to legitimate the withdrawal of state responsibility.

## 6 Conclusion

Ideologies can be concerned with the justification of particular policy approaches, and, by implication, with the diversion of attention away from other possible perspectives. This paper has argued that current concerns about the future of the welfare state coupled with sociological shifts in the dominant themes through which modern social life is understood may help to nourish particular ideologies. In doing so, attention is diverted from alternative ways of examining issues. For example, a postmodern emphasis on consumerism in a climate of retrenchment may help the presentation of managerial reforms which strengthen central powers as in fact decentralist, as it has in the UK. Policies presented as liberal, as the enhancement of consumer emancipation against the bureaucratic hegemony of the nanny state, permit government to tighten its grip in those areas which it identifies as of crucial importance and to let the rest slip. The stress on individualism and responsibility facilitates a particular drawing of the boundary between legitimate and illegitimate dependency. Thus the final comment on the conceptual revolution in social science might be Laocoon's reaction to the wooden horse at the beginning of the Aeneid Book II:

---

*Timeo Danaos et dona ferentis*

- I fear the Greeks, even when they bring gifts.

Both new managerialism and claims about dependency and the legitimate role of government are ideologies of welfare. They unite values and empirical analysis, goals and ways to reach them. The old ideologies of Right and Left are moving closer together as the scale of political institutions grows larger. The new political ideologies of Feminism and Ethnicity are taking a major role in debate. Ideologies which do not carry their political values stamped on their forehead also merit attention, in case we, unwary, accept their claims as science.

## References

- Abercrombie, N., S. Hill and B. Turner (1988), *Penguin Dictionary of Sociology*, Penguin Books, London.
- Ashford, M. and L. Halman (1992), 'Changing attitudes in the EEC', paper presented at the Annual Conference of the British Sociological Association, University of Kent at Canterbury, 6 April.
- Atkinson, A. (1993), *Beveridge, the National Minimum and its Future in a European Context*, Discussion Paper No. 85, Welfare State Programme, Suntory-Toyota International Centre for Economics and Related Disciplines, London School of Economics.
- Baine, S., J. Bennington and J. Russell (1992), *Changing Europe*, NCVO, London.
- Baldock, J. (1993), 'Patterns of change in the delivery of welfare in Europe', in P. Taylor-Gooby and R. Lawson, eds, *Markets and Managers: New Issues in the Delivery of Welfare*, Open University Press, Milton Keynes.
- Beck, U. (1992), *Risk Society*, Sage, London.
- Belmont (1991), *The New Single European Treaty (Maastricht Treaty)*, (2 vols), Belmont European Policy Centre, Brussels.
- Bennington, J. and M. Taylor (1993), 'Changes and challenges facing the UK welfare state in the Europe of the 1990s', *Policy and Politics*, 21(2), 121-34.
- Boddy, M. (1989), 'Industrial re-structuring, post-Fordism and new industrial spaces: a critique', presented to International Sociological Association conference, Rio de Janeiro (quoted in Hoggett, 1990: 2-8).
- Brittan, S. (1975), 'The economic contradictions of democracy', *British Journal of Political Science*, 5(2), 129-59.
- Bryson, L. (1992), *Welfare and the State*, Macmillan, London.
- Cabinet Office (1991), *The Citizens' Charter: Raising the Standard*, HMSO, London.
- Cecchini, P. (1988), *The European Challenge, 1992: The Benefits of a Single Market*, Wildwood House, Aldershot.
- Central Statistical Office (CSO) (1992), 'The international comparison of taxes and social security contributions in 20 OECD countries, 1979-89', *Economic Trends*, (459), January.



- Chamberlayne, P. (1992), 'Income maintenance and institutional forms: a comparison of France, West Germany, Italy and Britain, 1945-90', *Policy and Politics*, 20(4), 299-318.
- Coote, A. (1992), *The Welfare of Citizens*, Institute of Public Policy Research, London.
- Crook, S., J. Pakulski and M. Waters (1992), *Postmodernism: Social Change in Advanced Societies*, Sage, London.
- Dean, H. and P. Taylor-Gooby (1992), *Dependency Culture: the Explosion of a Myth*, Wheatsheaf, Harlow.
- Diderichsen, F. (1993), 'Market reforms in Swedish health care', *International Journal of Health Services*, 23(1), 185-8.
- Doyal, L. and I. Gough (1991), *A Theory of Human Need*, Macmillan, London.
- Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Polity Press, Cambridge.
- Flora, P. (1983), *The Growth of Welfare State in Europe, 1815 to 1950: Growth to Limits*, Campus Verlag, Frankfurt.
- Flynn, N. (1992), *Public Sector Management*, Wheatsheaf, Harlow.
- Fries, F. (1980), 'Ageing, natural death and the compression of morbidity', *New England Medical Journal*, 303(3): 130.
- Fukuyama, F. (1989), 'The End of History', *National Interest*, (16), Summer: 3-18.
- George, V. and I. Howards (1991), *Poverty Amidst Affluence*, Edward Elgar, Aldershot.
- George, V. and P. Wilding (1971), 'Social values, social class and social policy', *Social and Economic Administration*, 6(3): 236-48.
- Giddens, A. (1990), *The Social Consequences of Modernity*, Polity Press, Cambridge.
- Graycar, A. and A. Jamrozik (1993), *How Australians Live*, Macmillan, Sydney.
- Habermas, J. (1976), *Legitimation Crisis*, Heinemann, London.
- Hagemann, R., B. Jones and R. Montador (1988), 'Tax reform in OECD countries: motives, constraints and practice', *OECD Economic Studies*, (10): 185-226.
- Handy, C. (1984), *The Future of Work*, Blackwell, Oxford.
- Heidenheimer, A., H. Hecllo and C. Adams (1990), *Comparative Public Policy*, St Martins Press, New York.
- Hills, J. (1990), *The State of Welfare*, Oxford University Press, Oxford.
- Hinrichs, K. (1991), 'Insecurity regarding social security: public pensions and demographic change in Germany', paper presented to Anglo-German Social Policy Conference, University of Nottingham and published in J. Guillemin and I. Horowitz, eds, *Inter-Generational Rivalries*, Transaction Books, New York.
- Hoggett, P. (1990), *Modernisation, Political Strategy and the Welfare State*, Studies in Decentralisation and Quasi-markets, No 2, School for Advanced Urban Studies, University of Bristol.
- Jowell, R. ed. (1990), *British Social Attitudes: the 7th Report*, Gower, Aldershot.
- Kanter, R. (1985), *The Change Masters: Corporate Entrepreneurs at Work*, Counterpoint, Unwin Paperbacks, Sydney and London.
- Laclau, E. and C. Mouffe (1985), *Hegemony and Social Stratification: Towards A Radical Democratic Practice*, Verso, London.
-

- Lane, J-E. and S. Ersson, S. (1991), *Politics and Society in Western Europe*, Sage, London.
- Lash, S. and J. Urry (1987), *The End of Organised Capitalism*, Polity Press, Cambridge.
- Le Grand, J. (1990), *Quasi-markets and Social Policy*, Studies in Decentralisation and Quasi-markets No. 1, School for Advanced Urban Studies, University of Bristol.
- Le Grand, J. and S. Estrin (1989), *Market Socialism*, Oxford University Press.
- Lewin, K. (1985), 'Farewell to modernism' in Hertz, R., *Theories of Contemporary Art*, Prentice Hall, Eaglewood Cliffs.
- Lister, R. (1990), 'Women, economic dependency and citizenship', *Journal of Social Policy*, 19(4): 445-68.
- Lyotard, J.F. (1984), *The Postmodern Condition: A Report on Knowledge*, Manchester University Press.
- Mattera, P. (1985), *Off the Books: The Rise of the Underground Economy*, Pluto Press, London.
- Milner, A. (1991), *Contemporary Cultural Theory*, Allen & Unwin, Sydney.
- Muckenburger, U. (1991), 'The trend to non-standard forms of work and the role of changes in labour and social security regulations', paper presented at the Conference on Anglo-German Social Policy, University of Nottingham.
- Murray, F. (1983), 'The decentralisation of production', *Capital & Class*, (19): 74-99.
- O'Connor, J. (1973), *The Fiscal Crisis of the State*, St Martins Press, New York.
- OECD (1988), *The Future of Social Protection*, Paris, OECD.
- OECD (1989), *Employment Outlook*, July, Paris, OECD.
- OECD (1993), *OECD Observer*, (180), March.
- OECD (1992), *Employment Outlook*, July, 1992.
- Oxley, H. and J. Martin (1991), 'Controlling government spending and deficits: trends in the 1980s and prospects for the 1990s', *OECD Economic Studies*, (17) Autumn: 145-89.
- Papadakis, E. (1990), *Attitudes to State and Private Welfare: An Analysis of Results from a National Survey*, SPRC Reports and Proceedings No. 88, Social Policy Research Centre, University of New South Wales, Sydney.
- Pierson, C. (1991), *Beyond the Welfare State?*, Polity Press, Oxford.
- Piore, M. and C. Sabel (1984), *The Second Industrial Divide*, Basic Books, New York.
- Pixley, J. (1993), *Citizenship and Employment: Investigating Post-Industrial Options*, Cambridge University Press.
- Rorty, R. (1992), *Objectivity, Relativism and Truth*, Cambridge University Press.
- Schmahl, W. (1993), 'The 1992 reform of public pensions in Germany', *Journal of European Social Policy*, 3(1): 39-51.
- Taylor-Gooby, P. (1989), 'The role of the state', in R. Jowell, et al., eds, *International Social Attitudes*, Gower, Aldershot.
- Taylor-Gooby, P. (1991), *Social Change, Social Welfare and Social Science*, Wheatsheaf, London.
- Taylor-Gooby P. (1993), 'What citizens want from the state', in R. Jowell et al., eds, *Social Attitudes: The International Report*, Gower, Aldershot (forthcoming).

- Taylor-Gooby, P. and R. Lawson, eds (1993), *Markets and Managers: New Issues in the Delivery of Welfare*, Open University Press, Milton Keynes.
- Therborn, G. (1986), *Why Some Peoples are More Unemployed than Others*, Verso, London.
- Touraine, A. (1981), *The Voice and the Eye: An Analysis of Social Movements*, Cambridge University Press.
- Turner, B. (1990), 'Two faces of sociology: globalisation or nationalism?', in Featherstone, M. ed., *Global Culture*, Sage, London.
- Vobruba, G. (1991), 'Futures of work and security', in G. Room, ed., *Towards a European Welfare State*, School of for Advanced Urban Studies, University of Bristol: 57-71.
- Waldegrave, W. (1992), 'The future of the Civil Service', *Guardian Newspaper*, 1 June.
- Williams, F. (1992), 'Somewhere over the rainbow', in N. Manning and R. Page, eds, *Social Policy Review*, No. 4, Longman, London: 200-19.
-

## Comments on Peter Taylor-Gooby's Paper

Barry Hindess

Australian National University

Peter has given us a paper that addresses issues of great practical and theoretical importance. It deserves a more substantial response than I can possibly offer in the time available today. What I can do, however, is to take up what Peter, in the letter that accompanied my advance copy of the paper, signalled as his major concern: 'to convince people that the really dangerous ideologies of our time are things like the new managerialism and the characterisation of state service users as dependents'.

Peter locates the new managerialism and this notion of dependency in two contexts. One is practical, a matter of the pressures bearing on government finances and on the financing of welfare expenditure in particular. The other is theoretical, relating to debates about the nature of modern - or 'postmodern' or 'high-modern' - societies: with the collapse of the grand narratives, celebrated by Lyotard, and with the widespread questioning of bureaucratic administration there comes a move away from universalised provision and towards decentralised and individualised (i.e., targeted) systems of provision.

Rather than address directly what Peter has to say on these matters, I propose to offer a different and in many respects a complementary perspective - but also one that disagrees with him on one major point. This concerns his view that managerialism and the notion of dependency are best addressed as ideologies.

First, then, let me say something about the notion of ideology. The conventional understanding is nicely captured in Peter's opening remarks:

ideology stands between fact and value, between evaluation and description, with a foot in both camps... One role of ideology is to prioritise, to throw the spotlight on particular ways of looking at problems and how they should be resolved, and to direct attention away from other approaches...

Obviously, there are many contexts in which the use of such a notion of ideology would not be problematic. However, I want to suggest that, in the context of social policy discussion, its use can be misleading - in fact it can be 'ideological' in precisely Peter's sense of directing attention away from alternative ways of looking at things.

So what's wrong with talking about ideology? For the purposes of today's discussion, there are two reasons why we should be wary of the idea. First, 'ideology' in the sense we are considering here, is something that affects the

---

thinking of other people: we observe that their ideologies highlight some things and that they obscure other things, with the result that there are significant blindspots in their view of the world. In effect, then, the person who identifies ideology in the thinking of other persons is also claiming to see clearly and to think clearly in ways that they, the victims of ideology, cannot.

To talk of ideology, then, is to make a claim for the superiority of one's own perspective, and to do so in such a way as to suggest that much of what the others have to say is not to be taken seriously - at least not taken seriously as argument. The temptation, in other words, is to use the identification of ideology as a way of foreclosing on political and intellectual discussion. It is a temptation to which intellectual workers - in journalism, politics, and the public service, as much as in the academy - are all too susceptible.

The second problem arises from the location of ideology 'between evaluation and description'. This suggests that the facts themselves are relatively unproblematic, at least in principle, and that the problems arise with what people try to do with those facts: to emphasise some at the expense of others, no ignore or to misrepresent others.

No doubt all of these things do happen, but to take the facts as given and to focus on the 'ideological' use that people make of them is to direct attention away from the senses in which many of the facts themselves are socially constructed. The suggestion here is simply that the facts that are the stuff of social policy analysis and debate are themselves the products not only of particular conceptual frameworks, but also of practices employed in a massive network of organisations responsible for collecting and aggregating the relevant data. In other words, we should be concerned with how the field of the social has been constructed as an empirical domain. We should also be concerned with debates about what action to take with problems that can be identified within it.

This second point might seem somewhat abstract, but I can make it clearer by coming back to Peter's discussion. He suggests that welfare state settlements have been based on the claim to provide rational and efficient solutions to practical governmental problems. Perhaps they have, but I would add that precisely the same claim was made for the cameralist regimes of eighteenth century Europe, based on the science of 'police' which aimed to promote the happiness and well-being of all sections of society by means of a variety of particularistic interventions.

I introduce this point, not because I want to talk about cameralism but rather to show that the distinctive feature of the welfare regimes that began to emerge in the latter part of the nineteenth century does not lie in their claim to rationality. To see what is distinctive we have to look elsewhere, and especially at what Mitchell Dean and others - following an idea of Foucault - have called the 'liberal mode of government'.

What this refers to is a mode or manner of governing the population organised around the presumption that people are pretty much as liberal political theory

---

describes them - and that those who are not like that should be brought into line. The key idea here is that of personal autonomy, according to which adults, or at least male adults, can normally be regarded as independent, rational and responsible and often also as (male) heads of households. In this latter respect, personal autonomy is often understood as involving responsibility for oneself and for the care and the behaviour of other household members, who are accordingly regarded as less than fully autonomous. This ambiguous notion of autonomy produces a correspondingly ambiguous perception of the status of women, as both autonomous persons and as dependents.

The liberal mode of government refers us both to conceptual frameworks and to administrative practices developed for use by Western governments over the last century or so - and it is clearly not restricted to governments of a narrowly 'liberal' persuasion. In these terms, the field of social policy can be seen as a set of governmental concerns and objectives constituted by the regulative ideal of a community of autonomous persons on the one hand, and the actual populations that government finds itself dealing with on the other. Governments aim to act on and through autonomous persons, to sustain and to promote conditions of personal autonomy, and to deal with those who either do not or can not make the grade.

In case this seems unfamiliar, let me say that what I have done is simply to rework the story that Marshall sets out in his well-known account of the rights involved in the full realisation of citizenship. Social rights, in his view, complete the package of civil and political rights by securing the conditions in which all adult persons can participate in the life of the community as citizens, that is, independent persons. This involves a system of compulsory education which provides for each person the knowledge and character formation they will require as independent adults, and it involves policies on housing, welfare and income support which ensure that people are not prevented by poverty or disability from participating in the life of their society. On Marshall's account, then, government aims to sustain the population in a condition of citizenship in which they are able to function as autonomous persons, and it has policies to deal with those who cannot make it by themselves. However, there is one aspect of this development that Marshall fails to stress: the surveillance and the controls employed by the liberal mode of government in policing its preferred image of autonomy.

The problem here, as Peter notes, is that welfare institutions seemingly designed to secure autonomy can also be seen as imposing particular identities on their supposed beneficiaries. The income support that allows its recipients to have some approximation to the life of other citizens can also be seen as turning them into dependents. To present personal autonomy as a governmental creation is also to present it as a lack of autonomy - as something that continues to exist only because government has not yet taken it away. The neo-liberal critique of state welfare as promoting a dependency culture focuses on precisely this issue.

Peter is, of course, absolutely right to insist that the neo-liberal focus on the issue of dependency on the state misses other important respects in which people are

dependent on others in our societies - and especially the ways in which 'autonomous' male heads of households are crucially dependent on the practical and emotional support provided by others. My point is that these other dependencies are not so much ignored as positively presupposed by the liberal notion of autonomy.

The ambivalence according to which the promotion of autonomy by governmental means can also be seen as the subversion of autonomy is part and parcel of the liberal mode of government. However, while both perceptions are always possible, it seems likely that they will come to the fore under different social conditions. In the conditions prevailing around the turn of the century or in the early post World War II period, programs that could plausibly be supported by liberals as promoting autonomy can also be seen, against a very different contemporary background, as mechanisms of subordination. In this respect, contemporary neo-liberalism can be regarded as a liberal response to the achievements of the liberal mode of government.

As for the new managerialism and the focus on efficiency, there are many difficult questions here and I have time only to comment on one of them.

Peter expresses a degree of scepticism about how far the supposed need to restrain the growth of welfare costs or even to cut them back should be seen as a function of 'objective' demographics and other changes. Once again, I think that there are good reasons to be suspicious, and I want to offer another perspective. The suggestion here is that the pressure on welfare expenditure should be seen both as a function of 'objective' economic constraints - governments do have real problems in this respect - and, even more significantly, of how those problems are themselves perceived by governments.

Many of you will know of Robert Reich's *The Work of Nations* (1991). The book is worth reading for a number of reasons, not least that Reich was an advisor for Clinton's Presidential campaign and subsequently joined his administration. Reich begins with a version of the 'all in the same boat' perspective. Imagine the world as a fleet of ships bobbing up and down in the ocean, many of them taking in water and several in drastic need of repair. Some are wealthy and well-provisioned, having as Adam Smith put it in another context 'a lot of ruin' in them, others are not so fortunate. Some are racing ahead of the fleet and others dropping behind. The ships stand for national economies: the more important of them are relatively self contained, although they also exchange things amongst themselves. Each of them has a state - a captain, chief engineer and other officers who collectively run the ship.

Reich is concerned with the USA, but some such image has sustained Western governments for a very long time - from as far back as the seventeenth century in some cases. (For obvious reasons, it has been considerably less appealing in other parts of the world.) The last great flowering of this image was in the 'Keynesian/Bretton Woods' era of national and international economic regulation in the post World War II period. The relevance of this perception of the national economy for the welfare state is that it promoted the view that many of the future requirements for welfare expenditure could be provided for by careful economic

---

management in the interim. It was widely believed governments could ensure (through careful economic management) that their economies would in fact create the wealth in the future that they would need to provide welfare for the populations under their control.

That image of a collection of relatively self-contained national economies is fading - more rapidly and more completely in some places than it is in others - to be replaced by the idea of a single supra-national economy. Where economies were once regarded in the West (and in a rather different respect in the communist East) as things that could each be managed more or less successfully by the relevant government, the international economy is now perceived as not within the control of any one government or group of governments.

This perception means that governments are at best seen to have limited room for manoeuvre in their attempts to manage affairs within their own particular patch. Where it was once believed that governments could manage things so as to provide for welfare services, welfare expenditure is increasingly being regarded as a risky form of economic interference. It is as if we cannot afford to impose more on our producers than our competitors in other parts of the world impose on their producers. That is why it is so often thought that we can no longer afford the public provision of welfare.

It would take far too long to consider the reasons for these changes in the perception of governmental capacities to manage their economies - but it is clear that they can not be regarded as merely ideological. Where the 'Keynesian' image presented an exaggerated optimism concerning governmental capacities, it may be that we now find an equally exaggerated pessimism about their weaknesses. But for the moment, the pessimistic view is one that will be very difficult to shift.

The implications for citizenship or the liberal mode of government are only too clear. Even in the most advanced welfare regimes, citizenship, in the full Marshallian sense, has been regarded not so much as a practical reality in the present but rather as an aspiration for the not too distant future. That aspiration has very largely been discarded. What we should expect - and what we are already seeing - is a shift away from a politics of citizenship for all towards a politics of containment of problematic issues and of troublesome minorities. And, in the economic sphere, now that we have moved away from a world of national economic *systems*, there is a corresponding shift away from national economic management in the Keynesian and earlier political economy sense towards a reinvention of 'police' in something like its eighteenth century meaning - a politics of ad hoc and piecemeal interventions in the detail of economic and social activity in the hope that their cumulative effect will improve overall national performance.

## Reference

Reich, Robert B. (1991), *The Work of Nations*, Alfred A. Knopf, New York.



# Gender Equality, Family Policy, and Social Care

Neil Gilbert

University of California, Berkeley

## 1 Introduction

When the American social welfare system took shape during the New Deal, married life embodied the traditional division of labour - husband at work, wife at home caring for children - and hierarchical gender relations. Much about family relations has changed since that time. While these changes are often characterised as liberating women from the despotic patriarchy of the mid-twentieth century, the Victorian roots of traditional family life were considerably more oppressive than the oft-cited (and rather amiable) relations between *Ozzie and Harriet Nelson*.<sup>1</sup> Trollope's chronicles of Victorian times testify to the suffocating state of wedlock frequently experienced by women, even amongst the upper classes. One's wife, as Mr. Kennedy declares in *Phineas Finn*, 'was subject to her husband by the laws of both God and man'. Unable to endure the crushing boredom of Mr Kennedy's presence, his wife Lady Laura was forced to flee the country - a solution to marital discord that was available only to the privileged few in those days.

