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# SPRC Newsletter

SOCIAL POLICY RESEARCH CENTRE No. 59 NOVEMBER 1995 FREE. EDITOR: JULIA MARTIN

## Social Economics and the Common Good

BY PETER SAUNDERS

The discipline of economics has a long tradition of analysing the major issues of the day and developing theories and policies to deal with them. From Malthus through to Ricardo and Adam Smith, the classical economists developed theories not for their own sake, but in order to explain real world issues such as population growth, international trade and economic growth.

### The Invisible Hand

The basic economic ideas articulated 200 years ago in Adam Smith's *The Wealth of Nations* remain as influential today as they did then. His main insight - that the best way to maximise the well-being of society within a competitive market framework is to allow individuals to pursue their own self-interest - is arguably the single most important and enduring of all economic ideas.

Since then, unfortunately, economists have been all too willing to advocate the policy implications of the 'invisible hand' theory of welfare maximisation without worrying about the relevance of the assumptions on which the theory is based.

Many have argued, for example, that increased competition is always desirable - an interpretation which has no basis in other than the most naïve versions of the theory. The theory has also been used to justify many forms of self-interested economic behaviour - including those which try to impede or prevent the very conditions of market competition upon which the theory is based. As a consequence, Smith's philosophy of market individualism has become divorced from the underlying economic framework upon

which the concept drew its legitimacy.

### Keynes and Social Economics

The work of John Maynard Keynes demonstrates what is best about social economics in two senses. Firstly, Keynes's

**Keynes showed how a multi-disciplinary approach is necessary in order to understand what is happening in the real world**

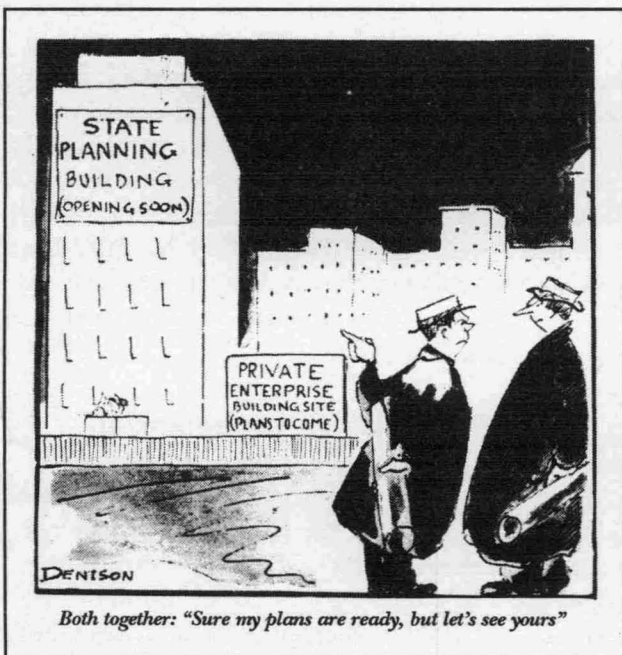
economic ideas reflected the nature of the society in which they were developed and were to be applied. Second, Keynes showed how a multi-disciplinary approach is necessary in order to be able to understand and influence what is happening in the real world.

Keynes's warnings about the consequences of allowing speculative activities to have an undue influence on how the stock exchange allocates capital resources in capitalist society remain relevant in today's economies. The influence of specu-

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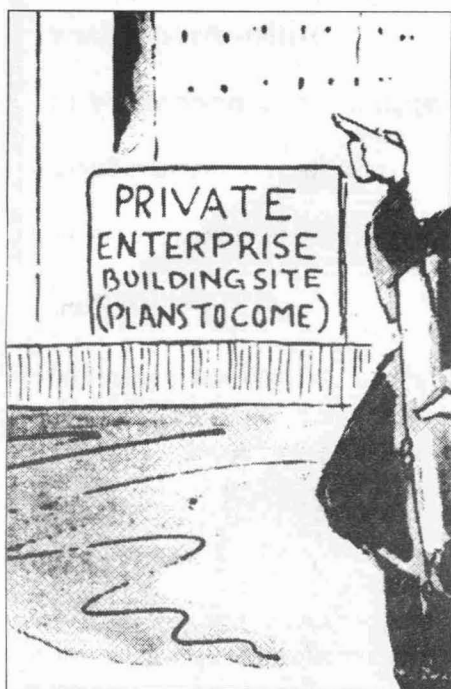


Above: Australian planning for post-war reconstruction drew on Keynesian principles - but not everyone was enthusiastic. (From Rydges's, July 1944)

The underlying motivation for developing these theories was twofold: to understand how the world worked; and to help improve the material circumstances of people through the rigorous application of economic reasoning.

today's economies. The influence of speculative currency transactions on the value of the Australian dollar and the economy itself, for example, is both unwelcome and, in a real sense, uneconomic.

Distinguishing between the application of economic principles to analyse social problems and social economics itself is extremely important. Economic reasoning can make a major contribution to the study of social issues. However, the scope of social economics itself is much broader than this.



Social economics includes looking at how economic actions and processes influence the well-being of society and its members, how social factors and institutions constrain and modify the application of economic ideas, and how it is that specific values and circumstances lend support to a particular set of economic theories at a particular point in time. These can be thought of as the *how?* and *why?* of social economics.

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Under the narrow view of social economics as the study of social problems, there is little chance that it will ever become an integral part of mainstream economics. Its role will primarily be concerned with how best to 'pick up the pieces' left behind by economic change, rather than being integrated into the debate about what kinds of economic changes are desirable in the first place, and why.

