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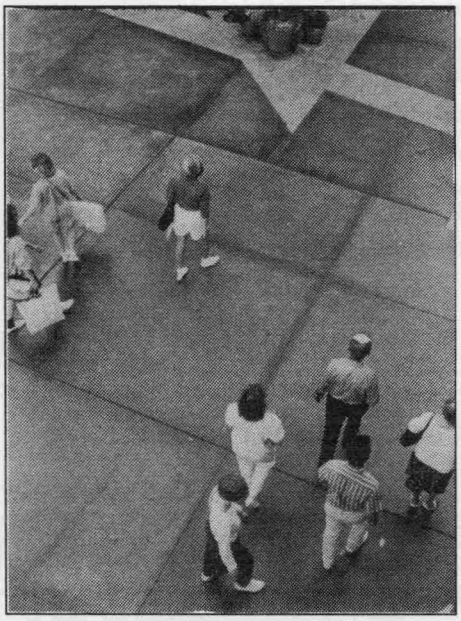
SPRC Newsletter
SOCIAL POLICY RESEARCH CENTRE No. 58 AUGUST 1995 FREE. EDITOR: JULIA MARTIN

Triumph of the Market?

The Evolving Mixed Economy of Welfare

BY MICHAEL FINE

In July, the final report of the Industry Commission on the operation of Charitable Organisations in Australia was passed to the Commonwealth Treasury. Its final recommendations are known by only a few individuals and may, in any case, be altered before the report is publicly released. But if the draft report published late in 1994 is any indication, community-based services and other non-government social welfare organisations are likely to be subjected to major changes in their mode of funding and operation.



Costs and Communities

The Industry Commission reported that in 1992-93, total expenditure on welfare services provided by the non-government sector amounted to approximately $4.4 billion, of which approximately 80 per cent was provided by the Commonwealth and State Governments. To make the extent of these transfers 'transparent', the Commission recommended the abolition of most of the tax concessions that apply to charities. This measure would also force publicly funded services to concentrate on the job of service provision rather than pursue vague and possibly indefinable activities such as community development.

Another recommendation was to replace existing funding policies by an open tendering system which would see Community Social Welfare Organisations (CSWOs) compete for future government contracts (Industry Commission, 1994: 14). While stopping short of recommending open competition with private-for-profit enterprises, the model recommended in the draft report was clearly based on the promotion of market-style competition in the non-government community welfare sector.

Just what this might mean for State Government services and statutory authorities is not certain, but a good guess is that it might lead to a renewed emphasis on contracting out, reducing further the already limited direct provision of services by public authorities. If this course is followed, it would probably also be seen as inevitable in the longer term that the system will be opened up further to increased private competition.

The Industry Commission report on charitable organisations has been conducted in parallel with another Industry Commission inquiry on the use of contracting by Australian governments. The Commission is not the only, nor by any means the first voice to suggest the market offers solutions to the problems of what many perceive to be the inefficiencies of community welfare. The Hilmer proposals for increased competition in government controlled and regulated parts of the economy have already been adopted by Commonwealth and State Governments and are also likely to have

the Industry Commission is not the only voice to suggest the market offers solutions to what many perceive to be the inefficiencies of community welfare

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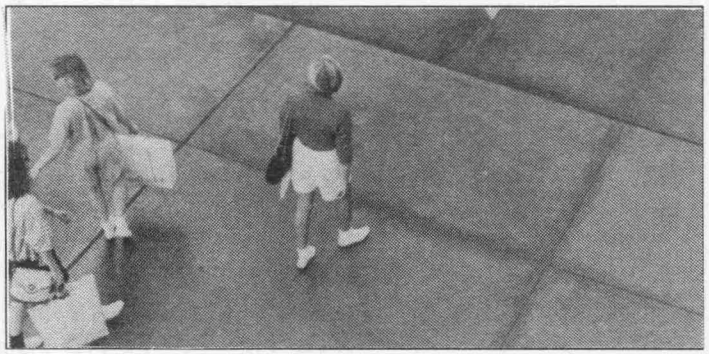
an impact on the field.

Significant moves to restructure and reform service provision have already been made by State Governments. The most notable case is that of Victoria, where community services have been hit by a double shock since the election of the Kennett Government. The first shock was the amalgamation of local government; the second, moves towards the amalgamation of smaller non-government services and the introduction of service funding contracts based on unit costs and output based funding.

