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SPRC NEWSLETTER

Social Policy Research Centre

HOUSEHOLDS, FAMILIES AND THE DISTRIBUTION OF INCOME

BY GERRY REDMOND

One of the central concerns of social policy is the promotion of equity and fairness in society. For this reason, the study of inequality is an important area of analysis for institutes such as the SPRC. One commonly agreed measure of inequality is the distribution of incomes between individuals, families and households. However, the study of inequality is fraught with difficulty. Crucial assumptions must be made which can have a considerable impact on results and their interpretation. In this article, one of these sources of difficulty is examined in relation to the distribution of disposable incomes in Australia: the choice of unit of analysis.

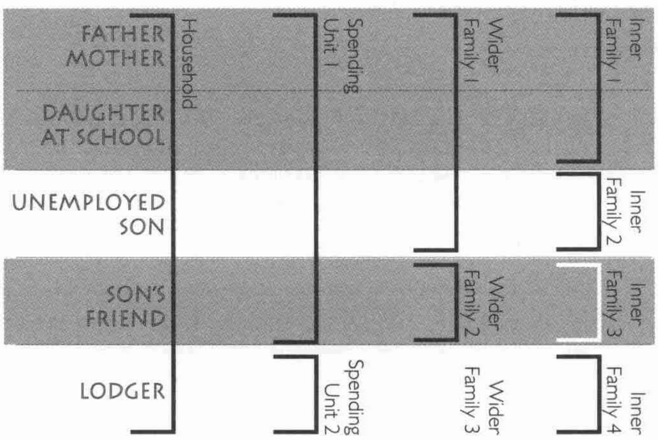
In the study of inequality, the unit of analysis can be defined as a group of people who live together and for whom a common income or standard of living is assumed - that is, the incomes of all the people in this group are assumed to be shared *equally* among all members, and all members have the same level of economic well-being. In Australia in 1996, 91 per cent of people living in households lived with others, and nine per cent lived in households on their own (ABS, 1998a).

Sharing dilemmas are faced by most people, in that they must periodically make concrete decisions about how they share their incomes with other people. Policy makers also make assumptions about sharing; for example, defining the conditions under which a parent might be expected to share income with offspring, or a couple with each other. The impact of some policy decisions about sharing in Australia can be seen in the introduction of the Family Tax Initiative in 1996, and in the introduction of Youth Allowance earlier this year. In the first instance, an extra tax allowance was given to earners who supported both a partner and dependent children, and in the second instance, policy makers applied a parental income test to Youth Allowance claimants living in the parental home.

DEFINING THE UNIT OF ANALYSIS

In a recent book, Atkinson (1998) summarises succinctly the problem of the choice of unit of analysis. His description of a hypothetical household is shown in Figure 1. The household contains a man and woman, their school-going 13-year-old daughter, their son who is aged 20 and unemployed, their son's friend and a lodger who pays for room and board. The *household* is the most extensive unit of analysis, and comprises all these people, who share the dwelling and some living expenses. One *spending unit*

Figure 1: Illustration of Different Units of Analysis



Source: Atkinson, 1998: 35.

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FEATURE

The SPRC's Gerry Redmond examines the impact of the choice of unit of analysis in income distribution research.

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THE SOCIAL POLICY RESEARCH CENTRE

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

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

The SPRC undertakes and sponsors research on important aspects of social policy and social welfare; it arranges seminars and conferences, publishes the results of its research in reports, journal articles and books, and provides opportunities for postgraduate studies in social policy.

The Centre's current research agenda covers social policy issues associated with changes in employment; levels of social and economic inequality including poverty and the measurement of income and living standards; the changing structure of the mixed economy of welfare and the roles of state, market, household and non-government sectors in meeting social needs; policies and programs in social security, taxation and the labour market, and community services.

STAFF AND VISITORS UPDATE

YASUO HAGIWARA, Professor at the Japan College of Social Work, has been the SPRC's Visiting Fellow for 1998. In addition to presenting two papers in the Centre's seminar program, he has been researching social and community development in Australia.

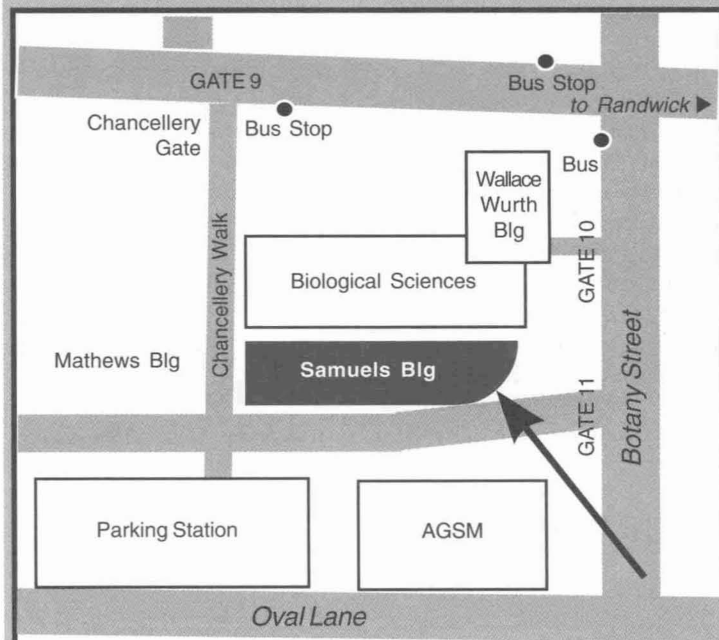
SHEILA SHAVER has returned to the Centre after spending 12 months in Sweden, as the Kerstin Hesselgren Visiting Professor. Sheila has recently been elected as a Fellow of the Academy of the Social Sciences in Australia.