'Social economics' is thus not just about addressing the social consequences of economic forces and policies, but also about the need to put social factors on an equal standing with economic factors. It is about achieving a balanced approach to social welfare in the broad meaning of the term rather than the maximisation of economic product in the narrow sense.

This is no easy task. It requires the development of a combination of economic skills, social vision, and a good working knowledge of how the real world operates. It also requires training economists who can accept that solving policy problems requires a multi-disciplinary perspective and that other disciplines have a valuable contribution to make to this process. If we are to judge the success of the traditional economists' strategy of 'going it alone' by the state of our economy today, the folly of that approach is all too obvious. Unfortunately, much of the writing by economists on the economics of social issues illustrates the same problems.

### **Economics as a 'Science'**

One of the main problems in the study of mainstream economics lies in the artificial separation of normative and positive issues. Such separation, though fundamental in the natural sciences, has always been of less relevance to the social sciences. This is particularly the case in relation to the application of social science to solving real world problems, which can rarely be solved without having to make normative judgements.

By failing to acknowledge this, economists have provided policy advice under the guise of science when in fact it reflects a combination of science and values - the latter invariably hidden, often acknowledged, sometimes even denied. Even worse is the tendency of some economists to acknowledge that action is required to correct the undesirable distributional con-

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sequences of their policy recommendations when both the assumptions and values which underlie them are inconsistent with the introduction of such redistributive policies. The contradictions underlying such arguments need to be exposed and rejected.

These changes should come from within the economics profession itself, not from the outside. It is important that we do not throw out the very valuable economic baby with the inappropriate value-free policy paradigm bathwater. We need to mould economics so that it is better able to produce what society expects of it. This involves giving much more attention within the teaching of economics to its application to real world issues, and more prestige within the economics profession to those who study the real world. We need, in other words, to encourage the development of social economics as a legitimate subject of study in its own right.

### **Markets and Globalisation**

The globalisation of the world economy is having fundamental consequences for the sovereignty of national economies, as US Labour Secretary Robert Reich has pointed out in his influential book *The Work of Nations*. The global forces of economic change are sweeping all before them, leaving ordinary people increasingly exposed to economic forces over which they have no control.

Yet at the same time as this change is taking place, governments are telling us that we need to assume more responsibility over our own lives and the lives of those around us. Communities are expected to pick up the tab for caring for those unable to fend for themselves at the very time that communities themselves



are struggling to hold together in the face of economic change. Workers are offered tax incentives to work harder when there is already too little work to go round. Those on social security are trained and encouraged into jobs that all too often simply aren't there.

Conventional economic theories and policies are ill-equipped to respond to these developments. When both labour and capital are perfectly mobile on world markets, the very meaning of the nation state is brought into question. Yet all this is taking place in a context in which citizens are demanding more from their governments, not less.

One of the enduring lessons of the economic rationalism experiments of the 1980s is surely that there is a role for government in ensuring that we get the

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best from market forces and avoid the worst. There has to be more to government programs than the endless drive to keep their cost to a minimum. Shouldn't we speak with pride about how much we spend on social programs, not how little?

As we move through the 1990s towards a new millennium, the signs of economic and social dislocation are all too obvious. Many Australians have been asked to pay a terrible price for the structural changes which the economy has undergone over the last two decades. A lot of them are still waiting for the benefits for which their pain has been incurred. Many of these benefits will flow to people in other parts of the country, or in other occupations, or with different (often with more) economic skills and wealth. These people need a visible hand to help them to overcome the costs which the invisible hand has imposed on them.

Australians have been prepared to go along with these changes because they have been convinced of the need for change. But the price of that change in

terms of increasing inequality is there for all to see. I would characterise what has happened to the distribution of income in Australia over the last two decades as an increase in inequality which has been market-driven at the top but policy-modulated at the bottom.

### **Social Justice and the 'Fair Go'**

The recent OECD-sponsored report on income distribution gives little comfort to those who see Australia as amongst the most equal of countries. The study shows Australia languishing towards the bottom of the income equality league table, along with the United States, Ireland, Italy and Canada. Critics of the study will no doubt point out that the results refer to the mid-1980s and exclude most of the benefits of the social wage.

They are right, but the point of the study has been to take a longer-term assessment of the structure of income inequality in the rich industrial countries of the world. On the basis of the study's findings, it is hard to sustain the view that Australia places great store on a 'fair go' - at least as far as it relates to observed economic outcomes. Either that or we have been remarkably unsuccessful at achieving our equity goals.

Unless they are checked, the social divisions resulting from the growth in economic inequality will threaten the trust, freedom and justice on which Australia's post-war prosperity has been built. We are a long way from developing the kind of racial divisions and underclass culture that exists in parts of the United States, but that experience should serve as a salutary lesson to us.