The events in Victoria are unlikely to be repeated immediately in the rest of Australia. However, there can be few who have not been aware of similar discussions taking place in their own state or territory. The last decade has seen the emergence of a range of important initiatives in the field of social policy and welfare involving changes in the relationship between public and private sources of assistance at both national and state levels.



Amongst the more significant of these changes is the promotion of community care policies by both Commonwealth and State Governments; the introduction of service brokerage associated with case management and contracting-out procedures as part of the Home and Community Care (HACC) Program and the Working Nation initiatives; changes in the 'funder-provider relationship' and the promotion of systems of competitive contracting in some community service fields; the privatisation and marketisation of some services previously provided by State Governments; and the introduction of payments for caregiving and child care by the Commonwealth Government.

These changes are paralleled by developments in other areas of social policy. The use of casemix funding in health care, the extension of the concept of the 'active society' in social security and the introduction of mandatory retirement saving schemes for all employees through the Commonwealth's Superannuation Guarantee Levy have, for example, also served to break down the divisions between public and private systems of support.

Some see developments such as these as evidence that Labor has simply 'sold out', and that there are now only minor differences between Labor and conservative Liberal/National Governments. Following the policies of governments in the United States, the United Kingdom, New Zealand and elsewhere to reduce state expenditures and commitments to public health and welfare services, this accusation is not unexpected. But the ubiquity of the sorts of changes in welfare that have been taking place also suggests that other less visible, less electorally accountable forces may also be at work.

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Forces for Change

Following the economic crisis that has beset western capitalism since the oil shocks of mid-1970s, a common line of explanation for the sorts of changes we have experienced is to point to the unprecedented economic pressures that confront all welfare states. This 'fiscal crisis of the state', as James O'Connor described it in its early stages, has made explicit the fact that there are limits to the capacity of the state in capitalist societies to meet demands for assistance. While disagreements exist as to where these limits are, any government, progressive or conservative, Labor or Liberal, must at least attempt to live within the bounds of these constraints.

meeting new or expanding demands for assistance has involved exercises in creativity and compromise

Clearly the international politics of welfare since the mid-1970s have involved more than just governments attempting to live within their means. Social movements, especially those associated with feminism, with aboriginal and ethnic communities and the gay and lesbian movements, as well as self-help groups and various factions of the disability and grey power movements have emerged as important agents of change in social policy. By calling attention to the deficiencies of existing institutions and programs, these groups have helped force an acknowledgment of the need for change onto the public agenda.

Changes in the social and economic organisation of Australian society, as in comparable countries, together with changes in technology and communication have also seen the emergence of what many consider to be a 'post-industrial' economic and social order. This is a development that has also found its expression in changes to the health and welfare system.

Not surprisingly, the convergence of these conditions have proven fertile ground for attacks on existing provisions and processes of renewal and innovation. Many of the attempts to meet new or expanding demands for assistance have involved exercises in creativity and compromise.

The adoption of various targeting strategies, one of the most widespread techniques adopted, has seen the provision of support for some intensified at the expense of others who have had to make do with less or without public help. Other

schemes have often involved breaking down some of the imaginary barriers that are often held to exist between the state, the market and the family. The expansion of community care schemes, for instance, have seen the household become a primary site for the provision of public social programs.

Informal care provided by family members, long regarded as a private responsibility, has now become a matter of public concern. It is increasingly being seen as part of the formal system of support.

The Mixed Economy of Welfare

The development of an increasingly mixed economy of welfare in this way has not been associated with the decline of the state so much as an attempt to redefine the tasks undertaken by different levels of government.

For the average household, both Commonwealth and State Governments have become increasingly important for ensuring that social and health services are available and accessible. This has unquestionably led to reductions in direct provision by government in a number of cases. But this has not been a single, uniform process of withdrawal.

relations between government and the voluntary sector are increasingly being modelled on the form of the open market

The result of the reform process has often been new forms of intervention by government in the activity of private and voluntary agencies and the elaboration of new forms of partnership between public and private forms of provision. Rather than the state being replaced by the market, community organisations or the family, it has become increasingly integrated with these institutions, providing a framework and a direction for their interaction.