MERRIN THOMPSON has left the Centre to take up a position as Policy Officer in the Ageing Issues Directorate within the NSW Ageing and Disability Department. The SPRC wishes her well.

KAREN TURVEY left the SPRC in November after working for three years as a Research Fellow. During her time at the Centre she has successfully completed a number of externally funded projects in the area of ageing and community care. We wish her well in the future.

GABY RAMIA, one of the Centre's Research Scholars, has submitted his PhD thesis and has taken up a research position in the Law Faculty of the University of Sydney.

NICO SIEGEL, PhD student at the Centre for Social Policy Research at the University of Bremen, visited the SPRC to study the development of the Australian welfare state since 1975.



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

FROM THE DIRECTOR

BY PETER SAUNDERS

The recent federal election campaign revealed that while Australians are willing to consider reforms to the tax system that hold the promise of improved economic prospects in the longer run, they also have concerns about the distributional impact of such changes in the short run. There appears to be a fairly widespread acceptance in the community that Australia must respond to changes in the world economy, even though many are fearful of the kind of changes being proposed by the major political parties.

These concerns reflect a growing sense of disillusionment with the doctrines of economic rationalism, and a deep scepticism over the view that social policy must take a back seat to 'sorting out the economic fundamentals'. Some people have always been suspicious of the merits of this approach to policy, and they have been joined by an increasing number who feel that it is time for social policy to get a bit of a go in the driving seat - or at least for economic policies to be framed with their social effects more centrally in mind.

The consequences of the pursuit of rational economic policies in response to the Asian financial crisis have been all too vivid. Chilling images of poor children in countries like Indonesia and Thailand - yesterday's 'tiger economies' - scavenging the garbage tips for the tiniest scraps of food or other items of value have wakened many Australians to what it means to fail in a society which places such strong emphasis on economic success. Yet we have been heading down the same path for sometime now, albeit from a starting point of greater wealth and a more robust and comprehensive social safety net.

Even so, the distress being experienced in Asia is signalling to Australians the need for a better policy mix that emphasises the need for economic vitality, but not at the cost of extreme hardship for some and widening social divisions for all. Put simply, the increased economic insecurity that has accompanied the globalisation of economic activity has left more people facing the prospect of severe economic dislocation for reasons that are largely beyond our control. In this situation, it is no surprise that increased attention will be directed to the mechanisms that protect those who suffer the loss of a job or enforced early retirement.

If we are to continue to perform well in the economic sphere whilst paying more heed to the need for effective social programs, then we need to give greater emphasis to social goals that cannot always - sometimes can never - be measured in monetary terms. Achieving this will be conditional upon gaining a better understanding of some of the key political economy issues that have received inadequate attention from economists to date. Of central importance in this context is understanding how far society will tolerate increased inequalities (within and between generations) as the price for higher material living standards.

Those who support the need for more of this kind of research will have been greatly heartened by the announcement that the 1998 Nobel Prize for Economics has been awarded to Professor Amartya Sen, Master of Trinity College at Cambridge University for, amongst other things, his pioneering work on the distributional aspects of social welfare and the measurement of poverty. There are very few economists this century who have contributed as much to our understanding of economic welfare as Professor Sen, and the awarding of the Nobel Prize to someone whose work has concentrated on an area that remains on the margins of the 'economic mainstream' is another sign that the dominance of narrowly conceived economic rationalism is beginning to wane.

Another economist who has done much to revive the interest of economists in distributional questions (including the measurement and causes of poverty) is Professor Tony Atkinson, now Warden of Nuffield College in Oxford. In his recent Presidential Address to the Royal Economic Society (published in the March 1997 issue of *The Economic Journal*), Atkinson reviews recent theoretical developments in the study of income distribution, highlighting the need for economic approaches to learn from other disciplines, including sociology, social psychology and political science.

One of the very interesting ideas developed in the Address concerns how social customs and norms serve to constrain the patterns of inequality produced by the forces of supply and demand. One of the reasons for the recent trend to inequality, Atkinson argues, may have to do with the fact that previously accepted norms of acceptable inequalities may have broken down, so that as more people are remunerated outside of existing norms, general adherence to the norms is weakened and the range of acceptable outcomes is widened.