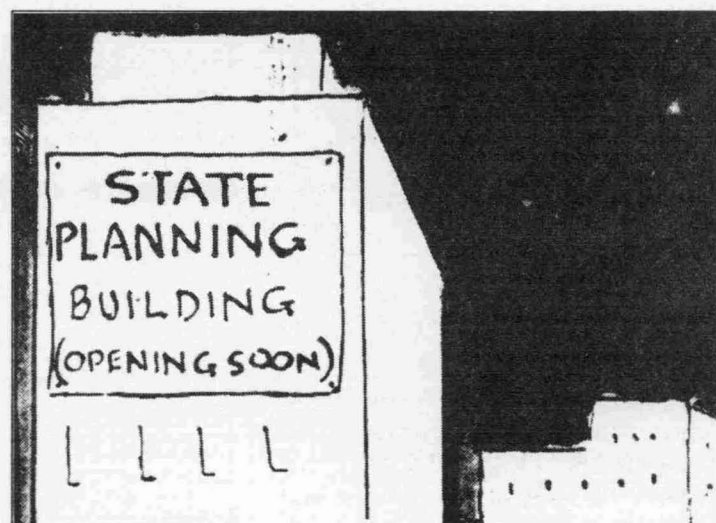
Social justice and a 'fair go' do not come automatically. They have to be chosen, and having been achieved, they have to be protected.

Compensating those who have suffered from the economic changes of the last two decades should have been considered before the changes were intro-

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duced, not afterwards. It is what would have emerged if an approach based on the principles of social economics had been developed and adhered to.

As my colleague Professor John Nevile has argued, the market makes for a good servant but a bad master. We need a new approach which moulds market forces for the social good, not one which sacrifices social well-being at the altar of market competition. In short, we need to replace economic rationalism with social economism.



*This is an abbreviated version of an address given at the launch of the Ronald Henderson Research Foundation in Melbourne in October 1995.*

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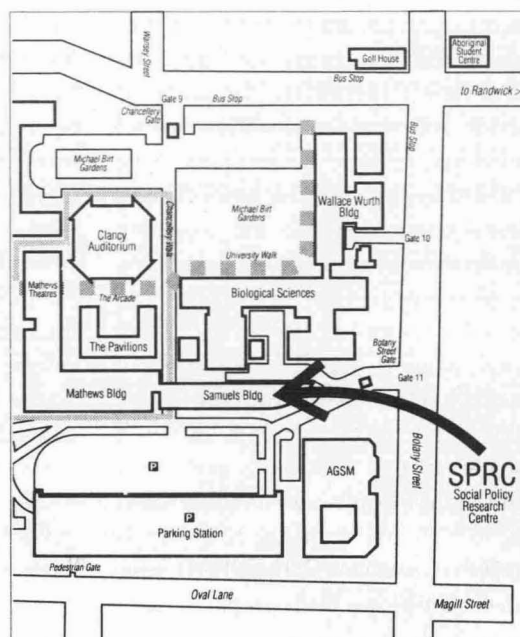
The Social Policy Research Centre (originally the Social Welfare Research Centre) was established in January 1980 under an agreement between the University of New South Wales and the Commonwealth Government.

The Centre is operated by the University as an independent unit of the University. The Director receives assistance in formulating the Centre's research agenda from a Board of Management, and in periodic consultation with the community. The Director of the Centre is responsible to the Vice-Chancellor for the operation of the Centre.

The Centre undertakes and sponsors research on important aspects of social policy and social welfare; it arranges seminars and conferences, publishes the results of its research in reports, journal articles and books, and provides opportunities for postgraduate studies in social policy. The Centre's current Research Agenda covers social policy issues associated with changes in work and employment; levels of social and economic inequality including poverty and the measurement of income and living standards; the changing structure of the mixed economy of welfare and the roles of state, market, household and non-government sectors in meeting social needs; in policies and programs in social security, taxation and the labour market, and in community services policies and programs.

The views expressed in this Newsletter, as in any of the Centre's publications, do not represent any official position of the Centre. The Newsletter and all other SPRC publications present the views and research findings of the individual authors with the aim of promoting the development of ideas and discussion about major concerns in social policy and social welfare.

The Social Policy Research Centre is located on Level 3 of the Samuels Building, University of NSW, Kensington Campus. Enter by Gate 11, Botany Street.



# FROM THE DIRECTOR

S O C I A L P O L I C Y R E S E A R C H C E N T R E

**T**he launching of the Ronald Henderson Research Foundation brings with it the hope that we may begin to see a reversal of the tendency for the social policy debate to be hijacked by economic factors and arguments. One of the main aims of the Foundation is to encourage talented young economists to study social economics. It is difficult to think of a more important goal, one which combines the rigour and importance of economic principles with an awareness of the social context within which economic forces operate and an appreciation of the need for the adverse social consequences of economic policies to be recognised and addressed.

The establishment of the Foundation also reflects the fact that in order to achieve this, it is necessary to provide an appropriate incentive structure. How significant, and thus how effective, these incentives are will depend in large part on the response to calls for donations to the Foundation. You will find a leaflet in this issue of the SPRC Newsletter which describes the aims of the Foundation and calls for donations. Take a moment to read it and, having done so, send your donation as explained in the pamphlet.

Those of us working in the field of social policy today know how significant the work of Ronald Henderson has been in giving legitimacy to its study and to the role of social research, both within universities and in government. Professor Henderson's research continues to set the standards of competence and commitment to which the rest of us aspire. We need to carry forward the important mission which he and others began, and the Foundation is an important step in this process. Give generously!

## Asia Social Policy Forum

For much of this year, the Centre has been involved with the Asia-Australia Institute at UNSW in the development and planning of the Asia Social Policy Forum. The main aim of the Forum is to bring together researchers, government officials, business leaders, NGO representatives and the media to discuss social policy issues from a regional perspective. As I write this, the first such Forum - which will take place in Chiang Mai in Thailand - is two weeks away. The theme it will explore is the impact of economic development on families in the different countries of the region.