A key element in many of these developments has been the increasingly intrusive part played by various forms of market mechanisms. Some of this has been internal to the public system. For example, relations between different units of government and between government and the voluntary sector are increasingly being modelled on the form of the open market. Responsibility for policy development, management and funding is separated from direct provision of services.

In other cases there has been an external shift, with private profit-making companies being included for the first time as part of public social programs, as evidenced by recent developments in child care. The direction in both cases is that of an increase in the importance of market mechanisms and privately owned companies.

The Need for Research

There is a temptation to extrapolate the trend and predict the ultimate decline in government responsibilities and the triumph of the market. As research emerging from Britain, New Zealand and the United States has shown, however, there is little that is inevitable about such developments and possibly even less that is likely to prove of lasting value.

The conditions facing governments in Australia and elsewhere point to the need for change. Evidence that the market is capable of providing all the solutions to the problems experienced, however, is lacking.

Markets work best when both the demand for and supply of the goods or services produced can be maximised. There is, undoubtedly, much that can be learnt from a study of the way that consumer demands are both shaped and met by the market and any attempt to reform the way health and welfare services are provided should try to learn these lessons.

Social policy, however, is more often charged with the task of reducing demands for assistance and with regulating access to scarce resources on an equitable basis. As Peter Saunders argued over five years ago in an earlier *SPRC Newsletter* (Saunders, 1990), to assume that open competition will under all or nearly all conditions lead to the optimum result for consumers or governments is to ignore the lessons of economics.

To understand and ultimately to guide and plan the evolving mixed economy of welfare in Australia, neither dogmatic assertions of the superiority of the market nor its inevitable failure are acceptable. Rather, what is required is an openness to innovation and experimentation, a preparedness to implement thorough evaluations and willingness to accept the results.

Australia already has extensive experience with private services in fields such as nursing home care from which much can be learnt. Yet with few exceptions there is little Australian research which can inform policy makers and others about the likely impact of such moves.

Through the review of past experience, an examination of relevant experience overseas and the evaluation of existing programs and new initiatives, research offers the most viable alternative to the fundamentalist assertion of the correctness of particular economic and political dogmas.

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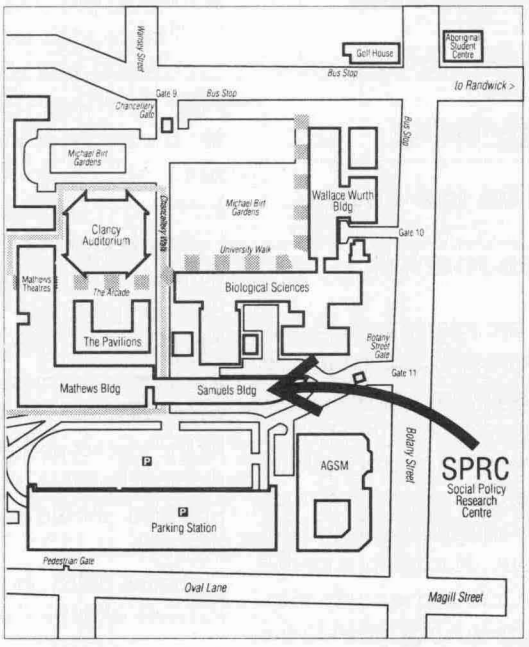
THE UNIVERSITY OF NEW SOUTH WALES

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

The Centre is operated by the University as an independent unit of the University. The Director of the Centre is responsible to the Vice-Chancellor for the operation of the Centre. The Director receives assistance in formulating the Centre's research agenda from a 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 postgraduate studies in social policy. The Centre's current Research Agenda covers social policy issues associated with changes in work and employment; levels of social and economic inequality including poverty and the measurement of income and living standards; the changing structure of the mixed economy of welfare and the roles of state, market, household and non-government sectors in meeting social needs; in policies and programs in social security, taxation and the labour market, and in community services policies and programs.

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



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

FROM THE DIRECTOR

SOCIAL POLICY RESEARCH CENTRE

The 1995 Social Policy Conference, held at the University in July, proved to be at least as successful as its predecessors. This time, we appear to have achieved about the right balance between formal presentations of papers and audience participation and debate. The key to this was the Forum Sessions - offered for the first time this year - which allowed ample time for a focused debate on current issues in social policy informed by a series of short expert presentations. Our initial assessment of the Conference evaluation forms indicates that most participants found the Forum Sessions to be a particularly valuable innovation.

