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SPRC Newsletter

SOCIAL POLICY RESEARCH CENTRE No. 41 JUNE 1991 FREE. EDITOR: JENNIFER YOUNG

WHO NEEDS HOW MUCH?

BY BRUCE BRADBURY

This simple question lies at the heart of a large number of economic and social policy questions. Typically, researchers have attempted to answer it by the creation of family equivalence scales. Despite their importance, these scales remain only poorly understood by many policy makers and researchers. This article presents a short overview of the key issues and unresolved problems associated with equivalence scales, and outlines the direction of current SPRC research in this area.

WHAT ARE EQUIVALENCE SCALES?

Family equivalence scales are numbers which indicate the relative amounts of income required by families of different compositions to attain the same level of economic well-being. These scales reflect both the characteristics of individuals in the household (children need less than adults) and economies of scale from sharing ('two can live more cheaply than twice one'). Among other applications, such scales are implicit in the rates of payment set for various income support payments. Over the last 15 years, for example, the rate of pension for married couples has been set at 1.67 times the rate for single adults.

equivalence scales describe the results of the economic theory of need

The concept of an equivalence scale, however, need not be limited to differences of family composition. Exactly the same conceptual issues arise with many other issues concerning monetary compensation for persons of different characteristics. Other examples include questions of how to compensate disabled people for the extra costs associated with labour force participation, or how to determine regional differences in income support or taxation policies. In essence, equivalence scales describe the results of the economic theory of need.

This, in a nutshell, is why equivalence scales are of central importance to social policy. Despite its elusiveness, the concept of 'need' is central to policies where some judgement of fairness or equity is desired. Equivalence scales provide a means of summarising an, admittedly very simplified, picture of relative needs. As such they figure in a wide range of research and policy applications, particularly in the fields of poverty research, income support and taxation policy.

POVERTY MEASUREMENT AND INCOME SUPPORT POLICY

All estimates of poverty make some, implicit or explicit, assumption of the relative needs of different family types. The equivalence scales that summarise these relative needs are thus an integral part of any such poverty calculation. If we know the income level below which a particular family type is 'poor' (obviously a considerable judgement in itself) then the poverty incidence among some other type of family will directly reflect the equivalence scale chosen. The more we assume the relative needs of the second family to be, then the higher the incidence of poverty among this family type.

The choice of equivalence scale is thus absolutely crucial when comparing poverty rates among families of different composition. For example a conclusion that "poverty rates are relatively high among families with children" is totally dependent upon the equivalence scale assumed. With the same information about incomes, but a different equivalence scale, we could equally conclude that poverty is relatively *low* among families with children. The use of an appropriate equivalence scale is thus crucial.

These same implications carry over into income support policy. Certainly need is not the only criterion used to set relative rates and conditions of payments between different family types. Labour supply and savings incentives are also important, as may be the extent of political mobilisation of particular groups, social values about particular 'deserts', as well as policies to favour families with children in order to foster social investment in the next generation.

Nonetheless relative need is a central concept in determining payment levels, particularly in 'residual' welfare state systems as in Australia. This was

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probably nowhere better illustrated than in the Family Package of income support policy changes introduced following the Social Security Review. Whatever we may think of the Prime Minister's commitment to 'end child poverty', poverty research and the evidence of studies of equivalence scales were clearly a major factor in the Hawke government's decision to significantly increase the rates of pension and benefit for families with children.

INCOME INEQUALITY AND TAXATION POLICY

Equivalence scales also have a role to play in the measurement of income inequality and in the development of equitable taxation policy. In both cases the relationship between incomes and welfare levels may be expected to vary across different family types, making it inappropriate to treat all families (or individuals) identically.

Here however, where we are attempting to describe needs across the whole range of family incomes rather than just for families at minimum income levels, the conceptual basis of equivalence is much more complicated, and firm conclusions are much harder to derive. Moreover these conceptual issues strike to the heart of the question of whether we can sensibly define equivalence scales.

THE SCOPE OF EQUIVALENCE

The basic definition of an equivalence scale is the relative amount of income required (on average) by one family type to attain the same standard of economic well-being as a family of some other composition. The key issue in this definition is how to define well-being. In particular, should we restrict attention to the goods and services consumed by families, or should we also incorporate the fact that family composition *itself* may contribute towards well-being?

Parents, for example, usually choose to have children, and so we might conclude that they are (usually) happier when they have them, even if their income has not increased. Similarly, many people choose to live alone rather than share with others, despite the extra costs that this entails. The use of a broad concept of welfare would thus suggest that there is no equity-based argument for the compensation of families with children, or for higher per-capita rates of payment to single person households.

should we also incorporate the fact that family composition *itself* may contribute towards well-being?