Who can doubt that the growth in homelessness and destitution and the enormous increases in executive salaries are signs that the accepted income differential norms are breaking down? To understand these changes, it is necessary to go behind the forces of supply and demand to ask why the norms themselves have changed in ways that have become more tolerant of greater inequality. To attribute the changes merely to 'the operation of market forces,' as many economists tend to do, is to emphasise the process to the neglect of an understanding of its more fundamental determinants.

The research of economists like Sen and Atkinson offers the hope that economics will continue to contribute to rising standards of living, but in ways which recognise that distributional issues are also important.

"... a growing sense of disillusionment with the doctrines of economic rationalism, and a deep scepticism over the view that social policy must take a back seat..."

HOUSEHOLDS, FAMILIES AND THE DISTRIBUTION OF INCOME CONTINUED FROM PAGE 1

"The assumption of equal sharing within the unit of analysis, and the choice of unit of analysis itself, is ... perhaps governed as much by convention and convenience as by hard knowledge."

comprises the parents, their daughter and son, and their son's friend. These people may be expected to make several joint spending decisions, but may not necessarily have a family relationship. The lodger, who makes his own spending decisions, comprises a second spending unit in the household. Members of the *wider family* are all related by marriage/cohabitation or blood relations. Finally, the couple and their dependent daughter comprise an *inner family*, where relations are governed not just by blood or marriage/cohabitation, but by dependence, whether mutual (between partners in a relationship), or absolute (between dependent children and their parents).

Households, spending units, wider families and inner families could all conceivably be regarded as groupings where people share their incomes to some extent, and benefit materially from living with others. However, whether people in these groups share equally and benefit equally is perhaps open to question. For example, the lodger in the hypothetical household in Figure 1 may enjoy a significantly different standard of living (expressed perhaps in the form of a better car, or more holidays away) than the remaining household members. Some research has attempted to gauge the extent of sharing within households by asking members about how budgeting occurs within the household and about who controls the household's resources, or by observing consumption behaviour within households. Work by Lundberg and Pollak (1996) suggests that even within the inner family, income received by mothers is more likely to increase the welfare of children than income received by fathers. But it is also clear that many people, whether within families or households, gain materially from living with others, in the form of lower housing costs, shared household facilities etc. So regardless of *equal* sharing, it seems likely that there will be some advantage gained from sharing in nearly every household.

In the analysis of income inequality a further hurdle presents itself. Data sets with good-quality income information rarely have good-quality information on intra-household sharing (Goodman and Webb, 1998). This problem is faced by researchers in Australia. The most reliable Australian sources of information on household and personal incomes and characteristics, for example the Household Expenditure Survey or the Survey of Incomes and Housing Costs (SIHC), contain detailed information on incomes received by household members, but little on how these are distributed within the household. The assumption of equal sharing within the unit of analysis, and the choice of unit of analysis itself, is therefore perhaps governed as much by convention and convenience as by hard knowledge.

INCOME DISTRIBUTION AMONG HOUSEHOLDS AND FAMILIES IN AUSTRALIA

There is a large body of literature on the distribution of incomes in Australia. In this literature, the household and the inner family have been most often used as the unit of analysis (see Harding, 1997; Saunders, 1997). In the Australian context, the inner family, comprising single people and couples with dependent children,[1] is sometimes described as the *income unit*. The income unit (hereafter, the inner family) is used by the Department of Social Security as the basic unit of people for whom eligibility to many social security benefits is calculated. It is also the unit of analysis which the ABS (1995) describes as the one within which income is more likely to be shared, and therefore the preferred unit of analysis where income is used as a proxy for economic well-being.

In this article, the 1995-96 SIHC is used to emulate, as far as possible, Atkinson's (1998) schema for sharing within households, as outlined on Figure 1, and to examine how income inequality varies according to the unit of analysis chosen. The 1995-96 SIHC contains information on the characteristics and incomes of a nationally representative sample of 18 111 people in 8871 inner families, 7489 wider families, and 6963 households. Table 1 shows that 77 per cent of people live in wider families, and 71 per cent live in households that consist of only one inner family. Therefore, 29 per cent of people live in households that consist of more than just one inner family. However, only eight per cent live in households that consist of more than one wider family. In common with other ABS survey data on household income and expenditure (see ABS, 1995), the SIHC contains no information on spending units within the household. Therefore, it is not possible in this analysis to define spending units as outlined in Figure 1.

Table 1 also shows mean weekly disposable income for the different units of analysis. Incomes are adjusted to take account of the differences in the size and composition of households and families using the OECD equivalence scale, under which the first person in the household or family is given a weight of 1, other people aged 14 and over are given a weight of 0.7, and children less than 14 are given a weight of 0.5. Total disposable income for the household or family is divided by the equivalence scale for that household/family, producing equivalised income, which is assumed to be the personal income of each member. The table shows that overall, equivalised incomes are lowest (at $297.10) where the inner family is taken as the unit of analysis, and highest (at $309.80) if the household is used. On average, people in Australia are better off if equal sharing is assumed within households, although it is important to note that the equivalised incomes of people living in households comprising only an inner family do not change as the unit of analysis changes.