As on previous occasions, the Social Policy Conference has brought great credit to the Centre. Its organisation was very much a team effort, but a particular note of thanks is due to my colleagues Sheila Shaver and Marilyn McHugh who took on much of the very considerable planning and organisational effort. Aside from the credit it brings to the SPRC, the main goal of the Conference is to act as a forum for debate on social policy research issues. Its importance in this regard received recognition at the highest level this year through the participation of the Prime Minister who addressed the Conference on 7 July.

The Conference again highlighted one of the unique features of Australian social policy research, the active involvement and interchange between academics, researchers, policy makers and those working in the community sector. We often take these interactions for granted, but time and again visitors from overseas notice and comment on them - often with envy. It partly reflects the small size of the Australian population, but that is not the only explanation. Many similar-sized countries are not able to achieve the same flavour of open and interactive discussion and debate. If the Conference has assisted this process in only a minor way, it will have achieved its purpose.

Shortly after the Conference I was in Britain addressing a Department of Social Security Summer School on the topic 'Are There Lessons for Britain from the Australian Social Security Experience?'. From a British perspective, the answer seems to be in the affirmative, at least by implication. In his Address to the Summer School, the Secretary for State for Social Security, Peter Lilley, emphasised the need for increased targeting of limited resources, to be pursued through intensive review of benefit claims and benefit recipients designed to eliminate fraud and overpayment. This is one area where Britain almost certainly can learn from the Australian experience, although it is probably still too soon for the full implications of targeting to be identified.

I was fortunate enough to be asked to act as Rapporteur for a Conference on Economic Hardship and Social Protection in Central and Eastern Europe jointly sponsored by the Luxembourg Income Study, USAID and the US Census Bureau. Conference papers considered developments in poverty, living standards and inequality during the process of economic transition in the Czech Republic, Hungary, Lithuania, Macedonia, Poland and Slovakia. Listening to how these countries are coping with enormous economic and social changes, declines in real national income and real wages of over 20 per cent in a single year, for example, and annual inflation rates of well over 30 per cent - put Australian developments in perspective, whilst also highlighting the global relevance of our Conference theme: Social Policy and the Challenges of Social Change.

Staff

■ Sara Graham officially resigned from the Centre in July in order to pursue new career challenges. Sara has had a long involvement with the work of the Centre, having spent a year here on leave in 1986-87 before joining the staff more permanently in 1988.

On her return to the Centre in 1988, her task was to develop our new research agenda on the provision, organisation and funding of community care services for people with disabilities and the frail elderly. She can look back with considerable pride at her achievements in designing the Centre's research in this area and leading the research team who have undertaken the work over the last five years.

The Centre had relatively little experience with this kind of research when Sara arrived. Now it enjoys a reputation as one of the leaders in the field. Our work is highly regarded both here and overseas and that is due in no small part to Sara's tireless devotion to the goal of producing research of the highest quality.

She has been all that a research director could ask for. A seemingly unending source of enthusiasm and hard work, an inspirational project leader, a supportive and devoted colleague and a good friend. I am saddened to see Sara leaving us, both personally and on behalf of the Centre. But I wish her well in her new career and thank her for what she has contributed in the past decade.

■ Finally, a note of congratulations to Gina Stewart (formerly Gina Mitchell), who completed her PhD thesis at the end of June on the topic **Making People in Poverty a Policy Issue: A Case Study in Policy Initiation**. Gina has returned to Adelaide and takes our best wishes with her.

Peter Saunders
Director

1995 NATIONAL SOCIAL POLICY CONFERENCE

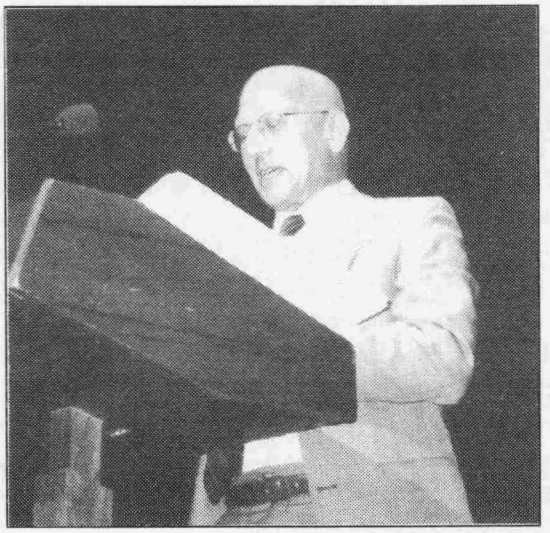
SOCIAL POLICY AND THE CHALLENGES OF SOCIAL CHANGE

Keynote Speaker Stuart Macintyre (University of Melbourne)