There are a number of problems with such a broad concept however. First, the welfare stemming directly from family composition may differ between family members. Thus whilst the presence of children may increase the welfare of parents, the welfare of the children will be more related to the presence of parents. On average, however, we can expect that the consumption of goods and services will be shared across all members of the family according to the social norms of intra-family resource allocation.

Perhaps of even more general importance, the goal of social policy may be to be neutral towards family and household formation. Thus whilst single person households may be able to benefit from economies of scale by sharing with others, social norms may suggest that policy should not create economic pressures for this to take place. Thus single pensioners may be paid more than married couples (per person) so that they are not forced to have a lower material standard of living if they choose not to share. Indeed, the option of economising on some costs (e.g bedrooms!) may not always be available to single persons.

It seems clear that such a composition-neutral goal is well accepted in the income support systems of most countries. Hence equivalence scales defined over the consumption of goods and services will be relevant to such policies.

For the analysis of income inequality, and of the family related aspects of taxation policy, this issue is less clear. Consider, for example, middle income couples who choose to have children. Whilst their children do not receive any direct benefits of 'parenthood', their material standard of living will generally be still above that of children in families reliant upon income support. To compensate such families (e.g. through family allowances) fully for the cost of children would imply a desire to equate the equivalent consumption of children with that of adults generally. It is not clear why this should be the case.

This however does not mean that there is no equity justification for general family payments such as family allowances. Rather, the justification for these policies is a more complicated issue, and must rest upon such factors as the savings and fertility constraints facing parents, national population goals, intra-family equity between spouses, and possibly goals for equity among children.

ESTIMATING EQUIVALENCE SCALES: AN EXAMPLE

Whilst the equivalence scales implicit in social policies have in the past generally been established in an ad hoc fashion, policy makers are increasingly turning to estimates made by researchers.

As a consequence, the theory and estimation of equivalence scales is an on-going part of the SPRC's research agenda. Of the different methods used to estimate equivalence scales, the most prominent has been through the examination of the expenditure patterns of different families. However these comparisons are never straight forward.

An idea of some of the difficulties involved in interpreting expenditure patterns can be gained from a simple example.

Even after the Family Package reforms of the late 1980s, there has been continuing debate about the relative levels of pension paid to sole parents. In the Australian pension system sole parents are paid the basic single rate of pension, child allowances, plus a mother's/guardian's allowance (MGA) which reflects the additional costs faced by a single parent family. Whilst allowances for children were increased significantly with the Family Package, MGA was not increased (though it has subsequently increased with indexation).

As the figure shows, the relative value of MGA has declined dramatically since its inception, from 19 per cent of the basic rate of pension in 1973 to only 9 per cent today. As a consequence, the incomes of sole parent pensioners have declined relative to other pensioners with children.

This fact of itself does not create a case for an increase in the level of MGA, unless we can consider the legislators in 1973 to have had some special insight into the living costs of sole parent families. Of more relevance however, is the fact that comparison with a range of equivalence scales suggests that sole parents are relatively disadvantaged in the Australian pension system.

However, little of this equivalence scale research has used Australian data, and most of the research has been based upon quite restrictive assumptions. Hence it would be of great policy relevance to make some judgement of the relative living standards of sole parents and other pensioner beneficiary families with children.

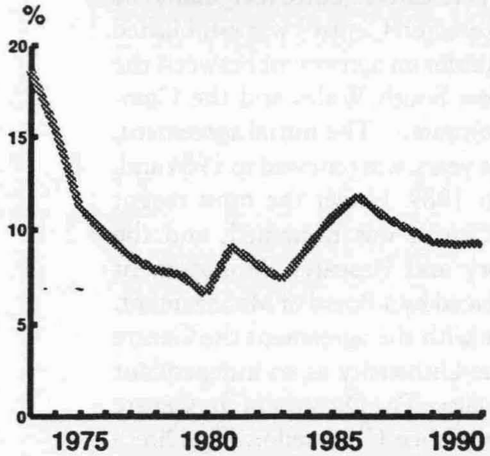
One relatively straightforward way of doing this is to try to gain some information on the relative levels of *child consumption* in the two family types. This is of particular relevance to any goal of combating child poverty.

Expenditures on Children's Clothing in Pensioner/Beneficiary Families

Family Type	Mean Expenditure ($1989-90/wk) 1984	1988-89
Sole Parent	$6.10	$5.30
Married Couple	$5.10	$3.60

Note: Mean expenditures estimated for single income unit pensioner/beneficiary households with one child aged 10 years (from a regression model including number and average age of children).

In general, however, most goods purchased by families are jointly consumed by all members, and so it is very difficult to separately identify the consumption of individual members. For some goods, however, we can make sensible statements as to the likely consumers. Thus expenditures on children's clothing and toys may be sensibly treated as part of children's, and only children's, consumption. *If* we can assume that these items form a constant fraction of total children's consumption in the different family types, then expenditure on these goods can be used to determine the relative living standards of children in different types of pensioner/beneficiary families.



