

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

Author:

Saunders, Peter; Shaver, Sheila

Publication details:

Working Paper No. 122
Reports and Proceedings
0733412491 (ISBN)

Publication Date:

1995

DOI:

<https://doi.org/10.26190/unsworks/922>

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/1959.4/45234> in <https://unsworks.unsw.edu.au> on 2024-04-20

SPRC

SOCIAL POLICY RESEARCH CENTRE

Reports and Proceedings

No. 122

October 1995

Social Policy and the Challenges of Social Change

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

Volume 1

edited by
Peter Saunders and Sheila Shaver



THE UNIVERSITY OF
NEW SOUTH WALES

For a full list of SPRC Publications, or to enquire about the work of the Centre,
please contact the Publications Officer, SPRC,
University of New South Wales, NSW, 2052, Australia.
Telephone (02) 385 3857. Fax: (02) 385 1049. Email: sprc@unsw.edu.au

ISSN 1036 2835
ISBN 0 7334 1249 1

October 1995

As with all issues in the SPRC 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 SPRC 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 fourth National Social Policy Conference hosted by the Social Policy Research Centre took place on 5-7 July 1995. The theme of the conference was Social Policy and the Challenges of Social Change. This volume of papers from the Conference is the first of two to be published in the SPRC Reports and Proceedings series. It includes the keynote address, the first of the plenary papers and thirteen contributed papers. There is no connecting theme to the contributed papers which are in alphabetical order by author within each volume.

This year's conference was divided into broad social policy themes: Work and Welfare; Social and Economic Inequality; Family, the Life Course and the State; Community Services; Citizenship and the Mixed Economy of Welfare; and an Open Section which covered a variety of themes not included in the above categories.

The keynote address given by Stuart Macintyre puts social justice strategies as they act as levers on social policy into an historical perspective and relates ideas of social justice to economic restructuring and to the new discourse of citizenship. In his plenary address, Ramesh Mishra looks at the way social policy in any one nation is being challenged by the importance of the global market place and international competition; he stresses the need to balance economic with social policies in both national and international policy-making.

The themes raised in both papers are reflected in the contributed papers which follow. Some take up the issues as they affect specific groups in the community - people in receipt of social security payments, people in education, unemployment, families, elderly people and Aboriginal people. Others focus on analysing the issues more generally.

The papers in this volume and its companion should add to the body of work in the area, providing a balance between analytical, theoretical and practical approaches to social policy and stimulating interest in the concepts among researchers, administrators and the public.

Peter Saunders
Director

Contents

	Page
Foreword	i
Keynote Address	
Stuart Macintyre <i>After Social Justice</i>	1
Plenary Address	
Ramesh Mishra <i>Social Policy and the Challenge of Globalisation</i>	15
Contributed Papers	
David Burchell <i>Social Citizenship and Social Justice: An Unhappy Coupling</i>	35
Bettina Cass <i>Overturing the Male Breadwinner Model in the Australian Social Protection System</i>	47
Judith Davey <i>Putting Housing Wealth to Work: Implications for Social Policy</i>	67
Victoria Foster <i>'What About the Boys!': Presumptive Equality in the Education of Girls and Boys</i>	81
Bev James <i>The Treaty of Waitangi as a Framework for Policy Development</i>	99
Francis Lobo and Stanley Parker <i>Late Career Unemployment: Implications for Social Policy</i>	117
Helen MacDonald <i>Jobskills: Improving Peoples Lives?</i>	131
Julia Perry <i>Twenty Payments or One? Alternative Structures for the Australian Social Security System</i>	143

John Powlay and Kate Rodgers	
<i>What's Happened to the Work Test?</i>	161
Gaby Ramia	
<i>The Swedish Model: Did it Fall or was it Pushed?</i>	173
Diane Smith	
<i>'Culture Work' or 'Welfare Work': Urban Aboriginal CDEP Schemes</i>	195
Paul Smyth	
<i>Reintegrating Social and Economic Policy: Towards a New Australian Settlement</i>	209
Robert Stephens	
<i>Measuring Poverty in New Zealand, 1984-1993</i>	229

After Social Justice

Stuart Macintyre
Ernest Scott Professor of History
University of Melbourne

1 Introduction

Sitting on your side of the podium at more than one conference, I have remarked on the false modesty of speakers who begin by saying that they are not sure if they have anything to say. On this occasion I am tempted to resort to that gambit. Having explored the conference program and its remarkably impressive list of subsequent speakers, I am keenly aware that there is no aspect of social policy on which I can pretend to be an authority. Looking now at some familiar faces in the theatre, I recognise a number of researchers and practitioners in the field who were generous in their assistance when I first strayed into their field more than ten years ago. I also see Patrick Troy, who initiated and directed the Social Justice Project at the Australian National University, and was responsible for my then attempting to write a history of social justice in Australian history.

The Project, which Pat Troy pursued with characteristic enthusiasm, ingenuity and good faith, brought together scholars from a variety of backgrounds and disciplines to pursue an idea whose time seemed to be nigh. In 1982, when I arrived at the Coombs Building, the late Peter Wilenski was a colleague and within a year he moved across Lake Burley Griffin to implement some of his ideas of administrative reform for the newly elected Labor Government. Diane Bell, Bettina Cass, Meredith Edwards and Russell Linke were among other members of the Project who played significant roles in national policy formulation and implementation during the 1980s. For a brief period, following the publication of my book *Winners and Losers* (Macintyre, 1985), I basked in this reflected glory and skirted the fringes of social policy before the demands of my own discipline reasserted themselves and I became once more an historian.

So when Peter Saunders and Sheila Shaver invited me to give this address, my first instinct was to duck. Then, fatefully, I paused. Just as the best way to learn a subject is to teach it, so the invitation offered an opportunity to revisit a subject, take stock of recent developments and consider their implications. When I was last in touch with the subject, there was growing interest in the potential of social justice as a lever of public policy. Now there are reasons to suspect that it is an element of public policy whose original promise has been spent. Over the past decade Federal and State Governments in Australia implemented social justice

strategies, along with other less beneficent initiatives that have decisively altered the landscape of public policy. There are people here today far more expert than I am in the story of how these programs have been implemented and in the measurement of their effects. My perspective remains that of an historian who is interested in how this flurry of activity bears on a larger and more extensive process of change.

The decade itself has been a period of dramatic, far-reaching transformations. The collapse of the Soviet Union and the profound crisis of socialism, the new world order and its seemingly intractable predicaments, globalisation and its consequences for national sovereignty as well as for economic and social policy, ethnic conflict and unprecedented movements of displaced people, postmodernity and the fragmentation of meaning, the new social movements and identity politics - all of these misleadingly familiar phrases signal a rupture that bears not just on us as social actors in the present but as purposeful, reflective actors seeking to understand our situation. They require us to rethink the past, to recast history in order to make sense of the discontinuities and buckles that perplex us.

2 Looking Forward to Social Justice

Any history is written for a particular audience from a particular set of assumptions and values. When I began my study of the pursuit of social justice in Australian history, the Coalition Government of Malcolm Fraser was in office. For six or seven years it had governed in a manner that at the time seemed not just wrong but aberrant, exploiting the unusual circumstances in which it had seized power to impose punitive and misguided policies. For nearly three decades following the Second World War, the developed capitalist economies had enjoyed regular growth and full employment. An era of free trade, free capital movements and stable currencies had allowed the diffusion of technologies and the spread of new modes of consumption. Riding the tide of prosperity, governments were able to manage their national economies, to increase their outlays and to expand the scope of public provision. Then came the OPEC crisis of 1973 that triggered an inflationary crisis and in turn produced the 'short, sharp shock', designed to reduce wage pressures and cool an overheated economy. Across the industrial world, in the mid-1970s, output fell and unemployment reappeared. The Long Boom was over.

In retrospect we can now see this as the end of an era that the historian Eric Hobsbawm (1994) has described as a 'Golden Age' unprecedented in its felicity. He argues that it rested on a combination of contingent and inherently unstable historical circumstances that were brought undone by the very changes they wrought and thus returned us once more to the doubt and uncertainty that

characterises a global market economy. At the time contemporaries thought the recession was the aberration. The OECD explained it as 'an unusual bunching of unfortunate circumstances unlikely to be repeated on the same scale, the impact of which was compounded by some avoidable errors' (Hobsbawm, 1994: 286). Among those avoidable errors in Australian macroeconomic policy that excited criticism were the Fraser Government's attacks on social welfare and its strategy of restoring growth by reducing wages. These policies seemed not only wrong in their economic reasoning, since they reduced aggregate demand at a time of recession, but disruptive and divisive in their departure from post-war consensus. For the inequalitarian effects of these policies were accompanied by an attack on their victims. Fraser's own flirtation with the heroic individualism of Ayn Rand, his colleagues' crusades against dole bludgers and the divisive, confrontational tone of the conservatives in office during the late 1970s and early 1980s seemed almost atavistic.

Winners and Losers (Macintyre, 1985) thus described a retreat from an earlier social settlement worked out in Australia over the best part of a century, in which full employment was supplemented by limited social welfare provisions designed to alleviate want and abate inequality. Its contemporary case studies sketched the abandonment of equity as an objective of Commonwealth educational policy, and the withdrawal of recent gains won by women and Aborigines as examples of the reactionary direction of recent policy. In these assessments there was an implicit belief that alternative ways of ordering the nation's affairs were possible, indeed highly likely. Between the time I started my investigation and completed it, the Fraser Government lost office, and Victoria, South Australia and Western Australia joined New South Wales as Labor states. Against the tide of politics in the capitalist democracies, where Reagan and Thatcher sought, in the warcry of the latter, to 'roll back the frontiers of the state', it seemed that Australia might pursue public policies conducive to social justice. I was not over-optimistic. One conclusion of my study was that the institutionalisation of social justice as public policy raised new problems, and I criticised the early record of Labor in office on its unemployment measures, funding of schools and Aboriginal land rights (Macintyre, 1985).

You might recall also how the new Federal Labor Government deliberately distanced itself from its predecessor, the Whitlam Government of 1972-5. There was to be no repeat of that breathless reforming zeal, no tilting at windmills. It was consensus rather than confrontation, a shift to the centre and the politics of pragmatism with the omnipresent purpose of consolidating Labor in office as the natural party of government. The left was treated with contempt. Groups that had been associated with the left, the women's movement, the Greens, the social welfare organisations, were marginalised as spectators while key ministers,

business and trade union leaders ratified the prices and incomes agreement at the Economic Summit of April 1983.

Yet even among those most sceptical of the new Prime Minister's extraordinary popularity as he broke the drought and shared in the glory of the America's Cup, there was an expectation that normality would return or, to put it in an older phraseology, that the contradictions of Labor corporatism would be resolved. The Australian Labor Party had previously suspended ideological commitments in moments of national emergency - in 1914, 1931, 1942 - but on each occasion divisions quickly surfaced. The crucial difference with this government was that it contained the Party divisions and maintained continuity of office. Social democratic governments elsewhere, both across the Tasman and in parts of Western Europe, embarked on comparable courses of action during the 1980s but none lasted the distance. Here in Australia the Labor Party both resisted and absorbed the New Right.

3 Looking Back on the Labor Decade

Coupled with this longevity, the adaptability of the Hawke and Keating ministries make it extremely difficult to assess their performance. In some respects they have embraced deregulation, in others they have resisted it; sometimes they have used the language of economic rationalism, at other times the language of the true believers. It is possible to discern phases when one policy stance or another seemed to hold sway. Thus the period of the Accord saw modest increases in social provision in return for wage restraint, along with planned restructuring of industry in return for reduced protection. Then the balance of payments crisis in 1986 triggered a tightening of fiscal policy and a concerted drive towards the market as the measure of value and the mechanism of economic and social change. More recently, there has been relaxation of the deregulatory regimen and a reappearance of the social (Henderson, 1995; Langmore and Quiggin, 1994, Ch. 4; Walsh, 1991). But perhaps the single most important step towards economic liberalism, the flotation of the dollar and abolition of exchange controls, came well before the period of most active deregulation, and other instalments, notably deregulation of the labour market, remain in limbo.

Part of the explanation, no doubt, lies in the exigencies of electoral politics, and especially the government's desire to outflank the Opposition; and part in the shifting influence of particular ministers and ministries. But these factors take us only so far, and concentration on them can be treacherous. In 1987, Hugh Stretton published an incisive collection of essays that sought to winnow the good from the bad in recent economic, educational, housing and public sector policies. He concluded with three imaginary futures, one gloomy, one hopeful and a third that

projected a future in which Australia muddled along the middle. This scrutiny of the crystal ball began with Labor dropping Keating after the effects of his financial deregulation put them out of office, and the Liberals dropping Howard and his dries after his worse economic anarchy put **them** out of office, leaving Hawke and Peacock to take turns in superintending a moderately protected, moderately regulated, moderately consensual, modestly inefficient economy still subject to unemployment and chronic instability (Stretton, 1987: 257-9). Perhaps we have followed such a path but it certainly has not been Hawke and Peacock who have led us along it, while a much less desiccated Keating and Howard are very much with us.

Stretton's assessment of the government's policies suggested they fell into three categories: Labor policies, Liberal policies and mistaken policies; or good, bad and wrong. The merit of such a schema is that in allowing for the creative potential of the Accord while condemning the failure to realise that potential, Stretton recognised elements of continuity and discontinuity. It took some forty years, he said, for the ALP and the unions to accept a scheme for wage and price restraint to allow high investment and employment without undue inflation; the tragedy was that the government squandered this historic achievement (Stretton, 1987: 1).

4 New Policies or Old?

Whether they approve or disapprove of its policies, most evaluations of the Labor decade emphasise the novelty of those policies and the government's departure from Labor traditions. Among those who approve there is Paul Kelly. His influential account of *The End of Certainty* (1992) describes how the essential props of an older national settlement, White Australia, industry protection, industrial arbitration, state paternalism and imperial benevolence were all knocked away, allowing the economic rationalists to seize the initiative and embark on their program of 'creative destruction'. Labor thus became 'the party of economic management' but in doing so it eroded its ethos and institutional fabric so that 'The more successful it was the more it destroyed the basis of Laborism' (Kelly, 1992: 13, 15).

Among those who disapprove of the abandonment of older Labor traditions there are the critics of the government's economic policies, such as Langmore and Quiggin, who see the embrace of market ideology leading to a gradual abandonment of key elements of the social democratic platform (Langmore and Quiggin, 1994: 67); critics of its welfare policies, such as Beilharz, Considine and Watts, who see the pervasiveness of New Right thinking in Labor ranks producing a shift from social citizenship to market citizenship, and from welfare

to charity (Beilharz, Considine and Watts, 1992: 50-1); and critics of the Commonwealth public service, such as Pusey, who suggests that

economists within the bureaucracy ... corralled the reformist and economically oriented Hawke Labor government into a narrowing and increasingly exclusive commitment to an economic rationalism that is at odds with the broad thrust of the Australian Labor Party's policies. (Pusey, 1991: 7)

In these various formulations of the novelty of national policy in the 1980s, either as a welcome embrace of necessary truths or a lamentable capitulation to fashionable errors, the emphasis is on change towards conformity with international patterns at the expense of indigenous tradition. An alternative interpretation is suggested by Frank Castles, who in a series of publications beginning in 1985 has explored the peculiarities of Australian public policy. I had the advantage of exchanging a draft of my own *Winners and Losers* with his draft of his first major statement, *The Working Class and Welfare*, and our two accounts were in broad agreement (Castles, 1985).

His formulation of the idea of the 'wage-earners' welfare state' has since achieved wide currency. In broad terms, it suggests that a unique conjunction of factors in the settler societies of Australia and New Zealand encouraged a distinctive approach to social protection from the turn of the century. As highly efficient producers of primary commodities for export, principally to British markets, they were both affluent and vulnerable. As precocious democracies with a high degree of working-class mobilisation, they looked to the state for protection. The principal mechanisms were state regulation of the labour supply through immigration control, state protection of local industry through tariffs, and control of wages through state industrial arbitration; and it was the last of these that was most expressive of the underlying rationale with its translation of the ethical norm of the 'fair wage' into a statutory basic wage determined by a quasi-judicial state tribunal.

The early arrangement of these practices, Castles (1994) argues, retarded the later development of social services on European lines. Australia did provide old age pensions, widows' benefits and workers compensation legislation to provide for those working-class families who lacked the support of a male breadwinner, but for more routine exigencies the family living wage was meant to provide a cushion of savings. This was the male wage-earners' welfare state, and, as Castles puts it, 'a welfare state through state expenditure was ... pre-empted by a welfare state through wage regulation' (Castles, 1994: 6).

He has recently added some further refinements. Given the high level of Australian public foreign indebtedness and the consequent fiscal fragility of

Australia governments, the working class preferred immediate wage benefits to state social expenditure. Given the relative advantage to the needy of a flat-rate, means-tested and non-contributory pension, there was little desire to turn to an insurance system, as developed elsewhere. Given the high-rate of home ownership, the working class had little reason to favour collective saving for social security. Given that wages were determined by need, there was resistance to financing a system of social security by taxes that would fall on working-class incomes. And given the masculinism of the labour movement, there was little interest in emancipating women and children from dependence on the male breadwinner (Castles, 1994: 7-12).

At first sight these characteristics of the Australian wage-earners' welfare state seem scarcely relevant to the reform program of the Labor Government since 1983. They correspond closely to the very outmoded shibboleths that critics such as Kelly, for example, claim Australia in the 1980s had to scrap. Yet Castles argues that in responding to the changes in the world economy and seeking to make Australia more internationally competitive, the government has in fact refurbished the wage-earners' welfare state. He instances the way in which definitions of entitlement to benefits have been tightened and conditions of benefit eligibility have been made more stringent. While this has commonly been interpreted as a retrenchment of welfare, he suggests that there is contrary evidence in the lift in the level of old age pensions, the increase in the level of rent assistance and the improvement of the Family Allowance Supplement. These changes, he contends

give the lie to the notion that Australian social policy development in the Labor era was of a piece with contemporaneous 'New Right' inspired attacks on the welfare state in the United Kingdom, New Zealand and the United States. (Castles, 1994: 15)

Furthermore, he cites the progressive establishment of a system of workplace superannuation, funded substantially by employers and introduced through the arbitration system, as further indication of the persistence of older preferences; and to this we might add the very terms of the Accord as an employment-creating device.

None of this can gainsay the serious limitations in the Australian welfare system. You know better than I do of the particular forms of need that are not being properly met, and the human suffering that results (Saunders, 1994). We know that even in its own terms the Australian system of welfare whose persistence Castles discerns has not provided a wage for a persistent section of the great majority of Australians who depend on that form of income. We know that at

certain periods during its period in office, notably in the late 1980s and early 1990s, Labor has subordinated employment creation to tightening of monetary policy, which remained as one of the few levers it was left with by its substantial deregulation of the economy. We know that changes in the labour market associated with restructuring Australian industry have led to the disappearance of a substantial proportion of male full-time jobs (Gregory, 1993). We know that the vast increase in female labour force participation, while it has improved the economic and social status of women, has also resulted in many two-parent Australian families now depending on both parents being in work, and that women who are sole carers still remain particularly vulnerable to poverty (Shaver, 1993). And we know that the future of industrial arbitration as the basis of wage determination is highly uncertain.

Yet with all these limitations, it is apparent to me that the performance of the Labor Government cannot be seen as an abandonment of earlier values. On the contrary, insofar as it has broken new ground it has improved on the record of earlier Labor Governments. Let me suggest a comparison with the closest historical analogy. In 1929 a Labor Government came to office when a conservative predecessor had torn up the social settlement. Faced by declining export income and a world recession, the Bruce-Page Government tried to increase competitiveness by driving down wages and scrapping federal arbitration. The new Labor Government led by Jim Scullin came to power with a commitment to restore employment, and like Bob Hawke, his hair turned grey soon after he took up residence in the Lodge. Instead of an Accord, his government used the traditional devices to protect employment - it scrapped migration, increased protection levels and restored arbitration - and unemployment rose rapidly to unprecedented levels. Instead of floating the dollar, it depleted reserves to prop up the pound until eventually the banks decided on devaluation. Instead of financial deregulation, the Scullin Government took instruction from a senior official of the Bank of England. At his insistence it agreed to cut all public expenditure, including pensions. That government was swept out of office at the next election. It failed utterly to protect living standards and offered only the most inadequate level of assistance to the unemployed. Certainly it faced far more severe difficulties, yet it can hardly be maintained that it was truer to Labor tradition than the present government.

5 Social Justice in a Cold Climate

Where does this leave social justice? As I suggested at the outset, the 1980s saw a range of public programs conceived and promoted in the name of social justice. State Labor Governments in Victoria, New South Wales, South Australia, Western Australia, the ACT and Tasmania announced social justice strategy

initiatives in the course of the decade. The Commonwealth Government launched its own Social Justice Strategy during 1988 (Commonwealth of Australia, 1988; Wiseman, 1993: 4, 194) Characteristically, these strategies enunciated objectives, mechanisms and forms of measurement that were meant to shape policy and determine priorities across all areas of government activity.

The best examination I know of these initiatives is a study by John Wiseman of the Victorian Government's strategy. The first and arguably the most ambitious of them, it was launched after protracted development in 1987 under the title of *People and Opportunities - Victoria's Social Justice Strategy*. It defined the government's objectives in terms of a commitment to the enhancement of equity, access, participation and rights. Implementation was to occur through new budgetary initiatives, reform of administration and service delivery, and community involvement. Wiseman's exhaustive study suggests that while the Strategy challenged the dominance of economic rationalist and managerialist ideas and practices, it finally failed to defeat them. You will not be surprised to hear that the Department of Management and Budget took a close interest in the development of the Strategy, and sought to restrict its ambit, nor that as financial and political crisis overtook the Government in the late 1980s, the Strategy became a new name for the customary practice of trying to safeguard the most vulnerable of disadvantaged groups from cuts in government services. As Wiseman says,

the ultimate failure of the Strategy can ... be traced to the limitations of the language of social justice, the increasing vulnerability and loss of autonomy of local economic, political and social relations and the dominance of managerialist techniques which drained the life blood of public debate from the Strategy. (Wiseman, 1993: 3)

As in Victoria, so nationally. The dominant understanding of social justice has provided a countervailing force to economic rationalism, a reminder of the social component of government strategy, and a rallying-point for those seeking more equitable outcomes. You find it used this way in the resolution carried at the 1986 National Conference of the ALP, which called for

a systematic long-term plan to co-ordinate and implement Labor's most important social goals across all areas of government ... to give a central focus to the social wage component of the Prices and Incomes Accord. (Wiseman, 1993: 194-5)

A similar emphasis is apparent in the Prime Minister's statement *Towards a Fairer Australia: Social Justice Strategy 1992-3* (Commonwealth of Australia,

1988), where he couples the two aspects together in a retrospective summary of how Labor had responded to the crisis of the 1980s:

The Government responded with wide ranging social and economic reforms. It was determined to see Australia adjust to a rapidly changing environment rather than be left behind, and determined that its economic strategies would be firmly grounded in principles of social justice. (Theophanous, 1994: 9)

Here social justice is contained within economic restructuring, and serves as its facilitator and solace. In government statements and actions the relationship between the economic and the social takes various forms. Sometimes the two discourses are opposed, sometimes united. Sometimes the one supplements the other to generate hybrid managerial forms that apply the same battery of techniques regardless of their field of application and the same neologisms regardless of their implications. We thus hear of the need to **target** welfare services, or of social programs that are **driven** by this or that criterion and in turn **impact** on their clientele. It is disturbing that agencies concerned with social needs and human values should so unreflectingly use such terminology. The discursive leakage works the other way with the notion of **empowerment** as a self-evident good without any consideration of the form of that power, who exercises it and to what effect.

Yet to rest an assessment of social justice there would be to miss a vital dimension. An important component of the initiatives of the 1980s has been the specific recognition of groups outside the ambit of the wage-earners' welfare state. Thus social justice strategies have characteristically made specific mention of women, of non-English speaking Australians and Aborigines. As Anna Yeatman (1990) has suggested, this has not been an unqualified advance. When social movements with emancipatory ambitions for the whole of society are recast as special-interest groups, they

become deconstructed as components of debate about the shape and direction of the Australian national polity and society, and reconstructed as the claims of disadvantaged groups which require special access and equity strategies and programs. (Yeatman, 1990: 134)

On the other hand, Yeatman argues that the very project of economic restructuring 'poses the question of what are likely to be the national value orientations most likely to foster enduringly successful economic enterprise'; and the answer is that it is a nurturing of diversity and inclusiveness. Hence a new discourse of citizenship emerges in which multiculturalism, feminism and the

Aboriginal movement for self-determination have a place. This is not the social citizenship described by T.H. Marshall. It does not extend to the development of universal services, and it continues to privilege producers over consumers. But for the first time in this country it breaks down the monocultural unity of the worker-citizen and joins together a range of economic, social, political and cultural rights and obligations. (Yeatman, 1990: 105)

Last year I was invited by the Prime Minister to conduct an inquiry into citizenship and citizenship education that resulted in the report *Whereas the People...* (Civics Expert Group, 1994). It was an instructive activity in many respects and especially in the attitudes and assumptions that I encountered in the course of the inquiry. There was a persistent view that citizenship consists of an informed understanding of the institutions of government, and by contrast there was a slight interest in the various forms of collective and voluntary activity that sustain the civil sphere. Equally there was a high level of tolerance and appreciation of the diversity of Australian society, but little consideration of how that might impinge on social citizenship or social justice. These attitudes express an instrumental view of the state as something that exists to serve the needs of its members and of politics as a remote, inaccessible and generally unworthy activity.

Our recommendations, which the Government has now accepted, are meant to foster an informed and active citizenship. We believe this should include the institutions and principles of government, since a capacity to engage with these processes and make them responsive to popular participation is crucial to their renewal. One lesson of the social justice strategies of the last decade is surely that social justice cannot be realised from the top down, however well intentioned its authors and administrators might be, and that it requires more participatory forms of public life. More than this, however, we see citizenship as a status and an activity that is expressed in various settings and capacities. This idea of citizens as legal persons and householders, shareholders and unionists, neighbours and strangers, persons sharing a social identity and persons dealing with each other across identities, seems to me to be crucial to the enlarged sense of social justice that has emerged from the last decade.

The history that I have sketched is one of dramatic change and stubborn continuities within the changed circumstances. My conclusion is that the Australian experiments in social justice have been necessary but necessarily incomplete in their results. My hope is that we shall not allow the shortcomings to blunt the zeal or shorten the imagination of those who believe in social justice, and I offer my best wishes for the conference.

References

- Beilharz, P., M. Considine and R. Watts (1992), *Arguing about the Welfare State: The Australian Experience*, Allen and Unwin, Sydney.
- Castles, F. (1985), *The Working Class and Welfare*, Allen and Unwin, Sydney.
- Castles, F. (1994), 'The wage earners' welfare state revisited: refurbishing the established model of Australian social protection, 1983-1993', *Australian Journal of Social Issues*, 29(2), 120-45.
- Civics Expert Group (1994), *Whereas the People ... Civics and Citizenship Education: The Report of the Civics Expert Group*, AGPS, Canberra.
- Commonwealth of Australia (1988), *Towards a Fairer Australia: Social Justice Under Labor*, AGPS, Canberra.
- Government of Victoria (1987), *People and Opportunities: Victoria's Social Justice Strategy*, Government Printer, Victoria.
- Gregory, R. (1993), 'Aspects of Australian labour force living standards: the disappointing decades 1970-1990', *Economic Record*, 69(204), 61-76.
- Henderson, D. (1995), 'The Revival of Economic Liberalism: Australian in an International Perspective', Downing Oration, The University of Melbourne.
- Hobsbawm, E. (1994), *Age of Extremes: The Short Twentieth Century 1914-1991*, Michael Joseph, London.
- Kelly, P. (1992), *The End of Certainty: The Story of the 1980s*, Allen and Unwin, Sydney.
- Langmore, J. and J. Quiggin (1994), *Work for All: Full Employment in the Nineties*, Melbourne University Press, Melbourne.
- Macintyre, S. (1985), *Winners and Losers: The Pursuit of Social Justice in Australian History*, Allen and Unwin, Sydney.
- Pusey, M. (1991), *Economic Rationalism in Canberra: A Nation Building State Changes its Mind*, Cambridge University Press, Melbourne.
- Saunders, P. (1994), *Welfare and Inequality: National and International Perspectives on the Australian Welfare State*, Cambridge University Press, Melbourne.
- Shaver, S. (1993), *Women and the Australian Social Security System: From Difference Towards Equality*, Discussion Paper No. 41, Social Policy Research Centre, University of New South Wales, Sydney.
- Stretton, H. (1987), *Political Essays*, Georgian House, Melbourne.
- Theophanous, T. (1994), *Understanding Social Justice : An Australian Perspective*, second edition, Elikia Books, Carlton South.
- Walsh, C. (1991) 'The national economy and management strategies', in B. Galligan and G. Singleton, eds, *Business and Government under Labor*, Longman Cheshire, Melbourne, 35-46.

- Wiseman, J. (1993) 'Labor and Social Justice: The Development and Outcomes of the Victorian Social Justice Strategy 1984-1992', PhD thesis, La Trobe University.
- Yeatman, A. (1990), *Bureaucrats, Technocrats, Femocrats: Essays on the Contemporary Australian State*, Allen and Unwin, Sydney.

Social Policy and the Challenge of Globalisation

Ramesh Mishra
York University
Ontario, Canada

1 Social Policy and the Challenge of Globalisation

Social policy has been and remains an eminently national enterprise. It presupposes an economy that can be regulated and modified by the nation state in order to achieve certain desired objectives. These include economic growth, equitable distribution of a range of services and a national minimum standard of living. Policies typical of the 'golden age' of the welfare state (1950-1973), through which these objectives were pursued, including managing the economy to avoid recession and stimulate growth and maintaining high and stable levels of employment - in short the use of Keynesian techniques to regulate the market economy. Another set of policies involved maintaining an array of publicly provided or mandated services based on the government's ability to tax and spend. Naturally these state capabilities were not unlimited. A privately owned market economy and interest-group polity acted as important constraints on the scope for regulation and taxation. Nonetheless, the post-World War II welfare state was predicted upon an economy amenable to control by the nation state. This was the basis of the belief that alternative social policies - which entailed different ways of managing the economy and redistributing the fruits of economic activity - were possible and could express different value choices through the democratic process. In short the idea that politics matters as far as social policy is concerned and that democratic choice could make a difference, made good sense.

It seems that this is no longer true. A series of developments - some recent and others of long standing which have intensified - have brought about such a degree of internationalisation of the economies of Western countries that they can no longer be effectively regulated by national governments. National economies are now subject to the vagaries of the global market place and governments can do little to control this state of affairs.¹ More precisely, nation states have to submit to the dictates of the global market place; their social policies have to accommodate the requirements of international competition. Put simply, the logic

1 See, for example, K. Ohmae (1990) and G. Epstein et al. (1993). There is a vast and burgeoning literature on globalisation.

of a globalised economy is to end full employment, reduce social spending and increasingly residualise social policy. By implication, it matters little which party or type of government is in office since it has to follow the same policy. In effect globalisation denies choice and implies a form of 'end of ideology' in favour of neo-liberal policy agenda dictated by the 'logic' of a global economy. How valid is this thesis of globalisation? Certainly *prima facie* evidence suggests that in English-speaking countries at any rate governments of the left are becoming virtually indistinguishable from their rivals on the right as far as social and economic policies are concerned.

The following pages explore the nature and scope of globalisation and consider its implications - direct or indirect - for social policy. Particular attention is paid to full employment, labour market flexibility and wage inequality, social dumping or the downward pressure on social standards, and finally to the prospects of social protection more generally. Cross-national evidence is referred to throughout and its implications for the thesis of globalisation considered. In conclusion it is argued that a good deal of what has been made out to be a functional necessity or the inevitable consequence of globalisation appears to be a viewpoint influenced by neo-liberal ideology. In any case globalisation is shown to be a more problematic and ideologically-conditioned notion than it appears to be in a good deal of the - largely economic - literature. Although national autonomy has been curtailed in some respects, there seems no compelling logic of globalisation. Alternative modes of policy and choices continue to be important.

2 Globalisation of the Economy

Globalisation refers to a process through which national economies are become more and more 'open' and subject to supranational economic influences. As economies lose their discrete, self-contained character and become enmeshed in global networks and process they become less and less amenable to national control and management. The following developments are indicative of the progress of globalisation.

- Trade between nations has become much freer. Since the end of World War II tariffs have been reduced progressively and quite substantially.²

² Thus under the General Agreement on Trade and Tariffs (GATT) the tariff on manufactured exports steadily declined from an average of about 40 per cent at the end of World War II to under four per cent by the mid-1990s (Kozul-Wright, 1995: 143).

- Foreign trade is of growing importance in national economies underlining the importance of international competitiveness.³ For many - if not most - products the market is no longer national but worldwide.
- Multinational enterprises (MNEs) have been growing rapidly. In 1970 there were 7,000 MNEs, by 1990 there were more than 35,000 parent companies with some 200,000 subsidiaries worldwide (Barnet and Cavanagh, 1994: 423; United Nations, 1994: 8). The global trade in goods and services is being led by the MNEs, now increasingly involved in transnational production of goods and services. Foreign direct investment (FDI) has been growing rapidly.
- Perhaps the most recent, visible and dramatic development over the last 15 years or so has been the free movement of money and capital across nations. Capital controls have been relaxed gradually and then virtually abolished by most industrial nations. Exchange rates are no longer fixed. money can move around globally. Business and industry are free to invest worldwide. (See, for example Michie and Grieve Smith, 1995, Part III, 'International finance and exchange rate policy'.)
- A spectacular development of electronics and telecommunications - computers, faxes, telephones, satellites and the like - has facilitated the above processes of economic globalisation.

It is worth noting that with the exception of electronics and telecommunications the developments outlined above are not new. The period between mid-19th century and World War I was one of free trade as well as free movement of money and capital (Kitson and Michie, 1995). It was the protectionism of the inter-war years that made national economies far more closed. This cyclical movement suggests that there is nothing unique or irreversible about these developments. Moreover, there was a sustained growth in trade and in the number of MNEs before the 1970s under conditions of far greater domestic and international regulation. Perhaps what is most significant from the view point of social policy is the removal of controls on capital movement and the deregulation of currency and exchange rates. This, as we have noted, is a very recent development and affects the regulation and management of national economies most directly. But this is to anticipate our exploration of how these developments impact on social policy.

³ Foreign trade (in merchandise) as a proportion of total output in industrial countries rose from 23 per cent in the 1950s to 37 per cent in the 1980s. For Western Europe the corresponding figures were 37 per cent and 57 per cent respectively (IMF, 1994, Table 21: 89).

3 Full Employment and Economic Growth

Jobs and job creation can be seen as an aspect of social policy as well as a precondition for adequate policies of social protection. In so far as employment (more precisely gainful economic activity) is the first line of defence against poverty, it may be seen as an integral part of the policy of income maintenance. But it is also a prerequisite for social protection in that persistent and high levels of unemployment create a heavy drain on the welfare state's financial resources as well as depriving the government of much-needed revenue.⁴ Thus full employment (chiefly of adult males) was an important underpinning of the social programs and services of the post-World War II welfare state.

The full employment regime of the third quarter of the 20th century was the product of a favourable conjuncture of factors. One of these was the ability of national governments to regulate the economy through Keynesian-style reflationary or deflationary policies. These techniques assumed a relatively 'closed' national economy and could only be effective under these conditions. As economies have become more open - with more exports and imports, free movement of capital in and out of countries, floating exchange rates - national governments are much less free to set their own fiscal and monetary policies. Although by the end of the 1970s, Keynesian demand management was beset by many problems it was, above all, globalisation that made 'Keynesianism in one country' a virtual impossibility. Thus economic stimulus, instead of increasing domestic production and creating jobs, can instead suck in imports, create a balance of payments deficit and put the currency under pressure. With money free to move out it could result in a run on the currency and a serious devaluation. Similarly, reducing interest-rates and easing credit could, instead of stimulating production, result in investors simply moving funds to countries with higher interest rates. In any case, with the freedom to move where it wants, capital may not be interested in investing at home. In Sweden, for example, after capital controls were eased in the mid-80s there was a virtual haemorrhage of capital out of the country making it difficult, if not impossible, to pursue a policy of higher investment and economic growth at home (*The Economist*, 1990: 95; Pontusson, 1992: 332-3). Earlier, French socialists under Mitterand, in pursuing Keynesian style expansionary policies, had experienced serious balance of payment problems, capital flight and a run on the franc (Hall, 1987). In short, the 'openness' of national economies creates substantial 'leakage' which rules out Keynesian type policies of fighting recession through boosting demand.

4 It is estimated that for every one per cent of unemployment there is a one per cent loss of gross domestic product. See for example, IMF, *World Economic Outlook*, May 1994: 35. See pp. 27-8 below for current government expenditure on unemployment.

Globalisation has also played a major role in weakening, if not undermining, tripartism as a way of sustaining national commitment to full employment, economic growth and social protection. With faltering economic growth and increasing heterogeneity of the labour force, corporatist arrangements were under strain by early 1980s. Later, with freedom from national restrictions and with worldwide opportunities for investment, business interests have felt much less need to strike a national bargain with labour. Sweden again offers ample evidence of business turning its back on corporatist management of the economy in favour of decentralised collective bargaining and a greater reliance on market forces generally (Ahme and Clement, 1992; Ahlen, 1989; Schmitter, 1989). Not surprisingly, Sweden has had to abandon full employment.

We must remember, too, that business interests have never been keen on full employment. For business, as a whole, unemployment is not a problem but more often a solution to various problems, e.g. high wages, labour discipline and inflation. Worldwide demand for investment coupled with transnational mobility of capital has strengthened its hands very considerably against an immobile, nationally-rooted labour force which has no exit option and which finds itself in a weaker position due to persistent unemployment, decline in union membership and the growing heterogeneity of the workforce (Golden and Pontusson, 1992).

Although weakened considerably, tripartism or bipartism, e.g. systematic co-operation between government and organised labour, is by no means a thing of the past. If social concentration has weakened a good deal in Sweden, it has remained far more intact, for example, in Austria where its success is reflected in low unemployment, low inflation and good economic growth. Institutionalised co-operation between the two sides of industry and centralised collective bargaining remain the basis of the stability and continuity of the West German economy and the welfare state (Streeck, 1993: 146-7). True, unemployment remains high in Germany but social partnership has been effective in maintaining a strong economy, comprehensive social protection and workers' rights. Among English-speaking countries, Australia for example has retained the Accord between the government and labour interests which goes back some 12 years. 'Hard' corporatism with its strong commitment to full employment, economic growth and social welfare may not be viable any longer but varieties of 'partial', 'sectorial' or 'soft' corporatism - embodying varying degrees of co-operation between social partners seems to be alive and well. Overall, it appears that the social consensus approach to economic and social management is valued more in continental Europe than in Anglo-Saxon countries where it has had little success in any case in the past (Streeck, 1992). These differences suggest continuing national and regional diversity in response to globalisation.

4 Labour Market Flexibility and Wage Inequality

Perhaps no other notion has been discussed so extensively in relation to international competitiveness and globalisation as labour market flexibility (see, for example, OECD, 1986; Jessop et al., 1991). It has been claimed that labour markets in Western welfare states suffer from serious rigidities which hamper economic adaptation and change. The rigidities of European countries, in particular, are routinely contrasted with the more flexible conditions in the US and Japan (see for example, OECD, 1994a: 29-31). Here is how a leading international authority, the IMF, describes the kind of rigidities which have to be removed if labour markets are to become responsive to the conditions of global markets and the challenge of international competitiveness. Compared with

those in Europe, labour markets in the US are more flexible - reflecting, among other things, less generous unemployment insurance provisions in terms of the level of benefit payments, duration of benefits, and qualifications for benefits; wider earnings dispersions; lower levels of unionisation and less centralised wage bargaining; less government intervention in the wage bargaining process; fewer restrictions on hiring and firing of employees; and lower social insurance charges and other non-wage labour costs, such as the amount of paid vacation. (IMF, 1994, May: 36)

In other words, most of what from the stand point of social policy, appear to be regulatory and income-support measures, meant to protect workers' living standards and to humanise working conditions, appear from the view point of international competitiveness and economic growth as impediments to the effective and profitable deployment of labour. In short 'flexibility' is but another name for the commodification of labour.

Globalisation as noted already, entails greater freedom of trade in goods and services and in the investment of money and capital worldwide. Labour market flexibility is a call to liberate labour from the various controls and restrictions on its use so that it too, like other commodities, can be traded freely and deployed by business in the most profitable manner. That labour is distinctive in being a commodity which is also a living human being is something that the advocates of flexibility are apt to play down, if not overlook altogether. At any rate, the labour market in the US is considered much more flexible than in Europe, with the possible exception of the UK which has set about creating one of the most flexible labour markets according to these standards. These two countries thus

offer a 'case-study' of what labour market flexibility entails and what it means directly or indirectly - for social policy.

In the US one of the consequences of labour market flexibility has been an increasing inequality of wages and earnings. While the wages of the majority of manual and routine non-manual workers have gone down or stagnated, those received by the upper levels of the occupational hierarchy have burgeoned. With a declining minimum wage, increasing de-unionisation of the work force and weak employment protection laws, average wages have taken a dive. The average hourly earnings of non-supervisory workers in the US owned corporations, after adjusting for inflation, were lower in 1990 than at any time since 1965. By contrast, the remuneration of top executives rose by a massive 220 per cent over the same period, without taking into account the usual perquisites for such jobs (Reich, 1992: 204). The decline in union membership - obviously a big boost for flexibility - accounts for a good deal of the increasing inequality of wages and service conditions of the work force (Reich, 1992: 212-13).⁵

The US has a strong reputation for creating jobs - many of which are, however, low paid. Since 1970 the US has created 30 million new jobs, 29 million of which were in the services sector (Dicken, 1992: 425). The majority were low-paying jobs. Parallel with this, millions of jobs were lost in manufacturing - many of these well-paid jobs in unionised workplaces. 'Non-standard' type of work i.e. part-time temporary and contractual, shows a sizeable growth.⁶ Flexibility has meant the creation of a 'contingent' work force by dismissing permanent full-timers, and hiring or rehiring the same workers in lower-paid, temporary jobs without any benefits. No wonder the number of poor working Americans went up by 23 per cent between 1978 and 1987. At 43 per cent, the rise was steeper among full-time year-round workers (Reich, 1992: 203-4). Primarily as a result of the reduction in wages and the proliferation of low wage jobs, a higher proportion of two parent families with one full-time worker, were in poverty on an average, than other type of American family in the mid-80s (Reich, 1992: 203-4).

One implication of labour market flexibility is that economic growth *per se* may have very little impact on poverty. For example, in the 1980s, the US experienced its second longest post-World War II boom. Yet poverty rates fell much less than what might be expected on the basis of the experiences of the 1960s, an earlier period of strong economic growth. The main reason was that wages failed to rise at the lower end of the wage hierarchy. In fact real wages of

5 See OECD, 1994b: 10 for union density in OECD countries.

6 Between 1980 and 1987 about half the new jobs in the US went to temporary workers, part-time contractors and independent workers (Barnet and Cavanagh, 1994: 293).

the bottom 20 per cent of workers fell during the 1980s while those of the top 20 per cent rose substantially (Blank, 1993: 49).

The UK shows a not dissimilar pattern of rise in inequality and poverty. In 1979 the Thatcher Government embarked on a far reaching project of restructuring the labour market with flexibility as a major objective. This process has continued ever since under various Conservative Governments. For example, employment rights such as protection against unfair dismissals and maternity provisions were weakened and the coverage reduced; wage protection conventions were abolished; wages councils, which set minimum wages in low-wage sectors were gradually weakened and finally abolished in 1993; trade union rights were sharply curtailed; collective bargaining was effectively decentralised.

The effect of deregulating the labour market and weakening union power has been broadly similar to that in the US. A high proportion of the jobs created in the UK have been relatively low-wage, primarily service sector jobs. By the early 1990s about two fifths of UK's labour force was employed in the low-skill, low-wage and non-standard sector, dominated by the services (McLaughlin, 1994: 14). The main area of growth has been in the non-standard jobs - notably part-time and temporary work. In fact part-time work accounted for almost all of the rise in employment between 1979 and 1990 (OECD, 1994b: 9). Most of these part-time jobs are held by married women with husbands in full-time work (McLaughlin, 1994: 17-18). Thus the growth of new jobs has benefited working rather than non-working households, increasing inequality and polarising the distribution of employment between work-rich and work-poor households.

Among OECD countries, the UK shows the biggest rise in wage inequality in the 1980s followed by the US, the two countries (apart from Japan) with the greatest labour market flexibility. In many continental European countries, on the other hand, wage differentials in the 80s remained unchanged or even narrowed (France, Germany and Norway) (McLaughlin, 1994: 13; OECD, 1994b: 19). Overall, non-standard forms of work made little headway in continental Europe, whilst employment protection rules and minimum wage laws provided a floor of security and equity for low-wage earners.

In the UK, the deregulation of the labour market along with persistent unemployment, regressive taxation and other inegalitarian measures resulted in increasing inequality, poverty and social degradation. Between 1979 and 1991-92 poverty in Britain grew nearly three-fold, rising from nine per cent to 25 per cent of the population (*Guardian Weekly*, 1994, 24 July: 8).⁷ Crime took a distinct upward turn with particularly sharp rises in car thefts and burglary as well as racially-motivated attacks (Commission on Social Justice, 1994: 2). No

7 Poverty refers to income below half of the average income.

wonder then that Britons are voting with their feet and emigrating in large numbers, 'much larger than the citizens of any other European union member state'. The 'exodus' was said to be 'the EU's biggest outward population movement' (*Guardian*, 1995, 22 April).

There is little doubt that labour market flexibility means a sizeable increase in inequality of wages and earnings. If the inequality of earnings is not adequately compensated by social benefits then growth in social inequality and poverty is inevitable. Whether the logic of globalisation permits such a compensatory social policy is a question to which we shall return.

The advocates of labour market flexibility claim that it will mean more jobs and reduced unemployment. Since demand-side approach to job creation, associated with Keynesianism, has been virtually abandoned, it is the supply-side approach that has come into prominence. In this perspective, the US and (indirectly also Japan) is seen as a positive example in contrast with continental Europe. The US's relatively lower rate of unemployment in the 1980s compared with that of Europe, the record of creating millions of new jobs in the 1970s and 1980s compared with a virtual standstill in Europe, the low rate of long-term unemployment compared with growing long-term unemployment in European countries - these have been singled out as distinctly positive features of an approach to employment and labour market flexibility that is in line with the requirements of international competitiveness and responsiveness to change (IMF, 1994, May: 35-6). Other Western countries, especially those of continental Europe, are being constantly exhorted by organisations such as OECD and IMF to emulate the US. That this type of policy is also a recipe for increasing social inequality, fracturing social solidarity and creating an underclass seems not be of much concern. In so far as such consequences are recognised as undesirable they can, it is argued, be mitigated through targeted social assistance and help with education and training (IMF, 1994, May: 37).

The US pattern of buoyant employment and low wages is often contrasted with the European pattern of higher wages and higher levels of unemployment. More recently, however, the US record of lower unemployment and the lower long-term unemployment rate of the US has been questioned. It has been argued that it may be a statistical artefact which reflects the American system of unemployment benefits with restrictive entitlement and shorter duration of benefits, compared to the more generous European systems (Balls, 1994: 117). This point of view receives strong support from a comparison of the 'non-employment' of prime age males (25-54) in Europe and the US. These rates of inactivity differ much less than the formal unemployment rates - based on those registered as unemployed and actively engaged in job search. In 1992, for example, the male non-employment rate in the US was 14 per cent (almost double the unemployment

rate) compared with 15 per cent in EC Europe and 18 per cent in Britain (OECD, 1994b: 32-4). Japan was the only large industrialised country with a low rate of non-employment. This is a damaging statistic for the claim that labour market flexibility could be a cure for unemployment, even at low wages. Moreover, the case of UK is particularly relevant here. Despite the extensive deregulation of the labour market, the British economy has failed to reduce unemployment, as the figures cited above demonstrate. According to a study of the ILO, real wages in the UK 'have risen faster than productivity growth and aggregate employment has not increased, in spite of the decline in union density and decentralisation of wage bargaining' (ILO, 1995: 19). When we add to this the apparent lack of economic dynamism and growth, the putative benefits of flexibility turn out to be illusory. Deregulation and flexibility have turned the UK into a low-wage economy. But real productivity, i.e. the unit cost of production per worker, is about the same or lower than the high-wage European economies, e.g. Germany (Noland, 1995: 68-9).

The contrast between Britain and some of the major economies of continental Europe, many of whom have retained a well-regulated labour market, is telling. As the case of Germany - one of the most dynamic and competitive economies in the OECD - for example shows, a well regulated labour market, centralised collective bargaining, high wages, institutionalised workers' rights ('co-determination') and comprehensive social welfare programs are no hindrance to efficiency and competitiveness (Streeck, 1993: 146-7). On the contrary, as Streeck and others have argued, it is precisely because of the higher labour standards and rigid rules that German industry is competitive. For they have forced employers to modernise and innovate by way of product design, commitment to training, internal flexibility in the deployment of the labour force and the like. Regulation has pushed employers into high quality, high value, upmarket production. By contrast, the concept of flexibility prevalent in Anglo-Saxon countries gives employers a *carte blanche* to do what they like with the labour force. This makes for low wages, insecurity of employment and poor working conditions as the basis for competitiveness and efficiency - a recipe for an economy that mirrors Third World patterns. It seems that countries such as Germany and Austria show a different and apparently more effective form of labour market adaptation and responsiveness to international competitiveness (ILO, 1995: 19). It appears that international competition and free movement of capital do not necessarily require the kind of deregulation and commodification envisaged in the Anglo-Saxon approach. In short, the logic of globalisation may represent a specific view point - one suspects a neo-liberal view - of flexibility and how labour markets should be organised in conditions of international competitiveness. As an ILO study points out, there seem to be several routes to flexibility, competitiveness and higher productivity. This is demonstrated by

‘three of the world’s most successful economies, the US, Japan and Germany’ ... who have very different kinds of labour markets and labour relations (ILO, 1995: 19).

5 Social Dumping or the Rush for the Bottom

One of the consequences of global competition and transnational mobility of capital, it is argued, will be the progressive lowering of wages and social standards in industrialised countries (Dicken, 1992: 124-5; Adnett, 1995; Freeman, 1994). Put simply, corporations will have the option to relocate production in low-wage countries and will thus be able to bargain down the wages, non-wage benefits and other social charges usual in high-wage, high-regulation economies of rich Western countries.

Business will be able to use its advantage to demand a ‘business-friendly’ environment which may include low corporate and payroll taxes, minimal health and safety regulations, absence of unions and the like. Governments and workers in industrialised countries will be obliged to accept lower standards as they would otherwise lose investment and jobs to competitors abroad. The result will be social dumping or the spiralling down of standards for the workforce and indirectly also, for the rest of the population. How realistic is the scenario of social dumping and what are its implications for social policy?

In an open and competitive global economy the prospects of social dumping are real. But investment and location decisions have to take a variety of factors into account beside labour costs, e.g. access and proximity to markets, availability of a skilled and disciplined labour force, infra-structure of transport and communications as well as non-economic factors such as political stability and cultural affinity. Thus the pattern of foreign direct investment over the last two decades shows that roughly three-quarters of the investment has flown from one industrialised country into another rather than to low wage, Third World locations (Dicken, 1992: 54). Clearly low wages and low regulatory environment have not been the major considerations. We must also remember that much depends on the productivity of the labour force and low-wage economies also tend to be low in productivity. Clearly there are trade-offs involved between labour costs and other factors and when all of these are taken into account the situation turns out to be far more complex than what the thesis of social dumping suggests (Dicken, 1992: 124-37; Adnett, 1995: 8-10). Much also depends on the nature of the business or industry. Thus it is apparently the ‘traditional labour-intensive and low-skilled sectors of manufacturing such as textiles and footwear’ that are most likely ‘to behave in a manner consistent with social dumping hypothesis’ (Adnett, 1995: 9). But such labour-intensive industries are becoming peripheral to

advanced industrial economies in which services and high-tech manufacturing sectors are likely to be the core industries of the future. In high-skill and high-tech industries factors other than wage costs are, apparently, far more important in ensuring competitiveness. Nonetheless some sectors of so-called high-tech industries such as computers and microelectronics can be hived off to offshore locations where labour is cheap. Aspects of services, e.g. accounting or data processing, can also be contracted out to low-cost locations. In this general way cross-national mobility of capital and multinationalisation of production provides ample scope for firms to take advantage of low-cost labour markets. And often enough the threat of moving out or hiving off parts of production processes to other locations is sufficient for workers, threatened with job loss, to make concessions and accept lower standards. The US, in particular, provides plenty of examples of social dumping both within the country, e.g. between different states, and without (Barnet and Cavanagh, 1994, Ch. 3; Reich, 1992: 205-15).

It is important to note, however, that in countries such as the US where social dumping and job loss through relocation of business seems more pronounced, public policy is also involved in the downward movement of social standards. For example, government policy in the US seems to condone, if not actually support, the anti-union stance of employers. (See, for example, Barnet and Cavanagh, 1994: 311, 317; OECD, 1994c: 13; Segenberger and Wilkinson, 1995: 123.) The weakening of worker power through deunionisation and other measures, which has gone a long way in the US, is highly conducive to the lowering of labour standards. Moreover, anti-unionism has a long history in the US which has little to do with globalisation. Compared with North America, social dumping seems to be much less in evidence in Europe (Adnett, 1995: 8, 10). And it is no coincidence that in European countries the position of workers - through union membership, wide coverage of labour contracts and institutionalised workers' rights - remains much stronger in the US (OECD, 1992; 1994b: 9-19).

Another example of how government might aid and abet social dumping is provided by the policy of tariff concessions which encourages US firms to use offshore assembly provisions. The so-called 'Maquiladora' plants set by US firms on the Mexican side of the border employ cheap Mexican labour quite extensively under these conditions (Dicken, 1992: 169, 184-5; Barnet and Cavanagh, 1994: 64, 274). More generally, the deregulation of the labour market and increasing 'flexibility' create favourable conditions for social dumping.

The contrast between the US and Europe in respect of social dumping tendencies suggests that national policies, e.g. concerning labour market regulations, unions and collective bargaining, offshore assembly, are important in encouraging or discouraging as the case may be the downward progression of labour standards.

As we saw in the earlier section on labour market flexibility, alternative conceptions of competitiveness, efficiency and industrial relations are involved in responses to increasing international competition. Social dumping as a means to seek competitive advantage belongs more to the neo-liberal view of globalisation and what it requires. By contrast, a social partnership approach to competitiveness and efficiency may be an effective antidote against downward convergence of standards.

In so far as such a deterioration in standards takes place (as seems to be the case in the US and to a lesser extent in the UK where the unions have not been undermined quite as much so far) the concept of a national minimum standard of life is weakened. Social standards, instead of rising, begin to fall from the level attained in post-World War II decades. Moreover, in order to save non-wage costs, employers are unwilling to provide benefits e.g. sick pay, health care, or child care, for their employees or to pay a high level of contributions and payroll taxes out of which social insurance and other benefits could be financed. With the commodification and de-socialisation of the economy, the burden of maintaining social standards will shift to the public sector (or to the voluntary and charitable sector). Whether it will have the necessary resources to play the part of a compensatory agent is a question that is considered below.

6 Globalisation and the Paradox of Social Policy

Globalisation - at least in its neo-liberal version - seems to present social policy with a paradox. On the one hand it seeks to liberate the market economy from the social and political restraints imposed on it in the earlier decades. To the extent that the economy is desocialised and commodified, the need for compensatory social policy - if comparable levels of social entitlement and standards of welfare are to be maintained - becomes greater. Thus commodifying the economy means, at least in principle, a bigger role for social policy in social protection. But - and this is the other side of the coin - at the same time globalisation denies the social welfare sector the financial and ideological resources it needs to play a constructive role in the process of globalisation. This, in short, is the paradox of social policy. Let us look at it in detail.