Inequality measures are also shown on Table 1. Inequality is measured by the Gini coefficient, which is equal to 0 if all households or families have equal shares of income, and equal to 1 if one family or household has all the income. Therefore, the closer a Gini score is to 0, the more equal the distribution. Among the entire population, the Gini coefficient is highest (0.328) where the unit of the analysis is the inner family, and lowest (0.308) where the unit of analysis is the household. As second and subsequent inner families within the same wider family (such as the unemployed son in Figure 1) are added together, the Gini declines to 0.311 among wider families. Some of these 'second' inner families have very low or zero incomes. ABS (1998: 127) estimates that over a quarter of non-dependent children aged under 25 living with their parents had poverty-level incomes in 1995-96. As the unit of analysis moves from being the inner family to the wider family and the household, the distribution of incomes is further compressed, and the Gini coefficient falls further. In total, the Gini coefficient declines by six per cent, from 0.328 if the inner family is used as the unit of analysis, to 0.308 if the household is used.

TABLE 1: MEAN INCOMES AND INEQUALITY MEASURES FOR DIFFERENT UNITS OF ANALYSIS, AUSTRALIA, 1995-96

	INNER FAMILIES	WIDER FAMILIES	HOUSEHOLDS
PER CENT PEOPLE IN UNITS OF ANALYSIS			
with 1 inner family	100	77	71
with 2 or more inner families	-	23	29
with 1 wider family	-	100	92
with 2 or more wider families	-	-	8
MEAN INCOME	$297.10	$306.20	$309.80
GINI COEFFICIENT	0.328	0.311	0.308

Source: Survey of Incomes and Housing Costs, 1995-96

WHY THE UNIT OF ANALYSIS MATTERS

The importance of a six per cent difference in the Gini coefficient can perhaps be best expressed as follows: Saunders (1997) estimates that between 1981-82 and 1989-90, inequality of equivalent incomes in Australia where the unit of analysis is taken as the inner family increased by 7.4 per cent, a result he describes as a 'disappointing distributional outcome' (1997: 79). He does not examine changes in the composition of households over the period, and the impact this may have had on the incomes of some families within them, but other evidence suggests that this may have been significant. For example, the proportion of adults up to the age of 34 living with their parents has increased over the 1980s and 1990s (Australian Institute of Health and Welfare, 1997). Part of this increase may be explained by the increase in numbers of young people receiving tertiary education, combined with the relatively low level of government support available for these students.

Other evidence suggests that the incomes young people can command in the market may actually be falling in relation to average earnings, perhaps 'forcing' some to live with their parents. Youth earnings fell as a proportion of adult earnings between 1985 and 1995 (ABS, 1997b), and young people also suffered from cuts in government benefits. Had Saunders (1997) focused on wider families or households, and allowed such young people to benefit from sharing in their wider families' incomes, the results of his analysis might have been less 'disappointing'. Indeed, he might have found, as Harding (1997) does, that between 1982 and 1993-94, that the distribution of household incomes remained stable. The differences between Harding's and Saunders' findings may be due to numerous factors, but it is likely that the unit of analysis chosen is one of them.

FOOTNOTE

1 A dependent child is defined by the Australian Bureau of Statistics (1997a) as somebody aged less than 15, or aged less than 25 if in full-time education, and who is living with parents or other responsible adults, and who does not have a partner or children of their own living with them.

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SOCIAL POLICY FOR THE 21ST CENTURY JUSTICE AND RESPONSIBILITY

21-23 JULY 1999

SPRC invites offers of papers for presentation at next year's National Social Policy Conference, Social Policy for the 21st Century: Justice and Responsibility, to be held 21-23 July, 1999.

At the century's end Australians face a global environment fraught with uncertainty. Changes in taxation, employment and the financial relationships between the Commonwealth and the States are on the domestic agenda. The conference theme invites reflection on the policies, the means to fund them, and the kinds of delivery mechanisms that will most effectively contribute to the well-being of all Australians in the next century.

In Australia as elsewhere, there is active policy experimentation with new ways of combining public and private arrangements for social care. Contemporary social policy puts strong emphasis on markets and the economy as the primary sources of income, opportunity and well-being. There is active debate about the social correlates of these policy trends – the justice of reward for effort and achievement, the responsibility of governments to address the vulnerabilities of contemporary employment and family life, and the potential for social exclusion.

The Australian welfare system has long understood justice and responsibility in terms of targeting: this identifies fairness with assistance for those whose need is greatest, and responsibility with efficient use of scarce public resources. Over the last decade targeting has been extended and intensified. In the same period, demographic changes and uncertainties in employment and family life have caused growing numbers of individuals and families to have to depend on the welfare safety net.