The table presents some information on total expenditures on children's clothing and footwear in pensioner/beneficiary families with children aged under 15. The sources of the data are the unit record files from the 1984 and 1988-89 Household Expenditure Surveys conducted by the ABS. In both years the surveys indicate that sole parent families spent more than couples on children's clothing.

Does this mean that the consumption levels of children are actually higher in sole parent pensioner households? Not really. First, the differences between sole parents and couples shown in the table are not statistically significant (either separately or when pooled). Without surveys directed specifically at low income households (or without the over-representation of such households in more general surveys) small sample sizes are bound to continue to make such comparisons very difficult.

Secondly, however, even if these differences were statistically significant their interpretation is not straight-forward. These issues of interpretation are worth elaborating, as they reveal some of the complexities of using expenditure behaviour to describe welfare levels.

The key question is whether the relationship between total child consumption and the consumption of 'pure child' goods such as children's clothing might be systematically different in the two family types. One reason is that in two adult families, goods shared by all family members (e.g. many consumer durables) are 'cheaper' in the sense of providing more units of service flow per unit of expenditure. Economic theory suggests that this might lead to a substitution away from pure child goods towards such 'family goods' in families with two adults. To put this argument another way, a family with more members may be more likely to spend its money on goods that can be shared by all, than on goods to be used only by individuals.

Thus if total child consumption includes both pure child goods as well as family goods, we should expect that sole parent families will have higher expenditures on child goods even when total child consumption is the same in the two family types. Without some estimate of the likelihood of this substitution effect simple estimates such as that given above are of limited use, though in the present case the effect of such biases is likely to be less than the errors introduced by the small sample size.

In general, such issues of substitution and interpretation will always be a part of research into equivalence scales, and so we can never expect any simple, conclusive answer. This is perhaps inevitable, given the centrality of equivalence scales to the question of need and of equitable social and economic policy. But it is this centrality that motivates the continuing research at the SPRC and elsewhere into the equivalence scale question.

The Social Policy Research Centre (originally the Social Welfare Research Centre) was established in January 1980 under an agreement between the University of New South Wales and the Commonwealth Government. The initial agreement, for a period of five years, was renewed in 1984 and, most recently, in 1989. Under the most recent agreement the Centre was re-named, and the existing Advisory and Research Management Committees replaced by a Board of Management.

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

The Centre undertakes and sponsors research on important aspects of social policy and social welfare; it arranges seminars and conferences, publishes the results of its research in reports, journal articles and books, and provides opportunities for post-graduate studies in social policy. Current research areas cover poverty, inequality, and standards of living; social security, taxation and the labour market; the welfare state; and community support services for the frail elderly and younger people with disabilities.

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

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FROM THE DIRECTOR

SOCIAL POLICY RESEARCH CENTRE

The Social Policy Research Centre is extending itself in more than one way. Firstly, we are widening our research agenda, and secondly, we are moving to a larger work space on the University's main campus.

NEW RESEARCH

New areas of research are opening in the Centre. A grant of $100,000 from the Department of Community Services and Health will enable us to broaden the research program of the Centre in a variety of directions. Specific projects have yet to be determined, but we have three areas in mind.

One is the development of indicators of well-being appropriate to policy areas such as health and housing conditions. The objective is to establish a range of indicators which, together, will provide a truer picture of living standards than do indicators of income alone.

A second is to project the socio-economic conditions of the aged. The work will provide a framework for identifying the needs of the future aged population and for examining the longer-term impacts of policy.

The third area concerns housing and disability, and the implications of problems in the availability and cost of appropriate housing for social integration and participation of people with disabilities.

Another new research project now getting underway is Sol Encel's study of Older Workers, the Labour Market and Social Policy. The study will concentrate on those people who have maintained some commitment to working life after the normal retiring age or after early retirement. The pilot stage of this project will be financed by a grant from the AMP Society.

A NEW LOCATION

We are also growing in the more physical sense of research space and facilities. By the time you receive this we will have moved to our new premises on the main University campus. We are now located on Level Three of the University's New Research Building, just inside Gate 11 on Botany Street.

Space has been a problem since the earliest days of the Centre, and in recent years has put real limits on both the research we can do and the broader ways in which we can serve the social policy community.

The new premises provide better working conditions for staff. For the social policy public we now have a larger Library and Publications Section. A large and flexible conference room will enable us to open our research meetings to wider audiences. On-campus location will keep us in touch with University scholarship in the many disciplines informing social policy.

SPRC SCHOLARSHIP

The Centre is a great place to do postgraduate research, and a scholarship supporting full-time study is available from the start of Session Two. The Centre is pleased to have Ph.D. students in any field of social policy. In addition to supervision (arranged jointly with the relevant University teaching department), the Centre offers working space, access to all research facilities, and membership in its scholarly community. Details are given on page 11 of the Newsletter.