Deborah Schofield (NATSEM) and Robert Urquhart (SPRC)

Peter Whiteford (Office of the Minister for Social Security), Anthony King (NATSEM) and Helen Brownlee (Australian Institute of Health and Welfare)

The 1995 National Social Policy Conference attracted 551 participants from a wide range of backgrounds. Media interest was greater than any previous year, with the final day of the Conference appearing on every national television news.



Plenary Speaker, Ramesh Mishra (York University, Canada)

Conference evaluations filled out by participants showed the conference was considered well worth attending. The new Forum Sessions were very popular and will be continued in future conferences.

The 1995 National Social Policy Conference was organised by Sheila Shaver, Marilyn McHugh, Sue Byrne, Julia Martin, Suzanne Vaughan and Jackie Comer.

Plenary Speaker Hilary Land (University of London) and Conference Co-ordinator Marilyn McHugh

Prime Minister Paul Keating and SPRC Director Peter Saunders

Jon Altman (CAEPR) and Russell Ross (University of Sydney)

Books of Conference Abstracts are still available. For a copy, please telephone (02) 385 3857, fax (02) 385 1049 or email sprc@unsw.edu.au. Abstracts are also available on the Internet. See page 12 of this Newsletter for details.

In their Conference evaluations, the majority of participants said their interests were very well, or fairly well, covered. The keynote and plenary addresses were well received. Some mentioned they would like contributed papers to address more 'macro' issues and be more interdisciplinary.

Clancy Auditorium Foyer.
The Conference attracted 551 participants.

Who Gets Means-tested Benefits?

BY SHEILA SHAVER

The emergence of the modern welfare state is often understood as a shift from selectivity to universality in the provision of income support. Most industrial capitalist nations have social insurance systems providing pensions to virtually all aged persons. In actuality, however, other countries' replacement of selective with universal provisions has been far from complete, and means-tested elements remain within the income support systems of most welfare states. Currently fiscal restraints and ageing populations are inviting policy makers to strengthen these elements at the expense of universality in access and distribution of benefits.

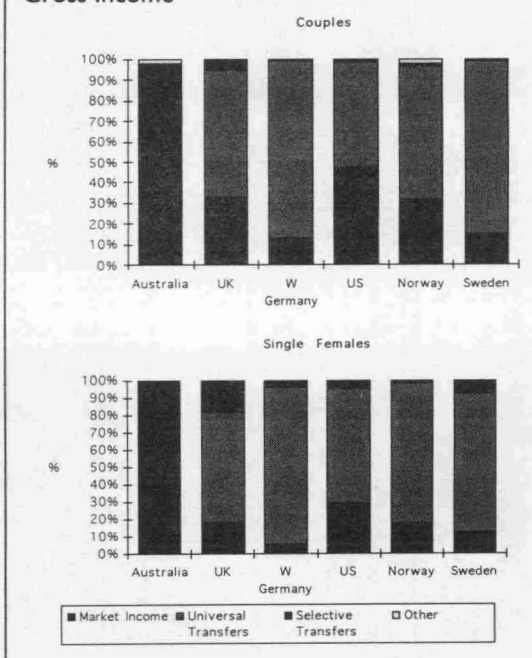
Australia has been different, developing modern age pension arrangements which (except during the Whitlam and Fraser administrations) have continued to rely on a test of means. Given the trends toward greater selectivity, the Australian social security system is of increasing interest to policy makers elsewhere.

Policy choices between universality and selectivity in income support are the subject of a research project currently underway in the Social Policy Research Centre. This project, titled **Universality and Selectivity in Income Support: An Assessment of the Issues**, is an international comparative study of the incomes and income support arrangements of the aged in six countries. Researchers on the project are Sheila Shaver and Marina Paxman.