Preceding pages have outlined the ways in which persistent unemployment, increasing wage inequality and lower standards of protection at the workplace are likely to put greater burden on the social welfare sector if it is to counteract the effects of commodification. Thus unemployment is likely to remain high in OECD countries, at least for the next five to ten years. The forecast OECD average for the millennium is 9.4 per cent (ILO, 1995: 159-60). In many countries it will remain in double digits. The cost of unemployment benefits and

associated labour market measures - close to seven per cent of the GDP in at least one OECD country but averaging close to three per cent of GDP in the OECD in 1992 - will remain high and governments will be under pressure to reduce eligibility and benefits levels.⁸ Moreover, incentive considerations will exert a downward pressure on unemployment benefits. In the light of persistent debts and deficits and continuing concern with deficit reduction it is unlikely that adequate benefits will be provided for the unemployed and the working poor, not to speak of providing a basic citizen's income as a social right. The most likely response, at least in Anglo-Saxon countries, is to shift to 'targeted' protective measures which do not create disincentives and 'poverty traps'. True globalisation may result in higher economic growth and poverty generally but the wealth will be distributed unequally and the social welfare sector will be prevented from redressing the situation. This becomes clear if we look at the revenue sources for social expenditure.

In the current climate of global competitiveness and emphasis on market-determined returns for both capital and labour, high taxes are an anathema. Indeed, over the last decade or so most OECD countries have reduced direct taxes - especially on corporations and the rich - although tax revenue as a proportion of the GNP has not come down by much. More use is being made of indirect and consumption taxes, e.g. VAT, to maintain revenue (Sandford, 1993, especially Ch.2). It is unlikely however that these regressive taxes could be increased further. And although public opinion polls show that the general population is prepared to pay higher taxes to finance social services, parties which openly espouse a 'tax and spend' policy are likely to find themselves on the opposition benches. The privileging of footloose capital, the professional - managerial - technical sectors and the enterprise culture more generally means that governments of all stripes and shades may have to stick to a policy of low taxation.

Globalisation is also leading to a substantial loss of revenue, e.g. through the mechanism of 'transfer pricing' used by the MNEs. About one-third of world trade - and the proportion is higher for individual countries - now takes place between the parents and subsidiaries of the MNEs (United Nations, 1994: 10; Dicken, 1992: 49). The price at which these goods are 'sold' or transferred is determined by the firm itself. This offers ample scope for tax-avoidance. The transfer price can be adjusted in such a way as to show a loss in a high-tax country and profit where taxes are low or non-existent. Little is known about the extent of revenue loss through transfer pricing. A recent study (1990) by the US Congress found that more than one-half of about 40 foreign companies surveyed had paid virtually no taxes over a 10-year period. An estimated \$35 billion was

being lost through the mechanism of transfer pricing (Dicken, 1992: 391). A further drain on national revenue results from the tendency of corporations - domestic and foreign - to extract substantial concessions in the form of tax holidays, subsidies, write offs and the like from public authorities. In a world where governments - national and local - are vying with each other to attract or retain investment, and thus jobs, it is becoming common to offer financial and other inducements to corporations. These costs, according to a study of globalisation can be 'quite substantial' (Dicken, 1992: 391). The same corporate sector which decries public spending has no qualms about accepting - indeed demanding - large amounts of money provided by the taxpayer.

While short on revenue and under pressure to keep taxes down, governments are also under surveillance by the financial community to ensure that they do not slacken in their efforts to reduce the deficit and the debt. Since taxes cannot be increased this can only mean one thing: reduced social spending.

Once again we need to note that OECD countries differ greatly in the proportion of national income collected in taxes. And whilst there has been a general trend, over the last decade or so, for marginal rates on high incomes and corporate taxes to come down, this has happened from very diverse rates and levels of taxation and so far at least there is not a very clear trend of downward convergence. It is also worth noting that the clamour for reduction in taxes seems to have more to do with neo-liberal ideology than globalisation *per se*.⁹ In many countries, especially in continental Europe, the tax regimes seem to be more stable than, for example in the leading Anglo-Saxon countries.

In summary, globalisation is increasing the need for social protection even as it is depriving the social welfare system of the resources needed to alleviate poverty and inequality. Moreover, the resurgence of the market economy worldwide is privileging inequality of condition as a necessary part of the 'enterprise culture' and the quest for economic growth and profits. Poverty and inequality are being legitimised in the name of international competition and a global market economy. These tendencies seem especially evident in Anglo-Saxon countries where neo-liberal ideology has deep roots (see for example, Glennerster and Midgely, 1991).

9 The dramatic reduction of taxes on the rich in the US and the UK in the 1980s, for example, seems to have no parallel in Europe. For example between 1976 and 1992, the top rate of central government income tax fell by 43 per cent in the UK and 39 per cent in the US compared with only three per cent in France and Germany (Sandford, 1993, Table 2.1: 12).

7 Conclusions

There is little doubt that the globalisation of economies has made the Keynesian approach to economic management - through which nations sought full employment and economic growth - virtually ineffective. Capital - internationally mobile and much in demand - is now in a much stronger position while labour's position has been weakened a good deal. Partly as a result, tripartism or corporatism as an institutional means of problem-solving has suffered a decline. These and other changes - deregulation of the labour market, pressure to reduce taxation and social spending - associated with globalisation are tending to steer social policy in a residual direction. In this general sense, we may speak of a logic of globalisation at work limiting the choice of nation states. At the same time, however, globalisation seems to be a notion heavily contaminated by ideological assumptions.

The close affinity between the logic of globalisation and neo-liberalism is hardly coincidental. As we have seen, a key concept of labour market organisation, associated with international competitiveness and structural adjustment is 'flexibility'. When seen in cross-national perspective, however, this particular notion appears to be **one** of the ways in which nations might seek to enhance their international competitiveness. It is a prescriptive approach based on neo-liberal social and economic assumptions. We might call this the anglophone neo-liberal perspective on what globalisation is about and what it means for economic and social organisation. An alternative approach is that of a number of European nations - notably Germany - which is based on the assumptions of a social market economy. Whereas the former envisions an atomistic society of individuals and firms engaged in a Hobbesian struggle for competitive advantage in the market place, the latter looks at society and its economy in more collectivist terms - expecting to negotiate change through social partnership and co-operation. Whereas the logic of the former steers social policy in a residual direction, the logic of the latter does not. However, this social corporatist approach, typical of northern and central Europe, may not be a successful import for English-speaking countries, steeped as they are in the tradition of individualism and market orientation. Nonetheless, the difference between continental Europe, Japan and English-speaking countries in their response to the changing economic environment suggests that nations may not be helpless pawns on the global chessboard. A good deal of policy autonomy does seem to exist in the way countries respond to the new economic challenges and shape globalisation.

The last point is important in that globalisation is often seen as something driven by 'blind' market forces to which nation states merely respond and adapt. In fact public policy - both as omission and as commission - is playing an important part in giving direction and substance to globalisation. As we have seen, the

restructuring of labour markets and industrial relations in the US and the UK have been driven by deliberate state policies influenced by neo-liberal ideology. A raft of regulations in the US have served to encourage corporations to relocate overseas or transfer operations offshore. Social dumping effects, far more evident in the US than in Europe, have at least as much to do with state policies permitting de-unionisation as with globalisation *per se*. Globalisation must therefore be understood, not as a happenstance, but as a process that is being shaped by ideology and national or supranational (e.g. by quasi-official bodies such as the IMF, OECD, the G-7 countries) policies.

Another point to be made is that what we are witnessing today is not simply globalisation but rather a free-for-all, **unregulated** globalisation. For the internationalisation of the economy has been going on for decades with a gradual increase in the volume of trade, foreign direct investment and the operations of the MNEs. Yet much of this development took place within a framework that was compatible with the national regulation of the economy and the maintenance of a welfare state. The decisive change from the point of view of social policy has been the deregulation of the money markets and the removal of all control over capital movement. The inability or unwillingness of the leading world powers to replace the obsolete Bretton Woods framework of regulation with another does not mean that a free-for-all globalisation was either natural or inevitable. Indeed, it is likely that a **regulated** regime of international interdependence will be very conducive to free trade and substantial cross-national mobility of capital and labour. As a regime that is stable and responsive to human factors in economic development, it might be able to put globalisation on a more sound footing.

In this context it is important to note further that the situation in which we find ourselves is not really that of **deregulation** globalisation in that it has liberated **capital** from all restraints while keeping **labour** firmly - indeed more firmly - tied to its national soil. For the stringent immigration policies of nations which deny labour the same mobility as capital make a mockery of deregulation and 'flexibility', even as the illogicality of the situation underlies the fact that labour cannot be treated as a commodity and that globalisation must take this into account.

To sum up: globalisation presents social policy with a new challenge. By liberating the economy from its national confines it threatens to undermine the systems of regulation and social protection that have developed over the decades to establish a national minimum standard of life. Globalisation, as it has been unfolding since the late 1970s, seems noting short of an attempt to recreate at the international level a free market economy which at the national level had been partially socialised through democratic politics. The absence of a representative

international government provides free marketeers with a golden opportunity to undermine national welfare states with the help of the 'hidden hand' of the global market place. Since no one has apparently willed globalisation and no one is controlling or directing it, to let things take their 'natural' course seems perfectly innocuous. But this road could easily return social policy to the pre-World War II days. There is no good reason why social advances should be sacrificed at the altar of a free-for-all economy.

It seems that if a national minimum standard of life is to be defended social policy will also have to 'globalise', i.e. try to establish some general regulations and safeguards binding on nations that would prevent the residualisation of social policy by default. At the same time globalisation must be demystified by revealing its ideological secret and by looking at models of social and economic organisation, other than neo-liberal, which seek to balance the economic with the social and which recognise the national community as a vital reality and a touchstone for policy making.

References

- Adnett, N. (1995), 'Social dumping and European economic integration', *Journal of European Social Policy*, 5(1), 1-12.
- Ahlen, K. (1989), 'Swedish collective bargaining under pressure', *British Journal of Industrial Relations*, 27(3), 330-46.
- Ahrne, G. and W. Clement (1992), 'A new regime? Class representation within the Swedish state', *Economic and Social Democracy*, 13, 455-79.
- Balls, E. (1994), 'No more jobs for the boys', in J. Michie and J. Grieve Smith, eds, *Unemployment in Europe*, Academic Press, London.
- Barnet, R. J. and J. Cavanagh (1994), *Global Dreams*, Simon and Schuster, New York.
- Blank, R. M. (1993), 'Why were poverty rates so high in the 1980s?', in D. B. Papadimitriou and E. N. Wolff, eds, *Poverty and Prosperity in the USA in the Late Twentieth Century*, St Martin's Press, New York, 21-55.
- Commission on Social Justice (1994), *Social Justice: Strategies for National Renewal*, Vintage, London.
- Dicken, P. (1992), *Global Shift*, Paul Chapman Publishing, London.
- Economist*, The (1990), 'Close your eyes and count to three', 17 November, 95.
- Epstein, G. et al., eds (1993), *Creating a New World Economy*, Temple University Press, Philadelphia.
- Freeman, R., ed. (1994), *Working Under Different Rules*, Russell Sage Foundation, New York.
- Guardian*, The (1995), 'Footloose Britons head league of emigrants in European Union', 22 April.

- Guardian Weekly*, The (1994), 'Figures show a third of children living in poverty', 24 July, 8.
- Glennerster, H. and J. Midgley, eds (1991), *The Radical Right and the Welfare State: An International Assessment*, Harvester Wheatsheaf, Hemel Hempstead.
- Golden, M. and J. Pontusson, eds (1992), *Bargaining for Change: Union Politics in Europe and North America*, Cornell University Press, Ithaca, NY.
- Hall, P. A. (1987), 'The evolution of economic policy under Mitterand', in G. Ross et al., eds, *The Mitterand Experiment*, Polity, Cambridge, 54-72.
- International Labour Office (ILO) (1995), *World Employment 1995*, Geneva.
- International Monetary Fund (IMF) (1994), *World Economic Outlook*, May, Washington.
- International Monetary Fund (IMF) (1994), *World Economic Outlook*, October, Washington.
- Jessop B. et al. (1991), *The Politics of Flexibility*, Edward Elgar, Aldershot.
- Kitson, M. and J. Michie (1995), 'Trade and growth: a historical perspective', in J. Michie and J. Grieve Smith, eds, *Managing the Global Economy*, Oxford University Press, Oxford, 3-36.
- Kozul-Wright, R. (1995), 'Transnational corporations and the nation state', in J. Michie and J. Grieve Smith, eds, *Managing the Global Economy*, Oxford University Press, Oxford, 135-71.
- McLaughlin, E. (1994), 'Flexibility or polarisation?', in M. White, ed., *Unemployment and Public Policy in a Changing Labour Market*, Policy Studies Institute, London, 7-28.
- Michie, J. and J. Grieve Smith, eds (1995), *Managing the Global Economy*, Oxford University Press, Oxford.
- Nolan, P. (1995), 'Labour market institutions, industrial restructuring and unemployment in Europe', in J. Michie and J. Grieve Smith, eds, *Unemployment in Europe*, Oxford University Press, Oxford.
- Ohmae, K. (1990), *The Borderless World*, Collins, London.
- OECD (1986), *Flexibility in the Labour Market: The Current Debate*, Paris.
- OECD (1992), *New Directions in Work Organisation: The Industrial Relations Response*, Paris.
- OECD (1994a), *The OECD Jobs Study: Facts, Analysis, Strategies*, Paris.
- OECD (1994b), *The OECD Jobs Study: Part I, Labour Market Trends and Underlying Forces of Change*, Paris.
- OECD (1994c), *The OECD Jobs Study: Part II, The Adjustment Potential of the Labour Market*, Paris.
- Pontusson, J. (1992), '"At the end of the third road": Swedish social democracy in crisis', *Politics and Society*, 20(3), 305-32.
- Reich, R. (1992), *The Work of Nations*, Vintage Books, New York.

- Sandford, C. (1993), *Successful Tax Reform*, Fiscal Publications, Perrymead, Bath.
- Sengenberger, W. and F. Wilkinson (1995), 'Globalisation and labour standards', in J. Michie and J. Grieve Smith, eds, *Managing the Global Economy*, Oxford University Press, Oxford, 111-34.
- Schmitter, P. C. (1989), 'Corporatism is dead. Long live corporatism', *Government and Opposition*, 24(1), 54-73.
- Streeck, W. (1993), 'The social dimension of the European economy', in D. Mayes et al., *Public Interest and Market Pressure*, Macmillan, London, 98-157.
- United Nations (1994), *World Investment Report 1994*, New York and Geneva.

Social Citizenship and Social Justice: An Unhappy Coupling

David Burchell
Faculty of Humanities and Social Sciences,
University of Western Sydney, Nepean

1 Introduction

The term social justice may be as old as the central concepts which it implies: Stuart Macintyre quotes Alfred Deakin using the term two years after Federation (Macintyre, 1985: 141). However, it is only since the early 1980s that social justice has acquired its present wide and even dominant position in the lexicon of social policy - where it is taken to denote a set of principles underlying the entire range of social policy priorities aimed at redressing inequalities or inequities in the social distribution of wealth, income and social infrastructure. Most typically it has depicted or at least implied an imagined ideal state, the 'just society', and marked out the territory to be traversed in order to approach, if not actually to reach it. From the late 1980s onwards the term has moved - not without some controversy - from the realm of criticism into the arena of government, a movement marked particularly sharply in the advocacy and implementation of Federal Government's Social Justice Strategy (SJS) and the more short-lived strategies of some state Labor governments. Its changing usage over that journey has marked out some of the tensions inherent in adapting a critical and polemical category to the language of representative government, so that one major government report in 1992 described the SJS, at once less ambitiously and less coherently, as a strategy 'to develop a fairer, more prosperous and more just society for **every** Australian' (Department of Prime Minister and Cabinet, 1992: 21: my emphasis).

At the same time, in the late 1980s and early 1990s there has been a marked revival in the currency of the language of social citizenship, both in the strategies of public policymaking and in the critical perspectives of various social and political groups from welfare groups to elements of the ALP Left. Very often the language of citizenship has been adopted by these latter groups as a kind of adjunct or supplement to the priorities of social justice. Thus the need for social policy action to remedy disadvantage or discrimination has been buttressed by reference to the social rights of citizens in a civilised society, loosely following the famous arguments of T.H. Marshall (Marshall, 1949). A similar imperative has animated the language of public policy, so that the government report cited above describes the SJS as

directed at expanding choices and opportunities for people so that they are able to participate fully as citizens in economic, social and political life and are better able to determine the direction of their own lives. (Department of Prime Minister and Cabinet, 1992: 21)

In this paper I want to caution against this kind of melding of the languages of social justice and social citizenship. There is no doubt that the two concepts have a broad political affinity in their tendency to view systemic social inequality and deprivation as to some extent remediable by the actions of public institutions - as Stuart Macintyre pointed out in his classic interpretation of the history of social justice in Australia, 'characteristically' it has been pursued 'through the representative bodies of the state and institutionalised in state instrumentalities' (Macintyre, 1985: 141). Again, both social citizenship and social justice have commonly been conceptualised within the terms of a broad liberal-philosophical language of social rights and responsibilities, so that social justice can be depicted as the pursuit of those rights which citizens ought to be able to exercise universally in liberal-democratic societies, but which have been available only to some or in unequal measure as a result of inequality or discrimination.

Despite these formal affinities, I want to argue here that in their present currency there are important respects in which the two political languages represent distinct and to some extent incompatible logics of political strategy and governmental intervention. Critical usage of the language of social justice commonly retains a strong ethical-socialist commitment to the ideal of an emancipated utopian society. And where governmental usage dispenses with those connotations it tends to reduce the term to a largely rhetorical tool for invoking social policy aims more easily justifiable by other, simpler, means. Of course, a similar utopian - or, more commonly, nostalgic - imperative animates a sizeable portion of the modern literature on citizenship, particularly where it draws on a neo-Aristotelian or 'civic humanist' ideal of the 'self-governing republic' of the ancient world (compare Arendt, 1958; MacIntyre, 1970). Nevertheless, the broadly social democratic current of citizenship outlined by Marshall has been more pragmatically rooted in the ideal of common access to differentiated social capacities and to general but unequal participation in a civilised existence 'according to the standards prevailing in the society' (Marshall, 1949: 78).

As a result while the critical language of social justice commonly retains a 'prefigurative' logic and has commonly (at least at the level of principle) tended to refuse the social compromise of mixed market-welfare economies, practicable social citizenship strategies since Marshall have to some extent been forced to accept the limitations of those social arrangements as datum. Instead, they have focused chiefly on the production of a broadly common culture of social existence and a common

entitlement to the means of developing the capacities to participate in that culture. It is for this reason, I believe, that in the measure of some discerning commentators the seemingly antique language of social citizenship threatens to outrun the language of social justice which was developed in the 1980s at least partly as its intended successor.

2 Dialects of Social Justice

Of course, to outline this contrast in these schematic terms necessarily fails to do justice to the complexity of a theoretical and practical literature which spans decades, if not centuries, and which marks out many of the real and difficult policy dilemmas facing policymakers today. The concept of social justice itself is an uncommonly diffuse and many-sided one, which (like most powerful motivating terms, at least for the politically-committed) has developed on several levels both as a token in the rarefied atmosphere of political thought and as a practical tool in political rhetoric and debate. In current political debate it appears in at least three quite different guises: as a category of liberal political theory, as an ethical imperative, both in religious and secular debate, and as a description of the perceived political instincts and traditions of communities and political groups.

In liberal political thought, and particularly in that current of American political philosophy associated with the work of John Rawls, social justice is (or is not) an attribute of those institutions which in liberal societies work to create benefits and burdens ('rights and disabilities, privileges and disadvantages', and so on) for individual citizens. One can judge those institutions from the standpoint of social justice according to their effects on the distribution of income, opportunity, social mobility, and so on (Barry, 1989: 355-7; but compare Miller, 1976: 50) Rawls in his later work acknowledges that what he calls 'justice as fairness' has of necessity to be 'a political conception of justice', since 'as a practical political matter no general moral conception can provide a publicly recognised basis for a conception of justice' in a modern, post-Reformation polity (Rawls, 1985: 223-6; compare Rawls, 1993: xvi-xxi). Nevertheless, there is a strong presumption that in 'a fair system of co-operation' staffed by a citizenry seen as 'free and equal persons' it will be possible to come to general agreement (the 'overlapping consensus') on a particular interpretation of justice, however partial (Rawls, 1985: 231-9; 248-51). While Rawls disavows the metaphysical heritage of his 'Kantian constructivism', his work retains the highly abstract flavour of the early modern social contractarian doctrines from which it is derived, and of which it is an elaboration.

However, despite this metaphysical heritage, and its provenance in the almost unreal half-world of contemporary political philosophy, this rights-based language of social justice supplies a sense of theoretical stiffening for more worldly conceptions of

social justice seen as an 'ultimate end' of all social policy (Saunders, 1994: 8). It does so at least in part because it is seen to provide a liberal restraint on more utopian schemas of the 'just society' (Grace, 1994). But Rawls' philosophy itself retains the strong flavour of political utopianism characteristic of the Enlightenment political philosophy of Kant (Koselleck, 1988). For Rawls and his followers it makes sense to talk of justice as a basis for social organisation, even if it is distinguished from the 'traditional moral conceptions' animating theocratic societies (Rawls, 1985: 225). As his communitarian critics have not been slow to realise, Rawls' 'overlapping consensus' has only the thinnest conception of the potential clash of political interests - echoing Carl Schmitt's famous criticism of philosophical liberalism as reducing political conflict to a kind of debating society (Schmitt, 1976: 28). And Rawls' picture of the citizen, as even sympathetic critics have noted, is still rooted in Kantian metaphysical notions of an autonomous self-directed person located outside time and social context (Larmore, 1987: 118-21). In consequence Rawls' arguments seem from the perspective of government only to offer only an ideal image of a just society in which political principles have condensed into social facts.

The language of social justice also appears in another, far less widely-studied guise (probably because it constitutes a far less respectable domain of academic study): as an ethical imperative. For the Catholic Social Justice Commission and its related bodies within the social activist wing of the Catholic Church the imperative to social justice is quite frankly and unapologetically metaphysical: it is stated that Christ's teaching is to build a kingdom of justice on earth, and that it is the duty of conscientious Christians to follow this path (Catholic Social Justice Commission, 1990). Of course, this kind of ethical imperative may be a less powerful motivating force among non-believers, but it does mirror in important respects the ethical priorities of other, secular advocates of social justice: it is felt that there is an ultimate goal, the just society, which has to be kept in sight, even if it is never entirely attainable in this life. At the same time, Catholic social justice doctrine expresses more clearly than other more instinctual schools the opposition felt to exist between social justice and the effects of 'the market' in social and economic affairs. Had one the time and the patience one could no doubt profitably trace this Christian heritage through the prehistory of social justice, perhaps as far back as the tradition of natural jurisprudence whose early modern revival has contributed so much to the liberal political philosophy reconstructed by Rawls.

The final incarnation in which the language of social justice has been depicted is historical - as in the various popular dialects of fairness and equity painstakingly assembled by Stuart Macintyre in his *Winners and Losers*, published a decade ago this year. For Macintyre the language of social justice is at bottom a response to the emergence of a market-based social order in the eighteenth and nineteenth centuries which dissolved both patriarchal social ties and the 'moral economy' which E.P. Thompson discerned in the values of the preindustrial social hierarchy. Macintyre,

paraphrasing Thompson, describes this conflict between a 'new order' and a 'robust plebeian culture whose moral economy embodied standards of social justice at odds with the new commercial values' (Macintyre, 1985: 12). However (unlike Thompson in his worse moments), Macintyre is aware of a crucial ambivalence here: while it may be perceived as a response to the breakup of customary 'rights', in fact in its crucial features social justice is a necessarily modern creation, a product of a modern civil society 'in which all citizens enjoy certain elemental rights' (Macintyre, 1985: 140).

Macintyre's argument depicts a series of distinct moments in which the language of social justice seems to have coagulated into new and distinct forms as a response to new social and industrial developments: the colonial penal experience, the pastoralist drive, debates over the fair wage and full employment, and the more recent struggles of Aboriginal people for their land and of women in the workforce and as child-carers. He is emphatic that his task is historical reconstruction, rather than the elaboration of abstract concepts: 'I am...concerned not with what social justice ought to mean but what it did mean' (Macintyre, 1985: vii). Yet this authorial modesty is slightly misleading: rather than merely reconstructing a native argot of social justice, he is in fact **creating** a particular (if unstated) conception of social justice as a transhistorical kernel or essence to these diverse historical experiences, which might otherwise fail to spontaneously offer up a thread of conceptual continuity.

The key players in Macintyre's historical conception of social justice are not very surprisingly this broadly historicised 'market' and its seeming nemesis, 'the state'. Following the numerous debates over the subject in 1970s radical sociology, Macintyre depicts the state as essentially Janus-faced: as both the court to which Australians have historically had recourse in their appeals to social justice, and as the gaoler enforcing an apparatus of social injustice ('regulation, control and discipline') (Macintyre, 1985: x). The welfare state, in this context, only serves to intensify this 'ambiguity': it at once advances social justice through social redistribution, and provides a positive obstacle to it through its 'panoply of planning, income determination, regulation and welfare' mechanisms which have actually 'displaced the market as the regulator of unequal living standards and life chances' (Macintyre, 1985: 143).

Of course, as with any global critique mounted from a standpoint of social democratic reform, this 'ambiguity' becomes necessarily a problem for the critic as much as for the object of their criticism. A conception of social reform which sees it as historically expressed chiefly through the agencies of the state, but which views the state as at best Janus-faced and at worst as an agency of social repression, is obviously going to be difficult to reconcile with an overarching political ideal of the 'just society'. Either its expectations of social reform are going necessarily to be

much reduced, or it is going to be confronted by a succession of disappointments. Either way the outcome is hardly likely to be ideal.

3 Common Features

It may be useful at this point to summarise the distinctive features of the different dialects of social justice I have outlined. One common feature is a focus on institutions as vehicles of social justice: whether because (in the first case) liberal political theory is itself in large part a theory of social institutions, or (in the last case) because state instrumentalities, from the Arbitration Commission to the Affirmative Action Agency, have played a crucial role in the Australian historical experience of social reform. Characteristically, however, social justice arguments are ambivalent about the capacities of public institutions to advance social justice: indeed, Brian Barry's liberal philosophical approach sees institutions chiefly as the object, rather than the subject, of scrutiny from advocates of social justice, while as we have seen Stuart Macintyre's state is necessarily Janus-faced. But as a general rule public institutions are depicted chiefly as more or less successful tools of social justice: that they possess their own histories and cultures, and to some extent their own rationalities, has not been widely acknowledged or studied except as a marker of their limitations.

Another distinctive feature of much social justice argument is its focus on the role of markets as generators of systemic social injustice. Thus Catholic social justice doctrine stresses the 'anti-social' and unethical features of market exchange. Again, Macintyre's account of the emergence of the language of social justice adapts Thompson's picture of an emerging market economy confronted by a popular-traditionalist language of 'moral economy' animated by primitive concerns of social justice. In this respect social justice argument is closely aligned with familiar ethical-socialist (and come to that, traditional conservative) arguments against the social effects of the operations of 'free' markets in social and economic life. And in the traditional fashion of ethical-socialist (and some conservative) argument there is a tendency to oppose market mechanisms to a largely undefined tide of popular protest aimed at restraining or even rejecting them on grounds of custom or fair play.

Finally, and most simply, social justice argument in each of the three cases above is of course animated by a concern for social equality defined in a fairly strong sense. This is, after all, in large part what the goal of a just society means: a society where social inequalities and discrimination have been reduced to negligible levels across the range of departments of social life. Yet it will be evident that this central plank of social justice argument is difficult to reconcile with the previous two, given that the state and institutions are seen in a decidedly ambivalent light, while social justice is commonly depicted as a continual uphill struggle against the dominating inegalitarian

effects of markets in what is certain to be for the foreseeable future a predominantly market-based economy.

It is at this point that the difficulty of adapting the language of social justice to the logic of government becomes most readily apparent. So long as the ambitions of social justice are so great and its emphasis on the role of rather unspecified public institutions so central, it will be difficult to reconcile the goals of social justice with the reality of the apparatus and rationality of modern Western governance as it has emerged since the early modern period. For of course Macintyre's complaints about the execution of social justice policy - that it works through techniques of 'regulation, control and discipline', and that the welfare state becomes a 'regulator of unequal living standards and uneven life chances' - are in large measure complaints about the entire repertoire of distinctive methods and rationalities by which the modern Western state administration has become thinkable, and by which modern Western populations have become governable and indeed targetable.

Since at least the Reformation the governance of populations has been inextricable from techniques of social discipline and restraint; since at least the eighteenth century public administration has been made possible by an 'avalanche of printed numbers' generated by statistical apparatuses of all sorts, along with the kinds of categorisation and 'normalisation' typical of these techniques; since at least the nineteenth century social policy has been the handmaiden of techniques of economic governance (see, e.g., Burchell et al., 1991; Hacking, 1982). Only if the activity of government is idealised as the actions of a transcendental spirit of justice - a claim towards which Macintyre's analysis offers little sympathy - would it be possible to imagine a regime of social policy which avoided these key characteristics of modern governmental reason.

Again, the more recent concerns of critical social policy analysts with the adoption of 'managerialist' models and language in social policy (echoed in the keynote speech to this conference), while understandable, seem to reinforce the somewhat otherworldly attitude of social justice critics towards the only too mundane sphere of government and administration. For while it is certainly open to critics to criticise the specific forms and rationales of managerialism, the borrowing by social policy bureaucrats of techniques from other domains of bureaucratic governance is hardly new. Indeed, social policy as a tool of governance has historically been constructed around a range of specific mechanisms of management, calculation and expertise - all of which necessarily (and in a sense quite properly) require the somewhat impersonal definition of target populations. If current managerialist models are felt to produce perverse outcomes, it should be possible to specify this in terms more precise than a distaste for the administrative culture of private sector corporations.

This is not to suggest, in the manner of some conservative critiques, that social policy must needs be an ineffective force for social amelioration, or that 'perverse effects' must necessarily overwhelm good intentions. Rather, it implies that any plausible rationale for social policy has of necessity to understand and respect the character and limits of social governance as a means of creating populations clustered around shared styles and standards of life. But this also suggests that the practical limits of the 'strategy of equality' will be denoted not by the ideals of social justice, but rather by the range and effectiveness of the governmental reasoning and practice at one's disposal - not to mention the enormous political constraints active in a representative polity marked by conflicting interests at a time of finite social resources (Hindess, 1987).

4 Citizenship and Government

As may already be apparent from my opening remarks, I believe this governmental purchase is more convincingly afforded by a different if related political language, or at least a particular dialect of it. Here I am thinking of the classic arguments around social citizenship advanced in T.H. Marshall's much-cited but too little read 1949 essay 'Citizenship and Social Class'. I stress the analogy of dialect here because, as I noted above, a large part of modern citizenship theory - particularly that portion of it incurably infected with a nostalgia for the classic civic ideal - is no less unworldly than the philosophical utopia of the just society, and perhaps more so (Burchell, 1995).

Indeed, as several recent writers have noted, Marshall's text itself is inconsistent between at least two radically distinct conceptions of citizenship: one in which citizenship constitutes an ideal of personal self-perfection, the 'coherent and transcendental ideal' of the Romantic-republican tradition, with its renovated classical utopia of the self-governing community; and another in which citizenship represents a more mundane governmental domain of 'social-administrative calculations and practices' (Minson, 1993: 177-8; compare Hunter, 1993: 33, n. 19). However, at least when it speaks in the latter register Marshall's argument is capable of engaging with the data of the liberal polity and the mixed market economy in a more sustained fashion than is evidenced by those versions of social justice argument which depict their subject as the story of popular struggles against the vicissitudes of 'the market' as mediated through the agency of public institutions. And it possesses a more developed strategic sense than those official mantras of social justice which depict it largely as a synonym for benign, conflict-free social amelioration.

For what is most striking about Marshall's argument in 'Citizenship and Social Class' is that its chief subject-matter is not social equality or even egalitarianism as such, but rather the claims of citizens 'to be admitted to a share in the social heritage,

which in turn means a claim to be accepted as full members of society, that is, as citizens'. Marshall insists unambiguously that social citizenship is not directly concerned with the question of 'equalising incomes': that 'belongs to a different department of social policy' (Marshall, 1949: 112-3). And as Jeffrey Minson (1993) has observed, the clinching element in Marshall's argument is contained in his depiction of citizenship as, 'in certain respects, the architect of legitimate inequality'. Marshall's argument turns on a distinction between two kinds of equality: a 'basic equality' which obtains where citizens possess 'full membership of a community', and an economic equality (or inequality) denoted by the gradations of social class. And his conclusion is that where this basic equality is both 'enriched with a new substance' in the form of diverse capacities for socio-cultural participation, and 'embodied in the formal rights of citizenship', it is compatible with 'the inequalities of social class' (Marshall, 1949: 76-7).

Marshall's purpose was not opposing 'basic' to 'economic' equality as rival objectives. Rather, he was making the observation that from the point of view of social citizenship the ideal of social equality did not necessarily have to be conceived of as an absolute good for its own sake: it could be thought of also as a marker in social compromises which strengthened a common participation in diverse areas of civic culture in return for acknowledging pragmatic limitations on the scope for redistribution. And at the same time he insisted that the 'enrichment' of this basic equality in itself altered the balance between market and social provision. In short, in Minson's words, 'Citizenship statuses are the price extracted by citizens for not regarding their subordinate statuses in other respects as a problem' (Minson, 1993: 189). Or to put the same point differently, rather than an ideal of equality or restitution, social justice might be more usefully seen as part of a wider strategy whose goal is the development of separate inclusive domains within a broadly common public culture.

Of course, Marshall's text was a product of the immediate postwar social compromise - a compromise whose terms may seem positively idyllic in certain respects from the perspectives of the 1990s. And like Tony Crosland after him he was making certain assumptions characteristic of the social democracy of the postwar settlement: most importantly that social redistribution could be funded at minimal political cost through the proceeds of steady and predictable economic growth (Hindess, 1987: 20). From the perspective of the 1990s, when economic growth is far from steady and predictable, and when it appears difficult to convince Western citizenries of the need to maintain an effective tax base, let alone broaden it, this might seem to condemn the social democratic citizenship of the Forties to the museum. It may be true, in Raymond Plant's words, that Crosland never had to 'agonise about the moral case for social justice' because he believed it could be achieved relatively painlessly and with minimal political division (Plant, 1993: 2). But it is no less true that the governmental inflection of Marshallian citizenship, with its

bedrock appeal to social solidarity, is better designed to survive a hostile economic climate than appeals to moral altruism.

Again, it might be pointed out that Marshall's conception of social citizenship as 'full' membership of a common civilisation or culture is an uncomfortably homogenous and universalistic one for the denizens of a diverse multicultural and multiethnic polity. A key chapter of Macintyre's 1985 book bade farewell to the Marshallian ideal of social citizenship on precisely these grounds, noting that for Aboriginal people citizenship seemed to have delivered less than it had promised, and 'a formal equality of rights' and 'universal programs administered on a basis of strict equality of provision' seemed to offer 'little benefit'. Universalistic schemes, Macintyre noted, might seem only to 'submerge' specific cultural identities into 'the common pool', and at a time when 'there is an increased desire among such groups to emphasise a distinctive identity' (Macintyre, 1985: 119).

Ten years on this observation has lost none of its force, except that it is no longer a criticism specific to citizenship concerns. For it is not obvious that social justice strategies have come any closer to solving this same cluster of problems. Attempts to shift the administration of Aboriginal social policy on to representative bodies like ATSIC, for instance, while laudable on other grounds, have not obviously produced a marked rise in Aboriginal living standards or health. Perhaps the problem is again chiefly a governmental one, rather than one of political principle: the brute dilemma of attempting to reshape the mechanisms of public administration of Western territorial states to the amelioration of the conditions of groups living on the margins of those territorial populations.

5 Conclusion

It might be useful to conclude by restating and refining the basic proposition with which the paper began. My central point is certainly not that social justice projects are irrelevant or misguided pursuits. Clearly social justice strategies in practice have real and important achievements to their credit, from health policy to the integration of systems of welfare benefits to the flawed but important expansion of post-secondary education and training. Rather my concern is that social justice seen as a focal political principle constitutes a disturbingly open-ended strategy for social policy, and one ill-attuned to the limited and practical mechanisms by which social governance has historically constituted its objectives and procedures in the modern West. Indeed, analysts of social justice admit as much in their own fashion by their stress on the supposedly Janus-faced role of the state, and on the supposedly manichean struggle between market and social provision.

The signal merit of social citizenship in at least some of its more felicitous formulations is that it encases elements of a strategy for socio-economic equalisation

within a wider and more governmentally-attuned strategy which aims to produce citizens of broadly equal statuses and competencies in a wide variety of departments of social life. Indeed, because citizenship is open - however imperfectly - to measurement through social 'indicators', it may in turn help to redefine some of the language of government. The social status of citizen may be more variegated and more difficult to define precisely than ever before, but this serves only to make the goals of social citizenship more complex and diffuse, not necessarily unreachable.

References

- Arendt, Hannah (1958), *The Human Condition*, University of Chicago Press.
- Barry, Brian (1989), *Theories of Justice* (vol. 1 of *A Treatise of Social Justice*), University of California Press, Berkeley.
- Burchell, David (1995), 'The attributes of citizens: virtue, manners and the activity of citizenship', *Economy and Society*, 23(3), August, 540-58.
- Burchell, Graham, Colin Gordon and Peter Miller, eds (1991), *The Foucault Effect: Studies in Governmentality*, Harvester, London.
- Catholic Social Justice Commission (1990), *Social Justice in Everyday Life*, Collins Dove, Melbourne.
- Department of the Prime Minister and Cabinet, Office of Multicultural Affairs (1992), *Access and Equity Evaluation Report*, AGPS, Canberra.
- Grace, Damian (1994), 'Social justice: new route to utopia?', in Michael Wearing and Rosemary Berreen, eds, *Welfare and Social Policy in Australia*, Harcourt Brace, Sydney, 81-96.
- Hacking, Ian (1982), 'Biopower and the avalanche of printed numbers', *Humanities and Society*, 5, 3-4.
- Hindess, Barry (1987) *Freedom, Equality and the Market: Arguments on Social Policy*, Tavistock, London.
- Hunter, Ian (1993), 'Culture, bureaucracy and the history of popular education', in Denise Meredyth and Deborah Tyler, eds, *Child and Citizen: Genealogies of Schooling and Subjectivity*, Institute for Cultural Policy Studies, Griffith University, 11-34.
- Koselleck, Reinhard (1988), *Critique and Crisis: Enlightenment and the Pathogenesis of Modern Society*, MIT Press, Boston.
- Lamore, Charles E. (1987), *Patterns of Moral Complexity*, Cambridge University Press.
- MacIntyre, Alisdair (1970), *After Virtue*, Duckworth, London.
- Macintyre, Stuart (1985), *Winners and Losers: The Pursuit of Social Justice in Australian History*, Allen and Unwin, Sydney.
- Marshall, T. H. (1949), 'Citizenship and social class', reprinted (1977) in *Class, Citizenship and Social Development*, University of Chicago Press.
- Miller, David (1976), *Social Justice*, Clarendon Press, Oxford.

- Minson, Jeffrey (1993) *Questions of Conduct: Sexual Harassment, Citizenship, Government*, Macmillan, London.
- Plant, Raymond (1993), *Social Justice, Labour and the New Right*, Fabian Society, London.
- Rawls, John (1985), 'Justice as fairness: political not metaphysical', *Philosophy and Public Affairs*, 14, 3.
- Rawls, John (1993), *Political Liberalism*, Columbia University Press, New York.
- Saunders, Peter (1994), *Towards a Balanced Vision: The Role of Social Goals, Social Policies and Social Benchmarks*, SPRC Reports and Proceedings No. 116, Social Policy Research Centre, University of New South Wales, Sydney.
- Schmitt, Carl (1976), *The Concept of the Political*, Rutgers University Press, New Brunswick.

Overturning the Male Breadwinner Model in the Australian Social Protection System

Bettina Cass
Sociology and Social Policy
University of Sydney

1 The Power of Different Theoretical Interpretations

The European literature on 'welfare state regimes' has focussed in particular on the relationships between 'work' and 'welfare' in analysing the extent to which various welfare systems, in their economic, social and ideological/cultural interconnections have enabled labour to be de-commodified, i.e., enabled individuals to survive more or less adequately, outside of the commodified relations of paid employment. In so doing, these accounts have emphasised the concept of 'de-commodification', which is usually operationalised through analyses of various forms of social security and the extent to which their rules and procedures of entitlement, coverage and generosity redistribute income to population groups who are excluded from market participation by unemployment, old age, disability or illness (Esping Andersen, 1990; Kolberg, 1992). These analyses also focus on the welfare policies and politics which are either **integrative**, because social security recipients and market income recipients are constituted as socially connected by an equalising trajectory, where 'citizen worker' and 'citizen social insurance recipient' are seen as life-course stages or contingencies on a work/welfare continuum; or, conversely, where policies and politics are **divisive**, because market income recipients and social transfer income recipients are constituted as occupying oppositional positions on a work/welfare dichotomy. These latter processes, of which there are several variants, may construct dualisms within the welfare system, as well as between work and welfare. In a dual social insurance/social assistance welfare system are situated, on the one hand, the recipients of social security (whose entitlement is endowed by their prior labour force status of 'citizen worker' and 'citizen contributor'); and on the other hand, social assistance recipients, whose prior labour force status as low paid employee, long-term unemployed or person with no or no recent labour force attachment results in their reliance on less generous and more tightly income-tested forms of income support, where the 'test' of eligibility is based on an officially determined criterion of 'need' rather than a criterion of 'right' or 'entitlement'. The outcomes of such welfare regimes are likely to exacerbate rather than reduce inequality, in particular inequality

of income and inequality of command over resources. What such analyses do is explore the several forms of the work/welfare relationship in liberal democracies and social democracies, identifying the political practices and discourses of key social movements and political parties which have a keen interest and stake in welfare outcomes, as well as welfare financing (labour movements, agrarian parties, social democratic or conservative parties, institutionalised religious parties, etc.). According to these analyses, integrative and equalising welfare regimes are predicated on the principle of welfare rights; while welfare regimes which maintain or exacerbate market inequalities and reduce social integration do so by constructing a much narrower categorisation of 'welfare need' (Mitchell, Harding and Gruen, 1994; Saunders, 1994).

But these are not the only leading concepts and debates in the welfare regime literature. In their critique of Esping Andersen's privileging of 'decommodification' as the key to welfare regime categorisation, Castles and Mitchell (1990) and Whiteford (1994) focus instead on the principle of 'redistribution', on the extent to which tax/benefit systems redistribute income of a quantum which is sufficient to reduce the inequality of market incomes which would otherwise prevail, or which are either insufficiently redistributive or redistribute an insufficient quantum such that market inequalities are maintained or exacerbated. The concept of 'welfare need' in these analyses tends to lose its opprobrium, since the redistributive trajectory of means-tested welfare systems, so long as the quantum redistributed is sufficient, is placed at the centre of the analysis as a form of justice and redress in circumstances where market distributions of income and wealth would otherwise be unchecked (Whiteford, 1994). While the concept of 'decommodification' draws attention to the relative effectiveness of tax/benefit systems in mitigating 'the disciplinary whip of the market', through their capacity or incapacity to ensure that the main route to adequate income is not only through labour market participation but also through social transfers, the concept of 'redistribution' draws attention to the effectiveness of tax/benefit systems in reducing the inequalities which market-driven systems of income distribution would otherwise generate.

The ways in which these different conceptual 'lenses' on the work/welfare relationship categorise the Australian welfare regime indicate the importance of theoretical refraction in understandings of welfare systems and their outcomes. In Esping Andersen's *Three Worlds of Welfare Capitalism* (1990), Australia is categorised as a residual liberal welfare state because of the historical dependence on means-tested social assistance, needs-based processes of conferring entitlement, construction of a work/welfare dualism and less than fulsome emphasis on decommodification. In accounts which place redistribution at the centre of the analysis, Australia is categorised as a 'radical redistributive' welfare regime, or at least a redistributive regime, because of the relative efficiency and effectiveness of its means-tested social assistance system in ameliorating (at least to some extent) the

inequalities which market incomes alone would construct (Castles and Mitchell, 1992) and, in particular, in ameliorating to some extent the higher levels of income inequality which the labour market changes of the 1980s would otherwise have constructed without countervailing tax/transfer measures (Harding and Mitchell, 1992; Whiteford, 1994). Whiteford's comprehensive review and analysis of the tax/transfer changes and labour market trends of the period 1983-90 in Australia concludes that living standards were higher and inequality slightly lower in 1989/90 than in 1983/84. His analysis depicts a tension between social policies with an equalising trajectory and economic policies 'attempting to enhance efficiency'. Australia's system of income support and social transfers was strengthened in its redistributive role, at the same time as the distribution of market incomes became more unequal as a result of labour market de-regulation, higher levels of unemployment and long-term unemployment (Gregory, 1992).

In a comparative analysis of rights/needs, universal or targeted systems of income support as differing legitimations of welfare entitlement, Mitchell, Harding and Gruen (1994) note that it is not just the type of welfare system which constructs different outcomes for the recipients of income support, but the perception of the worthiness (or otherwise) of categories of recipients, and the ways in which their legitimacy is ideologically/culturally constructed in social policy. The analysis in their paper shows that Australia, as a means-testing social assistance welfare regime is fairly effective in redistribution to the aged, both in terms of reducing the numbers in poverty and poverty gaps, compared with universalist social insurance countries. In fact the outcomes for the aged in a number of market welfare states of the OECD area seem fairly independent of the type of transfer system used. But the result for sole parents is different, and different welfare systems seem to transfer less income and reduce poverty less for sole parents than they do for the aged. The authors conclude that:

beneficiary types tend to be treated in a similar manner in many different countries - so that the retired have uniformly better outcomes than sole parents - indeed better than most other groups. In other words, the type of system may not be as important as the type of beneficiary. (Mitchell, Harding and Gruen, 1994)

What needs to be understood here, a point not made by the authors, is the ideological/ cultural construction of legitimacy around the aged (deserving) and sole parents (non-deserving). In other words, there are cultural/social constructions at work which invest the 'veterans of labour' with a more generous entitlement than the payment received by those with the responsibility to care for dependent children, as a sole parent.

What is also indicated by this apparent digression is that none of the analyses of the work/welfare relationship mentioned above problematises 'work' in its market and non-market forms, and neither, paradoxically, do they problematise 'welfare'. The feminist literature on welfare regime analysis has pointed out the consequences of the failure to recognise that work is carried out both within markets where it attracts remuneration, and in the family/household /informal community sectors where it attracts no remuneration but contributes substantially to the total of goods and services produced in national economies (Chadeau, 1992) and to the human welfare of those who benefit directly from this informal and unpaid provision of material goods and caring services (Shaver, 1992; Lewis, 1992; Ungerson, 1990). The consequences of such gender-blind analyses are that the caring work largely carried out by women in family/ household and local community and its treatment in social policy are either obscured by the privileging of the market/state relationship, ignored in the analysis, or subsumed as no more than one other reason for being outside of labour market participation and its system of rewards. The 'dependency' of non-market workers is contrasted with the 'independence' of market workers, and conflated with the 'dependency' of welfare recipients, as if 'the normal human condition is independence and dependence is deviant' (Fraser and Gordon, 1994). This masculinist and market-centred dichotomy of dependence/independence (characteristic of liberal thought, and particularly of its neo-liberal incarnation since the 1980s) constructs market participation as the privileged source and site of all value, while other circumstances, including reliance on intra-family transfers or on social transfers are seen as both stigmatising and less than adult: indeed outside the arena of social citizenship (Lewis, 1992; Fraser and Gordon, 1994). What is omitted from these constructions is an appreciation of the interdependence of market workers and the work of care, and the interdependence of welfare systems and market participation, not only through the raising of tax revenue, but through an understanding of life course transitions, obligations and vulnerabilities which militate against full-time labour force participation or exclude people entirely from participation: ageing, ill health, disability; market failure (generating unemployment, joblessness and labour market marginality); and the responsibility to care for the needs of vulnerable family members which makes the non-market work of care a normative obligation, 'evoked by the need of the other' (Waerness, 1984).

It is also paradoxical that the mainstream literature fails to problematise 'welfare'. Welfare is given a restricted interpretation, referring largely to redistribution through the tax/benefit system including in some analyses the imputed value of health and housing provision (Landt et al., 1995), but not explored in the contexts of state interventions into wage fixation, or the policy treatment of family caring responsibilities in the workplace. In other words, welfare is rendered synonymous with the social transfers made necessary by full or partial labour force exclusion, and in the process the dichotomies between work and welfare characteristic of liberal

thought and liberal social policy are neither recognised nor confronted. If welfare is reconceptualised inclusively to cover all forms of 'social protection', i.e. following the work of Polanyi (1944) to include the range of state interventions which aim to protect individuals from unimpeded market processes and their outcomes, then social policies which recognise and support the combinations of market and non-market work which women in particular are likely to construct, are as important for welfare state analysis as are more traditionally understood social transfers, made through income support and community services.

2 Welfare Regime Analysis and the Male Breadwinner Model

What happens to welfare regime analysis when feminist 'lenses' refract the paid work/unpaid work, redistributive welfare/workplace welfare relationships and their social policy treatments in different welfare systems?

In this analysis of Australian social policies, I am applying the feminist welfare regime analysis of Jane Lewis (1992) who argues that the various ways in which different social policy systems treat the market and the non-market family-based caring work of women are associated with the strength and pervasiveness of the 'male breadwinner model' in labour market circumstances, employment patterns and cultural expectations. The crux of Lewis's argument is that while all modern welfare regimes have subscribed to some degree to a male breadwinner model, where men are expected to be either the only or the primary breadwinner in a couple family, and married women/mothers are expected to be either fully financially supported as home-based non-market carers or partially supported as secondary earners, the extent to which such a model prevails in its pure form in actual social and economic arrangements (in all social classes and ethnic/cultural population sectors), and the extent to which such a model is institutionalised as one of the bases of social protection varies. The strength of the male breadwinner model, according to Lewis, is in fact predictive of the shape of different welfare regimes, in respect of the extent of married women's participation in the labour market, the treatment of women in social security systems, and the public provision of child care.

Comparing Britain, France and Sweden, Lewis finds that Britain, with a strong historical commitment to the male breadwinner model, albeit one which has been modified by the increase in women's labour force participation of the late twentieth century, has maintained an ambivalent social policy stance towards women as paid workers and as carers (constructing women as 'naturally' responsible for family care), while married women's employment is likely to be of a precarious part-time nature, public child care provision is very low, compared to both Sweden and France, and there is restricted entitlement to paid and unpaid maternity leave. In Britain,

women with two years continuous labour force participation have the right to 11 weeks leave before the birth of a child and 29 weeks after the birth, with the right to job re-instatement. Of this leave, only six weeks is paid, at 90 per cent wage replacement, and such is the precarious nature of the market position of British women, that only 60 per cent of women qualify (Lewis, 1992).

Strong male breadwinner states have tended to draw a firm dividing line between public and private responsibility. If women enter the public sphere as workers, they must do so on terms very similar to men. It is assumed that the family (that is women) will provide child care and minimal provision is made for maternity leaves, pay and the right to reinstatement. During the 1980s in Britain, the public/private divide has been drawn more tightly. ... Britain is the only European Community member state in which maternity rights diminished during the 1980s. (Lewis, 1992: 164)

France, on the other hand is categorised by Lewis as a 'modified male breadwinner' country, because women's labour force participation has historically been stronger than in Britain, in that it has been full-time, and women have benefited, albeit indirectly, from a social security system which has given priority to horizontal redistribution to families with children, and where there is a strong commitment to child care provision. Under the explicit rubric of pronatalist family policies, family payments have been relatively generous, to compensate for the costs of children, and there has been a stated commitment to neutral treatment of women as both market workers and mothers. Lewis considers France however to be a modified male breadwinner model, because there remains a cultural/social ambivalence which continues to invest patriarchal control in husbands while state policy has recognised the reality of women's roles as both mothers and paid workers.

Sweden, on the other hand, abandoned from the 1930s a prior historical assumption of gender difference in social policy and a strong male breadwinner model, adopting instead an explicit policy of gender equality and a dual breadwinner model, in the tax system, in social security, in wage fixation and in employment/family policies. In Lewis's words:

Sweden has moved away from the male breadwinner model towards treating women as well as men as citizen workers, and then grafting on women's claims as mothers through parental leave schemes and the like. This dual breadwinner model which makes social entitlements for all adults dependent on their labour force status, would seem to offer more in terms of benefit levels and the level of social service provision, particularly in

respect of child care, than strong family breadwinner models.
(Lewis, 1992:169)

What purchase does this analysis have in Australia? It is apparent that all the planks of Australia's system of social protection were predicated on a male breadwinner model, particularly in wage fixation from 1907 until 1972-75, in the taxation system, the social security system and in the paucity of provision of maternity/parental leave (Baldock, 1988; Cass, 1988; Shaver, 1988). However, the profound changes in women's labour force participation since the mid 1970s have made significant inroads into the social validity of the model, and have influenced social policy changes of a far-reaching kind. To what extent, however, have Australian policies overturned the male breadwinner model and moved towards a dual breadwinner model, or to what extent have they merely modified the male breadwinner model?

3 The Gendered Nature of Paid and Unpaid Work

Women have been joining the labour force in increasing numbers in Australia over the last two decades, as in all of the industrialised economies (Mitchell and Dowrick, 1994). It should be noted that this increase derives from the increased labour force participation of married women; between 1966 and 1993 the labour force participation of single women aged 15 to 64 decreased slightly from 66 per cent to 64 per cent, while the participation rate for married women increased from 31 per cent to almost 60 per cent (DSS, 1993). Since 1980, the most substantial increases have been for women with children: between 1980 and 1994 the labour force participation rate for married women with dependent children increased from 46 per cent to 61 per cent, while the rate for female sole parents increased from 43 per cent to 52 per cent (ABS, 1980; 1994a). The strong rise in women's labour force participation is attributable in substantial part to the markedly improved access of women to full secondary and tertiary education. Between the generation of women born in the 1930s and the generation of the 1970s, rates of both secondary school completion and post-school qualifications have doubled, constituting improved levels of educational attainment which raise the economic benefits to individual women and to their families of paid employment. Also contributing to women's increased labour force participation are reduced discrimination against women in pay rates and in employment, and the expansion of the demand for labour in the services sector, both in private and community services (Mitchell and Dowrick, 1994).

It must be emphasised however, that a very significant proportion of women's employment is part-time when they have responsibility for dependent children: in 1994, 57 per cent of employed married women with children and 47 per cent of employed sole mothers worked part time, compared with four per cent of employed married men and ten per cent of employed sole fathers (ABS, 1994a). This gender

segmented pattern is attributable both to the increased proportion of all jobs which are part-time in the services sector of the Australian labour market and women's long hours of unpaid, non-market work in families and households (ABS, 1994b).

As the Australian Bureau of Statistics *Time Use Survey* carried out in 1992 shows, women contribute the bulk, in fact 78 per cent of all hours spent in home-based childcare, with men contributing only 22 per cent (ABS, 1994b). Of women's contribution to childcare, 60 per cent comes from those who are not in paid employment, 40 per cent from those combining paid work and family care, indicating that women in employment maintain their caring responsibilities, albeit more likely to be shared by spouse, other informal carers, especially grandparents, and formal childcare arrangements (ABS, 1993a). When 'work' is defined broadly to include labour force participation and household activities including child care, women in full-time employment and with a child under 15, when compared with all other population groups, spend the greatest amount of time (69.2 hours per week) on work, both paid and unpaid, of which almost half is paid employment, and the other half household activities (ABS, 1994c). Men with a child under 15 years and employed full time have somewhat fewer hours of total work time (66.6 hours per week), but a much higher proportion (73 per cent) of their working time is comprised of paid employment (ABS, 1994c). Overall, the combination of family responsibilities with full-time employment results in the longest average working week. Mothers in full time employment in two parent families and in sole parent families bear the greatest load of paid and unpaid working hours.