STAFF

■ Anthony King joined the Centre in April as Senior Research Fellow to take charge of the research program in Social Security, Taxation and the Labour Market. Anthony was previously with the National Institute of Economic and Industry Research in Melbourne.

■ Dympna Kava is now assisting Cathy Boland with fieldwork on the study of Child Health and Socio-economic Factors. Dympna has extensive practical experience in the health services.

■ Helen Studencki is providing part-time research assistance to Sol Encel on his study of Older Workers, the Labour Market and Social Policy. Helen has previously worked as research assistant both with Sol and with Mira Crouch of the School of Sociology.

■ We look forward to having Peter Saunders, Director of the Centre, back from study leave in mid-June. Peter has lately been Visiting Professor in the Department of Social Policy and Social Work at the University of Manchester.

VISITORS

■ Jane Lewis, Professor in the Department of Social Science and Administration at the London School of Economics, visited the Centre in April. Jane is known for her research and writing on women's history and social policy. She was the recipient of an Association of Commonwealth Universities Development Fellowship, sponsored by Deakin University.

■ Christine Cheyne of the Department of Social Policy and Social Work, Massey University, joined us briefly in May. Christine's areas of interest are social policy concepts and theories, the history of the welfare state and public sector reform.

Sheila Shaver
Acting Direcror

Social and Economic Inequality Research Project

The Social Policy Research Centre and the Centre for Applied Economic Research at the University of New South Wales are currently undertaking a three year project into economic and social inequality in Australia. The researchers involved are Peter Saunders, John Nevile, Phil Raskall, Robert Urquhart and Judy McHutchison.

The project, funded by the Federal Government, the AMP Society and the Sidney Myer Foundation, aims to bring together (and identify gaps in) the knowledge about the extent of income and social inequalities in Australia, the causes of these inequalities and the impact of government programmes on them, within a coherent and co-ordinated framework.

Specifically, the research agenda will examine the extent of monetary inequality and the directions it is moving within Australia as well as in comparison with overseas. In addition, the provision of non-monetary (in-kind) benefits through the public sector in the form of the social wage and the private sector in the form of fringe benefits will be examined.

the social wage and fringe benefits will be examined

This study will link such economic inequality to social inequality through consideration of the consequences in health, education, housing and other social dimensions. Similarly the complex interaction of such social dimensions on current and future economic inequality will be examined.

The project will analyse the range of factors contributing to inequality, including the influence of inequality in earnings and the effect of gender, ethnicity and education with extension of analysis within a life-cycle framework.

Such work will enable consideration of the impact of government decisions, and explicit redistributive policies as well as general economic philosophies. For instance, the impact of economic, industry and social policy decisions on inequality in Australia will be able to be evaluated, across its various dimensions.

In so doing, the work should serve to link analysis of inequality with issues fundamental to contemporary debate over the nature of the public sector (through both the welfare state and its influence over the labour market) as well as areas of immediate relevancy to the community.

As part of this process, the project will be holding a conference on July 8–9 at The University of New South Wales (see page 12).

Universality and Selectivity of Income Support: An Assessment of the Issues

A project titled *Universality and Selectivity of Income Support: An Assessment of the Issues* has recently been undertaken by Sheila Shaver and Marina Paxman. It is a comparative research project on the redistributive impact of the welfare state.

The welfare state, though an established feature of post-war developments in most industrialised western countries, remains controversial. An assessment of the issues is timely given rising unemployment and the breakdown of western post-war settlements between labour and capital in many countries.

A rightward shift in politics and ideology now stresses the importance of market efficiency, privatisation and the liberty of the individual. A retreat from the welfare state is on the agenda in many countries, shown in cutbacks in government spending on welfare programs and closer targeting of benefits. At the same time there is growing concern about a rising incidence of poverty, a higher proportion of which is found among persons of working age than in past periods.

the crucial question is, which instruments and practices of social policy have been most effective in promoting equality?

There is a fundamental conflict between the ideals of social reform and the capitalist free market economy. Esping-Andersen (1985) suggests that for this reason welfare state principles and social reforms aimed to achieve a more equitable society will always be vulnerable. State intervention is seen as a means to countervail the social injustices and inequalities in wealth, income and power generated by the market economy.

The crucial question is, which instruments and practices of social policy have been most effective in promoting equality? Saunders has written that the provision of cash transfers, have been almost totally responsible for the changes in income distribution, which governments have brought about in OECD countries.

The choice between universal and selective social security systems is com-

Continued Page 7 ▶

plex, because each has different consequences for the survival of the welfare state and the level of benefits.

The classic debate in the social policy literature opposes universal and selective principles for the allocation of income support. The *universalists* stress the availability of benefits to all as a basic social right, and the use of contributory social insurance to provide additional earnings-related benefits. This approach is most closely associated with Scandinavian countries. Running counter to this are the *selectivists*, who stress the importance of targeting benefits to go to the most needy. Australia provides one of the clearest examples of selectivist social policy.