There is also increasing emphasis on the responsibilities incumbent on citizens, and widespread public support for the idea that welfare entails duties as well as rights. This has taken a number of forms. In social security, spousal dependency has been replaced with responsibility for the care of children or dependent others as a ground for support. Youth and employment policies stress the obligation of claimants to make themselves employable. Both major political parties now support the principle of 'work for the dole'. This is an appropriate time to reflect on the new ethos of mutual obligation. Does it offer new legitimacy for claims to social support at a time of anti-welfare backlash, or does it encourage the erosion of established social rights of citizenship?

1999 will be the International Year of Older People. The conference will provide an opportune time to reflect on issues of justice and responsibility in social policy as they affect older people.

CALL FOR PAPERS

The presentation of original papers across the range of social policy fields is always central to the success of the National Social Policy Conference. We are now inviting offers of papers from researchers, teachers and practitioners of Australian social policy. Papers may present the results of research, discuss conceptual approaches to social policy and policy research, describe work in progress, or raise new issues for social policy debate.

As in recent years, conference discussion will be organised in five thematic strands. As before, there will also be an Open section for papers on other subjects of interest and importance.

1 WORK AND WELFARE

Secure income from wages, long the cornerstone of Australian social policy, has become more uncertain. Unemployment remains high, and many jobs are insecure and/or less than full time. The consequences of labour market changes have been different for men and women, older and younger workers, people in capital cities and regional areas, and long-resident and newly arrived workers. There have been profound changes in policy, including labour market deregulation, the instigation of a competitive market in employment services, the terms of eligibility for unemployment assistance, and retirement income. The conference will provide an opportunity to reflect both on those policies which would reduce unemployment, and those which will promote a just and responsible welfare system capable of adapting to the emerging patterns of employment and earnings throughout the life course.

2 SOCIAL AND ECONOMIC INEQUALITIES

For two decades incomes in Australia have been growing more unequal, but some evidence suggests that the growth of inequality may have slowed. At issue in the assessment of these trends are developments in both earned income and in social security and taxation arrangements. At the same time, discussion of the emergence of 'working poverty' suggests that paid employment alone may no longer be a guarantee against poverty in Australian society. The prospect of a consumption tax has raised issues about the measurement of patterns of inequality in living standards in the context of compensating the 'losers' from tax reform. At the turn of the century Australia also faces important policy questions concerning social and economic deprivation among indigenous Australians, relativities of opportunity and well-being between urban and rural and regional Australia, and inequalities associated with immigration and cultural diversity.

3 THE LIFE COURSE, FAMILIES AND SOCIAL POLICY

The ageing of the Australian population, though moderate compared to many other countries, is raising questions about the appropriate social and fiscal relations between generations, including in the areas of superannuation and the funding of nursing home care. These concern both the distribution of opportunities to contribute, on both paid and unpaid bases, and the sustainability of present social policy arrangements. Similar questions concern young people and their access to education, employment and independence in adulthood. Policies for families with children confront a combination of increasing investment in children, changing patterns of family formation and dissolution, and the need of families for two incomes. Sole parents in Australia continue to be over-represented among the poor, while recently the situation of all parents has emerged as a vital policy issue.

4 FUNDING AND DELIVERY OF SERVICES

The last decade has seen a shift away from direct state provision. Increasingly, the state acts as purchaser, contractor or regulator of services provided by voluntary sector and private providers. There is also growing emphasis on the user pays funding principle, and experimentation with brokerage and other co-ordination mechanisms. Market-based principles of competition and managerial techniques are also spreading within the public sector itself, so that community sector, private and corporatised public bodies compete against each other in tendering for service contracts. The conference sessions on this topic will provide opportunities for discussion of the influence of these new modes of provision on outcomes, in terms of user access, quality of service delivery, regional variation and the likely impacts on social capital, or the capacity for community-based self-help.

5 RESTRUCTURING SOCIAL SUPPORT

There is lively debate about whether re-organisation of the public, private and voluntary sectors represents a retrenchment of the welfare state or its restructuring. While some of the developments occurring in Australia are unique to this country, many reflect wider trends to renew and realign welfare state institutions in the context of globalisation. Some theorists believe these developments signal a shift from the redistributive welfare state of the postwar period to a new form of regulatory welfare state. Do such changes portend a new role for the state as the guiding authority in public/private partnerships in social care? How are justice and responsibility to be understood in such a new policy framework? Comparative discussions point to important variations among the welfare states of different countries, including in the treatment of gender in their social policy frameworks.

6 OPEN

The conference will have an 'Open' section providing for discussion of topics not included in any of the areas described above, and we welcome papers for this section.

SELECTION OF PAPERS

Acceptance of papers for presentation at the conference is necessarily competitive. Selection is the responsibility of the SPRC, and will be based on the abstracts submitted.

Criteria for selection will include academic quality, originality and relevance to current issues and debates in social policy. We welcome papers presenting all points of view.