Since the Victorian era, events have reshaped the conventions of marital life for both men and women, perhaps, most significantly during the last forty years. Labelled by sociologists as a shift from traditional familism to individualism (Whitehead, 1992) or child-centredness to adult-centredness (Popenoe, 1988), the character of post-war family life was transformed by rising divorce rates, declining birth rates, and expanding labour force participation of women. In 1950 there were more than four marriages for each divorce; by 1990 there were two marriages for each divorce, at which rate almost half of all couples being joined in wedlock could expect their unions to dissolve. The trends toward fewer children and more liberal access to divorce have eased some of the customary restraints of family life. At the same time, wives have gained a degree of liberation from the traditional division of labour through increasing levels of employment outside the home. Steadily on the rise, the labour force participation rate of married women with children under 18 years of age climbed from 24 per cent in 1950 to 41 per cent in 1970 to 67 per cent in 1990 (Cherlin, 1988; US Bureau of the Census, 1992). And these were not all women

---

1 The Nelsons were the quintessential American vision of domestic harmony portrayed in a long-running TV series during the 1950s.

---

with older children. In 1990, more than half of all wives with children aged 3 years or younger were in the labour force.

Moving away from hierarchical gender relations in which wives are financially dependent on their husbands, socially acquiescent, and legally constrained in family matters, these changes manifest the increasing value accorded to equality in family life. There are, however, different ideas about the calibration of equality in human affairs. Social policy in race relations, for example, is sharply divided between measures favouring either equality of opportunity or equality of results (Glazer, 1975). And on the matter of gender equality, feminists are not all of the same mind. Some believe that the goal should be simply to erase formal and informal discrimination; others would aim instead at

a thoroughly genderless world in which roughly as many fathers as mothers are in primary charge of children, and roughly as many women as men hold top military positions. (Dworkin, 1993)

As the traditional guidelines for domestic arrangements dissolve, these two schools of feminist thought advance alternative models of equality, which address not only the way husbands and wives should divide their labour to fulfil joint responsibilities, but also the appropriate design of social policies in support of these new conventions.

## **2 Changing Gender Roles: Radical and Conservative Outlooks**

To liberate family life from the traditional hierarchy of male dominance, radical egalitarians recommend a model of gender relations marked by complete functional equality. This model represents a system of belief organised around four tenets: negation of gender roles, devaluation of traditional activities, celebration of paid employment, and recognition of the individual as the primary unit of concern for policy.

The elimination of all gender distinctions is a basic prerequisite for functional equality. Among feminist groups, the radical egalitarian contingent is quite explicit on this point, as Cynthia Fuchs Epstein (1988: 160) observes, calling 'for destruction of the traditional family in order to restructure society and abolish all gender roles'. Expressing this view, for example, Susan Okin (1992: 171) argues that in a just future 'one's sex would have no more relevance than one's eye colour or the length of one's toes. No assumptions would be made about "male" or "female" roles'. Since innate or natural differences between men and women are viewed as trivial from the radical perspective, the fact that women tend to be more involved than men in caregiving and domestic activities is credited almost entirely to socialisation.

---

Devaluing these traditional activities, advocates of functional equality view caregiving and domestic chores as servile, tedious, mind-numbing work of limited value (Kaminer, 1990).<sup>2</sup> The liabilities attributed to domestic work contrast sharply with the presumed benefits of wage labour. From this perspective, paid employment imparts autonomy and self-respect as it liberates women from the repressive confinement of child care and household chores. The assumption is that women can achieve self-determination in the labour market but not in the family (Tilly and Scott, 1989). Thus, equality between husbands and wives is only possible if women participate in the paid labour force to the same extent as men. Toward this end, several policy initiatives are typically advanced to facilitate the shift of women's labour from the household to the market economy. First, an infrastructure of public family services is required to provide social care and perform other traditionally female tasks. At the same time that women are thus freed to compete in the labour market, men must be encouraged to increase their involvement in domestic activities through, for example, parental leave policies.

More generally, efforts to liberate women from the bridle of domesticity are guided by the principle that the individual rather than the family unit should be taken as the focal point for policy design. This principle has been advocated for some time.<sup>3</sup> It was endorsed in recent years by the Organisation for Economic Co-operation and Development (OECD) as a way to promote personal autonomy and economic independence for women (OECD, 1991). The OECD officials also see social policies focused on individuals as a way to discourage role differentiation in family life 'with regard to the division of time between paid employment, domestic duties, and leisure' (OECD, 1985).

As the OECD view suggests, the ideal model of functional equality is characterised by a family in which: both spouses work, maintain separate accounts, pay separate taxes, and contribute more or less equivalent sums to their financial support; household tasks and caring functions which they are able to perform after work are divided equally between husbands and wives, with each contributing the same amount of time to the full range of domestic responsibilities (so that they do not fall back into the traditional division of labour in which men take out the garbage and protect the household, while women clean the floors and change the diapers); and the domestic tasks and caring functions that they cannot attend to are performed through arrangements with state-subsidised public or private service providers, for which any remaining charges are born equally by each parent. Extending into the realm of more

---

2 The low regard in which this work is held by radical feminists, however, creates a curious dilemma. 'If work in family wraps one in a haze of domesticity and enrolls one in a cult of domesticity that blunts all talents', Gordon (1992) inquires, 'why would any man volunteer for this social lobotomy?'

3 Suggesting that the United States adopt the Swedish model, for example, almost 20 years ago Safilios-Rothschild (1974) wrote in favour of abolishing all social policy distinctions based on family status, so that the law would always treat women and men as independent individuals.

---

intimate behaviour, Safilios-Rothschild describes a model marriage contract which establishes that where sexual activity is concerned, 'Half the time she uses a diaphragm, the other half he uses a condom' (1974: 118).

As an alternative to both functional equality in marital life and the traditionally conservative hierarchy of male dominance, neo-conservative feminists embrace a model of family relations based on a domestic partnership. Unlike the individualistic orientation of radical feminists, for whom the family represents a voluntary union in which members' rights are derived from their status as individuals, neo-conservatives regard the family as a corporate entity that confers certain rights and duties upon its members (Fox-Genovese, 1992). From the neo-conservative perspective, marital relations are viewed as a partnership built on economic interdependence, mutual adjustment, and self-realisation through a combination of domestic activity and paid employment. Couples decide how to divide their labour most effectively to satisfy personal needs and family responsibilities (Kersten, 1991). This contrasts with the functional equality model of family relations, which prescribes a division of labour that encourages economic independence, personal autonomy, and self-realisation through a career of paid employment, with domestic responsibilities split evenly down the middle. The egalitarian assumption is that the particulars of a satisfying life are entirely the same for men and women (Levin, 1986).

In contrast to functional equality, the domestic partnership model assumes a productive and fulfilling division of labour in family life that can take many forms. In some families a wife or husband may want to stay home to manage child care and domestic affairs for an extended period of time; some families may find it convenient for one or the other partner to divide their labour between the household and part-time employment in the market; some may choose for both partners to work part-time in paid employment and part-time at home, and others may opt for both members to work full-time and employ alternative arrangements for caring and domestic functions. Focusing on the family unit, the domestic partnership acknowledges that however members decide to allocate their labour, both are contributing to the management of a joint enterprise and deserve to share equally in the benefits that accrue over time, which has distinct implications for social policy.

Indeed each of these models of family relations - traditional hierarchy, functional equality, and domestic partnership - advances and is reinforced by different policy choices regarding dependents and their care. To illustrate the point I would like to examine how the different perspectives on gender equality frame the choices for social policies dealing with day care and pension benefits.

### **3 Separate Accounts or Split Entitlements**

The case of social security pensions is instructive, since in the United States and many other Western nations pension policies were introduced at a time when wives were not expected to have paid careers. Among married couples, a woman's right to old age pension benefits is typically derived from her dependent status as a wife

---

under social policies that support the traditional hierarchy in family relations. The dependent's benefit remains a major feature of most public pensions schemes in modern welfare states. Ten out of sixteen countries surveyed by Tracy (1988) in 1985 provided these spousal supplements to the basic coverage for employed husbands. Beside reinforcing the traditional view of the stay-at-home housewife dependent on her husband for financial support, this policy is often criticised as inequitable on several accounts.

In the United States, the dependent's supplement equals 50 per cent of the worker's retirement benefit. When working wives compare the size of pension benefits they would receive based on their contribution records with the amount of the dependent's supplement they are entitled to based on their husbands earnings, it is often the case that they gain little or nothing from their own contributions beyond what they are eligible for simply as a dependent. Thus, as illustrated in Table 1, with average lifetime monthly earnings of less than one-sixth her husband's, the employed wife in Jones's family is eligible for the same total monthly benefit as the unemployed wife in Smith's family, who received only the dependent's allowance. A wife's paycheck must account for at least one-third of the couple's lifetime indexed income before the retirement benefit based on her earnings is larger than that to which she entitled as a dependent (Ross and Upp, 1988).

However, even when the wife's earnings account for close to half the couple's joint income, the dependent's benefit may still discriminate against two-earner couples. Compare, for example, the total benefits received by the Smith and Green families in Table 1. Both couples have the same total income. But for the Greens it represents the combined equal earnings of the husband and wife, while for the Smith family it represents the total earnings of the husband. In this case, with the same family incomes, the one-earner couple's retirement benefit is higher than that of the two-earner couple.

The dependent's benefit not only creates inequities among married couples with different patterns of work and income, it also provides the one-earner married couple a return on their social security contributions, which is 50 per cent higher than that received by a single worker at the same income level. Besides these inequities, concerns have been expressed that spousal allowances may encourage dependency and reduce the incentive for women to become economically self-sufficient (Tracy, 1988).

Viewing old age pensions from the perspective of functional equality, wives are seen as independent individuals who should earn their own income and accumulate their own pension benefits in separate accounts. The OECD advocates taking the individual as the unit of assessment for pension benefits because it not only promotes personal autonomy and economic independence, but 'also helps to reject the notion that women's incomes are supplementary to and therefore dispensable portions of overall family income' (OECD, 1991).

---

**Table 1: Dependence Allowance and Benefit Inequities (\$US)**

	Averaged Monthly Earnings	Benefit As Worker	Benefit As Spouse	Total Monthly Benefits
Jones Family:				
Husband	1,290	626	-	626
Wife	200	180	133	313
Combined	1,490			939
Smith Family:				
Husband	1,290	626	-	626
Wife	0	-	313	313
Combined	1,290			939
Green Family:				
Husband	645	368	-	368
Wife	645	368	-	368
Combined	1,290			736

**Source:** Social Security Administration calculations, adapted from Ross and Upp (1988).

The main difficulty with this approach is that as things currently stand women earn considerably less income than men. The reasons for this are well recognised and, without going into great length, involve delimited opportunities, employment bias, childbirth, and the fact that women continue to assume a disproportionate share of household duties and caring functions. Although seeking to advance functional equality, the establishment of separate pension accounts would result, at least initially, in highly unequal levels of pension benefit for men and women. Thus, as the OECD Working Party on the Role of Women explains, the movement to secure equality through a system of individual pension rights for women 'will have to go hand in hand with measures in other policy areas to improve women's position in the labour market' (OECD, 1985).

Instead of discouraging role differentiation between men and women, policies that foster domestic partnership enable husbands and wives to divide up the chores of running the family enterprise according to their preferences while they share equally in its benefits. With regard to retirement income, these family benefits would include all public and private pension assets and rights accumulated by both parties. Though not immediately liquid, pension entitlements represent major financial assets for most families. Thus, applied to old age pensions, the principles of domestic partnership translate into policies that dictate the splitting of benefit entitlements.

In 1977, both Canada and Germany enacted reforms that involved the splitting of pension credits between spouses. Credit sharing in Germany was enacted within the framework of family legislation, whereas the Canadian scheme was introduced under social security law. Compared to the Canadian provisions, which entail splitting

entitlements solely to public pensions, the German scheme is broader in scope, encompassing all entitlements acquired in both public and private pensions. Although spouses have legal rights to an equal shares of their combined pension credits, in both of these countries the tangible division of old age pension entitlements occurs only in cases of divorce (Reinhard, 1988).<sup>4</sup>

Of course, the actual sharing of pensions need not be contingent upon divorce. One can imagine a credit sharing arrangement based on a system of joint accounts that combine both partners' pension credits. In support of domestic partnership, an exemplary policy for old age pension reform would include the establishment of joint accounts that cover all public and private pension entitlements, and from which cheques were issued in both parties' names on their retirement. Pension benefits might also be allocated through separate cheques for equal amounts issued to each party from their joint account.

The choice of individual versus shared credits for retirement benefits could be finessed by providing universal or means-tested public pensions that are disconnected from employment records. Several countries have such uniform payment systems, which extend benefits to all elderly citizens. But these uniform pensions usually provide only a minimum level of support, forming the first tier of systems that are then topped up by employment-based public schemes and occupational pensions, which still must contend with the issue of separate accounts versus split-credits.

#### **4 Socialisation of Child Care: Costs or Activities?**

Moving to the second policy area, under the traditional hierarchy of marital relations child care is regarded as a private family responsibility. It is the mother's job and no public provisions are needed to assist in child care activities. As a basis for social policy in this area, the traditional hierarchy begets a formula for public inaction.

---

4 In the United States, the 1979 Advisory Council on Social Security recommended consideration of credit sharing arrangements. The concept was generally attractive, but efforts to reform social security stalled for various reasons, including the fact that credit sharing meant a reduction in benefits for the traditional one-earner family and divorced men. Substituting a credit sharing scheme for the dependent's allowance would make social security benefits more equitable at the same time that it would diminish their adequacy for certain groups. This was a serious problem. If social security were redesigned along the lines of private insurance, with benefits directly related to contributions, one way to ensure adequate support in old age would entail the increasing reliance on means-tested income maintenance schemes, such as the Supplementary Security Income program (Munnell, 1977). But many liberal interest groups and policy analysts oppose switching from universal to selective provisions, especially for the elderly (Schorr, 1986; Townsend, 1968)). By the late 1980s the costs and conflicts attached to the various proposals seemed to have eliminated earnings sharing reforms from the political agenda (Ross and Upp, 1988). Although a proposal to split social security entitlements resurfaced under Title IV of the Economic Equity Act introduced in Congress in 1992, the immediate prospects for this type of reform remain faint.

---

But traditional relations are in the midst of change. As already noted, the labour force participation rate of married women in the United States more than doubled over the last forty years, with almost two-thirds of the mothers of school-age children gainfully employed at least some of the time. Fuelled by the increasing pressure on traditional family-based arrangements, public provisions for child care have expanded throughout the industrialised world. In 1987, for example, the US Congress logged over 70 bills dealing with various aspects of child care assistance (Meyers, 1990). The basic policy issue concerning child care in the 1990s is not a question of public action versus inaction, but a matter of what form public initiatives should take. Embodying the classic debate over cash versus in-kind benefits, it is a question of whether public aid should be devoted to the socialisation of child care activities or costs.

Supporters of the functional equality model of family relations, for whom labour force participation of women is the main avenue to independence and autonomy, tend to favour policies that involve the socialisation of child care activities. These are policies under which the state may produce child care services, contract with private providers for these services, and offer tax incentives for business enterprises to supply their employees with child care services. Variants of the in-kind policy choice, in each case public funds are allocated to service producers rather than to individual consumers.

Social policy literature abounds with arguments about the alternative benefits of welfare provisions being allocated either in cash or in-kind (Gilbert, Specht, and Terrell, 1993). In regard to child care, the case for government producing or purchasing in-kind provisions rests, in part, on the grounds that this approach benefits from economies of scale and helps to create an adequate supply of services. Individual cash grants to parents, on the other hand, offer no guarantee that producers will emerge to meet the demand. In-kind assistance also allows greater control than cash grants over how tax dollars are being spent. If the objective is to ensure that children are being supervised in certain types of group-settings outside the home, public funds can be designated to support this activity. Through income-testing measures, the allocation of both cash and in-kind child care provisions can be designed so that the poorest families receive the largest public subsidies. For services this would require charging fees based on a sliding scale according to family income; cash benefits could be similarly targeted through, for example, refundable tax credits that decline as incomes rise.

Furnishing child care assistance in the form of publicly sponsored services affords both a practical convenience and a work incentive for two-earner families. Public services available free of charge (or on a sliding scale) reduce the time and effort that working parents would need to invest in shopping around for day care and promise a basic standard of health and safety. The day care system in Sweden illustrates the way these provisions foster work incentives. Functional equality is an explicit objective of Swedish family policy, which, according to a parliamentary committee, 'must take as a basic principle that both parents have the same right and duty to



assume breadwinning as well as practical responsibility for home and children' (Popenoe, 1988: 149).

In Sweden, 83 per cent of the married women with children under seven work, mainly because the average Swedish family cannot get by on the salary of one wage earner. It is not that the average production worker's wage is so low, but that in 1983 almost 62 per cent of it went to pay direct and indirect taxes.<sup>5</sup> These taxes finance a host of social welfare benefits distributed freely by the state, including an elaborate network of day care services. With trained staff, a supervisory ratio of two adults for every five children under three, and well-equipped facilities, day care services in Sweden are subsidised by as much as US\$9000 per child. But Swedish parents who might want to care for their children at home cannot choose between consuming this 'free' day care service and, for example, receiving a tax rebate equal to the cost of this service. By investing labour in domestic child care activities they miss out on a huge public subsidy, while continuing to pay the taxes that support it. This arrangement creates a financial inducement to shift responsibility for the care of children from the family to the state.

While state-supported child care services are popular in Sweden, there is some indication that many mothers would prefer more opportunity for other arrangements, particularly during the early years of childhood. A 1987 poll, for example, reveals that rather than increasing public investment in state-run day care centres, 60 per cent of the Swedish women surveyed favoured putting the resources toward a child care allowance that would assist parents who wanted to stay home with their children or to purchase care privately (Svensson, 1987). Efforts to develop a child care allowance for stay-at-home mothers in Sweden have been blocked by the Social Democrats claiming that it would help to preserve the traditional housewife system (Popenoe, 1988).

According to Esping-Andersen (1991), employment in social welfare accounts for 75 per cent of the net job creation in Sweden over the last twenty years, with virtually all of these jobs being filled by women. These data suggest that for many women the emancipation from household work involved mainly a shift from caring activities for children and aged performed voluntarily out of personal commitments to family and friends to social services for strangers performed for pay.

When the state seeks to help families meet the costs of caring for children, aid in the form of a cash subsidy for child care is more consistent with the domestic partnership model of family relations than in-kind provisions in the form of services for out-of-home care. A policy of cash payments, whether through direct grants or refundable tax credits to all families with young children, socialises child care costs,

---

5 This tax rate is based on OECD Secretariat Estimates reported in the Wall Street Journal (1987) and includes payroll taxes, social insurance contributions, personal income taxes, and general consumption and excise taxes. According to the Swedish Institute (1978) an '80-85 per cent rule' was established in the late 1970s to insure that the aggregate sum of national, local, and net worth taxes did not exceed 80 per cent of the taxpayers income or 85 per cent for those with the highest earnings.

but not the activity. This allows parents to decide together how each can best contribute to the welfare of the family enterprise. If the average cost for preschool child care was US\$4,500, for example, parents with young children could choose to purchase day care services so that both might work or to keep all or part of the stipend to offset the loss of income from having one of the partners stay at home full-time or part-time to care for the children. Along these lines, Finland is one of the Western welfare states whose family policy offers parents a choice between subsidised day care for those who work and a cash benefit for those who wish to remain at home with their children during the early years (Kamerman and Kahn, 1987).

While both parents work in most families with children, they tend to divide their labour between child care and wage earning activities in patterns of employment that are not always clearly reflected in the standard reporting of the Bureau of Labor Statistics data on working mothers. Thus, in the mid-1980s 62 per cent of mothers in the US worked, but only 41 per cent were employed full-time. Since 'full-time' is defined by the Bureau of Labor Statistics as full-time for any period during the calendar year, a breakdown of this category reveals that only 29 per cent actually worked full-time for a full year, 8 per cent worked 27-to-49 weeks in a year, and 7 per cent worked 1-to-26 weeks a year. The 16 per cent of mothers who worked part-time include employment situations that range from a few hours a week during holiday periods up to 34 hours a week for the year (Besharov and Dally, 1986). There is some indication that in recent years a growing proportion of American women are more inclined to stay home and care for their family than to join the labour force. The annual Virginia Slims survey of 3000 women in the United States, for example, reveals that the proportion of women who said that if free to choose they would prefer to have a job rather than to stay home and take care of the family rose from 36 per cent in 1974 to 52 per cent in 1985, but then declined to 42 per cent in 1989 (Glenn, 1992).

In advancing a policy of cash benefits over services, the domestic partnership model of family relations permits parents to tailor arrangements for child care to varying patterns of employment without being penalised by the loss of subsidy for periods during which they wish to invest their labour in caring for children at home. What parents who stay home to care for children often do lose are the credits toward public pension retirement benefits that would accrue if they were otherwise employed during that period. Among the several countries that provide pension credit for caregiving, the amounts differ along with eligibility for men and women. In Austria, for example, women receive one year of credit for each child, while Sweden awards credit to either spouse for each year they care for a child under three. In Britain people who interrupt work careers to assume caregiving duties are compensated through the 'home responsibility protection' policy, which credits both men and women with a minimum level of contribution during the years they spend caring for children or the disabled (Barr and Coulter, 1990). If child care assistance is provided in the form of cash benefits, a case can be made that parents who use these benefits

---

to subsidise in-home care should be allowed to accrue contributory pension credits for this activity.<sup>6</sup>

## 5 Weighing the Alternatives

Vying to replace the traditional hierarchy of male dominance, functional equality and domestic partnership are models of family relations, which form different templates for social policy. To judge the relative merits claimed for these models one must assess how they affect social choice, economic independence, self-realisation, and family stability.

On the issue of choice, the domestic partnership model has an apparent advantage in that it does not prescribe how families should organise their labour between household and market. Policies that encourage domestic partnerships, allow couples who want a relation of complete functional equality to so organise their family life along those lines without any loss of social benefits. In contrast, policies that support functional equality prescribe a shift of women's labour from the household to the market in order to benefit from, for example, separate social security accounts and state subsidised child care services.