An argument used to support selectivity is that benefits are directed more progressively thus having a greater impact on reducing poverty. Redistribution depends not only on the degree to which social expenditure is targeted but also on its overall level.

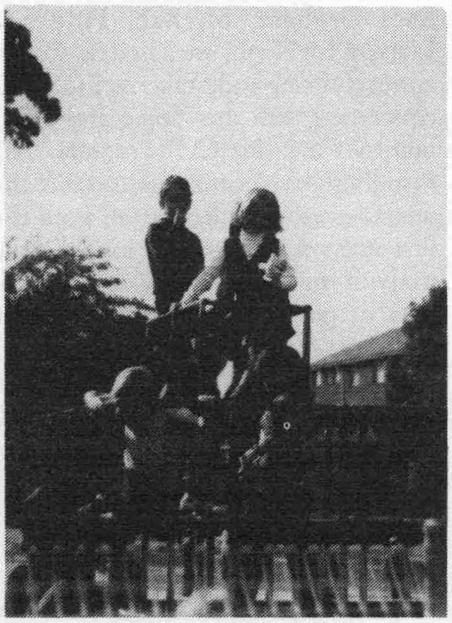
Over the long term welfare policies providing a minimalist safety net, with an emphasis on poverty alleviation, may actually undermine broad based public support, hence political support, for social security. Thus in the long term the result of selectivist social policy may be more, not less, inequality.

It has been argued that a generous universal system may achieve greater poverty reduction, redistribution and less inequality, if the benefit is higher, than a means tested payment. Universal benefits enjoy greater community support, confer less stigma and secure increased take-up.

This project will attempt to assess the issues of equity (redistribution) and efficiency (incentives) by comparing the universal and selective approaches to income support in a number of countries. The study will review literature on public opinion and support for income security programs, evidence of stigmatisation of recipients, and impact on take-up of benefits. Data from the Luxembourg Income Study (LIS) will be used to evaluate the redistributive impact of different social security programs. As Saunders emphasised, it is crucial to see if there is a relationship between the quantum of redistribution and the form of the transfer.

Notes from the Field

Researchers on two Centre projects, *Child Health and Socio-Economic Factors* and *Single Parent Families and the Use of Community Services*, have been exploring, theoretically and literally, the social worlds of children and their families, and the services they use. Field work is now well underway on these combined projects. The researchers are Cathy Boland, Adam Jamrozik and Dympna Kava.



▲ *Young climbers — how far to the top?*

THE SOCIAL WORLD OF CHILDREN

The main task prior to conducting interviews has been to identify and assess the social and environmental factors relating to a number of local government areas in Sydney and how these relate to children and their social worlds. To achieve this task the research project relies in part on an analysis of Census data for construction of a Vulnerability Index. From the initial analysis of these data, it soon became apparent that there are many different social worlds that children inhabit; our main research question at this stage of the project is, what is life like for children in different socio-economic areas in Sydney?

We are using a broad concept of the social world of children as a basis for creating an understanding of their health status, and the functioning of families. We are interviewing parents, generally in their homes, and we are asking them about their children's medical history, how they perceive their children's health, the services families use, and what they think of them.

PROJECT OBJECTIVES

The objectives of these projects are fourfold. Firstly we intend to map out spatial distributions of child health and related services, and referral networks where possible. We will compare these with Census data on the distribution of the relevant population in five local government areas in the Sydney Metropolitan area. The second objective is to identify and assess the factors which facilitate or inhibit service use by families.

Thirdly, we will construct a 'Vulnerability Index' for the Sydney metropolitan area using the findings in the first two objectives. Our final objective is to draw from the analysis of findings implications for the administration and service delivery of child health and related services.

The project will lead to a better understanding and appreciation of factors in service provision and methods of service delivery with the aim of improving the effectiveness of services, especially in educational and preventive aspects of health and other services. It has particular relevance to single parent families, families of low socio-economic status, and those living in geographically isolated areas.

PROJECT FUNDING

The Child Health and Socio-Economic Factors project is funded by the Research and Development Grants Advisory Committee of the Department of Community Services and Health. Funding for the project has been $19,000 for 1990, and $35,000 for 1991. The projects will be completed in the latter half of 1992.

NEW PUBLICATIONS

SOCIAL POLICY RESEARCH CENTRE

The Planning and Delivery of Community Services in the 1990s

SPRC Reports and Proceedings No.90

EDITED BY MICHAEL FINE

The papers collected in this volume were presented at a conference organised jointly by the Centre for Australian Social Policy Analysis (Phillip Institute of Technology, Melbourne) and the SPRC (University of New South Wales) in November 1990.