The project is comparing the Australian age pension with income support to the aged in five other countries. These are (West) Germany, Norway, Sweden, the United Kingdom and the United States. These six countries have age pension systems combining universal and selective elements in a variety of ways. They include universal payments made to all citizens above a given age, wage-related social insurance, and means-tested benefits.

The research is using data from the Luxembourg Income Study (LIS) to compare the outcomes of different pension systems in the incomes of the aged in the six countries. The LIS database comprises microdata from national income surveys which have been standardised to produce definitions of income and components of income. The countries chosen have LIS data available for the mid-1980s, which is the period for which our comparisons apply. The project is examining the effects of universality and selectivity on the incomes of aged people in different family circumstances, and is looking in particular at the incomes of couples and single women.

Figure 1: Composition of Income: Percentage of Each Income Component as Mean Share of Gross Income



Source: Luxembourg Income Study Database, second wave.

Table 1: Coverage of Selective (Means-tested) and Universal Transfers, Aged Couples and Single Females

Country	% Receiving Universal Benefit		% Receiving Means-tested Benefit	
	C	SF	C	SF
Australia	na	na	75	90
UK	99	100	43	74
W Germany	97	99	3	12
US	95	94	5	18
Norway	94	98	18	26
Sweden	100	100	13	49

Source: Luxembourg Income Study Database, second wave.
Note: Income units with heads aged 65 or more and living in households without other persons. Cases with negative or zero gross income excluded.

Coverage

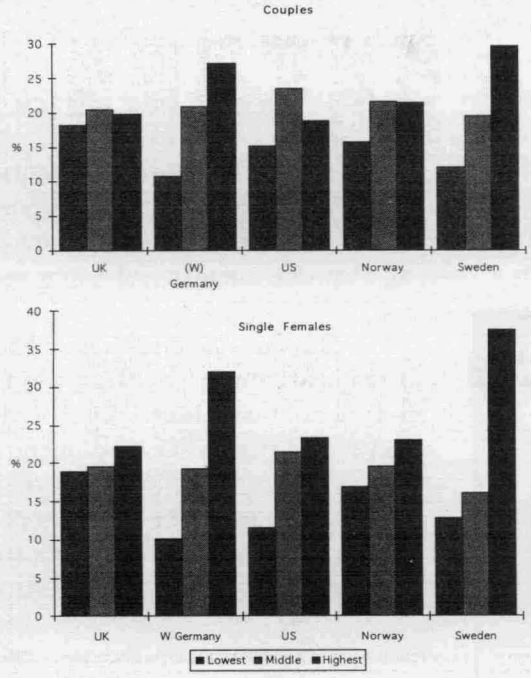
Table 1 shows the coverage of universal and selective payments in the six countries. Australia was unusual in providing means-tested benefits to a majority of its population. In the other five countries universal benefits, based on citizenship or social insurance contributions, covered well over 90 per cent of couples and single females. In these countries means-tested benefits played a secondary role of varying importance. In the United Kingdom more than two fifths of couples and three quarters of

single females received such a payment, as compared with only three and 12 per cent of German couples and single women respectively.

Composition of Income

Benefits are only one of various sources of the income of the aged. Figure 1 shows the average shares of income received by aged couples and single women from market income (wages and salaries, income from investments, and occupational superannuation), and from universal and selective income support. Market income played a far more important part in the incomes of couples than of single women in all countries.

Figure 2: Percentage of All Universal Transfers Received by Lowest, Middle and Highest Quintiles of Gross Income, Aged Couples and Single Females



Source: Luxembourg Income Study Database, second wave.

Norway and Sweden have the greatest degree of universality in their age pension systems, combining universal benefits based on citizenship with wage-related social insurance. The United States and Germany operate wage-related social insurance systems, while in the UK a flat-rate social insurance benefit is supplemented with a second thin tier of wage-related benefits.

Australian income support is almost wholly selective in character. While universality is the dominant principle in the other five countries, there are nonetheless also means-tested elements in the systems of all five. These were more significant in the incomes of the aged in the UK than in the other four countries. Selective benefits are also more significant in universalist Scandinavia than is often supposed, often as a housing subsidy. On average, however, these benefits made up a very small part of income as a whole.