The pressures to which structural economic change are giving rise are, to a certain extent, similar across all countries, even though they tend to manifest themselves in very different ways in different contexts. One of the specific issues which will be explored at the Forum is the degree to which there is a similarity of experience across the different countries of the region and how useful it is to talk in terms of a regional perspective.

Whatever the outcome of this particular venture, it seems clear that it makes little sense to continue along the path of closer economic ties between the countries of the region without also giving consideration to what this implies for social policy. Past experience has taught us that changes in economic structure and policy have major implications for social policy which cannot be ignored. To think otherwise is to fly in the face of history. For this reason, the debate about the future integration of the Australian economy into Asia needs to be broadened to encompass what this is likely to imply for the nature of our social policies.

Where we head over the longer term with ventures like the Forum is uncertain at the moment, but a strengthening of the social policy research links on a regional basis is a worthy aim in itself.

## Staff

■ I am pleased to report that Michael Bittman has joined the Centre for two years on a transfer from the School of Sociology at UNSW. Many readers will know of Michael's research on time use in Australian households. His role at the Centre will be Research Director of the newly-established Budget Standards Unit (BSU) which will undertake research into the development of indicative budget standards for Australia.

The project itself is described at more length elsewhere in this Newsletter, but Michael's appointment is an important first step in what promises to be an exciting and challenging study. The remaining staff of the BSU are in the process of being appointed and I will provide further details when these have been confirmed.

■ I am also pleased to welcome Karen Turvey to the Centre. Karen has joined our research team working in the field of community care and human services at the beginning of November. Prior to joining us, she worked at the Personal Social Services Research Unit (PSSRU) at the University of Kent in England and we look forward to her contribution to our own research in this and related fields.

■ In October, the Australian Research Council (ARC) awarded Sheila Shaver an ARC large research grant for the project Citizenship, Social Rights and Income in Retirement. In November, I was elected a Fellow of the Academy of the Social Sciences in Australia. Both achievements reflect the Centre's increasing academic profile and are most welcome. They are significant 'firsts' for the SPRC.

It is difficult to think of a better note on which to bring this year to an end, except to wish all Newsletter readers an enjoyable and peaceful festive season.

Peter Saunders  
Director

# FROM THE PROJECTS

S O C I A L P O L I C Y R E S E A R C H C E N T R E

## Analysing Policies for Alleviating Poverty in Sole Parent Families

BY MARILYN MCHUGH

In OECD countries, sole parent families represent from 10-15 per cent of all families with children (Perry, 1993). Sole parent families are predominantly headed by women and their vulnerability to poverty is widely acknowledged in many OECD countries, including Australia.

A recent study conducted by researchers at Queens University in Canada compared the role and impact of public policies on the incomes of sole mother families in ten countries: Australia, Canada, Denmark, France, Germany, Netherlands, Norway, Sweden, the United Kingdom and the United States. The Social Policy Research Centre, with funding from the Commonwealth Department of Human Services and Health, acted as national informant for Australia.

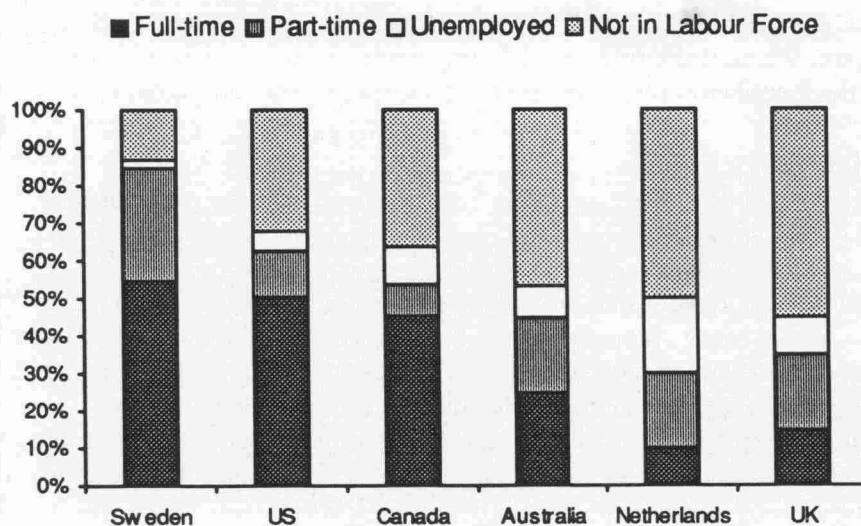
The aim of the study was to compare the level and structure of incomes and the expenditure patterns of a group of 'hypothetical' or model sole mother families in each

country, and investigate how these are influenced by a range of policy interventions. The policies covered include means-tested transfers, subsidies and services, taxation policies, private child support payments, as well as training programs and wage supplements.

A qualitative dimension was added to the analysis by involving groups of sole mothers in each country to comment on

on sole parent family incomes. They found the extent to which taxes and transfer policies lift substantial numbers of sole mothers out of poverty differs quite markedly between countries. A study of thirteen OECD countries examining poverty levels of sole parent families found:

*Tax and transfer policies towards sole parents are most effective in Sweden, the United Kingdom and the Netherlands.*



Source: OECD (1993), Breadwinners or Child Rearers: The Dilemma for Lone Mothers

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the appropriateness of the model sole mother families, the effectiveness of government policies and labour market issues. These focus groups provided an opportunity for sole mothers to voice their concerns and to assess whether there are commonalities between countries.