Under policies associated with domestic partnerships all couples are treated the same regardless of the division of labour within their family units. However, some would say that this neutrality toward the division of labour in family life merely serves to perpetuate the traditional hierarchy of male dominance. That is, given 'glass ceilings' and other sorts of employment discrimination, men's reluctance to share in household chores, and the socialisation of women into traditional caring roles, the so-called 'choices' promoted by domestic partnerships will inevitably result in traditional arrangements that leave women economically dependent on men. From this viewpoint, the only way to safeguard against reinforcing the traditional division of labour is through social policies that encourage women to join the labour force and seek to obliterate gender distinctions. As Susan Okin (1992: 171) explains, 'any just and fair solution to women's and children's vulnerability must encourage and facilitate the equal sharing by men and women of paid and unpaid work, of productive and reproductive labor'. In her view, social policies should induce people to choose this mode of life, under which 'a just future would be one without gender'. There is, of course, a question about the ultimate pliability of gender roles

---

6 Mrs Green, for example, uses her \$4500 child care subsidy to enrol her son and daughter in the Happy Meadows Day Care Centre, where she also happens to work as a service provider. Her children's fees pay a substantial part of Mrs Green's salary, from which she contributes to Social Security; the fees also help pay for the employer's portion of Mrs Green Social Security contribution. If Mrs Green elected instead to remain home with her children using the child care subsidy to compensate for the family income that is lost by her withdrawal from the labour market, she is unable to accrue pension coverage. From the domestic partnership perspective, equity is enhanced among families that choose to divide work and caring roles differently by linking child care subsidies in cash with contributory pension credits for the periods that either spouse assumes the caregiving role.

---

and the limits of resocialisation. On this issue, conservative feminists would no doubt agree with Elizabeth Fox-Genovese's (1992) opinion that 'sex is a difference that enlightened social policies cannot be expected to wipe away entirely'.

Another reason that advocates of functional equality urge women to enter the labour force full-time involves Okin's claim that 'in terms of the quality of work, there are considerable disadvantages to the role of housewife' (1992: 150). Despite the fact that full-time and part-time housewives work fewer hours per week (on the average of 22 per cent and 13 per cent, respectively) than their employed husbands, Okin believes that women should prefer paid employment because much of household work is monotonous and unpleasant. The fact that relatively few men choose to be homemakers is offered as further evidence in support of this position.

Contrary to these claims, however, various polls indicate that large proportions of married women would prefer not to work outside the home or not to work in full-time careers outside the home. In response to a nationwide Gallop Organization (1980) survey, for example, 55 per cent of the women who wanted to be married and have children did not wish to have a full-time job or career outside the home. And, as noted earlier, the 1989 Virginia Slims survey revealed that if they were free to choose, only 42 per cent of the respondents would prefer to have jobs rather than stay home and care for the family (Glen, 1992). A similar reluctance to full-time employment when children are young is expressed by Danish mothers, despite the fact that in Denmark public day care is provided from the age of six months on and 90 per cent of mothers of young children are employed an average of 34 hours per week. When asked to describe the ideal arrangement for a nuclear family with children of nursery school age, only 3 per cent of the mothers preferred to have both parents working full-time, 15 per cent choose to have the mother home full-time as a housewife, 42 per cent favored part-time employment for the mother, and 40 per cent preferred to have both parents working part-time (Ministry of Social Affairs, 1992).

Whether these surveys reflect true preferences or choices shaped by existing social constraints that women encounter in the labour market, is a difficult question to answer. Critics of functional equality contend that respondents are expressing natural desires to spend time at home with their children (Levine, 1986; Fox-Genovese, 1992; and Kersten, 1991). Advocates of functional equality argue that the women's responses are influenced by social constraints (Kaminer, 1990; Faludi, 1992). Both of these claims may have some degree of validity. The extent to which many of the women surveyed are expressing an authentic preference for child care and domestic activities over the full range of paid work they are reasonably qualified to perform depends largely upon how much they gain in the way of self-realisation and economic independence, which are often attributed to participation in the labour force.

Unpaid family work may be described as shaping unformed personalities, nurturing relatives, and household management or in more pedestrian terms as caring, cooking, and cleaning. However it is portrayed, the variability of this work is relatively narrow in comparison to the range of jobs in the paid labour force, which include, of

---

course, cooking, cleaning and caring. Participation in the labour force encompasses a vast array of activities from work that is low status, boring, physically demanding, poorly rewarded, and dangerous, to high status, exciting, physically easy, well rewarded, and safe. One might expect those labouring on the more favourable end of this continuum, for example, artists, writers, professors, lawyers, politicians, and media personalities, to choose full-time careers over housework activities. On the other side, given the choice of employment, for instance, as coal miners, factory workers, taxi drivers, sales people, clerks, guards, service workers, and mail carriers, one might prefer to engage in a combination of family work and paid employment part-time or as a secondary career (or not to work at all in the labour force if they could afford it). The view of participation in the labour force as the thoroughfare to self-realisation idealises paid employment as much as it impugns family work. The sense of challenge, achievement, and personal satisfaction often attributed to the world of paid work are, in Deborah Fallows (1985) experience, 'indeed compatible with the major commitment of spending time at home raising children'.

With regard to economic independence, policies to achieve functional equality provide incentives for the development of two-wage earner families, which reduces women's financial dependence on men. However, the immediate independence gained through employment and contracting out of domestic work is in a larger sense paradoxical (Gilbert, 1983). At the same time that a paycheck increases a wife's autonomy and economic independence within the family, it heightens her susceptibility to the vagaries of the marketplace and the interpersonal constraints on wage labour. There are, of course, exceptions, typically successful artists and writers, tenured professors, law partners, media personalities, and those at the top of the pyramid in their business firms. But for most men and women in the labour force, freedom from economic dependence on relatives has its own price. On the job they are subject daily to the authority of supervisors, the normal discipline of the work environment, and the demands of customers, all of which may be said to exercise their own form of oppression. In contracting out domestic work, the autonomy spouses may gain in relation to each other and the family unit, they lose through increased social and economic dependence on the market economy for meeting many individual and family needs, which were previously satisfied through the division of family labour.

If a major objective of social policy is to stabilise family life, it can be argued that policies designed to facilitate the domestic partnership model of family relations will be more effective than those in support of functional equality. By prescribing an arrangement under which husbands and wives perform the same household tasks and divide their labour equally between housework and paid employment, functional equality strengthens the individual's ability to meet all of his or her social and economic needs independently. This reduces the degree of social and economic interdependence among family members, scraping away at some of the basic adhesion of the family unit. What remains are emotional attachments, which form a necessary but not always sufficient tie to hold the unit together over the rough patches of life. While social and economic interdependence are not the most desirable reasons for family units to stay together, they thicken the glue. In any

---

event, efforts to reinforce the stability of the family unit may involve sacrifices that do not always promote the individual happiness of its adult members.

However one assesses the merits of domestic partnership versus functional equality, it is clear that with the advancement in women's rights and changing division of labour in family life, the traditional hierarchy of male dominance no longer serves as an adequate guide for family-oriented social policy. As guides to policy, there are essential differences between the alternative models of family relations. The functional equality model rewards the shift of women's labour from the household to the market economy, which increases the labour supply as well as consumer demand for goods and services that were previously produced at home. At one level, it is basically an employment strategy serving the needs of the marketplace. At another level, it constitutes a blueprint for structural change in society. Emphasising social choice more than structural change, the domestic partnership model focuses on the family unit, rewarding its members mutual decisions on how best to allocate their labour between housework and paid employment. Rather than a prescription for the wholesale transfer of household labour to the market, it enables varying patterns of paid and unpaid work to emerge in response to different family needs, life cycle stages, and the partners' preferences. In this sense, the domestic partnership lends resiliency to family efforts to perform caretaking and domestic functions while regulating the movement of labour from the home to the market.

## References

- Barr, Nicholas and Fiona Coulter (1990), 'Social security: solution or problem?', in John Hills ed., *The State of Welfare: The Welfare State in Britain Since 1974*, Clarendon Press, Oxford.
- Besharov, Douglas and Michelle Dally (1986), 'How much are working mothers working', *Public Opinion*, 9(4), November/December.
- Brocas, Anne-Marie (1988), 'Equal treatment of men and women in social security: an overview', in *Equal Treatment in Social Security: Studies and Research No. 27*, International Social Security Association, Geneva.
- Cherlin, Andrew, ed. (1988), *The Changing American Family and Public Policy*, Urban Institute Press, Washington D.C.
- Dworkin, Ronald (1993), 'Feminism and abortion', *New York Review of Books*, XI:11 (June).
- Epstein, Cynthia Fuchs (1988), 'Toward a Family Policy: Changes in Mothers', Lives', in Andrew Cherlin, ed., *The Changing American Family and Public Policy*, Urban Institute Press, Washington, D.C.
- Esping-Andersen, G. (1991), 'The welfare state in the reorganization of working life', in Peter Saunders and Diana Encel, eds, *Social Policy in Australia: Options for the 1990s*, Vol.1, Social Policy Research Centre, University of New South Wales.
- Fallows, Deborah (1985), *A Mother's Work*, Houghton Mifflin, Boston.
- Faludi, Susan (1991), *Backlash: The Undeclared War Against Women*, Crown Publishers, New York.
-

- Fox-Genovese, Elizabeth (1992), 'Feminist rights, individualist wrongs', *Tikkun*, 7(3), May/June, 29-34.
- Gallop Organization (1980), 'American Families - 1980', Report submitted to the White House Conference on Families, June 5, 1980, by the Gallop Organization, Princeton, N.J.
- Gilbert, Neil (1983), *Capitalism and the Welfare State*, Yale University Press, New Haven.
- Gilbert, Neil, Harry Specht and Paul Terrell (1993), *Dimensions of Social Welfare Policy*, Prentice Hall, Englewood Cliffs.
- Glazer, Nathan (1975), *Affirmative Discrimination: Ethnic Inequality and Public Policy*, Basic Books, New York.
- Glenn, Norval (1992), 'What the numbers say', *Family Affairs*, 5(1-2), Summer, 5-7.
- Gordon, Suzanne (1992), 'Feminism and caring', *The American Prospect*, Summer, 119-127.
- Kamerman, Sheila and Alfred Kahn (1987), 'Mother only families in Western Europe: social change, social problem, and societal response', A report prepared for the German Marshall Fund of the United States (November).
- Kaminer, Wendy (1990), *A Fearful Freedom: Women's Flight From Equality*, Addison-Wesley, New York.
- Kersten, Katherine (1991), 'A conservative feminist manifesto', *Policy Preview*, (56), Spring, 4-15.
- Levin, Michael (1986), 'Feminism Stage Three', *Commentary* (August), 82(2), 27-31.
- Meyers, Marcia K. (1990), 'The ABCs of child care in a mixed economy: a comparison of public and private sector alternatives', *Social Service Review*, 64(4), 559-79.
- Ministry of Social Affairs (1992), *Danish Strategies: Families with Children at Work and at Home*, Danish Ministry of Social Affairs, Copenhagen.
- Munnell, Alicia (1977), *The Future of Social Security*, The Brookings Institution, Washington: D.C.
- Okin, Susan (1992), *Justice, Gender, and the Family*, Basic Books, New York.
- OECD (1985), *The Integration of Women into the Economy*, OECD, Paris.
- OECD (1991), *Shaping Structural Change: The Role of Women*, OECD, Paris.
- Peterka, Josef (1988), 'Equality of Treatment of Men and Women in the Pension Insurance Scheme in Austria', in *Equal Treatment in Social Security*, Geneva, International Social Security Association.
- Popenoe, David (1988), *Disturbing the Nest: Family Change and Decline in Modern Societies*, Aldine De Gruyter, New York.
- Popenoe, David (1992), 'Family decline: a rejoinder', *Public Interest*, (109), Fall, 117-122.
- Reinhard, Hans-Joachim (1988), 'The splitting of pension credits in the Federal Republic of Germany and Canada - an appropriate way to achieve equality in social security treatment for men and women?', in *Equal Treatment in Social Security: Studies and Research No. 27*, International Social Security Association, Geneva.
-

- Ross, Jane and Melinda Upp (1988), 'The treatment of women in the United States social security system, 1970-1988', in *Equal Treatment in Social Security: Studies and Research*, No. 27, International Social Security Association, Geneva.
- Safilios-Rothschild, Constantina (1974), *Women and Social Policy*, Prentice Hall, New Jersey.
- Schorr, Alvin (1986), *Common Decency: Domestic Policies After Reagan*, Yale University Press, New Haven.
- Svensson, Sven (1987), 'Vardnadsbidrag fore dagis', *Dagens Nyheter*, April 12.
- Swedish Institute (1978), *Taxes in Sweden*, Swedish Institute, Stockholm.
- Tilly, Louise and Joan Scott (1989), *Women, Work, and Family*, Routledge, London.
- Townsend, Peter (1968), 'Does selectivity mean a nation divided?', in *Social Services for All?*, Fabian Society, London.
- Tracy, Martin (1988), 'Equal treatment and pension systems: a comparative study', in *Equal Treatment in Social Security: Studies and Research No. 27*, International Social Security Association, Geneva.
- US Bureau of the Census (1992), *Statistical Abstract of the United States, 1992*, U.S. Printing Office, Washington D.C.
- 'The supply side of OECD', *Wall Street Journal* (1987), May 11.
- Whitehead, Barbara Defoe (1992), 'A new familism?', *Family Affairs*, Summer.
-



## Comments on Neil Gilbert's Paper

John Lawrence

Emeritus Professor of Social Work

University of New South Wales

Professor Gilbert's stimulating paper distinguishes three 'models of family relations' - the model of 'traditional hierarchy of male dominance', the 'functional equality' model, and the 'domestic partnership' model. The latter two models are seen as promoting gender equality in family life, and each is related to appropriately different child care policies and dependent benefits in the social security system. Finally, the merits of the two competing newer models are assessed in the light of their effects on social choice, economic independence, self-realisation, and family stability. The paper provides an excellent example of relating formal, macro, public policies determined within perhaps the smallest and most intimate of social groups, the marital couple, and of using explicit criteria for evaluating the merits of the competing alternatives. It is carefully focused and well argued, making international comparisons which are essential to understanding social policy choices (see Lawrence, 1986).

After reading and re-reading the paper, the following comments come to mind.

For the reason sketched by Professor Gilbert, the issue of gender equality has emerged as one of the key social justice issues for contemporary societies, and Australian society is certainly no exception. In Australia, the Office of the Status of Women now co-ordinates the development of Government policies to raise the status of women and monitors the impact of all government policies and programs on women. Its location in the Department of the Prime Minister and Cabinet indicates the political significance of the issue. After extensive consultation amongst women, the National Government published its National Agenda for Women in 1988, making a commitment to improving 'the status of women by providing economic security and independence, freedom from discrimination and equality of opportunity in all spheres of activity' (Office of the Status of Women, 1988: 8). Since 1984-85 a Women's Budget Statement has contained an annual assessment of the impact on women of the National Budget (Womens' Budget Statement, 1992-93). Recently, the Australian Government has ratified the ILO Convention 156 on Workers with Family Responsibilities and is developing strategies to minimise conflict between work and family responsibilities (Office of the Status of Women, 1992: 19). The present Prime Minister has acknowledged the importance of women's issues, and in fact specifically thanked women voters when his government was re-elected.

There is, then, certainly movement here in Australia away from the traditional model, in the name of gender equality. But, as is well illustrated by the two competing reforming models of family relations in the paper, the concept of

---

'equality' is not a simple matter in social affairs. In fact, as I will indicate I am not sure that either of the models provides a fully justifiable position, that is, one which pays due regard to the interests of all the people involved in these decisions.

It is important to distinguish between descriptive equality and prescriptive equality; the two should not be confused, although they are often closely related to each other (Benn and Peters, 1959: 108-114). As a matter of descriptive comparison, two people can be described as equal if they have some common attribute which they share in the same degree, but obviously no two people, let alone communities of people, are equal in all respects. That is how and why we can distinguish one person from another. Only careful theoretical and empirical work can help us to understand the actual attributes of people, and to know how nature and nurture or socialisation have contributed to these. We need to know not just out of our scientific and human curiosity about what we are like as a species, but so that we can treat each other in a fair and reasonable manner, paying regard to our respective attributes when this is both possible and desirable. Professor Gilbert refers in passing, to 'a question about the ultimate pliability of our gender roles and limits of resocialisation', but does not elaborate.

A person's visual appearance immediately invites classification at least by sex, race, age, and possibly, social class, and these provide stereotypes about a person's attributes which, of course, may be wildly inaccurate. Traditionally, the names by which we are called, first by our parents, and then by everyone else, are gender-specific and so too must be our personal pronouns when we speak. God has a gender label in Christianity and other major faiths, the Christian Trinity is two-thirds male, and the Creation story in the Christian Bible clearly reflects a patriarchal view even of human origins. Historically, one's gender has been a highly significant classification, for supposedly describing a person's attributes. Yet the only **clear-cut** gender distinctions based on biological difference seem to be one gender's capacity to bear children and to breast-feed them. The historical division of labour apparently based on these biological differences between the sexes has kept people who are classified as women and people who are classified as men in very different social roles, consistently to the detriment of those classified as women and the work which they typically have done.

Rueschemeyer points out that some division of labour and social differentiation occurs in every human society, but the patterns of specialisation are not biologically determined:

While biological differences between men and women have some relation to the division of labour by sex, the content of men's and women's work, the structure of their relations to each other and even their roles in the upbringing of children vary widely. (Rueschemeyer, 1986: 1)

Rueschemeyer argues that the role of power has been greatly neglected throughout the long history of thought about the division of labour. He writes,

---

The interests of the powerful and the conflicts among groups with different power resources critically shape the processes that advance division of labour or block it, and that determine the forms it takes. (Rueschemeyer, 1986: 2-3)

But might and right are not, of course, synonymous. No matter how sophisticated is the analysis of power in its various forms, this does not address the question of what morally **ought** to be done, which entails a moral reasoning. Here is where equality as a matter of moral prescription comes in.

What is 'gender equality' as a prescriptive concept? Does it mean that men and women should be treated alike? To treat people the same irrespective of relevant differences or attributes is unjust. What it seems to amount to is that men and women should be given equal **consideration** and any difference in treatment should only be based on relevant grounds. This applies both to rule making and the application of rules. Even when we agree on what differences in attributes or conditions are relevant, how much they are relevant is still a matter for judgement. The whole process requires discriminating thinking, only part of which is getting rid of irrelevant distinctions and unfair treatment based on them; the other part is deciding what are relevant distinctions and how much they should count. The idea of equity captures the prescriptive complexities, perhaps better than the notion of equality, except in the sense of equality of consideration.

The radical egalitarian feminist model of 'family relations' seeks to eliminate all gender distinctions, but at the same time insists that each husband and wife should engage to the same extent in all major aspects of the family's life - in work outside and around the home, and in leisure. But if it is agreed that gender distinctions are irrelevant to the determination of who should be doing what, this does not make morally irrelevant all other differences between these two people, like their respective capacities, their interests, their values, their existing commitments, their moral qualities. These could well provide reasonable grounds for at least some degree of division of labour between them. But even if they recognised no relevant differences, they could still decide on some degree of division of labour because of efficiency advantages from some specialisation between them. Given a wide range of tasks to be done by these two people, especially when there are children and wider family and community responsibilities, and given a shared desire for each person to lead a fulfilling life paying regard to their particular attributes and interests, it seems unreasonable to insist rigidly that each should be involved to the same extent in the full range of activities.

If each couple is to decide fairly on their particular division of labour, both will need respect for each other and considerable negotiation skills. If gender becomes irrelevant, other more directly relevant criteria can become operative. A couple's choices will be influenced by their respective resources, their joint resources, their respective access to paid work and the nature of that work, their relationships with each other and other family members, and very importantly, their respective involvements outside the family - with neighbours, friends, extended family, the

---

local community, work organisations, unions and professional associations, the media, the different levels of government, and the rest of the social apparatus through which we live our contemporary lives. As the couple and their circumstances change so too does their division of labour (see Pahl, 1984), but unless it is periodically reviewed and re-assessed, pragmatic changes can produce very inequitable results.

I sound as if I have been describing Professor Gilbert's domestic partnership model of family relations, but have I? That model certainly leaves it to each couple to decide on their respective contributions in what is described as a 'joint enterprise'. It is, however, assumed that the benefits should be shared equally, apparently irrespective of the nature of each partner's contribution or situation, a proposition whose justice is not immediately apparent. The term 'partnership' has implications of equivalence of responsibility and effort, which may or may not operate between two people in the real world. In addition, in the domestic partnership model, a couple may choose to replicate and perpetuate traditional gender roles, but this is apparently not classified as the traditional model by conservative feminists just because it has been freely chosen. But what if the partners only use traditional gender criteria in deciding on their respective roles in the partnership? Their socialisation is surely the product of long-term structural injustice, and should be challenged.

What couples decide is not only their business. Each of the three models of 'family relations' in fact concentrates on the relations between a marital couple, with children being referred to mainly as needing care and causing work and responsibilities for parents. Increasingly, however, parents are being challenged to re-think the moral status of their children, so that as they grow, they learn how to participate responsibly in family decision making and activities. Many children, in the name of moral education, are now being encouraged to think about and justify different courses of action.

Finally, as already indicated, what we ought to do within a family context must be related to our other responsibilities as responsible members of society in its various forms. An aspect of the developing moral awareness not only of children, but of adults as well, is the realisation that people must pay regard not only to their own interests and those of their families, but to a multitude of others as well. Models of family relations need to take explicit account of the broader social reality. The name 'domestic partnership' seems to focus attention on the immediate location and dividing up jobs around the home. That's obviously part of it, but only part. A society whose members are pre-occupied with domestic roles is in bad shape.

Professor Gilbert's paper makes it clear how different national policies help or hinder different forms of functioning in the family context. In these brief comments, I have suggested some extension of the evaluative criteria used to assess the social policies under discussion. Broadly defined, social policy includes all the course of action that impact on human relationships and the quality of life in a society (Gil,

---

1973: 24). The relevance of gender in determining justifiable social policies is one of the most pervasive moral, political and social issues of our time.

I am aware that I have focused on justice considerations and not on the morality of caring, and this may be seen as a typically male orientation (see Kittay and Meyers, 1987). The models under discussion have, however, been proposed by women themselves in the name of justice, and I cannot imagine moral reasoning worthy of the name that does not include justice concerns. Genuine caring **about** others is the very basis of the sort of morality I have been discussing. Such a morality must pay due regard to love in all its manifestations, and all the other emotions of which we are capable, but deciding what we ought to do and what sort of people we ought to be is essentially a cognitive task.