After the conference we will, as usual, be publishing a collection of selected conference papers. Selection of papers for publication will be based on the full written paper and a peer review process as required for DEETYA recognition as an E1-category publication.

If you wish to offer a paper, please send us the title and an abstract of no more than 200 words. Please specify which thematic strand you feel your paper falls into. We reserve the right to place it elsewhere, where appropriate, in the interests of balance.

The closing date for the submission of abstracts is **12 March, 1999.** Please send your submission to:

1999 National Social Policy Conference, Social Policy Research Centre, University of New South Wales Sydney NSW 2052.

Or by fax to:
(02) 9385-1049.

Or email to:
SPRC@unsw.edu.au

Telephone enquiries about papers or the conference should be directed to **The Conference Organiser, 9385-3833.**

BOOK REVIEW

IMMIGRATION AND AUSTRALIA
MYTHS AND REALITIES

Stephen Castles, William Foster, Robyn Iredale and Glen Withers

Allen & Unwin, Sydney, 1998, 160pp.

REVIEWED BY TONY EARDLEY

Australia is a country founded on immigration and continually reshaped over the last two hundred years by fresh waves of settlement. Each new group of migrants has had a profound influence on the material and social life of the country, and as the balance has shifted from a preponderance of British-born settlers to a much wider spectrum of national origins, the question of what constitutes an Australian identity has also become much more contested. Given its history, it is not surprising that Australia should experience a continual debate about the impact of immigration and the policies which control the size and the make-up of the national intake.

Unfortunately this public 'debate' has often been characterised by an exchange of poorly informed assumptions or prejudices rather than by a serious engagement with the realities. This is not only because immigration, more than most topics, can be guaranteed to raise the emotional heat of any discussion, but also because until fairly recently a sound basis of research and other information on which to conduct a rational debate has largely been lacking.

This timely book argues that in recent years there has been a significant improvement in the amount and quality of information available - not least that produced or sponsored by the now defunct Bureau of Immigration, Multicultural and Population Research (BIMPR). The authors' aim is to use this new research to 'help clarify the various arguments put by participants in recent immigration debates, and to correct some of the false assertions and general misconceptions that so often arise' (p.3).

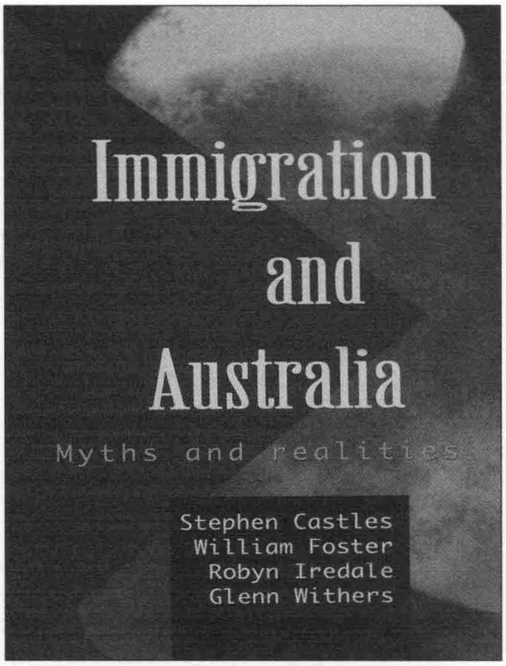
The book, authored by several of Australia's leading researchers and experts in this field, focuses on a number of key concerns on which the immigration debate tends to hang, including its impact on the economy, on unemployment, welfare and social cohesion, and on the environment. It begins with a broad overview of the current dimensions of the migrant populations, distinguishing between temporary and permanent settlers and breaking down the counts by type of program and place of birth. The authors find that average levels of immigration in the 1990s have been similar in absolute terms to those of earlier postwar decades, but the current intake has more than halved as a percentage of the overall population. Although there has been a shift away from migration from the UK and Europe, still around 35 per cent of the current intake were born in English-speaking countries and less than one-third are from east Asia. The largest proportion of immigrants continue to enter under the Family provisions, while the Skill category has fluctuated considerably but is increasingly emphasised in current government policy. The Humanitarian program, under which refugees are admitted, has only contributed between 10 and 20 per cent of the intake since the early 1980s. There is also little evidence to suggest that illegal immigrants and 'overstayers' represent a significant problem.

Successive chapters then examine the impact of immigration on the population as a whole, including its effect on the age and health profile; the relationship between immigration and the economy; the impact on Australia's environment and resources; and the vexed question of the social consequences of immigration.