In terms of family income distribution, however, women's increased labour force participation has played a significant role in reducing inequality. When women with children in two parent families are in full-time employment, their earnings contribute on average an additional 40 per cent to total family income; when they are in part-time work, the contribution is 24 per cent, and in lower income families, the contribution made by women's earnings is considerably greater (ABS, 1993c). In the case of sole mothers, the combination of family care and breadwinning is the major route out of poverty for the family, reducing the incidence of poverty considerably where the parent is in part-time work combined with partial receipt of social security benefit, and even more substantially where the parent is in full-time employment (Cass, 1993a). When women's earnings are added to their partner's earnings, the distribution of income across families is generally more equal (Mitchell and Dowrick, 1994). In addition, since the mid-1970s, women's increased labour force participation has sustained rates of home-ownership for couples and for two parent families, keeping home purchase rates from falling as far as they might have done in the four periods of recession. It is highly likely that without the contribution of women's income, the rate of home ownership in Australia would have fallen considerably in the period since 'the end of full employment', and particularly in the latter part of the 1980s, when a long period of high interest rates reduced

considerably the affordability of home purchase (Yates, 1994). In other words, women's increased labour force participation, and particularly that of women with children, has had two major effects which have tended to reduce inequality: firstly, by reducing the inequality of family income distribution; secondly, by providing access to home purchase to a greater proportion of Australian families, enabling access to the major, often the only, significant asset which individuals and families acquire through their lives.

However, it is a matter for continuing consideration in social policy that rates of labour force participation for women with family responsibilities, particularly those caring for dependent children or for frail elderly and disabled relatives, are considerably lower than they are for men, and women's rates of full-time employment are substantially lower. Involvement in long hours of unpaid work and the emotional commitments associated with caring obligations reduce the time and energy available to enter the labour force, or to be employed full time. These family commitments reduce women's life-time earnings capacity: women's work of family-based care, which may be compounded by reduced access to jobs because of the location of their housing or long periods spent outside the labour force with a subsequent erosion of recognised employment-related skills, may make it very difficult for them to enter or re-enter the labour force. At the same time, and the corollary to this, the circumstances of the majority of men in families is full-time employment, except where this is disrupted by unemployment, illness or disability. At the time when mothers are most likely to be outside the labour force caring for young children, the participation rate for fathers is at its highest (ABS, 1994c). Further, for employed men, there has been a consistent rise over recent years in the number of hours per week in paid work, moving from an average of 36.7 hours in 1980, to 40.5 hours in 1990, with a large increase in the proportion working more than 49 hours, from 19 per cent to 25 per cent in 1990 (Tracy and Lever-Tracy, 1991). Indeed, the Australian Bureau of Statistics Family Survey of 1992 found that full-time male employees with children under 15 years were employed for an average of 48.7 hours per week, and fathers of younger children averaged the greatest amount of time in paid work (ABS, 1994c).

There are some indications that Australian gender and family relationships and labour force participation trends have moved towards a dual breadwinner model, and this is particularly pertinent when considering the significance of women's income in reducing the unequal distribution of family incomes and supporting home ownership. However, because of the part-time and interrupted nature of women's employment patterns when they have children, and the much greater propensity for men with children to be involved in long hours of paid market work and far fewer hours of household work, the trend could be better described as a modified male breadwinner model, similar to France.

The dual responsibilities of family care and employment are not necessarily easily borne. The Australian Bureau of Statistics Survey of Families in 1992 shows a substantial proportion of employed family members with children under 12, particularly women, stating that they had difficulty managing paid work and child care. This was the response of 37 per cent of all employed women, rising to 46 per cent of those employed for 35 hours or more per week. Women in sole parent families were even more likely than women in couple families to report difficulty managing employment and care of children. There was a smaller proportion of men who indicated that they had difficulty managing employment and child care (24 per cent), and this proportion did not increase with longer hours of employment. Male sole parents, however, were twice as likely as men with a partner to report difficulties managing employment and child care (ABS, 1993a; 1994c). In addition, of employed people who provided care or home help for an elderly, long-term ill or disabled family member, 35 per cent of women and 21 per cent of men said that they had difficulties in managing the dual responsibilities of work and care (ABS, 1993a).

To what extent has the 'male breadwinner/dependent wife' model as one of the key bases of social protection been challenged? To what extent have the social security system and workplace policies overturned the expectation that marriage will be associated with female dependency and labour force withdrawal - social policy based on the principle of 'difference' - and substituted the principle of gender 'equality', where the possibility of gender-neutral involvement in caring work, rather than the assumption of the 'naturalness' of women as carers, is constituted as the basis of social protection policies?

4 From Difference to Equality in Social Security: Policy Ambivalence?

The Australian social security system, from its inception in the first decade of the twentieth century as a fully social assistance, means-tested, flat-rate system of income support, from the introduction of old age and invalid pension in 1908 and in particular with the consolidation of social security arrangements during World War II when child endowment, widow's pension, unemployment and sickness benefit were introduced, was predicated on contradictory assumptions about the position of women. On the one hand, women were treated as independent of male partners in terms of their eligibility for payment, and entitlement was not and is not derived from the formal work-force participation of the woman or her husband, as it is in most social insurance systems of income support. On the other hand, in the constitution of the married couple (whether *de jure* or *de facto*) as the unit of income-testing (and assets-testing) and as the unit of payment in the case of some categories of benefit, women's market-related dependency was reinforced (Shaver, 1992). This pattern has been overturned, to some extent, through the social security changes foreshadowed in the

Commonwealth White Paper, *Working Nation* (Australia, Prime Minister, 1994) and introduced on 1 July, 1995: including, firstly, the introduction of independent entitlement to and independent testing for income support for the unemployed partners of unemployed men, where the woman is under 40 and without dependent children, where marriage is no longer used as a signal of dependency and the prevailing assumption is independent labour force participation for women as well as men; and secondly, the introduction of a **parenting allowance** for the spouse of an unemployed, sick or low income-earning partner, where the parent is caring for a child under 16, which recognises the care of children as equivalent to market work, by exempting the carer from the activity-test which determines eligibility to receive unemployment allowance. In this way, the 'test' for receiving support on the basis of 'difference' has been moved from a focus on marriage to a focus on parenting and responsibility to care for dependent children, analogous with the 'test' for sole parent pension. There is an androgynous, gender equality basis for these changes, which moves from women's dependency in marriage to parents' responsibility to care for dependent children when their income is low as the basis for entitlement, constituting a gender neutral concept of 'citizen parent'. But in fact it is clear from the national statistics that in the overwhelming majority of cases, women, both in two parent and sole parent families, are the parent with principal responsibility for care, which makes these changes predominantly an issue of recognition of **women's** non-market work. Nevertheless, the assumption that men will also be carers and entitled to analogous forms of income support makes the social security system prefigurative of social change, indeed places it in the forefront of changes in family and gender relations and the domestic division of labour. Further, these social security changes to the entitlements of couples are accompanied by partial disaggregation and liberalisation of the married couple income test, with the stated purpose of enabling both partners to increase their hours of part-time work, by ameliorating the harsher work disincentive effects of the considerably tighter couple income test for unemployment assistance which has been replaced.

In addition, three potent symbols of the social policy treatment of women as dependent and different have been abandoned. The first is the phased abolition of Class B Widows Pension for older dejure widows and divorced women, including women who had been formerly married but changes in their conjugal circumstances and the responsibility to care for dependent children had provided them with the eligibility to receive Class A Widow Pension and then move on to Class B pension, while supporting mothers who had not been in a formal marriage relationship did not have this entitlement and nor did men who had been supporting fathers or who had lost their partners, regardless of their conjugal status. The second is the phased abolition of 'wives pension', formerly paid to the female partners of men in receipt of age or invalid pension, regardless of whether or not the wives (dejure or defacto) were caring for their partner, or not able to find paid employment. Thirdly, the

dependent spouse rebate, formerly paid as a tax rebate to predominantly male tax payers with a dependent spouse and children was converted to the **home child care allowance**, and subsequently (on 1 July, 1995) to a basic parenting allowance paid directly to the caring parent with little or no income in her own right, but not income-tested on the partner's income. A dependent spouse rebate remains in the tax system however, for tax payers with a dependent spouse and no dependent children, one of the most potent remaining bastions of the male breadwinner model.

This brief review indicates that prior historical assumptions in social policy of women's 'difference' predicated on the marriage relationship and men's responsibility for support, whether the men were in receipt of market income or social security income, have been overturned in most, but not all, social security arrangements since 1987, and some but not all tax arrangements, and replaced by the principle of 'equality'. In addition, while liberalisation and partial disaggregation of the couple income test for allowances (unemployment and sickness) have been introduced in the social security system, predominantly so as to reduce employment disincentive effects for women, the test retains the 'couple' principle. The most likely outcome of these policy changes is a continuation, at least in the short term, of current gender relations, fuelled by cultural expectations and by gendered wage differentials, which will see women as the major recipients of the 'parenting allowance' and men as active job seekers and potential wage earners. This outcome is reinforced by the social security policy barrier on both partners taking part-time employment while sharing the care of children, a policy barrier predicated on the assumption of a principal (male) breadwinner. The concept replacing 'difference', which was based on assumptions of women's 'natural' caring responsibilities, is one of gender equality and the **different treatment which is to be accorded to the work of parenting**, regardless of the gender of the parent. The paradox is that the edifice of 'equal treatment' in social security is predicated on an infrastructure of 'difference' and inequality in labour market participation, domestic division of labour and care-giving work, wages and incomes (Shaver, 1992).

5 Public Policy When Parenting Responsibilities And Employment Intersect

In 1981 the International Labour Conference adopted The Workers with Family Responsibilities Convention (No. 156) and Recommendation (No. 165) recognising the significant changes which have taken place over the last 20 years in the combinations of paid work and family responsibilities. These two instruments aim to strengthen protection for all workers with family responsibilities and to build workplaces in which men as well women have the opportunity to participate in parental and other family obligations (Legislation Working Group of the ILO 156 Interdepartmental Committee, 1993).

In March 1990, Australia ratified ILO Convention 156 'Convention Concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities', which came into effect in March 1991. Ratification obliges the Australian Government to make it an aim of national policy to enable people with family responsibilities who are engaged or wish to engage in employment to exercise their right to do so without being subject to discrimination and, to the extent possible, without conflict between their work and family responsibilities (Article 3). The Convention also calls for measures (compatible with national conditions and possibilities) which take account of employees' family responsibilities in respect of conditions of employment and social security (Article 4), community services such as child-care and family services (Article 5(b)), vocational guidance and training to enable workers with family responsibilities to become integrated into and remain in, as well as re-enter, the labour force after an absence due to those family responsibilities (Article 7).

To ensure national standards of equitable entitlement, as a base for enterprise bargaining and protection for the least advantaged employees with least union power, the Industrial Relations Commission has used test cases, and the Commonwealth Government has introduced legislation for employment-based entitlements central to the relationship between work and family responsibilities. Two major examples are the Maternity Leave Test Case for unpaid maternity leave in Federal awards (1979), and the Parental Leave Test Case handed down by the Industrial Relations Commission in 1990, which provides an entitlement of 51 weeks unpaid parental leave after the birth or adoption of a child which can be taken by either parent, but not simultaneously. The 1990 Test Case also covers permanent part-time work for parents up to the child's second birthday and during pregnancy, subject to employer agreement (National Women's Consultative Council, 1993). In 1993, the Industrial Relations Reform Act addressed directly work and family issues within enterprise bargaining, covering a range of conditions drawing on ILO Conventions: including minimum award wages (where workers do not have access to compulsory arbitration); equal pay for work of equal value; and unpaid parental leave for 12 months. This legislation covers all employees, whether under Federal or State awards or no awards, whether in the private or the public sector (George, 1993). The Act prohibits termination of employment on the basis of family responsibilities and prescribes 12 months unpaid parental leave for working parents, male or female, as part of minimum employment conditions. However, the possibility for permanent part-time work up to the child's second birthday, (while subject to employer agreement), is a provision not yet enshrined in the Industrial Relations Legislation. This means that while 51 weeks unpaid leave is protected for parents in the workforce, reduced working hours while children are young are not yet an established and protected part of employment practices.

The Commonwealth Government's announcement in June 1994 of an in-principle commitment to the introduction in the 1995/96 Budget of a maternity/parental allowance for parents caring for a child in the first 12 weeks after the birth or adoption of the child, paid through the social security system, constituted a central social wage element of Accord Mark 7 negotiated between the Commonwealth Labor Government and the ACTU. This commitment signalled a much more widespread entitlement for women to a measure which is currently available to less than 20 per cent of women employed mainly full time, predominantly in the Commonwealth and State/Territory public services and in a handful of firms in the private sector.

As the follow-up to the maternity leave announcement, the Commonwealth Government announced in the 1995/96 Budget the introduction from February 1996 of a maternity allowance of \$816, representing the equivalent of six weeks income support at the rate of parenting allowance, following the birth of a child. This payment is to be made through the social security system without discrimination as to the parent's labour force status, ie, eligibility does not require prior labour force participation, and the payment is subject to an income test at a high level of parental income (slightly more than \$60,000 per annum). Since the period covered by the allowance will be considerably less than the 12 week minimum standard of most other OECD countries (OECD, 1990), this issue will no doubt become the focus of widespread advocacy to increase the period to 12 weeks, in line with the OECD minimum. In fact, the terms of agreement of ACCORD Mark 8, announced in June 1995, state that:

The Government will review (the maternity allowance) during the life of the Accord with the aim of improving it as economic and budgetary circumstances permit, and consistent with the spirit of ILO Convention 103 (Maternity Protection) which identifies 12 weeks maternity leave as an appropriate goal. (Accord VIII, 1995-1999, June, 1995: 13)

Payment through the social security system is a mechanism for pooling the costs, drawing on general tax revenue, rather than devolving the responsibility only to the industrial relations system, where a majority of women are likely to remain excluded from paid maternity leave entitlement. Paradoxically, it is Australia's general revenue based, social assistance system of income support which permits such a maternity allowance payment to be incorporated into the system of family income support, without policy disjuncture, and without requiring women to have a prior or recent labour force history, and particularly a history of full-time participation, which is the case in countries with a social insurance model.

In addition to its advocacy for paid maternity leave made through both the industrial relations system and more widely through social security provision, the ACTU brought a major test case for Special Family Leave to the Australian Industrial Relations Commission (AIRC), which heard the case in August 1994. The ACTU case called for five days paid leave per year for family purposes, additional to other leave entitlements, and to become part of minimum standards, with the purpose of enabling employees to care for sick family members.

The Industrial Relations Commission handed down its decision in November 1994, indicating that it would not agree to the introduction of five days special family leave, additional to other leave entitlements, as claimed by the ACTU, but allowed for the aggregation and extension of existing employee leave entitlements. This will be done in two stages:

- extending access to sick leave so that employees may use their sick leave to provide care for a sick family member;
- 'facilitative provisions' will be introduced to provide greater flexibility through the aggregation of sick leave, annual leave, hours of work and unpaid leave entitlements;
- following a further hearing to be held in August 1995, it is proposed that existing award provisions with regard to sick leave and compassionate/bereavement leave will be aggregated and employees will be able to access the aggregated entitlement for the purpose of providing care or support for a member of the employee's family who is ill.

While stopping short of meeting the ACTU claim, the AIRC has introduced the significant principle of leave for family purposes, and has introduced a culture of greater flexibility and transparency in the taking of leave for family purposes. Having said this, it must be emphasised that this decision does not begin to approximate the family leave provisions won in dual breadwinner model welfare regimes (Lewis, 1992). In addition, implementation of the industrial relations changes will need to be closely monitored, to ensure that they do not result in women employees in particular exhausting their own sick leave and recreation leave in order to provide care and support for sick children and other family members. Mothers in couple families with both parents employed are more than twice as likely as fathers to take time off paid work to care for a sick child. In the first six months of 1993, 36 per cent of mothers compared with 16 per cent of fathers took some leave from employment to care for their children, and women who took leave were considerably more likely than men to take unpaid leave, a trend related to women's part-time and casual employment, and consequently reduced access to paid leave entitlements (ABS, 1994c).

The relatively underdeveloped nature of paid family leave arrangements (including maternity/parental and leave to care for sick children and other sick family members) in a country whose historically centralised wage fixation system has been more effective than many other similar countries in narrowing the gap between men's and women's wages (Gregory and Daley, 1990), raises the question of the likely reasons for this policy disjuncture. It would appear that while the 'male breadwinner model' as the basis for wage fixation was finally abandoned in 1972-74 after more than 50 years of struggle in industrial relations tribunals, within the unions and the ACTU, and with the concerted advocacy of various feminist organisations, the male breadwinner model of family life was largely retained in maternity and parental leave entitlements. The addition to social security arrangements announced in the Commonwealth Budget 1995/96, through the introduction of a maternity allowance covering six weeks of income support, while only partial and incomplete in recognising the intense caring work involved in early child care, nevertheless introduces an additional challenge to the 'couple unit' as the basis for social protection. This is so because it overturns (albeit partially and subject to an income test) the assumption that it is the private responsibility of the male partner to support the mother/child unit in the early weeks of infant care. In so doing, it begins to extend the principle embedded in income support for sole parent families, that there is a social responsibility harnessed and expressed through the tax/benefit system to recognise some of the costs of child care when children are young. The significant issue is that these developments were negotiated, no doubt fought out, in the Government/ACTU Accord context, as a social wage adjunct to wages policy, as were other developments in family income support since 1987 (Cass, 1993b).

7 Conclusions

With a focus only on recent measures in the social security system which replaced, at least partially, the assumptions of women's 'difference' and 'dependency' associated with marriage and the alleged 'naturalness' of women as carers, with the assumptions of gender equality, and the gender neutral responsibilities of parenting, it might be concluded that the male breadwinner model had been superseded in the Australian system of social protection, and that a dual breadwinner model had been adopted. However, the more partial and preliminary steps towards paid maternity/parental leave and provision of leave for family purposes, while clearly a considerable improvement on the extremely limited access to these entitlements which prevailed prior to the Budget announcement of 1995/96 and the AIRC decision, suggest that Australian social policy has moved towards a **modified male breadwinner model**, characterised by a deep tension between private and public responsibility for recognising both 'citizen worker' and 'citizen parent'. While men's and women's rates and characteristics of labour force participation and their labour force attachment, and the division of household caring work stays fundamentally gendered,

it is likely that the tension will continue. There is no doubt however that there will be significant challenges to the various systems of social protection and state policy to support full gender equality, that is to intervene equitably and justly in both unequal market processes and unequal gender processes, while recognising and supporting the essential work of care as a human and social, rather than a female and private responsibility.

References

- Australia, Prime Minister (1994), *Working Nation: White Paper on Employment and Growth*, AGPS, Canberra.
- Australian Bureau of Statistics (ABS) (1980; 1994a), *Labour Force Status and Other Characteristics of Families* Cat. No. 6224.0, Canberra.
- Australian Bureau of Statistics (ABS) (1993a), *Australia's Families: Selected Findings from the Survey of Families 1992*, Cat. No. 4418.0, Canberra.
- Australian Bureau of Statistics (ABS) (1993b), *How Australians Use Their Time*, Cat. No. 4153.0, Canberra.
- Australian Bureau of Statistics (ABS) (1993c), *Women in Australia*, Cat. No. 4113.0, Canberra.
- Australian Bureau of Statistics (ABS) (1994b), *Unpaid Work and the Australian Economy 1992*, Cat. No. 5240.0, Canberra.
- Australian Bureau of Statistics (ABS) (1994c), *Focus on Families: Work and Family Responsibilities*, Cat. No. 4422.0, Canberra.
- Baldock, C (1988), 'Public policies and the paid work of women', in C. Baldock and B. Cass, eds, *Women, Social Welfare and the State*, Allen and Unwin, Sydney, 20-53
- Cass, B. (1988), 'Redistribution to children and to mothers: a history of child endowment and family allowances', in C. Baldock and B. Cass, eds, *Women, Social Welfare and the State*, Allen and Unwin, Sydney, 54-84.
- Cass, B. (1993a), 'Sole parent family policy in Australia: income support and labour market issues', *Social Policy Journal of New Zealand*, 1, November, 3-16.
- Cass, B (1993b), 'Children's rights and family income support: policy debates and developments in Australia, 1941-1993', in J. Mason, ed., *Child Welfare Policy: Critical Australian Perspectives*, Allen and Unwin, Sydney, 157-82.
- Castles, F. and D. Mitchell (1992), 'Identifying welfare state regimes: the links between politics, instruments and outcomes', *Governance*, 5(1).
- Chadeau, A. (1992), 'What is households' non-market production worth?', *OECD Economic Studies*, 18, Spring, 85-103.
- Department of Social Security (DSS) (1993), *Meeting the Challenge: Labour Market Trends and the Income Support System*, Policy Discussion Paper No. 3, Canberra.

- Esping Andersen, G. (1990), *Three Worlds of Welfare Capitalism*, Polity Press, Cambridge.
- Fraser, N. and L. Gordon (1994), 'Dependency demystified: descriptions of power in a keyword of the welfare state', *Social Politics*, 1(1), 4-31.
- George, J. (1993), Equity and Enterprise Bargaining, paper presented at 1993 Women in Leadership Public Lecture Series, Edith Cowan University, Perth.
- Gregory, R. (1992), *Aspects of Australian Labour Force Living Standards: The Disappointing Decades, 1970-90*, Copland Oration, University of Melbourne.
- Gregory, R. and A. Daley (1990), *Can Economic Theory Explain Why Australian Women Are So Well Paid Relative to Their US Counterparts?*, Discussion Paper No. 226, Centre for Economic Policy Research, Australian National University, Canberra.
- Harding, A and D. Mitchell (1992), 'The efficiency and effectiveness of the tax/transfer system in the 1980s', *Australian Tax Forum*, 9(3), 277-303.
- Kolberg, J., ed. (1992), *The Study of Welfare State Regimes*, ME Sharpe, New York.
- Landt, J., R. Percival, D. Schofield and D. Wilson (1995), *Income Inequality in Australia: The Impact of Non-cash Subsidies for Health and Housing*, Discussion Paper No. 5, NATSEM, University of Canberra.
- Legislation Working Group of the ILO 156 Interdepartmental Committee (1993), *Workers with Family Responsibilities Discrimination Legislation, An Issues Paper*, Attorney General's Department, Canberra.
- Lewis, J (1992), 'Gender and welfare regimes', *Journal of European Social Policy*, 2 (3), 159-71.
- Mitchell, D. and S. Dowrick (1994), *Women's Increasing Participation in the labour Force: Implications for Equity and Efficiency*, Discussion Paper No. 308, Centre for Economic Policy Research, Australian National University, Canberra.
- Mitchell, D., A. Harding and F. Gruen (1994), *Targeting Welfare: A Survey*, Discussion Paper No. 316, Centre for Economic Policy Research, Australian National University Australian National University, Canberra.
- National Women's Consultative Council (1993), *Paid Maternity Leave*, AGPS, Canberra.
- OECD (1990), *Employment Outlook*, OECD, Paris.
- Polanyi, K. (1944), *The Great Transformation*, Rinehart, New York.
- Saunders, P. (1994), *Welfare and Inequality*, Cambridge University Press.
- Shaver, S. (1988), 'Sex and money in the welfare state', in C. Baldock and B. Cass, eds, *Women, Social Welfare and the State*, Allen and Unwin, Sydney, 146-63.
- Shaver, S. (1992), *Women and the Australian Social Security System: From Difference to Equality*, SPRC Discussion Paper No. 41, Social Policy Research Centre, University of New South Wales, Sydney.
- Tracy, N. and C. Lever-Tracy (1991), 'The longer working week in Australia', *Labour and Industry*, 4(1), March, 71-94.

- Ungerson, C., ed. (1990), *Gender and Caring*, Harvester, Hemel Hempstead.
- Waerness, K. (1984), 'Caring as women's work in the welfare state', in H. Holter, ed., *Patriarchy in a Welfare Society*, Norwegian University Press, Oslo.
- Whiteford, P. (1994) 'Income distribution and social policy under a reformist government: the Australian experience', *Policy and Politics*, 24(4), October, 239-55.
- Yates, J. (1994), 'Home ownership and Australia's housing finance system', *Urban Policy and Research*, 12(1), March, 27-39.

Putting Housing Wealth to Work: Implications For Social Policy

Judith A.Davey
Social Policy Group,
Victoria University of Wellington,
New Zealand

1 'Housing Rich and Income Poor'

Australia and New Zealand have high levels of home ownership and long histories of government policy supporting and even subsidising it (Ferguson, 1994; Gruen, 1988). At the time of the 1991 Census, 74 per cent of New Zealand households owned their homes, outright or with a mortgage. This represents little change from 1986. The Australian figure of 70 per cent ownership has been relatively stable since 1961 (Mowbray, 1994: 157). Other 'colonial' countries - Canada, the USA - also have higher levels of home ownership than the 'old' countries of Europe.

As well as being high, New Zealand home ownership rates increase with the age of the householder. By retirement the majority of people live in homes which are owned outright. Where the head is aged 65 or over, 77 per cent of households own without a mortgage, as against 42 per cent of all households.

Thus wealth in the form of home-ownership is concentrated among the older population. Home equity is a large component of estates in the middle range, as shown in New Zealand and overseas studies (Payne, 1990; Hamnett et al., 1991). For many people it is the only large-scale capital which they have been able to accumulate over a lifetime.

At the same time, incomes for people 60 and over are, on average, lower than for younger age groups, so that many fit the description 'housing rich, income poor'. According to the 1991 New Zealand Census, 42 per cent of people aged 60 and over had incomes of NZ\$10,000 or less; of the rest half received between \$10,000 and \$15,000 and half had incomes greater than \$15,000.

About a third of New Zealanders aged 60 and over have no income other than government-provided New Zealand Superannuation. In 1990, the net pension for a married couple approximated 72 per cent of the after-tax ordinary time average wage, and for a single person 47 per cent (St John, 1993). Even after applying an equivalence scale to reflect the fact that they are usually either couples or single

people, superannuitant households have incomes below the overall average. A comparative study using data from the USA, UK and Australia showed that in all three countries older home-owners had incomes below the level of average earnings (Kendig, 1984).

2 The Housing Wealth of Older People and its Potential Use

Housing wealth can be viewed in various ways (Figure 1). Traditionally, it has been preserved for transference through the generations by inheritance. This option is returned to below.

However, home equity has the potential to be used by older people, when a special need becomes apparent. Examples include medical emergencies and financial difficulties facing family members following unemployment or marriage breakdown. More predictable calls are to fund house purchase or tertiary education by younger relatives. In many cases these demands on financial resources arise from less generous government subsidies in health, education, housing and income support.

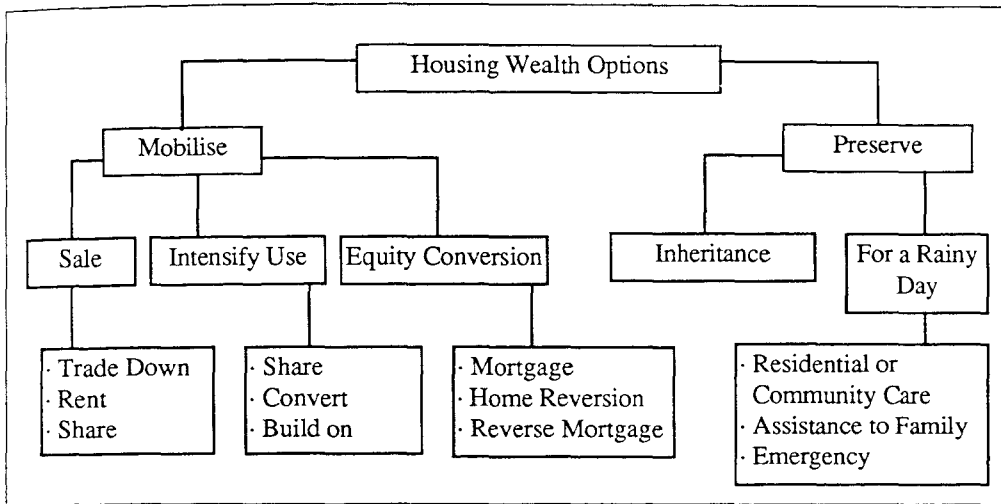
But further demands are being made or can be expected. Home equity may be required to pay for long-term residential care, as under current New Zealand Government asset-testing policy. If no other source of payment is available, housing wealth must be used, where the person requiring care is single, or the survivor of a couple. In the future, home equity could also be called upon to pay for care in the community (from services such as Meals on Wheels up to intensive home nursing) (Gibbs and Oldman, 1993).

If older people wish to mobilise their housing wealth, for any of these reasons, or simply to improve their standard of living, they have several options. They must first choose whether they wish to remain in their home. If they move, part of the capital can be released by 'trading down' to a smaller house or pensioner unit, possibly one more suited to the needs of an ageing household than the family home.

A change of tenure to renting or boarding will make all of the home equity available for use or re-investment. Where 'sheltered' accommodation is available, this may provide care as well as accommodation. Moving in with family members also has this advantage. However, this does not appear to be a favoured option (Koopman Boyden, 1981; Finch and Mason, 1993).

If people wish to remain in their present home, then there is the possibility of borrowing against their housing wealth. For this to take place a legal and financial process is required. But orthodox mortgage instruments, which entail immediate

Figure 1 : Options for Use of Housing Wealth



interest and often capital repayments, may be unsuitable. Financial institutions must develop and offer a profitable product in the context of a long-term deferred pay-back regime. Another consideration is the protection of elderly people from risk and insecurity. This is the context for the development of home equity conversion (HEC) or reverse mortgage instruments, specially designed for the older home-owner.

Personal and family circumstances and attitudes, especially those relating to inheritance and long-term care, influence which of these options is taken up. The policy environment is also important. Central government, in New Zealand and elsewhere, has stated its intentions to cut back on state pensions and service provision for older people, and to encourage private arrangements for income support and care (Shipley, 1991). This means not only the currently retired, but also younger people, must look to using their own resources, including finance tied up in housing, to the best effect.

3 Schemes for Home Equity Conversion

A great variety of home equity conversion (HEC) schemes are in operation in Europe, North America and Australia, and have been evaluated in the literature (Britain - Springer, 1985; Leather, 1990; USA - Jacobs, 1985; Australia - Wilson, 1988; Carter, 1985). Indications are that take-up levels have not been high as yet, and there is little information on how the long-term success of HEC schemes can be assessed (although see Leather, 1990).

Table 1: Classification of Home Equity Conversion Schemes

Maturity Loans	
Interest Repayments Only	<ul style="list-style-type: none"> • Without Guaranteed Lifetime Tenure to be repaid at fixed time • With Guaranteed Lifetime Tenure repayment only on sale or death
Rolled-Up Interest Loans	<ul style="list-style-type: none"> • Without Guaranteed Lifetime Tenure to be repaid at fixed time • With Guaranteed Lifetime Tenure repayment only on sale or death • Compound interest added or partial roll-up
Home Reversion	
Whole Equity	<ul style="list-style-type: none"> • Purchaser takes any increase in value
Split/Shared Equity	<ul style="list-style-type: none"> • Increase shared between purchaser and vendor

Source: Springer, 1985.

One set of HEC schemes are maturity loans - in which debt accumulates to be paid back in the future, with or without repayment of interest (Table 1). These frequently provide regular income, in the form of an annuity, but may also allow lump sum payments. The second set of schemes are home reversion or lease-back plans - in which the house is sold, but the vendor retains occupancy rights for life. This type may also provide either an annuity or mixed annuity/lump sum payments, with variations in whether rent is paid, and who is responsible for maintenance.

Schemes which provide regular income include the British Home Income Plans (Hinton, 1990), and the Invincible Life Assurance Limited Reverse Annuity Mortgage (RAM) in New Zealand. These may be tailored to meet prevailing taxation/superannuation abatement conditions. Schemes geared to lump sum payments, such as home improvement mortgages (Wilson, 1988) provided the model for the 'Helping Hand Loans' scheme in New Zealand.

4 Home Equity Conversion Schemes in New Zealand

Helping Hand Loans

The Housing Corporation (HCNZ) initiated a pilot scheme for home equity conversion - 'Helping Hand Loans' - in late 1990. This was intended to test the HEC concept; to help develop appropriate procedures; and to facilitate the participation of the private sector in such schemes. The protection of the interests of older people, for example through independent financial counselling, was an important objective.

'Helping Hand Loans' (HHL) provided lump sums or regular advances to people over 65, who owned their homes mortgage free or almost so, whose homes were valued at NZ\$75,000 or more and whose other assets were modest. Repayments were not required until the property was sold or the borrower ceased to live there permanently. All interest and charges were added to the loan balance, thus the scheme adopted the 'rolled-up' approach (Table 1). HHL guaranteed that customers would never be liable for a loan balance above 90 per cent of the property's value, i.e. the estate would receive a minimum of 10 per cent at the close of the agreement. However, HHL were payable only for housing related costs: repairs, maintenance, alterations, local taxes and insurance.

In the three pilot areas, there were 150 applications or serious enquiries to HCNZ, representing about 0.4 per cent of eligible households. About one in three of these went forward to take up loans. Nevertheless, the authors of the evaluation report interpreted this as a satisfactory result, comparing take-up with that in United States HEC schemes (Newell and Ayers, 1991: 5-1).

The HHL pilot scheme was overtaken by changes in housing policy enacted in 1991 and never extended. In mid-1994, 46 loans remained (personal communication: Keith Woolton, Policy Manager, HCNZ). It seems unlikely that these will be sold, along with other HCNZ mortgage holdings, because of their small number and specialised nature.

Invincible Life Assurance's Ram Scheme

Reverse mortgage products have been marketed through the Invincible Life Assurance Company in Wellington since 1992. Invincible Life is a small company, which mostly deals in mortgage finance and life insurance. Contributions to pension plans provide the regular income needed to pay out on reverse mortgages. Nevertheless the company must wait over a long period for pay-back and requires considerable cash reserves in the meanwhile (personal communication: Gene Thomas).

Clients are required to be mortgage-free owners of property with a minimum value of NZ\$100,000. The size of monthly annuity payments depends on the age of the annuitant (or the younger of a couple) on entry. There are several products offered, with different eligibility ages and sets of conditions. The original RAM (Reverse Annuity Mortgage), available at age 60, provides annuity payments estimated to last about 20 years. This scheme covers the majority of current clients (for further details see Davey, 1995).

A person in their late 60s with a home valued at NZ\$100,000 could receive up to \$3000 per annum, the same person aged 85 could receive \$9000 and the maximum available on any property is \$12,000 per annum. These are significant sums to supplement the current New Zealand Superannuation levels of nearly \$10,000 per annum net for a single person living alone, and just over \$15,000 net for a married couple. The total amount owing under the scheme should never exceed 80 per cent of the house value. Interest compounds at an annual rate of 12 per cent. This means that the amount owing can double in five or six years. In common with the HHL scheme and other HEC initiatives, take-up of Invincible Life's products has been slow. Total client numbers are subject to commercial confidentiality, but were just under 100 in late 1993, when clients were interviewed.

5 Consumer Perspectives on HEC

Research on the New Zealand schemes and other literature on HEC, from the consumer perspective, throws up issues related to the choices available for the disposition of housing wealth and how these relate to the policy environment.¹ These issues include the circumstances and characteristics of people who take up the schemes; the use of HEC funds; attitudes towards inheritance and towards dependence and the need for long-term care.

Characteristics and Circumstances of HEC Clients

In terms of age structure, marital status and current living arrangements, the HEC client groups were very similar to the total New Zealand population aged 60 and

1 Information on participants in the two New Zealand HEC schemes is available from an evaluation of the Helping Hand Loans (HHL) Scheme (Newell and Ayers, 1991) and from research carried out by the author (Davey, 1995). All eight HHL clients in a small town north of Wellington were interviewed in 1992. In late 1993 30 clients with Invincible Life reverse mortgages were interviewed in the North Island. This sample represented about one-third of client numbers at the time. In both surveys a 'control' group of people matched for location, age, income and household characteristics was interviewed, to provide comparative information on circumstances and attitudes.

over. They were fairly evenly balanced between married people and those who are 'single': widowed, separated, divorced or never married. The majority had children and retained close contact with them. This is reflected in the fact that most HEC clients had discussed the idea with their children.

As far as could be assessed, HEC clients own houses slightly above average values for their age group and area and a higher percentage came into the upper socio-economic levels, measured by previous occupations. Despite this, income levels were comparatively low before clients entered the schemes. According to the 1991 Census, 42 per cent of people aged 60 and over had incomes of \$10,000 or less. But 56 per cent of RAM clients lived on New Zealand Superannuation only (a roughly equivalent income) before receiving the annuity, and 66 per cent of HHL clients.

Even after receiving the annuity not all clients found their income adequate. A fair number had difficulty coping with expenses and maintaining the standard of living they would like. People who entered retirement believing that they would be comfortable, through their own savings and government support, have found that continuing increases in unavoidable costs (rates, telephone and power were frequently mentioned); reduced earnings on investments; and policy changes have diminished their sense of security.

So people who take up HEC in New Zealand appear to be fairly typical of their age group. They may be higher in socio-economic status but lower in income, and tend to have trouble making ends meet. This is despite the fact that their houses are valuable and they own them outright. They fit the description 'housing rich and income poor'. A British study of HEC clients came to similar conclusions (Fleiss, 1985).

Use of Home Equity Conversion Funds

Before the HHL scheme was launched, Age Concern was contracted by HCNZ to undertake research on needs and attitudes of older people with respect to home equity conversion (Age Concern, 1990a: 22). The research produced a positive response. In a survey of 3,129 older respondents, 38 per cent said they would join a HEC scheme 'at some stage'; and 45 per cent that they might. Reservations were, however, expressed about the detail of HEC schemes and the potential for their use by government to validate the reduction of public funding of retirement incomes and services for older people. Flexibility to respond to a variety of needs and security of tenure and of finance were seen as very important.

The Age Concern survey and questioning of the RAM control group, provided information on possible uses for extra income generated through HEC. For these two groups the question was hypothetical and agreement on ranking was close. They put

home maintenance and renovation first, followed by travel and recreation and health care. But for the RAM clients everyday living expenses came first. This suggests that those who use HEC schemes do so out of necessity, to cope with regular demands on their income, rather than for non-essentials. Interest in the concept was very closely correlated with income level in the Age Concern survey. The higher the income the lower the interest.

Preserving Wealth For Inheritance

Attitudes towards inheritance are expected to influence the acceptability of home equity conversion. If people strongly desire to bequeath property to their children, they are likely to be less enthusiastic about depleting their housing wealth within their own lifetimes. The implications for inheritance did not figure prominently in the Age Concern survey on HEC. A section touches on 'impact on children', but the potential erosion of inheritance was not generally perceived as a major problem (Age Concern, 1990a: 24).

There were no significant differences between HEC client sample and control groups in their intentions. Two thirds of those who had children said they would leave their property to their children equally. A further 17 per cent were making unequal bequests to children or other relatives (grandchildren, same generation relatives, nieces and nephews). Very few people intended to make bequests to institutions or charities, although this was more common among the childless.

These patterns fit observed behaviour overseas (Sussman et al., 1970; Horsman, 1978; Kendig, 1984; Munro, 1988; Forrest, Murie and Williams, 1990; Hamnett et al., 1991). Further work is needed to throw light on patterns of bequest and inheritance in New Zealand and how these relate to housing options, although some detail is beginning to emerge from research in Christchurch (Thorns, 1994) and a study of the laws of succession, being undertaken by the Law Commission. It would be of value to investigate the attitudes of inheritors, usually people in their 50s and 60s when their parents die.

The RAM interviews asked whether families should be involved in decisions about what happens to property and wealth when the owners die. Most people disagreed, saying it was for those who had accumulated the assets to decide (73 per cent of the RAM client sample, 67 per cent of the RAM control group). The same strong desire for testamentary freedom was expressed in the Age Concern consultation (Age Concern, 1990a: 24) and in Law Commission work.

Views on inheritance were summarised by asking how important it is to provide an inheritance for children, grand-children or other relatives. The results from interviews in New Zealand do not clearly support the hypothesis that people in HEC schemes

are less wedded to the idea of preserving their home equity, but incline in that direction.

Other surveys have also suggested some weakening of the desire to preserve housing wealth for passing on to the next generation (Leather, 1990; Hamnett et al., 1991; Mullings and Hamnett, 1992). Frequently people say that their children are comfortable and well-established, even without inheritance. These findings underline the need for clarification of how relationships between the generations are changing.

Housing Wealth And Long-term Care

Most older people remain in the community until the end of their lives. In New Zealand, only 21 per cent of people 80 and over lived in non-private dwellings (mainly homes for the elderly) according to the 1991 Census. But it is true that disability increases with age and that a proportion of older people will need fairly constant care.

Both the RAM client sample and control groups were asked if they could rely on their children for financial or physical support. Differences between clients and controls were not statistically significant. The responses from both groups reflected a strong desire to retain independence and not to ask for help from children, especially not to become a burden on them. The majority are willing to contribute from their own resources to ensure this is the case.

6 Housing Options and the Policy Context

At the time of the 1991 Census, 15 per cent of New Zealanders were aged 60 or over. When the 'baby boom' generation reaches retirement age this will increase greatly: to a projected 22 per cent by 2021 and 26 per cent by 2031. Doubling of superannuitant numbers and the cost of income maintenance in the next 30 years is thus a long-term concern for government, but one which must be contemplated now if adverse implications are to be avoided.

The provision of services and income maintenance for older people has been seen as a function of the modern welfare state. However, fiscal stringency and population ageing have led to cutting back on state responsibility and the encouragement of private arrangements for retirement income and care. If the state becomes less generous, the burden will be thrust back on older people and their families. Governments are making assumptions about family responsibilities and interdependence, the capacity of families to provide care, and the willingness of older people to accept it (Finch and Mason, 1993). However, the success of their policies will depend on real world attitudes and behaviour.

In societies such as Australia and New Zealand, people do not expect to have to support their elderly relatives financially, and most older people have a strong desire for independence, even when their children are willing to support them. Little is known about intergenerational flows of monetary support, but there is evidence that these are in fact mainly down the generations, to assist with housing, education and everyday costs (Easting and Fleming, 1994). The experience of unemployment, redundancy and marriage breakdown may make people feel concerned for the security of their adult children. These transfers are likely to take place within the lifetime of the donors.

Attitudes towards inheritance will influence readiness to deplete housing and other wealth in old age. All shades of opinion are present in the population and we do not have enough information to judge where overall attitudes are moving. This study and other work has shown strong support for testamentary freedom, and the possibility that the desire to bequeath is not as strong as sometimes assumed. Many people believe that the next generation is well established financially and does not need to inherit. However, given current lifespans, the heirs may be close to or past retirement age when they inherit. In this case inheritance could provide a timely lump sum to finance retirement.

Providing care for dependent elderly people can be demanding, time-consuming and costly. Calling upon assets, including housing wealth, to meet residential care costs, is already a controversial policy issue in New Zealand. But many people, valuing their independence, are prepared to use their capital in this way. The alternative of family care is less feasible given smaller families, and the greater participation of women in paid work. Increased incidence of non-traditional living arrangements is producing greater diversity in the definition of family responsibilities. In this situation, and given reduced government support, younger people may be faced with a trade-off between inheriting and having to support elderly parents or relatives, either financially or by providing physical and social care.

Thus, the potential for mobilising housing wealth depends upon attitudes on the part of individuals, families and society as a whole. Given a demand, the finance industry is likely to respond to consumer demand and produce vehicles to facilitate equity conversion.

Home equity conversion schemes are only one example of housing options. They are in their infancy in New Zealand. However, as shown, such schemes can present an attractive option for some people and could play a larger part in the housing finance scene. Provided that HEC schemes are well designed, with inbuilt consumer protection, they allow elderly people to retain their independence; to remain in their family homes; to underpin a lifestyle beyond subsistence level. They can also

provide a resource to pay for services, such as home nursing, should government policy require this.

The negative aspects of HEC must not be overlooked. To ensure adequate returns, commercial agents require an interest rate higher than orthodox mortgages. The compounding of interest leads to heavy erosion of equity over a long period, so the option is less appropriate for younger retired people. Consumer protection issues are important, and implications for inheritance have already been traversed. There are also issues of taxation and eligibility for income support and public services, which may provide incentives or disincentives to equity release.

More broadly, the economic impact of HEC needs to be considered. There are implications for housing and financial markets, although HEC is unlikely to become a major factor, at least in the short to medium term. Encouraging older people to remain in their family homes may lead to under-occupation and thus inefficient use of the housing stock. Intergenerational equity is a wider question (Thomson, 1991). Growth in HEC could have the effect of 'starving' succeeding generations of wealth which previously was handed on, assisting access to housing, higher education and business opportunities.

The view taken in this paper is pragmatic. It does not suggest that government should opt out of obligations towards older people, nor that people should give up freedom of choice in how they dispose of their assets. Rather, the aim is to explore options for the use of housing wealth in old age, in the context of government policies which seek to encourage personal responsibility and to reduce dependence on the state.

References

- Age Concern New Zealand (1990a), *Home Equity Conversion: Report on the Research Undertaken to Find Out the Needs, Views and Concerns of Older People*, Age Concern, Wellington.
- Age Concern New Zealand (1990b), *The Lifestyle and Well-being of New Zealand's over-60s*, Colmar Brunton Research for Age Concern, Wellington.
- Carter, Robert A. (1985), *Towards More Flexible and Responsive Housing Policies for the Elderly*, Symposium on Ageing, Myths and Realities, University of Western Australia.
- Davey, Judith (1995), *Putting Housing Wealth to Work: Home Equity Conversion Schemes in New Zealand*, Occasional Paper Series No.1, Ministry of Housing, Wellington.
- Easting, Susan Kell and Robin Fleming (1994), *Families, Money and Policy*, Intra-family Income Project, Wellington.
- Ferguson, Gael (1994), *Building the New Zealand Dream*, The Dunmore Press, Palmerston North.

- Finch, Janet and Jennifer Mason (1993), *Negotiating Family Responsibilities*, Tavistock/Routledge, London.
- Fleiss, A. (1985), *Home Ownership: Alternatives for the Elderly*, Department of the Environment, HMSO, London.
- Forrest, Ray, Alan Murie and Peter Williams (1990), *Home Ownership: Differentiation and Fragmentation*, Unwin Hyman, London.
- Gibbs, Ian and Christine Oldman (1993), *Housing Wealth in Later Life: A Mixed Blessing?*, Discussion Paper No.5, Centre for Housing Policy, University of York.
- Gruen, Fred H. (1988), *Some Economic and Social Aspects of Housing in Australia*, Discussion Paper 88/08, Economic Planning Advisory Council, Canberra.
- Hamnett, C., M. Harmer and P. Williams (1991), *Safe as Houses: Housing Inheritance in Britain*, Paul Chapman Publishing, London.
- Hinton, Cecil (1990), *Using Your Home as Capital*, Age Concern England, London.
- Horsman, E.G. (1978), 'Inheritance in England and Wales: the evidence provided by wills', *Oxford Economic Papers*, 30(3), 409-22.
- Jacobs, Bruce (1985), *The National Potential of Home Equity Conversion*, Discussion Paper 8502, US Senate Special Committee on Aging, Washington DC.
- Kendig, Hal L. (1984), 'Housing tenure and intergenerational equity', *Ageing and Society*, 4(3), 249-72.
- Koopman Boyden, Peggy (1981), 'Community care of the elderly', *New Zealand Medical Journal*, 94, 11-5.
- Leather, Philip (1990), 'The potential and implications of home equity release in old age', *Housing Studies*, 5(1), 3-13.
- Mowbray, Martin (1994), 'Social justice and the Australian city', in Michael Wearing and Rosemary Berreen, eds, *Welfare and Social Policy in Australia: the Distribution of Change*, Harcourt Brace, Sydney.
- Mullings, Beverley and Chris Hamnett (1992), 'Equity release schemes and equity extraction by elderly households in Britain', *Ageing and Society*, 12, 413-42.
- Munro, Moira (1988), 'Housing wealth and inheritance', *Journal of Social Policy*, 17(4), 417-36.
- Newell, James and James Ayers (1991), *Report on the Evaluation of the Helping Hand Loans Pilot Scheme*, Monitoring and Evaluation Research Associates Ltd. for the Housing Corporation of New Zealand, Wellington.
- Payne, Stuart (1990), *Estate Duty Data and its Use for Constructing Estimates of Wealth*, Technical Working Paper for the Income Distribution Group of the New Zealand Planning Council, Wellington.
- St John, Susan (1993), 'Income support for an ageing society', in Peggy Koopman Boyden, ed., *New Zealand's Ageing Society: The Implications*, Daphne Brasell Associates Press, Wellington.
- Shipley, Jenny (1991), *Social Assistance: Welfare that Works*, GP Print, Wellington.

- Springer, Philip B. (1985), 'Home equity conversion plans as a source of retirement income', *Social Security Bulletin*, 48(9), 10-9.
- Sussman, Marvin B., Judith N. Cates and David T. Smith (1970), *The Family and Inheritance*, Russell Sage Foundation, New York.
- Thomson, David (1991), *Selfish Generations? The Ageing of the Welfare State*, Bridget Williams Books, Wellington.
- Thorns, David C. (1994), *Intergenerational Issues in Housing*, Housing Conference Paper, Ministry of Housing, Wellington.
- Wilson, Pamela (1988), *Converting Home Equity to Retirement Income*, Occasional Paper, Australian Council on the Ageing, second edition, Melbourne.

‘What About the Boys!’: Presumptive Equality in the Education of Girls and Boys

Dr Victoria Foster
Department of Educational Studies
University of Western Sydney, Nepean

1 Introduction

This paper¹ examines the notion of presumptive equality, as the discursive context underpinning recent discussions of the education of boys in NSW, and current directions in Australian policy development on gender equity. Three different but interrelated aspects of presumptive equality are identified, and their implications for social justice issues in education are raised. They are first, the presumption that equality for women and girls has been achieved; second, the presumption that men and women are equal in the sense of being equivalent, symmetrical populations, having different but equal problems; and third, the presumption that men and boys are equally disadvantaged in society and schooling as women and girls.

2 The Presumption That Equality for Women Has Been Achieved

It is widely believed that women now have equality with men in society, that past inequalities have been corrected, and indeed, that things have gone too far the other way, and now it is men's turn for an equal share of the social justice cake. This view is expressed by some young women who believe that the goals of feminism are firmly established in their own lives, that the barriers to women's equality (whatever they were) have fallen away and that women can now do anything they wish.

Despite the rhetoric of equality, an extensive review of research in a number of professions and occupations (Foster, 1994b) reveals that women have not made

¹ An earlier version of this paper was presented at the Annual Conference of the Australian Association for Research in Education, Newcastle University, November 1994.

significant advances towards equality in the public sphere at all, and may have gone backwards in some fields (Daniel, 1993; Bacchi, 1993; Still, Guerin and Chia, 1992). In the domestic sphere, the Australian government report *Half Way to Equal* (House of Representatives Standing Committee on Legal and Constitutional Affairs, 1992: 45) and Bittman (1991) conclude that unpaid work continues to fall disproportionately to women regardless of wage rates, education or husband's income.

A detailed study by Kőrösi, Parkinson, Rimmer and Rimmer entitled 'Rising Inequality?' (1993) revealed some startling gender differences in income for young Australians. Although the degree of gender-based occupational segregation decreased from 1988 to 1993, the pay gap between young men and women has actually widened, especially among the young rich, where the gender difference is marked. The authors conclude:

The desegregation of work which did occur did not appear to help the young women to achieve economic equality. This is striking since from the regressions it can be concluded that the widening pay gap had little to do with family formation, career breaks, experience, working hours or student status. (Kőrösi et al., 1993: 64)

The authors report these findings as 'puzzling and unexpected' since it has long been held that occupational segregation is one of the keys to women's inequality and indeed, a strong priority of girls' education policy in Australia has been encouraging girls into 'non-traditional' subjects and occupations. The authors suggest that there are at least two reasons for these findings. The first relates to the nature of discrimination on the job, whereby in business, for example, young men are favoured by (often informal) employment practices, whereas young women are often held back by the same kinds of practices. This phenomenon is consistent with Williams' (1989) research on the differential treatment of men and women in non-traditional occupations. The second reason relates to the nature of the sexual division of labour, and the fact that both young men and women observe their mothers doing a disproportionate amount of domestic work.

It is clear from government reports and research studies alike that surprisingly, gender is as much a determinant of economic, political and social inequality for women as it was a decade ago.

In terms of schooling, in NSW at least, during 1993 and 1994 the view that girls had attained educational equality with boys, and even overtaken them, began to gain widespread acceptance. The purpose of this paper is to examine the origins of that view and to evaluate its veracity.

Almost the sole criterion for evaluating the success of equality programs in girls' education has been girls' greater participation and achievement in previously male-dominated subjects, such as maths and science. As I have argued previously (Foster, 1992a) this notion of equality sees girls as lacking in relation to the norms of a masculine educational paradigm whose epistemological and curricular underpinnings have so far not been contested (Foster, 1989, 1992a,b; Yates, 1993). During 1993 a strong perception developed in the media, and broadly in the school education community, that equality had been achieved. For example, the *Sydney Morning Herald* ran an article (19 July 1993) entitled 'Girls to the fore in HSC maths' and another entitled 'Jumping the gender gap' (21 July 1993). The latter article stated, erroneously, 'When it comes to choosing school subjects, boys and girls are no longer divided into separate camps' and concluded, 'Equality of opportunity is finally reaching NSW classrooms'. Because education policies have focused almost exclusively on girls' participation in maths and science, little if any attention is directed towards the persisting, extreme polarisation by sex between female-dominated subjects such as Textiles and Design, Home Science and Society and Culture, and male-dominated subjects such as Physics, Engineering Science and Industrial Technology.

It is important to emphasise that the 'Boys are losing out' line has been promulgated by a small number of individuals through the media. It has not been subject to the usual processes of policy development, nor do the most vocal advocates of this line, despite being employed as academics in some cases, bother to present their ideas for debate in the usual academic forums. Instead, their strategy has been to promote through the media a popular climate of ignorance in relation both to the facts of sex differences in schooling achievement and its outcomes, and gender-related issues in schooling.

The statistics from the 1993 NSW Higher School Certificate examinations set out in Table 1 enlightening.

These statistics show that girls are now achieving means that are either equal to, or higher than, those of boys. They also show, however, that a large disparity continues to exist between the participation rates of boys and girls in these subjects. There has been little change in girls' participation in subjects like physics and industrial technology which have remained impervious to change (Teese, 1994: 20).

The perception that girls are now outperforming boys at school, particularly in the prestigious male-dominated areas of maths and science requires close scrutiny. MacCann (1993: 21) conducted a detailed analysis by sex of the 1992 New

Table 1: Gender Differences in Schooling Achievement

Course name	Scaled means		Numbers of students	
Agriculture 2 Unit	M	30.4	M	1,381
	F	32.0	F	704
Agriculture 3 Unit	M	33.3	M	305
	F	34.4	F	208
Chemistry	M	30.3	M	6,982
	F	29.6	F	5,802
Computing Studies	M	30.4	M	5,916
	F	29.6	F	4,652
Economics 2 Unit	M	31.3	M	7,350
	F	32.3	F	6,118
Economics 3 Unit	M	34.3	M	2,444
	F	35.8	F	2,059
Electronics Technology	M	30.5	M	111
	F	33.3	F	3
Engineering Science 2 Unit	M	31.0	M	2,787
	F	30.9	F	172
Engineering Science 3 Unit	M	34.7	M	570
	F	33.6	F	48
Geology	M	28.7	M	298
	F	32.0	F	189
Industrial Technology	M	30.0	M	4,990
	F	30.5	F	287
Mathematics 2 Unit	M	33.1	M	14,947
	F	33.2	F	15,316
Mathematics 3 Unit	M	41.7	M	7,518
	F	42.1	F	5,722
Mathematics 4 Unit	M	43.8	M	2,568
	F	43.6	F	1,470
Physics	M	30.0	M	8,084
	F	30.0	F	3,021
Rural Technology	M	29.1	M	72
	F	—	F	—
Science 3 Unit	M	29.2	M	130
	F	30.7	F	164
Science 4 Unit	M	35.9	M	377
	F	36.5	F	362
Sheep Husbandary and Wool Technology	M	29.5	M	33
	F	38.7	F	1

Source: New South Wales Board of Studies, 1994.