The Conference was opened by the Minister for Community Services and Health, Brian Howe, who emphasised the challenges facing the community services sector during the 1990s. His paper draws attention to the demographic and social changes in Australian society, to the Government's social justice policy and its concern with locational disadvantage, and to the developing relationship between the Commonwealth, the States and Territories and local government.

Several of the papers deal with the social justice issues raised by the Minister. Sue Jackson considers the factors affecting the planning and delivery of services. Sheila Shaver discusses the challenges raised by citizenship and community in the funding of community services. One paper deals particularly with the locational issues raised by the Minister. Tony Dalton and Kevin McDonald set out a challenging analysis of Australian cities as sites for the generation of social problems.

The remaining papers, presented by Sara Graham, Michael Fine and Marilyn McHugh, are based on studies currently being undertaken at the SPRC concerned with the Home and Community Care (HACC) Program. The first discusses planning issues while the second presents information from the first stage of a three-year longitudinal study of the support provided to a cohort of people with disabilities, the majority of whom are elderly.

Results indicate that the HACC program, which aims to allow such people to remain in their own homes, depends more on the assistance provided by family members, especially spouses and daughters, than on the formal services available in the community. However, both are necessary for a successful outcome.

Australia's Owner-Occupied Housing Wealth and Its Impact on Income Distribution

SPRC Reports and Proceedings No.92

JUDITH YATES

This Report uses data from the 1988 Household Expenditure Survey to determine the value of gross and net owner-occupied housing wealth in Australia and to examine the impact that the income derived from this wealth has on the distribution of household income in Australia. The study provides the first attempt in Australia to implement a recommendation made by the United Nations in 1977, to add imputed income from owner-occupied housing to primary income to give a measure of total household income for use in income distribution statistics.

The Report is concerned with the methods used in estimating imputed income from housing as well as presenting results which show the effects of the calculations on income distribution using a number of variables: primary income, tenure, age, and household composition. All of these variables are shown to alter the membership of income quintiles.

The conclusions which can be drawn from the study indicate that owner-occupation has a significant impact on the well-being of many housholds but that the eventual benefit may be obtained as a result of significant initial costs for households forced to face high initial outlays as home-purchasers.

An Ever-Rising Tide? Poverty in Australia in the Eighties

Discussion Paper No.30

PETER SAUNDERS
& GEORGE MATHESON

As in many other countries, the eighties have seen the re-emergence of poverty as a political issue in Australia. Rising unemployment and the increased incidence of sole parenthood have put more children at risk of poverty, a development which has prompted increased policy concern.

This paper presents estimates of the incidence and structure of poverty in Australia in 1981-82, 1985-86 and 1989-90, using the poverty standard developed by the Poverty Commission in the seventies. The estimates for 1989-90 are based on data generated from the 1986 Income Distribution Survey by a microsimulation model that allows for trends in demographic change, labour market participation and income during the second half of the eighties. The results indicate that the overall poverty rate has increased from 9.2 per cent in 1981-82 to 12.8 per cent in 1989-90. This is despite the fact that the incomes of many low income groups have increased in real terms, in many cases substantially.

The reason for this apparent paradox is that the poverty standard is a relative one, and has thus itself been increased in line with average community incomes. One of the conclusions of the paper is that it may be necessary to reconsider the use of a relative poverty standard when assessing short-run trends in the extent of poverty.

The Welfare State and Unemployment Policies in Denmark and other European Countries

SPRC Reports and Proceedings No.91

JØRGEN ELM LARSEN

This report is by a Visiting Scholar to the Centre who has studied poverty, employment policies and unemployment in the Danish welfare state. It presents an account of the critical ideas and methodologies currently informing Scandinavian social policy debate.

Larsen describes Danish social policy concerning employment and the changing labour market; measures for unemployment compensation and the adequacy of support for the long-term unemployed; and active employment strategies such as education, the unique Job Offer Scheme and other policies of transition to early retirement.

He compares Danish social provision, with its dependence on income support, with other policies, such as the Swedish variety which relies strongly on more active employment strategies. He then argues that Danish society is increasingly divided between the majority who enjoy stable employment and good living conditions, and a minority who have been marginalised from the labour force and whose standard of living is becoming impoverished.

SUBSCRIPTION RENEWAL

The current Subscription Series (No. 5) will expire after the publication of SPRC Reports and Proceedings No.93. Readers are invited to subscribe now for the next series (No.6). The 6th Subscription Series will comprise 15 publications (SPRC Reports and Proceedings and SPRC Research Resource Series) and is offered at the special price of $120.00. Beginning with Reports and Proceedings No.94, individual copies of SPRC Reports and Proceedings and Research Resource Series will be priced at $9.00.

If you wish to take advantage of this offer, please complete the order form.

PUBLICATIONS ORDER FORM

New SPRC Publications. The following SPRC publications are now available.