## References

- Benn, S. I. and R. S. Peters (1959), *Social Principles and the Democratic State*, Allen & Unwin, London.
- Gil, David G. (1973), *Unravelling Social Policy*, Schenkman, Cambridge, Mass.
- Kittay, Eva Feder and Diana T. Meyers, eds (1987), *Women and Moral Theory*, Roman and Littlefield, Totowa, New Jersey.
- Lawrence, John (1986), 'Comparative study of social policy: conceptual and methodological issues', *International Journal of Sociology and Social Policy*, 6(3): 1-12.
- Office of the Status of Women (1988), *A Say, A Choice, A Fair Go*, The Government's National Agenda for Women, AGPS, Canberra.
- Office of the Status of Women (1992), *Working Families: Sharing the Load*, AGPS, Canberra.
- Pahl, R. E. (1984), *Divisions of Labour*, Basil Blackwell, Oxford.
- Rueschemeyer, Dietrich (1986), *Power and the Division of Labour*, Polity Press, Cambridge.
- Women's Budget Statement 1992-93*, AGPS, Canberra.
-

# Social Equality in Australia

Jan Carter  
University of Melbourne

## 1 Introduction

The major contemporary challenge to Australian social policy and social institutions now comes from the globalisation of the economy: how can economic and social policies be aligned to achieve an internationally competitive economy, whilst improving protection for the economically marginal and defenceless through adequate incomes, essential services and civic rights? (Carter, 1993) This achievement will require vastly different strategies from those maintaining the post World War II bipartisan consensus on growth in living standards and from the more recent retreat from government sponsored economic and social supports characterising the policy agenda from the mid 1970s. Will achieving economic efficiency and international competitiveness require the destruction of traditional social institutions, policies and practices (such as protectionism and full employment)? Or can traditional social institutions be retained intact? Or will they need to be re-visioned?

To contribute to this important question, this paper will attempt to explore the conception of social equality within Australian society through an examination of processes which have led to the ascription of Australian society as 'egalitarian' and to our way of life as indicative of the 'fair go'. In attempting to articulate some of the particularities of an Australian cultural view of equality, illustrations will be drawn from the character of land tenure and employment in Australian society at three points in time, 1780-90s, 1880-90s and 1980-90s. Social policy analysis has become an international comparative discipline, but the unit of analysis in this paper is 'Australia', with its idiosyncratic institutions and its search for balance as a persistent feature of the regulatory activities of Australian government (Macintyre, 1986).

The paper takes a 'state-centred' approach to welfare state development and analysis, which is not to deny the 'macro' causes and relationships of welfare states (Pierson, 1991). But macro influences are shaped by the configurations of individual and historically unique welfare states. Writers such as Fraser (1984) and, within Australia (Eddy, 1989), argue for state-centred accounts of historical development; they view the notion of fully formed welfare states emerging from pre-existing prerequisites as based on historical hindsight. The gradualism, trial and error and contested nature of the development of social policy means that the uniqueness of individual welfare states must be captured along with their similarities.

---

The macro implication is that formation and change in welfare states is external to human agency. But actors in the social policy process, whether individual reformers, bureaucrats, members of interest groups or political leaders need to be taken into account to emphasise, first, that the welfare state is an arena of contested **action** as well as analysis and second, that moral agency is pivotal to understanding the welfare state. The moral foundation of the welfare state and social policies is now often overlooked in favour of explaining its industrial, class and political associations (e.g., Pierson, 1991). But a broader conception of the welfare state (as moral, political, economic and social community formed by human agency through arenas of contested actions) can be explored through the particularist approach.

It is reasonable to explore the ideology of a welfare state and to examine this, in its particular environment. What is the ideology of social equality in the Australian welfare state? By ideology, there is Althusser's view (outlined in Thompson, 1984) that 'human societies secrete ideology as the very element and atmosphere, indispensable to their historical respiration and life', to acknowledge that ideology is the relation through which human beings live in relation to their world. Althusser's account of society as a complex, structured whole, articulated in domination is important, because a discussion of equality has to start from a conception of inequality (Althusser, 1969). But since this is a policy paper, Seliger's framework is also useful: an ideology of equality is an action oriented set of beliefs (and disbeliefs) organised into coherent value systems, expressed in values and explanations and composed of a number of elements - description, analysis, moral prescription, technical prescription, 'implements' (rules concerning ways and means of implementing commitments and adopting them to circumstantial requirements) and 'rejections' (denials or rejections of certain principles or beliefs), all designed to ensure concerted action for the preservation, reform, destruction or reconstruction of a given order (Seliger, 1976). Thus this paper examines the ideology of social equality as described, analysed, presented, implemented or rejected within the Australian environment and identifies the processes by which the structures of equality are produced and reproduced.

By the Australian environment, I refer to Bourdieu's notion of the 'habitus' as a 'system of acquired schema, functioning as categories of perception or as principles of classification.' (Bourdieu, 1977 quoted in Mercer, 1992) 'Put more simply, the habitus might be described as the techniques, practices and environment in which it might be possible to be and to feel "at home"' (Mercer, 1992: 27). So it follows that equality - and inequality - must be located 'within the rituals, practices, techniques, institutions, manners and customs which allow [Australia] to be thinkable, inhabitable, communicable and thereby governable' (Mercer, 1992: 27) and second, that equality is structured by agents (or strategists) who compete, (in Bourdieu's terms) by thoughts and action for symbolic capital.'

Thus, the ideology of equality will be illustrated in the 'habitus' of Australian society, from examples drawn from two critical aspects of social organisation, the tenure and distribution of land and the nature of employment and of labour relations. These two themes have been chosen as critical to the formation and maintenance of

---

European settlement in Australia (Macintyre, 1985), but also to both the extinguishment of Aboriginal society and to the social policy of the 1990s. Other themes equally important to questions of equality - for example, education and income, will not be explored in this paper, except in passing.

## 2 Australian Social Equality - Fact or Fiction?

From the overview which follows it would be hard to sustain the view that Australia is in any observable or logical way a socially equal society. So what of the Australian dream of egalitarianism? For why, on a range of measures (including income), when Australia appears to be a highly unequal country, even a **laggard** in comparison to other OECD countries (Bryson, 1992), are there complex and enduring beliefs of the egalitarianism in Australian society and a past tradition across the political spectrum which insists that this tradition must be maintained and extended? After all, several classic sociological texts on Australian society (Davies and Encel, 1965; Baldock, 1978) list 'egalitarianism - myth of', in their indexes. There is agreement amongst some contemporary sociologists that there may be a formidable Australian subtext relating to equality and egalitarianism, but this is not substantiated by the realities of Australian life.

On the other hand, the historian Hirst notes that whilst conventional measures of class formation and social stratification deny the egalitarian nature of Australian society, the **desire** for social, political and economic equality has a substantial existence in Australian history with 'results that are quite palpable' (Hirst, 1988:). In the narrative of Australian society - the stories we live by - the theme of social equality has to be taken seriously. In literature, arts, sport and popular culture, we emphasise 'egalitarian pursuit ... there for all to play and enjoy in the spirit of giving everyone a fair go ... basic characteristics of our national identity ...' (quote from a Bicentennial statement). Unlike Western, who views the role of the social scientist as confined to understanding structurally determined and socially patterned inequalities ('the definition of the millennial state is best left to politicians, clergyman and others blessed with divine wisdom', Western, 1983: 348), I shall assume that social policy has a legitimate role in uncovering, analysing, and reshaping the ideology of social equality; the 'habitus', or environment, in which it is to be found: (the arena of 'societal capital' to which David Piachaud refers (Piachaud, 1993, this volume), and the agents, or strategists, of symbolic capital and social action.

Social policy usually measures social equality within the positivist tradition and through empirical methods, but social equality is also complex, elusive, problematic. The appraisal of social equality needs, first a qualitative examination, to triangulate empiricist methods and second, an appreciation, if not an empathy, with social inequality and its corollary, human need. (After all social inequality is usually the starting point of the recognition of social equality.) Third, it requires a consideration of the forces of societal power and dominance. Fourth, it needs a grammar of social

---



relations since both social equality and social inequality can be constructed interpersonally.

Fifth, the elusive nature of social equality requires us to explore symbolic agencies (ideas, hopes, aspirations, visions) to understand the specific Australian 'tone' of social equality: the view that equality may be related to national identity. Sixth, an understanding of social equality requires us to accept that the beliefs of people about equality are at least as important as its objective measurement. Two examples: the early nineteenth century reformers of degrading and brutalising institutional conditions for the mentally ill through moral treatment, briefly achieved reforms in the treatment of mental illness through the introduction of 'moral treatment' - pastimes, leisure and human treatment of the mentally ill. The optimistic belief in the cure of mental illness was as important as the intervention (Scull, 1981). In our own decade, the convictions of the laissez faire economists and politicians that government intervention in the economy is unnecessary, even 'wrong', has led to an altered political and bureaucratic culture and a threatened diminution of the role of the State (Pusey, 1991).

### 3 The 1780s-1790s

European society in 1788 was founded on the most brutal and profound of inequalities - the dispossession of land from Aboriginal people and the degradation of labour through the convict system. The symbolic capital, the quite extreme forms of domination and power which accompanied British settlement, illustrate that the starting point for any distinctively Australian consideration of the constitution of equality is inequality (Neal, 1991).

#### 3.1 The Land Question

First, the question of land. The European system of land tenure was based on the legal doctrine that Australia was uninhabited (*terra nullius*) before the arrival of the first settlers in 1788, and that the subsequent use of land must be tied to forms of production. This was legitimated by the view of Vattel, a Swiss Enlightenment lawyer whose argument helped to both deprive Aboriginal people of land and justify land grants to settlers:

Those that pursue an erratic life, and live by hunting rather than cultivate their lands, usurp more extensive territories than with a reasonable share of labour they would have occasion for, and have, therefore, no reason to complain if other nations, more industrious, and too closely confined, come to take possession of a part of those land ... The earth ... belongs to mankind in general, and was designed to furnish them with subsistence: if each nation had from the beginning resolved to appropriate to

---

itself a vast country, that people might live only by hunting and fishing and wild fruits, our globe would not be sufficient to maintain a tenth part of its present inhabitants. (Reynolds, 1987)

The catastrophic failure of relations between Aboriginal Australians and Europeans took place on the issue of land. As Henry Reynolds points out, English law protected property more vigorously than life itself. 'Yet the truly amazing achievement of Australian jurisprudence was to deny that the Aborigines were ever in possession of their own land ...' (Reynolds, 1987). This legal failure was compounded by the moral view that land should be put to 'use' to support the means of production. Ignoring Aboriginal land use, the colonial government over the first seventy years of settlement created five classes of colonists: dispossessed Aboriginal people, landless Europeans, the small holders, the medium land owners and the holders of large estates (Davidson and Wells, 1988).

But land became unavailable by the 1840s, even to Europeans, since the land was possessed either by pastoralists (who had often been granted land) or by squatters. A popular demand 'to unlock the land' was simultaneously a protest against inequality and a demand for working class independence and freedom (Macintyre, 1985). For European Australians the popular demand for land became the major issue of colonial politics, associated with the thrust for parliamentary democracy. For dispossessed Aborigines, the colonial ideology of the use of land for profit was in marked contrast to the collective ownership of land and the identity achieved by it.

Reynolds said of the early settler period:

The common law was corrupted in Australia by the nature of the relationship between settlers and Aborigines in the same way in which it was corrupted in Britain's slave colonies. In the West Indies the law accommodated the bondage of the slave and the vast power of the master. In Australia it routed the traditional owners of the land without payment of any compensation at all. Slavery was abolished in 1833 by Imperial legislation and the law was eventually purged of the relics of the system. Forced and uncompensated dispossession was frowned on by the Imperial government but in one way or another the colonists continued to take Aboriginal land and convince themselves that it was not theft. (Reynolds, 1987: 4)

To quote Sir Keith Hancock, 'The dominant theme in Australian history is the lament of an unsatisfied land hunger' (Hancock quoted by Macintyre, 1985: 25).

### 3.2 Employment

The second early theme of inequality was that of labour. Early labour relations in Australia were, of course, those of convict labour, with NSW being a giant prison.

---

Recently, Professor Fred Hilmer (1985) wrote that contemporary Australian attitudes to work might be explained by the negative work experiences sustained by the first work force in Australia - the convicts. He noted that many contemporary employees tend to view leisure rather than work as satisfying and to look to retirement, not their working years, as a means of fulfilling themselves. He noted the generally repressive views of Australian managers who blame and punish workers, rather than praise and reward.

The historian Russell Ward has also suggested that certain distinctively Australian attitudes may have then been formed during the convict period, 'and become stabilised enough to persist through the swamping of the felon strain by the tidal wave of immigrants which arrived during the subsequent decade and later' (Ward, 1958: 15). Most accounts of convict work (Ward, 1958; Neal, 1991) suggest that it was extremely heavy; unrelenting and sustained; that it was undertaken in harsh climatic conditions; or in primitive physical conditions; that the punishment for infractions as defined by the overseer were severe; that the power of the overseer was total and the rights of the worker nonexistent; that it was impossible for the worker to get away from work, for the convict worker ate, slept and went to church with his fellow workers and his overseers. In other words convict work took place within what Goffman would describe as a 'total institution' (Goffman, 1961).

The majority of the convicts were unskilled or semiskilled urban working class people. By 1828, the convicts and their descendants comprised 87 per cent of the population (Ward, 1958). The total institution, whether labour camp or asylum, relies for its continued existence on maintaining an impermeable barrier between those with the power and those without (Goffman, 1961). But in this case, over time, the dividing line between overseers and convicts became blurred, as past convicts joined the ranks of those who were overseeing current convicts (convicts had become emancipists). As time went on, New South Wales and Van Diemens Land became 'mixed' societies; far more complex for the authorities to administer than the closed penal communities at Norfolk Island or Port Macquarie. Thus by the 1820s, there began to develop the view that transportation might be a short term punishment but a long term boon, largely because it was through achieving control of **work** that a man or a woman might be able to commute his or her status. It was said that the life chances of the English prisoner, usually recruited from the urban squalor of London or Liverpool improved if he was transported. As Halévy said, 'To be deported was simply to emigrate at the expense of the government to a better climate' (Halévy, 1950).

What this suggests is that work for the convict population was more complex and ambiguous than simply unremitting toil and punishment. The variations in the way convict labour was used, and in particular, the lack of standardisation of the treatment of convict workers, introduced by the system of assigning labour to free settlers, introduced great variations in the deployment and treatment of convicts. Governor Phillip's first recorded harangue to the convicts in 1788 certainly emphasised the official theme; that justice would prevail over humanity and compassion; that the industrious would not work for the idle - that if a man did not

---

work he should not eat; that most convicts were incorrigible and required nothing but severity to keep them behaving properly. Yet by 1820, the climate of transportation had changed.

The accounts of convicts about work (for example to the Bigge Inquiry) demonstrated the importance of a man's previous occupation in his eventual fate in the colony and the knowledge and skills of some convict workers were very specialised. The absence of a trade or profession meant that convict workers were able to establish control over a particular domains which paradoxically, placed the authorities in the position of needing to be deferential to acquire the relevant information or service. But by the Bigge Inquiry in 1822, at least, there was a considerable diversity in the work experience of convicts and this, along with the expertise developed over their domain of work, placed the convicts in a developing powerful position in a colony which lacked an occupational infrastructure and hierarchy.

The significance then of the origins of European society in Australia was the establishment of systemic injustices (as measured by indicators of extermination, gross physical and mental cruelty and neglect), particularly in relation to acquisition of land and performance of labour. And as Eddy (1989) points out, with every 'society with a purpose' comes opposition to that purpose and the expression of alternative possibilities. In the case of the convicts, the opposition won through to a free society. In the case of the Aboriginal people, the opposition faded into national amnesia. This paradox needs explanation.

#### 4 The 1880s and 1890s

Today (July 16th 1993), is the centenary of the departure of the Utopian socialist, William Lane and his 120 colleagues and their families who left Sydney in the *Royal Tar* to establish their own utopian colony in the wilds of Paraguay. In 1893, those who were wanting to shape a fair society in the colonies were feeling pessimistic. Lane and his New Australian Co-operative Settlement Association hoped to establish a socialist egalitarian colony in Paraguay (Souter, 1968) and to leave an environment of misery, hardship, disputes and strikes.

A century ago (in 1893) it was said that every second man in Melbourne was out of work (Cannon, 1966). The worst depression in Australian history was relieved by ad hoc 'charity', a technique of social control in the form of voluntary benevolence, which under the peak demand of the winter of 1892 dispersed thousands of the poor from Melbourne, (Melbourne lost 50,000 of its population of half a million between 1890 and 1893, while hundreds of thousands of others barely kept alive on scraps and thousands of others were killed by starvation and illness [Kennedy, 1985]). *The Age* published series of articles on unemployment and poverty, at the same time as Charles Booth's observations on poverty in *Labour and Life of the Poor* were being read with surprise in London, and whilst Seebohm Rowntree was devising his future 'scientific' approach to the measurement of family poverty in York, UK.

The 1890s are often seen as a lively, exuberant decade, where political, civic and artistic culture thrived. But the unemployment of the 1890s in Melbourne was accompanied by epidemics of influenza, typhoid and measles; by sweatshops, particularly in the garment industry; by hard labour with minimal pay on government public works such as the building of the railways; by 'baby farming' the children of the poor to foster mothers who sometimes murdered rather than fed them and by the development of a major prostitution industry. In the country, rural poverty can be assessed only from the anecdotal reports of newspapers, but impressions indicate that it appeared to be extreme for the aged, the disabled and for families with large numbers of children. Many country poor travelled to the city, meeting the urban dispossessed on their way out of the town.

Protest meetings, deputations and violent and angry demonstrations were suppressed by a repressive officialdom. The unemployed were warned that 'they would fall before the onslaught of the police and the military like corn in the wind'.

This was a self righteous society which could cheerfully gaoil an unemployed labourer who stole bread to feed his starving family and yet tolerated shameful jobbery by its politicians and financiers operating under the cloak of respectable commerce. (Cannon, 1966: 27-28)

The Victorian dream of eternal prosperity had been converted into a nightmare. The Marvellous Melbourne of the 1880s, had become the 'Marvellous Smelbourne' of the 1890s.

#### 4.1 Land Use

As with our own times, the 1890s depression was preceded by a land boom.

Clergymen, labourers, widows, school masters - all grasped at the chance of quick wealth and invested their savings ... borrowed to invest more than their assets were worth ... the deeply held belief that it was impossible to lose money by 'investing' in land - a belief which persists to the present day. (Cannon, 1966: 12)

Land ownership was the great Australian dream. According to Manning Clark, everyone from the Roman Catholic church to trade union leaders wanted members to be landowners. In addition, to be a 'man of property' was an essential prerequisite to status; for example, to achieve election to Parliament. Borrowing was easy, public money was used for private gain and Parliament became a land speculators' club (Clark, 1981).

A depression with mass unemployment preceded by a share and property boom assisted by instant millionaires, rich from speculation and paper shuffling has a very contemporary ring. The 1890s, as with the 1990s, was a decade of major economic

---

and cultural change. From the suffering of the unemployed came much of the potency of the labour movement (Cannon, 1966). From the depression and subsequent great strikes (maritime and shearing) of the 1890s also came the traditions of state intervention in dealing with labour issues (Patmore, 1992), as liberal reforms shaped early legislation for compulsory arbitration and wages boards and won over union support. But although the boom-bust of the 1880s and 1890s had been exacerbated by land speculation, there was no state intervention into reform of land tenure, despite the efforts of Henry George who wanted to abolish taxation, except on land values (thereby raising wages, increasing jobs and abolishing poverty). His arguments were dismissed by radicals. 'They wanted the bread of a millennium: he offered the stone of reform' (Clark, 1981: 58).

The politics of land were a major preoccupation of colonial Australia; South Australia had twenty land acts or amendments in twenty years from 1870 (Buxton, 1990) and undoubtedly land was central to European notions of security. By 1890, a century after European settlement, land in south-eastern Australia was commodified completely; Aboriginal use of rights to land had been extinguished. Rurally, commercial farming and grazing supported by state assistance and family labour was the pattern (Buxton, 1990). In towns and cities, the pattern towards home ownership had commenced. Although only 30-40 per cent of houses in Melbourne and Sydney were owner-occupied (Bolton, 1981), the push towards home ownership was powerful ('the paramount duty of a working man is to acquire a home'). A pattern of land disposal and use had solidified.

## 4.2 Employment

Colonial Australian working people were probably the best paid in the world in the second half of the nineteenth century (Bolton, 1981) although the cyclical variability for labour hit working people badly. But by any judgement, the changes to both land and labour use had been astounding in the time of one century.

By 1890 labour relations had assumed great significance. The centralised pattern of employer-labour relations accorded with needs for industrial peace for economic reasons, and institutionalised the nature of worker relations in a continuing unique central system in which the state (as in the convict system) played a central role. Trade unionism had spread from shearers and factory workers to retail, clerical, supervisory staff and to public servants. Unions co-operated, intercolonial congresses were established and by 1891 the Australian labour movement was seeking parliamentary representation. But major strikes (maritime and shearers) produced a concern by social liberals for their consequences. Intervention by liberals such as Deakin shaped early legislation for arbitration and wages boards, which gave both employers and unions stronger, more centralised roles (Patmore, 1991).

A century after settlement, collective bargaining, arbitration and wages negotiations were institutionalised; claims were made on government to provide work for the unemployed and labour had agreed to support a policy of 'tariff protection' in a new

---

Commonwealth which linked tariffs and adequacy of wages. In the absence of either a Poor Law or organised relief, the unemployed would take deputations to government, pressing a claim for paid work as a right. 'The unemployed were not so much challenging the work ethic but giving it an additional twist by calling on the government as employers to make work available' (Macintyre, 1985: 60). Certainly the need to provide work was a theme in both public reporting and literature. For example, a Victorian Inquiry reported in 1900 that of one thousand unemployed persons, eight hundred and fifty were genuinely in need of employment: 'this seems to dispose of the convention frequently advanced that want of employment is mainly the fault of the persons unemployed.' (Macintyre, 1985: 62, quoting Board of Inquiry on Unemployment).

Even without land reforms, by the 1890s the distinguishing feature of this new society was a commitment to the goals of egalitarianism: unlike the societies of the Old World, Australia was seen as a society where equality of opportunity was to be a reality. And at the end of the first decade of the twentieth century, Australia was a remarkably progressive society by European standards. It had major strata of poverty, but it had achieved a political and civic equality for women through the vote, it had given its old and sick age pensions and its workers had wages and conditions that were the envy of the developed world. It was also one of the richest countries in the world, with wage levels and conditions well above any comparative European economy (Castles, 1989).