It is worth highlighting here some of the key findings which are relevant to a social policy agenda. First, it is clear that migrants tend on average to have better health than the population as whole. Also, while earlier views of immigration as a panacea for the economic consequences of an ageing society now seem exaggerated, it does still appear to have a beneficial effect in slowing or deferring population ageing. Secondly, the evidence suggests that in so far as immigration affects the overall rate of unemployment at all, it has tended to reduce rather than add to it. This is because immigration impacts on the demand as well as on the supply side, creating employment - including employment for non-migrants - as well as a demand for jobs and government services. Immigrants also tend on average to bring a higher level of qualifications and skills than is present in the non-immigrant population, but although there is evidence of occupational upgrading over time many immigrants also experience downgrading on entry. Thirdly, immigrants are not a drain on the public purse: although a given intake will often generate net budget costs in the early years after arrival, this soon changes to a positive net contribution - in the current account deficit as well as in direct social expenditure. This is partly because immigrants do not make disproportionate use of social security, once adjustment is made for their demographic profile. Rather, immigration has tended marginally to increase the average income of the population as a whole, without having any significant effect on the dispersal or inequality of incomes.

One area where extreme opinions on the adverse consequences of immigration have run well ahead of established knowledge is that of the environment. Clearly population increase, including that deriving from immigration, does have a potential impact on resource use and on the ecological sustainability of the country. There is also little known about the specific impact of migration on existing city dwellers, in terms of land use, housing demand and prices, and waste disposal. These questions need addressing. Yet the available evidence suggests that Australia has the capacity to manage its resources, as well as deal with threats to biodiversity, with a population much greater than at present. The difficulties arise not from population size as such but from the pressures of global markets and the current practices of industry, governments and existing residents.

Perhaps the most contested area of discussion on immigration has been its supposed social and cultural impacts. Some researchers have argued that ethnic 'enclaves' have been forming in the major cities where concentrated economic disadvantage are combining with crime, drug use and violence to create a new ghettoised 'underclass' with characteristics similar to those found in the US and some other overseas countries. The book assesses these claims and concludes that the available data do not justify such an alarmist picture of segregation. The pattern in Australia is more typically one of ethnic mixing, due to the diversity of immigrant backgrounds, the relative effectiveness of welfare state provisions and the success of policies of multiculturalism which make Australian citizens out of new arrivals while supporting the maintenance of ethnic cultural affiliations. The authors do, however, counsel against complacency. They point to worrying trends toward persistent economic disadvantage and social exclusion, to which some immigrants are particularly vulnerable. This vulnerability is likely to have been sharpened by recent cuts in the availability of welfare payments and by reductions in special services to migrants, such as language teaching, in the name of 'mainstreaming', particularly since these restrictions tend to affect immigrants at the time when they most need assistance in accessing the labour market. It appears from recent Census data that the concentration of geographical disadvantage is continuing and perhaps intensifying (Birrell and Seol, 1998), although the assertion that an ethnic underclass is forming still seems unjustified.



Immigration and Australia: Myths and Realities concludes with a discussion of the role of research. The authors maintain that although interested parties will often dismiss research findings as reflecting the views of the researchers, the weight of consistent evidence in many of the areas under discussion cannot be ignored. Yet many crucial issues remain unresolved and the book ends with a useful catalogue of research areas and topics where much more information is needed. One source of such research has been lost with the demise of the Bureau of Immigration, Multicultural and Population Research, but the book provides an important challenge to the wider research community to take this work forward.

So how successful is the book in achieving its aims? The authors themselves note some limitations, such as their not venturing into the area of policy recommendations or into the politics of immigration. They recognise that in the context of the current polarised debate they may be seen as part of a pro-immigration lobby, even though they are at pains to be even handed in their consideration of the evidence. Readers are thus invited to draw their own conclusions. Reliance on the rational model of argument through well-researched facts will probably not convince, or even touch, those who are ideologically wedded to anti-immigration policies, but for an open-minded audience this approach may be more effective.

One area where the book is also perhaps a little thin is in its discussion of the culture and lived experiences of immigrants, as expressed in their own voices, though the authors do refer to the fairly limited body of work of this kind and call for more ethnographic research. These possible limitations aside, the book is highly readable, providing a thorough but succinct exposition of the issues, and marshalling the facts and figures admirably. Overall it is an important contribution to the debate on immigration, and provides an excellent research resource for policy makers and politicians, as well as for students and teachers at both tertiary and secondary levels.

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Birrell, B. and B.-S. Seol (1998), 'Sydney's ethnic underclass', *People and Place*, 6(3), 16-29.

NEW PUBLICATIONS

WELFARE ISSUES AND POLICY CHALLENGES AT THE END OF THE MILLENNIUM

SPRC Reports and Proceedings No. 140

Peter Saunders and Tony Eardley (eds)

This volume, the proceedings of a one day conference held in Perth on 26 June 1998, contains a collection of papers addressing many of the research and policy issues that lie at the forefront of social policy development in Australia. The conference, *Welfare Issues and Policy Challenges at the End of the Millennium*, was organised by the Social Policy Research Centre, the School of Social Work and Social Administration at the University of Western Australia and the Western Australian Council of Social Service (WACOSS). It was sponsored by the Western Australia Department of Family and Children's Services. Contributors are:

- ◆ Peter Saunders, *Is There a Future for the Welfare State? Is There a Welfare State for the Future?*
- ◆ Jim Ife, *Localised Needs and a Globalised Economy: Can the Welfare State Bridge the Gap?*
- ◆ Jenny Chalmers, *Who Pays for Aged Care? The Aged Care Debate*
- ◆ Tony Eardley, *Low Pay and Poverty: The Challenge for Social Policy*
- ◆ Ian Carter, *Beyond Cloudstreet.*

THE CHANGING BOUNDARIES BETWEEN HOME AND MARKET

AUSTRALIAN TRENDS IN OUTSOURCING DOMESTIC LABOUR

SPRC Discussion Paper No. 86

Michael Bittman, Gabrielle Meagher and George Matheson

It is widely believed that domestic outsourcing is booming. Many assume that the growth of market services is a response to increasing time pressures arising from new responsibilities in the paid work force, and to an inflexible sexual division of labour at home. However, all of this speculation has run ahead of the facts. Drawing on an analysis of Australian Household Expenditure Surveys between 1984 and 1993-94, this paper describes trends in expenditure on domestic outsourcing. This information is interpreted in the light of our knowledge of trends in time use over the same period.

INCOMES, INCENTIVES AND THE GROWTH OF MEANS TESTING IN HUNGARY

SPRC Discussion Paper No. 87

Gerry Redmond

In this paper, a new microsimulation model for Hungary is used to simulate the full impact of the April 1996 reforms to child-related benefits. Thus, Family Allowance is means tested, and earnings-related maternity and child care pay are replaced with means-tested flat-rate payments. Because of increases in levels of flat-rate maternity/child care payments for some recipients, the overall effect of the reforms is found to be mildly progressive compared to the 1995 system. However, the targeting of child-related payments is still found to be spread throughout the income distribution, rather than focused on low-income households.

ECONOMIC INSECURITY

SPRC Discussion Paper No. 88

Lars Osberg

'Economic insecurity' is rarely discussed in the professional economics literature and has received little emphasis in recent economic policy making in OECD nations. This paper argues that economic insecurity should receive more attention, because it affects individual well-being, personal identity and labour market behaviour - and because the welfare state was largely motivated by a desire to decrease insecurity. The paper then examines trends in the economic implications of four sources of economic insecurity - illness, unemployment, widowhood and old age - and discusses the differences between 'economic insecurity' and 'risk', before turning to a discussion of how best to measure economic insecurity.

HOUSEHOLD BUDGETS AND INCOME DISTRIBUTION OVER THE LONGER TERM

EVIDENCE FOR AUSTRALIA

SPRC Discussion Paper No. 89

Peter Saunders

The completion of the recent SPRC budget standards study represents the latest in a long line of Australian Budget studies. The first half of this paper reviews the budget standards research undertaken in the 1920 Royal Commission on the Basic Wage and as part of a study of household income and saving undertaken at the University of Melbourne in the 1940s. The concepts developed in these two studies relate to the modest but adequate and low cost standards, respectively, that have been developed and costed in the 1990s research.

The second half of the paper presents an update of previous research analysing changes in the Australian income distribution between 1942-43 and the 1990s. Using data from the 1995-96 Survey of Income and Housing Costs, the analysis confirms the earlier finding that there appears to be very little change in the distribution of gross income among individuals in Australia over this period.

GLOBAL PRESSURES, NATIONAL RESPONSES

THE AUSTRALIAN WELFARE STATE IN CONTEXT

SPRC Discussion Paper No. 90

Peter Saunders

The welfare state remains the subject of intense debate over its effects and effectiveness. How has it responded to changes in community values, political priorities and global economic forces? Statistics on the size of the welfare state must be treated with care, particularly those which compare developments across different countries. The Australian data confirm that spending by government on welfare programs continued to rise over the 1990s, as has employment in those industries that provide welfare services. The same general trend is apparent for most other OECD countries, although Australia continues to spend one of the lowest proportions of GDP on its welfare programs. Three of the specific 'crises' alleged to be confronting the welfare state are discussed in this paper: the demographic crisis; the crisis of affordability; and the crisis of legitimacy.

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GENERAL INFORMATION

The 1999 National Social Policy Conference will again be held at the Clancy Auditorium and the Matthews Theatres of the University of New South Wales. Put the dates in your diary now.

The Call for Papers is in this issue. The speakers invited to present Keynote and Plenary Addresses and the topics of Forum sessions will be announced in the February issue of the SPRC Newsletter and on the Conference Website at www.sprc.unsw.edu.au.

The conference format will follow the model of recent years, with a similar mix of plenary sessions, forum discussions and contributed papers in parallel sessions. The aim, as always is to enable the widest possible range of papers to be presented, while allowing time for comment and discussion from the floor.

As in past years, every attempt will be made to keep the cost of attending low while providing a congenial setting for meeting friends and discussing ideas. For the first time, there will be a special registration rate for people able to attend for one day only. On-campus accommodation will be available at reasonable cost. The conference dinner will be held on Thursday, 22 July.

Details of registration costs and other attendance information will be provided in February.

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