South Wales Higher School Certificate results. This analysis showed that girls outperform boys in the five Key Learning Areas of English; Human Society and its Environment; Languages other than English; Creative Arts; and Personal Development, Health and Physical Education. Boys outperform girls slightly in the Key Learning Area of Mathematics, and in Physics, Chemistry, Geology and 4-unit Science. Boys also perform better in Engineering Science and Industrial Technology, where girls are only seven per cent and six per cent of students respectively. While both girls' participation and performance in maths and science-related subjects have improved, it could not be said that they are outperforming boys in these areas.

MacCann (1993: 22) makes a further very important point which has received no attention. It is that the courses in which males tend to specialise are more highly intercorrelated than the courses in which females tend to specialise. An example is that even the intercorrelation between two different courses such as Physics and Chemistry is higher than that between two English papers or two Modern History papers. This is not an effect of scaling procedures as is often assumed, but stems from the nature of the courses themselves. For example, Maths–Science courses intercorrelate more highly partly because mathematical–spatial abilities are important components in each of the courses. The result is that a student who finishes near the top of one course will tend to finish near the top of other courses. This effect is clearly advantageous to boys. It explains why it is that although girls' median Tertiary Entrance Score (TES) is 15 marks higher than boys', boys' TES is nevertheless higher than girls' TES at the highest levels of 400 to 500 (MacCann, 1993: 9). This effect raises the vital issue of the epistemological bases of the curriculum; it is an issue that demands urgent attention.

Similarly, scant attention has been paid to the finding that in NSW the average TES of girls in single-sex non-selective high schools is higher than that of girls in similar coeducational non-selective high schools (Ministry of Education and Youth Affairs, 1993). This suggests that it is girls, not boys, who experience the adverse effects of the climate of coeducational schools.

Girls have been steadily increasing their representation in the top 1000 students over the past five years. Girls are now 48 per cent of top students, but 52 per cent of the total candidates. Girls topped 103 subjects in the 1993 HSC, compared with 51 subjects topped by males (MacCann, 1993). Again, it must be pointed out that boys continue to dominate at the top levels of subjects which have larger post-school rewards in terms of careers, financial rewards and status. Conversely, there has been little movement of boys into subjects concerned with domestic and intimate life, relationships and the care of others.

A report of the NSW Department of School Education evaluating girls' schooling outcomes concluded:

Courses are still generally chosen along traditional gender lines. There has been little change in girls' participation in Mathematics and Science courses. The data shows no substantial change in the relative proportion of girls enrolled in 3 and 4 Unit Mathematics courses since 1989. As with Mathematics, the relative proportion of girls in higher level Science courses declined slightly in 1993. (NSW Department of School Education, 1994: i).

The Evaluation (1994: ii) concluded further that 'while girls' academic outcomes at school level have improved, their post school destinations remain limited' and 'while a greater proportion of girls are entering tertiary study, boys continue to outnumber girls in science based faculties'.

The Evaluation (1994: ii) identified some of the factors contributing to continuing unequal outcomes for girls as being: girls' greater family and domestic responsibilities; the fact that few teachers have a strong understanding of gender equity, and gender issues are not widely addressed in classroom practice; that although girls reported a wide range of incidents of sex-based harassment, the majority of school executives believe that sex-based harassment does not exist in their schools. It is concluded that this issue remains a significant area to be addressed.

A study by MacCann (1995) of sex differences in achievement trends in NSW over the past decade yielded some important statistics. Boys continue to dominate the top bands of the Tertiary Entrance Score (TES), from scores of 440 to 500. Although they are only 48 per cent of students, boys' representation in the top scores rose from 51.6 per cent in 1993 to 53.2 per cent in 1994. In 1994, boys were 52.7 per cent of scorers in the top 500. Girls have steadily increased their mean (average) result until in 1994, it was 17.6 per cent ahead of the boys' mean, due largely to girls' relative improvement in a wide range of large candidature courses. This increase has yet to have any impact on post school employment outcomes for girls.

Both the studies just discussed show that, with the exception of girls' mean result, across a range of measures, the gains girls had made actually dropped off from 1993 to 1994. Significantly, this coincided with the period in which the media campaign discussed above began to intensify, and girls' steady gains began to be constructed by some as posing a threat to boys, particularly in the prestigious maths/science/technology areas.

Interestingly, the study by MacCann (1995) refutes two widely held misconceptions which are often used to explain continuing sex-differentiated outcomes. The first is that these differences are the result of artefacts due to scaling procedures. The second misconception is that the male population which achieves less well relative to girls at the lower TES levels is actually of lesser ability than the girls, and therefore in need of special remedial programs. In fact, this study shows that the male population continuing from the School Certificate to the Higher School Certificate (HSC) is of at least equal ability to the female population.

The data reported above raise many questions about male and female performance at school, and the post-school results of that performance. The most important question is: what is girls' higher average achievement producing for them, and the community, in real terms in life beyond school? The answer is at present very little. A related question is: why are boys of equal or better ability achieving less well than their female counterparts at school, and yet as research demonstrates, reaping greater post-school rewards? For in effect, a 'glass escalator' operates for young men across a range of occupations, whereby they gain rapid salary and promotion advances beyond the young women who emerge better qualified from the HSC. It appears that for many boys, unlike girls, the 'critical filter' for getting a job is no longer at the level of schooling which seems increasingly to be irrelevant to many boys' aspirations, but is delayed beyond school to the job market itself. On the other hand, neither the 'critical filter' of school, nor that of the employment market, is rewarding a large number of girls commensurate with their school achievement.

A further important aspect of the widespread misinterpretation of achievement data is that girls are viewed as an amorphous, homogeneous population, assumed to have benefited uniformly from policy strategies. There is little questioning of **who** the girls are who are outperforming boys, and of the still vast differences between the schooling experiences of girls from different socioeconomic backgrounds (Graetz, 1991; Teese, 1994), of different ethnic and racial origins, and of Aboriginal girls. Teese (1994) investigates the relationship between gender and social class, in terms of the benefits or 'yield' derived from schooling. Teese (1994: 20) concludes from his study of the hierarchical dimensions of 'profit' and 'maleness' that 'most of the male groups occupy the 'high yield' quadrant and most of the females occupy the 'low yield' quadrant'. Girls are all located in the 'low yield' sector, except for those of high socioeconomic status, and boys all within the 'high yield' sector, in order of occupational background. In relation to mathematics in particular, Teese states that:

equally striking is the fact that **in no case** do girls' enrolment rates in maths reach the threshold represented by the lowest

male rate, that is, as recorded by males from unskilled and semi-skilled backgrounds. Across the extremes of gender and occupational status, upper middle-class males were more than twice as likely to study maths as lower working-class females. (Teese, 1994: 15)

Teese characterises the curriculum as continuing to be organised around the 'career trajectories of males'. Graetz concludes similarly that:

Although net gender differences in basic schooling have declined substantially, some differences in higher education remain largely undiminished ... women's attainments are more constrained by social origins and less enhanced by ability. Both structural factors, such as social background, and cultural factors, such as gender-based stereotypes and expectations, may still shape and constrain women's educational achievements. (Teese, 1991: 3)

Indeed, the August 1993 issue of *The Gen* carried an article on this subject entitled, 'But the girls are doing brilliantly!' which stated:

But we have come to realise that participation and performance in maths and science does not, by any means, provide girls with a passport to career success, nor does it automatically result in better-paying jobs or increased workforce participation for women. Girls' outcomes in maths and science are only a very small part of a much larger problem. (*The Gen*, August 1993)

The second discursive theme is that of men and women as equivalent and symmetrical populations.

3 Equality as Equivalence and Symmetry: 'Put Your Son in a Skirt!'

Much recent commentary on gender relations in schooling and society is theoretically impoverished, treating males and females, boys and girls, as if they were complementary, symmetrical populations (for example, Fletcher, 1994). In a return to explanations derived from obsolete sex role theory (Connell, 1994b), the word 'stereotyping' is used a great deal, and it is assumed that while girls have one lot of problems (which have largely been ameliorated), boys have another complementary lot. There has been a significant shift by advocates of special resourcing for boys' education from the theoretical position which sees gender

relations in schooling as turning on differential and unequal power relations between men and women, for example, that of *The National Action Plan for the Education of Girls in Australian Schools 1993-97* (Australian Curriculum Corporation, 1993).

For instance, the Chairman (sic) of the *Draft Report on the Inquiry into Boys' Education 1994* states:

I am convinced that the problems of boys are real and that they demand system-wide solutions. They are parallel to - but not the same as - the problems of girls. They can be attributed to a similar cause. The solutions, therefore can run alongside the solutions for problems experienced by girls. (NSW Government Advisory Committee on Education, Training and Tourism, 1994: 1)

The cause is identified (1994: 20) as 'restrictive stereotypes' which 'stifle individuals'. Although the Draft notes (1994: 19) that 'the power structures of society are "masculine" in their nature', the importance of this emphasis and its implications for considerations of gender equity in education are entirely underplayed.

This discursive context avoids altogether any challenge to the fundamental asymmetry of gender relations in society and in schooling. The preference is rather to view men's place in gender relations as roughly equivalent to women's place in gender relations, and of the same order of oppression. But as Connell points out: 'Men's dominant position in the gender order has a material pay-off' and the discussions of masculinity have constantly under-estimated how big it is (Connell, 1994c: 4). Connell calls this pay-off the 'patriarchal dividend' which, he notes, is increasing rather than decreasing.

On the model of gender as equivalence, it follows easily that the 'successes' of girls' strategies can easily be replicated with boys. If the correct measures are taken, gender inequity will be overcome and the sexes will be 'the same'. Thus, one vocal advocate proclaimed simplistically to the media that what parents needed to do was 'put your son in a skirt'. In a simple and straightforward vein, the draft report recommends: 'boys need help. The way forward is to release boys from the educational and social constraints of narrow gender stereotypes' (NSW Government Advisory Committee, 1994: 9).

This, of course, does not follow. Missing here is any acknowledgment of the unequal relations of power and privilege enjoyed by men and boys in Australian society, and their material investment in patriarchy. These are relations which render very different the schooling experiences of boys and girls. Missing also are

important concepts such as 'hegemonic masculinity' (Connell, 1987: 184), and its implications for the climate of the school as a learning environment, and for the curriculum.

This atheoretical obfuscation of the asymmetry of gender relations has vast implications for the ways in which social justice issues in relation to gender and education are coming to be conceptualised, and the ways in which policy is being framed (Foster, 1994a). Following from the equivalence model is the proposition that boys are equally, and now possibly more, disadvantaged than girls. This is a seductive and emotive line which has appealed to some parents, mostly mothers, who are genuinely concerned about their sons' development.

4 Equal Disadvantage, Equal Victims

Once the notion of gender asymmetry has been dispensed with, the equal disadvantage of men can be easily asserted. Despite boys' greater post-school rewards as a population and the higher resourcing of boys' education extensively documented in a succession of national and state reports and in the gender and education literature, it is now held that schooling disadvantages boys. Warren Johnson, the Executive Officer of the Federation of P&C Associations writes in *Education*: 'It is demonstrable that many boys are in states of educational, social and emotional distress and they are in genuine need of targeted resources' (Johnson, 1994).

Johnson lists as evidence the already disproportionate resources going to boys, such as counselling and special placements, special classes for emotional and behaviour disturbance, intensive remedial classes. At present, several Sydney regions estimate that 90 to 95 per cent of these resources go to boys.

The construction of boys' advantage in education as disadvantage is a rhetorical twist which increasingly has been used to great effect. Much of this rhetoric originated with health workers and psychologists who argued spuriously that inadequacies in boys' schooling were the cause of what has become a familiar catalogue of problems: head injuries, suicides, male violence and so on. Learning difficulties were conflated with the social manifestations of the problems of masculinity, and these arguments were illogically applied to education in an effort to reframe what are primarily social problems as educational ones. The Draft Report (NSW Government Advisory Committee, 1994: 15) asserts that 'many boys have low self-esteem', although there is no research or other evidence to support this claim.

This rhetorical process is described by Connell thus:

In places where feminist work has created women's studies programs or affirmative action programs (e.g. encouraging girls into science and mathematics), the idea that it is 'boys' turn' for attention and resources is easily spread. This can be reinforced by calling attention to ways in which boys are less successful in schooling than girls: for instance in regard to reading and in higher dropout rates. Combined with statistics about men's earlier death, men's greater rates of injury by violence etc., this can be worked up into a claim that **men** are the truly disadvantaged group. (Connell, 1994a: 2)

These claims have been stated and restated by a handful of very vocal individuals, who have been content to argue their case through the newspapers, rather than in academic or other forums. This has successfully created a climate in which the notion of male disadvantage can be stretched to extremes. For example, Dr Michael Brown who teaches at a prestigious boys' independent school, argues in the journal, *Gifted*, (Brown, 1994) that we are creating a new 'underclass': gifted males! He urges that advocacy is needed for the white, male, Caucasian, non-migrant child.

The 'What about the boys!' refrain is echoing internationally. Elgqvist-Saltzman (1995) reported that an international conference on gender and education held in June, 1995 at the University of Umea, Sweden

resulted in a strong feeling of unease around the topic. Why did we feel that gains made were insufficient, were painfully slow, and furthermore were vigorously contested? Common themes emerged which highlighted continuing tensions between girls and boys, men and women, in a range of educational settings. When females approach male performance levels and access, a discourse of male disadvantage reverberates through the research literature and the popular press. 'What shall we do about the boys?' trumpet the headlines in Australia, Great Britain, Canada and Scandinavia. (Elgqvist-Saltzman, 1995)

A forthcoming article (Foster, forthcoming 1996) explores in some detail girls' experiences of neo-liberal equality reforms in education in Australia over the past decade. What follows now is a brief discussion of some of the reasons why unsubstantiated claims have, for the present, found their way into education policy.

5 How Has Presumptive Equality Been Admitted as a Basis for Policy?

Several complex factors have contributed to the present context. The first concerns the timing of calls for policies on behalf of boys. These demands coincide with, and are a strong reaction against, the misperception that girls are now outperforming boys in the prestigious male-dominated areas of maths and science. It is amazing to see the unpreparedness to tolerate girls' equal achievement in boys' terrain which surfaced at the particular moment when it seemed that this might be the case. One wonders if there would have been concerns expressed about boys' educational needs at all if girls had been reported to be beating boys in home economics or child care studies, or even in the social sciences. Certainly, prior to this moment, in the twenty years since *Girls, School and Society* (Committee on Social Change and the Education of Girls, 1975), despite discussions by feminists of enculturated masculinity and its effects on males, boys' education was not identified as a problem, except by the concerned teachers of boys, often women. 'What about the boys!' reached a crescendo at a particular moment when the construction of girls in relation to boys changed dramatically. Previously, girls had been cast in a deficit framework, comfortably acceptable to many people, as lacking in relation to boys' aptitudes, skills and achievements. Now, in a decidedly discomfiting change, suddenly girls were seen to be beating boys, overtaking them on their own turf. Some extreme reactions took the form of blaming women teachers for boys' newfound 'disadvantage'. 'The whole of teaching has become feminised' complained one male academic who suggested that male primary school teachers should be paid 30 per cent more than women. (Arguably, since men occupy 75 per cent of senior executive positions in primary schools, they are **already** paid significantly more than women).

It is regrettable that the prospect of greater equality between boys and girls was not widely welcomed as good for girls on social justice grounds, and also good for boys on humanitarian and ethical grounds. Gender relations and their outcomes, such as widespread sexual harassment of girls in schools, oppress girls. However, they also demean boys' humanity. But as Connell (1994a: 2) points out, 'persuading boys, male teachers and school administrators to follow feminist principles means asking them to act against their own interest as men'. It is for this reason that there has been a rush to stop girls' perceived advances and to shore up and reinstate male privilege.

The new benefits to males are being cast as resocialisation: releasing 'boys from the educational and social constraints of narrow gender stereotypes'. The second reason for the adoption of presumptive equality as policy concerns the particular

context which makes this notion possible. Connell describes this as 'masculinity therapy':

the most conspicuous form of gender politics among men at present. It represents a dramatic shift towards the political right, and mostly ignores the social context and economic inequality, and totally ignores the international context, to focus on the emotional problems of men. It is, at bottom, a psychological 'recovery' movement, addressed to the pain that heterosexual men feel and their uncertainties about gender. (They) are mostly white, middle class, and often middle aged. They feel they are in trouble, and they feel they are unfairly blamed by feminists. Some of their theorists, in fact, claim that men are more disadvantaged than women, and all of them say it is men's turn for the attention feminism has been getting for the problems of women. The practical effect is to turn heterosexual men inward to their own troubles, and withdraw energy from social change. It offers absolution from the guilt that feminism still arouses among men, and a kind of 'separate sphere' in which men can pursue their own project of change. (Connell, 1994c: 2)

I have quoted Connell at length on this point because of the extent to which what Connell calls the 'mythopoetic men's movement' and masculinity therapy are the frameworks currently driving proposed interventions in boys' education. My concern with them as policy frameworks is with their atheoretical and apolitical bases, and often, their hostility to the gains women have made in society.

Allied to this second reason is the third concerning male primacy and advantage as normative, and the subjective and objective components of masculinity as a hegemonic world view, which is both internalised and taken-for-granted. This explains why, despite a wealth of documented evidence of girls' subordinate status to that of boys in education and its outcomes, the interests of males nevertheless continue to be of prior importance to those of females. The experience of male students is valorised over that of female students, and male experience is reinforced as hegemonic through the curriculum and practices of schooling. Practical examples are the priority given to boys' learning problems, and the failure to date to address comprehensively the problem of sex-based harassment of girls as an endemic feature of schools, and its effects on girls' learning (Australian Education Council, 1992). This is an issue which has been strenuously avoided in discussions of boys' education. Instead, what have increasingly been identified as inadequacies in earlier girls' education policies, have been uncritically applied to considerations of boys' schooling. These

inadequacies are first, poor theorising of gender equity issues in schooling; second, a disadvantage framework which was then erroneously applied to boys, rather than an explanatory framework which emphasised male advantage; third, an approach which focused on changing individual student subjectivities, rather than the structures and conditions which influence students.

The fourth reason is that to date, policies have been directed towards making girls fit into male norms (Foster, 1992a), to the exclusion of other important curriculum changes. These include asking ethical questions about what is desirable in schools as learning environments (Foster, 1987) and attempting the complex task of addressing the public-private division in the curriculum and its consequences for post-school outcomes for both boys and girls (Foster, 1992b). Curriculum development in Australia has failed to address the relationship of schooling with wider social issues such as the continuing sexual division of labour, and the work-care distinction which characterises both society and schooling.

In addition, there is the concept of the 'lived curriculum' of schooling (Foster, 1994b). For it seems that girls and boys are engaged in rather different projects at school - that they live ostensibly the same curriculum in somewhat differing ways. Many boys see school primarily as the avenue to paid work, whatever that may be. The present overwhelming instrumental emphasis on work-related competencies (where the nature of 'work' is not interrogated) is not helping to broaden that view. Girls, on the other hand, see a range of present and future priorities. They seem to see participation in school life and its responsibilities, including learning, as more relevant and important than boys do. Boys, on the other hand it seems, want to distinguish their masculinity from girls' diligence, to dissociate themselves from the 'good girls'. On this point, the NSW Evaluation observes that in some schools

there is a pervading culture of anti-intellectualism fuelled by significant numbers of boys, resulting in severe disruption of learning and denigration of the academic achievements of both boys and girls. (NSW Department of School Education, 1994: 61)

Further, girls said they would not answer questions in class, or appear to try to succeed, as they were inhibited by the likely reaction of boys. These are issues which need a great deal more investigation at the student level. They also need to be comprehensively addressed in curriculum change and in broad school-community programs.

References

- Australian Curriculum Corporation (1993), *National Action Plan for the Education of Girls 1993–97*, Australian Curriculum Corporation, Carlton, Victoria.
- Australian Education Council (1992), *Listening to Girls*, Australian Education Council, Melbourne.
- Bacchi, C. (1993), 'The brick wall: why so few women become senior academics', *The Australian Universities Review*, 36(1), 36–41.
- Bittman, M. (1991), *Selected Findings from Juggling Time: How Australian Families Use Time*, Office of the Status of Women, Department of Prime Minister and Cabinet, Canberra.
- Brown, M. (1994), 'Educational opportunities for gifted and talented boys', *Gifted*, October.
- Committee on Social Change and the Education of Girls (1975), *Girls, School and Society: Report of a Study Group to the Schools Commission*, Schools Commission, Canberra.
- Commonwealth Schools Commission (1984), *Girls and Tomorrow: The Challenge for Schools*, Working Party on the Education of Girls, Commonwealth Schools Commission, Canberra.
- Commonwealth Schools Commission (1987), *The National Policy for the Education of Girls in Australian Schools*, Commonwealth Schools Commission, Canberra.
- Connell, R.W. (1987), *Gender and Power*, Polity Press, Cambridge UK.
- Connell, R.W. (1994a), *Knowing About Masculinity, Teaching Boys and Men: Education Implications of the New Sociology of Masculinity and the Old Sociology of Schools*, paper for the Pacific Sociological Association Conference, San Diego.
- Connell, R. W. (1994b), *The Making and Remaking of Masculinities in Contemporary Societies*, unpublished paper.
- Connell, R.W. (1994c) *The Politics of Changing Men*, unpublished paper.
- Daniel, A. (1993), 'The containment of women', *Connect!*, 1(2), 2-6.
- Department of Employment, Education and Training (1992), *It's All Because We're Girls*, AGPS, Canberra.
- Elgqvist-Saltzman, I. (1995), Personal communication, 28 June.
- Fletcher, R. (1994), *Boys' Education Strategy 1995?*, unpublished paper submitted to the New South Wales Government Inquiry into Boys' Education.
- Foster, V. (1987), 'Creating a supportive educational environment for girls', in V. Foster, ed., *Including Girls: Curriculum Perspectives on the Education of Girls*, Curriculum Development Centre, Canberra, 19-30.

- Foster, V. (1989), 'Is "gender-inclusive" curriculum the answer for girls?', in G.C. Leder and S.N. Sampson, eds, *Educating Girls: Practice and Research*, Allen and Unwin, Sydney, 26-38.
- Foster, V. (1992a), 'Different but equal? Dilemmas in the reform of girls' education', *Australian Journal of Education*, 36(1), 53-67.
- Foster, V. (1992b), 'What about the girls? Girls, education and citizenship: dilemmas and transitions', in M. O'Loughin and V. Foster, eds., *Forum of Education Monograph*, Sydney, 28-37.
- Foster, V. (1994a), 'What about the boys! Implications of the theory/policy/curriculum nexus for the education of girls and boys', *Education Links*, 48, 1-5.
- Foster, V. (1994b), *Making Women the Subject of Educational Change: An Interdisciplinary and Comparative Study*, unpublished doctoral dissertation, Macquarie University.
- Foster, V. (1996, forthcoming), 'Space invaders: desire and threat in the schooling of girls', *Discourse*, 17(1).
- Gen, The (1993), 'But the girls are doing brilliantly!', August.
- Graetz, B. (1991), 'Gender, equity and participation in Australian education', *New Education*, 13(1), 3-11.
- House of Representatives Standing Committee on Legal and Constitutional Affairs (1992), *Half Way to Equal: Report of the Inquiry in to Equal Opporturnity and Equal Status for Women in Australia*, AGPS, Canberra.
- International Labor Organization (ILO) (1992), 'Women fail to make gains in work place: percentage in work force expected to decline', Press Release, 6 September.
- Johnson, W. (1994), 'Initiatives for boys', *Education*, 24 September .
- Körösi, G., G. Parkinson, R. J. Rimmer and S. M. Rimmer (1993), 'Rising Inequality? Shifts in the distributions of earnings and incomes among young Australians', in Peter Saunders and Sheila Shaver, eds, *Theory and Practice in Australian Social Policy: Rethinking the Fundamentals, Proceedings of the National Social Policy Conference, Volume 3*, SPRC Reports and Proceedings No. 113, Social Policy Research Centre, University of New South Wales, Sydney, 42-73.
- MacCann, R. (1993), *Sex Differences in Participation and Performance at the NSW Higher School Certificate: A Method Which Adjusts for the Effects of Differential Selection*, unpublished paper of the New South Wales Board of Studies.
- MacCann, R. (1995), *A Longitudinal Study of Sex Differences at the Higher School Certificate and School Certificate: Trends Over the Last Decade*, unpublished paper of the New South Wales Board of Studies.
- Ministry of Education and Youth Affairs (1993), Press release, March.

- New South Wales Board of Studies (1994), 1993 Higher School Certificate Statistics, unpublished report.
- New South Wales Department of School Education (1994), Evaluation of Educational Outcomes for Girls in NSW Government Secondary Schools, Sydney.
- New South Wales Government Advisory Committee on Education Training and Tourism (1994), Draft Report on the Inquiry into Boys' Education 1994, Sydney
- Still, L.V., C. D. Guerin and W. Chia (1992), *Women in Management Revisited: Progress, Regression or Status Quo?*, Women in Management Series Paper No.16, University of Western Sydney, Nepean.
- Sunday Telegraph* (1994), 'Surge in girls' performance', 1 May.
- Sydney Morning Herald* (1993), 'Jumping the gender gap', 21 July.
- Teese, R. (1994), Evaluating School Systems: Provider Versus Client Perspectives on Performance, paper for the Centre for Economic Policy Research, Research School of Social Sciences, Australian National University and the Schools Council, Public Investment in School Education: Costs and Outcomes Conference, Australian National University, Canberra.
- Williams, C. L. (1989), *Gender Differences at Work: Women and Men in Nontraditional Occupations*, Berkeley, University of California Press.
- Yates, L. (1993), 'Feminism and Australian state policy: some questions for the 1990s', in M. Arnot and K. Weiler, eds, *Feminism and Social Justice in Education: International Perspectives*, Falmer Press, London, 167-85.

The Treaty of Waitangi as a Framework for Policy Development

Bev James¹

Social Policy Group

Te Puni Kokiri/Ministry of Maori Development

Wellington, New Zealand

1 The Constitutional Status of the Treaty of Waitangi

From February to August 1840, over 500 Māori chiefs representing tribes of Aotearoa signed the Treaty of Waitangi with representatives of the British Crown. For ceding governance to the Crown, Māori tribes gained the Crown's protection of their material assets and social systems, and individual Māori gained rights as British citizens.

Although the Treaty was a legal exchange between two sovereign peoples, it was consistently ignored. In 1877 the Treaty was viewed by a judge as a 'simple nullity' (Williams, 1989: 72). It was more than a century before the Treaty became partly recognised in a number of legal decisions. Even now, although the Treaty is acknowledged by Government as the founding document of New Zealand, its current constitutional status is not well defined. Nevertheless, the Treaty's symbolic and moral force has evolved significantly over the last ten years.

Most debate about application of the Treaty has focused on its implications for property rights. There has been less attention to the role of the Treaty in developing social policy (Durie, 1989: 280). This paper examines implications of the Treaty for the development of social policy, by considering three interrelated problems: disparities, dispossession and governance.

2 Historical and Current Status of Māori

Despite Treaty guarantees, tribes were systematically stripped of their assets, and consequently their social and economic base, in the years following the signing of the Treaty. At first, Māori enthusiastically embraced new opportunities for trade

¹ The views expressed in this paper are those of the author, and do not represent official policy of Te Puni Kokiri.

and commerce and successfully competed within the emerging market economy. Māori food production soon became the mainstay of the new colony and was also exported to the Californian and Victorian goldfields (Sorrenson, 1984: 172). But the Māori's early economic dominance soon faltered. Several key factors led to that decline, including:

- the burgeoning Pakeha population, which by 1860 outnumbered Māori;
- growing dominance of settlers in food production;
- struggles over the sale of land which sparked wars between Māori and settlers; and
- extensive land purchase prior to the wars and widespread confiscation of tribal lands afterwards, irrespective of tribal involvement in the wars.

Dispossessed of their traditional resources, most tribes became confined to infertile areas. By the 1880s Māori existed on the margins of the market economy, and, despite the establishment of four Māori seats in parliament in 1867, were largely without political influence.

Marginalisation of Māori as a largely rural proletariat lasted virtually until World War Two. Thereafter, rapid urbanisation in the post-war period reflected Māori workers' crucial role in the growing urban manufacturing sector. By the early 1970s, Māori men's labour force participation rates exceeded those of non-Māori men. The Māori labour force was characterised by lower qualifications and concentration in semi- or low-skilled occupations in the primary sector, secondary manufacturing sector and state sector industries such as railways, post and communications, forestry, mining, and electricity. All these sectors were hit hard by the 1980s recession and state restructuring.

Over this time too, state commitment to social provision started to decline. Most vulnerable to economic restructuring, Māori dependency on state income support and services was growing precisely at a time when state policy was to reduce those commitments. Disparities between Māori and non-Māori in incomes, health status, educational attainment, labour force participation, home ownership and a host of other indicators have consistently been significant, but during the late 1980s, the comparative position of Māori deteriorated sharply. A growing proportion of Māori children were not starting out with life chances equal to those of the rest of the population (see Appendix 1 for a more detailed outline of socioeconomic indicators).

Under these circumstances, settlement of Treaty claims has gained enormous urgency for Māori, as such settlements hold the key to development. But the

process of settling claims has already stretched conventional understandings of equity, citizenship and rights. Action on both Māori disparities and settlement claims is occurring in the context of strong public misunderstanding and even opposition. There is considerable political risk in progressing with settlement, as a recent public poll showed that 57 per cent do not believe that Māori should be able to claim compensation for past losses suffered by their tribes.²

3 The Treaty as a Framework for Social Policy

This section focuses on the Articles and principles of the Treaty. These provide a framework for defining the key elements of social policy in relation to Māori, and guidelines for policy implementation.

Any discussion of the meaning of the Treaty must acknowledge that there are two texts, the Māori and the English versions, and that there are significant differences between the two. Specifically, the Māori text predicates a sharing of power and authority in the governance of the country between the Crown and Iwi (tribes). The English text refers to a transfer of power, with the Crown as sovereign and Māori as subjects (Williams, 1989: 79).

It was not until 1983 that courts and tribunals had regard to the Māori text, the one signed by the chiefs. This change acknowledged international principles of interpretation of bilingual treaties involving indigenous peoples. Such treaties are to be construed in the sense that they are understood by the indigenous people (Kingsbury, 1989: 132).

The Articles

The Treaty contains three articles:

In Article 1, the chiefs ceded governance (*kāwanatanga*) to the British Crown, according to the Māori text. The English text widened the concept of governance to 'sovereignty'. Both texts gave the Crown the authority to govern in Aotearoa, and legitimacy to the settlement of the country.

Article 2 guarantees Māori people, as members of tribes, sovereignty over their lands and resources. The Māori text conveys that Article 2 not only protects tribal property rights but also the *mana* (power, authority) to control land and

² Survey conducted for Radio New Zealand by MLR Research Group, May 1995.

resources according to customary practices. This is the concept of *tino rangatiratanga*.

Article 3 concerns citizenship, giving to Māori the rights and privileges of British subjects. The provisions in Article 3 are generally understood to constitute a guarantee of legal equality between Māori and other New Zealand citizens and associated with this, the benefits and entitlements of citizenship.

Under Article 3, the Māori version speaks of *rite tahi*, in reference to rights given to Māori. *Rite tahi* means 'in exactly the same way', 'as if they were one' and 'without differentiation'. Some would argue that this implies not just equal access or treatment, but also some substantive equality in status and conditions, in employment, education, housing and so on. Article 3 creates an obligation on the Crown to ensure disparities between Māori and non-Māori are reduced. Policies which target Māori, and provide for differential service delivery according to Māori preferences are therefore justified. Simple equality of access or treatment may in fact perpetuate inequalities.

An interpretation of Article 3 in terms of equal outcomes is consistent with the development of social democratic philosophy, in which demands for citizenship rights have moved from issues of opportunity to issues of outcome. This shift is part of what Dahrendorf (1988) calls the 'modern social conflict' - a conflict between demands for economic growth and freedom of the market on the one hand, and on the other, demands for an increasing range of entitlements for the poor and disenfranchised.

A recent Crown submission on Te Whanau o Waipareira Claim concluded about the meaning of Article 3:

... the rights and privileges guaranteed under Article 3 can be construed as including the whole spectrum of social services. Article 3 confers on Māori the right to share equally in those benefits, that is the right to equality of access to resources while also striving to achieve equality of outcome. (Crown Law Office, 1995: 17-18)

While there may be debate as to whether 'striving' to achieve equality of outcome imposes a relatively low standard on the Crown in relation to the intent of Article 3, the submission nevertheless acknowledges the centrality of outcomes for social justice. This interpretation fits with agreement that the Treaty must be applied in

a context of changing economic and social needs. The Waitangi Tribunal³ described the Treaty as the foundation for a developing social contract which is capable of meeting new circumstances, provided there is consent and adherence to its broad principles (Waitangi Tribunal 1983: 61). Given the Treaty's continuing application and responsiveness, the Government should not be confined to the powers and responsibilities that existed in 1840 (The Treasury, 1987: 348).

While Article 3 has the most obvious social policy orientation, it is simply about the social contract which applies to all New Zealand citizens. In developing social policy for Māori, Government must go beyond Article 3, and take account of Articles 1 and 2, which relate to issues of governance and the possession of resources. It is argued by many Māori commentators that disparities between Māori and non-Māori are due to the failure of the Crown to exercise its responsibilities under Articles 1 and 2. The Crown has failed to carry out its duty of good government under Article 1, by allowing Māori disadvantage to persist. Secondly, the Crown has failed to protect iwi assets, and rights to manage and control their own resources according to their own customary practices, as provided under Article 2. Several Waitangi Tribunal reports conclude that loss of land and control over physical assets resulted in great damage to Māori social and economic well-being.

Solutions for Māori disadvantage are not only to be found in addressing equity for Māori as citizens, but must also acknowledge the indigenous status of Māori, tribal authority, and the possibility of devolution of power and resources to indigenous structures.

Treaty Principles

A set of principles has evolved out of continuing debate about the Treaty. Government departments have been required to pay attention to these principles in administration, in formulating legislation and in the development and implementation of policy since 1986 (Sharp, 1992: 134). The principles of the Treaty have greater status under statute than the text of the Treaty itself (Parliamentary Commissioner for the Environment, 1988: 17). The central principles, developed by the Waitangi Tribunal and the Courts are:

³ The Waitangi Tribunal was set up under the Treaty of Waitangi Act 1975 to make recommendations on claims, and to determine the meaning and effect of the principles of the Treaty. The Tribunal is able to investigate claims back to 1840. However, the Crown is not legally obliged to follow the recommendations of the Tribunal.

- partnership;
- the recognition of tribal rangatiratanga; and
- active protection of Māori interests by the Crown (Parliamentary Commissioner for the Environment, 1988: 27).

Partnership and Tribal Rangatiratanga. New Zealanders believe that social policy should reflect participation of the community in decision making (Royal Commission on Social Policy, 1988: 54). This view supports the Treaty principle of partnership which has been interpreted by the courts as acting reasonably, with trust and in good faith. Partnership has practical implications for agencies to involve Māori or tribal organisations as partners in the determination and delivery of a range of social services.

However, the principle of partnership has limits as it rests on the Crown's right to govern. In general, court rulings and Waitangi Tribunal findings have agreed that tribal rangatiratanga is not the equivalent of sharing sovereignty with the Crown. But the Treaty is based on an exchange between kāwanatanga and rangatiratanga. The Crown's power must therefore be tempered by the recognition of tribal rangatiratanga, which in the Māori version is more than mere possession of resources, and would require iwi management of resources.

Active Protection. The principle of active protection requires the Crown to take active steps to protect Māori interests as specified in the Treaty. Omission to provide protection is as much a breach of the Treaty as any positive action that removes Māori rights (Waitangi Tribunal, 1985: 95). This principle has potentially enormous implications for social policy, especially if it is accepted that equity refers not just to access, but also to outcomes. Furthermore, this principle may require social policy to support specifically Māori social structures, values and practices.

Active protection may also be understood to mean that the Crown is obliged to make sufficient resource endowments to meet tribal needs, and to protect against encroachments on tribal use and control over lands and other resources.

Consultation. In addition to these principles, courts have determined that the duty of consultation is necessary in order to act reasonably and in good faith. However, consultation is not open-ended. The nature and extent of consultation will differ according to circumstances (Parliamentary Commissioner for the Environment, 1988: 116). It is generally accepted that the Crown should consult as early as possible with Māori, provide sufficient information and allow reasonable time for consideration of the issues and for response to be made.

4 Critique of the Welfare State

Development of a framework for social policy based on the Treaty needs to consider recent changes to the welfare state and critiques of those changes. Over the last decade, the most significant welfare reforms have revolved around the state's systematic withdrawal from direct service delivery. The state has moved to purchase services from independent providers, or to replace services with income supplement and maintenance strategies.

New Zealand has had a long tradition of state involvement in social service provision, based on the belief that vested interests must be curbed and the 'public interest' maintained. However, that tradition has taken a severe battering, with the reduction in state intervention and responsibilities gaining wide support in the 1980s. Both the left and the right have contributed to the critique of the welfare state (Shannon, 1991: 3; Culpitt, 1992).

That critique has been fuelled by a complex set of material and ideological factors including:

- pressures on public expenditure deriving from the economic recession of the 1980s, increasing national debt and balance of payments crises, and increasing benefit payments. There is a widespread belief that the limits of public expenditure have been reached, that priorities for allocating shrinking resources must be identified, and behaviour changed to encourage greater self-sufficiency; and
- bureaucratic structure and practice is criticised, depending on one's standpoint, as paternalistic, impersonal, or coercive. Inefficiency and lack of accountability to both government and the community have been identified as problems.

The Māori critique has been prominent, and indeed a catalyst in the restructuring of the welfare state (e.g. Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare, 1986). In particular, the Māori critique has centred on:

- the coercive and paternalistic nature of the welfare state;
- lack of responsiveness of government agencies to Māori needs;
- Māori dependency on welfare; and
- insufficient recognition of the Treaty.

It has been argued that policies ostensibly designed to redress disparities between Māori and the rest of the population actively maintain, if not entrench, Māori disadvantage (Parata, 1994). Disparities, then, represent a breach of the Treaty by the Crown. Specific problems relate to two major mechanisms of social policy:

- targeting and entitlement; and
- service provision and delivery

Targeting and Entitlement

Māori are over-represented among low-income groups and are also over-represented among beneficiaries. Targeting based on socioeconomic need or disadvantage is, then, partly responsive to Māori and is appropriate in situations where income support will improve life chances. However, some Māori are concerned that the benefit system's primary focus on individual entitlement can act to undermine the basic structures of Māori society - whanau, hapu and iwi. The alternative is to target specifically to Māori and to develop entitlements for resources on a collective basis. Because individual and collective forms of entitlement provide different means of access, both may benefit Māori, depending on the situation. The Crown's submission on the Waipareira claim argues that Article 3 guarantees to Māori both individual and collective rights:

...Article 3 encompasses group rights, in terms of traditional rights, as much as it does individual rights. That means that the guarantees of Article 3 can be applied to Māori as they choose to group themselves in a social sense as well as in a kinship sense...Individual rights arise in respect of benefits on the basis of an individual's eligibility ... There is a second form of entitlement to the provision of social and welfare services. It arises in a group situation, particularly in voluntary organisations, whose focus is typically on people with a particular need in common. (Crown Law Office, 1995: 19)

Service Provision and Delivery

Two significant changes have occurred for Māori in the area of service provision and delivery. These relate to:

- 'mainstreaming' social services for Māori, and

- the purchaser/provider split.

Mainstreaming. Current Māori affairs policy is that service delivery to Māori is 'mainstreamed' through departments which deal with the general population, while the Ministry of Māori Development provides policy advice on the Crown's relationship with iwi hapu and Māori,⁴ and on key Government policies as they affect Māori. The former Department of Māori Affairs delivered a variety of programs to Māori, including housing, training programs, pre-school education and enterprise development. However, in the early 1990s, programs were shifted from the Department to appropriate mainstream departments.

Since then, there has been strong Māori criticism of the performance of mainstream departments, and continuing confusion among the Māori community concerning who is charged with the responsibility of delivering programs.

Te Puni Kokiri's on-going analysis of mainstreaming shows that systematic monitoring must be put in place before mainstreaming is undertaken. Assessment of the effectiveness of mainstreaming in improving social outcomes for Māori has been compromised by the rapid shift of programs to mainstream hosts, without appropriate auditing mechanisms and a clearly defined monitoring function for Te Puni Kokiri (Parata, 1994: 42). These are only now being put in place, three years after mainstreaming commenced.

In addition to the need for strong monitoring, there are difficulties with the concept of mainstreaming itself. Mainstreaming squarely places the responsibility on government agencies to be accountable for Māori outcomes and assumes that they will perform. But there are dangers that mainstream agencies will simply 'read off' Māori priorities from general priorities, and define Māori needs as a subset of general needs. Mainstreaming assumes that the dominant cultural structures can respond adequately to the needs and interests of indigenous people.

The Purchaser/Provider Split. New Zealand has established a strong purchaser/provider split in many social areas, including health, education and social support services. The state contracts with either state-owned, privately owned, or voluntary providers.

⁴ Iwi (tribe) and hapu (sub-tribe) refer to collective groupings of Māori based on genealogical and kinship ties. These groupings confer on Māori distinctive rights and entitlements under Article 2 of the Treaty which are different from rights and entitlements as individual citizens. Consequently, The Crown's relationship with iwi and hapu is of a different nature than its relationship with individual Māori as citizens.

Contracting for service provision has been a significant opportunity for Māori to break the monopolies of government agencies perceived to be unresponsive to Māori needs. The arguments for iwi-based or Māori organisations providing social services relate to:

- the need to increase Māori access to and satisfaction with services. Both public and private providers have often failed to identify Māori clients who may need services, and to provide for their requirements effectively;
- the expectation that Iwi and Māori providers will be more effective in reducing disparities between Māori and non-Māori. While evidence is not conclusive, findings from Te Kohanga Reo and Kura Kaupapa Māori (Māori language pre-schools and primary schools) indicate improved educational achievement, high self-esteem among students, high teacher expectations and strong involvement of caregivers in their children's education. These successful initiatives were developed independently of government;
- Iwi and Māori providers give individual Māori a personal link with the service, and thus contribute to the integration of the individual into the local community; and
- a partial recognition of Article 2 rights and empowerment to Māori. The development of an Iwi and Māori provider market opens up the possibility of wider social and economic development for Māori communities.

However, becoming a provider is not a straight-forward matter. Issues include :

- the development of skills relating to financial and risk management and contracting and negotiating;
- the viability of organisational infrastructure; and
- the ability to assess the needs of the client base and provide appropriate services.

Many Māori would argue that not only the provider function should be transferred to iwi or Māori, but that the purchaser function should be as well. This would enable Māori to control resources, and to expand their ability to provide services for Māori through contracting to others, Māori or non-Māori, with required expertise.

5 Examples of Iwi and Māori Provider Initiatives

New Zealand's reformed health sector has opened up opportunities for Māori to develop their own health services. The attractions for Māori are strong, firstly because Māori management and control over health provision is seen by many as a means of improving Māori health status, and secondly because it provides an opportunity for Māori community development and employment generation.

In recent years a wide range of Māori health provider initiatives has sprung up, many of which contract with the Public Health Commission and Regional Health Authorities to provide services. Most are focused on primary health care services, such as health education and promotion, general practice services, provision of pharmacy and laboratory services, screening services, support services for Māori patients in hospital and their whanau (family), provision of specialist services such as midwifery and counselling, and immunisation. Some initiatives are iwi based, while others are pan-tribal. Their clients are usually the most in need, often with serious health problems. Most providers have high levels of community services card holders⁵ registered with their service, and are operating in areas with higher than average levels of unemployment. While Māori are by far the largest proportion of clients, non-Māori are also included in the client base.

One example is Tipu Ora Trust, which originated in the Te Arawa tribal area. This year the program has been successfully adapted by Ngai Tahu. The program focuses on delivering health care and education programs for Māori caregivers and their pre-school children, and assisting access to other health providers. Services provided include:

- Ante-natal, including preparing women for birth, facilitating ante-natal check ups with health professionals, and educating mothers on smokefree environments for their babies.
- Post-natal, including education on nutrition and childhood illnesses, and facilitating access to health services.
- Well child checks at regular intervals.
- Education on child safety through home visits.
- Immunisation checks (Te Puni Kokiri 1994)

⁵ People on low incomes are eligible for the Community Services Card, which provides subsidies on health care.

Tipu Ora has developed a set of performance measures to indicate progress in improving health outcomes for Māori mothers and children. These measures include:

- The number of low birthweight babies: over a two year period, the number of low birth weight babies in the program has reduced.
- The number of mothers who have stopped or reduced smoking during pregnancy: this has steadily increased.
- The number of mothers who breastfeed: 65 per cent of mother breastfeed to 12 weeks.
- Immunisation rates: 97 per cent of babies on the program are immunised at the six week check. This is a very high rate for Māori.

6 Who Should Purchase or Provide Services for Māori?

There is argument about whether iwi, or Māori organisations are more appropriate to undertake responsibility for the purchase and/or provision of social services to Māori. While iwi leaders have a traditional responsibility for their own members, and also to ensure that members of other tribes residing in their areas are provided for, there is some debate about the ability of iwi organisations to carry out that role. Some have argued that iwi authorities will not be effective providers because of:

- the geographical dispersal of their members;
- limited skills of iwi leaders;
- inadequate organisational structures and resources; and
- lack of constituency among other Māori in their area.

This issue is especially pressing, given high rates of urbanisation and concerns about the development of a dispossessed Māori urban underclass. The majority of Māori live outside of their traditional tribal areas and in some urban areas considerably outnumber the tangata whenua (tribe holding traditional authority over the area). Furthermore, an estimated 28 per cent of Māori do not appear to be affiliated to any iwi (1991 census data). Those individuals may find it difficult to establish eligibility to share in the benefits of iwi assets and services.

Māori urbanisation since the second world war broke down kinship and tribal relationships and consequently fostered the growth and significance of non-tribal,

or pan-tribal organisations. Urban migrants sought to re-create the benefits of kinship relationships by setting up such institutions as multi-tribal marae and voluntary associations like the Māori Women's Welfare League. Now several urban Māori authorities contract to government to provide social services ranging from training and employment programs to custodial care of children, and health services.

Some people would argue that the practical difficulties of Māori development mean that the Crown should recognise non-tribally based Māori organisations as representing Māori interests. However, others would argue that the Treaty of Waitangi unequivocally provides a constitutional basis for iwi purchase and provision of social services for all Māori in their area, irrespective of tribal affiliation. The link between rangatiratanga and citizenship rights is through iwi responsibility for Māori wellbeing. This position does not necessarily exclude Māori organisations, but does raise questions of representation and mandate which government must take into account.

It is likely that some iwi organisations may decide it is more effective to delegate authority to an urban Māori authority to provide services to both iwi members and other Māori resident in their traditional area. The purchaser-provider model may overcome some of the problems of service delivery to Māori who live away from their tribal areas, and who lack active iwi links.

7 Conclusion: Social Policy Responsiveness to Māori

Social policy is ultimately about who gets what, assessed by criteria of fairness and justice. How fairness and justice are defined, how they are achieved, and who decides both definitions and implementation, are significant points of debate. That debate is primarily focused on the value of state provision of social services.

Challenges to the welfare state have emanated from both the left and the right. Yet neither have adequately defined the problems in relation to Māori, nor identified solutions which address Māori disparities, the problem of dispossession of tribal assets, issues of governance and the Government's responsibilities under the Treaty.

Breaking with the traditional welfare paradigm of state intervention in the provision of social services requires rethinking collective responsibility and obligations, citizenship rights and entitlements. It poses questions about how economic growth and associated individual choice and entrepreneurship can be encouraged, and at the same time, access to resources extended to currently disadvantaged groups. Questions are also raised about how consumers can

receive services in ways which balance dependence, self help and opportunity for expression of 'voice'.

For Māori, a social policy which is relevant and effective **must** incorporate a Treaty framework. That framework requires social policy to:

- acknowledge the special relationship of Māori to the Crown, and the dual status of Māori as both tribal members and individual citizens through Articles 2 and 3;
- develop analysis of Māori citizenship rights, as distinct from needs stemming from disadvantage;
- address equality of outcome as well as equality of access;
- address the issue of Māori participation in decision making and service delivery;
- eliminate barriers to Māori use of their resources, so that Māori economic and social development can gain momentum;
- provide for Māori customs, structures and practices to be incorporated into policy and program designs; and
- develop consistent policy for Māori across sectors which avoids contradictions, both in the way that Māori rights are conceptualised, and in methods of implementation.

Appendix 1: Disparities Between Māori and Non-Māori

Key indicators of disparities between Māori and non-Māori are:

Incomes

- The mean equivalent income for Māori households is over \$6,000 lower than for non-Māori households (1991 data).
- From 1981 to 1991 the mean equivalent income for Māori fell by over \$3,000 compared to \$545 for non-Māori households.
- The median income for Māori women is \$2,500 less than the national average for women, and the median income for Māori men is \$4,000 short of the national average for men (1991 data).

- When qualifications are held constant, Māori are still more likely than non-Māori to earn lower incomes (1991 data).

Housing

- Māori home ownership rates are 56 per cent, compared to 76 per cent for non-Māori (1991 data).
- Non-Māori are more than twice as likely as Māori to own a mortgage free home (1991 data).

Educational Qualifications

- Thirty four per cent of Māori school leavers leave with no formal qualifications, almost three times the rate for non-Māori (1993 data).
- Twenty per cent of Māori school leavers go directly on to formal tertiary education, compared to around 40 per cent of non-Māori (1993 data). Māori are under-represented in universities, polytechnics and colleges of education.
- Fifteen per cent of all Māori graduates gain a post-graduate degree or diploma, compared to 27 per cent of non-Māori graduates (1992 data).

Labour Force Participation

- Forty two per cent of the Māori population is not in the labour force, compared to 29 per cent of non-Māori (1991 data).
- Recent growth in Māori employment is four per cent, compared to five per cent for non-Māori (1993 - 1994 data).
- Both Māori men and Māori women are concentrated in a narrow range of industries and occupations, mainly in the primary and manufacturing sectors. Māori are significantly under-represented among administrative, managerial, professional and technical occupations.

Unemployment

- Twenty four per cent of the Māori labour force is unemployed, compared to nine per cent of the non-Māori labour force (1991 data).

- If unemployment rates are age adjusted, then Māori women's unemployment rate is almost four times higher than that of non-Māori women. For Māori men, the unemployment rate is 4.5 times higher than for non-Māori men (Easton 1994).
- More Māori than non-Māori are long term unemployed (i.e. longer than six months).
- Almost 11 per cent of Māori with tertiary qualifications are unemployed compared to five per cent of non-Māori (1991 data).

Health

- The Māori infant mortality rate is twice that of non-Māori, and Māori are more likely than any other ethnic group to have a low birthweight baby.
- Māori have very low rates of immunisation.
- Māori use of primary health care services is below that of non-Māori.
- Māori have the highest rates of death from heart disease, cancer of the lung, diabetes, chronic obstructive respiratory disease, asthma and motor vehicle crashes.
- Māori males are more likely than any other group to be hospitalised for diseases due to alcohol and to die from them.
- Age-specific mental health admission rates are highest among Māori, particularly Māori males under the age of 45.

References

- Crown Law Office (1995), Synopsis of closing submissions of Counsel for the Crown, Wai 414 Te Whanau of Waipareira Trust.
- Culpitt, I. (1992), *Welfare and Citizenship. Beyond the Crisis of the Welfare State?*, Sage Publications, London.
- Dahrendorf, R. (1988), *The Modern Social Conflict*, Weidenfeld and Nicholson, London.
- Durie, D. (1989), 'Te Tiriti o Waitangi perspectives on social policy', in I. H. Kawharu, ed., *Waitangi . Māori and Pakeha Perspectives of the Treaty of Waitangi*, Oxford University Press, Auckland, 280-99.
- Easton, B. (1994), *The Māori in the Labour Force*, Economic and Social Trust on New Zealand, Wellington.

- Kingsbury, B. (1989), 'The Treaty of Waitangi: some international law aspects', in I. H. Kawharu, ed., *Waitangi . Māori and Pakeha Perspectives of the Treaty of Waitangi*, Oxford University Press, Auckland, 121-57.
- Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare (1986), *Puao-Te-Ata-Tu Daybreak*, Department of Social Welfare, Wellington.
- Parata, H. (1994), 'Mainstreaming: a Māori affairs policy?', *Social Policy Journal of New Zealand*, 3, 40-51.
- Parliamentary Commissioner for the Environment (1988), *Environmental Management and the Principles of the Treaty of Waitangi*, Parliamentary Commissioner for the Environment, Wellington.
- Royal Commission on Social Policy (1988), *The April Report, Volume II: Future Directions*, Royal Commission on Social Policy, Wellington.
- Shannon, P. (1991), *Social Policy*, Oxford University Press, Auckland.
- Sharp, A. (1992), 'The treaty, the tribunal and the law: recognising Māori rights in New Zealand', in H. Gold, ed., *New Zealand Politics in Perspective*, third edition, Longman Paul, Auckland, 123-42.
- Sorrenson, M. (1984), 'Māori and Pakeha', in W. Oliver, ed., *The Oxford History of New Zealand*, Oxford University Press, Wellington, 168-93.
- Te Puni Kokiri (1994), *Tipu Ora Resource Kit*, Te Puni Kokiri, Wellington.
- The Treasury (1987), *Government Management. Brief to the Incoming Government 1987*, Volume 1, The Treasury, Wellington.
- Waitangi Tribunal (1983), *Motunui Report WAI 6*, Department of Justice, Wellington.
- Waitangi Tribunal (1985), *Manukau Report WAI 8*, Department of Justice Wellington.
- Williams, D. (1989), 'Te Tiriti of Waitangi - unique relationship between Crown and Tangata whenua?', in I. N. Kawharu, ed., *Waitangi Māori and Pakeha Perspectives of the Treaty of Waitangi*, Oxford University Press, Auckland, 64-91.

Late Career Unemployment: Implications for Social Policy

Francis Lobo
Community Studies
Edith Cowan University
Perth, Western Australia
and
Stanley Parker
Centre for Leisure Research
University of Brighton, UK

1 Introduction

This paper deals with the effects of job loss on older persons and discusses the implications for social policy. It is part of a larger investigation into late career unemployment and its impact on lifestyle. With longitudinal data collected by means of in-depth interviews it attempts to show how job loss in late career affects individuals, their attempts to find new employment and the external resources they rely on to cope with job loss and regain employment. The literature on the unemployment experience depicts an unpleasant picture, but gives no solutions. This paper suggests ways of ameliorating the problem with implications for social policy. Subjects in this paper are mentioned by pseudonym to protect their identity.

2 The Experience of Unemployment

Researchers of unemployment have examined the phenomenon from various perspectives. This review is confined to the impact of job loss on self, the problems of job search, and external resources used for job assistance and support.

The several human consequences resulting from unemployment have profound effects on one's self concept (Kelvin and Jarrett, 1985). Unemployment causes stigma, a deeply discrediting attribute (Goffman, 1968) and diminishes the individual who bears it into a social inferior (Kelvin and Jarrett, 1985). Hayes and Nutman (1981) show how an individual's personal identity developed, managed and affirmed in employment is substituted by the status of welfare dependant in unemployment. Cross-sectional (Fryer and Warr, 1984; Payne, Warr and Hartley, 1984; Warr, Jackson and Banks, 1988) and longitudinal

(Fagin and Little, 1984; Warr and Jackson, 1984) studies on health effects confirm that unemployed people generally experience higher levels of depression, anxiety and general distress, together with lower self-esteem and confidence.