### Sole Parents' Economic Circumstances

The researchers reviewed several international comparative research studies to determine the impact of social policies

lands. Taxes and transfers in the United States, Australia and Canada reduce poverty levels among sole parents much less. (M. Forster, 1993).

The Canadian researchers in comparing the living standards of sole parent families in the reference countries noted:

*Canada, the USA, Australia and the UK to some extent, prefer to target their welfare expenditures, helping only those who need it, yet the results are that far more people, in this case sole parents, are poor. Moreover, the policies in these countries are struc-*



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*tured in such a way to almost ensure that sole parents remain dependent on them, despite the rhetoric about independence and self-reliance.*

Figure 1 shows data on the labour force participation rates (LFPR) for sole mothers for several of the reference countries (OECD, 1993). The figure indicates there is considerable variation in LFPR as well as in full- and part-time rates for sole mothers. When sole mothers are employed they are more likely to be in full-time employment than part-time in most countries except for the UK and the Netherlands.

### **Model Families in the Reference Countries**

Five model sole mother families were used to test the reference countries' policy measures. The aim was to have a set of families which represented frequently occurring situations with similar demographics of low income sole parent families.

In comparing the income, taxes, transfers and subsidies for the five model families the report concludes that all the countries subsidise essentially the same cost items, but in different ways. Some provide subsidies through cash payments others indirectly through tax reductions or service subsidies. In the main, Scandinavian countries rely more on standardised cash benefits while other countries tend to have more complex combinations.

The final outcomes for the model families in ten countries and the resultant relative standings were tested against the findings of other reports. The research concluded that in the treatment of model families, the countries can be

grouped in essentially the same manner as the LIS and OECD research indicate. Sweden, Norway, France and Germany are at the top, with Canada, Denmark, the Netherlands and the UK in a middle group, and Australia and the USA at the bottom.

Another interesting conclusion from the report is that in several countries the structure of benefits favours informal work in home production, mutual aid/self help activities, or the underground economy, over work which might be available in the labour market. There are very significant disincentives to being employed.

In all countries the model family left most vulnerable is the sole mother with a pre-schooler, who works part time. Her final income is well below the other model families, even though one might think that working part time would be considered the most sensible and positive step that a sole mother with a small child could take. The report argues there is also little incentive for full-time work unless a sole parent can earn income which is well above the average female wage in their country.

### **Evidence from the Sole Mother Focus Groups**

As mentioned earlier an important dimension of the study is the focus groups' interpretation of policies of employment, training, social security, housing, child care, child support and discussion of other issues for sole mother families. Country seminars or focus groups, as well as a four day international seminar involving seven of the ten countries, addressed these issues.

A brief summary of observations emerging from the groups particularly in the context of Australian sole parents are as follows.

- The model families in general were representative of sole parents in their country. Some issues not reflected were that many sole parents live with constant social or emotional problems, chronic health or addiction problems; some are fleeing violent or abusive relationships and have continuing problems with ex-partners or even their own families.

- In regard to employment many felt that policies of income testing made it impractical for a sole parent to work part time unless she did not report her earn-

ings. Most felt that economically they were better off staying at home.

- In dealings with the various 'systems' (Social Security, Community Services, Housing, for example) nothing seems to happen quickly or without problems. This becomes part of the welfare trap as once stable arrangements are established sole parents are reluctant to change them.

- Women were supportive of labour market policies such as JET, although they often bring their own problems. Organising child care, transportation of children and themselves, meals and other dimensions of life are as complicated for training as for employment.

- Most agree that basic needs have been met. Social assistance provides an adequate basic level although the families are vulnerable to change, disruption or misfortune such as personal illness or the illness of a child.

The report to be published in early 1996 provides a detailed analysis and comparison of how particular policies affect hypothetical sole parent families in a number of countries and what outcomes result. The report will provide assistance to social policy researchers in framing policies that respond more effectively to relieving the poverty situation of these families.

### **References**

Forster, Michael (1994), *Measurement of Low Incomes and Poverty in a Perspective of International Comparisons*, Paper prepared for the OECD, Paris, France.

Perry, Julia (1993), *Breadwinners or Childrears: The Dilemma for Lone Mothers*, Australia, OECD Working Paper on Social Policy.

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# NEW PUBLICATIONS

S O C I A L P O L I C Y R E S E A R C H C E N T R E

## **Social Policy and the Challenges of Social Change**

**Proceedings of the National Social Policy Conference, Sydney, 5-7 July 1995**  
Volume 1

**PETER SAUNDERS AND SHEILA SHAVER (EDS)**

SPRC Reports and Proceedings No.122

**T**his volume contains fifteen papers given at the fourth National Social Policy Conference, held in July 1995. They are:

Keynote Address: Stuart Macintyre, *After Social Justice*

Plenary Address: Ramesh Mishra, *Social Policy and the Challenge of Globalisation*

David Burchell, *Social Citizenship and Social Justice: An Unhappy Coupling*

Bettina Cass, *Overtaking the Male Breadwinner Model in the Australian Social Protection System*

Judith Davey, *Putting Housing Wealth to Work: Implications for Social Policy*

Victoria Foster, 'What About the Boys!': *Presumptive Equality in the Education of Girls and Boys*

Bev James, *The Treaty of Waitangi as a Framework for Policy Development*

Francis Lobo and Stanley Parker, *Late Career Unemployment: Implications for Social Policy*