The distribution of benefit income

Figures 2 and 3 show how universal and selective benefits were distributed in relation to gross (pre-tax) incomes of couples and single females in the six countries. The height of each bar shows the percentage of all income from transfers of each kind which was received by the members of each quintile (fifth) of gross income recipients. For simplicity, only the lowest, middle and highest quintiles are shown.

Universal benefits were spread more evenly among income groups than selective benefits. The distribution of universal benefits tended to be income-related, with larger shares of benefit income going to the members of higher income groups. This was most marked in Germany and Sweden, and least so in the UK. The distribution of selective or means-tested transfers reflected the relative importance of each type of benefit in gross income. In those countries making little use of means-tested benefits, benefit income was strongly directed to the lowest income groups. Thus in Germany, the US and Sweden more than 70 per cent of selective benefit income to couples went to the members of the lowest quintile. The larger share of selective benefit income going to single women in the middle quintile reflects the lower incomes of aged single women generally. Where selective benefits were more significant, as in the UK and especially Australia, larger shares of this income went to higher income groups. Figure 3 shows clearly the distinctive role of means-testing in Australia.

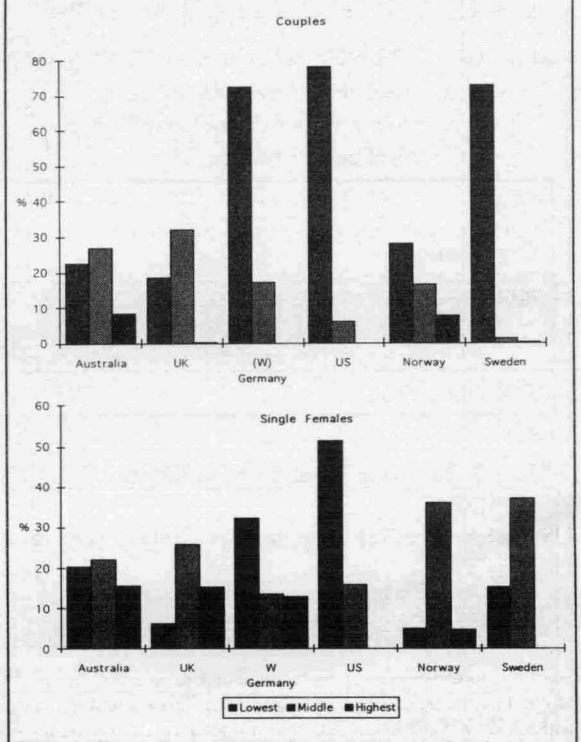
Conclusion

The key claim usually made on behalf of selectivity in income support is that it makes the most of scarce welfare expenditure by concentrating it on those people who have fewest other resources. The way in which means-tested benefits are actually distributed belies this claim. Australia, which relies wholly on selective benefits, spreads them widely, extending some benefits even to the members of the top quintile group of gross income. The claim has some substance in universalist Scandinavia, where though the coverage of means-tested benefits is high the largest benefits are paid to low-income groups. Paradoxically, it is best fulfilled where the role of selective benefits is most limited, as in Germany and the United States where they function as a safety net under wage-related social insurance.

Footnote

1. This difference is overstated slightly because LIS datasets for Germany and Sweden include (relatively small) amounts of income from occupational superannuation in public pension income.

Figure 3: Percentage of All Selective Transfers Received by Lowest, Middle and Highest Quintiles of Gross Income, Aged Couples and Single Females



Source: Luxembourg Income Study database, second wave.

NEW PUBLICATIONS

SOCIAL POLICY RESEARCH CENTRE

Wage and Income Inequality in Two Welfare States

PETER SAUNDERS AND JOHAN FRITZELL

SPRC Discussion Paper No. 60

Focusing on the distribution of wage incomes amongst prime aged full-time workers, this paper compares aspects and contrasts of income inequality in Australia and Sweden. After some discussion of the economic and labour market contexts of each country, the development of their wages policies is briefly summarised. This is followed by an analysis, using unit record household income survey data for 1990-91, of the factors contributing to overall income inequality in each country, focusing on the role of earnings, self-employment income and government cash transfer payments.

A model is then developed to explain the wage incomes of full-time workers in each country and the model is used to make inequality comparisons which adjust for differences in age structure, industry structure and levels of education.

PUBLICATIONS ORDER FORM

Please tick box if you would like a copy.