Re-employed persons are significantly confident of job search skills and engage in a greater number of search behaviours than those who remain unemployed according to Kanfer and Hulin (1985). Unemployed people engage in a wide range of job search behaviour (Kelvin and Jarrett, 1985). Repeated job rejections discourage workers (Rosenblum, 1975) to the extent that they stop looking for work temporarily or permanently (Stricker and Sheehan, 1985). For some people job search is a traumatic experience (Bakke, 1933; Hayes and Nutman, 1981) and at a later stage is regarded as 'wasted effort' (Harrison, 1976). The 'sick role' is accepted with a sense of relief (Fagin and Little, 1984) to remove the stigma of being on unemployment benefits (Furnham, 1983). Barriers to re-employment are attributed to age (Fineman, 1983; Kelvin and Jarrett, 1985), lack of qualifications, obsolete skills and lack of experience (Swinburne, 1981). Re-employment in jobs of choice restores psychological well-being (Shamir, 1985) and in unfavourable ones caused more stress and poorer self-esteem (Fineman, 1983). Older workers, whose age once spelt status and respect, are now associated with liability in the job market and it is extremely difficult to counteract the negative image of their age (Fineman, 1983). According to Kelvin and Jarrett (1985), employers discriminate against older workers and consequently they take longer to find work. The combination of age and length of unemployment create conditions that justify rejection. To counter this, older unemployed try to 'trade-down' their position.

In the Australian environment, immediately after job loss people usually go to the Commonwealth Employment Service (CES) and the Department of Social Security (DSS). The CES provides information on jobs available, counselling services and referrals to job training programmes. At the DSS they are able to find out whether or not they are eligible for financial benefits.

According to Curtain (1991: 5), the Australian approach to the plight of retrenched workers is to offer arms length assistance to the individual after the event. Severance pay reinforces the view that the onus is on the individual to rectify the misfortune not of his or her making. The unemployed invariably seek support from external support systems. Assistance to older unemployed workers is available through government and voluntary agencies.

Governments help in two major ways: labour market programs and assistance in meeting essential costs. Programs provided by Federal and State Governments are of two types: general access and others which are specifically targeted. At Federal level a 'Skillshare' program is designed for long-term and disadvantaged

unemployed, which includes the category of older people. The aim, according to the Social Justice Consultative Council (SJCC) (1992: 120), is to provide further education or training through the provision of skills training, employment-related assistance (including personal support and referral) and enterprise activities by community-based organisations with demonstrated ability to deliver such services.

At State Government level two forms of assistance are available. The first is to provide unemployment counselling and job placement assistance to the long-term unemployed. A small number of community voluntary agencies are funded to provide specialist programs. In this regard a mature-aged persons organisation is very active in collaborating with State programs to facilitate the placement of older people seeking employment. The second form of assistance is through a State Enterprise Scheme. It helps job seekers receiving social security benefits to become self-employed in viable new businesses through a package of assistance. This includes structured training and a mentor service through the Scheme (SJCC, 1992: 120).

The foregoing review raises three important questions: How does unemployment impact on older workers? What are the frustrations of job search? What external resources do the older unemployed turn to in seeking assistance and support? This paper describes a study which sought answers to these questions.

3 Method

Subjects, Procedure, and Measures

In the exploratory stage of the study, six 'Coping with Redundancy' workshops were held, which were attended by 92 unemployed people between the ages of 45 and 60 years. At the conclusion of the workshops each participant was asked to complete a lifestyle questionnaire. From 80 completed questionnaires, ten individuals (eight male and two female) between the ages of 50 and 55 years were selected, together with their spouses and one offspring, to be interviewed in-depth over the period of one year. Three sets of interviews, approximately six months apart, were held at the homes of the subjects. Audio-taped interviews were transcribed and subjected to content and textual analyses.

There were wide differences in the ten individuals and their families. Dan Brown, aged 50, was married with no children. He was a physical tester and had been unemployed for eight months before the first interview. Bradley Dunford, aged 51, a former hospital administrator, unemployed for nine months was married with two sons. Gerald Green, aged 51, a glassworker had been unemployed for a year. Paul Hodge, unemployed for ten months was 50 years

old and had worked as a trade lecturer. Viola House, aged 51, without of job for six months was a warehouse assistant when retrenched, was re-employed in a florist shop and made redundant again during the period of the study. Denis Lock was 50 years old when he was retrenched as a financial consultant. At 55 years of age, David Paton was the oldest member of the sample. He worked for an electronic firm. Ross Timms at 51 years of age, was afflicted by a life-threatening illness soon after retrenchment. He had worked as an Area Manager for an electronics company for 18 years. At 52 years of age, Shirley Truss a clothing machinist was retrenched as a result of a factory closure. Les Worth, aged 50, worked for a security firm before being retrenched six months previously.

4 Results

Impact on Self

The impact on self was examined from four perspectives: range of reactions, reasons for variations, psychological states over time and how individuals thought others saw them.

Shock was felt by Gerald Green, Paul Hodge, Bradley Dunford and Denis Lock. The principal reasons for the feeling were varied. Gerald felt psychologically deprived of the 'working man' identity and the loss of social contact at work. Bradley and Paul lamented the loss of the breadwinner role. For Denis, financial concern for the future and social embarrassment caused shock but it was short-lived. He took a more positive view of life and used the unemployment experience for personal and family benefits.

Feelings of bitterness and disappointment were felt by Viola House, Ross Timms and Shirley Truss. Shirley's feelings were intense because the material deprivation of loss of the regular income would significantly affect the living standard of the family. Ross used the word 'disheartened' along with anger and bitterness, because his loyalty to the company counted for nothing. Viola had not expected either of the job losses, but the second one was felt more intensely because suspicion of misappropriation was an assault on her personality. Loss of the first job was because of market conditions. In both cases the effects were material deprivation expressed as the 'loss of financial independence'.

There were expressions of relief after job loss, but for different reasons. Paul Hodge and Bradley Dunford, who also expressed shock, got temporary relief from highly stress-inducing work environments. The relief in their cases was short-term. David Paton, who was freed from a hazardous workplace, felt 'relieved' to do what he wanted to do and found psychologically fulfilling activity

in piano-playing to sustain him financially. Astonishment and disbelief were expressed by Les Worth, because he thought his section of the company was doing well in depressed economic times.

Stigma and social embarrassment were mentioned by the Green, Hodge, Dunford and Lock families. Gerald Green felt the stigma of accepting the 'dole' because it was not earned. He also stopped mixing with people, because of the social embarrassment of saying he was unemployed if asked. The Hodges felt the stigma in the social arena, especially when they had to produce the health card for transactions with the optician or the chemist. There was also a heightened consciousness of their predicament at places like the shopping centre. Social embarrassment limited their social contact to people who were unemployed or were expecting to be. Social embarrassment felt by the Dunfords restrained social visits to friends, because they could not reciprocate home entertainment and accept embarrassment of Bradley's unemployed status. For the Locks, social embarrassment was short-lived, but like the Dunfords the reciprocity of returning home hospitality was unaffordable, so they visited friends and relatives less.

Job Search

Job search behaviour was analysed by examining the type and frequency, the process, assessment of re-employment possibilities, reasons for lack of success and attempts to be better positioned for job placement.

The ten people unemployed actively looked for work using a variety of methods, such as written applications, telephoning and personal visits. Early in the job search process, each person applied for jobs frequently and cast a wide net for positions, even for those with a remote chance of success. As rejections were received, frustrations were felt, which in turn resulted in a reduced number of applications. Further and repeated rejections left some so discouraged and despairing that they ceased applying for jobs and resigned themselves to a life of joblessness. The one person whose keenness and motivation for job search remained high was Ross Timms. This was because his physical capacities were returning to normal after a serious illness.

When job search was reduced as a result of rejections, there was re-assessment of the types of jobs sought. Dan only applied for jobs he thought he had a real chance of getting and decided not to attempt jobs that were beyond his reach. Paul was more selective. He wanted a job that was long-term and had career prospects so he pursued that goal. He did have a courier's job for a month, but gave that up because it was not worth the effort. Denis could have had a cleaner's job, but the timing during the evenings interfered with quality time with the family. Viola had her heart set on working in floristry and when that was

achieved she was enormously satisfied. Shirley, unable to secure a job as nursing aide, was willing to lower aspirations for part-time, casual work, but that did not eventuate. Ross gave up a commission job, because there was too much effort for little return, but instead took up voluntary work. Self-employment was considered by Paul, Bradley and Les. Les got his business started, Bradley was in the process and Paul had given up the idea as too risky. David had his 'default occupation' of piano-playing, which became his main one, after the frustrations of not finding a job as an electronic engineer. Gerald too, was selective in job seeking, even after he had given up looking for one. He would accept a less physical job because of a nerve problem in his preferred hand.

There were several reasons for the perceived lack of job success. Age was the constant factor common to all. All felt the negative image of age was unjust. Other reasons given for the lack of job success were: lack of qualifications and training, obsolete skills and lack of experience.

Some with no qualifications went on training courses. Gerald attended a retailing course, Viola went for floristry classes, Shirley trained as a nursing assistant and Ross and Denis did courses in industrial cleaning. Dan had a highly specialised skill as a physical cement tester, so it did not take him long to get a job when those skills were required. Les and Bradley were attempting to be self-employed, but only Les made use of the enterprise scheme for support. Paul's skills were obsolete and he did not have an operating license. With thoughts of setting up a hydroponic business, he went to the enterprise scheme, but the viability of the venture was suspect. He then had his teaching qualifications re-assessed. The acceptance of his diploma enabled him to be employed at a school. Denis sat a public service aptitude test to qualify for a job in government. He passed it well, got an interview and was placed in a job advising unemployed people.

External Resources

This section identifies the major external resources used. It attempts to determine why participants made use of them and what effects they had.

The major reason for using external resources was for job seeking. Except for two, all the unemployed participants in the study visited the CES for information on jobs available, to seek counselling and referrals to job training programs. State agencies ran two types of programs. They were job specific courses and job club sessions where participants were encouraged to think positively, trained to prepare resumés, and to present themselves well at interviews. There was also the state enterprise scheme, which encouraged and counselled people who wished to be self-employed.

Most of those who went to the CES found the personnel of little help. Dan Brown was keen on a gardening job, but he was told he required a horticulture certificate. Gerald Green, Ross Timms and Shirley Truss visited the CES as matter of routine. Paul Hodge and Gerald Green appreciated the social contact at job clubs sessions. Viola House was highly motivated by the job club facilitator. A number of participants made use of skill training courses. Gerald Green attended a retailing course, had high expectations of securing a job, but was unsuccessful. Similarly, Shirley Truss failed to find employment as a nursing aide after completing a six-week course. Viola House had attended floristry classes at a technical college, before she was re-employed. Denis Lock and Ross Timms enrolled in industrial cleaning courses, but did not accept jobs offered to them. Ross was not physically up to it after his illness and Denis found that cleaning during the evenings interfered with family life. David Paton used the state job training office as a placement agency to track down potential jobs. Les Worth made full use of the state enterprise scheme to establish his business. Paul Hodge tested out his ideas with the scheme for the production of hydroponic equipment.

Besides job search agencies, some participants were involved in other bodies which served as external resources. Denis Lock continued sports club membership and attended swimming training regularly. Bradley Dunford supported his church as a member of the executive council. He felt good about the recognition he received. He did not seek any government agency support or assistance, but attended self-development courses organised by a private consultancy. Gerald Green gave up golf because he could not afford the membership and felt socially embarrassed to mix with other players while unemployed. Viola and Andrew House continued the yacht club membership. David Paton played squash at the community centre.

5 Implications for Social Policy

A number of individuals and bodies can take part in the process of helping the late career unemployed to overcome, or at least minimise, their problems. The help offered is of two main kinds: short- and medium-term measures designed to enable individuals and their families to cope with job loss and its consequences; and long-term changes in the society that produces the problem. Helpers at the individual level include former employers, prospective employers, the government, educational bodies, counsellors and the unemployed collectively. Helpers - or perhaps we should say change agents - at the societal level include politicians and the government who determine policies; economists and others who research and propose reform measures to minimise the frequency and negative consequences of unemployment; and individuals who either support

reforms of the present system or propose its long-term replacement by one that involves neither employment nor unemployment.

A Code of Conduct for Employers

The insensitivity of employers in handling retrenchments was highlighted in the cases of eight of the ten people interviewed, where little or no notice was given. This mode of summary dismissal is particularly thoughtless and without feeling, although it is a strategy that some employers say they use for fear of industrial sabotage (SJCC, 1992). Given the initial trauma that unemployed people experience, and the impact it has on their spouses and children, there is an urgent need for a code of conduct for employers in this matter. This should ensure that reasons are given for retrenchment and reasonable redundancy provisions made, including information on training programs available, income support, counselling services and other material needs of the workers. Retrenchment should be considered as the last resort after all other avenues of employment, such as deployment, are exhausted. Developing a code of conduct in the management of retrenchment will make the experience easier for individuals to bear, though it will not eliminate it.

Combatting Stereotypes

All of the ten retrenchments we studied were made for reasons other than personal incompetence. The individuals were all productive in their jobs. The reality of the situation was that these people were in their late career stage and stereotypes and myths about older workers helped to make it difficult for them to obtain re-employment.

Some employers rely on negative beliefs concerning the physical and mental capabilities of older employees to support their frequent preference for younger workers. Carver (1989: 55) summarises these beliefs as: older persons are more often affected by physical and mental infirmities; young people can be trained, motivated and promoted; young people work for less money than older people; pensions, health and insurance costs increase as the worker ages; many older workers lack skill, experience and education; the older worker would work for less time than a younger worker; older workers are less adaptable and more difficult to train; and younger executives feel uncomfortable directing older employees.

Backed by statistical and research evidence, Dychtwald (1990) countered the foregoing stereotypes point by point. In the United States older workers make up 13.6 per cent of the labour force but account for only 9.7 per cent of the accidents

at work, while workers between the ages of 20 and 24 account for 50 per cent of all on-the-job accidents. Older workers have fewer avoidable absences than younger workers and good attendance records overall. No research shows a consistent pattern of superior productivity for any age group. Except for a slight decline in jobs requiring substantial physical effort, study after study shows older workers performing either as well as or better than their younger counterparts. Although older workers are somewhat more resistant to change, they can and do adapt. They are in fact more used to change than younger workers, having already lived through a great variety of social and technological changes. In many ways older people are more stable than younger ones, exhibiting less stress on the job and lower rates of admission to psychiatric facilities.

If older workers are productive, adaptable, stable, amenable to change and less accident prone, then the premature and reluctant termination of working life not only incurs a financial cost to the welfare system, but the nation loses the skills and efforts of these people. It is therefore very important that programs are developed to utilise these resources for the benefit of the whole community. This can be achieved by furthering job creation schemes for older workers.

Job Search Assistance

What our ten unemployed people wanted most was a job, but getting one was a frustrating and despairing experience. In every case their job search activities decreased as their unemployment lengthened and programs did not meet their expectations. General access programs through government institutions are available, but not specifically aimed at older people. The services range from income support measures to programs assisting individuals to obtain alternative employment, which include job placement, job search training, formal training and work experience. Special assistance is provided to retrenched workers from nominated industries subject to structural change induced by government policies. But each of the programs has serious flaws and instead of facilitating re-employment they precipitate unemployment.

Nine of the ten participants in the study had not been unemployed before and were not aware of their entitlements or the range of community resources available and ways of accessing them. All went to the CES, some regularly, and expressed disappointment at the inexperience of front line staff and the impersonal office arrangements. The bulletin boards were out of date and often wrong advice was given for the job they applied for.

Without attempting to evaluate the work of the CES, the remarks of our interviewees suggest that staff are unable to adapt to the changing labour market and the types of people coming in. Competing for jobs by open advertisement is a

frightening experience. Our unemployed people would have preferred a more interactive approach with a potential employer, so that their skills and capabilities could have been better known and understood. Paul Hodge, a college lecturer, did not know that his qualifications would enable him to teach in a high school. It was a year after unemployment that he discovered through a friend that his qualifications should be assessed by the Education Department. Had the counselling service at the CES advised him soon after unemployment about this, he could have been re-employed much earlier.

Job search training is done through Job Clubs, where participants are trained in how to write resumés, present themselves at interviews and search for potential jobs. There needs to be a serious examination of the job search program and a more selective and individual approach should be taken. For instance, Gerald Green was skilled in making lead lights and sold some of his products to a souvenir store. He did not have the marketing and managerial expertise to translate his skill into full-time contract employment, which would enable him to supply unique souvenirs to several stores. He also had the skills to teach lead lighting, but saw no opportunities beyond the prison department. Ultimately, he shelved the hobby because of its expense. A perceptive Job Club leader would have identified the skill and its potential, and could have suggested viable options for mobilising and selling Gerald's valuable resources.

Since Shirley Truss was a textile worker and the plant had closed down, she was eligible under her termination award to undergo formal training. She decided to do a six-week intensive nursing aide course. She acquired a certificate of successful completion, but failed to get a job as a nursing assistant on the grounds of lack of experience and qualifications. Although it was not said to her, she felt that her age was against her, because the jobs went to younger applicants. It seems quite preposterous that Shirley was allowed to undertake a course with the advance knowledge that after completing it, a job would be difficult to secure. It would have been far more effective if Shirley had been counselled to build on her existing skills as a clothing machinist. She would have had a better chance of employment in a tailoring firm or as an assistant to a seamstress or even to set up a clothes repair business at home. More thought should be given to ensuring that there is a more than even chance of clinching a job on completing a course.

Courses that were offered through job training programs were completed by Ross Timms and Denis Lock, but both of them turned down offers of employment after attending industrial cleaning courses. Paul Hodge did not attend a training course but acquired a courier's job, which he soon gave up because it was labour intensive and stressful with poor financial return. These examples show that job training courses must be suitable to the people undertaking them, so that they feel obliged to pursue a career in the course they have trained for.

A further aspect of getting a job is work experience. It is meant to induct a worker into a substantive job and to affirm in an employer's mind the capabilities of the worker. Gerald Green had a very successful work experience which was favourably acknowledged by customers and his employer. However, when a job became vacant in the firm where Gerald had his work experience, he was overlooked in favour of an inexperienced and younger worker. There needs to be some formal agreement between job placement agencies and potential employers, obliging the latter to employ people meeting performance criteria when vacancies occur.

Counselling

Counselling for the late career unemployed is offered by the CES and its Job Clubs, as part of training courses and by various other bodies. It can include individual counselling, guided support groups, crisis intervention services and referrals to mental health centres and other community agencies and programs (Plett and Lester, 1991). Counselling older adults involves helping them to explore options available to them and provide emotional support when needed. Trainers can support older individuals as they move from unemployment to training and eventually to a job.

Counsellors can listen to the frustration and sadness felt by some older workers as they experience job loss. Support groups of individuals going through similar experiences can be particularly helpful. Job counselling consists of helping older workers to explore their employment potential and guiding them in setting both short- and long-term goals. Goal setting requires the participant to plan the steps needed to achieve their goals, identify barriers, take responsibility and be accountable for the effort.

However, an OECD report (1988) expresses the view that counselling will not be effective unless there are other associated measures (work experience programs, training, support via employment subsidies, etc.) through which the long-term unemployed can be assisted in order to improve their ultimate prospects in the labour market.

Several of the people in our case studies took advantage of counselling services offered, both formally and informally. Viola House joined a Job Club for mature-aged persons and found it 'enormously beneficial' because the co-ordinator encouraged her to think positively and to keep trying. Paul Hodge attended a Job Club training program which gave him encouragement and social contact. He found the experience very helpful in boosting his self image and confidence.

Mutual aid

If you have a problem situation it often helps to be able to discuss how to handle it with others in the same boat. A self-help group brings together people in common circumstances to share their thoughts and feelings, and so provide a supportive network (Paul, 1985). In Victoria the Committee of Self-Help Groups (COSHG) is a loose network of self-help groups organised and controlled by group members. It works towards the mutual support and exchange of ideas, information and experience among the groups, providing a base from which they can have discussions, make claims and negotiate terms of help with the Government and health and welfare sectors.

Bradfield, Jukes and Rosenberg (1993) recommended the value to the unemployed of finding others who have had the same experience and sharing thoughts and ideas with them. They also suggest that help may be obtained from friends and colleagues from the former company or employer. However, this advice goes against what some of our job co-ordinators said actually happens: that the older unemployed tend to isolate themselves from former colleagues, friends and employers. This was confirmed by responses to the lifestyle questionnaire and by the ten families we interviewed: social life is constrained by unemployment and confines people for long periods in the home.

6 Conclusions

Individual reactions to unemployment were generally devastating with feelings ranging from shock, bitterness and disappointment to disbelief, astonishment and relief. Unemployment caused stigma and social embarrassment, which resulted in heightened consciousness in public places. Inability to reciprocate with hospitality in the home also caused social embarrassment.

Job search behaviour was characterised by means of the wide variety of methods used. Rejections caused frustration and reduction in applications. As a result most job seekers were more selective and at least one decided to lower aspirations for part-time or casual work. Repeated rejections left some to be so discouraged and despairing that they resigned themselves to a life of joblessness. Age, lack of qualifications and experience and obsolete skills were perceived causes for the lack of job success.

The main external resources used by participants were connected with job seeking. Participants sought information on jobs available, retrained for new careers and learned ways of presenting themselves better for jobs. Those involved in clubs or the church were able to get support from such involvement.

The generally unpleasant impact of unemployment on the self, job search and external resources has implications for social policies which could ameliorate some of the problems. The development of a code of conduct by employers in the management of retrenchment will make the experience easier for individuals to bear, though it will not eliminate it. Combatting stereotypes of older workers will lessen the financial cost on the welfare system and restore to the nation the lost skills and efforts of its people. More thoughtful guidance in the job search process will facilitate re-employment, rather than precipitate unemployment. Counselling older adults can be very helpful in exploring options available and providing emotional support when needed. Finally, mutual aid would be beneficial not only through sharing thoughts and ideas, but also in counteracting isolation from social life and withdrawal into the home.

References

- Bakke, E.W. (1933), *The Unemployed Man*, Nisbet, London.
- Bradfield, A., J. Jukes and R. Rosenberg (1993), *Job Loss - It's a Family Affair*, Lothian, Port Melbourne.
- Carver, C. B. (1989), 'The application of the Age Discrimination in Employment Act to persons over seventy', *The George Washington Law Review*, 58(1), 55-6.
- Curtain, R. (1991), *Assistance for Retrenched Workers: Why is it needed, its Effectiveness and How to Improve Program Delivery*, Working Paper No. 20, National Key Centre in Industrial Relations, Monash University, Melbourne.
- Dychtwald, K. (1990), 'Age wave: an interview with Ken Dychtwald', *Training and Development Journal*, 44(2), February, 25
- Fagin, M., and M. Little (1984), *The Forsaken Families*, Harmondsworth, Penguin.
- Fineman, S. (1983), *White Collar Unemployment: Impact and Stress*, Chichester, Wiley.
- Fryer, D. M., and P. B. Warr (1984), 'Unemployment and cognitive difficulties', *British Journal of Clinical Psychology*, 23, 67-8.
- Furnham, A. (1983), 'Attitudes towards the unemployed receiving social security benefits', *Human Relations*, 36, 135-50.
- Goffman, E. (1968), *Stigma: Notes on the Management of Spoiled Identity*, Penguin, Harmondsworth.
- Harrison, R. (1976), 'The demoralising experience of prolonged unemployment', *Department of Employment Gazette*, April, 339-48.
- Hayes, J. and P. Nutman (1981), *Understanding the Unemployed: The Psychological Effects of Unemployment*, Tavistock Publications, London.

- Kanfer, R. and C. L. Hulin (1985), 'Individual differences in successful searches following lay-off', *Personnel Psychology*, 38, 835-47.
- Kelvin, P. and J. E. Jarrett (1985), *Unemployment: Its Social Psychological Effects*, Cambridge University Press, Cambridge.
- OECD (1998), *Measures to Assist the Long-term Unemployed*, Paris.
- Paul, C. (1985), *Making Unemployment Work*, Night Owl, Shepparton, Victoria.
- Payne, R. L., P. B. Warr and J. Hartley (1984), 'Social class and psychological ill-health during employment', *Sociology of Health and Illness*, 6, 152-74.
- Plett, P. and B. Lester (1991), *Training for Old People*, ILO, Geneva.
- Rosenblum, M. (1975), 'Last push from discouraged worker to involuntary retirement', *Industrial Gerontology*, 2(1), 14-22.
- Shamir, B. (1985), *The Psychological Consequences of Re-employment*, Department of Sociology and Anthropology, The Hebrew University of Jerusalem.
- Social Justice Consultative Council (SJCC) (1992), *Social Justice: Economic Restructuring and Job Loss*, Department of the Premier and Cabinet, Melbourne.
- Stricker, P. and P. Sheehan (1981), *Hidden Unemployment: The Australian Experience*, Institute of Applied Economics and Social Research, University of Melbourne.
- Swinburne, P. (1981), 'The psychological impact of unemployment on managers and professional staff', *Journal of Occupational Psychology*, 54, 47-64.
- Warr, P. B. and P. Jackson (1984), 'Men without jobs: some correlates of age and length of employment', *Journal of Occupational Psychology*, 57, 77-85.
- Warr, P. B., P. Jackson and M. Banks (1988), 'Unemployment and mental health, some British studies', *Journal of Social Issues*, 44(4), 47-68.

Jobskills: Improving Peoples Lives?

Helen MacDonald¹
Brotherhood of St Laurence

1 Introduction

Employment and training programs can offer significant assistance to job seekers who experience a range of disadvantages in the labour market. The Jobskills program is one labour market program which seeks to improve the employment prospects of job seekers by providing supervised work experience and formal training for six months.

This paper presents findings from the Brotherhood of St Laurence's evaluation of its Jobskills program undertaken between March 1992 and December 1993. It poses the question, 'does the Jobskills program enhance peoples' lives by improving their employment prospects and personal situations?'. A detailed analysis of the Brotherhood's Jobskills program and the evaluation can be found in Grieves (1995) and MacDonald (1995).

The Brotherhood's study also raises some important issues for consideration in implementing the Commonwealth Government's *Working Nation* strategy (Australia, Prime Minister, 1994). Discussed in this paper are the central findings of the Brotherhood's study in terms of implications for labour market policy and program initiatives more broadly. The issues outlined in this section of the paper are drawn from a Brotherhood discussion paper, *Labour Market Programs and Policies Beyond Working Nation* (MacNeill, 1995).

2 The Jobskills Program and the Brotherhood's Involvement

The Jobskills program commenced in 1991 with funding from the Commonwealth Government and is administered by the Department of Employment, Education and Training (DEET). It is a significant labour market program which assisted over 30,000 participants throughout Australia between 1991 and 1994 (Grieves, 1995).

¹ I would like to thank Kate MacNeill, Christian Grieves, Don Siemon and Janet Taylor whose work at the Brotherhood has enabled me to prepare a large part of this paper. Copies of the Brotherhood reports referred to in this paper can be obtained by contacting the Brotherhood of St Laurence Book Shop on (03) 9483 1317.

Jobskills aims to improve the employment prospects of people aged 21 years and over who have been unemployed for 12 months or more by providing them with a combination of supervised work experience and training. Details of eligibility criteria for Jobskills can be found in the program guidelines (DEET 1994). The stated objectives of the Jobskills program are:

...to improve the long-term employment prospects of people aged 21 and over who have been unemployed for 12 months or more, including people on the Job Compact, by broadening their employment experience and equipping them with new skills and providing them with active employment assistance to ensure they receive positive employment outcomes.

...to provide additional financial assistance to support special projects of benefit to the community, while providing long term unemployed people with work experience and training and enhanced access to post program employment. (DEET, 1994: 4)

The Jobskills program differs from many other labour market programs in that:

- it is paid (\$300 per week, plus Health Care Card, and eligibility for family payments and rent assistance where appropriate);
- it offers supervised work experience with an on-the-job training component; and
- it combines this with structured, and in some cases accredited, off-the-job training.

Delivery of the Jobskills program has been through community-based agencies (such as the Brotherhood and SkillShare) and local government. Recent pilots have also extended it to private sector organisations. The Department contracts organisations or 'brokers' to provide eligible job seekers with work experience and training for 26 weeks. Participants spend 60 per cent of their placement on work experience and 40 per cent on training. In terms of training, a Jobskills placement comprises 25 per cent off-the-job and 15 per cent on-the-job training.

The Brotherhood has been involved in Jobskills since March 1992, assisting some 1300 participants. Placements have been throughout metropolitan and country Victoria, primarily in child care, clerical and outdoor occupations, and more recently in horticulture, library, and community development assistance. The Brotherhood has been a broker, trainer and employer in the program.

3 The Brotherhood's Study

By evaluating its involvement in the Jobskills program, the Brotherhood sought to inform development and delivery of its own employment and training services. The organisation has also used its service experience and research and policy expertise to assess the impact of the program on participants and to inform national policies on labour market programs.

The evaluation was undertaken in two stages in order to focus on implementation issues (MacDonald, 1995) and participant outcomes and experiences of the program (Grieves, 1995). The first stage involved consultation with participants, brokers, trainers, employers and union representatives in the Brotherhood's program, in order to document program implementation and the value of the program to those involved. The objectives of the first stage of the evaluation were:

- To document the process of program implementation from the point of view of brokers, employers and trainers.
- To identify areas where the implementation process can be enhanced in order to facilitate future broker, employer and trainer involvement in the program.
- To identify areas where the implementation process can be enhanced in order to improve participant job prospects (MacDonald, 1995).

The second stage of the evaluation assessed outcomes for participants. It explored labour market outcomes more broadly than DEET's follow-up of program participants three months after completion. Interviewing 116 participants between six and 12 months after they finished their placement, the Brotherhood's study also explored participant outcomes in terms of personal, vocational and labour market benefits. The objectives of the second stage of the evaluation were:

- To assess the value of the Jobskills program in terms of labour market outcomes for participants.
- To assess the additional benefits for participants of being involved in the Jobskills program.
- To identify some of the factors that affected outcomes for the Jobskills program (Grieves, 1995).

Sample Characteristics

The evaluation drew on the experiences of participants and other representatives involved in the Brotherhood's program between March 1992 and December 1993. Table 1 lists selected characteristics of the 116 participants interviewed in the evaluation according to their Jobskills occupational category.

Table 1 shows that most of the 116 interviewed participants were women who comprised 79 per cent of the total. Women were the majority of clerical (83 per cent) and child care (97 per cent) placements in the program. As many as 42 per cent of participants were aged 21 to 25 years, and 42 per cent of placements were with brokers located outside of Melbourne.

Further sample characteristics not shown in Table 1 were that 80 per cent of people interviewed were born in Australia; and seven per cent of those interviewed said they had difficulty in reading and writing. An analysis of participant's activities in 1991, the year before the Jobskills program commenced (two years before most placements), showed that 33 per cent of those interviewed had spent most of that year in some form of work, 40 per cent were job searching, and 15 per cent were involved in labour market programs or full-time study.

4 Findings of the Evaluation

This section outlines the central findings of the evaluation of the Brotherhood's Jobskills program in order to answer the question - 'does the Jobskills program enhance peoples' lives by improving their employment prospects and personal situations?'. It examines selected benefits and difficulties Jobskills participants identified in the study, and then focuses on their employment outcomes.

Personal and Vocational Benefits From Jobskills

Table 2 summarises some of the personal and vocational benefits of Jobskills identified by the 116 interviewed participants. It shows that 57 per cent stated that the certificate and formal training received in the program was beneficial to them; 44 per cent identified self-esteem and personal development gains in the program; 29 per cent identified friendships as important in the program; and 26 per cent valued the work experience they received (for some of those born overseas this was their first or most recent Australian work experience). Only five per cent of participants said they gained little or no benefit from their Jobskills placement.

Table 1: Selected Participant Characteristics

Characteristic	Jobskills Occupational Category			
	Clerical %	Outdoor %	Child care %	Total %
Total	60	13	27	100
Gender				
women	83	27	97	79
men	17	73	3	21
Age				
21 to 25 years	44	34	42	42
26 to 35 years	26	40	29	29
36 plus years	30	26	29	29
Broker location				
Melbourne	37	67	100	58
Other Victoria	63	33	0	42

About one third (30 per cent) of participants identified no difficulties in the program, but as many as 47 per cent of outdoor workers had problems with inappropriate off-the-job training, and 20 per cent of this group experienced disharmony with other workers.

Overall, half of participants (50 per cent) found the off-the-job training helpful or relevant, especially the child care participants (74 per cent). Those least likely to feel this way were outdoor workers (33 per cent).

The majority of all participants felt they had gained new skills (86 per cent) or extended existing skills (78 per cent) from their Jobskills placement, but again these were least likely to be the outdoor work participants.

Employment Outcomes

In terms of employment outcomes Table 2 also shows that over half (56 per cent) of participants were working more than six hours per week at the time of interview. These were most likely to be child care workers and least likely to be outdoor workers. As many as 80 per cent of those working attributed their current job to their Jobskills placement.

Table 2: Selected Participant Outcomes

Outcomes	Jobskills Occupational Category			
	Clerical %	Outdoor %	Child care %	Total ^(a) %
Benefits				
certificate/training	61	53	48	57
self-esteem/self	52	27	36	44
development				
friendship	31	33	23	29
work experience/work	15	27	48	26
training				
work culture	21	0	16	17
led to a job	9	0	23	13
little or no benefit	2	27	3	5
Difficulties				
none/insignificant	36	0	29	30
inappropriate off-the-job	18	47	6	19
training				
disharmony with others	8	20	13	11
Off-the-job training				
helpful/relevant	43	33	74	50
irrelevant (missed my	37	27	10	28
needs)				
Work experience				
new skills	88	74	87	86
extended skills	83	69	70	78
Labour market outcomes				
working (more than 6 hrs	53	40	71	56
p.w.)				
looking for work	40	53	19	36
other (not in the labour	7	7	10	8
force)				

Note: a) Columns can add to more than 100 per cent because multiple responses were allowed.

This analysis points to the important effect of Jobskills occupational category on the personal and vocational benefits of the program and on participant employment outcomes. Further investigation indicates the important influence of location, age, and education on participant employment outcomes (see Table 3).

Employment outcomes have been defined in three categories: working, looking and other. 'Working' refers to those people in paid employment more than six hours per week, including people working and not looking for another job, people working and looking for further work, and people who were working and studying. 'Looking' refers to people looking for work, including people studying and looking for work, and people working an average of 6 hours per week or less and looking for work. The 'other' category includes people who were studying and neither working nor looking for work, and people not in the labour force.

Table 3 shows that Melbourne-based participants (58 per cent) were slightly more likely to be working than those in country Victoria (53 per cent). Participants 46 years and older, of whom only 31 per cent were working, were less likely to be working than younger participants. Those with higher levels of education were more likely to be working than others with fewer years of schooling. For example, 33 per cent of those with schooling up to Year 10 were working at the time of interview compared with 68 per cent of participants who had completed Year 12. There was, however, little difference between women (57 per cent) and men (51 per cent) in terms of their employment outcomes.

The quality of employment achieved by these participants after Jobskills, in terms of their income, hours worked per week and employment tenure, further highlights the differential impact of occupational category on employment outcomes.

Income. Over half (54 per cent) of those working at the time of interview received only \$301 to \$400 per week. The average hourly rate of pay was as little as \$9.70. While total income received from work after Jobskills relates to the total hours worked by participants, occupational category of their placement also influenced participant income. For example, as many as 62 per cent of clerical workers earned \$301 or more per week, compared with only 38 per cent of child care workers.

Hours per week. Of those working at the time of interview, about one third (37 per cent) wanted to be employed more hours, even some of those already working five days per week. This result probably reflects their very low income levels and that those who undertook clerical or child care placements were likely to be working three days or less per week. As many as 50 per cent of child care participants had undertaken two or more jobs since their Jobskills placement.

Table 3: Employment Outcomes According to Selected Participant Characteristics

Characteristic	Employment Outcomes		
	Working %	Looking %	Other %
Broker location			
Melbourne	58	33	9
Other Victoria	53	41	6
Age			
21 to 25 years	58	38	4
26 to 35 years	49	33	18
36 to 45 years	75	20	5
46 plus years	31	69	0
Education			
up to year 10	33	60	7
year 10	52	42	6
year 11	52	40	8
year 12	68	22	10
Gender			
women	57	36	7
men	51	41	8

Employment tenure. Nearly three quarters (73 per cent) of participants employed at the time of interview felt that their job was permanent. Child care participants (39 per cent) were more likely than clerical participants (15 per cent) to consider their employment as temporary. All employed outdoor workers felt that their employment was temporary.

Summary

These findings suggest that the Jobskills program has improved the lives of many people who were unemployed long term prior to their placement. For some there were personal and vocational gains: self-esteem, networks and friendship, training, and work experience. Participants valued a certificate and formal training which was accredited and led to further training, such as the Associate Diploma of Child Care. Others identified self-esteem and personal development gains from the program, and one participant commented:

Jobskills gave me somewhere to be. A responsibility for six months. It did wonders for my morale and enthusiasm. I got my motivation back.

Many participants also gained employment after Jobskills, especially those in the child care industry. However, these gains were often moderated by employment which was temporary, part-time and low-paid. Even so, over one third of child-care participants were still unemployed and two thirds of outdoor workers had not worked since their Jobskills placement.

5 Implications for *Working Nation*

By way of conclusion, the implications of these findings for implementation of *Working Nation* (Australia, Prime Minister, 1994) are discussed in this section. The Government's *Working Nation* strategy combines a range of measures, including labour market program policy, income support policy, industry development, and regional development strategies, intended to reduce unemployment to five per cent by 2001.

In terms of labour market policies and programs, *Working Nation* offers the Job Compact which guarantees a labour market program place or subsidised employment for people unemployed 18 months or more. Job Compact places include the existing labour market programs -Jobskills, Landcare and Environment Action Program, New Enterprise Incentive Scheme - and the new, regionally focused New Work Opportunities initiative. The existing but expanded Jobstart wage subsidy program and the new National Training Wage are to provide subsidised employment opportunities for program participants. More intensive case management and harsher penalties for job seekers for breach of obligation are additional important components of the Job Compact.

The following general observations can be made about *Working Nation* and case management in particular.

- *Working Nation* seems to be concerned more with making unemployed people 'job ready' than with directly providing ongoing employment. While it is very important to make unemployed people competitive in the labour market, the quality and duration of the employment experience that results is a critical factor that requires attention.
- The case management contractual arrangement and payment system are designed to ensure that job seekers are placed either in a labour market program or in some form of subsidised or unsubsidised employment. There

is no provision which ensures that case management continues to the point of obtaining unsubsidised and secure employment.

- Similarly, the case management structure does not ensure that the case management relationship continues through a number of steps. It sees placement in a labour market program as the completion of a process rather than one step along the way. This lack of continuity could be a problem if there are no guarantees for the initial case management relationship to resume or to continue.
- Post-program assistance which seeks to capitalise on improved self-esteem immediately after program completion is an important consideration for case management and needs to be adequately resourced.
- Other considerations for labour market programs more broadly which have been raised by the Brotherhood's Jobskills evaluation include the following:
- There is a need to recognise the multiplicity of outcomes from labour market programs, with particular emphasis on improved self-esteem.
- Better employment outcomes are achieved in areas of expanding employment growth, but these successful outcomes can be moderated by employment which is temporary, part-time and offers relatively low hourly rates of pay.
- There is a tension between the emphasis on achieving positive employment outcomes and the need to target highly disadvantaged people.
- The appropriate assessment of people's needs prior to a training placement should ensure that training builds on existing skills and is linked with emerging employment opportunities.
- Individuals should not be financially disadvantaged by participating in a labour market program, they should be adequately paid for their participation, and they should be reimbursed for the additional expenses from participation.
- Whilst there are very high levels of long-term unemployment amongst certain immigrant and refugee groups, very few were involved in the Brotherhood's Jobskills program. This suggests that the same barriers which impede participation in employment also limit the likelihood of undertaking labour market programs.

6 Conclusion

The Brotherhood is committed to an approach to economic and labour market policy which furthers the interests of people who are most disadvantaged, and labour market programs are important components of action required to achieve this. However labour market programs and policies must do more than increase the possibility that those disadvantaged in the labour market may obtain employment. They should ensure that people have access to stable, long-term employment which provides an adequate standard of living.

The results of the Brotherhood's Jobskills evaluation raises questions about the capacity of *Working Nation* initiatives to deliver secure and well paid employment to people. While Jobskills was successful on a range of measures, the best employment outcomes (six to 12 months after program completion) were achieved by those participants in the child care industry. However, their employment was often low-paid, part-time and temporary. It seems that the personal and vocational benefits of Jobskills have been moderated by the nature of employment outcomes for participants, and it remains uncertain to what extent secure and well-paid employment will emerge.

References

- Australia, Prime Minister (1994), *Working Nation: Policies and Programs*, AGPS, Canberra.
- Department of Employment, Education and Training (DEET) (1994), *Jobskills Program Guidelines 1994-95*, AGPS, Canberra.
- Grieves, C. (1995), *Improving Lives Through Jobskills: a Survey of Participants*, Social Policy and Research Paper 9508, Brotherhood of St Laurence, Melbourne.
- MacDonald, H. (1995), *Implementation of the Jobskills Program by the Brotherhood of St Laurence*, Social Policy and Research Paper 9507, Brotherhood of St Laurence, Melbourne.
- MacNeill, K. (1995), *Labour Market Programs and Policies Beyond Working Nation*, Social Policy and Research Paper 9509, Brotherhood of St Laurence, Melbourne.

Twenty Payments or One?

Alternative Structures for the Australian Social Security System

Julia Perry
Strategic Development Division
Department of Social Security

1 Introduction

There has been some discussion recently about radically different models for social security. Various people at RMIT have been airing the idea of a Basic Income (Watts, 1995; Probert, 1995), some economists (McGuarr, 1994) have proposed an incomes policy that would supplement low wages, and others, particularly Bettina Cass, have proposed a Participation Income (Cass, 1994).

Such ideas are not new: Basic Income was proposed as far back as Gerard Winstanley in the 17th century and in this century, by people as diverse as Bertrand Russell, J. K. Galbraith, Milton Friedman - to name but a few (Van Parijs, 1992). It was part of McGovern's platform as a US presidential candidate in the Watergate election of 1972. In Australia, a universal payment was proposed by the Henderson Poverty Inquiry in 1974 (Commission of Inquiry into Poverty, 1975). This does not make these ideas any way irrelevant in 1995.

I want to look at the Australian system of social security as it is today, its advantages and disadvantages and compare it with three alternative models. Twenty minutes is sufficient only to briefly scan the subject - this paper is drawn from a longer discussion paper to be published in August (Perry, 1995). The opinions I express here and in the discussion paper are my own, not those of the Social Security Department nor of the Government. The focus is income support for people of workforce age, not payments for children, rent assistance or other supplements.

2 The Existing System

Like the main systems in most other OECD countries, the Australian system is categorical: access to income support depends on the claimant's circumstances - such as age, sickness, disability or inability to find work. In Australia we also

have a number of payments for people outside the labour force who are caring for children or for adults who are incapacitated, or who have been financially dependent on a partner whose support is no longer available.

From the two income support payments introduced in 1911, Old Age and Invalid Pensions, as of July 1995 we have 20 payment types, 19 not including Age Pension:

- four for the unemployed;
- three for widows without children;
- three for dependent partners without children;
- two for those with long term incapacities and two for those with short term ones;
- two for people caring for children;
- one for people caring for adults (if they are not eligible for one of the payments above); and
- two for special needs.

There are also student assistance and veterans' payments. Part of the reason for so many payments is transitional: six are being phased out and replaced by the newer payments. The other reason is the need to respond to increasing diversity in people's lives:

- changing family structures, including more single people and sole parents;
- the need to provide for those caring in the community for the frail aged and people with disabilities;
- the increasing labour force participation of women; and
- changing work patterns with more casual, part-time and intermittent work and self employment, and the emergence of long-term unemployment, particularly among older people.

The payments are distinguished primarily by their eligibility criteria, which target groups according to their barriers to self support through full-time paid employment. These, crucially, determine whether a recipient is required to take action to gain employment (the activity test).

In broad terms the amount of assistance is the same regardless of which payment a person is receiving. There are, however, two classes of payments, pensions and benefits (now called allowances), which differ in the rates for single people and

youth, the income and assets tests and the availability of fringe benefit concessions.

There is great diversity among the payments in such things as residence requirements, access to supplementary payments and labour market assistance, rules for claiming, transferring, changing circumstances, bereavement arrangements and so on.

Policy Objectives

Is it good or bad to have such a range of payments? What is the purpose of this system and what are we trying to achieve? The legitimacy of the system has rested to some extent on supporting the 'genuinely needy' while discouraging welfare dependence among those who could be self-reliant. The categorical system was designed to identify contingencies that are beyond the claimant's control. It has also been a principle that employers should provide for the income needs of those in work and, until June 1995, for their wives as well. The multiple payment system provides a publicly transparent rationale for providing certain groups with non-activity tested support.

There is no formal set of objectives for the income support system as a whole, although each program has its own set.¹ These are based on common values: adequacy; equity; and maintenance of incentives and encouragement of self provision. It is equally important that the system should be: acceptable to the community; administratively feasible; and financially sustainable.

Work Incentives and Disincentives

For nearly a century Australian Social Security has developed in the context of a debate on whether people in need had a right to public protection against poverty or whether such assistance 'undermined self-reliance and initiative and encouraged pauperism' (Kewley, 1974: 4). The latter view is based on two arguments: that availability of income support means that people would be content to subsist on it alone, rather than working; and that income testing of income support reduces the net gain from working, meaning that a recipient might not get ahead much if he or she did work.

There are several ways to address such disincentives: restrict access to income support to those who do not have the option of paid work; ensure that the returns

¹ The objectives for each program are listed in each Annual Report of the Department of Social Security.

from work are higher than those from income support; and provide equivalent assistance to those in paid work and to the jobless.

We have used all of these, with different emphases at different times, and until the last decade they were the main focus of social security. They are reflected in: the categorical structure and the activity test which aim to restrict access; the setting of rates lower than minimum wages (the replacement ratio) to ensure higher returns from work; the income test design, so that people combining private and public income have a higher level of total income, as well as bonuses for those starting work; and Family Payments for families whether they are in work or jobless has been the main example of support for those in work; Parenting Allowance is an extension of that principle.

While some payments are only for those who are not in substantial paid work, others are not restricted by the number of hours the person is employed - in particular, payments for parents, widows and partners.

The Social Security Review introduced the 'active society' principle to the Australian social security context: as well as reforming the payment structure to reduce work disincentives, the Review established mechanisms to assist people overcome barriers to self provision, notably services linking income support providers with training and labour market assistance. These were not only for those on work-tested payments but also for sole parents and people with disabilities, recognising that sharp distinctions between who could work and who could not were not realistic. In the same line, the work test became the activity test allowing the unemployed to take steps to improve their employment chances.

The recent *Working Nation* changes (Australia, Prime Minister, 1994) have continued these strategies:

- removing non-activity tested payments for married women under 40 without children;
- restructuring the income test for allowances to increase the net returns from working;
- for families with children, paying partners of those in paid work as well as the jobless;
- expanding options under the activity test; and
- the Job Compact and case management for the long term unemployed and those at risk.

3 How Does This Compare With Other Developed Countries?

In many ways the Australian social security system is more adaptable than most overseas systems to the changes in work patterns, wages and family structures. While the Australian system focuses on redistributing income between individuals to provide an adequate minimum income for those without other means, the predominant model elsewhere focuses on redistributing across an individual worker's lifetime. This is satisfactory only for those who have spent a substantial part of their lives in secure full-time work at adequate wage levels to maintain themselves and their dependants.

The Australian social security system provides social assistance, that is, means-tested, needs based assistance funded from general revenue, with the objective of alleviating poverty and supplementing low incomes for those eligible. Recently this has been supplemented by a system of private superannuation funds, providing age and invalidity benefits. For permanent employees, employers provide directly for recreation and sick leave and in some cases paid maternity leave.

Although they may also provide social assistance, in most OECD countries the principal system is social insurance, which is not means-tested, is earnings related and is funded by contributions from employers and employees or the self-employed. Its objective is income replacement, to protect workers from loss of income through specified contingencies, although the replacement rate is usually less than 100 per cent of former earnings. Entitlement is based on contributions, which reflect length of employment and previous wage levels, but often exclude part-time or casual work.

As in the Australian system, social insurance schemes are categorical, developed initially from age and invalidity benefits. The typical categories covered by social insurance schemes are retirement, invalidity, sickness, unemployment and maternity. If the worker dies, the scheme provides benefits for a surviving widow and dependent children, although some of these benefits have been reduced as women become less financially dependent.

There are many differences among countries in the details and few schemes are now based purely on social insurance principles. Many have minimum and maximum benefit levels, and some have supplementary payments for dependants. Most are subsidised by the state either by direct subvention or by tax privileges. The right to social insurance coverage arises as a condition of work. This has various implications that are different from the Australian system.

- **The benefit rates are generally based on prior wage levels rather than need.** They are not designed to provide adequately for those with special needs and, for those whose earnings were previously low, benefit levels may be inadequate.
- **The highest rates go to the most privileged.** The pre-existing relativity between rich and poor is maintained so that expenditure is targeted towards those most capable of providing for themselves, rather than to those most in need of assistance.
- **Universal entitlement means that total expenditure is very high.** Most schemes have encountered major financing problems due to ageing populations and higher than predicted claims for unemployment and invalidity benefits. In comparison, Australia's system is very efficient in addressing poverty with relatively very low expenditure, because it does not aim at income replacement for former high earners. Australia's population ageing is, and will be, less pronounced than in most OECD countries and the increased financial burden on the working population may be substantially offset by increasing female participation.
- **Those not in the workforce are not covered.** Some of the most vulnerable members of society are excluded from a social insurance system, such as: the young unemployed who have no employment history; women outside the paid workforce, including many sole parents; people with part-time, casual and/or intermittent employment histories; carers of the aged and people with disabilities; those with congenital disabilities, or disabilities commencing before working age; and the long-term unemployed.
- The Australian system is much more inclusive than social insurance systems, and although there are gaps in coverage they are fewer and more easily remedied by small policy changes. The one apparent omission in the Australian system relative to others has been maternity benefit, although this will be addressed by the lump sum maternity allowance to be introduced in February 1996.
- **Women outside the workforce are better covered in Australia, while those in paid work are better covered by social insurance.** As eligibility derives from an individual's employment record, women who have been employed are entitled in their own right but those who have not are excluded, apart from widows. In Australia, eligibility is not dependent on prior employment but is based on the joint income of a couple, so a

woman whose husband has income may not have access to support based on her own needs.

- **Dual social insurance/social assistance regimes are complex.** Although the Australian system seems complex enough, the complexities resulting from the interaction of two very different systems in one country can be far greater. This is particularly so in the UK where the social assistance system is codified. In countries where it is not codified, its discretionary nature causes other problems such as inequity, uncertainty and discrimination.
- **Social insurance systems are less flexible in response to change.** Because entitlement to social insurance cover is acquired over time, the system is less adaptable than the Australian system where entitlement occurs at the time of need. This has meant a longer lag in responses to changing economic and social pressures.

Despite these differences, which are disadvantages if measured against the Australian objectives, such systems have the advantage of a clear relationship between contribution and the right to assistance, as stated by the UK Commission on Social Justice:

Social insurance is a contract between individuals and society. When we are earning, we accept the responsibility of paying in; when we are not, we have the right to draw out. Where means tested benefits divide society into two classes - those who need to claim and those forced to pay - social insurance is based on an ethic of mutuality which is essential if we are to create a better community. (UK Commission on Social Justice, 1994: 231-2)

The transparency of the relationship between social insurance systems and their beneficiaries is replicated only in those parts of the Australian income support system for which there is widespread community acceptance, such as the Age Pension. In Australia, members of the community with income pay tax according to their ability and those who are in need, for various reasons, are supported by the community. This provides a mutual guarantee of protection in such contingencies. The legitimacy of this model was argued a century ago.

A 'Government by the people for the people' cannot dispense 'charity' amongst units which constitute the whole ... in so far as it contributes to the necessities of those in distress, it merely distributes to them that to which they are entitled. (Nield, 1898: 433)

This view of social unity is directly opposed to the UK Commission's view that social assistance divides society. However, there is a widespread tendency to see social assistance as charity, rather than a right. This is less so in Australia, where entitlements are embodied in legislation, than in countries where social assistance is provided at the discretion of government agencies.

A proper analysis of the appropriate response to the pressures of the changing economic order requires clarification of whether income support is a right or a charity. This determines what government's responsibilities are, who should receive assistance and under what conditions.

4 What are the Problems with the Categorical Structure?

I would summarise the problems with the categorical structure under the headings of equity, classification problems, inflexibility and complexity.

Equity

We have targeted each payment more and more precisely and at the same time established new payments to meet newly identified needs. From the two groups originally selected for special Commonwealth assistance, we now have a system that covers nearly all low income people, one way or another. But it is not a Guaranteed Minimum Income - however long the list of contingencies specified, there will always be some who fall between the gaps.

Four groups intentionally excluded are: people who do not meet the residence requirements; people in low paid work or self-employment unless they are in one of the payment categories; people who are not available for work for reasons other than those specified; and people with high income partners.

There are also differences in treatment between those who qualify for pensions, non-activity tested allowances or unemployment payments. Sole parents get a pension but partnered parents get an allowance; women over 40 with partners do not have to look for work, but for widows the age is 50. Men and other single women in their 50s who have been out of paid work for a long time are activity tested although their chances of finding work might not be any greater. Sole parents, widows and Disability Support Pensioners have special programs to help them return to the labour force but they are not guaranteed a job placement under the Job Compact. Wives, partners and parenting allowees do not have any equivalent to JET.

Whether these are inequitable depends on political judgements. What rights should citizens have for protection against poverty or, indeed, for a share in the national wealth? What is the legitimate role of government in prescribing which activities or misfortunes justify a claim on the community? Should government have a greater or lesser role in regulating employment and wages?

Classification Problems

Later papers at this conference consider the difficulty in defining what work is. Suffice it to say that where the social security system is based on a notion of employment, such as whether a person is unemployed or what the replacement ratio is, the growing diversity in work patterns makes such definitions more arbitrary.

There are similar problems defining family roles and relationships. As these continue to diversify, how practical will it be to base eligibility, rates and income tests on the notion of a marriage-like relationship? Are gay relationships or platonic house sharing marriage-like? When does an adult's new partner become the children's step-parent? Under what circumstances should women be expected to engage in paid work and when should they have a choice to forgo paid for unpaid work? What about the scope for both parents, or others, to share the care of children?

As the labour market declines in relation to the labour force and the level of skill or ability it demands changes, how do we deal with those whose expectations of finding work are very low? Are there people who are unemployable in today's labour market? Traditionally, we exempted from the activity test only those with a physical, intellectual or psychiatric disability - and financially dependent partners. More recently we have established special measures for certain groups of older people who have been jobless for a year or more. Does this reduce their labour market chances or is it relief from pointless and onerous obligations? How should we distribute access to training, education and labour market assistance?

The categorical system, or any system in which rates vary or which discriminates to provide horizontal or vertical equity, requires a set of criteria to determine needs and labour force potential (Goodin, 1992). There are a number of pitfalls inherent in these: the criterion might not correspond with the characteristic it is used to measure; the criterion itself might be indistinct; the criterion might apply bivariate decisions to continuous characteristics; or though categories are identified, the treatment of each might not be appropriate to the distinguishing characteristics.

Complexity and Inflexibility

Greater targeting combined with new payment contingencies and the need to meet the more complex range of individual circumstances has brought with it an unparalleled degree of complexity and inflexibility in Australian social security arrangements.

In March last year, the Social Security Act had 1354 clauses and 14 schedules, and was 1470 pages long. But that was before the introduction of Disability Wage Supplement, Partner Allowance, Widow Allowance, Parenting Allowance and Youth Training Allowance. The Social Security Guide or Manual is also around 1500 pages, of which one third sets out qualifications for various income support payments and one third is about determining the rate payable. There are 60 other manuals dealing with specific issues. The rules change a lot: the most recent raft of changes introduced in July involved issuing over 500 pages of national instructions for staff.