Central to these achievements were unusual, if not unique, combinations of social and economic policies. On the one hand, there was the dynamic of **economic liberalism**, the establishment of the market, and the goal of economic growth through international trade. On the other hand, there was the principle of **social protection**, policies aimed at the quality of life and the support of: first, those such as the old who were excluded from the market; second, policies aimed at those who were affected deleteriously by the cyclical operation and vulnerability of the market in a fluctuating international economy (such as farmers and manufacturers); and third, policies aimed at underwriting the quality of life for workers (Castles, 1989). The instruments of social protection included tariffs as a means to protect workers' incomes, legally guaranteed minimum wages and income supports for the aged. The watershed in social and economic policy which reflected this unique coming together of social and economic goals was the well known judgement by Mr. Justice Higgins in the Harvester Case of 1907 who declared that he could think of no other appropriate standard to assess a fair and reasonable wage than the normal needs of the average employee, regarded as a human being living in a civilised community and supporting a normal size family.

In a century of European settlement, particular modifications had emerged to reduce the original inequalities. First, despite major income disparities between the wealthy and working people, the free market had been modified, in labour and land use, by the development of social institutions which were promoted by the victims of inequality but sanctioned by powerful liberals. Second, these institutions followed the achievement of manhood suffrage and parliamentary representation. Third,

---

whilst these developments spell the beginnings of the 'working man's welfare state' (Castles, 1985) and by no stretch of the imagination were the working women's rights enshrined, women's suffrage had been implemented. Fourth, their exclusion from land and consequently the labour force made the banishment of Aboriginal people almost complete. Fifth, the price of the successful commodification of land and the limits placed on markets was the solidarity obtained through exclusion of Aboriginal and non-European people.

## 5 The 1980s and 1990s

The twinning of market principles and worker protection was at the expense of Aboriginal Australians. According to Reynolds, white Australians wrote the Aborigines and therefore the land question, out of their history altogether (Reynolds, 1987). Social policy has never reclaimed this question and it has taken a legal judgement (*Mabo v. State of Queensland*, 1992) to reassert its importance for black and white Australia alike. Central to the social policy agenda is the nature of particular forms of land title, tenure and compensation since European settlement, as challenged by the High Court ruling on the validity of native title in the *Mabo v. State of Queensland* case (Stephenson and Rutnapata, 1993).

### 5.1 Land and Property Issues

Land tenure principles did not change significantly in Australia from 1980. After the Woodward Commission and the subsequent Aboriginal Land Rights Act (1976) allowed traditional owners rights to Crown Land, a 1983 Review noted fifteen claims in the Northern Territory (Brennan, 1993). But in Western Australia and other parts of Southern Australia where traditional ownership was extinguished, land claims were more difficult and unresolved (Stephenson and Rutnapata, 1993).

As in the 1890s, the 1980s collapse in unemployment was preceded by a property boom and a growth in property income in higher income groups during the first part of the 1980s (Saunders, 1994). The corollary, the evidence for increased homelessness was supported by a national inquiry into youth homelessness (HREOC, 1989) and a 1990 census of refugees (which found 9162 adults and children on one night, with the largest group, 1451, being sixteen to nineteen year olds). The expansion of homelessness was also associated with a high demand for public rental housing: over the decade there was a doubling of applicants on public housing waiting lists (99,441 in 1980-81 and 195,019 in 1989-89 (ABS, 1992).

Many (the number is unknown) in the 1980s, were forced to foreclose on mortgages and vacate home ownership to join private renters, or even the streets, because of high interest rates. Inequalities in access to different types of tenures; the burden of housing costs relative to income; inequalities in housing assistance to renters when compared with owner occupiers; urban inequalities associated with particular areas of regions (e.g., house prices in Sydney; lack of transport and jobs on fringes of cities); all these factors compounded the difficulties of access to home ownership



(Yates and Vipond, 1991) which has become increasingly problematic for those on average wages. From an intergenerational point of view, the tax benefits available to owner occupiers (i.e. the non taxing of capital gains and the non taxing of imputed rents), offer those at higher income levels and those in older age groups particular tax advantages (Connell, 1991). These inequalities in housing and employment have been underpinned by a regressive tax system, which rewarded high income earners through superannuation tax concessions (Dixon, 1993) and encouraged speculative investment in the property market ahead of productive investments in jobs and infrastructure (Dixon, 1991). Within the housing sub-segment, however, since 70 per cent of Australian households own or are buying a home (Yates and Vipond, 1991), the owner occupied home has continued to be a significant avenue of distribution of assets.

## 5.2 Employment

Employment has always been the major instrument of income distribution in Australia: institutions supervising wages, conditions and industrial relations provided a 'welfare state for workers' (Castles, 1985). And whilst the system flowing from this judgement was gender and race blind, full employment, access to affordable housing and universal education ensured that up to the 1970s, when compared with similar societies, social inequalities in Australia were minimised (Castles, 1991).

But from the mid 1970s, when Australia abandoned full employment policies, unemployment levels have been relatively high, with the exception of the boom years of the 1980s (1983-90), when although unemployment rates reduced, the incidence of longterm unemployment did not. High levels of unemployment and low levels of social protection, and the latter provided principally via a now tightly targeted social security system (which in 1991 repudiated the concept of 'entitlement' as the basis of access), mean that many fall through the categorical systems of eligibility and all beneficiaries live for relatively long periods on inadequate incomes, excluded from participation in the community and stigmatised for their relative poverty (Carter, 1993; Trethewey, 1989).

The policy failure of employment policies is all the more marked, because the feature of Labor's approach to social policy in the 1980s, until the increase in unemployment from 1990-1992 was to provide the market conditions for employment growth. The co-dependence of philosophies of neo-conservative economics and social corporatism was the corner stone of this policy: social corporatism, supported by the Labor movement, extended the social democratic agenda of employment growth and social welfare through economic growth, whilst neo-conservative economics subscribed to the values of market capitalism, the dominance of economic efficiency and substantial reductions in government expenditure, especially via attacks on the social security system (Carter, 1993).

From 1983-1990, within this paradoxical philosophical climate, Labor delivered job growth and modest improvements to the social wage, via tax cuts, superannuation,

---

the family package and the extension of community services (in particular Medicare and child care), thus retaining support from both the union movement and social welfare groups. Simultaneously, expenditure cuts and job growth appeased conservative demands for rolling back social welfare. As unemployment levels grew, this balancing strategy was undone. As throughout much of Australia's history, employment growth from 1983 to 1990 had been the motif which tied capital, labour, human rights, social justice groups and governments together. From an average rate of employment growth three times the OECD average and above any OECD country, resulting in spectacular job growth and an increase in the numbers employed, unemployment rose sharply from 1990 to a level significantly above the OECD average (EPAC, 1992). The distribution of employment has changed markedly during the 1980s, with part-time employment and low earnings being substituted for full-time work and middle level full-time jobs, especially for males (Gregory, 1992). Long term unemployment, remaining from the 1981-83 recession and now estimated to be 300,000 could continue to rise to 600,000 by 1996, given an unemployment rate of 12 per cent (Chapman, 1993).

Labor's other significant social policies during the 1980s aside from employment growth and expenditure cuts were the reduction of poverty and the modest extension of community services via the Accord. During the 1980s, the reforms introduced by Labor had ameliorative, but not redistributive effects. The family package (1987-90) assisted the poorest families to close the poverty gap (King, 1991); health and education services made substantial contributions to average living standards but made little impact on vertical income inequality. This is scarcely surprising since cash transfers and housing are targeted to the lower income groups whilst health and education subsidies are more broadly distributed across the income groups (Saunders, 1994).

It is relatively easy to construct a case to demonstrate increased income inequality during the 1980s. Unadjusted ABS data shows that the degree of income inequality between income units as measured by the Gini coefficient of concentration, rose from 0.40 to 0.43 (ABS, 1992). Income units in the ten per cent of units with the highest incomes increased their (gross) income share from 27 per cent to 29 per cent between 1981-82 and 1988-89. Or to put it differently, income units in the bottom 20 per cent of income groups declined in their share of gross income from 4.9 to 4.5 per cent, whilst those in the top 20 per cent of income groups increased their share from 43.9 to 46.7 per cent (ABS, 1992). Similarly, Saunders, Stott and Hobbes found increased income inequality between higher and lower income groups between 1981-82 and 1985-86. The Luxembourg Income Study found when compared with other OECD countries, Australian levels of income inequality (raw and adjusted) are second only to the United States and more unequal than those of Canada, West Germany, New Zealand, Norway, Sweden and the United Kingdom (Saunders, Stott and Hobbes, 1991).

From this brief overview, however, it would be hard to sustain an argument for social equality in Australia 1993 with reference to the fundamentals of distribution of and access to employment and property. Further, these forms of inequality are

---

structured by reference to gender, race, age and location (Harris, 1989, 1991). There is a welfare state controlled by men, with women as workers and consumers (Bryson, 1991); amongst women, 1988-89 earnings were 61 per cent to those of men and women were under represented in higher paid jobs; female sole parents are at the bottom of income and employment ladders (Shaver, 1992). Disqualifications on the basis of race have combined to produce the institutional racism at the heart of the exclusion of Aboriginal Australians (Choo, 1991) and immigrants (Taylor and McDonald, 1992), whilst amongst Aboriginal Australians, chronic homelessness and social disorder remains the visible symbols of the dispossession of land (Choo, 1991).

## 6 Elements of Social Equality in Australia

Neal's discussion of the rule of law in convict New South Wales defines it as a political concept. Even convicts made use of the law and brought cases against their masters. The law was a set of ideas about political power and authority, the use of which was not confined to the rulers (Neal, 1991). Similarly, the conception of social justice in Australia, is in the area where the ambit of authority overlaps the claims of moral entitlement. As Macintyre points out, social justice is always mediated through political processes. Essentially it competes with other interests such as economic growth, efficiency and social order (Macintyre, 1985).

Similarly, social equality when observed *in situ* does not lend itself to discrete definitions.

In fact the egalitarianism of the late nineteenth century was merely a framework of economic opportunities within which individuals or groups manoeuvred to assert traditional forms of authority or to invent new ones. Those who fell outside the economic structure or were excluded by sex or colour were irrelevant to the rhetoric of egalitarianism. (Kingston, 1988: 278).

It is easy to say first what social equality does not presage in Australia. It does not mean equality of outcome, or equality of income. Although utopian communes were common in the 1890s (Davison, 1978) nearly all such experiments failed. It is also clear that social equality is not ontologically based since Aboriginal people have been generally excluded from its ambit. More familiar are the ideas of fairness (Neal, 1991), equality of opportunity (Macintyre, 1985) participatory democracy (Bate, 1988; Hirst, 1988) and what might be called cultural egalitarianism (Hirst, 1988). These concepts, either singly or in association, will be presented as the basis of Australian social equality.

Such analysis as there is on the generation of ideas of equality in Australia assumes that such ideas came from Britain or Ireland and America. British reform movements of the 1850s were critical to the cause of political reform in NSW, more so than the 1840s Chartist movement, considered to be dangerous radicalism (Hirst,

1988). As Macintyre says, all Englishmen, high born and low, shared the belief that their system of government enshrined inviolable liberties (Macintyre, 1985) even when this was patently not the case. Even convicts appealed to these principles of fairness and for this reason resented their codified legal inequalities and the arbitrary application of physical punishment. However Richard White's study *Inventing Australia* (White, 1981), briefly discusses the influence of America on Australia as a new society and also comments on the impact of de Tocqueville's 1835 *Democracy in America* on Australian thinking. He concluded that 'American democracy, as interpreted by de Tocqueville, remained the standard by which the local variety was judged, for better or worse, for the rest of the century' (White, 1981: 54).

The particular views of social equality which emerged from nineteenth century Australia were framed by particular ideologies in particular environments through particular events and symbols communicated by particular agents. To summarise these briefly, it might be noted that ideologies of fairness, equal opportunity, participatory democracy and social egalitarianism were evident, in order, in the specific environments of the cessation of transportation, the unlocking of the land, the gold rushes and the Eureka Stockade, the labour movement and the strikes, the 1890s depression and in the celebration of the bush over the urban environment (Carter, 1991).

First, whilst economic motives were critical in the movement to cease transportation in 1850, the resentment of unfair authority was another strand. As Macintyre points out, the system of authority not only bore down on the convicts, it shaped the dominant classes; the officers (who reaped windfall profits from the system) as well as the merchants and the pastoralists who acquired their wealth from land grants and public labour. Convict emancipists could never become truly free whilst more convicts continued to arrive. The existence of the system continually undermined social relations by emphasising the freedom and assets of one group compared to the degradation and disadvantages of the other group. Thus **fairness** was an important argument in the abandonment of transportation. Similarly, the movement to 'unlock the land' from the pastoralist's security of tenure which excluded agricultural settlers was challenged on the basis of **fairness** (Macintyre, 1985), whilst at the same time of course, Aboriginal people were removed from this discourse by their perceived lack of humanity.

**Fairness**, then might be regarded as a cornerstone of Australian perceptions of social equality. Rules and regulations must be unbiased, legitimate, in accordance with a standard and not perceived to be benefiting one group at the expense of another. A 'fair go' is the first consideration. But 'fairness' demanded not only the removal of unjust coercions, but second, the **equal opportunity** for former convicts to live down their past and to make good.

The ordinary maxims of good government could not apply while Australia was a dumping ground for convicts, so that the injustices their presence had rendered could not be remedied until good government had been won. (Macintyre, 1985: 17-18).

---

If fairness was to be the touchstone of achieving equal opportunity, a stronger notion of equality was sought by those who took part in, or were affected by the Victorian gold rushes. On this subject, there is some agreement; that the preponderance of Americans on the Victorian goldfields stimulated notions of democracy. Victorian gold towns became the seed bed of democratic movements in the 1850s and 1860s through The Eureka Stockade and the ensuing Eight Hour Day movement.

Victoria was unusual in developing a radicalism, nowhere stronger than on the goldfields, in which working class and middle class interests **combined** to press for social justice and equality of opportunity. Individualism was combined with public spiritedness. (Bate, 1988: 60).

The Victorian gold rushes added to the quest for equal opportunities, a distinctive extra dimension of **participatory democracy**, expressed through citizenship. Citizenship in this sense operated through civil responsibility and public benevolence (Bate, 1988; Davison, 1978) and, in Victoria at least, this was expressed in solid nineteenth century public institutions from the arts to education and welfare.

This third element, **participatory democracy** could be viewed as a more 'advanced' state of equality than political representation simply because participation presupposes the decline of hierarchical social and political relations and assumes that social membership, regardless of the characteristics, past or present, of individuals, is fundamental. Being part of an alternative social order was a threat to authoritarian government and procedures, as evidenced by the miners' solidarity in the Eureka Stockade. The desire for freedom was the mainspring for the emergence of participatory democracy and the desire for freedom could be noted in the movement of the 1890s, when the distinctively Australian national culture - the legend of the bush - was constructed (White, 1981). Thus the combination of unionism and 'bush nationalism' could be viewed as additive factors in the construction of a further stage of equality, that of **cultural egalitarianism**. Social egalitarianism frames equality as the respect of the dignity of a human being; the fraternity of the French Revolution translated into Australian mateship.

In Australian history, egalitarianism is frequently mentioned and rarely defined. It appears to have meant the democratisation of behaviour and social relations (Hirst, 1988 uses the term 'manners'). It is presumed to have come from the Australian legend of the bush worker whose mate helped him survive and to have been given impetus by the levelling effect of the gold rushes on working practices. Thus nineteenth century conceptions of social equality encompassed fairness, equal opportunity, and participatory democracy as the basis of citizenship, which was in turn, viewed as social obligation. These ideas became extended, through the currency of ideas about Australian nationalism into a form of cultural egalitarianism. This equality of social relations meant that the Australian was as good - or better - than anyone else (with particular reference to the British and to Jack's master). There was also an obligation to protect and to help 'mates' at all costs.

---

To summarise then, the hypothesis is that the historic conception of social equality in Australia emerges from contingent, socially grounded sets of meanings enshrined in particular social policies and demonstrated by particular cultural forms of behaviour. It is inseparable from its context (being rooted in the specifics of perceived injustices) and it is exclusive in the sense that it is given voice by a particular disadvantage or a disadvantaged group in a particular environment. Its legitimacy is conferred by an alliance with a more socially powerful group. The implication is that the achievement of an equality in one arena may be at the expense of another. Injustice is assessed by a benchmark of fairness; 'a fair go' being the way that a practice inhibited or assisted equal opportunity.

Social equality is weakly associated with the notion of citizenship, but not in the generally accepted sense of citizenship as the outcome of conferred civil and political rights (Roche, 1992) (or of course, in the modern Marshallian sense that citizenship confers social rights). Instead, this historic conception of citizenship promotes the obligation to responsibilities, rather than to rights and entitlements. Further, this nineteenth century form of social equality was mediated through a set of interpersonal relations, based on the assumption that persons were equal in human dignity and value, despite their material status. Thus equality creates a social obligation to look after one's own (or one's mates). Thus, these various understandings of equality could be oppositional: social equality as cultural egalitarianism could be at odds with social equality as fairness or equal opportunity. Who was defined 'in' or 'out' of any particular individual, group or community sets of understandings about social equality could depend on where the boundary was allocated at any one point in time. An 'exclusive' understanding of social equality permitted fairness and equal opportunity for the insider, but excluded those perceived to be outside the boundary of social egalitarianism. Thus structural barriers of racism and gender bias placed Aboriginal, and other non-whites and women **beyond** the boundary of cultural egalitarianism and thus fairness.

The historical reality of social equality is messy and convoluted; for every winner there is a loser (Macintyre, 1985); for every rung climbed by some on the ladder of equality, others fall backwards. But Australian social equality has some strikingly national meanings: it appears to be much larger than material equality; and its **processes** seem to have been at least as important as its **outcomes**. And in the nineteenth century at least, neither economic liberalism nor socialism appear to have been as significant in the formation of conceptions of social equality in Australia as were social liberalism and nationalism. All this is a long way from a linear route to equality, such as that conceived of by Marshall in his conception of progress from civil to political to social rights (Marshall, 1965).

## 7 Contemporary Applications of Social Equality

How does this account relate to modern conceptions of social equality? This is certainly a problem, but no greater one, in my view, than transferring conceptions of social equality conceived in other cultures into the local 'habitus' without rigorous

---

re-examination. Conceptions of equality are often translated into Australian culture as 'ideal types' and are used as reference points, leaving the gap between the standard and the social actuality as the arena for social policy analysis and reform. My claim is that Australian social equality is not an abstraction and is far from being an 'ideal type'.

It is

- highly practical and face-to-face rather than theoretic and abstract
- highly selective, inclusive and situational in its recognition of injustice
- highly dependent on the articulation of claims by a disadvantaged group and in its dependence on subsequent negotiation between this group and more powerful advocates
- highly dependent on both participatory process and institutional remedies by government; i.e. highly political.

## 7.1 Land

What predictions can be made for the future of social equality with regard to the two themes, the tenure and distribution of land and the nature of labour and labour relations? Neither subject has been central to the contemporary discourse of social policy in Australia. Employment/unemployment has been a matter for economists, and whilst Aboriginal welfare has been a major social research area (to the point of frustration for Aboriginal people), the social policy implications of land tenure options and changes have not been a social policy priority.

The significance of the High Court decision on *Mabo v. State of Queensland* is that it provides an opportunity to reconsider the inequalities wreaked on Aboriginal Australians in order to bestow forms of equality on European Australians. Our contingent and flawed conceptions of social equality, suggest that the protest of Aboriginal people about injustice needs to be joined with the brokerage of socially liberal influential Australians who concur that a benchmark of fairness needs to be achieved to overcome the inequality caused by dispossession. Brokerage is important, as Aboriginal people and their immediate supporters will never become a social movement numerically, (as did the number of constituents and votes of the women's and environmental movements during the 1980s).

The strongly interpersonal nature of Australian equality also implies that an action strategy to achieve the implementation of the Mabo ruling will require efforts to promote cultural egalitarianism as well as fairness and equal opportunity. Attempts to advance Aboriginal/non-Aboriginal relations through education, sport, artistic, religious and political relations have been all too few. Education of non-Aboriginal Australians by Aboriginal people about Aboriginal relationships, for example the centrality of the notion of obligation to kin, is important.

---

The attitude of the labour movement could be critical. In discussing why the poor and disadvantaged have never been central to the efforts of the Australian labour movement, Stewart (1991) suggests that interests defined as 'welfare' (i.e. Aborigines, the poor) are dealt with through parliament and elections, whereas the arbitration system has operated in a relatively discrete and autonomous industrial relations system. Wage and related interests have been dealt with in 'sealed off' policy and action domains. Welfare initiatives are subject to electoral moods in a way that, say, wages policies are not. Further, Stewart argues that historically, the labour movement perceived that it needed to control the underclass:

The convict origins of Australia; the threat from the black indigenous populations; the imagined horrors of the dead heart; and deadly diseases such as syphilis and malaria, all created a deep paranoid fear in men of good sense in Australia that civilisation would be difficult to defend ... Racism and the white Australia policy, chauvinism, patriarchy and the use of law and state as a blunt instrument to suppress the underclass were enthusiastically adopted by the members of the labour movement ... (Stewart, 1991: 200-201)

## 7.2 Employment

In considering the absence of support from influential social liberals and from the labour movement for reform of Aboriginal land issues, the previous comment about the traditionally weak version of the conception of citizenship in Australia, with its popular understanding more aligned with issues of responsibilities than with rights becomes clearer. Rights arguments and rights talk, (that is, argument appealing to social rights, both resource rights and procedural rights) is recent in Australia (see, for example, Human Rights and Equal Opportunity Commission, 1989; Alston and Brennan, 1991; Carter, 1991). The ascription of social rights has been in Australia less significant in the conception and operation of welfare than the alignment of fairness within the labour market. In so far as the Australian welfare state has been constructed on the basis of the implementation of a program of social rights, this has traditionally meant (for men) the right to a job, a regulated wage and to certain conditions of employment. Conditionality and administrative eligibility rather than entitlement have been the basis of entry to the social security system, with obligation having been sharpened for the unemployed and sole parents during the 1980s. In the case of the unemployed, the obligation is market-oriented (to find and keep a job): in the case of the sole parent, the obligation is caring responsibility outside the market.

The notion of social rights is probably fictional in Britain too: the segregation of Marshall's social rights from his conceptions of civil and political rights, the dominant paradigm of post war welfare, has, arguably, endorsed a depoliticised form of citizenship which has fostered 'anomie' amongst welfare recipients and left those in poverty open to challenges that rights based welfare separated from obligations induces long term dependency (Roche, 1992).