Helen MacDonald, *Jobskills: Improving Peoples Lives?*

Julia Perry, *Twenty Payments or One? Alternative Structures for the Australian Social Security System*

John Powlay and Kate Rodgers, *What's Happened to the Work Test?*

Gaby Ramia, *The Swedish Model: Did it Fall or was it Pushed?*

Diane Smith, 'Culture Work' or 'Welfare Work': *Urban Aboriginal CDEP Schemes*

Paul Smyth, *Reintegrating Social and Economic Policy: Towards a New Australian Settlement*

Robert Stephens, *Measuring Poverty in New Zealand, 1984-1993*

## **Social Policy and the Challenges of Social Change**

**Proceedings of the National Social Policy Conference, Sydney, 5-7 July 1995**  
Volume 2

**PETER SAUNDERS AND SHEILA SHAVER (EDS)**

SPRC Reports and Proceedings No.123

**T**his volume contains fourteen papers given at the fourth National Social Policy Conference, held in July 1995. They are:

Plenary Address: Hilary Land, *Rewarding Care: A Challenge for Welfare States*  
Christine Everingham, *The Imagined Community of Access and Equity*

Karen Fisher, *Working Parents Caring for Sick Children*

Helen Johnstone and Catherine Fletcher, *Evaluation of the Landcare and Environment Action Program*

Valerie Harwood and Ruth Phelan, *Equitable Access to Education for Young Homeless People*

Fiona Kelly, Janice Clark, Pauline McEntee and Sandra Dench, *Factors Contributing to the Relinquishment of Children with Intellectual Disability*

Chris King, *Measuring the Effectiveness of Community Social Welfare Organisations*

Max Liddell and Chris Goddard, *Victorian Child Welfare: A Continuing Crisis of Policy and Provision*

Gwynnyth Llewellyn, *Community Services for Parents with Intellectual Disability: Specialist or Generic?*

Helen Moyle, Louise Golley and Paul Meyer, *The Changing Face of Children's Services*

Alan Owen, Nicholas Rowley and Paul Sadler, *Community Care Reform: One Step Forward, Two Steps Back?*

Rosemary Pringle and Annette Corrigan, *Redescribing the Family: Meanings and Values*

Rosslyn Reed, *Social Policy for Older Women is Not Working*

Cathy Thomson and Sara Graham, *Perceptions of Need: Implications for Change in Community Service Delivery*

## **Homeless Young People and Commonwealth-State Policies and Services: A Victorian Case Study**

**SHEILA SHAVER AND MARINA PAXMAN**

SPRC Reports and Proceedings No.124

**I**n 1992 the Social Policy Research Centre published a report, *Homelessness, Wardship and Commonwealth-State Relations* (Reports and Proceedings No.101). This was the outcome of a study by the authors of this report commissioned by the Department of Social Security in which they examined the nexus between Commonwealth and State policies young people.

The 1992 report focused on Queensland and South Australia. This report focuses on Victoria. It examines policy and legislation in the area and analyses data on programs available to homeless young people. Interviews were conducted with people in relevant government and non-government bodies but in addition, for this report, the authors interviewed a number of homeless young people themselves. The suggestions for improvement made by the young people are included as a last section of the report.

## **Budget Standards Unit Mailing List**

If you are interested in keeping up to date with the work of the Budget Standards Unit, join the BSU mailing list. The BSU will be producing regular Newsheets on its findings. Simply tick the box opposite and mail in.



## 1994 Diary of Social Legislation and Policy

AUSTRALIAN INSTITUTE  
OF FAMILY STUDIES • SOCIAL  
POLICY RESEARCH CENTRE •  
AUSTRALIAN INSTITUTE OF  
HEALTH AND WELFARE

Since 1980, the *Diary of Social Legislation and Policy* has been compiled annually to record changes made in Commonwealth Government social policy and legislation. Information is drawn from the following Commonwealth Government portfolios: Attorney-General's; Employment, Education and Training; Housing and Regional Development; Human Services and Health; Immigration and Ethnic Affairs; and Social Security. The main sources of information are press releases, annual reports, government and government commissioned reports, the Budget and Budget-related papers.

The 1994 edition sees the withdrawal of the National Institute of Economic and Industry Research as a partner in the project and their place taken by the Australian Institute of Health and Welfare.

There were a number of significant events in the area in 1994, among them being: the White Paper on Employment and Growth, Working Nation; the introduction of the Home Child Care Allowance, to be paid to low-income parents caring for children at home; the introduction of the Child Care Cash Rebate, to assist working parents or those looking for work in need of child care; the release of the National Youth Housing Strategy; increased funding for citizenship and settlement activities; the work of the Australian Law Reform Commission in examining access to justice for women; the release of the first National Mental Health Report; the House of Representatives Inquiry into Aspects of Youth Homelessness; the announcement of a major strategy to combat teenage smoking; the final report of the National Review of Education for Aboriginal and Torres Strait Island People; an Australian Disability Strategy; and funding for a National Prevention Strategy for Child Abuse and Neglect.

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# BOOK REVIEW

S O C I A L P O L I C Y R E S E A R C H C E N T R E

## Work and Family Life: Achieving Integration

BY ILENE WOLCOTT  
AND HELEN GLEZER

Australian Institute of Family Studies,  
1995, pp. xx plus 199. Price: \$29.95

Reviewed by Cathy Thomson

**C**oping with work and children and an ageing mother, and trying to devote enough time to them all. (part-time working mother, p. 61)

An increasing number of men and women are today combining work and family life. This creates the dilemma of 'trying to devote enough time to them all'. Following recent demographic, social and economic changes, the question of how to balance paid work and family responsibilities is increasingly important, and most people will at some point in their life confront this challenge.