It is also hard for our customers. When they compare notes with someone on another payment, the differences can be bewildering. It must often appear that the system is quite arbitrary. That is for people who were born in Australia - for new residents there are 17 different sets of eligibility rules for different payments.

The inflexibility stems from the difficulty of taking account of individual circumstances: moderate disability, shared caring, part-time work and combinations of these. Changes in circumstances can involve losing entitlement to one payment and having to claim another. I will use two examples to illustrate some of the issues arising from the categorical structure.

A sole parent repartners with an unemployed man and transfers from Sole Parent Pension to Parenting Allowance. She must arrange to cancel her pension and then claim Parenting Allowance, involving all the attendant paper work. The payday for Parenting Allowance is in a different week from the pension payday so depending on which week she applies she could gain or lose a week's payment. She loses pension concessions, \$44 dollars a week of free area and future access to JET and the Employment Entry Payment. If she notifies us more than a month after she repartners, or we determine that she has been in a marriage-like relationship, the whole of her pension and additional family payments are recoverable. This is not offset by the amount she would have received as a parenting allowee. At a minimum rate, the amount recoverable would be \$429 a fortnight instead of the difference between the sole parent and married rates, \$89 a fortnight.

The second example is a 55-year-old woman with little previous labour force attachment. She may be eligible for one of six payment types,² one of which is activity tested and three of which include access to JET. It is her history as a parent and partner, not just her labour force prospects, that determines which payment she is entitled to.

An enormous amount of administration is taken up in deciding which payment is available and transferring people between payment types. This is in addition to determining how much to pay. The underlying policy objective concerns whether the person should meet the activity test or not.

5 How Would Alternative Models Compare?

I will briefly canvass three alternative models and compare them in terms of the objectives listed earlier. It should be noted that many of the problems I have discussed could be substantially addressed by simplifying and rationalising the present structure, and also that Social Security is only one part of the picture - it operates within a context of economic and fiscal policy and wages and employment policy.

The three models are Basic Income, Guaranteed Minimum Income and Conditional Minimum Income.³ They vary on five dimensions.

- Should assistance be accessible to all or are there groups we would wish to exclude?
- Should the rate vary with personal circumstances or have a single level?
- Should assistance be means tested?
- Should need be assessed on the basis of the individual or the couple or family?
- Should it be activity tested?

2 Widow B Pension, Widow Allowance, Sole Parent Pension, Partner Allowance, Parenting Allowance or Job Search Allowance.

3 These are described in a pure form. Many variant models have been put forward which combine different aspects of the models described.

Basic Income

‘Basic Income is an income unconditionally paid to all on an individual basis without means test or work requirement’. All residents would have **a right to a minimum payment**.

It makes no judgements and requires minimum personal information. It is the simplest model to administer. No one misses out. It does not penalise thrift nor reward failure. It is neutral between married and single, old or young, able and disabled, those with lucrative jobs, part-time or full-time workers, self-employed, those whose work was not paid or those who did not work.

Let us say, the payment for every resident over 16 would be at the current rate for a married person (\$272 pf) and children received family payment at the current rate for an under 13-year-old (\$88.90 pf). No higher single rate, no guardian allowance, no rent assistance.

Such a payment would involve nearly tripling the current outlays on income transfers and increasing the tax take by around \$66.5 billion. As a comparison, the estimated revenue from personal income tax in 1994-95 is \$54.4 billion.⁴ To be consistent with the basic income principle, the tax system would also need to be as neutral as possible.

For anyone at the basic income level, the retention rate from a small increase in private income would be higher than it is under an income tested system, because of the high effective marginal tax rates produced by the interaction of tax and the income test. This should improve incentives to recipients to take up work opportunities to increase their income. Marginal tax rates would be much higher for those on middle to higher incomes.

In my view, the problems are as listed below.

- It does not recognise different needs. A targeted system attempts, albeit imperfectly, to recognise differences in living costs, in household composition, dependent children, housing costs, disability and so on. In the model described here single people and sole parents would lose, while non-earning partners in single income couples would gain substantially.
- It does not compensate people who do not have an equal chance to support themselves - those who are excluded from a market income get no alternative support.

4 Commonwealth of Australia, Budget Statements 1994-95, Statement 4, Table 1: 4.3.

- The increase in tax to fund it is almost certainly financially and politically unsustainable. While the total net revenue required might be comparable to combined tax and social security contributions in some European countries, the link between social security contributions and benefit levels increases the acceptance among middle and high earners.
- The amount of assistance to those outside the workforce does affect people's inclination to work to increase their additional income. There would be no other work incentives in the system. To maximise economic productivity it would have to be set at a fairly low level - jeopardising adequacy.

In short, while it scores high on vertical equity and administrative feasibility, it is likely to score low on horizontal equity, adequacy and financial sustainability. It has gains and losses on work incentives, and community acceptability is unfathomable at this stage. It is, as Philippe Van Parijs says, 'a beautifully, disarmingly simple idea' (Van Parijs, 1992: 3), and it would seem likely to remain just that.

Guaranteed Minimum Income (GMI)

I am using this term to describe a means tested but otherwise unconditional payment - all residents would have **a right to protection against poverty**. The level could be variable, based on family composition and differences in need. Assume couples would be jointly means tested. The amount of assistance would therefore vary as the present system does.

As with Basic Income, no eligibility criteria nor activity tests would apply. It would be paid to the same groups as before, except those with high incomes and their partners. No-one would have to explain their reasons for not seeking full-time work.

Because of the need to collect information on income, assets and family circumstances it would be far more complicated and intrusive than the first model. However it would be a lot simpler than the present system. It would involve additional expenditure to include those in self-employment and low paid jobs and others not presently covered, but this would not be of the order of magnitude of a Basic Income.

As in the present system, it would provide a greater degree of horizontal equity than a single rate structure because the rates would be targeted to costs and there would be de facto compensation for those who cannot work as well as those who do not choose to.

There would be no compulsion to look for work but, unlike Basic Income, high effective marginal tax rates facing those who do, because of the income test. The combination of these would reduce work incentives. Some groups already have a non-activity tested but means-tested payment - sole parents, widows and partners of social security recipients. Sole parents and widows have access on a voluntary basis to labour market assistance and advice.

Lower structural work incentives would place more pressure on the rates to be set low to offset the disincentives. As a low wage supplement with high EMTRs there would be less pressure on employers to maintain minimum wages: some argue this would create more jobs, others that it would result in cost shifting from employers to taxpayers, to the loss of the worker.

This model would therefore be better than Basic Income on horizontal equity, moderate on vertical equity, administrative feasibility and financial sustainability, low on adequacy and very low on work incentives. It would probably not score well on public acceptability as it might be resented as a payment for the lazy which excluded those who were working.

Conditional Minimum Income

The third model would be a single payment with eligibility based on income, variable rates and subject to participation in defined activities, including work, looking for work, caring, education or training, subject to the person's abilities. It would be **a right to protection against poverty subject to participation**. This is very similar to the participation income proposed by Professor Bettina Cass (Cass, 1995). Again, assume joint income testing of couples.

Like the present system it would require a substantial amount of information, not only on family circumstances, needs and resources but also on work circumstances, and, unlike the other two models, would be prescriptive about what were reasonable forms of participation. It is therefore the most complex and intrusive of the three models.

In addition to those presently eligible, it would cover low income workers, self-employed, migrants and those who are presently excluded. Like the GMI, it would require more accurate means of assessing the needs of the self-employed and would similarly affect the labour market and wages. It would not cover those whose reasons for not participating are not accepted, although it would allow

more flexibility to take account of individual circumstances than the present system has traditionally had.⁵

Its cost would be roughly similar to those of the GMI except that take up of available work would be higher, according to the effectiveness of the activity test. As with the GMI and the present system, income testing would result in high EMTRs for those with low levels of private income. To counter this disincentive, it would have the participation test rather than relying on the replacement ratio alone.

How would it differ from the present system?

- It would be more equitable - providing the same support to all with the same level of needs;
- it would be simpler - the 500 pages of eligibility rules in the Social Security Guide speak for themselves; and
- it would be more flexible to meet individual circumstances: after being granted payment, the person would have a participation assessment, which could take into account part-time caring, medium levels of disability or part-time work in combinations that are not easily accommodated under the categorical system.

Its score: lower on individual freedom than the other two, horizontal and vertical equity the same as GMI, adequacy higher, administrative simplicity lower, financial sustainability and work incentives higher than the others. Public acceptance would be likely to be higher.

6 Conclusion

Rather than coming down in favour of any of these models in this paper, it has been my intention to illustrate the trade-offs to be taken into account in making such a judgement. These are:

- a universal uniform payment is simpler, allows great individual freedom and does not discriminate, but it does not compensate the disadvantaged, so is less adequate for those in need;
- varying rates according to need requires the Government to make judgements about needs, but results in greater equality of living standards;

⁵ The activity test provisions of the Social Security Act have been expanded to provide greater flexibility. An interesting discussion is provided by John Powlay and Kate Rodgers, *What's Happened to the Work Test?* in this collection.

- means testing targets payments to the disadvantaged but creates high effective marginal tax rates where the income test and tax interact;
- individual entitlement for members of couples would be fairer to individuals but would direct more assistance to single income couples; and
- activity testing is complex and restricts personal freedom but increases the incentive to work.

Whether policy makers in the future give consideration to any of these models as a viable alternative to the present system will depend on the weight given to each of the objectives.

References

- Australia, Prime Minister (1994), *Working Nation: Policies and Programs*, AGPS, Canberra.
- Cass, Bettina (1994), 'Social security policy into the 21st Century', in J. Disney and L. Briggs, eds, *Social Security Policy: Issues and Options*, AGPS, Canberra, 15-27.
- Cass, Bettina (1995), 'The future of income support in an open economy: the concept of participation Income', Victorian Council of Social Service and Good Shepherd Youth and Family Services, *Income Support in an Open Economy: Basic Income Revisited*, VCOSS, Melbourne.
- Commission of Inquiry into Poverty (1975), *First Main Report April 1975, Commission of Inquiry into Poverty*, AGPS, Canberra.
- Goodin, Robert (1992), 'Towards a minimally presumptuous social welfare policy', in Philippe van Parijs, ed., *Arguing for Basic Income: Ethical Foundations for a Radical Reform*, Verso, London, 195-214.
- Kewley, T. H. (1973), *Social Security in Australia, 1900-72*, Sydney University Press.
- McGuarr, Darcy (1994), 'Australian wage setting and unemployment: the case for a labour force income policy', *Australian Bulletin of Labour*, 20(3), September, 211-34.
- Nield, J. C., MP (1898), *Report on Old Age Pensions, Charitable Relief and State Insurance in England -and on the Continent of Europe*, NSW Government, Sydney.
- Perry, Julia (forthcoming), *A Common Payment? Simplifying Income Support for People of Workforce Age*, Policy Discussion Paper No 7, Department of Social Security, AGPS, Canberra.
- Probert, Belinda (1995), 'Basic income and socially useful work', in Victorian Council of Social Service and Good Shepherd Youth and Family Services,

Income Support in an Open Economy: Basic Income Revisited, VCOSS, Melbourne.

UK Commission on Social Justice (1994), *Social Justice: Strategies for National Renewal*, Vintage, London.

Van Parijs, Philippe (1992), 'Competing justifications for basic income', in Philippe Van Parijs, ed., *Arguing for Basic Income*, Verso, London.

Watts, Rob (1995), 'Basic Income: a short introduction', in Victorian Council of Social Service and Good Shepherd Youth and Family Services, *Income Support in an Open Economy: Basic Income Revisited*, VCOSS, Melbourne.

What's Happened To The Work Test?

John Powlay and Kate Rodgers¹
Department of Social Security

1 Introduction

Since their Federal introduction in 1945, the payment of unemployment benefits in Australia has been contingent on customer compliance with a requirement to demonstrate continued efforts to return to the full-time workforce. While that fundamental requirement has remained remarkably resilient, the original 'work test' has evolved into a broader, more flexible 'activity test'.

In 1945 the prevailing rationale for the work test was to lend legitimacy to government-provided income support to the unemployed. That rationale remains an important one, in terms of community support; one need only to peruse the letter and opinion columns of major daily newspapers or listen in on the more popular talk-back radio programs, if in doubt. However, the current activity test is now seen in a more positive light, as a vehicle which can improve unemployed people's labour market potential by offering them a range of training and other options as an alternative or complement to job search. Over recent years the activity test has become increasingly flexible and adaptable to both the needs of unemployed individuals and the prevailing state of the labour market, and as such, is a useful touchstone for discussion about the nature of unemployment and associated future policy directions.

2 History

Australia did not have a federal system of income support for the unemployed until 1944, but even the earliest forms of state-supplied relief for able-bodied unemployed people were linked to work: in the late 1800s it was customary to grant wages or rations in return for work specially provided by the Government. At that stage, it did not concern authorities if the work was of little consequence to the worker; what mattered was that government relief should not be given without work in return.

¹ The opinions expressed by the authors do not necessarily represent the views of the Department of Social Security and, of course, cannot be taken in any way as expressions of government policy.

Providing a payment for the unemployed has always posed the public policy problem of how it might be achieved without acting as an incentive to leave or not take up paid employment. Consequently, almost all variations of the work test have included this as an important objective, and the first federal legislation to provide income support for the unemployed was no exception. The Unemployment and Sickness Benefits Act 1944 provided payment on the condition that 'an applicant for unemployment benefit [showed] that he was capable of undertaking and willing to undertake 'suitable' work and had taken reasonable steps to obtain such work' (Kewley, 1965).

The 1944 interpretation of the work test was based on the assumption that work was generally available to a person seeking it regardless of background, qualifications or experience, and that if a person were unemployed, it would only be for short periods. No doubt reflecting the prevailing buoyant state of the labour market, some thirty years elapsed before any significant changes were made to the work test. Between 1976 and 1988 the changes were largely administrative and were portrayed as tightening the rules to guard against abuse of the payments system:

- the introduction of fortnightly lodgement of income statements and more selective reviews by Department of Social Security (DSS) officers (1976);
- tighter provisions for workers involved in industrial action and for people leaving work voluntarily (1979); and
- compulsory registration with the Commonwealth Employment Service (CES) and the requirement to personally submit fortnightly continuation forms to DSS listing work efforts (1986).

The Change to an 'Activity Test'

The most substantial policy shift to date on the work test requirement occurred over the period 1986 to 1991. This culminated in the redefinition of the work test to an activity test. The main catalyst of this change was the recognition that the state of the labour market was such that it was unreasonable to expect all unemployed people to find work without some government assistance, at both the macro and micro economic level. The Social Security Review, which commenced work in 1986 under the direction of Professor Bettina Cass, made some important observations on the role of income support for the unemployed in light of this recognition.

Cass (1986) observed that a departure from the passive system of support for the unemployed entailed an expanded approach to the hitherto implicit reciprocal

obligations between the unemployed and society, obligations only partially reflected in the work test. Whereas earlier conditions had allowed both parties to rely on job search in a buoyant labour market to provide work within a short time and so promptly discharge reciprocal obligations, this was no longer the case. When unemployment became prolonged or the unemployed person faced particular difficulty, job search alone was clearly no longer sufficient. If additional effort was required of the unemployed to seek employment, was not society also obliged to extend its support through training opportunities and income support?

The changes to work test requirements foreshadowed in the Social Security Review were gradually introduced over the period from 1988 to 1991. In 1988, Unemployment Benefit was replaced by Job Search Allowance (JSA). The work test was expanded to become the activity test, encompassing training and education as well as job search. The compulsion factor of the work test remained, in that continuation of payment was dependent on recipients demonstrating job search and /or participation in training and labour market programs, but the approach was intended to be cooperative and flexible to customer needs and the current state of the labour market. Newstart Allowance (NSA) was introduced in 1989. It incorporated a compulsory activity test identical to that for JSA plus (from 1991) a system of agreements between the recipients and the CES in which plans of job search and training were agreed upon.

This positive view of the new 'activity agreement' regime was echoed by Mitchell Dean in a paper he presented at the 1993 Social Policy Conference, in which he depicts the activity test as an important psychological tool in combating the risk of dependency. He states that under this system, an unemployed person is given the role of the 'active subject', as opposed to the individual rendered dependent by the old passive system of unemployment benefit. According to Dean (1993), there are two main advantages in the notion of an active subject: the first is that through the requirement of the activity test to seek employment, a customer remains bound to social networks and engages in practices that overcome those attributes (boredom, loss of self-esteem) which constitute the risk of dependency. Secondly, by installing the notion of contract in the Newstart agreement:

the client is asked to become ... an active entrepreneur of his or her own self, ready and able to take up such opportunities that the labour market, social provision, education and social networks may provide, and thus able to combat the risk of dependency. (Dean, 1993: 196)

The arrangements introduced through the 1991 Newstart strategy continue to prevail for the current activity test, although the mechanics and interpretation of the activity test have been undergoing a subtle, but persistent metamorphosis.

3 Activity Test: Theory And Practice

The last five years have been marked by a steady increase in the number and diversity of activities allowed under the activity test. This, together with the range of specific exemptions from compliance with the activity test (stated either in the Social Security Act or in policy guidelines) and the discretions available in the Act, allows much greater flexibility in the application of the activity test. The discretionary power that can be exerted by departmental officers is certainly subject to guiding boundaries and has been quite limited in practice, but nevertheless the legislative scheme is such that activity test requirements can now be tailored to individual circumstances.

The flexibility now available within the activity test requirements can be seen through an analysis of the current legislation to identify the range of ways in which an unemployed person could meet or be exempted from those requirements. This analysis indicates that the range of permissible activities has become surprisingly diverse. A person receiving JSA/NSA could be involved in one or more of the following activities:

- **Job Search:** seeking and willing to undertake suitable work;
- **Work:** may be full/part-time and/or permanent/casual work, labour market programs, work experience or voluntary work;
- **Training:** an approved study or training program or rehabilitation program;
- **Business:** developing a self-employment or cooperative venture;
- **Other Activities:** any activity to reduce labour market disadvantages or other activities proposed by the customer, including attending an army reserve or similar camp; or
- **Exemptions:** living in a remote area and having educational or cultural barriers to participation or other special circumstances.

While theoretically there appears to be a myriad of activities allowable under the activity test, this breadth of scope is somewhat compromised in practice. Participation in any of the above activities (or the granting of an exemption) has been subject either to the approval of the CES (or DSS) or the successful

negotiation of an activity agreement between the unemployed person and the CES. However, a large proportion of recipients of JSA/NSA have remained subject to the primary job search requirement.

- As at February 1995, job search was recorded as the activity type for 95 per cent of JSA recipients and 92 per cent of NSA recipients (unpublished departmental data).

While job search is probably still appropriate for the majority of unemployed people, the flexibility available within the current activity test requirements may not yet have been fully exploited for the benefit of those individuals for whom the simple job search requirement is likely to be insufficient, unrealistic or unproductive.

Why, then, is there this gap between the theory and practice of the activity test? On examination, it would seem that the source of this problem is largely administrative, although tensions with other requirements of the system are also contributing factors. It is also acknowledged that some geographic areas may not have the facilities for many other activities other than jobsearch. However, until very recently, the administrative infrastructure has not been amenable to the flexible application of the activity test that is reflected in the legislation. There has been little scope in either DSS or CES procedures or resourcing for officers to provide individual customer attention. This has resulted in the tendency for officers to fall back on the more bureaucratic approach of codifying circumstances and standardising most activity agreements and job search reporting requirements.

This tendency to standardisation is to some extent understandable given the restrictions imposed on most officers, and it has been argued that it is also justifiable on equity and efficiency grounds. However, there is evidence that this lack of flexibility in administrative practices has contributed to a more restrictive application of the activity test. For example, there is often considerable delay in the formulation of activity agreements, and when an agreement is reached, it may only be an interim one, which is subsequently not finalised. Recent DSS market research revealed that a significant proportion of JSA/NSA recipients displayed very limited knowledge of the extent of activities allowable under the activity test, and some did not even know what an activity agreement was (Yann et al., 1995).

In a more general sense, standardisation of activity agreements detracts from the contribution the customer can make to formulating activity agreements, and thus the scope for equal participation between the departments and the customer is diminished. The customer has less choice, and becomes a more passive and disempowered recipient of income support rather than an 'active entrepreneur of his/her own destiny' (Dean, 1993: 106). In effect, the standardisation of activity

agreements represents a retrograde step away from the notion of contract inherent in the concept of the active society.

The introduction of case management services for some long-term unemployed people in the 1993-94 Budget marked the advent of a more individualised and flexible approach to activity testing, and case management has since been extended to all people unemployed for 12 months or more or who are assessed as being at risk of becoming long-term unemployed. This extension of case management has occurred in tandem with the opening up of the hitherto CES-dominated case management market to private-sector and community agencies. This means that as far as possible, unemployed customers will have a choice of agencies for case management, and the introduction of a more competitive system should motivate case managers to produce strategies that are more responsive to individual customer needs. An Employment Service Regulatory Agency (ESRA) has been established to foster competition among case management providers, and monitor outcomes.

However, although the introduction of case management should see the emergence of a more flexible and inclusive approach to activity testing, there have been some signs of reversion to standard administrative practices. The role of contracted private-sector case managers and the ESRA will be particularly important in promoting and maintaining a tailored and individualised approach to activity testing, and there will need to be careful scrutiny from Government and the relevant agencies to ensure that customer needs are not compromised by other competing demands, such as the need to meet resource targets.

While it remains to be seen whether case management will be successful in addressing the aforementioned administrative shortfalls in the application of the activity test, there are some other aspects of the unemployment allowance system that may operate in apparent discord with the potential flexibility of the activity test. The tension lies mainly in the continuing perception that unemployment allowances are short-term payments and that clients will return to work via full-time employment, or via part-time work that leads to full-time employment. This is reflected in the work testing component of the activity test, which generally assumes that job search is directed predominantly toward obtaining full-time work.

However, this assumption no longer reflects reality for a growing number of people. Firstly, partly as a result of the two economic recessions experienced over the last decade, the incidence of part-time work has been increasing at a faster rate than that of full-time work.

- Of the 1.4 million new jobs created between 1980 and 1993, 60 per cent have been part-time (Department of Social Security, 1993: 7); and

- there has also been a steady decline in the probability of leaving unemployment for full-time work and an increase in the probability of leaving unemployment for part-time work (Department of Social Security, 1993, quoting Fahrre and Heath, 1992).

While permanent full-time employment is still the dominant form, 'atypical' forms of employment (including part-time work, seasonal work, voluntary work, cottage industries and self-employment) are now the normal pattern of labour market participation for many people. Short-term employment options for unemployed people are increasingly likely to be part time rather than full time. One effect of this trend on the unemployed has been the increase in the proportion of unemployment payment recipients reporting income from part-time or casual work in recent years.

In addition, the last decade has seen a steady rise in the average duration of unemployment and the numbers of long-term unemployed. The average unemployment duration is now slightly greater than 12 months (53.2 weeks in March 1995), and even after several years of strong economic growth, in March 1995, 13 per cent of unemployment beneficiaries had been unemployed for between one and two years and 19 per cent had been unemployed for more than two years (ABS, Cat. No. 6203.0). Among this latter group are some who have been unemployed since the previous recession of the early 1980s. Thus 'unemployment' for many people is no longer a short period of relative inactivity between full-time jobs. In addition, re-entry into the labour market is more likely to be characterised by a combination of part-payment of income support and earnings from casual and/or part-time work, over a more lengthy period.

While the Social Security Act definition of 'suitable' work includes both full- and part-time work, the requirements of the activity test would suggest that a person combining part-time work with a part-payment may risk losing entitlement to JSA/NSA, because in practical terms they are not ready and willing to undertake full-time work. By maintaining the emphasis on full-time work it could be argued that the current interpretation of the activity test operates against the prevailing labour market climate, and as such, does not fulfil the important objective of encouraging unemployed people to maintain labour force attachment through part-time work or training, thereby improving their labour market potential. Similarly, some sectors of the community would argue that maintaining rigorous job search requirements for long-term unemployed people is unduly onerous for the customer and involves them in meaningless activity.

While the extension of activity test flexibility is a recognition of the increasing emergence of part-time work, it is only partly so; activities are not seen as legitimate in their own right but gain legitimacy from the extent to which they

may contribute to gaining full-time employment. Furthermore, Peter Saunders (1995) has pointed out that positive outcomes of the July 1995 changes to the income test taper rate, which are designed to improve financial incentives to the take-up of part-time work, will be somewhat compromised by a continued administrative emphasis on full-time work.

Should part-time work be more formally recognised as a legitimate activity concomitant with receipt of income support? While this may seem an appropriate response to current labour market trends, it could also result in some undesirable outcomes. If the job search component of the activity test were to shift its focus away from full-time work, there is the risk that the predominance of part-time/casual work over full-time work would become entrenched, to the detriment of the significant number of people who not only would prefer to increase their hours of work but are missing out on the security benefits of full-time work, such as paid sick leave and holiday pay. Furthermore, the activity test is designed to ensure that people on tax payer funded income support payments are active in trying to improve their labour market potential and reduce their reliance on income support. Formally recognising part-time work may reduce this effectiveness.

Provisions already exist for relaxation of activity test requirements for certain customers - for example, customers aged 50 and over who have found substantial part-time employment are not required to actively seek full-time employment, and may spend more time than their younger counterparts in undertaking other activities, such as voluntary work. More importantly, the current version of the activity test has the potential for a significant amount of flexibility in order to cater for differing individual needs, and to further codify legitimate activities, such as part-time work, would to some extent compromise this flexibility.

In the context of future policy directions, there may be scope for introducing further flexibility into the system by allowing certain other customer groups to legitimately combine part-time work with a part-payment, including recognising unpaid work as a legitimate activity under an expanded activity test. For example, there are some customers whose caring responsibilities are not substantial enough to warrant eligibility for Carer Pension, yet which occupy enough time to preclude them from working full-time and as such, may preclude them from JSA/NSA. In such a case, it may be more appropriate to grant a temporary exemption under the aegis of a flexible and individualised activity test, rather than substantively recognising part-time work as a legitimate activity.

In terms of addressing practical tensions that may exist in the current application of the activity test for long-term unemployed people, there are two possible solutions - relax the jobsearch requirements of the activity test, or create

employment places for as many unemployed people as possible. It can be argued that the current system aims to achieve both these outcomes. Previous administrative shortfalls aside, the activity test has the potential to be flexible enough, particularly in the context of case management, so that jobsearch need not be an unemployed person's central activity. Moreover, in order to more effectively utilise the opportunities provided by case management, from September 1996 certain unemployed customers will be subject to less frequent reporting requirements.

The Government's most ambitious initiative to date in tackling the problem of long-term unemployment is the Job Compact, a combination of case management and labour market assistance that has been operating since July 1994. The Job Compact involves the guarantee of an offer of subsidised employment for six to 12 months to those who have been in receipt of unemployment payments for 18 months or more. The Job Compact promises all long-term unemployed people the opportunity to make valuable contacts and gain a significant amount of work experience, and in many cases, participants are expected to gain ongoing employment. In so doing, the Job Compact makes the activity test requirement to link with the full-time job market more realistic.

The concern of this paper is not with the effectiveness of the Job Compact, but it is interesting to note that eligibility for Job Compact assistance is restricted to recipients of activity-tested payments. This raises the issue of the link between activity-testing and access to labour market programs. Exempting certain groups of people from activity testing recognises that their circumstances preclude any meaningful interface with the full-time labour market, and as such, it would be unreasonable to expect them to participate on a regular basis. However, people's circumstances change, and this can create problems in moving from a non-activity tested payment to one that is activity tested.

It must be noted that programs already exist specifically to assist those who are not receiving activity tested payments, and for those customers who elect to participate, such schemes can provide a very useful means of access to the labour market. However, in comparison with their activity-tested counterparts, recipients of non-activity tested payments tend to be disadvantaged in the labour market, hence it could be argued that they require a greater degree of assistance. This situation is likely to become increasingly visible over the next few years, as the phasing-out of Partner Allowance from 1 July 1995 will result in an increase in the numbers of people who will be subject to activity testing for the first time.

A possible solution to this problem could be to introduce a graded system of activity testing, whereby people such as sole parent pensioners, for example, would be subject to more flexible activity testing requirements for a period of

time before they moved onto a fully activity-tested payment. Alternatively, in recognition of their labour market disadvantage, new entrants to the activity-tested payment system could be granted a certain employment duration for the purposes of gaining assistance under the Job Compact. Of course a great deal of work would need to be undertaken before these suggestions could be considered as serious policy options, but nevertheless, they do serve to highlight the centrality of the activity test to access to the Job Compact, and the implications of this association.

While the primary objective of income support for the unemployed is to ensure that unemployed people who are actively searching for work or participating in other labour market related activities receive adequate levels of income, the overall aim is to encourage unemployed people to achieve the transition to income self-sufficiency. The latter is achieved partly through a system that is flexible enough to cater for the many and diverse needs of people who are unemployed and seeking work. Nevertheless, the gap between the theory and practice of the activity test, as well as the emergence of tensions and pressures in the interaction between labour market trends and the social security system point to a crossroads in the future direction of the activity test. Does this signal the introduction of further flexibility in the activity test, or is it simply a temporary aberration, from which the original work test, with its direct focus on ongoing full-time employment, will emerge as resilient as ever? Suffice to say that exploring responses to this question will need to form a significant part of the ongoing examination of the nexus between social security and labour market policy.

Appendix: Breakdown of Customers by Activity Type

JSA Numbers by Activity Type - as at February 1995

Activity type	Numbers	Percentage
job search	395,907	95.27%
incapacitated	6,053	1.46%
formal training	5,548	1.34%
short course	2,451	0.59%
Austudy/Abstudy first 3 wks	1,803	0.43%
adult migrant education	1,577	0.38%
other	1,240	0.30%
rehabilitation	740	0.18%
caring responsibilities	90	0.02%
voluntary work	65	0.02%
refugee	33	0.01%
personal crisis	29	0.01%
bereavement payments	8	0.00%
literary course	6	0.00%
youth activities	3	0.00%
part-time work	1	0.00%
Total	415,554	

NSA Numbers by Activity Type - as at February 1995

Activity type	Numbers	Percentage
job search	371,622	92.71%
formal training	17,592	4.39%
incapacitated	6,808	1.70%
short course	1,401	0.35%
other	1,252	0.31%
rehabilitation	938	0.23%
Austudy/Abstudy first 3 wks	815	0.20%
adult migrant education	197	0.05%
caring responsibilities	102	0.03%
voluntary work	72	0.02%
personal crisis	28	0.01%
literary course	10	0.00%
refugee	1	0.00%
youth activities	0	0.00%
part-time work	0	0.00%
bereavement payments	0	0.00%
Total	400,838	

References

- Australian Bureau of Statistics (ABS) (various months), *The Labour Force Australia*, Catalogue No. 6203.0, Canberra.
- Cass, B. (1988), *Income Support for the Unemployed in Australia - Towards a More Active System*, Issues Paper No. 4, Social Security Review, AGPS, Canberra.
- Dean, Mitchell (1993), 'Social security practices, self-formation and the active society', in Peter Saunders and Sheila Shaver, eds, *Theory and Practice in Australian Social Policy: Rethinking the Fundamentals, Proceedings of the National Social Policy Conference Volume 2*, SPRC Reports and Proceedings No. 112, Social Policy Research Centre, University of New South Wales, Sydney.
- Department of Social Security (1993), *Meeting the Challenge - Labour Market Trends and the Income Support System*, AGPS, Canberra.
- Fahrer, J. and A. Heath (1992), *The Evolution of Employment and Unemployment in Australia*, Research and Discussion Paper, Economic Research Department, Reserve Bank of Australia.
- Kewley, T, H, (1965), *Social Security in Australia*, Sydney University Press.
- Saunders, P. (1995), *Improving Work Incentives in a Means-tested Welfare System: The 1994 Australian Social Security Reforms*, Discussion Paper No. 56, Social Policy Research Centre, University of New South Wales, Sydney.
- Yann, Campbell, Hoare and Wheeler (1995), *Evaluation of White Paper/Budget Initiatives Communication Campaign*.

The Swedish Model: Did it Fall or was it Pushed?

Gaby Ramia¹
Social Policy Research Centre

1 Introduction

During the Keynesian era, the success of Swedish public policy methods spawned a vibrant field of celebratory scholarly literature. The ‘Swedish model’, as it became widely known, was held up as a highly desirable policy program; one which quite successfully fostered entrepreneurial initiative, while simultaneously providing generous universal welfare state programs and high levels of labour market social protection. The sudden increase in oil prices in the early 1970s, however, enlivened the industrial restructuring process which had begun by the late 1960s. Since the oil-shocks, Sweden, like the rest of the advanced capitalist world, has been forced to come to terms with detrimental domestic and international economic change. The benefits of the model have come to be questioned with increasing fervour. Despite this, even up until the early 1990s, some analysts argued that Sweden held significant policy lessons for other regimes. In the mid-1990s, amid uncharacteristically high unemployment and disturbing levels of public debt, the vast majority of analysts seem convinced that the model is in serious retreat, if not beyond repair as a social democratic system. This is due primarily to the supposed lack of ‘affordability’ of its high levels of protective market interventions.

In arguing that the Swedish model has fallen, much of the literature shoulders an assumption that the fall was ineluctable. The implication is that even before it occupied a significantly long period in history, it would inevitably implode. The demands of the modern economy, it is assumed, would render it inadequate. In this paper, I earnestly question the merits of the suggestion that the model would naturally fall. My objective is two-fold: first, to examine the major developments which have prompted discussions of the model’s downfall; and second, to analyse the question of the inevitability of the model’s decline. The primary argument is that, in assessing its downturn, analysts should not merely assume that the model was bound to fail. Rather, they should consider, more seriously than has hitherto

¹ In writing this paper I have benefited tremendously from discussions with Peter Whiteford. Indeed, the primary motivation behind the paper is his. The figure which appears on page 185 is also his.

been the case, the important role of specific policy misjudgements and ideological manoeuvrings designed to undermine the effectiveness of social democracy and promote the liberalisation of the economy. The most important implication of this position is that, subject to the policies which are pursued by the state, labour and capital from this point onward, the model may yet be restored, albeit in a slightly non-traditional form.

The first section of the paper following this introduction examines briefly the most common definitions of the Swedish model and outlines my conception of it. The second traces the developments evoking discussions of the model's decline. The third deals with the issue of the inevitability of the decline.

2 The Swedish Model

Social scientists have conceived the Swedish model variously. Some economists (for example, Lundberg, 1985; Lindbeck, 1975) have viewed it as a model of economic development. Others in the field (such as Pekkarinen et al., 1992) have seen it as a successful economic system, relying upon corporatist political and labour market structures. Another economic perspective is that which examines Sweden within the context of a broader 'Scandinavian model of inflation', characterised by the relation of domestic wage movements to productivity levels within the tradeable goods sector of industry (see, for example, Mitchell, 1989). Industrial relations analysts (like Hammarstrom, 1993; Kjellberg, 1992; Johnston, 1962; A.S. Olsson, 1991) have traditionally viewed it as an efficient and equitable system of corporatist collective bargaining. Social policy scholars (such as S.E. Olsson, 1985, 1991, 1993; Kangas, 1994; Davidson, 1989) have tended to concentrate on issues of welfare or the welfare state. For some scholars (such as Korpi, 1978; Esping-Andersen, 1985; Higgins, 1985; Higgins and Apple, 1983; Stephens, 1979; Himmelstrand et al., 1981), the most important perspective on the model is that which examines labour movement strategy. With varying degrees of detail, authors in this genre have also dealt with the question of Sweden being a society in evolution from capitalism to socialism. Some other scholars, mainly political scientists and sociologists, have used the Swedish model as an example of corporatism in practice (for example, Przeworski, 1985; Panitch, 1981; Rothstein, 1988).² Finally, consistent with the Ricardian doctrine of comparative advantage (see Ricardo, 1971), which implied that significant economic benefits would flow from free trade based upon industrial specialisation, analysts such as Katzenstein (1985) and Castles (1988) have viewed the Swedish model as a type of public policy regime which is highly responsive to the international vulnerability endemic to small economies.

2 Fulcher (1987) provides an influential comparison of the labour movement strategy approach on the one hand, and the corporatist approach on the other.

(Modern economic clarifications of this argument include Cooper, 1972; Lindbeck, 1976; Cameron, 1978; Saunders, 1988).

To categorise these writers on the Swedish model according to their various emphases is not to claim that their perspectives are mutually exclusive of those in the other categories. For instance, some of the welfare state literature examines the labour market accommodations of the welfare state (see, for example, Esping-Andersen, 1985, 1990; Esping-Andersen and Korpi, 1987). Some of the Swedish industrial relations analysts, who tend to concentrate on collective bargaining structures, also necessarily deal with the role of the trade union movement. This is almost unavoidable, considering that the industrial relations system was born of historic compromises between labour and capital in the early 1900s and the 1930s (see, for example, Korpi, 1978), and the strategic research efforts of two economists within the labour movement: Rehn (1952) and Meidner (1952). The point remains, however, that though the boundaries between the various approaches are necessarily blurred, broad genres of scholarship can be identified.

The conception of the Swedish model taken in this paper is of a system of acutely inter-connected public policies geared toward 'social protection'; a term which I use in the sense of the highly influential Karl Polanyi (1944). This scholar argued that the objective of social protection was

the conservation of man and nature as well as productive organization, relying on the various support of those immediately affected by the deleterious action of the market - primarily, but not exclusively, the working and the landed classes - and using protective legislation, restrictive associations, and other instruments of intervention as its methods. (Polanyi, 1944: 132)

For Polanyi, the principle of social protection functioned counter to the well-established concept of economic liberalism, which relied primarily upon the methods of *laissez-faire* and free trade. Yet the principles of economic liberalism and social protection, he argued, were not mutually exclusive; their interaction representing a 'double movement'. In terms of policy objectives, social protection seeks to minimise poverty and inequality, but also aims to be socially inclusive of the entire population by providing social citizenship rights.

Though the conception of the Swedish model taken in this paper combines elements of all of the approaches described above, the concentration is on the industrial relations and social security systems. Arguably, the policy processes in these two areas are fundamental to understanding the broad direction of social protection and public policy. Their interaction also reveals a key indicator of citizenship rights (see Marshall, 1963: 67-127; see also, for example, Cass and

McClelland, 1989; Pixley, 1993; Shaver, 1995) and of the decommodification of labour (see Esping-Andersen, 1990; Esping-Andersen and Korpi, 1987).

Before examining recent developments in Swedish social protection, it is necessary to identify the major traditional characteristics of the model, beginning with the welfare state. As Esping-Andersen and Korpi (1987) argue, Scandinavian universalism is the product of evolution from a welfare system based upon poor law or social assistance principles. The Swedish universal welfare state had its institutional beginning in the establishment of the universal flat-rate pension in 1913. Since then, a comprehensive range of universal benefits have combined to characterise Sweden as a quintessential form of the universal, 'Scandinavian' welfare state (see, for example, Esping-Andersen and Korpi, 1987; Kangas, 1994). The most important welfare state arrangements which became traditional include: a large government sector, providing extensive services in public health care, public housing and public education; high aggregate levels of taxation, which were necessary to fund the comprehensive programs of the welfare state; a social security system characterised by generous universal benefits, funded by social insurance schemes which rely on government-funding, high contribution levels from employers, and low contribution levels from employees; and finally, a highly selective social assistance system funded by the state.³

As mentioned, the Swedish system of industrial relations, the basis of which has been centralised collective bargaining, has its roots in 'historic compromises' between LO (the Swedish Trade Union Confederation), the peak-level representative of the blue-collar workforce, and SAF (the Swedish Employers' Confederation), the peak-level agent for private sector employers. Though these two organisations do not represent the entire labour market, their bargaining has historically been highly influential in determining wage-patterns outside of their respective constituencies. In effect, the coverage of centralised bargaining has been comparatively broad, justifying the characterisation of Swedish bargaining structures as 'corporatist' (see, for example, Lash, 1985). The theoretical concept of corporatism (see, for example, Crouch, 1979; Lehmbruch, 1982) refers to a system of consensual and co-operative (as opposed to adversarial) political and industrial negotiation by the parties to the labour market: labour, capital and the

3 Some key statistics on the funding structure of Swedish social security and social assistance would be instructive. Eardley et al. (1994) found that in 1990, 52 per cent of social security expenditures were financed by state authorities (33 per cent from municipal authorities and 19 per cent from the central government). Forty five per cent of social security expenditures were financed by employers' social insurance contributions, and three per cent derived from employees. Total social welfare expenditures in 1990 amounted to 34.8 per cent of GDP. In 1991, social assistance expenditure was only 0.4 per cent of GDP (Eardley et al., 1994: 539-40).

state. The leadership of each party, which is highly representative of the interests of its constituency, has the important role of eliciting support from its membership for the national or public interest. If necessary, the leadership will discipline its constituencies in an effort to subordinate individual or group interests to those of the nation as a whole (however these may be defined). The Swedish variant of corporatist bargaining has traditionally involved less direct state intervention than corporatist theory may deem necessary. As part of the Swedish model of industrial relations, wages were to be determined by bargaining, though they were heavily influenced by the trade union movement's concern for social protection. In return for the concessions made by business in the wages domain, many other work conditions were subject mainly to managerial prerogative. The custom of 'centralised self-regulation' (Kjellberg, 1992) by LO and SAF was part of the Saltsjobaden Agreement in 1938, which established the principle of direct, consensual industrial bargaining between the two parties, involving little direct state involvement in the establishment of wages. Non-wage conditions were to be determined largely at employer discretion. The primary role of the state was to be in aggregate demand management, calling for a weighty reliance upon discretionary public investment expenditure policies, which were linked to activity within the house-building industry. House-building was regulated by the state via government budget credit controls (see Lindbeck, 1975).

As would be expected in a corporatist industrial relations regime, the trade union movement has been highly centralised and pro-active in its role as public policy-agent. The close ties between the industrial and political arms of the labour movement (respectively, LO and SAP, the Social Democratic Party) have facilitated a strong tradition of this. The strength and significance of such ties is reflected by the fact that LO grew directly from within the ranks of SAP, as well as the fact that LO has played a significant role as financial supporter of its political representative. It should also be noted that trade unionism has played a broad-based socially protective role, union density traditionally being as high as 85 per cent, and showing no signs of decline. SAF has been as united and as centralised as LO. Ingham's (1974) explanation for this, the intellectual roots of which can be traced back to the classical economist Adam Smith (1937), lies partially in the highly oligopolistic, export-oriented structure of industry. The more popular interpretation, however, is that the primary motivation behind efficient employer confederacy was to counteract a trade union movement with strong political representation by the hegemonic SAP⁴ on the one hand, and effective peak-level industrial representation by LO on the other (see, for example, Kjellberg, 1992; Fulcher, 1991). Both interpretations are relevant.

4 The extent of Social Democratic hegemony is measured by the length of its period in office: 1932-76; 1982-91; and 1994 to the present.

LO's acute concern for social protection has been embodied in its agitation for low-paid workers and for the minimisation of labour market inequalities. The principle of 'solidarity', as outlined by the so-called Rehn-Meidner Model (named after the two LO economists responsible), represented LO's yearning for the minimisation of differentials between the low-paid and the rest of the labour-force, while upholding the principle of equal pay for equal work. This, coupled with the ever-increasing size of the public and white-collar sectors, has resulted in comparatively high participation rates for women, which have been rising and are almost equal to those of men (see, for example, Haavio-Mannila, 1981).

The corollary of the narrowing of wage differentials was that the employers' 'capacity to pay' arguments would be paid little regard. If a business was not efficient enough to pay an adequate wage, it was argued, its capital should be utilised by more deserving firms, which could sustain socio-morally acceptable wage levels. The concept of solidarity has been largely triumphant since the 1951 LO Congress, where it was proposed. As will be argued, however, it has recently been called into serious question.

The industrial restructuring made necessary by the implementation of solidarity wages acted to displace some workers, particularly those in the peripheral sector. This was a problem to be addressed by means of an extensive program of socially protective active labour market policies. There was, however, also sound economic justification for these policies: they were an effective accommodation for industry policy. The traditional Swedish policy response to the economic vulnerability experienced by all small economies has been to keep a minimalist state involvement in industry policy. In contrast to the customary Australasian response of compulsory arbitration, industry protection and restrictive immigration, (see Castles, 1985, 1988, 1994, 1995), Swedish policy-agents have preferred to protect the victims of a largely free trade policy by means of labour market programs and generous universal welfare state measures. This strategy has been labelled the 'politics of domestic compensation' (see Castles, 1988; Katzenstein, 1985). The relatively *laissez-faire* stance of the state on industry policy and managerial prerogatives (in contradistinction to its activist stance in the areas of demand management, welfare state and active labour market policies) underlies Childs' (1980) description of Swedish politics as that of the 'middle way': a regime which shoulders strong interventionist social democratic policies, while also fostering entrepreneurial energy (see also Tomasson, 1970; Rehn, 1952; Lundberg, 1985; Katzenstein, 1985; Lundmark, 1983).

3 The Downturn: Ideological and Policy Developments

In raising awareness among social analysts of policy misjudgements and ideological attacks against the Swedish model, it is important to identify the primary ideological and policy developments in the period since the early 1970s. It is these which have excited discussions of the downturn. We begin with events in the social security arena.

It is only relatively recently that major 'reform' has taken place in social security policy. Despite this, it has been high on the state's priority list for at least the last 15 years (Marklund, 1992). The turn of the 1970s marks an instructive turning point: from 1950 to 1980, social expenditures showed an upward trend. Throughout the 1980s, they stagnated (S. E. Olsson, 1993: 255-6). In 1990, the Social Democratic government reduced the compensation level (or replacement rate) of sickness benefits from 100 per cent to 75 per cent for the first three days of absence from work. A further reduction was introduced by the Conservative government elected in 1991, with the introduction of an uncompensated day. The replacement rate was fixed at 90 per cent from the fourth to the 89th day of work absence. From the 90th to the 364th day, the rate is 80 per cent. The replacement rate for absences longer than one year has been reduced from 90 to 70 per cent. In some circumstances, the sickness benefit replacement rate is as low as 65 per cent (see OECD, 1994: 90-5). In 1993, the Conservative government also reduced the pension level by two per cent. The pension age is being gradually increased from 65 to 66 years of age. Effectively, early retirees face a pension reduction (Kangas, 1994: 87; OECD, 1994: 95). Another proposal put forward in the early-1990's was to reduce the earnings-related ATP pension rate from 65 to 50 per cent, and shifting the basis of pension benefits closer to an actuarial system. This is supported by the OECD (1994) and the Assar Lindbeck Commission, which recommended lowering benefit rates and increasing the importance of non-compulsory and private insurance (see Lindbeck et al., 1993). As Kangas (1994: 87) argues, if such manoeuvres take place, '[t]he flagship of the Swedish social democratic welfare state model will sink'. Other changes in social security compensation levels include the reduction of unemployment compensation from 90 to 80 per cent of previous wages, with the introduction of five uncompensated days. Also, work injury insurance has been cut back to the same level as sickness benefits (OECD, 1994: 91). Further cuts in the areas of unemployment insurance and sickness benefit insurance are on the agenda.

As well as reductions of public social security benefits, the structure of insurance coverage has been amended by the growth of corporate and private welfare since

the 1980s. In effect, the public/private welfare mix⁵ has been altered by the increased use of arrangements which constitute either top-ups for public schemes on the one hand, or totally private schemes on the other. Though for most workers the public insurance system is the safety-net, 'much of the working population is covered by a combination of private, corporate and public schemes' (Marklund, 1992: 8). A primary reason for the growth of private insurance lies in enhanced tax-incentives for individual or contractual solutions to social risk-amelioration. Other factors include, as mentioned, the diminution of standards in the public social insurance system as well as its loss of public support and legitimacy (see Marklund, 1992). As will be examined further on, the advancement of SAF's ideology, particularly when coupled with the ever-increasing intimacy of its tacit relationship with the state, has been influential in this regard (see, for example, Kjellberg, 1992).

The enthusiastic march of employer free market ideology is made manifest not only in its pursuit of reductions in employers' social insurance contributions (see, for example, SAF, 1993), but also in its more encompassing quest for reducing the size of the public sector. However, nowhere are the market-liberalising strategies of Swedish employers more conspicuous than in the sphere of industrial relations. I will specifically address the issue of SAF ideology further on. It is to a brief account of general developments in the area of industrial relations that I now turn.

Arguably, the process of departure from traditional industrial relations arrangements essentially began with unrest within labour in the late 1960s, when an increased awareness of international political events such as the Vietnam War combined with a relatively severe domestic recession to shake the foundations of the bright Swedish labour market picture (Korpi, 1978: 324-25). As Kjellberg (1992: 97) points out, the custom of state minimalism in the determination of employment conditions was broken, after the downgrading of employment security in the early 1970s. Dissatisfied with the traditional means of labour market regulation, and in the face of increased employer resistance to their demands for greater control over working conditions, rank-and-file workers initiated a wave of wildcat strikes in the early 1970s (see Swenson, 1989: 84-94). The state responded with a relatively extensive program of labour legislation designed to provide workers with enhanced standards regarding job security (1974), union workplace representation (1974), industrial democracy (1976), and occupational health and safety (1974 and 1978). Wages, however, were still determined predominantly by direct LO-SAF bargaining. Regardless, it is

5 For an authoritative conceptual, empirical and comparative account of public/private welfare interplay, see Rein and Rainwater (1986). For a fruitful treatment of the public/private mix in sickness and pension insurance in the Scandinavian regimes, see Kangas and Palme (1993).

undeniable that the peaceful post-war industrial climate for which Sweden was famous had been shaken. It is also true that the long-established tradition of 'self-regulation' by labour and capital was broken by a relatively expansive legal framework; one which prompted SAF to resist further encroachment of what had customarily been managerial prerogatives. A measure of SAF's displeasure lay in its lack of action on industrial democracy. The Co-determination Act, 1976, which was to be implemented by means of subsequent centralised LO-SAF negotiations, was not approved by SAF until 1982 (Kjellberg, 1992: 99).

Part of the reason for SAF's energised resistance to further labour legislation also lies in the rise, from the 1960s, of small business interests within its ranks. This was the result of affiliation with SAF of employers' associations dominated by more modest-sized firms. Small business was always less enamoured with SAF compliance with the centralised bargaining system than big capital, and with the impingement upon managerial authority associated with the type of protective labour laws enacted in the 1970s.⁶ The infusion of significant small business claims always encouraged accommodation by large firms, which desired unity among capitalists (Kjellberg, 1992: 99-100). Collusion (at least in tacit form) has always been a tendency, or at least a great temptation, within oligopolistic industry structures; a phenomenon recognised even by mainstream economists dating back to 1776, with the publication of Adam Smith's (1937) *Wealth of Nations*.

Regardless of the enhanced profile of small business within SAF, it must be remembered that big business never actually lost its domination. As Olsen (1994) argues, reinvigorated domination of SAF by its larger firms sector from the 1970s onward never encouraged a return to a culture highly supportive of bargaining centralisation. The primary motivation for the decentralisation of bargaining structures for such industrialists was their ever-greater export focus, which, given the increasing intensification of international competition since the 1970s, was not as prominent during the Keynesian era. This is a major theme in modern writings by comparative political economists and policy analysts (to name just a few influential works, Clement and Mahon, 1994; Meidner, 1993, 1994; Lindbeck et al., 1993; Turner, 1991; Ferner and Hyman, 1992; Kjellberg, 1992).

The ever-greater focus by labour, capital and the state on internationalisation has been given a fillip by the emergence of the European Union (see, for example, LO, 1994). Even before the Swedes voted to join the Union in 1994, it was widely perceived that, regardless of whether Sweden joined, the Union's mere existence would have potentially profound effects on the Swedish policy process.

⁶ It can be recalled that the SAF constitution stated that firms could only be SAF members if they upheld the principle that management had 'unlimited right to hire and fire and direct and distribute the work' (Rehn and Viklund, 1990: 208).

Would Sweden, as a small nation-state amid an economically unified Europe, be as internationally competitive as it had traditionally been? Important questions have been raised regarding the 'affordability' of the large size of its public sector, the magnitude of its state welfare expenditures, and 'market-distorting' social protections such as wage-compression and special consideration for the low-paid. Particularly pressing issues include the fear that the European Social Charter may pressure Sweden to lower its overall level of social protection (see, for example, Kuper, 1994). Another relates to the probable effects on Swedish workers of 'social dumping' (Hall, 1994; Dearden, 1985; Adnett, 1995), which refers mainly to:

multinational companies establishing or relocating their operations in countries with cheaper labour costs and less stringent employment legislation, thus generating downward pressure on the higher labour standards that exist in countries such as Germany [and Sweden]. (Hall, 1994: 282)

Along with the intensification of international economic competition - to which the European Union is a response - most economies have experienced the decline of the manufacturing sector of industry and the concomitant expansion of the white-collar sector of the labour-force. Associated with such industrial restructuring was the emergence and subsequent rise of post-Fordist production and management concepts (see, for example, Mahon, 1994a, 1994b; Ryner, 1994; Meidner, 1993). All of these factors were at the heart of increased disunity within labour on the one hand, and on the other, the loss of some of LO's authority over its constituency. The increase in the industrial profile of white-collar workers resulted in the decline of wage-equity concerns, and the increased levels of 'wage-drift'; that is, the granting of wage rises outside of the realms of centralised bargaining, which encourage the state to institute incomes policies in order to maintain control over the aggregate distribution of wages (see Swenson, 1989). White-collar workers are well known to be less sympathetic to the wage-equity concerns of labour movements than their blue-collar counterparts. A further problem has been the blurring of the distinction between white- and blue-collar work. This is particularly important in the Swedish context because of the different peak bodies which represent the different sectors of the labour-force,⁷ and because of the important role of the 'EFO Model', by which overall wage settlements followed productivity-patterns in the export-competitive sector of

7 It is pertinent at this point to list the main union confederations. As stated, LO (Swedish Trade Union Confederation) is the main blue-collar representative body. TCO (Swedish Confederation of Professional Employees) is the predominant white-collar representative. SACO (Swedish Confederation of Professional Associations) is the body representing unions organising workers in possession an academic degree. LO is significantly larger and more influential than the rest.

industry (see, for example, Swenson, 1989; Olsen, 1994). Yet, divisions within the trade union movement should not be seen, as they are by most of the comparative literature, mainly as accommodations to changed international and domestic economic structures. As will be expanded upon in the next section, the labour movement could have taken steps to avoid at least some of its disunity and disharmony. Particularly in the context of strongly corporatist social democratic structures such as those traditional of Sweden, labour is not a passive agent.

In the domain of the labour market restructuring process, controversy over the LO's battle for economic democracy by means of wage-earner funds (which will be discussed below), and growing inflation resulting from the oil-shocks, SAF called for a wage-freeze, and locked out 750 000 LO members. It is arguable, as indeed Martin (1984: 320-2) and Kjellberg (1992: 104) suggest, that this 'great conflict of 1980' was a conscious attempt by SAF to accelerate the conversion from centralised to decentralised bargaining. SAF hoped that by inciting industrial conflict the bourgeois government would be encouraged to intervene, lessening the credibility of centralised bargaining, arguably the backbone of the industrial relations component of the Swedish model.

The system of centralised bargaining did eventually break down in 1983. A deal was struck in the metalwork industry⁸ at the instigation of the Metalworking Employers Association, the most powerful constituent of SAF, and the most motivated by free market philosophy. Its power derives from the fact that about 50 per cent of Sweden's exports are products of the metal industry. It can be recalled that the export sector is traditionally the trend-setter with regard to wages. This is another contributor to the metal employers' power-base. Partly 'under coercion' the Metalworkers Union agreed to an industry level deal, that is, outside of LO-SAF negotiations. In 1984, no national level negotiations took place. Since then, there has been an oscillation between centralised and decentralised agreement making. Many of the centralised agreements struck, however, have been merely recommendatory (see Archer, 1992: 159-60).