---



Although the existence of substantial longterm unemployment was evident throughout the 1980s (and of concern to groups such as Brotherhood of St Laurence and the Australian Council of Social Service) it has been its relatively recent rediscovery as an economic and political cost rather than as a social burden which has legitimated its present public focus. In constructing a future for work in Australia, it is clear that the past centrality of employment in the Australian version of citizenship needs to be taken into account. Citizenship in Australia, even in its highly qualified sense of combining political participation with the obligation of responsibility to others is highly conditional and selective, neither unconditional nor rights-based.

The importance of association with paid work has been evident to the Australian women's movement, who, faced with a choice, opted for labour market attachment (plus child care, maternity and child care leave, equal pay and superannuation) - and therefore full citizenship - rather than for arguing for the status of non-commodified caring work. Whilst it is true that at present caring work is to a minor extent legitimated by the State (for example the Sole Parents Pension and Carers Pension), the low levels of adequacy, and the transfer of supports such as child care from providing support and incentives from non-working women to working women during the 1980s is an indication of the lack of stability of policies and programs to support caring work and their inherent subjugation and potential re-orientation to support market centred work as the priority.

This raises the important question of the citizenship status, Australian style, of those who are outside the labour market. Post-industrial theorists see no problem in uncoupling the tradition of paid employment and work so that work is assigned as great a social value as paid labour, to assist socially productive family, community and environmental work to be done (for an excellent summary see Crossley, 1990). However if the Australian version of equality means that citizenship has a diminished status outside the arena of paid employment, there is no guarantee that the future political regulation of the unemployed will be based on theories of rights-based citizenship, any more than is the present eligibility based social security system. There is little guarantee that Australian society will be able to construct a future for those out of work which has equal value to those in paid work. The Australian version of social equality is thus at least partly commodified because in its notion of obligation, paid work is central. But it is also unstable, in so far as it relies on the political system to define the benefits and disbenefits of unemployment. Regrettably, these tendencies constitute a case to be sceptical of the post-industrial society alternatives to full employment, such as the basic income strategy.

The basic income, or guaranteed minimum income (GMI) (Van Parijs, 1992) is unlikely to assist the longterm unemployed and other groups in chronic poverty to lead lives of full participation in the community. Citizenship and paid employment have been linked through the idea of obligation and their separation is problematic.

---

Supporters of a progressive approach to the politics of social citizenship will need to rethink the absolute priority they have traditionally given to social rights ... they will need to reconsider the moral and ideological claims of personal responsibility, of parental and ecological obligations, of corporate and intergenerational obligations ... the politics of citizenship has for generations formulated its goals, fought its battles and found its voice in the discourse of rights ... it also needs to be able to speak, to act and to understand itself in the language of citizen's personal responsibility and social obligation, in the discourse of duties as well as rights. (Roche, 1992: 246).

### Some Caveats

First, in the manner in which I have been describing social equality, Australian style, it includes means as well as ends, strategies as well as objectives. Its weakness is that it does not really yield predetermined goals - but then other ideologies of social equality do. It is essential that we continue to develop referents and standards by which our own messy version of social equality can be assessed. OECD comparisons, the development of social indicators, the promulgation of legal standards of human rights, such as those contained in the various International Conventions to which Australia is a signatory are all important, as the Australian notion of social equality is so reactive and processual. We need goal statements against which progress towards social equality can be measured. For example, the statements of United Nations Conventions; social democratic principles; social indicators; statements of social justice; are all goal statements and standards against which action towards social equality can be measured.

Second, to demonstrate that Australia is an inherently unequal society with a commitment towards social equality in a highly specific, qualified manner, is not a functionalist argument. It is to suggest that there are goals to be attained and various forms of social equality to be contested and enacted.

Although income inequality has not been the focus of this paper, it is, of course, both progenitor and outcome of labour market and property inequality and is further patterned by racial and gender disadvantages. Thus any strategy to progress social equality must stem from the proposition that widening the disparities of income inequality will defeat the objective of social equality. Policies to achieve income equality rely on major reforms to the taxation system (Dixon, 1991) and the maintenance of adequacy as an objective for both the social security system and awards for low waged workers.

To illustrate this and to affirm the relationship between Australian conceptions of equality and standards or referents, perhaps I could restate my own previously expressed view of the goals of Australian equality. Based on beliefs in ontological equality, the following goals are a long way from our present achievements.

---

- a job for all who want one
- an income allowing for participation in the generally accepted activities of the community.
- a good education
- affordable secure and decent housing
- access to good food and nutrition
- access to decent health care
- access to a healthy environment, to recreation and leisure
- participation in supportive, continuous relationships, usually in a family
- participation in and contribution to a tolerant, neighbourly and supportive community
- participation in and contribution to religious and cultural affairs, to reinforce cultural identity and freedom

all without prejudice to gender, race, age or location (Carter and Tretheway, 1991).

Thirdly, because the Australian version of social equality relies on a mix of certain factors being developed by particular groups at specific time points, it lends itself to a strong relationship between policy and practice. It fits Seliger's conception of an action oriented set of prescriptive beliefs, with moral and technical ways and means of implementation and adaptation of goal commitments. This suggests that Australian social equality needs, to be worked at, contested and enacted, as well as analysed and theorised (Seliger, 1976).

Fourth, the requirements of social action for achieving progress towards social equality needs to be restated in the uncertain environments of the 1990s. This paper commenced with stating two apparently contradictory positions; first, the internationalisation of the economy and its implicit threats to traditional Australian protections and second, the need for a particularist analysis of the Australian welfare state. In considering a response to the inevitability of internationalisation two responses from a particularist nation-state perspective are possible:

- resistance to change and defence of traditional social institutions. Michael Pusey's interesting study (1991) can be read as a spirited defence of the values and institutions of traditional social protection in the face of the attack of laissez faire economists on the values and intervention of the Commonwealth public service. This attack is conceived of by Pusey as a nation-state changing its mind.
-

- accept the changes and adjust to them. An example is the recent study for the Committee for the Economic Development of Australia (CEDA) which argues that since international competitiveness cannot be achieved at the expense of social equality without major social disruption and alienation that efficiency and equity should be joint goals (Argy, 1993).

The problem is that the next decade will require new social policy strategies and a revisioning of social institutions. The internationalisation of the economy may disallow the continuation of many national domestic social policies. Economically, forms of international co-ordination may overtake the particularities of the nation-state and social policies will need to adapt (Harris, 1993). It is one thing to imply (as this paper has done) that social equality has been both durable and malleable within a protectionist social and economic framework over the past century. It is another matter altogether to argue that domestic social policies, based on social equality, will survive within a post national framework. This is the matter we must begin now to anticipate. Investigating the history, nature, intensity and durability of social equality in the Australian social policy environment is a first step towards developing an anticipatory framework for new forms of social equality for the next century.

### Postscript

William Lane and his utopians arrived in Paraguay, after a voyage which could not be viewed as a success. The colony, New Australia, was plagued with strife and a breakaway group, as well as coping with poor land, distant markets, inadequate capital. In fact, all the problems the utopians had left behind were replicated in the New Australia. Those of us who are also by temperament and commitment, utopians, but by practice, reluctant realists, can take comfort that it has been our pragmatic, qualified, selective, complex, arguable form of social equality in Australia which survived the century, and not that of the Paraguayan, utopian alternative.

### References

- Alston, P. and G. Brennan (1991), *The UN Children's Convention and Australia*, ANU Centre for Public Law, ACOSS and the Human Rights and Equal Opportunity Commission, Canberra.
- Althusser, L. (1969), *For Marx*, Allen Lane, London.
- Argy, F. (1993), *An Australia That Works: A Vision for the Future: A Longterm Economic Strategy for Australia*, CEDA Research Study, p.38, Committee for Economic Development of Australia, Melbourne.
- Australian Bureau of Statistics (1992), *Social Indicators*, No. 5, Catalogue No. 4101.0, ABS, Canberra.
- Baldock, C.V. (1978), *Australia and Social Change Theory*, Ian Novak, Sydney.
- Bate, W. (1988), *Victorian Gold Rushes*, McPhee Gribble/Penguin, Melbourne.
- Bennett, T., P. Buckridge, D. Carter and C. Mercer (1992), *Celebrating the Nation: A Critical Study of Australia's Bicentenary*, Allen & Unwin, Sydney.
-

- Bolton, G. (1981), *Spoils and Spoilers: Australians Make Their Environment*, Allen & Unwin, Sydney.
- Bourdieu, (1977), *Outline of a Theory of Practice*, Cambridge University Press.
- Brennan, F. (1993), 'Mabo and its implications for Aborigines and Torres Strait Islanders', in M.A. Stephenson and S. Ratnapala, eds, *Mabo: A Judicial Revolution*, Queensland University Press, St Lucia.
- Bryson, L. (1992), *Welfare and the State: Who Benefits?*, Macmillan, London.
- Buxton, G.L. (1974) 1870-1890 in F.K. Crowley, ed., *A New History of Australia*, Heinemann Educational Australia.
- Cannon, M. (1966), *The Land Boomers*, Melbourne University Press.
- Carter, J. (1990), *Ideas of Equality in some Nineteenth Century Australian Women's Fiction*, Dissertation for M.Phil., University of Western Australia.
- Carter, J. and J. Trethewey (1991), *Promising the Children: A National Plan*, Brotherhood of St Laurence, Melbourne.
- Carter, J. (1991), 'The relevance of the convention to specific concerns: child and family welfare', in P. Alston and G. Brennan, eds, *The UN Children's Convention and Australia*, ANU Centre for Public Law, ACOSS and the Human Rights and Equal Opportunity Commission, Canberra.
- Carter, J. (1993), 'Dealing with policy failure: a social policy perspective', in I. Marsh, *Governing in the 1990s: An Agenda for the Decade*, Longman Cheshire, Melbourne.
- Castles, F.G. (1985), *The Working Class and Welfare*, Allen & Unwin, Sydney.
- Castles, F.G. (1989), 'Social protection by other means: Australia's strategy for coping with external vulnerability', in F.G. Castles, ed., *The Comparative History of Public Policy*, Polity Press, Oxford.
- Castles, F.G. (1991), *Australia Compared: People, Policy and Politics*, Allen & Unwin, Sydney.
- Chapman, B. (1993), *Long Term Unemployment: A Background Paper*, Unpublished, personal communication.
- Choo, C. (1991), *Aboriginal Child Poverty*, Brotherhood of St Laurence, Melbourne.
- Clark, M. (1981), *A History of Australia V: The People Make Laws*, University of Melbourne Press.
- Connell, R.W. (1991), 'The money measure: social inequality of wealth and income', in J. O'Leary and R. Sharp, eds, *Inequality in Australia: Slicing the Cake*, The Social Justice Collective, Heinemann, Melbourne.
- Crossley, V. (1990), *Children and the Future of Work*, Child Poverty Policy Review 3, Brotherhood of St Laurence, Melbourne.
- Davidson, A. and A. Wells (1988), 'Carving up the country', in V. Burgmann and J. Lee, eds, *A Most Valuable Acquisition*, McPhee Gribble/Penguin, Melbourne, 42-56.
- Davies, A.F. and S. Encel, eds (1965), *Australian Society: A Sociological Introduction*, Cheshire, Melbourne.
- Davison, G. (1978), *The Rise and Fall of Marvellous Melbourne*, Melbourne University Press.
- Dixon, D. (1991), *The Way Ahead in Fiscal Policy*, Brotherhood of St Laurence, Melbourne.
- Dixon, D. (1993), *Superannuation: The Costs and Benefits*, Brotherhood of St Laurence and Public Sector Management Institute, Monash University, Melbourne.
-

- Economic Planning Advisory Council (1992), *Unemployment in Australia*, EPAC Council Paper, No. 51, AGPS, Canberra.
- Eddy, J. (1989), 'What are the origins of Australia's national identity?' in F.G. Castles, ed., *Australia Compared: People, Policies and Politics*, Allen & Unwin, Sydney.
- Farrell, F. (1981), *International Socialism & Australian Labour: The Left in Australia, 1919-1939*, Hale & Ironmonger, Sydney.
- Fraser, D. (1984), *The Evolution of the British Welfare State*, Macmillan, London.
- Goffman, I. (1961), *Asylums*, Penguin, Harmondsworth.
- Gregory, R. (1992), 'Aspects of Australian labour force living standards: the disappointing decades 1970-1990', *The Copeland Oration*, 21st Conference of Economists, University of Melbourne.
- Halévy, E., *A History of the English People in the Nineteenth Century*, (6 vols) Ernest Benn, London.
- Harris, P. (1989), *Child Poverty, Inequality and Social Justice*, Child Poverty Policy Review 4, Brotherhood of St Laurence, Melbourne.
- Harris, P. (1991), *All Our Children: Child Poverty*, Policy Review 5, Brotherhood of St Laurence, Melbourne.
- Harris, S. (1993), 'The international economy and domestic politics', in I. Marsh, ed., *Governing in the 1990s: An Agenda for the Decade*, Longman Cheshire, Melbourne.
- Hilmer, F.G. (1985), *When the Luck Runs Out*, Angus and Robertson, Sydney.
- Hirst, J. (1988), 'Egalitarianism' in Goldberg, S.L. and F.B. Smith, eds, *Australian Cultural History*, Cambridge University Press.
- Hirst, J.B. (1988), *The Strange Birth of Colonial Democracy: New South Wales, 1848-1884*, Allen & Unwin, Sydney.
- Human Rights and Equal Opportunity Commission (1989), *Our Homeless Children: Report of the National Inquiry into Homeless Children*, AGPS, Canberra.
- Kennedy, R. (1985), *Charity Warfare: The Charity Organisation Society in Colonial Melbourne*, Hyland House, Melbourne.
- King, A. (1991), 'Measuring child poverty', in J. Carter, ed., *Measuring Child Poverty*, Child Poverty Policy Review 6, Brotherhood of St Laurence, Melbourne.
- Kingston, B. (1988), *The Oxford History of Australia: Volume 3: 1860-1900*, Oxford University Press, Melbourne.
- Macintyre, S. (1985), *Winners and Losers*, Allen & Unwin, Sydney.
- Macintyre, S. (1986), *The Succeeding Age: 1901-1942*, The Oxford History of Australia, Vol. 4, Oxford University Press, Melbourne.
- Marshall, T.H. (1965), *Class, Citizenship, and Social Development*, Doubleday, Garden City, New York.
- Mercer, L. (1992), 'Regular imaginings: the newspaper and the nation', in T. Bennett, et al., eds, *Celebrating the Nation*, Allen & Unwin, Sydney.
- Neal, D. (1991), *The Rule of Law in a Penal Colony: Law and Power in Early New South Wales*, Cambridge University Press.
- O'Leary, J. and R. Sharp (eds), *Inequality in Australia: Slicing the Cake*, The Social Justice Collective, William Heineman, Australia.
- Patmore, S. (1991), *Australian Labour History*, Longman Cheshire, Melbourne.
- Pierson, C. (1991), *Beyond the Welfare State: The New Political Economy of Welfare*, Polity Press, Cambridge.
-

- Pusey, M. (1991), *Economic Rationalism in Canberra: A Nation Building State Changes Its Mind*, Cambridge University Press.
- Reynolds, H. (1987), *The Law of the Land*, Penguin, Ringwood, Victoria.
- Reynolds, H. (1993), 'Native title and pastoral leases' in M.A. Stephenson and S. Ratnapala, eds, *Mabo: A Judicial Revolution*, University of Queensland Press, St Lucia.
- Roche, M. (1992), *Rethinking Citizenship: Welfare, Ideology and Change in Modern Society*, Polity Press, Cambridge.
- Rowse, T. (1993), 'Mabo and the moral community', *Meanjin*, 52(2), Winter, 229-52.
- Saunders, P. (1994), *Welfare and Inequality: National and International Perspectives on the Australian Welfare State*, Cambridge University Press, Sydney (forthcoming).
- Saunders, P., H. Stott and G. Hobbes (1991), 'Income inequality in Australia and New Zealand: international comparisons and recent trends', *Review of Income and Wealth*, March, 63-79.
- Scull, A., ed. (1981), *Madhouses, Mad-doctors, and Madmen: The Social History of Psychiatry in the Victorian Era*, University of Pennsylvania Press, Philadelphia.
- Seliger, M. (1976), *Ideology and Politics*, Allen & Unwin, Sydney.
- Shaver, S. (1992), *Women and the Australian Social Security System: From Difference Towards Equality*, SPRC Discussion Paper No. 41, Social Policy Research Centre, University of New South Wales, Sydney.
- Souter, G. (1968), *A Peculiar People: The Australians in Paraguay*, Sydney University Press.
- Stephenson, M.A. and S. Ratnapala, eds, (1993), *Mabo: A Judicial Revolution*, University of Queensland Press, St Lucia.
- Stewart, R. (1991), 'Farewell or fair wage: Australian Labor as a social movement', in C. Jennett and R. Stewart, eds, *Politics of the Future: The Role of Social Movements*, Longman Cheshire, Melbourne.
- Taylor, J. and H. McDonald (1992), *Children of Immigrants: Issues of Poverty and Disadvantage*, Bureau of Immigration Research, Canberra.
- Thompson, J.B. (1984), *Studies in the Theory of Ideology*, Polity Press, Cambridge.
- Trethewey, J. (1989), *Aussie Battlers*, Collins Dove and Brotherhood of St Laurence, Melbourne.
- Van Parijs, P., ed. (1992), *Arguing for Basic Income: Ethical Foundations for a Radical Reform*, Verso, London.
- Ward, R. (1958), *The Australian Legend*, Oxford University Press, Melbourne.
- Western, J.S. (1983), *Social Inequality in Australian Society*, Macmillan, Melbourne.
- White, R. (1981), *Inventing Australia: Images and Identity 1688-1980*, Allen & Unwin, Sydney.
- Yates, J. and J. Vipond (1991), 'Housing and urban inequalities', in J. O'Leary and R. Sharp, eds, *Inequality in Australia: Slicing the Cake*, The Social Justice Collective, Heineman, Melbourne.
-

## Comments on Jan Carter's Paper

J.W. Nevile

University of New South Wales

I agree with much of the general thrust of Jan Carter's paper. Indeed I want to applaud it. This is a bit embarrassing. At least in my discipline, discussion openers do not get points for summarising the good bits of papers, however good these good bits are. Nevertheless, I will remind you how the paper distinguished Australian ideals of egalitarianism and social equality on the one hand, from economic equality on the other: economic equality being defined as a relatively equal distribution of income and wealth. I particularly liked the emphasis on egalitarianism as a social equality which is based on situationally defined benchmarks of a fairness that assists equal opportunity and as a social equality which is 'mediated through a set of interpersonal relations, based on the assumption that persons are equal in human dignity and values despite their class and income'. The judgement that Australian attitudes to inequality value equality of opportunity rather than equality of outcome is supported by *SPRC Reports and Proceedings No. 107* by Stefan Svallfors (1993), which among other things reports that while 74 per cent of Australians think that the government should provide more chances for children from poor families to go to university, less than half believe that the government should provide a job for everyone who wants one, or even that the government has a responsibility to reduce the differences in income between people with high incomes and those with low incomes. Indeed, among other things, Svallfors conclusion states 'the view that inequality is necessary to induce qualifications and responsibility may be considered as a ruling ideology in Australia' (Svallfors, 1993: 50).

Jan both traces the historical roots and development of this type of egalitarianism and argues that it need not be combined with economic equality. Indeed the paper goes further and argues that, over the last 15 years or so, economic conditions and economic policy in Australia have increased an already unequal distribution of income. I'm going to stick to my last and comment on the relationship between egalitarianism and economic equality in Australia. In doing this I will discuss three questions:

- Is Australia a country in which income distribution is very unequal?
- What happened to income inequality in the 1980s? and
- What is the relationship between egalitarianism and economic equality in Australia and how did the intertwining of these ideals affect what happened in the 1980s?

The paper asserts that there was a high degree of income inequality in Australia at the beginning of the 1980s relative to other OECD countries. In my judgement this

---



was not the case, 'The Luxembourg Income Study', says Jan 'found [that] when compared to other OECD countries Australian levels of income inequality (raw and unadjusted) are second only to the US'. The Luxembourg study only considers a small group of countries. If one uses any measures that give reasonable weight to the bottom end of the distribution there are no significant differences in income inequality at the beginning of the 1980s between Australia, Canada, New Zealand and the United Kingdom. Of the countries in the Luxembourg study referred to by Jan, only West Germany, Norway and Sweden had significantly less income inequality than Australia. These three countries are well known as world leaders in low income inequality. Studies with a larger sample than the Luxembourg study (e.g. Kakwani, 1981) show that while income distribution is not particularly equal in Australia, neither is it particularly unequal; as with many other statistics relating to economic welfare we fall in the middle of the pack. The events of the 1980s may have made the mediocrity of Australian performance less pronounced. The latest study (Travers and Richardson, 1993) suggests that, as far as equality of income distribution is concerned, Australia is now close to the top of the pack.

I have a minor point and more important one about what happened in Australia in the 1980s. The minor point may sound pedantic, but can be of some importance. Discussing changes in income inequality by looking at income units in aggregate is not advisable. To be confident about the conclusion one needs to disaggregate. To give a simple example, if because of a booming economy, teenage children, who had previously stayed at school because of job opportunities, obtain employment and contribute to the family income then income inequality among income units increases, but that among families declines.

However, if one disaggregates, Jan's conclusion that income inequality increased in Australia over the 1980s remains, though it is not quite so strong. If one takes the archetypal Australian unit, the married couple with children, the income share of the bottom 10 per cent actually increased over the 1980s, though the income share of the top 10 per cent increased by much more.

The main point I want to make about inequality in the 1980s is that by concentrating on the top and the bottom of the income distribution, Jan gave a distorted picture of what happened in Australia. Despite the figures that Jan quotes, it was not a simple case where the rich got richer and the poor got poorer. In fact, given the dominance of economic rationalist ideas and a developed worldwide trend to increased inequality, the poor in Australia maintained their income share remarkably well. It was the middle income groups whose income share slipped badly. For example Peter Saunders (1993) shows that between 1981-82 and 1989-90 it was the shares of the fourth and fifth deciles which fell the most. This is an aggregate figure but it corrects for differences in household size. Moreover, disaggregate analysis gives similar results.

Generally the increase in the share of income at the top end of the scale was counterbalanced more by a decline in the share of middle income earners than by declining shares at the bottom end. One obvious reason for this is the structure of

---

the Australian income tax rate scale and bracket creep, but there were various other reasons. Increased targeting of social security benefits also contributed a little to the decline in the income share of middle income earners.