SPRC REPORTS AND PROCEEDINGS

No.90 Michael Fine (ed.) **The Planning and Delivery of Community Services in the 1990s**, (Proceedings of a Conference held in Melbourne, 23 November 1990), May 1991,77pp.$8

No.91 Jørgen Elm Larsen, **The Welfare State and Unemployment Policies in Denmark and Other European Countries**, May 1991, 60pp. $8

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BOOK REVIEW

SOCIAL POLICY RESEARCH CENTRE

Inequality in Australia. Slicing the Cake

JAN O'LEARY AND RACHEL SHARP (EDS)

Melbourne: Octopus Publishing/ William Heinemann,
pp.xxvi plus 338, 1991.
Price: $19.95
Reviewed by Peter Saunders

Given the importance of its subject matter, this is a very un even and on the whole disappointing collection of readings. It is to be commended for adopting such a broad approach to inequality, with chapters covering the global economy, the labour market, taxation, education, health, housing, the media and the legal system. However, readers unfamiliar with these various aspects of inequality will find much of their treatment confusing, while those more familiar with the literature will find much of what is written to be inaccurate and annoyingly ideological.

Unfortunately, many of the worst features of some of the subsequent papers are displayed in Rachel Sharp's Introduction. Here we encounter for the first time (but not the last - the error is repeated in several later chapters) the claim that living standards have fallen during the 1980s (or is it since the election of the Hawke government in 1983 - the distinction is not made clear, even though it is important).

Although Sharp makes no attempt to define what is meant by living standards, (on virtually any meaningful definition, all the evidence indicates that living standards have risen **not** fallen) since 1980 (or 1983). Sharp's essay makes no attempt to distinguish between inequality and inequity, the two terms being used interchangeably. At the very least there is a need to discuss the normative basis for this and to make the reader aware of what that normative position is. Finally, Sharp's claim that "Australia's income distribution is one of the least egalitarian in the industrialised world" must be based on evidence of which others working in the field are not aware.

Trainer sees the increase in material living standards as a problem whilst others claim that living standards have fallen

The same general tone and level of analysis and argument appear in several later chapters. Errors of fact and misinterpretation abound, including such incorrect claims as the high proportion of part-time, casual and/or contract jobs created under the Hawke government (Chapters 2 and 3) and the statement in Chapter 10 by Lynne Davis that "one of the earliest acts of the Hawke government" was the introduction of family income supplement (the legislation for which was in fact introduced and passed by the Fraser Government). Anne Junor's chapter on Education contains too many unproven (and unprovable) assertions to be able to detail here. Finally, unwary readers should be warned that Figures 14.1 and 14.2 on pages 324 and 325 have been interchanged.

There are, however, some useful contributions, particularly the chapters by Connell and Yates and Vipond. Others, including those by Fagan and Bryant on the international economy and by Lawrence on the agricultural sector make interesting reading, although their relationship to the book's main theme is somewhat tenuous.

Rick Krever's piece on progressive taxation is also interesting, although I am not convinced by his view that **overall** income tax progressivity has declined since 1983. Finally, Ted Trainer's chapter on a green perspective on inequality makes for a very stimulating, provocative and highly recommended read. (It is interesting, however, that Trainer sees the **increase** in (material) living standards as a problem - perhaps **the** problem - whilst others, as already noted, claim that living standards have **fallen**.)

When it comes to solutions, several authors reveal how far they seem removed from contemporary reality. For example, Barlow sees investment planning as providing access to permanent work and a decent standard of living for all while avoiding environmental problems, and Trainer sees no problem in arranging social living in order to avoid unemployment and poverty in local communities. Finally, Junor sees the democratisation of education (whatever that means) as "a necessary, if not a sufficient, condition for bringing about social equality". No wonder the economic rationalists have captured the public policy agenda in Australia in the last decade!

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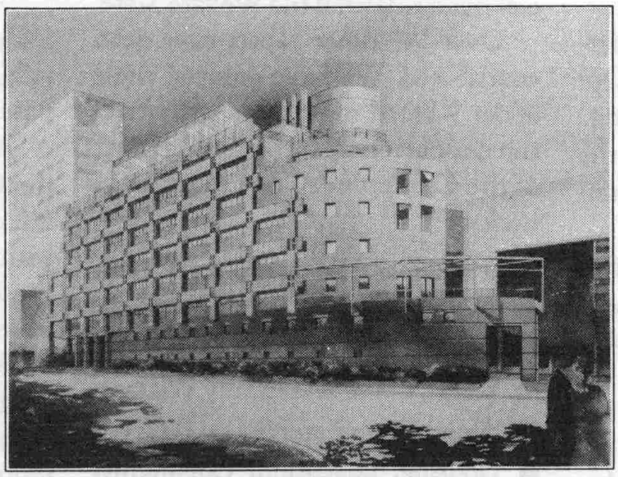
The Social Policy Research Centre is now located on Level Three of the University's New Research Building.