As would stand to reason, the transformation of the bargaining system has had negative effects on wage relativities. Adherence on the part of the industrial parties to the principle of solidarity in wage-determination has diminished (see, for example, Meidner, 1994). Even before the decline of peak-level bargaining, however, the principle of solidarity caused severe strains on the policy process. Thanks principally to the efforts of Rudolph Meidner, one of its chief economists and strategists, LO had long recognised that there existed a danger within solidarity of the more financially buoyant firms gaining 'excess profits'. Through the compression of wage differentials, those firms which could not afford to pay

8

This includes prominent firms such as Volvo, Saab and Asea (Archer, 1992: 159).

the socially adequate wage collapsed. This was not considered unjust. Their share of the capital market, LO argued, should be taken up by firms which were efficient enough to sustain adequate wages. As a result, however, the successful firms became more successful, and were often left with excess capacity to pay wages. If the flourishing firms acted upon their excess capacity to pay wages by increasing wage- drift, they would upset wage relativities. More importantly, industrial concentration would increase, and 'the structure of ownership of property ... [would] become skewed' (Meidner, 1978: 29).

In recognition of these dangers, LO commissioned Meidner in 1971 to investigate the option of wage-earner funds (see Meidner, 1978), by which a significant portion of what were considered 'excess profits' would be allotted to funds which would be administered by the trade union movement. The funds had three objectives: first, to complement the solidarity wage policy; second, to counteract the imminent concentration of industry; and third, to act as a form of economic democracy by increasing wage-earner influence on the economic process (Ohman, 1983: 41). After several years of debate, however, with written submissions from labour, capital and the government, only a diluted form of wage-earner funds was instituted: effectively, a profits tax. In terms of socially protective goals such as economic or industrial democracy or significant income redistribution, the funds largely failed. They even failed to arrest the growing concentration of industry (see, for example, Olsen, 1994).

4 Did the Swedish Model Fall or Was it Pushed?

The over-riding result of developments such as those discussed above is that the Swedish economy is ailing. The OECD (1995: A24) estimated that in 1989, the unemployment rate was 1.5 per cent. In 1994, it was eight per cent. Indeed, the labour market is more depressed than this would suggest if one accounts for those within the labour-force who are in labour market programs, in which case the figure is greater by three or four per cent. Other significant statistics, some of which are used by the financial press to highlight the gravity of (or over-dramatise) the current Swedish policy challenge, include the 30 per cent devaluation of the Swedish Krona against the Deutschmark in the fiscal year 1992-93. The government budget deficit in 1993-94 was ten per cent of GDP. Finally, public debt stands at approximately 80 per cent of GDP (see Sloan, 1995: 11; *Economist*, The, 1993: 58-9; 1995: 48-50).

Economic indicators, however, do not explain the processes by which the Swedish model has developed in the period since the early 1970s. The following figure outlines some of the most common explanations for the downturn, placing emphasis on the question of inevitability.

Figure 1: The Downturn of the Swedish Model: Inevitable?

Political Explanations			
Loss of legitimacy of the welfare state		Political triumph of the right	
Changing aspirations of the middle class			
Political/bureaucratic elites change their minds			
Ideological agenda of employers and Conservative Party			
Labour movement policy misjudgements			
Economic Explanations			
Deliberately poor decisions	Inadvertently poor decisions	Inevitable by-product of welfare state expansion	International developments
Deregulation and collapse of banks		The welfare state can be too large	Globalisation
Real estate boom and collapse		Decline in labour productivity	Decline of the Soviet Union
Exchange rate policy		Tax-wedges	
Tax cuts		Over-sized public sector and limited competition	

Unfortunately, limitations placed upon the scope and length of this paper have not allowed me to examine some of the issues in the figure. In terms of the political explanations for the downturn of the model, I have not been able to look extensively at some important issues in economic policy, such as monetary and housing sector policies. There is also significant scope for analysis of issues which cluster under social and/or demographic change. It is my hope that these areas can be analysed by scholars more specialised in them. I can, however, outline some opportunities to preserve parts of the model which the labour movement missed, as well as some conscious neo-liberal attacks on social democracy by capital and Conservative governments, and some policy miscalculations by SAP governments. In doing so, I am merely suggestive, wishing mainly to prompt further research in the field.

It is arguable that the trade union movement has played a role in the downgrading of social protection. For instance, since the 1980s LO has paid less regard to the

interests of the low-paid. LO failed to establish a system which would adequately service the needs of workers once the industrial restructuring process began. It was ill-prepared, for instance, to deal with the dislocation brought about by the blurring of the white/blue-collar divide and the problems of demarcation experienced during 'the Great Conflict of 1980', for example. It was also incapable of persuading the metalwork employees from accepting the decentralised deal with their employers (see Lash, 1985). During the relatively less challenging era of Fordist production, the imperative to adjust wages and the organisation of work to the needs of workers at the industry and firm levels was not as urgent (see Meidner, 1993: 219-20; Mahon, 1994c). This is especially true given the healthier state of the economy and the trend toward increasing gains for the low-paid under the policy of wage solidarity. In essence, then, while the post-Fordist age has enhanced progressive trends such as the growth of women's labour market participation, for example, it has resulted in a less certain environment regarding the labour market position of lower-paid groups. The prescription for Swedish unions, as Mahon (1994b) points out, is that they need to adjust to current demands like local level organisation, while maintaining or strengthening the labour movement's traditional unity.

The most important of the trade union movement's missed opportunities, however, lies in its failure to adequately address the question of wage-earner funds. Recall that this was a vital complement to the wage policy of solidarity, in that it addressed the problem of increasing industrial concentration resulting from compressed wage-differentials. As Ohman (1983) points out, the labour movement was highly divided on the institutional features which the funds should take. LO and TCO could not agree on the form of the funds, which allowed SAF to more effectively oppose them; which it did. The failure of the SAP governments in office during the main period of the controversy (1976-83) to provide adequate support to the union movement on the issue is also a contributor to the funds' failure. As mentioned in the section above, the form which the wage-earner funds took when instituted in 1983 was highly diluted, largely ineffectual as means for either promoting economic democracy or arresting industrial concentration.

As has been outlined, Swedish employers have pursued an ideologically-inspired agenda involving bargaining decentralisation, reduced state welfare benefits, and privatisation. Though privatisation has not taken significant hold in Sweden, pressures to corporatise have been popularised. For instance, there are demands on the 'Post Office and other state-run organisations to "professionalise" their boards by appointing people with business competence' (Kjellberg, 1992: 100-1). As well, certain public welfare authorities, such as those in the areas of education, health care, and child and elderly care, have been exposed to greater private sector competition and measures such as contracting out (OECD,

1994: 91). Consistent with free market strategies, an ever-increasing number of Swedish multinational firms, which Meidner (1993: 226) calls 'ungrateful internationalists' are devoting increasing resources to their foreign (less regulated) subsidiaries, materialising the fears of the labour movement of social dumping. As well, some corporations have become transnationals: firms which are owned by Swedes but are located entirely elsewhere.

Finally, moves by governments, both SAP and Conservative, have contributed significantly to the downturn of the Swedish model. This is recognised by the OECD (1994). For instance, in 1991, the SAP government downgraded the objective of full employment, in favour of price stability. This represents something of a departure from traditional Keynesian concerns toward the more monetarist imperative of 'fighting inflation first'. This is incompatible with an economic system premised upon social democratic principles. Other policies pursued by the state are incompatible with the philosophy underlying the Swedish economic system. For instance, the cut-backs in social security, some of them defended by the state on the grounds that they would improve work incentives, are based on an ideology underpinning the liberal economy of nations such as the USA and the UK. Also, tax-incentives for people to shift to greater levels non-state insurance programs, may be counter-productive. As Marklund (1992) argues, changing the public-private welfare-mix in favour of the latter may result in the better-paid workers taking out more generous insurance coverage than the state would have offered them. This, the latter author argues, can be detrimental in two ways: first, it may decrease the incentive to work of higher-paid workers, counterposing the argument of neo-liberals that 'over-generous' and universal state welfare systems are more likely to distort work incentives than systems with a significant private welfare sector and/or selectivity as an organising principle; and second, there is a strong likelihood that it will cause ever greater levels of socioeconomic inequality, as the gap between the high-paid workers and marginalised social groups widens. Inequality is also encouraged by the associated downgrading of perceptions of public welfare, as the social stigma of state welfare recipients gains currency.

Conclusion

During the 'hey-day' of Keynesian public policy, few regimes, if any, received the praise from international observers which Sweden enjoyed. Billed as a highly successful combination of the principles underpinning both social protection and the free market, the Swedish model was widely perceived within the scholarly literature as a policy system worthy of emulation. Since the onset of economic problems associated with industrial restructuring and inflation in the early 1970s, however, Sweden has been forced to deal with progressively greater policy

challenges. In the 1990s, Sweden is troubled by significant budget deficits, high public debt and unemployment. Economic decline and the decomposition of traditional Swedish policy methods has prompted lively debate on the sources of the model's fall from grace.

In discussing the downturn of the Swedish model, the literature suggests that the descent was unavoidable; that mechanisms which have been in place for decades would eventually, inevitably cause the model's downfall. This paper has represented an attempt to question the assumption of inevitability. It has been suggested that more attention should be paid to the decisions, conscious or otherwise, which have contributed to the scenario. In particular, Swedish employers have made conscious attempts to undermine the traditional regime of social democracy. The trade union movement, however, shares some of the responsibility. Due to some of its policy miscalculations, it has become more vulnerable in dealing with adverse unavoidable change. It is also weakened in counteracting the moves of an employer class which is increasingly motivated and well placed to liberate markets and reduce state welfare measures. Governments of both sides of politics have also made poor decisions, facilitating the gains made by capital *vis-a-vis* labour.

This paper cannot claim to have provided a case for the argument that the Swedish model was pushed by unsound policies. However, it does suggest that there is a need for greater scrutiny of these if the sources of Sweden's long-term policy problems are to be unearthed, and if feasible policies can be pursued in the face of challenges such as European integration. The most likely results of the 'reform' agenda being pursued in Sweden today are widened inequalities and a clearer potential for increased poverty. These should not be deemed desirable outcomes. Given the ideological dominance of neo-liberalism in the contemporary world, it is important that social scientists do not assume that social democracy need collapse as communism has.

References

- Adnett, N. (1995), 'Social dumping and European economic intergration', *Journal of European Social Policy*, 5(1), 1-12.
- Archer, R. (1992), 'Lessons from northern Europe: collective bargaining and economic performance in Britain, Germany and Sweden', in D. Peetz et al., eds, *Workplace Bargaining in the International Context*, Commonwealth of Australia, Canberra, 131-94.
- Cameron, D. R. (1978), 'The expansion of the public economy: a comparative analysis', *American Political Science Review*, 72(4), 1243-61.

- Cass, B. and A. McClelland (1989), 'Changing the terms of the welfare state: redefining the purpose and structure of the Australian social security system', in P. Saunders and A. Jamrozik, eds, *Social Policy in Australia: What Future for the Welfare State? Proceedings of the National Social Policy Conference*, SWRC Reports and Proceedings No. 79, Social Policy Research Centre University of New South Wales, Sydney, 55-78.
- Castles, F. G. (1985), *The Working Class and Welfare: Reflections on the Political Development of the Welfare State in Australia and New Zealand, 1890-1980*, Allen and Unwin, Sydney.
- Castles, F. G. (1988), *Australian Public Policy and Economic Vulnerability: A Comparative and Historical Perspective*, Allen and Unwin, Sydney.
- Castles, F.G. (1994), 'The wage earners' welfare state revisited: refurbishing the established model of Australian social protection, 1983-93', *Australian Journal of Social Issues*, 29(2), 120-45.
- Castles, F.G. (1995, forthcoming), 'Labour and social policy: gravediggers or refurbishers of the welfare state?', to be published in F. G. Castles et al., eds, *The Great Experiment: Labour Parties and Public Policy Transformation in Australia and New Zealand*, Allen and Unwin, Sydney.
- Childs, M.W. (1980), *Sweden: The Middle Way on Trial*, Yale University Press, New Haven.
- Clement, W. and R. Mahon, eds (1994), *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario.
- Cooper, R.N. (1972), 'Economic interdependence and foreign policy in the seventies', *World Politics*, 27(2), 159-81.
- Crouch, C. (1979), *The Politics of Industrial Relations*, Fontana, Glasgow.
- Davidson, A. (1989), *Two Models of Welfare: The Origins and Development of the Welfare State in Sweden and New Zealand, 1888-1988*, Almqvist and Wiksell International, Stockholm.
- Dearden, S. J. H. (1995), 'Minimum wages and wage flexibility in the European Union', *Journal of European Social Policy*, 5(1), 29-42.
- Eardley, T. et al. (1994), *Social Assistance in the OECD Countries, Vol. II: Country Reports*, Draft Report, University of York.
- Economist*, The (1993), 'Sweden: worse and worse', *The Economist*, 9 October, 58-9.
- Economist*, The (1995), 'Sweden: Personna Grata', *The Economist*, 14 January, 48-50.
- Esping-Andersen, G. (1985), *Politics Against Markets: The Social Democratic Road to Power*, Princeton University Press, Princeton.
- Esping-Andersen, G. (1990), *The Three Worlds of Welfare Capitalism*, Polity Press, Cambridge.
- Esping-Andersen, G. and W. Korpi (1987), 'From poor relief to institutional welfare states: the development of scandinavian social policy', in R.

- Erikson et al., *The Scandinavian Model: Welfare States and Welfare Research*, M.E. Sharpe, Inc., NY, 39-74.
- Ferner, A. and R. Hyman, eds (1992), *Industrial Relations in the New Europe*, Blackwell, Oxford.
- Fulcher, J. (1987), 'Labour movement theory versus corporatism: social democracy in Sweden', *Sociology*, 21(2), 231-52.
- Fulcher, J. (1991), *Labour Movements, Employers and the State: Conflict and Co-operation in Britain and Sweden*, Clarendon Press, Oxford.
- Haavio-Mannila, E. (1981), 'The position of women', in E. Allardt et al., eds, *Nordic Democracy: Ideas, Issues, and Institutions in Politics, Economy, Education, Social and Cultural Affairs of Denmark, Finland, Iceland, Norway, and Sweden*, Det Danske Selskab, Copenhagen, 555-88.
- Hall, M. (1994), 'Industrial relations and the social dimension of European integration: before and after Maastricht', in R. Hyman and A. Ferner, eds, *New Frontiers in European Industrial Relations*, Blackwell, Oxford, 281-311.
- Hammarstrom, O. (1993), 'Industrial relations in Sweden', in G. J. Bamber and R. D. Lansbury, eds, *International and Comparative Industrial Relations: A Study of Industrialised Market Economies*, Allen and Unwin, Sydney, 197-219.
- Higgins, W. (1985), 'Political unionism and the corporatist thesis', *Economic and Industrial Democracy*, 6, 349-81.
- Higgins, W. and N. Apple (1983), 'How limited is reformism? A critique of Przeworski and Panitch', *Theory and Society*, 12, 603-30.
- Himmelstrand, U. et al. (1981), *Beyond Welfare Capitalism: Issues, Actors and Forces in Societal Change*, Heinemann, London.
- Ingham, G. K. (1974), *Strikes and Industrial Conflict: Britain and Scandinavia*, British Sociological Association, London.
- Johnston, T. L. (1962), *Collective Bargaining in Sweden: A Study of the Labour Market and Its Institutions*, Allen and Unwin, London.
- Kangas, O. (1994), 'The merging of welfare state models? Past and present trends in Finnish and Swedish social policy', *Journal of European Social Policy*, 4(2), 79-94.
- Kangas, O. and J. Palme (1993), *Statism Eroded? Labor-Market Benefits and Challenges to the Scandinavian Welfare States*, Reprint No. 397, Swedish Institute for Social Research, Stockholm University, Stockholm.
- Katzenstein, P. J. (1985), *Small States in World Markets: Industrial Policy in Europe*, Cornell University Press, Ithaca.
- Kjellberg, A. (1992), 'Sweden: can the model survive?' in A. Ferner and R. Hyman, eds, *Industrial Relations in the New Europe*, Blackwell, Oxford, 88-142.

- Korpi, W. (1978), *The Working Class in Welfare Capitalism: Work Unions and Politics in Sweden*, Routledge and Kegan Paul, London.
- Kuper, B. (1994), 'The Green and White Papers of the European Union: the apparent goal of reduced social benefits', *Journal of European Social Policy*, 4(2), 129-37.
- Lash, S. (1985), 'The end of neo-corporatism?: The breakdown of centralised bargaining in Sweden', *British Journal of Industrial Relations*, 23(2), 215-39.
- Lehmbruch, G. (1982), 'Introduction: neo-corporatism in comparative perspective', in G. Lehmbruch and G. P. C. Schmitter, eds, *Patterns of Corporatist Policy-making*, Sage, London, 1-28.
- Lindbeck, A. (1975), *Swedish Economic Policy*, MacMillan, London.
- Lindbeck, A. (1976), 'Stabilisation policy in open economies with endogenous politicians', *American Economic Review*, 66(2), Papers and Proceedings of the Eighty-eighth Annual meeting of the American Economic Association, 1-19.
- Lindbeck, A. et al. (1993), 'Options for economic and political reform in Sweden', *Economic Policy*, 219-63.
- LO (Swedish Trade Union Confederation) (1994), *Trade Union News*, LO, Stockholm.
- Lundberg, E. (1985), 'The rise and fall of the Swedish model', *Journal of Economic Literature*, 23, March, 1-36.
- Lundmark, K. (1983), 'Welfare state and employment policy: Sweden', in K. Dyson and S. Wilks, eds, *Industrial Crisis: A Comparative Study of the State and Industry*, Martin Robertson, Oxford, 220-44.
- Mahon, R. (1994a), 'From Fordism to ?: New technology, labour markets and unions', in W. Clement and R. Mahon, eds, *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario, 83-136.
- Mahon, R. (1994b), 'From solidaristic wages to solidaristic work: a post-Fordist historic compromise for Sweden?', in W. Clement and R. Mahon, eds, *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario, 285-314.
- Mahon, R. (1994c), 'Wage earners and/or co-workers?: Contested identities', in W. Clement and R. Mahon, eds, *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario, 247-372.
- Marklund, S. (1992), 'The decomposition of social policy in Sweden', *Scandinavian Journal of Social Welfare*, 1, 2-11.
- Marshall, T. H. (1963), *Sociology at the Crossroads and Other Essays*, Heinemann, London.
- Martin, A. (1984), 'Trade unions in Sweden: strategic responses to change and crisis', in P. Gourevitch et al., eds, *Unions and Economic Crisis: Britain, West Germany and Sweden*, Allen and Unwin, Sydney, 189- 359.

- Meidner, R. (1952), 'The dilemma of wages policy under full employment', in E. Lundberg et al., eds, *Wages Policy Under Full Employment*, William Hodge and Company Ltd., London, 16-29.
- Meidner, R. (1978), *Employee Investment Funds: An Approach to Collective Capital Formation*, Allen and Unwin, London.
- Meidner, R. (1993), 'Why did the Swedish model fail?', *Socialist Register 1993*, Merlin Press, London, 211-28.
- Meidner, R. (1994), 'The rise and fall of the Swedish model', in W. Clement and R. Mahon, eds, *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario, 337-45.
- Mitchell, W. F. (1989), *The Scandinavian Model of Inflation and Australian Wage Determination*, Working Paper No. 102, National Institute of Labour Studies, Flinders University of South Australia, Bedford Park.
- OECD (1994), *OECD Economic Surveys: Sweden*, OECD, Paris.
- OECD (1995), *OECD Economic Outlook*, OECD, Paris, June.
- Ohman, B. (1983), 'The debate on wage-earner funds in Scandinavia', in C. Crouch and F. A. Heller, eds, *Organisational Democracy and Political Processes: Vol. 1*, John Wiley and Sons, New York, 35-52.
- Olsen, G. (1994), 'Labour mobilization and the strength of capital: the rise and stall of economic democracy in Sweden', in W. Clement and R. Mahon, eds, *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario, 195-221.
- Olsson, A. S. (1991), *The Swedish Wage Negotiation System*, Dartmouth, Aldershot.
- Olsson, S. E. (1985), *Welfare Programs in Sweden*, Swedish Institute for Social Research, Stockholm.
- Olsson, S. E. (1991), *Swedish Social Policy Towards the Year 2000*, Reprint No. 397, Swedish Institute for Social Research, Stockholm University, Stockholm.
- Olsson, S. E. (1993), *Social Policy and the Welfare State in Sweden*, Arkiv Forlag, Lund.
- Panitch, L. (1981), 'Trade unions and the capitalist state', *New Left Review*, January-February, 21-43.
- Pekkarinen, J. et al., eds (1992), *Social Corporatism: A Superior Economic System?*, Clarendon Press, Oxford.
- Pixley, J. (1993), *Citizenship and Employment: Investigating Post-industrial Options*, Cambridge University Press, Cambridge.
- Polanyi, K. (1944), *The Great Transformation: the Political and Economic Origins of our Time*, Beacon Press, Boston.
- Przeworski, A. (1985), *Capitalism and Social Democracy*, Cambridge University Press, Cambridge.

- Rehn, G. (1952), 'The problem of stability: an analysis and some policy proposals', in E. Lundberg et al., eds, *Wages Policy Under Full Employment*, William Hodge and Company Ltd., London, 30-54.
- Rehn, G. and B. Viklund (1990), 'Changes in the Swedish model', in G. Baglioni and C. Crouch, eds, *European Industrial Relations: the Challenge of Flexibility*, Sage Publications Ltd., London, 300-25.
- Rein, M. and L. Rainwater, eds (1986), *Public/Private Interplay in Social Protection: A Comparative Study*, M.E. Sharpe, Inc., New York.
- Ricardo, D. (1971), *On the Principles of Political Economy and Taxation*, R.M. Harthell, ed., Penguin, Harmondsworth.
- Rothstein, B. (1988), 'State and capital in Sweden: the importance of corporatist arrangements', *Scandinavian Political Studies*, 11(3), 235-60.
- Ryner, M. (1994), 'Economic policy in the 1980s: "the third way", the Swedish model and the transition from Fordism to post-Fordism', in W. Clement and R. Mahon, eds, *Swedish Social Democracy: A Model in Transition*, Canadian Scholars Press, Ontario, 245-84.
- SAF (Swedish Employers Confederation) (1993), *Business Payroll Overheads: 1993*, SAF, Stockholm.
- Saunders, P. (1988), 'Explaining international differences in public expenditure: an empirical study', *Public Finance*, 43(2), 271-94.
- Shaver, S. (1995), *Universality and Selectivity in Income Support: A Comparative Study in Social Citizenship*, Discussion Paper No. 58, Social Policy Research Centre, University of New South Wales, Sydney.
- Sloan, J. (1995), 'Swedish model's fall from grace', *The Australian Financial Review*, 5 January, 11.
- Smith, A. (1937), *An Inquiry into the Nature and Causes of the Wealth of Nations*, Modern Library, New York.
- Stephens, J.D. (1979), *The Transition from Capitalism to Socialism*, MacMillan, London.
- Sweden, Ministry of Finance (1994), *Social Security in Sweden - How to Reform the System: Report to The Expert Group on Public Finance*, Ministry of Finance, Stockholm.
- Swenson, P. (1989), *Fair Shares: Unions, Pay, and Politics in Sweden and West Germany*, Adamantine Press, London.
- Tomasson, R.F. (1970), *Sweden: Prototype of a Modern Society*, Random House, New York.
- Turner, L. (1991), *Democracy at Work: Changing World Markets and the Future of Labor Unions*, Cornell University Press, Ithaca.

‘Culture Work’ or ‘Welfare Work’: Urban Aboriginal CDEP Schemes.

Diane Smith
Centre for Aboriginal Economic Policy Research
Australian National University

1 Introduction

One of the most potentially radical labour market program innovations in contemporary Aboriginal affairs, and one with no equivalent in the mainstream, is the Community Development Employment Projects (CDEP) scheme. This paper examines the operation of the scheme in the urban Aboriginal context and raises some of the social policy challenges arising from the scheme for policy makers and for Aboriginal communities themselves.

The CDEP scheme is a community-focused labour market program run by the Aboriginal and Torres Strait Islander Commission (ATSIC). It is sometimes referred to as a ‘work-for-the-dole’ scheme owing to the fact that under it, participants from an Aboriginal community collectively forego their individual Job Search or Newstart allowances from the Department of Social Security (DSS) in exchange for wages paid for work within the community in which they reside.

In an economic climate where the national Aboriginal unemployment rate in 1991 was almost three times higher than that for non-Aboriginal people, the strategic importance of the scheme to Aboriginal employment prospects cannot be overstated. 1991 Census data indicate that scheme participants constitute over 25 per cent of the Aboriginal labour force; and that between the 1986 and 1991 Censuses, accounted for about 60 per cent of new jobs for Aboriginal people (Taylor, 1993: 3, 21).

But what are these ‘new’ jobs that are being created? In order to explore this question, two broad representations of CDEP labour activity are posed: CDEP as ‘culture work’ and as ‘welfare work’. The intention in doing so is to integrate into the analysis a consideration of the wider socioeconomic and cultural circumstances within which urban CDEP schemes operate, and to examine the kinds of employment activities and conditions being generated by them. It is argued that the CDEP scheme has developed a substantially ‘new’ labour market - not only in terms of its more recent and sizeable creation of an Aboriginal employment sector, but ‘new’ also in many of the employment and workforce

characteristics associated with it. To highlight these issues, I use as a case study, one CDEP scheme operating in what is probably the most well-known urban Aboriginal community: Redfern, Sydney.

2 The CDEP Scheme: Generating a New Labour Market

The scheme was first piloted in 1977, but expanded substantially under the auspices of the Aboriginal Employment Development Policy (AEDP) in 1985 which defined the need to overcome Aboriginal socioeconomic disadvantage in terms of their employment, income and welfare dependency levels.

The national objectives of the AEDP, of which the CDEP scheme is undoubtedly the cornerstone, were revised in 1994 subsequent upon a wide-reaching review of its outcomes. Those objective now provide the policy framework within which the CDEP labour market is being developed:

The AEDP will promote Aboriginal and Torres Strait Islander economic independence by assisting them to access employment and economic opportunities wherever they live.

In recognition of the right to self-determination for indigenous Australians, the AEDP will support Aboriginal and Torres Strait Islander peoples in determining how these employment and economic opportunities will be accessed. It will do this by:

- enabling Aboriginal and Torres Strait Islander people to make effective choices about the extent and nature of their participation in business and labour markets;
- enabling equitable participation in the general labour market for those who seek it;
- enabling maximum independence for Aboriginal and Torres Strait Islander communities through assistance to develop their local economies;
- enabling expansion of employment opportunities in both the general labour market and community-based employment to increase Aboriginal and Torres Strait Islander employment to at least the national average; and

- ensuring program support is relevant to, and consistent with, Aboriginal and Torres Strait Islander social, cultural and economic circumstances and values. (ATSIC, 1994b: 62)

Accordingly, the CDEP scheme continues to have multiple, though overlapping objectives, including (ATSIC, 1994a and 1994b):

- providing income support;
- the creation of employment opportunities in locations where there are no, or limited labour market prospects;
- initiating enterprise development; and
- improving community infrastructure.

Alongside these are more intangible aims to:

- improve those elements of Aboriginal social and cultural life which enhance self-determination.

At the community level, the scheme is co-ordinated by an Aboriginal organisation which receives a block wages grant from ATSIC, equivalent to the welfare entitlements of the participating members. Additional funding is also obtained by each community CDEP organisation for recurrent costs such as project administration and employee on-costs, and capital funds for the purchase of equipment and assets. These funding components are based on actual participant numbers. The wages component is formula-driven, on an average per participant funding rate that is tied to changing participation levels monitored by ATSIC. Different rates apply to 'remote' and 'non-remote' communities.

In the year before the Commonwealth Government's AEDP initiative, some 38 Aboriginal communities, primarily in remote locations, had joined the CDEP scheme, with a total of 4,000 participants. At that time, ATSIC's budget for the scheme was \$27 million - representing approximately nine per cent of its Aboriginal affairs expenditure. Nearly 20 years later, over 25,000 participants from 230 communities in remote, rural and urban locations in all States, are registered with the scheme (see Table 1). With a budget expenditure of approximately \$280 million, the scheme is now the most extensive program in the Aboriginal policy arena, representing close to one third of ATSIC's total program budget. However, approximately 64 per cent of this budget can be offset against potential DSS welfare expenditure (ATSIC, 1994a: 64).

Table 1: CDEP Scheme Program Funding and Participation Levels, 1994.

State	Number of communities	Number of participants	Program funding \$
NSW	46	2,937	30,848,557
Vict	8	331	3,604,490
Qld	27	6,189	71,199,950
TSRA(a)	13	1,230	16,571,000
SA	25	2,155	23,742,764
WA	68	6,347	70,180,655
NT	43	5,977	69,957,152
Total	230	25,166	286,104,568

Note: a) TSRA - Torres Strait Regional Authority

Source: ATSIC Fact Sheet, January 1995, Canberra.

A more recent development has been the scheme's expansion into urban areas where it is available on a project basis, rather than requiring widespread community involvement. Both the Royal Commission into Aboriginal Deaths in Custody (1991) and the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs (1992: 120) encouraged this expansion, particularly in those urban areas disproportionately affected by the recent recession and by ongoing high custodial rates. As a result, by mid-1994, a quarter of total CDEP participants were in rural and metropolitan urban areas (ATSIC, 1994a: 64).

Increasingly, the scheme is being constructed by ATSIC and government as a labour market program that will develop local enterprises to generate 'sustainable economies' for Aboriginal communities, and facilitate the transition of individual participants into full-time employment within the mainstream economy (Altman and Sanders, 1991; ATSIC, 1994b: 50, 70; AEDP Task Force, 1994: 12). Expectations for remote CDEP communities are beginning to be distinguished by ATSIC from those for urban areas on the basis of a number of assumptions about the latter. For example, ATSIC opinion is that urban CDEP schemes, in comparison with remote communities, 'tend to interact with the wider community' (ATSIC, 1994b: 62). Urban populations are also considered to be less homogenous; even the usefulness of using the familiar term 'community' for them is questioned (House of Representatives Standing Committee, 1992: 120). They are seen as being more attached to the mainstream economy and, therefore,

able to establish more ready access to urban labour markets. As a result, it is expected that they have a greater potential to develop an economic base for self-sufficiency. It was with such an assumption in mind that the House of Representatives Standing Committee (1992: 119-20) into the needs of urban dwelling indigenous peoples argued for the introduction of a 'sunset clause' for urban communities. The operation of the Redfern CDEP scheme highlights the extent to which these assumptions are accurate. The overview below, of the problematic labour market issues raised to date by the national scheme, provides a context for presenting the Redfern case study and for assessing future policy challenges.

3 CDEP as 'Welfare Work'

The characterisation presented in this paper of CDEP employment as 'welfare work' relates to a major criticism levelled at the scheme; namely, that participation has generally meant part-time, low-paid, low-skilled employment, rather than the creation of full-time jobs. There is no evidence, to date, which suggests that CDEP employment leads to markedly better employment opportunities in the **mainstream** labour market (Altman and Daly, 1992).

Furthermore, while expansion of the scheme has provided a means for government to reduce official unemployment rates, it does not appear to have been particularly effective in reducing poverty (Altman and Daly, 1992; Altman and Smith, 1993). Rather, from a strictly 'income-oriented' perspective, the scheme may be perpetuating a labour market enclave in which some individual participants are paid to be poor; and where their CDEP income is linked to a notional welfare ceiling, but without the benefit of some of the associated social security-based entitlements.

A number of factors are at work here. Firstly, current national funding levels do not provide sufficient scope to fund the employment hours some participants would like; CDEP employment is first and foremost, part-time. Secondly, while CDEP guidelines require the co-ordinating organisation to offer work to participants to enable them to earn the equivalent to their DSS payment, some participants receive less income than they would have under their DSS entitlement. The latter can occur because a participant may choose not to take up the full number of hours work offered, or because a CDEP organisation may be enforcing a policy rule of 'no work - no pay'. Also, a number of CDEP schemes have developed credit arrangements which require periodic deductions for repayment of loans.

The scheme also operates under distinct disadvantages in comparison to the welfare system. A particularly discriminatory aspect is that although the CDEP

wage is established at an equivalent level to welfare payments, CDEP income is taxed. Participants also appear to lose some of the benefits that they would otherwise have received on welfare transfers; e.g. participants without dependent children lose access to the rent assistance paid to DSS beneficiaries, and also lose their health care card. These income and benefit aspects of the scheme are currently under examination by the Aboriginal Social Justice Commissioner of the Human Rights Commission and by a government interdepartmental committee.

Nevertheless, the program has potential to operate as a guaranteed minimum income scheme, and in circumstances where income-generating enterprises have been established, **has** provided additional income beyond the welfare ceiling. The Redfern case study also highlights that there are CDEP-initiated systems of financial support for participants not otherwise available to them under the mainstream welfare regime.

4 CDEP as 'Culture Work'

In spite of criticisms about individual income levels, the scheme has continued to prove popular with many Aboriginal communities. One of the major reasons for this popularity, is its endorsement of what is loosely referred to here as 'culture work'; for a radical innovation of the scheme has been that it allows for an 'Aboriginalisation' of work. The Aboriginal organisation responsible for managing the scheme is able to determine the type and conditions of employment that most suit local needs, and to establish wage rates. As a result, there can be considerable Aboriginal organisational control over setting employment and enterprise priorities, a fact testified to by the wide range of employment opportunities being created by the scheme, including: clothing manufacture, cabinet making, provision of essential services that otherwise should be provided by government, market gardening, emu farming, firewood collection, housing renovation, landscaping, child-care, arts and craft production, hunting and gathering, maintenance of sacred sites, and the provision of culturally-focused education to children (Deloitte Touche and Tohmatsu, 1993).

Research also testifies to valued social and cultural benefits arising from participation in the scheme (Deloitte Touche and Tohmatsu, 1993; Smith, 1994). Participants assert increased self-esteem for individuals and families; greater pride in Aboriginal identity being fostered by successful employment projects; and the support of Aboriginal networks for the care of children and the elderly. Some communities point to a decrease in alcohol consumption; others to improved law and order.

From this perspective, the 'strategic importance' of the scheme has as much to do with cultural and social aspects, as with its employment and wage outcomes.

Nevertheless, these former aspects of CDEP work are often viewed sceptically within government, as not being 'real' employment. The administrative anxiety with such intangibles is all the more reinforced because they are not amenable to assessment by departmental performance indicators or statistical analysis. The policy challenges raised by these national program tensions are highlighted in the operation of the CDEP scheme in the Redfern.

5 The Redfern Aboriginal Corporation

Co-ordinated by the Redfern Aboriginal Corporation, or RAC, the CDEP scheme commenced there in June 1991 with 35 participants, and currently has numbers between 60 and 70.

In Redfern, CDEP employment has been created in a number of work projects, including: the Koorie Cafe; a clothing retail store; a market garden; screen printing and clothing manufacturing; rubbish removal and housing repairs projects; a child-care centre; streetscaping contracted to the South Sydney City Council and to local Aboriginal organisations; and within the RAC office.

The all-Aboriginal Board of the RAC has developed a CDEP mission statement which ranges far beyond purely economic pursuits, and places culturally-based objectives at the forefront. These include the:

- 'cultural goals' to: strengthen Aboriginal identity, improve self-respect, confidence, and provide positive role models;
- environmental goals to: improve physical well-being, living conditions and public image; and
- commercial goals to: provide employment and training, and to establish and manage profitable commercial enterprises.

6 The Redfern Aboriginal Labour Force

Exactly what kind of urban Aboriginal labour force is this scheme attempting to manage? The Redfern Aboriginal population of 491 (at the 1991 Census) has a very youthful age profile, low levels of education, high levels of long-term unemployment; and a low employment skills base. Its assumed 'locational advantage' within a metropolitan labour market is not an accurate depiction, because the Redfern working-age population of some 300 people has lower levels of employment (at 32 per cent), higher levels of unemployment (at 29 per cent); and lower labour force participation rates (at 44 per cent). This is not only relative to non-Aboriginal metropolitan residents, but perhaps more significantly,

in comparison to all other Aboriginal people in the remaining major urban areas of New South Wales (that is, in remaining Sydney, Newcastle and Wollongong) where equivalent rates were 46 per cent, 27 per cent and 64 per cent (Taylor and Roach, 1994a; ATSIC, 1995).

Further, the Redfern labour force participation rate (44 per cent) is lower even than that reported for rural NSW Aboriginal communities (55 per cent) which are seen to be locationally disadvantaged from the mainstream labour market. More dramatically, its participation rate is lower than that for rural Aboriginal communities in Western Australia (50 per cent) and only slightly higher than the rate for remote Northern Territory communities (43 per cent) (Taylor and Roach, 1994b, c). Effectively, the Redfern population appears to have extremely tenuous links into the mainstream Sydney labour market and displays all the signs of a disadvantaged enclave.

At the same time, there are also culturally-based behaviours that influence the labour market objectives of the Redfern scheme. One such characteristic is the population's high level of socially-networked mobility. In the 1991 Census, of those for whom a 'usual address' was reported, some 62 per cent of residents (241 persons) were in a different 'usual address' than in 1986. This is significantly higher than the equivalent national 'rate of mobility' reported for Aboriginal Australians at 45 per cent (Taylor and Bell, 1994) and is almost certainly an underestimate given the high level of short-term mobility that is occurring. While many transients are quickly located into the network of Redfern family connections, they can place substantial social and economic strains on the community.

Clearly then, the RAC experiences a significant flow of people through the scheme. In view of such labour force characteristics, the Corporation faces considerable challenges in creating a sustainable CDEP labour market.

7 RAC Employment Policies

Accordingly, the RAC Board and management have developed policies to establish equitable employment conditions and encourage reliable work routines. All participants must work a minimum of 15 hours per week on agreed work projects. Standard entitlements of sick leave, bereavement and annual leave, maternity and paternity leave have also been established, but with noticeably Aboriginalised conditions attached to them. For example, greater flexibility and allowance is made for the need to attend funerals of a wide range of kin. Many new participants are in need of work clothing and are given a full outfit at the commencement of their employment. Daily child-care is available to all RAC participants and has been instrumental in encouraging sole mothers to participate

in the scheme. In the light of possible workplace disputes that are generated from within the wider Aboriginal community, the Corporation has also established a dispute resolution procedure.

Importantly, it is RAC policy to require work for wages. If participants are absent on their rostered work day and give no advance notice, they are not paid. Stated policy is to support workers with substance abuse problems, but people appearing for work under the effects of drugs or alcohol are not allowed to work and are not be paid.

While there is a certain reluctance to establish hierarchical employment structures or conditions, the RAC has developed a set of pay rates related to employment duration and skills development. At the basic rate, each participant is able to earn \$300.00 per fortnight if they undertake a full fortnight's work of 30 hours. Clearly, failure to undertake work, or having pay docked, will result in a wage that could be substantially less than their previous welfare transfer. The RAC's response to this is that while making considerable effort, often above that of most mainstream employers, to settle individual participants into the work environment, they are also attempting to establish a viable employment market, based on participant commitment to regular work routines.

8 The Redfern CDEP: More Than an Employment Program

Under the Redfern scheme, employment is primarily about personalised work within an Aboriginal labour market in which each participants' links to wider family and community networks are integral to their employment performance. Work and culture are not seen as substantially separate domains.

Accordingly, when the Corporation takes on a participant, or attempts to establish a new employment project, it effectively takes on issues to do with how the whole Redfern community operates. There is as much emphasis in the scheme on the 'community' and 'development' aspects of the CDEP scheme as on the 'employment'. Social, cultural, personal, health, and legal issues arise in virtually every aspect of the RAC's employment initiatives. It is for this reason that the RAC has become involved in plans to initiate an Aboriginal night patrol of Redfern streets. It has also attempted to create much-needed financial support for participants by establishing a series of credit systems. For example, participants can accrue a set number of hours worked in advance, to be taken off with approval by supervisors. A cash credit system has been established at the CDEP-run Koorie cafe, whereby participants are entitled to 'book-up' food to a weekly limit which is subsequently deducted from their wages. It also offers a minimal

loans service to participants, restricted to three per year and repayable at 20 per cent of the loan amount, deducted each week from participant wages. Such credit systems constitute a crucial Aboriginalised welfare net which is not available to participants from the mainstream.

The potential for CDEP enterprises in Redfern requires as careful a consideration of the 'community factors' as it would in remote settlements. For example, a proposal for the RAC to buy a taxi licence has found strong support with ATSIC officers, but involves the Corporation in having to consider a wider range of issues than simply economic ones. There are, for example, very few people who have driver's licenses. Such an enterprise would require them to firstly train a substantial pool of participants to obtain basic licenses, enabling them to then obtain taxi licenses. How to organise and maintain a roster of drivers through the 24-hour schedules necessary to recoup initial funding costs - in the light of the often volatile lifestyles of individuals on the Redfern 'Block' - requires careful consideration. The Corporation must decide beforehand how to deal with any violence and drunkenness that might arise; and with family and friends' requests to 'book-up' fares. The issue is not simply about accepting funding for such a business venture and co-ordinating the acquisition of necessary basic skills. It involves important decisions at every stage, about how the project can be established and managed within the realities of community life.

9 Conclusion

The CDEP scheme, then, represents a substantially new economic adaptation within government labour market programs. But CDEP employment is not only an economic activity conducted on the fringes of the mainstream labour market. Urban CDEP schemes such as Redfern continue to operate within an essentially Aboriginal domain, where they remain heavily influenced by (and dependent upon) a collective Aboriginal identity. Further, the continuing low socioeconomic status of Aboriginal people, and the substantial barriers faced by the Aboriginal long-term unemployed, means that CDEP schemes such as Redfern are also assuming a major rehabilitative economic role within this Aboriginal domain. Some CDEP participants have pinpointed culturally-based factors as creating a CDEP 'comfort zone' out of which many are reluctant to exit. Whilst this cultural preference for working within a primarily Aboriginal environment might be seen as a barrier to participants exiting to full-time employment in the mainstream labour market, it is also a major strength of the scheme - and one that has been instrumental in developing the distinctive Aboriginal features of the CDEP labour market.

In this context, moves by government to encourage sunset clauses in urban schemes, alongside rapid enterprise development; to separate off the employment from training components of the scheme; and to insist on 'exits' being established into mainstream employment, may be misplaced. They may also be counter-productive to the incremental progression towards these goals preferred by particular CDEP organisations. Certainly, current plans for program redirection along these lines need to be balanced by a recognition of the impact of Aboriginal work behaviours and priorities which may lead to entirely different outcomes to those anticipated by the bureaucracy. Importantly, urban Aboriginal communities may be as diverse amongst themselves as is now commonly recognised to be the case between remote communities. There may also be too rigid a distinction between remote, rural and urban Aboriginal communities. In particular, government policy assumptions that urban Aboriginal populations are more attached to the mainstream labour market and will be able to transfer more rapidly into full-time employment within it, can be contested.

In turn, at the community level, CDEP schemes will be increasingly challenged to ensure income and gender equity; to establish sustainable employment projects; and to begin negotiations in respect to ATSIC's endorsement of the movement to award wages within the scheme (Deloitte Ross and Tohmatsu, 1992; Sanders, 1993; Smith, 1994). These issues will require government to assert a policy and funding realism, acknowledging that while the CDEP scheme is ostensibly situated within the wider Australian economy, in many important respects, it is also a distinctly Aboriginal labour market.

References

- Aboriginal and Torres Strait Islander Commission (ATSIC) (1994a), *Annual Report 1993-94*, ATSIC, Canberra.
- Aboriginal and Torres Strait Islander Commission (ATSIC) (1994b), *Review of the AEDP: Aboriginal Employment Policy*, ATSIC, Canberra.
- Aboriginal and Torres Strait Islander Commission (ATSIC) (1995), *Redfern Community Statistical Profile, 1991 Census Data*, ATSIC, Canberra.
- Aboriginal Employment Development Policy (AEDP) Task Force (Chairperson A. Bamblett) (1994), *Economic Empowerment, The Way Ahead: A Strategy Paper*, ATSIC, Canberra.
- Altman, J. C. and A. Daly (1992), *The CDEP Scheme: A Census-based Analysis of the Labour Market Status of Participants in 1986*, CAEPR Discussion Paper No. 36, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.

- Altman, J. C. and W. Sanders (1991), *The CDEP Scheme: Administrative and Policy Issues*, CAEPR Discussion Paper No. 5, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Altman, J. C. and D. E. Smith (1993), 'Compensating indigenous Australian 'losers': a community-oriented approach from the Aboriginal social policy arena', in Peter Saunders and Sheila Shaver, eds, *Theory and Practice in Australian Social Policy: Rethinking the Fundamentals, Proceedings of the National Social Policy Conference, Volume 2*, SPRC Reports and Proceedings No. 112, , Social Policy Research Centre, University of New South Wales, Sydney, 1-14.
- Deloitte Ross and Tohmatsu (1992), *Impact of Industrial Awards on CDEP*, report to the Aboriginal and Torres Strait Islander Commission, Canberra.
- Deloitte Touche and Tohmatsu (1993), *No Reverse Gear: A National Review of the Community Development Employment Projects Scheme*, report to the Aboriginal and Torres Strait Islander Commission, Canberra.
- House of Representatives Standing Committee into Aboriginal and Torres Strait Islander Affairs (1992), *Mainly Urban: Report of the Inquiry into the Needs of Urban Dwelling Aboriginal and Torres Strait Islanders People*, AGPS, Canberra.
- Royal Commission into Aboriginal Deaths in Custody (Commissioner E. Johnston) (1991), *National Report*, Volume 4, AGPS, Canberra.
- Sanders, W. (1993), *The Rise and Rise of the CDEP Scheme: An Aboriginal 'Workfare' Program in Times of Persistent Unemployment*, CAEPR Discussion Paper No. 54, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Smith, D. E. (1994), 'Working for CDEP': *A Case Study of the Community Development Employment Projects scheme in Port Lincoln, South Australia*, CAEPR Discussion Paper No. 75, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Taylor, J. (1993), *The Relative Economic Status of Indigenous Australians, 1986-91*, Monograph No. 5, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Taylor, J. and M. Bell (1994), *The Mobility Status of Indigenous Australians*, CAEPR Discussion Paper No. 78, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Taylor, J. and L. Roach (1994a), *The Relative Economic Status of Indigenous People in New South Wales, 1986-91*, CAEPR Discussion Paper No. 55, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Taylor, J. and L. Roach (1994b), *The Relative Economic Status of Indigenous People in Western Australia, 1986-91*, CAEPR Discussion Paper No. 59,

Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.

Taylor, J. and L. Roach (1994c), *The Relative Economic Status of Indigenous People in the Northern Territory, 1986-91*, CAEPR Discussion Paper No. 62, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.

Reintegrating Social and Economic Policy: Towards a New Australian Settlement

Paul Smyth
Uniya

1 Introduction

It is no doubt something of a cliché today to observe that Australian social policy is in the midst of a fundamental transition. If the central preoccupation of the 1980s was economic restructuring then the social and political accompaniments to restructuring have been key themes of the early 1990s. The fundamental character of this social and political accompaniment to economic adjustment has been well expressed by Paul Kelly (1992, Introduction), in terms of the search for a new 'Australian Settlement'. In this paper I will isolate one major milestone in this shift of social policy back to the centre of today's political agenda: the Economic Planning Advisory Commission's National Strategies Conference held in November, 1994.

I want to suggest that from the view point of the search for a new 'Settlement', Australian social policy scholarship needs to reframe its research agendas in a quite fundamental way. I believe that the contributions of social policy scholars to this event still tend to be constrained by a focus on welfare which takes insufficient account of the challenge of economic restructuring which is at the heart of the search for a new settlement. Above all, the idea of a 'settlement' compels us to think in terms of the interdependence of social and economic policy and in this regard a narrow, welfare orientation of social policy can be strongly contrasted with broader approaches emerging within economic policy. The latter emphasise the need for innovation in the social and political framework of economic policy and in doing so invite us to think in a much more fundamental way about the potential for a renewed Australian Settlement.

What is Social Policy?

I have dealt elsewhere with the historical origins of the narrow, differentiated approach to social policy and with the need to develop broader, more integrated approaches in the wake of what used to be called the crisis in the welfare state

(Smyth, 1991 and 1994, Introduction). However, because this paper argues that the narrow approach, despite significant modifications, remains something of a fetter on Australian social policy, it will be necessary to begin with a brief resume of my understanding of the alternative approaches.

Social policy emerged as a distinct field of academic inquiry in Australia in the 1960s and developed a tradition primarily shaped by the British school of social administration (Roe, 1976: 313). Glennerster (1989: 110-13) has described four phases in the work of this school: the pre-Titmuss tradition; the influence of Titmuss; the critical reaction; divergence and reassessment. In the first two phases the domain of social policy was reasonably settled. It concerned, in T. H. Marshall's definition: 'the policy of government with regard to action having a direct impact on the welfare of citizens by providing them with services and income' (Marshall, 1967: 6-7). Titmuss worked within this approach but introduced certain critical perspectives which anticipate later more radical developments: notably his analysis of the social division of welfare and demonstrations that social policy effects did not always match reformist rhetoric (Titmuss, 1959). Especially in the first phase, little account was taken of social policy's relation to the economy. Titmuss' emphasis on occupational and fiscal welfare was path-breaking in this regard but his later work tended to emphasise the traditional separation of social policy from economics.

The critical reaction occurred within what Bulmer, Lewis and Piachaud refer to as the 'theoretical and inter-disciplinary flowering' of the 1970s. Notable for the assembly of various theoretical models of the welfare state, the critics found the earlier approach Anglo-centric, problem-centred, meliorist, narrowly focused on statutory services and empiricist. The critics were chiefly concerned to ground the analysis of social policy in social theory and it has been observed that this was at a level of abstraction which revealed little about the specific characteristics of particular welfare states. Further, the definition of the welfare state and in particular its boundaries with the economy were not brought into question. Nevertheless, by demonstrating how differently the social function of welfare appeared within the various theoretical perspectives, the critics showed that the welfare state was embedded in society in ways more complex than had hitherto been allowed.

In the final phase of Glennerster's periodisation, social policy becomes more diffuse and its identity as a subject most problematic. Many of the themes and approaches of the previous periods continue but in the context of the radical reorientation of economic policies in the 1980s, the boundary of social policy with economic policy had emerged as a central dilemma. Thus Piachaud (1989) wrote that for both social policy analysts and economists, the traditional 'hedge'

between their subjects had come to be seen as inappropriate. It had become evident, he writes, that:

a clear distinction and separation between economic and social policy now appears impossible to sustain ... Social policy lies at the foundation of economic policy just as economic policy is fundamental to social policy. (Piachaud, 1989: 263, 266)

Social and Economic Policy

Not everyone has accepted the need for a more integrated approach. In the *Possibility of Politics* - a work which is a clear influence in contemporary Australian social policy - Stein Ringen (1987: 2) argued strongly for a definition of the welfare state limited to 'strategies of redistribution'. He suggests that this is the basis of the 'modern welfare state. Social policy', he asserts, 'is not and has hardly ever been seen as an instrument to tame the forces of the market' (Ringen, 1987: 6). Among those who have seen social policy as being concerned with more than redistribution, there have been two formative influences.

In the *Welfare State in Crisis*, Ramesh Mishra (1984) emphasised the need to re-think the social-economic policy nexus. With the 'eclipse of Keynesianism', he wrote, 'the social has been cut loose from the economic and the two seem to be drifting apart' (1984: 19). This led him to emphasise what he saw as the limits of a 'differentiated' approach to the welfare state. Here, social policy was about a 'set of institutions and policies added on to the economy and polity, but seen as relatively self-contained and set apart from them' (1984: 103). There were two important consequences, he continued:

First, the importance of full employment and economic growth for the general welfare of the masses was disguised by the emphasis on social welfare and distribution. Second, and more important, the lack of theoretical perspective on the social structure obscured the fact that the social and the economic were not only functionally related (inter-dependent) but both formed part of a larger reality (of values and institutions) of welfare capitalism. (Mishra, 1984: 169)

Accordingly, Mishra proposed an integrated approach to social policy, one which will recognise the functional interdependence of welfare and economic policies and locate the rationale of their operation in the values and institutions of the encompassing social reality.

A second integrated approach emerged among welfare state comparativists not so associated with the British tradition but more with the general revival of political economy in the 1980s, in which the emphasis was on the normative and institutional dimensions of economic life. In particular, the comparativists' approach reflected what Skocpol referred to as the 'sea-change' evident in the social sciences away from the 'society-centred' emphasis which was characteristic of the period of 'Critical Reaction' in British social policy to an approach which 'brings the state back in'. This approach was exemplified in the concept of the 'welfare state regime'.

According to Esping-Andersen (1987), comparative social policy analysis had highlighted the need for greater attention to the historical, political and economic particularities of individual welfare states. Welfare states, it was argued, are not merely adjuncts or appendices to economies, but are integral to the social and economic order. A 'relational and holistic methodology' was needed which would show how all institutions blend together with respect to social policy. In this blending, Esping-Andersen continues, the nexus between state and economy forms the core, crucial to which is the way particular 'societies solve the tension between social control and emancipation' (Esping-Andersen, 1987: 6-8).

In the development of the welfare state regime approach (Esping-Andersen, 1990) (familiar to us from the *Three Worlds of Welfare Capitalism* - or, is it four?) important contrasts emerged with the analysis of Mishra. The latter noted a characteristic emphasis on distribution rather than production in the regime approach, and in my history of the Keynesian chapter in Australian social policy I agreed that this concealed the historically specific association between the idea of the welfare state and Keynesian economic policy as well as its significance for the welfare of citizens. Nevertheless, both approaches point to the limitations of a 'narrow', 'differentiated' approach. Both emphasise the interdependence of social and economic policy, as well as the way in which particular patterns of interdependence are to be understood in terms of the particular configurations of values and institutions in which they occur.

A final point to emerge from these integrated approaches is that they offer what Glennerster (1969) described as a new 'starting point' for thinking about social policy. Preceding any arbitrary divisions of our subject into the welfare or economic domains, there needs to be a core concern with the question referred to above by Esping-Andersen of how different patterns of social policy reconcile the tension between social control and emancipation. Regarded by Ringen as the underlying agenda of today's reassessment of welfare states, the issue has been simply encapsulated by Glennerster:

Social policy ... is essentially concerned with the question: what is the appropriate scope for social as distinct from individualist action? What are the limits to individualism and what are the limits to collectivism in our different societies in a changing world? (Glennerster, 1989: 114)

As the differences between the work of Mishra and Esping-Andersen indicate, it would be wrong to suggest that there is a clear consensus about what constitutes an integrated approach to social policy. Rather, what we are looking at are attempts to reframe the fundamental questions or starting points. As David Piachaud (1993) indicated, research seeking to integrate economic and social policy today will be 'essentially exploratory, venturing dangerously, but unapologetically, into territory that is disputed between disciplines and ideologies (Piachaud, 1993: 1). At the same time he insists that social policy, properly conceived, has the capacity to 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. (Piachaud, 1993: 14)

2 The Idea of an Australian Settlement

Of course, we would not be talking about redefining our subject, or indeed about maps and visions, if Australian social policy was not undergoing a period of fundamental change. In recent years there have been several major general studies of Australian public policy which have mapped what is widely recognised as a breakdown in the core national values and institutions which have historically shaped Australia's political economy. Here I can only briefly indicate the broad sweep of their analyses and what is meant by the notion of a new 'settlement' before looking in more depth at particular responses to these challenges from social policy scholars.

As recently as 1990, as we saw in Mishra's *The Welfare State in Capitalist Society* (1990), it was possible to discuss Australian social policy in terms of an experiment in 'social corporatism'. Today, of course we are more likely to be thinking in terms of the emptying out of labour tradition. The book which more than any other alerted us to the prospect of such a fundamental transition was Michael Pusey's *Economic Rationalism in Canberra* published in 1991. For Pusey, the impact of economic rationalism, then arguably at its zenith in

Australian politics, had exposed the prospect of a recolonisation in the alien framework of a totalitarian American 'business democracy' along South American lines', leading to a profound review of the values and institutions of what had supposedly been a 'strong and nation-building state' (Pusey, 1991: 1-23).