It is of considerable interest to go behind the figures for changes in income distribution and see if anything stands out as the major proximate cause of the increase in inequality. Further work done by Raskall, McHutchison and Urquhart in the Study of Social and Economic Inequality at the University of NSW (1993) suggests that one factor does stand out - the distribution of after tax dividend income. This probably reflects two government decisions - both of which seemed commendable at the time. The first was the assets test for the old age pension which appears to have led many pensioners to divest themselves of shares - perhaps by giving them to their children and keeping them in the family but not in the household or income unit. Then somewhat later the government introduced dividend imputation which made a large proportion of dividends effectively tax free. This helped those at the top end of the income distribution more than the rest of the population. Given the relatively small size of dividend income in the total household income it is surprising that it had such a large effect. The other factors that caused increases in inequality are less important and what one would expect - increases in inequality in wage income and in the income of the self employed. Though even here a caution has to be made. With the introduction of the fringe benefits tax, wage earners receiving large salaries may have cashed in some fringe benefits, increasing the size of their measured wage but not their real wage.

Do these factual points I've been making throw any light on the bigger question of the relationship between egalitarianism and income inequality in Australia? I think that they do. What happened in Australia in the 1980s was very heavily influenced by the triumph of the world view that we call economic rationalism, and elsewhere is known as market liberalism. Overseas market liberalism is an elitist philosophy, which emphasises freedom from arbitrary restraint, though not of course freedom from economic restraints imposed by lack of market power. Friedman said quite bluntly 'One can not be an egalitarian and a liberal' (1962: 195). In Australia economic rationalism uses much less elitist language. One of its foremost exponents, Richard Blandy, goes so far as to use social justice type language and talks about economic rationalist policies empowering the man in the street, the little man. I'm sure that he is sincere, however misguided. The Australian economic rationalist philosophy is compatible with an egalitarianism that emphasises equality of opportunity. But I think our desire to give everyone a fair go probably goes deeper than moderating the elitist language of market liberalism. It may have something to do with the fact that women do far better in the labour market in Australia than in other English speaking countries. It certainly, as Jan brought out indirectly, had a lot to do with the fact that income distribution was not particularly unequal in Australia at the beginning of the 1980s. I think it has influenced the way our social security system has developed, that giving everyone a fair go did mean in the 1980s protecting those at the bottom of the heap from the rigours of market liberalism, even if that protection was not as adequate as many of us would have liked, and even if the fairness of protecting those at the bottom of the heap did not

---

extend to a general view in favour of reducing inequality of outcome. As Jan brought out so well, Australian egalitarianism is more concerned with social equality than economic equality. But it is concerned to assert that all are equal in human dignity. A consequence of that assertion is that no one should receive an income so low that it is impossible for them to live with human dignity in our society. There is no contradiction between concern for the least well off and an egalitarianism that in general stresses equality of opportunity rather than equality of outcome.

## References

- Friedman, M. (1962), *Capitalism and Freedom*, Phoenix Books, Chicago.
- Kakwani, N. (1981), 'Welfare measures: an international comparison', *Journal of Development Economics*, 8: 21-45.
- Raskall, P., J. McHutchison and R. Urquhart (1993), *Decomposing Inequality in Australia: Relative Contribution of Demographic and Economic Factors 1984-89*, Study of Social and Economic Inequality Monograph No. 3, University of New South Wales, Sydney (forthcoming).
- Saunders, P. (1993), *Economic Adjustment and Distribution Change: Income Inequality and Poverty in Australia in the Eighties*, Discussion Paper No. 47, Social Policy Research Centre, University of NSW, Sydney.
- Svallfors, S. (1993), *Labourism Versus Social Democracy: Attitudes to Inequality in Australia and Sweden*, SPRC Reports and Proceedings No. 107, Social Policy Research Centre, University of New South Wales, Sydney.
- Travers, P. and S. Richardson (1993), *Living Decently: Material Well-Being in Australia*, Oxford University Press, Melbourne.
-

# Would Reducing Wages of the Low Paid Restore Full Employment to Australia? \*

R.G. Gregory  
Australian National University

Our focus is on longer term labour market issues. The poor performance of the Australian labour market has been brought to the fore by the current recession but many of these difficulties are of long standing and date from the early 1970s. This can be illustrated in a number of ways but Figure 1, which presents data on the growth of the number of long term unemployed, is particularly useful.

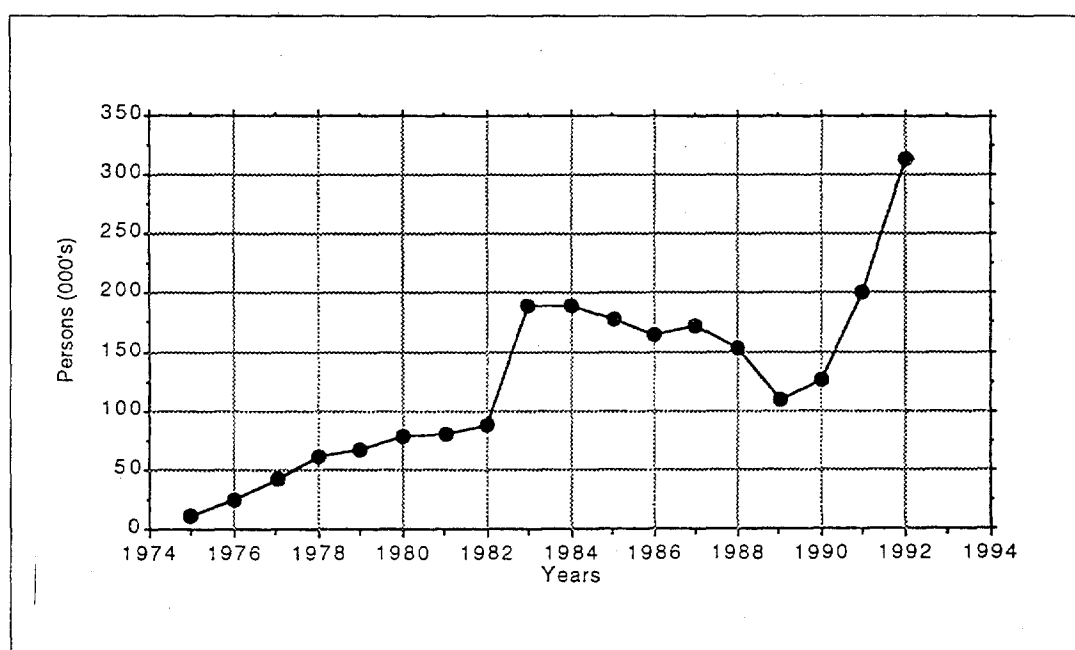
There are three distinctive features of Figure 1. First, the increase in the number of people unemployed twelve months or more has been larger in each successive recession since the early 1970s and far larger than can be accounted for by population growth. The increase between 1975 and 1977, for example, was 29,000, the increase in the 1982-84 recession, 101,000, and the increase between 1990 and 1992, 186,000. For the long term unemployed, which at August 1992 numbered 313,000, each recession has been worse than the one before and the consistent nature of this result is a clear indication of a structural problem.

Second, when employment growth began after each recession the number of long term unemployed was slow to fall. Indeed, there appears to be only four years over the last sixteen in which long term unemployment has fallen. Long term unemployment seems to be moving to a higher and higher plateau after each recession.

Third, even though 1983-1990 was a period of fast employment growth, and 1.6 million jobs were created, the number of unemployed for twelve months or more had only fallen 61,000 over the six years and 126,000 were still searching for employment in 1990. Over this period one hundred new jobs were needed to reduce the number of long term unemployed by three people. The largest annual decrease, 45,000, was between 1988 and 1989, the last year of the long boom, when the economic growth rate was widely perceived to be unsustainable and the Department of Social Security made a determined effort to find employment for the long term unemployed or to move them to other programs. It is obvious that job growth by itself does not seem to be sufficient.

---

\* Bettina Cass of the University of Sydney acted as Discussant for this paper when it was presented at the Conference. Her remarks were not available in written form at the time of publication.

**Figure 1: Long Term Unemployment**

Australia is not the only country which has been subject to depressed labour markets and rising long term unemployment. The phenomenon is common throughout Europe. For example, unemployment is 10.4 per cent in the UK, 8.2 per cent in Germany and 11.5 per cent in France. Furthermore, the proportion of the unemployed in Europe who have been without work more than 12 months typically exceeds 30 per cent (Table 1).

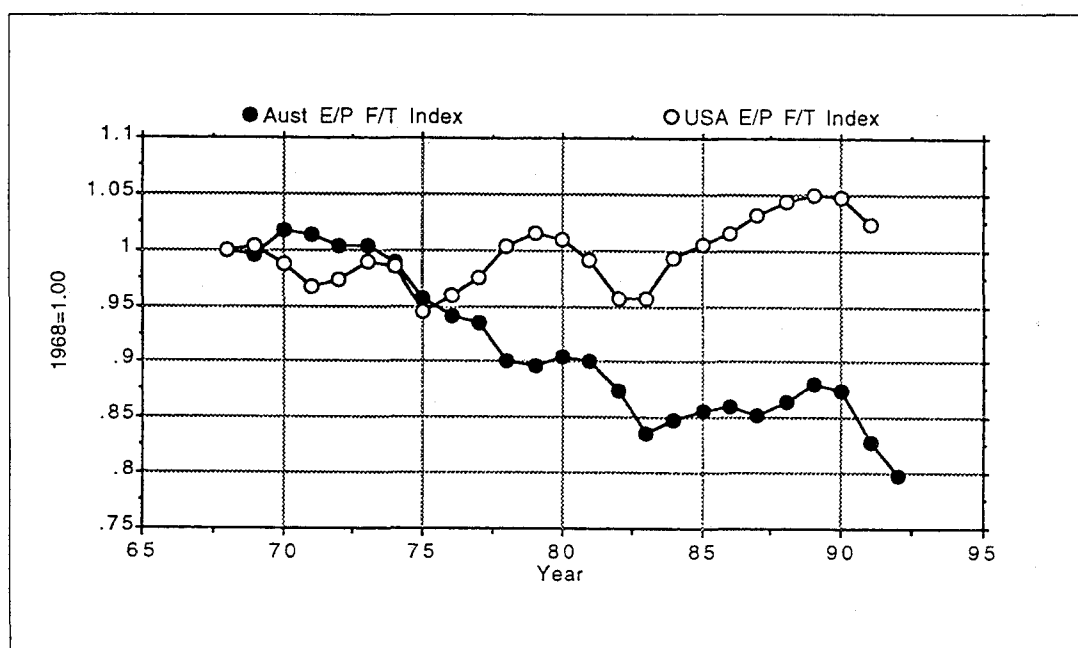
It is noticeable among OECD countries that the US economy has escaped these labour market trends. Unemployment in the current US recession is lower than during the recessions of 1981 and 1975 and long term unemployment is not a special problem. The much better unemployment record of the US is based upon strong employment growth. Between 1975 and 1991 the employment-population ratio increased 15.7 per cent in the US. Throughout Europe the employment-population ratio has fallen and in some countries such as France the fall has been substantial, - 7.4 per cent (Table 1).

Figure 2 illustrates the extraordinary rate of full-time job growth in the US and makes clear the contrast with Australia. Between 1975 and 1991, the US produced 23 per cent more full-time jobs than Australia, after adjusting for population growth. If our economy had produced full-time jobs at this rate there would be sufficient employment to provide work for all the unemployed in 1991 and about another 760,000 jobs left over for those currently outside the labour force.

**Table 1: Employment-Population Growth Unemployment Rates and Incidence of Long-term Unemployed**

	Change in the Employment- Population Ratio 1975-1990 %	Unemployment Rate 1993 %	Proportion of Unemployed 12 months and over 1990 %
France	-7.4	11.5	38.3
Belgium	-4.4	9.5	69.9
Germany	-1.5	8.2	46.3
United Kingdom	1.2	10.4	36.0
Australia	5.4	11.1	24.4
Japan	5.1	2.5	19.1
Canada	11.1	11.3	5.7
United States	15.7	7.0	5.6

Source: *Employment Outlook*, OECD, July 1992  
*The Economist*, August, 1993  
*Labour Force Statistics*, OECD, 1970-1990

**Figure 2: Full-time Employment, Australia and USA**

The US is important to study as it illustrates that there is nothing inevitable about recent labour market employment and unemployment trends in Australia and Europe. There is no world-wide phenomenon at work which leads inexorably to low employment levels in the West. Indeed, the increase in the proportion of the US population employed since 1975 is the largest since the US economy moved from the depression in the 1930s into the World War II years. In Australia, the decline in the proportion of the population employed in full-time jobs is the greatest since the start of the 1930s. One of the important research challenges for those of us interested in employment, therefore, is to explain why Australian and US history is so different and in both instances so exceptional. Why has the US labour market over the last decade and a half created more jobs than at any other time over the last fifty years? Why has Australia created less?

While the rate of full-time job growth has been extraordinary, the US labour market has other characteristics which are not so attractive. There is a much greater inequality of earnings, and real wages for those on the bottom of the earnings distribution have fallen over the last twenty years. The dispersion of earnings is widening and there is an increasing number of people who can be thought of as the working poor (Burtless 1990, OECD 1993). There are inadequate income safety nets for the unemployed and for many employment is not sufficient to avoid poverty.

The US labour market therefore seems far from ideal. It has unattractive features yet it has produced jobs. But is there a relationship between the rapid growth of employment in the US and these other undesirable features? Does Australia have to move more towards this type of labour market to generate comparable job growth?

Many have suggested that we do. During the last election, for example, those who emphasised policies to deregulate the labour market, and to severely limit centralised wage fixing, were often of the view that deregulation would lower wages for those competing for jobs with the unemployed. They believed that lower wages and a wider dispersion of earnings were a necessary part of generating jobs for unemployed people. As an example of these views consider the following excerpt from *The Economist* of 24 July, 1993:

Economists have long sought ways to make the labour market work better; in particular, to encourage greater wage flexibility, so unemployed workers price themselves back into jobs. *Since this implies a fall in pay at the lower end of the labour market, a good sign of an efficient job market (though, possible, a socially divisive one) is a wide gap between the highest and lowest paid.* (My italics).

In a similar vein, there was some discussion in *Fightback!* (1991) about reducing the level of unemployment benefits and making access to benefits after nine months extremely difficult to encourage people to search more actively for jobs.

If unemployment remains high in Australia, and employment growth remains low, the need for greater wage inequality, and lower unemployment benefits with

---

restricted access, will be increasingly discussed, as it is already in the popular press and economics lectures in our universities. As the present consensus is that long term unemployment will be slow to fall over the next decade it is important for us to try and reach some judgment on the following three questions:

- Is a significant part of the extraordinary US job creating success due to a more flexible labour market and falling wages at the bottom of the earnings distribution?
- If so, would it be a good idea for Australia to adopt policies which will lead to reduced wages at the lower end of the earnings distribution?
- If wages were to fall significantly at the bottom of the earnings distribution would it become necessary to reduce unemployment benefit levels to avoid them becoming a more attractive source of income than employment at low wages?

If the answer to each question is yes, and the Australian labour market were to evolve towards that of the US, there would be a profound effect on the nature of Australian society. Income inequality would increase considerably and there would be a greater divide between the rich and the poor. Australia would be adopting a new and different philosophy as to the role of government and wage regulations, a philosophy at odds with our traditions since Federation. Our three questions therefore are not to be taken lightly. Furthermore, recent moves towards enterprise bargaining provide the opportunity for a considerable erosion of wages and employment conditions among low-skilled, non-union workers unless a special effort is made to index minimum wages and conditions for changes in average community standards.

In this paper we respond to our three questions in two parts. Part 1 begins to explore the relationships between downward wage flexibility at the bottom of the earnings distribution and employment growth in Australia and the US. Part 2 focuses upon the relationship between a greater inequality of relative earnings and the level of welfare payments.

## **1 Why Has Full-time Employment Growth Been Faster in the US?**

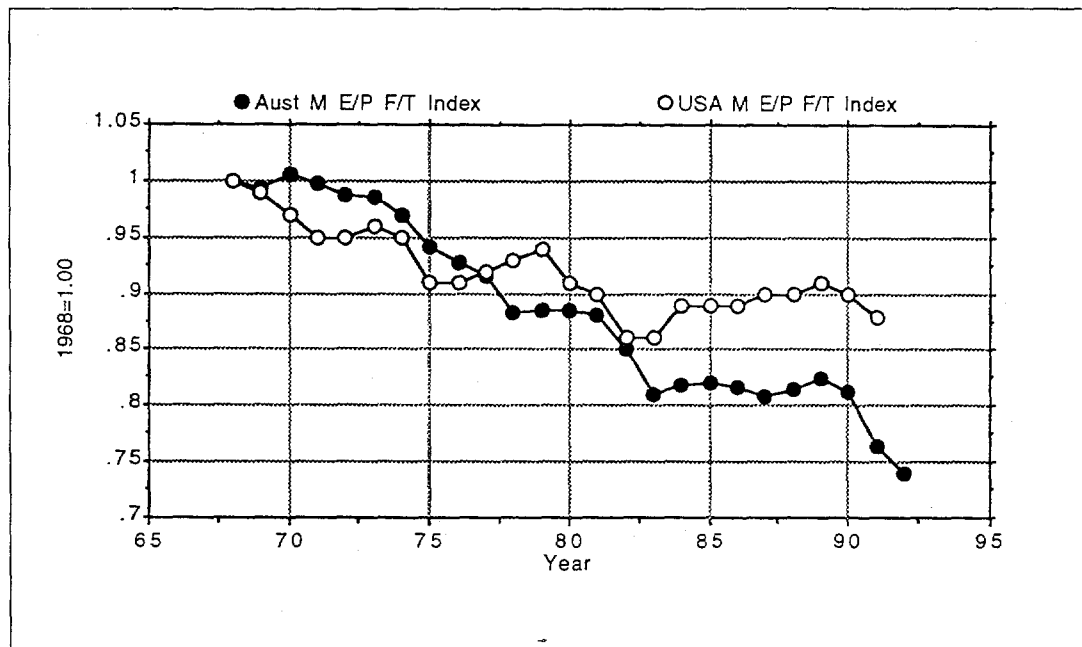
### **The Adult Male Employment Record**

In both countries the proportion of the male population employed full-time has fallen since 1970. The decline in Australia is extraordinary (Figure 3). Just over one in four male full-time jobs have disappeared. In the US the decline is about one in eight. If our employment-population ratio had fallen at the more modest US rate there would have been around 14 per cent more jobs for men, enough to employ all the unemployed males and a further 3-4 per cent.

---



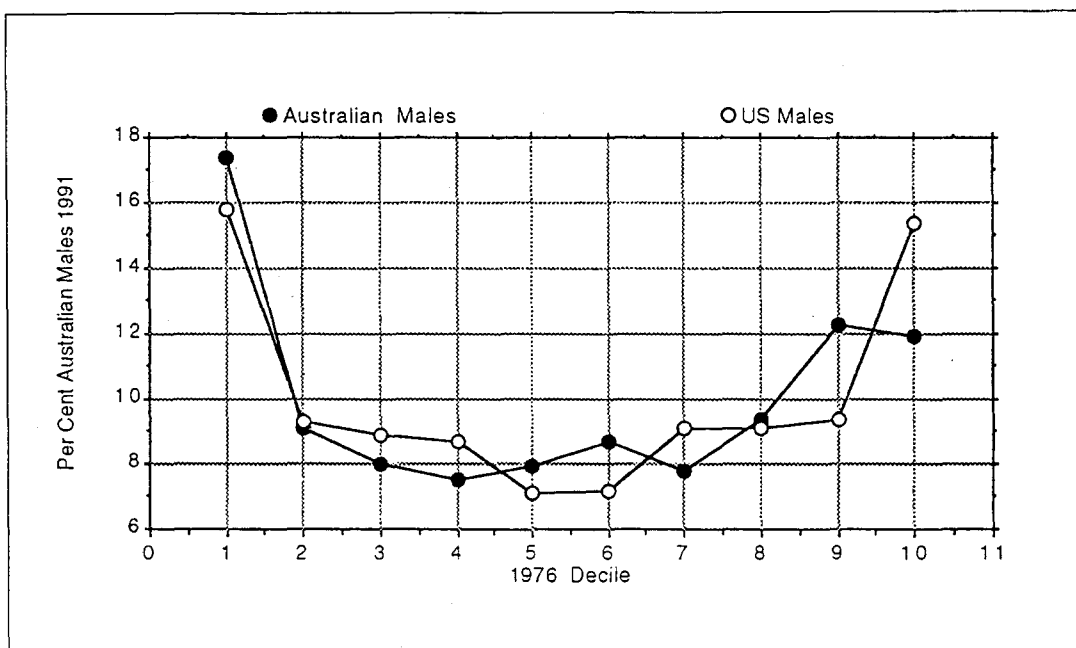
Figure 3: Male Employment/Population Index, Australia and USA



In the US a large proportion of full-time job growth among men has been at low weekly earnings. The growth has been concentrated among 'bad jobs'. This can be illustrated by the following calculations. We first take the distribution of earnings in the US among male full-time workers in 1976 and divide the distribution into deciles<sup>2</sup>. The earnings boundaries for each decile are expressed as a ratio of 1976 median earnings and then these cut-off points are applied to 1991 median earnings. We then count the number of men in each of the calculated earning categories in 1991 to measure where the job growth has occurred. If, in 1991, there is 10 per cent of males employed full-time in each decile, as defined on the 1976 distribution, then the employment pattern has not changed since 1976 and employment growth has been evenly spread. We find, however, that the number of male full-time jobs in the lowest decile has increased to 16 per cent and that jobs have disappeared in the middle deciles (Figure 4). The concentration of job growth at the bottom of the earnings distribution is so striking that this is where 43 per cent of the additional male jobs created between 1976 and 1991 are to be found. There is a hollowing out with the number of jobs disappearing in the middle of the distribution and increasing at each end.

The faster job growth at the bottom decile has been associated with a significant fall in real wages for these workers. Real wages at the 10th decile in the US have fallen

2 We choose 1976 as the beginning data point because Australian data are available from this point onwards.

**Figure 4: Male Full-time Employment by 1976 Earnings Deciles**

around 15 per cent since 1976. The exact cause of this fall in relative wages, and the associated job growth at the bottom of the earnings distribution, is not known. US economists have focused on the growth of international trade, the decline in unionism, a bias in technological change towards skilled labour causing wages to fall at the bottom of the earnings distribution and the decline in manufacturing employment. But none of these explanations seems to be adequate (OECD, 1993; Freeman and Katz, 1991).