Drawing on data from a number of studies conducted at the Australian Institute of Family Studies (AIFS) this book endeavours to

*explore the impact of work conditions and benefits that can influence family functioning and workplace performance, and identify the effects of relevant family and individual characteristics in determining how families harmonise work and family demands. (p. xvi)*

The book is divided into three parts. Part I begins with a description of the major demographic, social and employment trends that have influenced changes in both the nature of family life and the workplace in recent years. These include women's increased participation in paid employment, changes in the structure and organisation of work and altered economic conditions. The impact of work on family life and vice versa are then

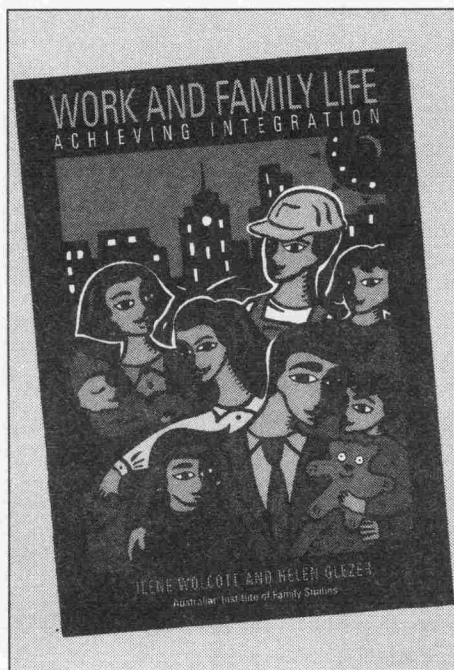
examined from the perspective of both employers and family members.

The second part of the book examines how parents balance work and family responsibilities by analysing data from studies conducted at the AIFS between 1991 and 1992. The Australian Family Formation Project (AFFP) (wave 2) and Australian Living Standards Study (ALSS) comprise the main source of data for this analysis. Data are also drawn from *The*

between the demands of work and family life are also described.

Participation in paid employment is associated with many benefits such as personal satisfaction, sense of achievement, autonomy and access to income. For most men and women in the ALSS, having an interesting job, a sense of satisfaction and good relationships with work mates, supervisors or employers were important aspects of their work environment.

**women working  
part time were least  
satisfied with  
opportunities for training  
and promotion**



*Dependent Care Study (DCS)* and interviews conducted in 1994, with 15 families.

Case studies are interspersed throughout the quantitative analysis, providing a rich source of additional information about how people's beliefs influence the organisation of paid work and family life.

Part III outlines Australian and overseas legislative and industrial initiatives and government policies developed to assist workers to meet the often conflicting demands of paid work and family life. Employer responses and practices which enable workers to achieve some balance

Generally, working parents in the ALSS reported that they were moderately satisfied with the number of hours they worked, work conditions and relationships at work. Of those working, 45 per cent of men and 52 per cent of women in the AFFP and more than a third of working parents in the ALSS thought they had achieved a balance between work and family responsibilities.

Analysis of satisfaction with work conditions, when broken down by gender and work status, revealed that women working part time were more satisfied than men and women working full time on the following dimensions: the number of hours worked, flexibility of work hours and the amount of pressure they experienced at work. In contrast women working part time were least satisfied with opportunities for training and promotion compared with men and, especially, women working full time.

Attempting to combine work and fam-

ily responsibilities can be a source of conflict. Most parents in both studies experienced some conflict between work and family life. Work had some negative impact on relationships with their children for approximately 40 per cent of parents working full time in the ALSS. When both parents were working full time in the AFFP, women were inclined to report greater conflict between work and family responsibilities. Many women minimised this conflict by working part time. Most partnered women with children surveyed in the AFFP who participated in paid work said they preferred part-time work.

A number of work practices implemented by employers, in recent years, have provided some assistance to workers with family responsibilities. These include flexible work hours, reduced work hours and paid and unpaid leave entitlements. An analysis of ALSS data revealed that work practices such as flexible working hours and reduced working hours that enable workers to devote more time to family demands were more important to women than men.

The findings from the studies indicate that achieving integration between work and family life, for most coupled parents with children, is a result of one parent, predominantly the mother, working part time and the other working full time. Also emerging from the analysis is the

effect of values and attitudes regarding work and family life on work preferences and satisfaction.

The authors conclude that *despite progress in legislation, employer practices, and shifts in how men and women share family responsibilities, it still appears that to achieve integration of work and family roles means to continue gender segregation. The vision remains more rhetoric than reality.* (p. 181)

To achieve an 'equitable balance' between work and family responsibilities, regardless of gender, fundamental changes in perceptions of the roles of men and women are required.

Overall, the authors provide a useful and informative analysis of the 'reciprocal impact' between work and family life and the ways in which men and women balance these demands. This is a necessary precursor to developing workable solutions to the integration of work and family responsibilities. However, the analysis is predominantly about partnered couples with children coping with the dual responsibilities of work and family. This emphasis is somewhat offset by a chapter devoted to an examination of how different family types such as sole parents and parents from a non-English speaking background manage responsibilities.