In his analysis of our public policy foundations Pusey indicated his basic 'premise that "developed" societies are obligatorily coordinated through the two structures of state and economy'. Various forms of social degradation are the cost of excessive burdens of coordination being given to either structure, and economic rationalism, he believed, was placing excessive emphasis on the coordinating role of the market economy. For Pusey, the challenge was to find both a new 'balance between economy and state' as well as new, more democratic public policy institutions which would meet what he called the 'immanent requirements of identity, civil society and culture'.

Pusey's analysis was of course at a high level of sociological abstraction and many of those in the more prosaic disciplines found much detail to dispute. However, the significance of the book - not to mention the ensuing flood of literature on its themes - for social policy cannot be in doubt. Whether our interest is in particular welfare policies or in the larger concerns of the inter-relationship of welfare and economics, it compels us to see the issues within the larger context of a fundamental re-ordering of state, economy and society. Further, Pusey's analysis reflected the research impetus of those in social policy seeking a more integrated approach insofar as he focused attention on the 'relative autonomy' or capacity for independent agency of the Australian state. Again the details of his analysis have been disputed and this is not surprising given the total neglect of the question in postwar Australian political economy studies until most recently. Nevertheless, for those who regard social policy, or the welfare state as at some type of cross-roads, the question of the capacity of the Australian state for some form of ideological and institutional renewal is clearly central.

A second book which has been influential in bringing us to rethink the fundamentals of social policy was Paul Kelly's *The End of Certainty* (1992). Unlike Pusey's, the book is not given over to theorising the fundamentals and is most interesting for our purposes in that it popularised a widely held analysis of the crisis facing Australian public policy, and indeed, gave us the phrase 'Australian Settlement'. According to Kelly, 'the 1980s saw the collapse of the ideas which Australia had embraced nearly a century before and which had shaped the condition of its people'. These ideas had emerged in a turn of the century consensus which produced the laws and institutions of what he called the 'Australian Settlement'. The settlement rested, he believes, on the five pillars of:

White Australia; industry protection; wage arbitration; state paternalism; and imperial benevolence. The core of the settlement was the idea of protection which encompassed the major political traditions until it finally unwound in the 1980s under what Kelly sees as the imperative of the deregulation and integration of the national economy with the forces of economic globalisation. Against Pusey, Kelly welcomes the move towards the market casting the contest for a new settlement as a battle between those who embrace the imperatives of the market and the sentimental traditionalists seeking to turn back the clock. While *The End of Certainty* is obviously an invitation to controversy, here I simply note that for social policy it exemplifies the need to think in an integrated, synthetic way about our subject if we are not to miss the interconnections between different policy domains and the way in which they tend to cohere in a pattern shaped by certain core national values.

In *Remaking Australia*, Hugh Emy (1993) gave a third overview of the current crisis in Australian public policy. Emy accepts Kelly's analysis of the Australian settlement as the historical context of our present dilemmas but, more like Pusey, believes that it is time to 'bring the state back in' at least to the extent of creating a social market on the German model. Emy suggests that while we face many individual social and economic policy challenges, there is a 'conceptual thread linking all the major particular issues, namely how to redefine the balance between state and market'. Like Kelly, he sees that the 'overwhelming challenge' is to 'determine what new amalgam of values, institutions and policies (will) replace the components of the Australian Settlement which finally disintegrated in the 1980s' (Emy, 1993: 1-12).

In their different ways, each of these authors encourages us to think of social policy in the broader, more integrated way. Before we consider particular policies, whether they be welfare or economic, we need to recognise that they tend to cohere in a pattern which is informed by core values and institutions. At the core is the relationship between the state and the market. Kelly and Emy present the challenge of a new settlement in terms of remaking the amalgam of political traditions which informs this relationship, to which Pusey adds the wider sociological frame which situates the questions of political economy in the context of a larger crisis of modernity. All three define the task of 'remaking Australia' in terms of the breakdown in the 1980s of the policy pattern established at the turn of the century known as the new Protection.

While I would want to argue that the historical frame is as much post-Keynesian as post-Protection, and indeed that both perspectives have a somewhat limited purchase in the context of a post-Fordist globalisation, here I simply signal that the idea of an 'Australian settlement' offers a useful framework in which to rethink the fundamentals of social policy. In Mishra's (1990) terms it leads us to

an integrated view of welfare and economic policy within the welfare state; while in terms of the concept of a 'welfare state regime', it 'brings the state back in' and invites us to think in terms of the ideological and institutional capacities of the Australian state as the primary question in any reassessment of national social policy .

The National Strategies Conference

The National Strategies Conference convened by the Economic Planning Advisory Commission (EPAC) in November 1994 has been the most important public policy forum to consider the agenda signified by the notion of a new settlement since the concept has been developed. Its scope clearly embraced a re-thinking of both economic and social policy as the EPAC contribution to Conference Report No 1 (1994) demonstrates. A successful response to today's public policy challenges, it said, would only occur if:

- the need to complement competition and co-operation in appropriate spheres is recognised;
- the mutual independence of the economic and social spheres is understood;
- there is widely shared understanding of the need for change;
- responsibility for getting it right is shared
- a vision for the nation is imparted (EPAC, 1994a: 31).

The conference resulted in four volumes of reports: the first a compilation of domestic and overseas national strategies statements' the second, four commissioned papers of which two dealt primarily with economic policy and two, social policy; the third, thirty short personal 'vision statements' by individuals; and the fourth, a 500 page documentation of the conference proceedings. Here I will only refer to the second volume comprising the commissioned studies (EPAC, 1994b).

The importance of the conference was, of course, largely confined to the level of ideas. Unlike, for example the preceding public debate leading to the White Paper, *Working Nation* (Australia, Prime Minister, 1994), the conference had no immediate legislative import. However, at the level of ideas, the conference agenda indicated above was of more interest than the *Working Nation* debate. While the latter was often presented as a policy review of comparable significance to the 1945 *White Paper on Full Employment*, any serious discussion of employment policy of the order of the earlier White Paper was kept off the agenda as many commentators have noted. *Working Nation*, it has been rightly

said, was a review of policies for 'job readiness' rather than job creation. Indeed the very failure of *Working Nation* to deliver a new economic 'vision' together with the build up of alternative economic policy opinion which its preparation had stimulated meant that the National Strategies Conference agenda could be greeted with some intellectual, if not political, enthusiasm.

That the EPAC Conference failed to produce any significant rethinking of the welfare state was the conclusion of the only published commentary on the proceedings to date, by Martin Mowbray (1995). According to Mowbray, who describes the conference as a 'foray' into social policy debate by a 'public proponent of economic fundamentalism', the conference was only ostensibly 'about envisioning future social and economic policy'. The exercise was, in fact, he continues,

ideologically circumscribed. Though (its reports) carry progressive contributions, they bear a pervasive orientation in favour of continuation of established economic and social policy. Overall, the EPAC intervention has the effect of restricting thinking about the welfare state within very orthodox economic parameters. (Mowbray, 1995: 53)

He also associates these parameters with the approach to economic policy of the Industry Commission.

Whether or not Mowbray's assessment of the conference as a whole is accurate and it is not difficult to demonstrate a pervasive orientation to the policy status quo, this does not result before some significant attempt to rethink the meaning and role of social policy. Certainly in the case of economic policy the studies appear to me to be entirely removed from the 'fundamentalist' theoretical universe usually ascribed to the Industry Commission and they in fact offer a way of thinking about economic policy which I believe can facilitate the kind of reintegration of social and economic analysis which was what the conference was ostensibly trying to do.

For Mowbray, the conference outcome was constrained by the exclusion of what he says was a range of radical alternatives. In this respect, at least in terms of economic policy, I think it could be argued that Australian economic policy debate - at least until very recent times has hardly been characterised by a range of radical alternatives. As Emy wrote soon after the 1993 election, at least part of the problem for a Labor government trying to distance itself from economic fundamentalism was the lack of substantial theoretical alternatives within the Australian public policy community. At the same time, Emy showed from the international literature dealing with the determinants of successful economic policy in the new context of globalisation a clear trend away from the free market

model to various theoretical approaches emphasising the need for government intervention in order to secure national competitive advantage (Emy, 1993: 1-42). The paper prepared for the NSC on economic policy by Carter and Pappas (1994) of the Boston Consulting Group clearly set out to bring this newer approach in the international literature referred to by Emy to bear on the EPAC agenda.

They did so first by way of an analogy drawn from studies of the role of vision statements in focusing the effort and direction of successful corporations. Such statements, they said, provide a framework for allocating resources among the various components of the corporation; a context for day to day decision-making; and an important source of employee motivation. A second aspect of their argument was a study of vision statements and long term plans among competitor nations. Compared to Malaysia, Japan, Singapore and Thailand, Carter and Pappas (1994) found that Australian approaches exemplified by *One Nation* (Australia, Prime Minister, 1992), and documents put out by the BCA and CEDA were:

- more focused on macro economic issues;
- less focused on infrastructure development strategies; and
- less interested in sectoral or industry issues.

Further, their survey of 100 Chairmen and CEOs of Australia's largest companies found that virtually none believed that Australia has an 'adequate economic vision'.

For our purpose, the most interesting part of the study is the implications drawn for the idea of a strategic vision at the national level. Carter and Pappas say that while their main concern is with business and economic issues, they recognise that 'economic imperatives are a subset of broader considerations'. Thus they write that in the past 'economic affairs' had been embedded in what they variously describe as a 'big picture', a 'paradigm', or a 'vision'. By this they clearly intend what Kelly calls the 'Australian settlement'. In Carter and Pappas's historical sketch, the paradigm was built on raw material export wealth distributed via protection to the manufacturing and service sectors. 'Everyone had a job', they imagine,

and the redistribution of wealth was accepted as a good idea. In this world the community took pride in massive mining projects and Australian wool, as well as in locally built Holdens and holiday leave loadings. The vision had coherence and was supported throughout the community.' (Carter and Pappas, 1994: 15)

In their very brief sketch of the collapse of the 'paradigm' we see several economic and social factors at work: heightened international competition, and an undermining of community acceptance of resource development by environmental and land rights concerns. Through a combination of competitive pressures and the rise of economic rationalism, they continue, it soon became politically incorrect to talk 'economic vision': the vision was not to have one! or, they add, if there was one it was of a totally efficient society without 'interventions', or subsidies, or 'distortions'. The saying 'Who cares whether it is a computer chip, a wood chip or a potato chip', they continue, signified the void which had been created at the centre of economic policy. Carter and Pappas believed that the persistence of high unemployment in Australia; a new consensus that the success of the Asian Tigers was in part due to government intervention; and the experience of corporations competing in countries with much more explicit national visions, had shifted the debate towards recognising the need for what we are calling here a new 'settlement' in which to embed economic affairs.

This contribution to the National Strategies Conference was clearly attempting to situate the EPAC agenda beyond the terrain of economic rationalism, by defining economic policy as a subset of the broader category of national vision. While the authors nowhere attempt to theorise the idea of a national vision, their account has features which can obviously be linked to the earlier discussion of the elements of a social policy 'settlement'. Thus, for Carter and Pappas, a national vision is an overarching set of norms to do with employment levels, desired types of industry, distribution of wealth between sectors of industry, views about the environment, the rights of indigenous peoples and much else besides. A new settlement would require a reaffirmation of the role of the state in economic policy and the development of a vision which secured the agreement (or what they like to call the 'buy-in') of key social groups. It would provide the 'glue' which binds people together and directs their activities towards common purposes.

Carter and Pappas's paper concludes with suggestions for ways forward to a new settlement. Here Mowbray's (1995) criticisms do indeed have some bite. In terms of institutional innovation, the authors suggest that government should stimulate thinking about the future, foster contestable research from many sources, have an appropriate institution like EPAC to manage the process, and provide leadership in genuine partnerships with business. Their thoughts on actual policy content are similarly bland and in no way reflect the levels of crisis in our political traditions and public policy institutions identified by writers such as Pusey (1991), Kelly (1992) and Emy (1993).

The second paper, by Geoff Allen et al. (1994a), of the Allen Consulting Group had the most challenging commission of the four. Standing between the first

perspective dealing with economic policy and two subsequent papers on social policy, its task was to examine national objectives as a whole and processes for their achievement. If we were to think about how the subsets of economic and welfare policies are to cohere in a new Australian settlement, then this was the item. The paper failed its challenge utterly.

Like Carter and Pappas, the authors are disposed to discuss the current policy context in terms of a paradigm shift, or as they also call it, a 'quantum shift in world view'. Unlike the former, however, they appear to regard 'quantum shifts' as quite regular events. Thus they identify one in the 1890s resulting in the labour movement, another followed almost immediately to give us the New Protection and so on through to the more recent changes in relation to environmental care and then gender equity. The lesson of this history they believe is the importance of not having what they call an 'entrenched ... mindset' but rather having an 'open world view' compatible with new directions and able to adapt quickly.

They go on to propose that the apparent variety of Australian society and politics creating our own quantum shift actually disguises an agreement about basic values. These are to do with equity, cohesion, prosperity and ecological sustainability. The mirage of social division is created by what they catalogue as vested interests, the media, occupational myopia, the dynamics of advocacy and the habit of ambit claiming. Their survey of statements from economic and social policy organisations encourages them in the belief that Australians are developing the ability to listen. 'Key factors' for the future, they say, will be the 'exposure of antagonists to each other in ways that break down the stereotypes created by adversarial politics and build trust'. The authors have a particular antipathy towards what they call 'peak council corporatism'. They would much prefer to 'Let 100 flowers bloom' but conclude that government must not forget that it has a responsibility to govern.

That the paper was largely irrelevant to any of the mainstream literature on Australia's political economy futures may be less a comment on the abilities of the authors than on a more general incapacity of EPAC to comprehend the social and political dimensions of economic planning - an incapacity which was the subject of comment at their recent conference on Short-termism in Australian Investment (see Peter Botsman, 1995: 157). Nevertheless, if only in a very limited way, the paper supports Carter's and Pappas's position that economic policy analysis has moved on from the fundamentalist position which in principle subordinates all social or collective action to individualised market behaviour. By implication, its focus on agreed values and appropriate policy institutions as determinants of policy success, invites us to see economic policy as a subset of a larger social policy formation.

In view of David Piachaud's belief in social policy's singular ability to provide 'the broad vision and map the paths that can lead to a better society' (Piachaud, 1993: 14) it was most appropriate that Peter Saunders' contribution to the Conference stood out as the one most attuned to the inadequacies of theoretical models which differentiate and not integrate social and economic policy (Saunders, 1994). At the same time the policy implications which he draws from the analysis appear to fall back on a narrow welfare terrain and this appears to derive from certain unresolved ambiguities in his theoretical approach. These ambiguities have to be teased out of what is a very subtle argument and for our purposes I want to highlight them by emphasising what I see as two different levels of his analysis - although the strong contrast I create may do some violence to Saunders' paper.

Saunders began by answering the question 'what is social policy?' in a quite conventional way by marking it out as a subset of policies concerned:

- with the distribution and redistribution of resources, opportunities, power, status and access;
- with a presumption that market forces do not automatically deliver equitable outcomes; and
- with vertical and life cycle as well as horizontal equity.

This orientation towards redistribution and equity might easily suggest that Saunders' paper would remain within the confines of the narrow approach. Indeed this suggestion is strengthened when he goes on to differentiate economic development from social policies, with the conclusion that while the latter may sometimes result in a loss of output, the trade off might be worthwhile in terms of social justice gains. However his discussion of the relationship of welfare to economic policy clearly proposes a much more complex inter-relationship. There are a number of threads to the argument and here I wish to highlight first his assertion that the difference between economic and social policy cannot be established in terms of the former being a value-free science with the latter assigned the 'subjective, normative questions of distribution'. Both are normative, he continues and concludes that what is needed is a coherent framework for economic and social policies and to search for actions and policies which serve both economic and social goals.

Saunders exploration of this framework concludes with a brief discussion of the need for such 'ultimate goals' to be established and for more attention to be given

to the role of both social and economic investment in achieving them.¹ The latter carries echoes of Piachaud's (1993) address to the last social policy conference where under the rubric of societal investment, social policy was argued to be as much a powerhouse as a parasite of the economy. It also has a resonance with the British Labour Party's manifesto, *Social Justice* where the scenario of an 'Investors' Britain' is distinguished from both the vision of the 'Deregulators' and of the 'Levellers' (Commission of Social Justice, 1994: 94-6). At this point one might have expected that Saunders, having distinguished his view of social policy from the 'levellers', might have applied this broader understanding of social policy to the national context producing perhaps an 'Investors' Australia' to counterpose the deregulators in an analogous way to Carter and Pappas.

Saunders' argument however does not move in this direction and his account of the inter-relationship of social and economic policy is largely submerged in the remainder of his paper. This occurs, I would suggest, because unlike Carter and Pappas, Saunders conveys only a shallow sense of the political dimensions of economic policy. While he allows that economics is not value-free, he gives little indication that different economic theories have different social and political implications. This diversity disappears in statements like, 'within the economics profession ... there is fairly broad agreement over the objectives of economic policy' (Saunders, 1994a: 17) and one can understand Mowbray's exclamation at the statement that both economic and social policy have the goal of full employment. Indeed, given that Saunders believes that the social divisions currently being created by unemployment 'may ultimately undermine the sustainability of the system as a whole' it is quite remarkable that he does not address the very obvious divisions within the profession over this fundamental goal. Ultimately this failure to problematise the political implications of economic theories means that economic policy slips out of his analysis which reverts largely to the narrow vision of the levellers.

This slippage becomes apparent in the very different way that he characterises the historical context of our contemporary policy challenges. Saunders' locates it not in terms of the breakdown of the 'Australian Settlement' but of a more recent pattern of ideas and institutions. Thus he writes that a variety of social problems have given rise 'to an increasing disenfranchisement of community groups which threatens the broad social consensus of the post-war period ...' (Saunders, 1994a: 122)

¹ The very Keynesian notion of the economic dimensions of 'social investment' has also re-entered the Australian social policy debates in the work of D. Cappa and B. Cass (1994) and Sheila Shaver (1995: 46).

How he understands this consensus and the associated social policy institutions which he believes originated at the end of the Second World war is more clearly articulated in his book, *Welfare and Inequality*. From the outset, he writes:

the welfare state comprised a framework of institutions and policies designed to enhance the welfare of citizens and reduce the various dimensions of inequality. This was to be achieved through the establishment of entitlements - access to income support, services and other provisions - which represented the social rights of citizenship [as elaborated by T.H. Marshall]. (Saunders, 1994b: 1)

This historical account of the welfare state sets the terms for an analysis of today's 'alternative scenarios'. A 'Minimalist State', an 'Expanded Welfare State', and 'A Revitalised, Targeted Wage-earners' Welfare State' offer alternative responses which are assessed largely in terms of their comparative volumes and forms of welfare spending with little reference to the wider pattern of public policy. A similar narrow welfare orientation frames his tentative proposals for the future which involves setting social performance benchmarks in the areas of income distribution and discrimination, poverty, deprivation, wealth distribution and housing.

In the end, this account of welfare policy futures fails to reconnect with Saunders' earlier argument for an overarching set of goals and actions which would shape both economic and welfare policy. This failure I have suggested stems from the fact that the political dimension of economic policy was not sufficiently problematised. In the result this lack of a political and sociological dimension makes it quite difficult to situate Saunders' account within the broader frame of a crisis in the pattern of public policy suggested by the 'Australian settlement' perspective. Indeed when it is noted that his historical perspective overlooks the way in which in Australia, the legacy of a Keynesian wage earners' welfare state steered the development of national policy away from any Marshallian-type approach for as much as two decades, Saunders' account of the welfare system is left with little leverage on the wider debates identified in the literature on the Australian settlement (see Paul Smyth, 1994).

The final commissioned study by Francis Castles and Deborah Mitchell took for its title, 'Designing for the future: an institutional view of the Australian welfare state'. Castles' and Mitchell's response to the EPAC agenda is an exercise in updating the 'wage earners' welfare state' model long associated with the work of Castles. They aim to show how the 'traditional institutional design' might be modified to transform us from a 'welfare laggard to a welfare leader'. One might have expected that an approach which connects the traditional welfare design so

intimately with the Australian settlement would have had most to say about the social policy implications of the collapse of that settlement. But does it?

The authors offer the now familiar account of why in Australia,

the institutional arrangements which have been used for the achievement of many social policy objectives have been found not so much in the functionally distinct realm of social service provision, but rather in the domain of mainstream economic policy. (Castles and Mitchell, 1994: 182)

The historical origins of this pattern are then located in the Australian settlement. In *Australian Social Policy: The Keynesian Chapter* (Smyth, 1994) I have argued that despite this apparent broad integrated approach to social policy, Castles' understanding of the role of social policy in terms of protection from market forces is open to the same critique that Mishra has observed in the theoretical model of Esping-Andersen. It leads to a stress on distribution and a neglect of policies concerned with production. This theoretical bias in the Castles model was most obvious in its failure to give an account of the Keynesian full employment policy regime.²

The view that the model actually leads away from an integrated approach to social policy to a narrow analysis in terms of distribution is confirmed by the commissioned study which is almost entirely taken up with a review of wage, welfare and related fiscal policies. It is really quite extraordinary, given the claims of the model to an integrated view that the challenge to the traditional design is not presented in the context of the collapse of the Australian settlement. When we recall Carter and Pappas' (1994) brief scenario, the strength of the settlement lay in the fact that it achieved the 'buy-in' of all major groups. If we want to think in terms of a social division of welfare then it was indeed 'welfare all round': at least for the manufacturing, service and parts of the farming sectors as well as wage workers. The implications for today's social policy of the emergence of an anti-protectionist political economy and the associated 'buy-out' of other major social groups does not figure in the Castles and Mitchell account. In fact when the wider economic policy context is invoked, it is not in terms of a Post-Protection perspective, but rather in terms of what they call Post-Industrial Challenges. Here a variety of phenomena such as the growth of unemployment, demographic and other changes are merely described and presented as the given economic context to which the welfare state must adapt.

2

In a forthcoming publication, Jocelyn Pixley expands this critique both in terms of the theoretical foundations of the model and its policy outcomes questioning in particular the extent to which arbitration actually distributed wages more fairly.

3 Conclusion

Although a stern critic of the outcomes of the EPAC National Strategies Conference, even Mowbray acknowledges that some of the social policy proposals might be described as progressive. Certainly this could be said of the welfare proposals put forward in the commissioned studies and it need hardly be added that in terms of their empirical knowledge and analysis both welfare papers demonstrate the new levels of virtuosity which have come to characterise Australian social policy studies in recent years. At the same time we have to ask whether the big questions were really addressed. Is it sufficient to appeal for more welfare spending in the name of social protection or under the rubric of societal investment without addressing the fact that each assumes a capacity for state agency which has been radically undermined in the years of so called economic restructuring? Unless this larger context of political economy is addressed, I would suggest, there is a danger that social policy will slip back into something like the empiricism and meliorism of the Titmuss years.

At the same time I disagree with Mowbray's assessment that the Conference was constrained by an economic fundamentalist agenda. The work of Carter and Pappas with their proposal for an investor state actively shaping a competitive economic advantage demonstrates the new pluralism in Australian political economy; while Saunders rationale for social investment - although ignoring this pluralism - clearly moves in a similar direction. Finally I have read these papers in the light of a wider literature which casts the EPAC agenda in the context of the search for a new Australian Settlement. This literature offers us the big questions or, as Emy had it, the common threads which run through both the subsets of economic and welfare policy. The work of Emy, Kelly and Pusey offers us a valuable way of framing the search for a new integration of economic and social policy in terms of Australia's ideological and institutional capacities to bring the state back in and find a new balance between the state and the market.

References

- Allen, Geoff, Gerard Brown, David Charles, Vince Fitzgerald and Gary Weaven (1994), 'Shaping our future: visions and national strategy information', in EPAC, *Perspectives on Shaping Our Future: Commissioned Studies*, National Conference Report No. 2, AGPS, Canberra, 41-100.
- Australia, Prime Minister (1992), *One Nation*, AGPS, Canberra.
- Australia, Prime Minister (1994), *Working Nation*, AGPS, Canberra.
- Botsman, Peter (1995), 'Summing-up', in EPAC, *Short-termism in Australian Investment*, Commission Paper No. 6, Office of EPAC, Canberra.

- Cappo, D. and B. Cass (1994), *Reworking Citizenship and Social Protection: Australia in the 1990s*, Occasional Paper No. 1, Australian Catholic Welfare Commission, Canberra.
- Carter, Colin and George Pappas (1994), 'A strategic vision for Australia', in EPAC, *Perspectives on Shaping our Future: Commissioned Studies*, National Strategies Conference Report No. 2, AGPS, Canberra, 1-40.
- Castles, Francis and Deborah Mitchell (1994), 'Designing for the future: an institutional view of the Australian welfare state', in EPAC, *Perspectives on Shaping Our Future: Commissioned Studies*, National Strategies Conference Report No. 2, AGPS, Canberra, 167-227.
- Economic Planning Advisory Committee (EPAC) (1994a), *Perspectives on Shaping Our Future: Overview of Domestic and Overseas Strategies*, National Strategies Conference Report No. 1, AGPS, Canberra.
- Economic Planning Advisory Committee (EPAC) (1994b), *Perspectives on Shaping Our Future: Commissioned Studies*, National Strategies Conference Report No. 2, AGPS, Canberra.
- Emy, Hugh (1993), *Remaking Australia*, Allen and Unwin, Sydney.
- Esping-Andersen, G. (1987), 'The comparison of policy regimes: an introduction', in Martin Rein et al., eds, *Stagnation and Renewal in Social Policy*, M.E. Sharpe, Inc., New York.
- Esping-Andersen, G. (1990), *The Three Worlds Welfare Capitalism*, Polity Press, Cambridge.
- Glennerster, H. (1989), 'Swimming against the tide', in Martin Bulmer et al., eds, *The Goals of Social Policy*, Unwin Hyman, London.
- Kelly, Paul (1992), *The End of Certainty*, Allen and Unwin, Sydney.
- Marshall, T. H. (1967), *Social Policy in the Twentieth Century*, second edition, Hutchison, London.
- Mishra, R. (1990), *The Welfare State in Capitalist Society*, Wheatsheaf, London.
- Mowbray, Martin (1995), 'Envisioning the welfare state', *Just Policy*, 2, March, 49-53.
- Piachaud, D. (1989), 'Social policy and the economy - introduction', in Martin Bulmer et al., eds, *The Goals of Social Policy*, Unwin Hyman, London.
- Piachaud, D. (1993), 'Social policy - parasite or powerhouse of the economy', in Peter Saunders and Sheila Shaver, eds, *Theory and Practice in Australian Social Policy: Rethinking the Fundamentals, Proceedings of the National Social Policy Conference, Volume 1: Plenary Papers*, SPRC Reports and Proceedings No. 111, Social Policy Research Centre, University of New South Wales, Sydney, 1-15.
- Pixley, Jocelyn (forthcoming), *Social Policy and Labour Market Attachment: The Concept of Commodification*, draft chapter.
- Pusey, Michael (1991), *Economic Rationalism in Canberra*, Cambridge University Press, Sydney.

- Ringen, Stein (1987), *The Possibility of Politics*, Clarendon, Oxford.
- Roe, Jill, ed. (1976), *Social Policy in Australia*, Cassell, Stanmore, NSW.
- Saunders, Peter (1994a), 'Towards a balanced vision. The role of social goals, social policies and social benchmarks', in EPAC, *Perspectives on Shaping Our Future: Commissioned Studies*, National Strategies Conference Report No. 2, AGPS, Canberra, 101-66.
- Saunders, Peter (1994b), *Welfare and Inequality*, Cambridge University Press, Sydney.
- Shaver, Sheila (1995), 'Wage earners or citizens: participation and citizenship, in P. Smyth, ed., *An Australian Republic. Participation and Citizenship*, Uniya Discussion Papers No. 7, Uniya, Sydney, 41-9.
- Smyth, Paul (1991), *Tbones and Television: Social Policy and Australian Economic Thought 1945-1960*, PhD thesis, University of New South Wales.
- Smyth, Paul (1994), *Australian Social Policy: The Keynesian Chapter*, University of New South Wales Press, Sydney.
- Titmuss, R. M. (1959), *Essays on 'The Welfare State'*, Unwin, London.

Measuring Poverty In New Zealand, 1984-1993

Robert Stephens
Department of Public Policy
Victoria University of Wellington¹

1 Introduction

The paper discusses aspects of a larger study, providing consistent measurement of the incidence and severity of poverty over the period of economic and social restructuring in New Zealand between 1984 and 1993 (Frater et al., forthcoming). Church, welfare and community organisations claim increased poverty and hardship have resulted from: unemployment rising from 3.9 per cent in December 1986 to 9.7 per cent in June 1993; an average 10 per cent cut in social security benefit levels in 1991; the regressive impact of GST; targeted user charges for the social services; and a change from income-related rents to market-based rents for state housing, with targeted housing assistance (Boston and Dalziel, 1992). Greater use of foodbanks; overcrowded and substandard accommodation; increased applications for means-tested Special Benefits; increased family and marital problems; and worsening health standards are cited as confirming evidence of increased poverty and hardship.

Previous studies have used the social security benefit level as a poverty measure (Easton, 1976, 1986). The benefit level was derived from the Royal Commission on Social Security's (1972) research on income adequacy to enable beneficiaries to 'be able to belong to and participate in the wider community'. Over the last twenty years, economic circumstances and social attitudes have altered, and with benefits now set at 'a modest safety net' (Shipley, 1991), a new approach to setting a poverty line was required.

The paper commences with discussion on the use of Focus Groups to establish a consensual based poverty measure, using the 'belong to and participate in' notion of poverty, but related to living conditions and social attitudes of the 1990s. The

1 The research is funded by the Foundation for Research, Science and Technology. Confidentiality requirements of the Statistics Act meant that the statistical analysis has been undertaken by officers of Statistics New Zealand, to the specification of the Poverty Research project team of Mr Paul Frater, business economist (BERL), Mr Charles Waldegrave, social policy consultant (Lower Hutt Family Centre) and Mr Robert Stephens.

next section discusses how the poverty measure was related to Statistics New Zealand's annual Household Expenditure and Income Surveys (HEIS), using equivalent median household disposable income. The incidence, severity and structure of poverty, before and after adjusting for housing costs, for 1993, is discussed, then the household groups which are poor are identified, along with the efficiency of state assistance in reducing poverty. This is followed by an analysis of trends in both income distribution and incidence of poverty from 1984 to 1993.

2 Establishing A Poverty Measure

Most consensual-based (or subjective) poverty measures have used a direct survey technique, asking respondents to relate sufficiency of after-tax income levels to household welfare attainments (Hagenaars, 1986). While this permits democratic values and citizenship rights to enter into the establishment of the poverty level (Veit-Wilson, 1987), as Walker (1987) has noted:

Opinions grounded in ignorance, while interesting in themselves and sometimes valuable predictors of behaviour, have little utility as a basis for policy not least because they are likely to be unstable. (Walker, 1987: 221)

Extensive changes of attitudes to the appropriate level for social security benefit levels in both directions occur when respondents were given information on the actual level of benefits. In Australia, Saunders and Matheson (1992) found that the consensual poverty line was substantially different from the Henderson poverty line, being very high for the first adult, but less generous for additional household members.

Individuals need time to grapple with the complexities of the subject of minimum adequate income, and researchers have to provide respondents with the information they need to make reasoned choices (Walker, 1987). He suggested that:

the consensual definition of a monetary poverty line would be derived from the deliberations of a series of group discussions. Groups, perhaps in the first instance homogeneous with respect to family type and income, would be asked to agree (through a process of negotiation) accepted minimum baskets of goods and services, and hence budgets, based on their own notion of adequacy. (Walker, 1987: 224)

Focus groups provide an alternative method for developing a subjective poverty measure. 'Focus groups are group discussions organised to explore a specific set of issues' (Kitzinger, 1994): in this case, the sufficiency of a household budget that would permit that household 'to survive adequately with minimal participation'. A facilitator provides the definition of the standard of living: adequate survival implies that the family has sufficient income to purchase its own food and clothing, pay for its utilities and rent without going into debt or needing to visit foodbanks or take out special benefits. Meals out, videos, holidays and luxury spending are not possible. Minimum participation means that the family can take part in church, school and local activities, but not visit the pub or cinema.

Focus groups provide a basis for different household types, cultural communities and economic status to develop an interactive view as to the income level required to achieve the defined standard of living. The participants bring their own expertise, knowledge and experience to the determination of living standards. By using existing social networks, a high level of interaction between participants is encouraged, with significant sharing and challenging of experiences and expenditure levels. Each focus group started with their own estimates of budgeted expenditures for normal purchases, and through the process of (downward) negotiation, came to an agreed estimate of expenditure required to achieve the given standard of living.

Focus Group Results

Two sets of focus groups have so far been undertaken; a third set is proceeding, with more household types and locations. The first set was based on single parent households in Porirua (a Wellington suburb), with a mix of interviews and focus group studies. The second set used different facilitators, different Wellington suburbs (Lower Hutt and Wainuiomata), and a wider range of household types, ethnic compositions and income levels. Table 1 shows the household characteristics of this second set, with varying proportions of one and two parent families, reliance upon wages and benefits, housing tenure arrangements, and age of oldest householder. A more generous standard of living of 'fair with adequate participation' was added.

The results in Table 2 show that to achieve the 'adequate survival with minimum participation' standard, Pakeha low income households with two adults and three children would need to spend \$457 per week, while one adult with two children would require \$374 per week. For the larger family, food expenses, for supermarket quality food providing three meals a day, would cost \$100 per week, or almost 22 per cent of total budget. Housing expenses were the largest single

Table 1: Focus Groups: Sample Composition And Characteristics

Characteristics	Maori	Samoan	Pakeha ^(a) low income	Single Parent	Low Wage Earner	Pakeha middle income
Household Size (people)	3-8	2-4	1-4	2-4	3-5	2-5
Two parent families (%)	100	50	30	0	75	100
Main income source						
wages	34	25	40	15	100	100
benefits	66	75	60	85	0	0
Housing						
HCNZ ^(b)	17	75	60	33	50	0
Private rental	17	25	0	17	25	0
Self-owned	66	0	40	50	25	100
Age of H'holder						
20-29	0	50	0	33	0	0
30-39	17	25	14	17	50	14
40-49	50	25	58	33	50	43
50-59	17	0	28	17	0	43
60+	17	0	0	0	0	0

Notes: a) Pakeha is the common New Zealand term for non-Maori.

b) Housing Corporation New Zealand.

Source: Waldegrave and Sawrey, 1993.

item of expenditure at \$150 per week, with this figure being based on actual housing costs for rented accommodation. Sole parent families had the same housing costs, due to Housing Corporation rules requiring separate bedrooms for children of different sexes. This accounts for the relatively high equivalence scale between these two family types.

Participants distinguished between the two standards of living, with the larger family requiring a 46 per cent greater expenditure to achieve the 'fair with adequate participation' standard, and lone parent families 40 per cent. The largest increases in expenditures were for the more luxury items such as activities and recreation, life insurance, clothing and footwear, with a 30 per cent increase in food expenditure for the larger family type. There were also differences in the composition of expenditures between the focus groups, with the Samoan and single parent families having larger food expenditures. Clothing costs were significantly higher for Maori households, single parent households had lower estimates for furniture and appliances, and transport costs were higher for those groups with a greater proportion of members working. Samoans had a larger expenditure on 'exceptional' because of donations to the church and remittances home, and Maori for extended family activities.

Table 2: Estimates Of Necessary Household Expenditures, 1993 Pakeha Low Income Householders

	Adequate Survival with Minimum Participation				Fair with Adequate Participation			
	2 Adults + 3 Children		1 Adult + 2 Children		2 Adults + 3 Children		1 Adult + 2 Children	
	\$	%	\$	%	\$	%	\$	%
Food	100	21.86	70	18.57	130	29.48	80	15.20
Household Operation	10	2.19	10	2.65	20	3.00	20	3.80
Housing	150	32.79	150	39.79	170	25.47	170	32.38
Power	20	4.37	15	3.98	25	3.75	20	3.80
Phone	10	2.19	10	2.65	15	2.25	15	2.80
Transport	40	8.74	30	7.96	75	11.24	55	10.48
Activities/Recreation	25	5.46	15	3.98	55	8.24	35	6.67
Insurance (car, house)	15	3.28	15	3.98	20	3.00	20	3.83
Life Insurance	20	4.37	15	3.98	50	7.49	30	5.71
Exceptional/Emergency	10	2.19	7	1.86	15	2.25	10	1.90
Appliances	10	2.19	10	2.65	15	2.25	15	2.86
Furniture	5	1.09	5	1.33	10	1.50	10	1.90
Medical	15	3.28	7	1.86	15	2.25	10	1.90
Clothing/Footwear	20	4.37	10	2.65	45	6.74	30	5.73
Education	7	1.64	5	1.33	7	1.12	5	0.95
	457	100.00	374	100.00	667	100.00	525	100.00

Source: Waldegrave and Sawrey, 1993.

Table 3 shows that while there were differences in estimates of total minimum adequate income between the different focus groups, the range was fairly small - from \$442 per week for wage earning low income group with two adults and three children to \$491 per week for the single parent low income group, with an average of \$470 per week. The results represent the combined views of some 130 households in two separate areas of Wellington.

3 Setting The Poverty Line

The focus group estimate of a minimum adequate income for two adults and three children in 1993 was used as the basis for setting the poverty line. However, adjustments have been made to make the poverty line suitable for measuring poverty between 1984 to 1993.

- When the focus group results were produced, the latest HEIS data were for the year to March 1991. This year was relatively neutral in regard to policy

Table 3: Summary Results, All Focus Groups: Incomes and Incomes as a Percentage of Equivalent Median Disposable Income

Focus Group	Adequate Survival with Minimum Participation				Fair with Adequate Participation			
	2 Adults + 3 Children		1 Adult + 2 Children		2 Adults + 3 Children		1 Adult + 2 Children	
	\$	%	\$	%	\$	%	\$	%
Maori Low Income	475	60.5	374	65.9	634	80.7	-	-
Samoan Low Income	483	61.5	371	65.3	690	87.8	-	-
Pakeha Low Income	457	58.2	377	66.4	667	84.9	525	92.4
Single Parent	491	62.5	425	74.8	678	86.2	563	99.1
Wage Earning Low Inc.	442	56.2	390	68.7	689	87.7	569	100.2
Pakeha Middle Income	472	60.1	383	67.4	687	87.4	547	96.3
Av. Lower Hutt	470	59.8	386	68.1	674.3	85.8	551	97.0
Porirua(a)	-	-	376	66.2				
Average all	470	59.8	380	67.0				

Note: a) Porirua Focus Groups adjusted from 1 Adult + 3 Children to 1 Adult + 2 Children using Jensen (1988) equivalence scale, and housing expenditures adjusted for a rise in State Housing rentals.

Source: Waldegrave and Sawrey, 1993.

changes in New Zealand - the benefit cuts had been announced but not implemented, and taxation and macroeconomic stance was consistent despite a change of government. The 1993 focus group results were deflated to 1990-91 values, using the Consumer Price Index.

- A relative view of poverty was taken, so that in non-focus group years the poverty measure was adjusted in line with movements in median equivalent household disposable income. Table 3 shows that average 'adequate survival' was 59.8 per cent of median equivalent household disposable income for 1991, giving 60 per cent as the base poverty measure. A lower poverty estimate at 50 per cent is also provided, giving a sensitivity analysis, and more closely related to the 'modest safety net' used in setting the benefit level.
- Stephens et al. (1992) had argued that expenditure provided a better resource based measure of poverty than income. However, only 45.6 per cent of households in the lowest decile by income are also in the lowest decile by expenditure, and although 22.7 per cent are in the next decile, over 10 per cent of the poorest by income are in the top three deciles by expenditure. When equivalent scales are used, only 26.1 per cent of those in the lowest decile by equivalent income are also in the lowest decile by equivalent expenditure. Much of the difficulty relates to the self-employed,

or those with a temporary decline from normal income. Self-employed who declared losses, and those whose expenditure was more than three times their income, were omitted. Poverty estimates are made on both an income and expenditure basis, though the income data is more reliable.

- The Jensen (1988) equivalence scales, which mirror Whiteford's (1985) geometric mean, are used, with a higher child weighting for those over nine years. The focus group results indicated that poorer households never get the chance to accumulate assets when the children are young, and are thus faced with higher costs when children become teenagers.
- Poverty estimates have also been made after adjusting for housing expenditures, partly to measure the impact of changes to low income housing assistance (Stephens, 1994b). Housing expenditures vary on the basis of age, tenure of dwelling and family size. Households with above average housing costs are more likely to be in poverty after housing costs than before, while low income households with relatively low housing expenditures should have a lower incidence of after-housing costs poverty. The approach is to exclude all housing related expenditures from each household's income, and then recalculate the poverty line. Housing costs were rent, mortgage payments, payments to local authorities, property and water rates, mortgage repayment insurance and insurance on buildings.

4 The Incidence And Severity Of Poverty In 1993

Eight inter-related measures of poverty are shown in Table 4. At the focus group determined poverty level - 60 per cent of median equivalent household disposable income - some 10.8 per cent of households in New Zealand were poor, or 13.4 per cent of the population. There are still 4.3 per cent of households, and 5.5 per cent of people, below the modest safety net or 50 per cent level. However, some 21.1 per cent of households, and 20.4 per cent of the population fall below 60 per cent of equivalent household expenditure. Even at the 50 per cent level, 12.9 per cent of households were classified as poor, and 12.3 per cent of the population.

Stephens (1994a) showed that while the incidence of poverty was higher for most households groups on the expenditure measure, the greatest difference was for those over 65. No elderly were poor using the 50 per cent income measure, but 28 per cent of elderly were poor on the corresponding expenditure measure. At the 60 per cent level, the poverty incidence was 15.1 per cent for income and 41.5 per cent for expenditure. Over 60 per cent of the elderly underspend their income, 20 per cent have expenditure and income roughly equal, and only 20 per

Table 4: Incidence And Severity Of Poverty, 1992 to 1993

Poverty Measure	Poverty H'holds	Incidence People	Poverty(a) Reduction Efficiency		Poverty Gap	
			H'holds	People	Mean equivalent \$	Total \$m
50% Expend	12.9	12.3			3624	502.24
50% Income	4.3	5.5	88.2	82.4	1905	87.26
60% Expend	21.1	20.4			4530	1025.95
60% Income	10.8	13.4	73.2	68.4	2656	308.51
After Adjusting for Housing Costs						
50% Expend	16.6	16.0			3808	676.14
50% Income	11.5	13.3	71.1	61.7	3369	335.57
60% Expend	24.1	23.2			4656	1204.39
60% Income	18.5	20.5	58.1	51.3	4169	826.45
Note: a) See text and footnote 3 for explanation.						
Source: Derived from Department of Statistics, 1994.						

cent have expenditure greater than income.² Explanations include poor reporting of expenditures by the elderly; they are a reasonably well-off group; or that the elderly are frightened to spend their income, so that the high poverty incidence on the expenditure measure indicates their actual living conditions.

After adjusting for housing costs, there is substantial rise in the incidence of poverty, especially using the income measure. Many of those with relatively low equivalent incomes also have above average housing expenditures. Some of this represents a deliberate choice decision, with mortgages based on lifetime rather than current income. But most is due to households paying open market rents to both public and private landlords, giving absolute housing expenditures well above average (Stephens, 1994b).

The columns 'Poverty Reduction Efficiency' indicate the effectiveness of social security benefits in reducing the incidence of poverty, assuming no behavioural responses from the transfer payments.³ In the absence of social security payments, the household incidence of poverty would have been 40.3 per cent at

2 Saunders (1994a) produces a similar discrepancy in poverty incidence for the elderly in Australia, and Borsch-Supan (1992) in Germany, and UK DSS (1993) show an equal mismatch of income and expenditure.

3 The formula is (Incidence before social security benefits - Incidence after receipt of social security benefits) / Incidence before social security benefits.

the 60 per cent income level, but fell to 10.8 per cent after receipt of social security benefits, giving a poverty reduction efficiency ratio of 73.2 per cent. At the 50 per cent income level, social security payments are naturally more effective, reducing the household poverty incidence from 36.6 per cent to 4.3 per cent. After adjusting the poverty measure for housing costs, the poverty reduction efficiency estimates are substantially lower.

The severity of poverty, as measured by the poverty gap in equivalent dollars, is greater using expenditure than income. At the 60 per cent income measure, the average poverty gap is \$2656, and the total poverty gap \$308 million, or just 0.4 per cent of GDP. At the lower 50 per cent income poverty level, the total poverty gap is only \$87 million. After adjusting for housing costs, both the mean and total poverty gaps are much larger, rising to \$826 million at the 60 per cent income level, or 8.2 per cent of social security expenditures and 1.09 per cent of GDP.

5 Who are the Poor

Using income as the poverty measure, Table 5 looks at the incidence and structure of poverty by household type, before any adjustment is made for housing costs. Sole parents have the highest incidence, at 46.2 per cent at the 60 per cent level. However, the structure of poverty indicates that they only account for 22.8 per cent of the total poor population. The incidence of poverty is highest for those with children, with the incidence increasing with number of children due in part to the lack of generosity in New Zealand's assistance to low income and large families (Stephens and Bradshaw, 1995), but also because many of those with large families are Maori and Pacific Islanders with lower incomes on average (Income Distribution Group, 1990).

Families without dependent children tend to have a very low incidence of poverty, though single adults make up about 20 per cent of the total poor. There are significant differences in the efficiency of the social security system to reduce the incidence of poverty. The poverty reduction efficiency ratio is above 80 per cent for single and two adult households, which is largely a reflection that the old-age pension is marginally above the 60 per cent poverty level. The efficiency of the social security system falls with number of children, being a very low 27 per cent for two adults with three or more children at the 60 per cent level.

6 Trends In Poverty Through Time

Table 6 shows that the real poverty level, based on the relative measure of 60 per cent of median equivalent disposable income, has fallen by 17.6 per cent, from

Table 5: Structure and Incidence of Poverty, by Household Type: 1992 to 1993 (Income as Poverty Measure)

Household Type	50 Per cent Level			60 Per cent Level		
	Incidence		Structure	Incidence		Structure
	%	PRE(a)		%	PRE	
1 adult	4.2	92.2	20.5	9.1	83.4	17.4
1 adult+children	14.3	82.5	17.8	46.2	46.6	22.8
2 adults	1.2	96.5	9.0	3.7	88.6	10.7
2 adults+1 child	2.8	89.2	4.1	14.0	54.1	8.1
2 adults+2 child	4.1	80.1	9.4	12.4	49.8	11.2
2 adults+3+child	13.9	52.2	23.0	24.1	27.2	15.7
3+adults	1.9	88.5	5.1	4.2	77.1	4.5
3+adults+child	6.1	74.6	11.1	13.3	55.1	9.6
Total	4.3	88.0	100.0	10.8	62.3	100.0

Note: a) Poverty Reduction Efficiency Ratio (see Table 4).

Source: Derived from HEIS (Department of Statistics, 1993).

\$19242 in 1983/84 to \$16366 in 1992/83. The decline in standards of living is similar in the bottom five deciles by equivalent household disposable income, with the ninth decile maintaining its real disposable income and the tenth gaining some 13.5 per cent. This widening of the income distribution has resulted in an increase in the Gini coefficient of inequality from 0.255 to 0.303.⁴

The consequence of this dramatic fall in the poverty level is that the incidence of poverty falls from 13.7 per cent at the higher poverty level to 10.8 per cent in 1993. While this is a correct interpretation if poverty is to be seen in a purely relative sense, it indicates that relative notions of poverty imply rising standards of living. The poor are unlikely to make rapid adjustments to their standards of living during long periods of economic decline and increasing inequality, so that relative poverty measures underestimate the changes in poverty during a recession.

An absolute poverty standard can be devised to show the expected increase in poverty between 1984 and 1993. In 1984, the real poverty line was \$16035 at the 50 per cent level, and in 1993 the real poverty line at the 60 per cent level was an almost equivalent \$16366. Thus in absolute terms, the incidence of poverty more

4 Confirming evidence for this trend in inequality is found in Saunders (1994b) and Mowbray and Dayal (1994), and has resulted in New Zealand having the largest reported increase in inequality amongst OECD countries (Hills, 1995).

Table 6: Trends in the Incidence of Poverty and Real Poverty Line, 1984-93
(Income as Poverty Measure)

Household Type	1983/84	1985/86	1987/88	1989/90	1990/91	1991/92	1992/93
50% Income Level							
1 adult	3.7	3	2.9	2	2.1	3.7	4.2
1 adult + children	11.8	10.7	12	9.5	11.7	9	14.3
2 adults	1.7	1	1.2	1.6	1.7	1.8	1.2
2 adults + 1 child	4.1	2.3	1.7	1.6	3.1	5.6	2.8
2 adults + 2 children	6.6	3.1	3.6	2.8	4.1	7.3	4.1
2 adults+3+children	14	10.1	6.8	5.5	12.7	10.5	13.9
3+adults	1.3	1.2	1.8	1.6	1.1	0.5	1.9
3+adults + children	2.7	3.5	2.1	2.6	6.5	5.2	6.1
Total	4.3	3.1	2.9	2.5	3.7	4.1	4.3
60% Income Level							
1 adult	27.5	31.7	31.2	33.6	25.9	8.6	9.1
1 adult + children	37.8	30.3	32.8	41.8	35.8	48.6	46.2
2 adults	6.4	2.7	7.3	3.8	4	3.4	3.7
2 adults + 1 child	9.3	5.3	7.1	12.4	11	12.3	14
2 adults + 2 children	12.4	8.9	8.9	12.2	13.3	15.2	12.4
2 adults+3+children	28.1	25.6	21.2	20.1	21.8	22	24.1
3+adults	2.7	2.7	2.4	2.8	3.3	1	4.2
3+adults+children	5.5	9.4	6.2	6.3	12.9	8	13.3
Total	13.7	12.6	13.9	14.4	13.7	10.1	10.8
Real Poverty Level (60%)	19242	18533	18861	17966	17612	16510	16366
Gini Coefficient	0.255	0.224	0.253	0.291	0.295	0.291	0.303

than doubled from 4.3 per cent in 1984 to 10.8 per cent in 1993. Using this absolute measure, and comparing 1984 with 1993, the incidence of poverty has increased for all household types. The most dramatic increase has been for lone parents, with a poverty incidence rising from 11.8 per cent in 1984 (50 per cent level) to 46.2 per cent in 1993 (60 per cent level). The increase has not been so dramatic for couples with children, possibly indicating a combination of greater labour force attachment plus the introduction of the targeted family support tax credit in 1986 for low wage families.

With a relative analysis, for most household types there is reasonable consistency in their incidence of poverty through time. For lone parents and couples with three or more children, the incidence at the 50 per cent income level is generally above ten per cent, partly due to low income and partly a response to the relatively low level of assistance given for dependent children. Generally, the poverty incidence is lowest for those without dependent children. At the 60 per

cent income level, lone parents consistently have the highest poverty incidence, with a jump in 1991/2 as the benefit cuts takes the Domestic Purposes Benefit substantially below the poverty level. The poverty incidence for couples with children does not show the same change, due to a greater attachment to the labour force. There is a significant drop in the poverty incidence for single adults. Old-age pensions were maintained in nominal dollar terms, and following the 6.7 per cent fall in the real poverty level between 1991 and 1992 due to the benefit cuts, pensions are now equal to the poverty level.

7 Conclusions

Focus groups have been used to develop a poverty standard which would provide households with a standard of living sufficient to enable them 'to survive adequately with minimum participation' in the wider community. The evidence suggests that this is a more robust method for setting a consensual poverty line than direct survey questionnaires as well as providing information on the adequacy of benefit levels. To measure the incidence and severity of poverty, the focus group poverty line was related to unit record data from Statistics New Zealand's Household Expenditure Survey, after omitting those reporting self-employed losses and with expenditure greater than three times income.

In 1993, 10.8 per cent of households were below the focus group determined poverty line, with sole parents and large families having the highest poverty incidence. A relative standard of 60 per cent of median equivalent household disposable income was used to adjust the poverty standard through time. A sluggish economy, economic restructuring and a ten per cent cut in social security benefit levels resulted in a 17.6 per cent drop in median income, but no measured increase in poverty. When an absolute poverty standard was used, the incidence of poverty more than doubled, from 4.3 per cent in 1984 to 10.8 per cent of households in 1993.

References

- Borsch-Supan, A. (1992), 'Population ageing, social security design and early retirement', *Journal of Institutional and Theoretical Economics*, 148(4), December, 533-57.
- Boston J. and P. Dalziel (1992), *The Decent Society? Essays in Response to National's Economic and Social Policies*, Oxford University Press, Auckland.
- Department of Statistics (1992, 1994), *Consumer Expenditure, 1991, 1993*, Department of Statistics, Wellington.

- Easton, B. (1976), 'Poverty in New Zealand: estimates and reflections', *Political Science*, 28(2).
- Easton, B. (1986), *Wages and the Poor*, Allen and Unwin, Wellington.
- Frater, P., R. Stephens and C. Waldegrave (forthcoming), *Micro and Macro Measures of Poverty in New Zealand, 1984-1993*, BERL, Wellington.
- Hagenaars, A. (1986), *The Perception of Poverty*, North-Holland, Amsterdam.
- Hills, J. (1995), *Inquiry into Income and Wealth, Vol. 2*, Joseph Rowntree Foudation, York.
- Income Distribution Group (1990), *Who Gets What? The Distribution of Income and Wealth in New Zealand*, New Zealand Planning Council, Wellington.
- Jensen, J. (1988), Income Equivalences and the Estimation of Family Expenditures on Children, mimeo, Department of Social Welfare, Wellington.
- Kitzinger, J. (1994), 'The methodology of Focus Groups: the importance of interaction between research and participants', *Sociology of Health and Illness*, 16(1), 103-21.
- Mowbray, M. and N. Dayal (1994), 'The Fall and Rise (??) of Household Incomes', *Social Policy Journal of New Zealand*, 2, July, 114-22.
- Royal Commission on Social Security (1972), *Social Security in New Zealand*, Government Printer, Wellington.
- Saunders, P. (1994a), Personal Memo and Calculations.
- Saunders, P. (1994b), 'Rising on the Tasman tide: income inequality in New Zealand and Australia', *Social Policy Journal of New Zealand*, 2, July, 97-113.
- Saunders, P. and G. Matheson (1992), *Perceptions of Poverty, Income Adequacy and Living Standards in Australia*, SPRC Reports and Proceedings No. 99, Social Policy Research Centre, University of New South Wales, Sydney.
- Shipley, J. (1991), *Social Assistance: Welfare that Works*, GP Print, Wellington.
- Stephens, R. (1994a), *The Incidence and Severity of Poverty in New Zealand, 1990-91*, GSBGM Working Paper 12/94, Victoria University of Wellington.
- Stephens, R. (1994b), *The Impact of Housing Expenditures on the Incidence and Severity of Poverty in New Zealand*, GSBGM Working Paper 11/94, Victoria University of Wellington.
- Stephens, R. and J. Bradshaw (1995), 'The generosity of New Zealand's assistance to families', *Social Policy Journal of New Zealand*, 4, July.
- Stephens, R., P. Frater and J. Ward (1992), *A New Zealand Poverty Measure*, BERL, Wellington.
- Veit-Wilson, J. (1987), 'Consensual approaches to poverty lines and social security', *Journal of Social Policy*, 16(2), 183-211.

- Veit-Wilson, J. (1987), 'Consensual approaches to poverty lines and social security', *Journal of Social Policy*, 16(2), 183-211.
- Waldegrave, C. and R. Sawrey (1993), *Minimum Adequate Income: Focus Group Study, Part I and Part II*, Social Policy Unit, The Family Centre, Lower Hutt.
- Walker, R. (1987), 'Consensual approaches to the definition of poverty: toward an alternative methodology', *Journal of Social Policy*, 16(2), 213-26.
- Whiteford, P. (1985), *A Family's Needs: Equivalence Scales, Poverty and Social Security*, Research Paper No. 27, Department of Social Security, Development Division, Canberra.