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Support is available for a well qualified student from the beginning of Second Session. The scholarship is equivalent in amount and conditions to the Commonwealth Postgraduate Research Award. Students are full members of the Centre and have generous access to Centre facilities including computers and social policy data sets. The opportunity exists to undertake a small amount of paid research work at the Centre, up to the limits specified under the scholarship.

The Centre was established in 1980 under an agreement between the University of New South Wales and the Commonwealth Government, and operates as an independent unit within the University. Staff of the Centre have backgrounds in a range of academic disciplines including anthropology, economics, geography, health administration, history, political science, social work and sociology. The Centre undertakes research into all aspects of social policy, with particular focus on the following four areas:

- Poverty, Inequality and Standards of Living
- Social Security, Taxation and the Labour Market
- The Welfare State
- Community Support Services

Further information may be obtained from the Acting Director, Dr. Sheila Shaver, on (02) 697 3855, or the Administrative Assistant, Ms. Suzanne Vaughan on (02) 697 3866

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The Registrar, University of New South Wales, PO Box 1, Kensington, NSW 2033.

1991 NATIONAL SOCIAL POLICY CONFERENCE

BY MARILYN MCHUGH

The Centre's second biennial conference on Social Policy in Australia: Options for the 1990s is fast approaching.

The conference will be held on the University of New South Wales Campus from 3 to 5 July.

The Centre is fortunate to have five distinguished guests. Professor Lois Bryson and Professor Linda Rosenman will present plenary addresses.

Lois has long been known for her work on community, women and the family. In recent years she has turned to an analysis of the new managerialism. The title of her paper is Economic Rationalism and the Welfare State: Implications for Theory and Practice.

Linda's current research projects include the costs of care for dementia in Australia and retirement decisions made by women. Linda's conference address is titled Community Care: Social and Economic Policy.

The Keynote speaker is Professor Gøsta Esping Anderson from the European University, Florence, Italy, who will address the conference on Welfare States and the Reorganisation of Working Life.

Other plenary sessions will be addressed by Professor Stein Ringen from Oxford University and Professor Ian Shirley from Massey University, New Zealand. Stein will speak on Welfare Trends in Scandinavia and Ian on Social Policy: Beyond the Welfare State.

Over 140 other papers have been contributed. We have grouped these under 9 broad topic areas which will run concurrently through the 3 days of the Conference. The topic areas include:

- Women and Social Policy, Health
- The Law, Aborigines and Ethnic Issues
- Youth, Child and Family Welfare
- Social Theory and Social Policy
- Housing, Education, Community Development and Federal/State Relations
- Employment, Unemployment and Taxation
- Care of the Aged and People with Disabilities
- Community Services, Human Rights, Consumer Participation
- The Social Wage, Income Distribution, Income Support and Poverty.

Selected Conference papers will be published in the SPRC Reports and Proceedings Series.

All plenary sessions will be held in the Clancy Theatre. Papers on Community Services, the Aged and People with Disabilities will be presented in the Matthews Building. Both of these areas are wheelchair accessible.

A reception will be held in Clancy Auditorium Foyer at 9pm on the first night of the conference, immediately following the opening address.

A Conference Dinner will be held on Thursday, 4 July at 7.30 pm in the University Club.

Two book launches will take place at the Conference. One is Adam Jamrozik's *Class, Inequality and the State: Social Change, Social Policy and the New Middle Class*. The book will be launched by Macmillan.

Routledge will launch Mitchell Dean's book *The Constitution of Poverty: Towards a Genealogy of Liberal Governance*.

Book displays by several publishing companies will provide an opportunity for conference participants to browse at their leisure on the latest in the field of social policy and related areas.

Contact Jennifer Young on (02) 697 3857 or Fax (02) 313 8367 for further registration details.

INEQUALITY IN AUSTRALIA CONFERENCE

BY PHIL RASKALL

As part of the Study of Social and Economic Inequality, the Centre and the Centre for Applied Economic Research are conducting a conference on July 8 – 9, 1991 at the University of New South Wales. It is hoped that this will flow on from the SPRC National Policy Conference the following week.

The Conference will bring together an array of speakers and participants in the field of inequality and the interconnection between the economic and the social dimensions of such.

Among the speakers contributing papers will be:

- Brian Howe - Social Justice
- Stein Ringen - Within-household Transfers
- John Nevile - Gender and Earnings
- Judy Yates - Owner-occupied Housing
- Anne Harding - Lifetime Income Distribution
- Neil Warren - Taxation and Redistribution
- Nrpish Podder - Measuring and Inequality
- Bob Connell - Education and Inequality.

Other topics will include the Social Wage; Health and Inequality; Household Income; and an overview of current data and analysis.

Further details and registration forms can be obtained by contacting either Robert Urquhart or Phil Raskall at the Social Policy Research Centre on (02) 697 3848.