Family responsibilities are often narrowly defined in terms of domestic duties

and care of children. However, in *Family and Working Life: Achieving Integration* the authors have highlighted the diversity of family responsibilities which also encompass care of disabled or ageing relatives. It would have been interesting, had comparable data been available, to have contrasted the results for partnered cou-

**to achieve an 'equitable balance', fundamental changes in perceptions of the roles of men and women are required**

ples with children with those of caregivers of disabled people and elderly relatives.

This book raises important issues relevant to policy makers, employers and all workers with family responsibilities. A rich source of information about various issues associated with work and family life, the analysis and its implications are discussed from multiple perspectives, adding to the book's merits.

*Family and Working Life: Achieving Integration* will be a useful reference in understanding and resolving the dilemmas created by the competing and often conflicting demands of paid work and families.

## Budget Standards for Australian Households

◀ continued from page 12

characteristics of the members. To this end the Budget Standards Unit will be developed for seven household types. These households differ in size, number and age of children and in their labour force status.

The Budget Standards Unit will be guided and aided by a Steering Committee consisting of experts on nutrition, housing, textiles and clothing, health, transport, financial counselling, as well as those with experience in the delivery of welfare services to low income groups and representatives of institutions with special research expertise in the field. Professor Bradshaw will visit the Social Policy Research Centre in early December to provide advice on the detailed

strategy of the Budget Standards Unit.

In addition to expert advice, the Budget Standards Unit will receive input from focus groups, organised with the assistance of community organisations, at several stages in the development of the budgets. This will provide an opportunity for the budgets to be validated against community opinion and for revision in the light of community standards. A comparison of the budgets standards against actual expenditure data will act a further check.

The Budget Standards Unit will also develop a method for updating both the 'modest but adequate' and the 'low cost budgets' by using specially disaggregated Consumer Price Data from the Australian Bureau of Statistics.

Peter Saunders will have overall re-

sponsibility for the study and Michael Bittman will be the research director of the Budget Standards Unit. Bruce Bradbury will provide technical advice. The research team will also comprise Marilyn McHugh and two additional researchers who are currently being recruited.

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# Budget Standards for Australian Households

BY MICHAEL BITTMAN

In the face of evidence of 'persistent pockets of poverty', the Department of Social Security has been assessing the 'the adequacy of social security payments and the effectiveness of the social security system in alleviating poverty' (DSS, 1995:1). To aid the process of assessment the Social Policy Research Centre has been contracted to develop a set of budget standards for Australian households. The Budget Standards Unit has been established at the SPRC to complete the work by before the end of 1997.

In 1899, B.S. Rowntree established a poverty line for the town of York by drawing up a list of necessities such as food, clothing, fuel and household sundries, and then calculating the cost of purchasing these items. The founding document of Britain's post-war social security system, the Beveridge Report, relied on budget standards. In the United States there is a tradition of devising 'standard' family budgets which goes back to the turn of the century. Indeed, Australia's most celebrated study of poverty - Henderson, Harcourt and Harper (1970) *People in Poverty* - used a 1954 'Family Budget Standard' prepared by the Budget Standard Service of the Community Council of Greater New York to adjust their poverty line for different family types. Offices of Budget Standards exist in most Scandinavian countries.

The Social Policy Research Unit at the University of York recently developed a set of budget standards in the United Kingdom. Professor Jonathan Bradshaw explained how budget standards are developed:

*The task of those who draw up a budget is to decide what items are included in the budget, what quantity of items are included, what quality the item should have, what price should be given to it, and where items are purchased intermittently or occasionally, what lifetime should be attributed to them. (Bradshaw, 1993:3, emphasis in the original)*

Most of the research into poverty in Australia has concentrated on the relative income. The poor, in Australia, are said to be those with household disposable income per capita at specified level below average earnings (Henderson) or less than half-median incomes, after the appropriate adjustments are made (others). The disadvantage of the relative method of setting a poverty line is that during a recession, when overall living standards fall, the proportion of people deemed to be poor does not necessarily increase.

Bureau of Labor Statistics first used this standard in 1984 describing it as a standard of living which is sufficient to *satisfy prevailing standards of what is necessary for health, efficiency, the nurture of children and for participation in community activities.*

More recently, the United States Expert Committee on Family Budget Revisions defined the modest but adequate standard as one that 'affords full opportunity to participate in contemporary society and the basic options it offers' while



Photograph by Tony Potter.

Budget Standards Unit researchers (from left) Marilyn McHugh, Bruce Bradbury and Michael Bittman.

Budget Standards, on the other hand, are more direct and concrete. The need for food, clothing and shelter does not vary in the way earnings or income vary. By beginning from the basis of needs, detailing the expenditure necessary to fulfil these needs, budget standards indicate whether a particular level of income is sufficient to sustain an adequate standard of living.

The Budget Standards Unit will calculate two distinct budgets - modest but adequate budget and a low cost budget. These budgets correspond to two distinct levels of living.

Modest but adequate budget is conceived as sufficient to ensure households can live 'decently' within their communities, having regard to the community's standards and norms. The United States

being 'moderate in the sense of lying both well above the requirements of survival and decency, and well below levels of luxury as generally understood' (Nelson et al., 1992:ii).

The low-cost budget, on the other hand, is defined as one which may require frugal and careful management of resources but still be enough to allow social and economic participation. It represents a lower bound, below which it would become increasingly difficult to maintain an acceptable living standard because of the increased risk of deprivation and disadvantage.

It has long been known that households have differing needs owing to their different size, composition and the

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