The central questions for us are whether the difference in aggregate employment growth rates between the two countries can be explained by the growth of low paid jobs in the US and whether this growth was generated by a degree of wage flexibility that is missing in Australia? Is a lack of job growth at the bottom of the male earnings distribution, for example, the source of our unemployment problem - perhaps brought about by the 'inflexible' award rate system which stops wages falling at the bottom, and relatively higher unemployment benefits which discourages people from accepting jobs?

When the Australian change in male full-time employment is divided among deciles of the Australian male full-time earnings distribution, it is clear that we too have been subject to the same phenomenon as the US (Figure 4). Between 1976 and 1991 there has been rapid job growth at the bottom of the male earnings distribution and, to a lesser extent, at the top of the earnings distribution. Male full-time employment growth has declined or been negative in the middle of the earnings distribution.

It is remarkable that the pattern of employment outcomes for each country are so similar, even though the aggregate employment growth has been so different. The regulated Australian labour market with low wage flexibility, and the loss of one quarter of male full-time jobs, seems to have produced the same relative employment outcomes as the more flexible US labour market where the loss of male full-time jobs has been confined to one in eight. It appears as though the difference between the countries must originate in factors which affect employment growth across-the-board and not in factors, unique to the US, which have allowed rapid job growth in low paid jobs.

To further illustrate the basic point, we apply to the US earnings distribution of male full-time workers the Australian earning deciles calculated from the 1976 Australian data, but based on US median male earnings. A number of features are immediately obvious.

First, it is striking how much the Australian wage distribution is compressed relative to the US (Table 2). In 1976, 27 per cent of US males earned income from full-time work which would have placed them in the bottom decile of male earnings in Australia. As mentioned earlier if Australia were to adopt the US earnings distribution it would be a very large move towards greater inequality.

Second, we can see once again the growth of low paid jobs. By 1991 the US male full-time employment proportion in the bottom decile, defined on the Australian 1976 distribution, has increased from 27.0 per cent in 1976 to 30.6 per cent. By 1991 the proportion of Australian males in the bottom decile has increased from 10 to 17 per cent.

Third, it is especially interesting that employment in low paid jobs, defined as those below 73.0 per cent of Australian median earnings (the tenth decile) have grown faster in Australia. It just does not seem to be the case that job growth at the bottom of the earnings distribution has been restricted in Australia.

Despite the evidence presented in Figure 4 and Table 2, which suggests that the pattern of job growth has been much the same across these two countries, it may still be argued that relative wages are important and that Australia has had greater employment shocks than the US which **require** a greater fall in wages at the bottom of the earnings distribution. It is not clear what the source of these greater shocks could be. The US economy seems to have been subject to the same international and technological forces as Australia over the 1976-1991 period.

### **Full-Time Employment for Adult Women**

There have been many significant changes in the labour market for women over the last two decades which relate to the issues being considered here. In Australia and the US full-time employment of women has grown much faster than that of men. Women are paid significantly less than men so this represents growth of employment

---

Table 2: Proportion of Full-time Employees by Earning Categories

	USA		USA		AUSTRALIA		AUSTRALIA	
	Earning relatively less than the bottom 10% of Australian males in 1976		Earning relatively more than the top 10% of Australian males in 1976		Earning relatively less than the bottom 10% of Australian males in 1976		Earning relatively more than the top 10% of Australian males in 1976	
	1976	1991	1976	1991	1976	1991	1976	1991
Male	27.0	30.6	11.3	17.3	10.0	17.3	10.0	12.8
Female	72.0	54.6	0.8	4.2	30.6	29.7	2.0	3.7
Total	42.0	40.7	7.8	11.8	15.5	21.4	7.8	9.7

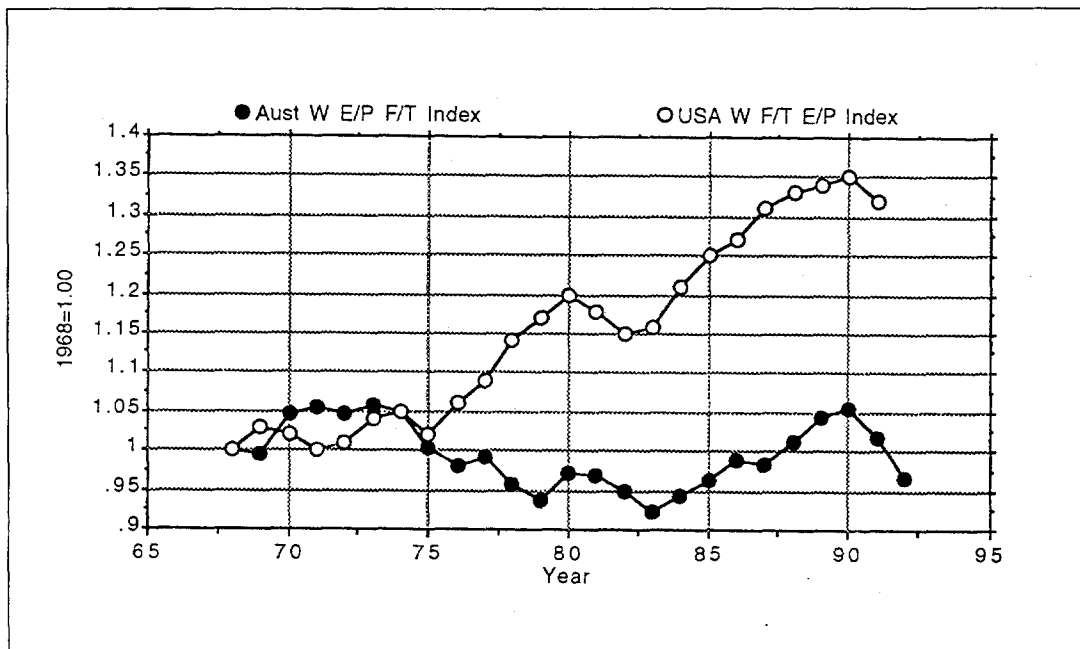
at below median earnings. Furthermore, relative to full-time employment of males full-time earnings of females are very much less in the US. In Australia the gender ratio of median weekly earnings for full-time workers in 1990 was 76.2 per cent. In the US it was a low 70.6 per cent.

The proportion of the Australian female population employed in full-time jobs is currently less than in 1970, despite changing attitudes to female employment and higher education levels of women. In the US, however, the growth of full-time jobs over the same period has been just over 30 per cent (Figure 5). This is a remarkable difference. Australian employment growth among women has been more concentrated on part-time work. Could the lower wages and faster rate of growth of full-time employment of women in the US be used to provide evidence that a reduction in relative wages of the low paid would increase their earnings? The answer is probably no.

First, in both countries the bias against male full-time employment and towards female full-time employment has been remarkable. In Australia 51 per cent of the growth of full-time employment went to women over the period 1970 to 1991. In the US the proportion was 58 per cent. If the US change had occurred in Australia, without an offsetting reduction in male full-time employment or female part-time employment, it would have accounted for only 15 per cent of the different level of full-time aggregate employment growth between Australia and the US. The difference between the two countries is explained by the different record of aggregate employment growth rather than the bias in employment towards women.

Perhaps the point is made clearer in terms of aggregate hours worked by men and women, so full account can be taken of the growth of part-time jobs. When this is done 59 per cent of the additional hours worked in the US since 1970 can be accounted for by women which is almost identical to the Australian 58 per cent. The

Figure 5: Female Employment/Population Index, Australia and USA



difference in the aggregate performance of the two countries seems not to be attributable to different gender employment patterns in response to the lower relative wages of females.

Second, female employment can be allocated to the earnings divisions calculated on the basis of the Australian male earnings distribution of 1976, in much the same way as was done for men in the previous section. The fact that women are paid very much less than men in the US is apparent. In 1976, 72.0 per cent of US women earned less, relative to the US male median, than the bottom 10 per cent of Australian male earners. For Australian women the proportion was 30.6 per cent (Table 2).

Table 2 indicates that the rapid growth of female employment in the US has been associated with an increase in their relative earnings. The proportion who earn less than the bottom 10 per cent of Australian men, defined upon the 1976 Australian male employment distribution, has fallen from 72.0 to 54.6 per cent. Most of the employment growth for women employed full-time has been at earnings above the cut-off point of the bottom decile, chosen on the basis of the Australian male earnings distribution. Once again the growth in US employment has not been exceptionally concentrated at the bottom of the earnings distribution **relative** to Australia where the proportion of women employed in the bottom male earnings decile has declined marginally from 30.6 to 29.7 per cent. The existence of a high minimum wage in Australia does not seem to be associated with less relative employment at low earnings. This evidence suggests that reducing minimum wages

would not significantly add to employment growth.<sup>3</sup> The US seems to have enjoyed greater employment growth across the board. Whatever advantages greater labour market flexibility has brought to the job creation process in the US it has not significantly affected the pattern of job growth. Australia seems to have been denied a fast rate of growth of all jobs and not just jobs on the bottom of the earnings distribution.

## 2 The Relationship Between Welfare Payments and Relative Wages

Although it seems inconsistent with the evidence above, many believe, largely on a priori grounds, that a wider dispersion of earnings would improve Australia's employment performance. A wider dispersion of earnings, which more closely approximates that of the US, would have significant implications for Australian income distribution. Not only would the earnings of a significant number of employed people fall by a large margin but it would seem inevitable that such a change would reduce the real level of welfare payments.

In Australia, an increasing proportion of individuals are dependent upon government income support in the form of unemployment benefits, invalid pensions and sole parent allowances. When employed most of these individuals are typically low income earners and consequently they have a vital interest not only in the level of unemployment benefit payments, when they are unemployed, but also a vital interest in the level of wages at the bottom of the earnings distribution, when they are employed.

The potential interaction between unemployment benefits and low wages are illustrated in Table 3 which lists the excess of male earnings from full-time work at the 10th and 20th percentile in both countries relative to Australian unemployment benefits for a married man, a non-employed wife and two dependent children. No allowance has been made for taxes from earned income, rent assistance for the unemployed or other concessions associated with welfare payments.

In 1976 the Australian male employed full-time at the 10 percentile would have earned 36 per cent more than the benefit level. In the US such a person, if they had access to Australian benefits, would be paid one per cent more than the benefit level. Once account is taken of costs involved in travel to work and income taxes it appears that in 1976 at least 10.0 per cent of full-time employed males in the US would have been better off receiving unemployment benefits for a married man, dependant wife and two children<sup>4</sup>. By 1991 the margin in favour of employment in Australia at the

---

3 Unless it could be argued that decreasing the wages of the low paid increases the employment of everyone pro rata. This seems very unlikely.

4 These calculations are used to illustrate the difference between the two countries and the importance of changes in low earnings. A more thorough analysis would divide the earnings distribution into groups which more closely approximated benefit categories. For example, the earnings distribution of married men, single men, men with children and so on.

**Table 3: Excess of Male Full-time Earnings Relative to Australian Unemployment Benefits (Married with 2 Children)**

Male Full-time Earnings	1976	1987	1991
10th Percentile	%	%	%
Australian Earnings Distribution	36	17	11
USA Earnings Distribution	+1	-25	-30
20th Percentile			
Australian Earnings Distribution	51	32	30
USA Earnings Distribution	24	4	-1
Median			
Australian Earnings Distribution	87	77	71

10th percentile had fallen to 11.0 per cent. In the US the loss from full-time employment at the 10th percentile, relative to Australian unemployment benefit levels, had increased to 30.0 per cent. Even at the 20th percentile in the US the level of earnings would be less than Australian unemployment benefits<sup>5</sup>.

Income support levels for the unemployed are very low in the US and Table 3 makes apparent that the more generous Australian benefit levels would not be feasible in the US labour market unless low wages could be increased there. Once account is taken of the costs of getting to work, more than one man in five employed full-time would be significantly better off in the US by not working if he could accept Australian benefit payments for a married man, a non-employed wife and two dependent children.

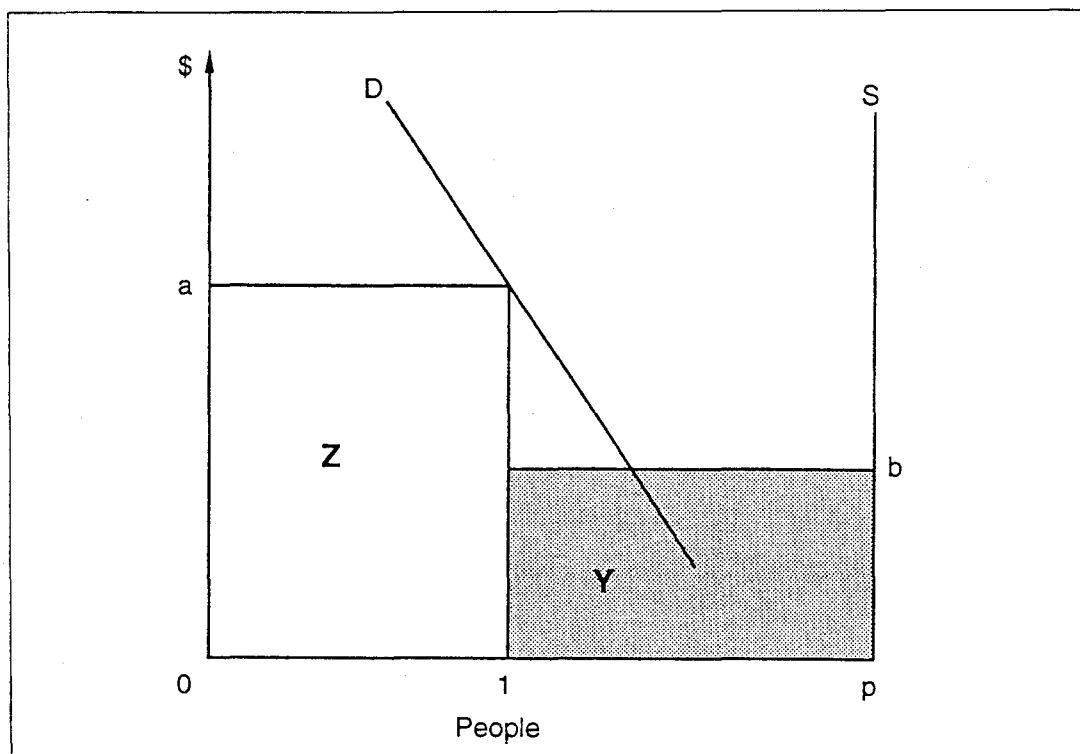
Table 3 illustrates an important point. If labour market deregulation were to lead to a significant fall in earnings for the low paid it would also be likely to lead to a reduction of welfare payments to avoid the emergence of welfare traps. Consequently, a fall in wages at the bottom of the wage distribution is of concern to a wider range of people than those currently employed and the change in income distribution following upon a large fall in low wages would be considerable.

The argument can be illustrated in a simple stylised way as follows.

Figure 6 represents the labour market for those at the bottom of the earnings distribution. To make the analysis simple I have assumed one wage and that all are

5 In Australia a similar phenomenon is emerging as the gain from employment at the 20th percentile has fallen from 51 to 30 per cent. The gap between income from work and income from government income support is narrowing.

Figure 6: Demand and Supply Unskilled Labour



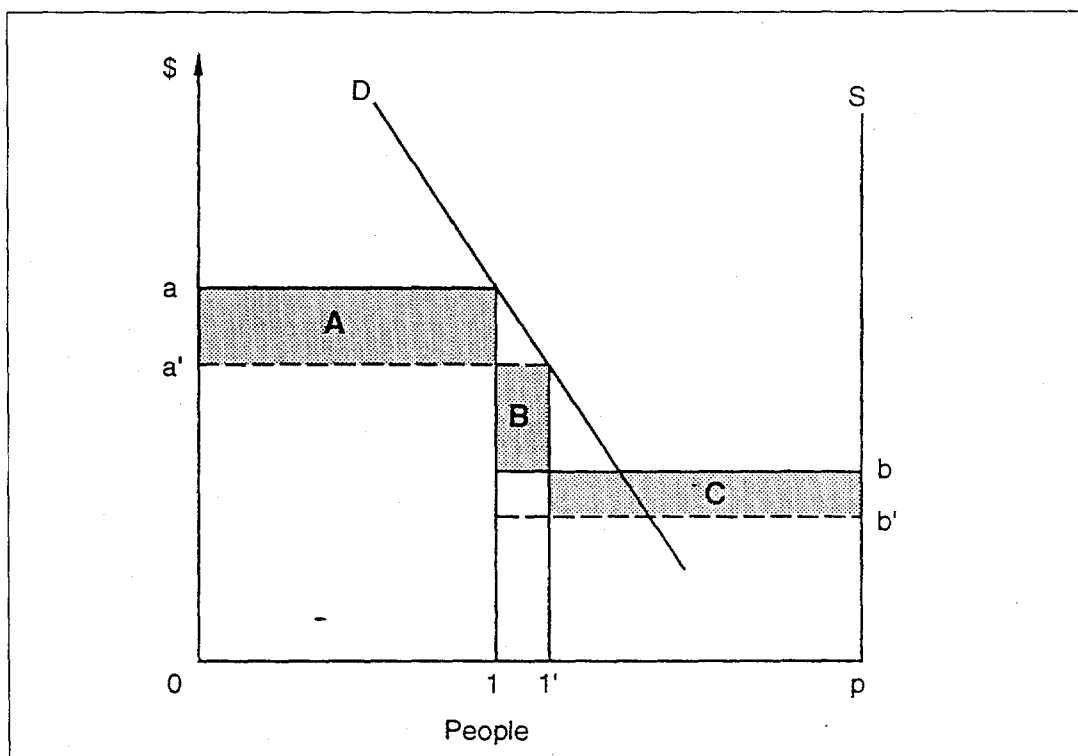
entitled to a fixed level of unemployment benefits. The average wage paid is 'oa' and the level of unemployment benefits 'ob'. The demand curve for labour is drawn as DD with a downward slope so that a wage reduction will increase employment. The supply curve is drawn as SS. The number employed is measured as 0-1 and the number unemployed as 1-p. Those employed earn the income area Z and those unemployed receive income equal to the area Y.

If the wage falls to 'oa' then those originally employed lose income equal to the area A (Figure 7). Additional jobs increase income by the area B for those who move from unemployment benefits to employment. If unemployment benefits are reduced proportionately along with the wage then the unemployed lose income measured as the area C.

It is likely that the income losses of A and C will far exceed the income gains of B. For example, suppose that the diagram refers to the bottom 20 per cent of full-time wage earners and the unemployment level in the aggregate labour market was 10 per cent of full-time wage earners. Furthermore, assume that the 10 per cent unemployed are all drawn from those who would otherwise be employed at wages at the bottom 20 per cent of the earnings distribution. If the demand curve slope was such that each 1 per cent reduction in the wage of the bottom 20 per cent added 1 per



Figure 7: Demand and Supply Unskilled Labour



cent to employment of the group (a demand elasticity of unity) then a 10 per cent wage reduction would increase employment of the bottom group by 10 per cent and aggregate employment by 2 per cent ( $0.10 \times 0.2$ ). The income of the employed and unemployed as a group falls considerably despite the increased number of jobs. The income of the 28 per cent whose labour market status did not change (the original 20 per cent employed and 8 per cent unemployed) would be 10 per cent less. The income of 2 per cent, as a result of additional jobs, would be higher as they move from unemployment benefits to employment.

A number of points would seem to be worth emphasising from this simple example.

First, the income of this low income earning group has fallen considerably in response to a 10 per cent wage reduction. For all practical purposes the income fall is 10 per cent, which indicates that relative wage reductions are primarily about income redistribution rather than additional employment.

Second, the level of aggregate employment has not increased very much in response to the 10 per cent relative wage reduction of the bottom 20 per cent of income earners. Aggregate employment has increased by about 2 per cent. For a larger employment response the demand curve must have a much steeper slope or the wage reduction must be greater. What might be regarded as a reasonable demand curve

slope? We have had few experiments of a large relative wage change so it is difficult to know. One experiment, however, was to increase the relative wages of women by 30 per cent between 1976 and 1975 (Gregory and Duncan, 1981). As a result of this large change the employment of women did not fall relative to men which seems to indicate that the demand curve for female labour was relatively steep. If the demand elasticity were unity, for example, female employment should have fallen about thirty percent. The demand curve for the low paid may be even steeper than suggested in the above example.

### 3 Concluding Remarks

Unemployment and the dispersion of relative wages has been increasing in Australia since 1975. These changes raise the question whether a larger fall in relative wages of the low paid would have led to a better employment record. In particular, the US has had much stronger employment growth than Australia over the last decade and a half and it is often regarded as a labour market with much greater wage flexibility.

We have shown, however, that the pattern of job growth in the two countries is approximately the same. Both have experienced fastest job growth at the bottom of the earnings distribution. In this respect the US has not been significantly different from Australia. The key difference is that the US has generated more jobs at each point of the earnings distribution. As a result it seems unlikely that greater relative wage flexibility will significantly reduce Australia's unemployment problem. If the earnings distribution was to widen further the major effect would be to create greater levels of inequality rather than sufficient jobs at low wages to deliver full employment.

The comparison of Australian and US experience relates to the current emphasis on enterprise bargaining. It suggests that a special effort should be made to develop safety nets and a vigorous system of minimum wages. A comparison of recent job growth in the US suggests that a greater dispersion of relative wages did not lead to the creation of proportionately larger number of low paid jobs, relative to Australia. The restoration of full employment will lie in a direction other than reducing the wages of the low paid.

### References

- Burtless, G. ed. (1990), *A Future of Lousy Jobs: The Changing Structure of US Wages*, Brookings Institution, Washington, DC.
- Earnings inequality: changes in the 1980s, *Employment Outlook*, OECD July 1993, Chapter 5.
- Freeman, R.B. and L.F. Katz (Forthcoming), *Differences and Changes in Wage Structures*, National Bureau of Economic Research, Washington, D.C.
- Gregory, R.G. and R.C. Duncan (1981), 'Segmented labour market theories and the Australian experience of equal pay for women', *Journal of Post Keynesian Economics*, Spring, 3(3), 403-428.
-

- Liberal Party of Australia (1991), *Fightback!: The Liberal and National Parties' Plan to Rebuild and Reward Australia*, The Parties, Canberra.
- OECD (1992), *Employment Outlook*, July, OECD, Paris.
- OECD (1970-1990), *Labour Force Statistics*, OECD, Paris.
- 'Richman, poorman', *The Economist*, 24 July 1993, 61.
-