DISCUSSION PAPERS

☐ No. 60, Peter Saunders and Johan Fritzell, **Wage and Income Inequality in Two Welfare States: Australia and Sweden**, August 1995, Free

☐ No. 61, Michael Fine, **The Changing Mix of Welfare in Health Care and Community Support Services**, August 1995, Free.

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The Changing Mix of Welfare in Health Care and Community Support Services

MICHAEL FINE

SPRC Discussion Paper No. 61

This paper is a brief overview of some of the changes currently being introduced to the welfare mix in Australia, using two illustrative case studies: health care and the shift in long term care towards community support.

In health care, the pressures on State Governments to achieve efficiency in the public sector have been offset by the expansion of the private investment in commercial health services. The result has been a gradual increase in the importance of privately operated hospitals and other health services. At the same time, however, long-term care has become increasingly dependent on the assistance provided by unpaid informal caregivers and services provided by community voluntary agencies and an increasing number of service providers.

Not surprisingly, available data point towards increasingly complex patterns of provision with often contradictory lines of development. The developments in Australia are not typically privatisation, or even withdrawal of government from the welfare field, but rather changed forms of provision.

1995 National Social Policy Conference Papers update

A selection of papers from the 1995 National Social Policy Conference will be published later this year. Papers are currently being edited for publication.

The next *SPRC Newsletter* (November) will contain an order form for the two Conference volumes and list their contents.

In the Eye of the Beholder:

Opinions on welfare and justice in comparative perspective

STEFAN SVALLFORS (ED.)

Bank of Sweden Tercentenary Foundation with Impello Säljsupport AB, 1995, pp. 128. Price: 132 kr. (hb).
(Orders and enquiries: Impello Sälsupport AB on fax no: +46 - 90 143710)

Reviewed by George Matheson

In late 1994, two prominent British scholars were invited to address a seminar in Stockholm entitled **Opinions on Welfare and Justice**, making use of cross-national comparative data from opinion surveys. For each paper, two leading Nordic social scientists were then asked to offer comments. The resultant six papers form the chapters of this very interesting book.

The collection opens with Peter Taylor-Gooby on popular support for the welfare state in a range of European countries. He addresses several questions in the course of his discussion, and brings to bear an impressive range of empirical research findings in tabular and graphical form. The results suggest that most Europeans endorse state welfare expenditures, especially in areas such as pensions and health, and that the strongest support for increased state involvement is to be found in countries where existing provisions are most minimal, suggesting a trend towards convergence in national patterns.

In response, Olli Kangas agrees with the latter's basic conclusions (apart from a few methodological reservations), but widens the context by asking how patterns of public opinion affect and are affected by politics and parties in an era of economic constraint and structural change. Thus, he notes that benefit cuts will continue in Sweden and Finland, regardless of what 'the people' think.

Per Arnt Pettersen also seeks to explore the question of politicisation, drawing on his own longitudinal research on six countries. Pettersen observes that party affiliation and self-assigned class are the best indicators of attitudes to state welfare, but cautions that changes in public opinion associated with a left- or right-wing political ascendancy tend to be temporary and that attitudes show a remarkable long-term stability.

Perhaps the most interesting thing about the first three papers is their degree of agreement on both the extent of popular support for state welfare and the tendency towards cross-national convergence. To an extent, Kangas and Pettersen can be seen as fleshing out Taylor-Gooby's analyses rather than opposing them.

In contrast, the chapter by David Miller on conceptions of social justice proves rather more controversial. Miller claims, on the basis of both comparative survey data and philosophical argumentation, that beliefs about social justice are substantial - in the sense of 'reasonably consistent... firmly held and not easily altered by persuasion or change in the actor's environment' (p.75).

He further contends that apparent interpersonal differences and intrapersonal inconsistencies in attitudes to justice may result from the application of a 'basic grammar of justice' which only produces differing results because of the diversity of background assumptions about people and society resulting from a potentially innumerable variety of social and cultural factors.

Both of Miller's discussants, Thorleif Pettersson and Stefan Svallfors, take issue with this position. Pettersson suggests that any ethical problem reduced to a point where the alleged 'basic grammar' could be applied would be effectively devoid of content altogether. Instead, he proposes a framework where cross-national differences in conceptions of justice could be understood according to two cultural dimensions of religiosity-secularism and individualism-civic morality, and succeeds in placing the various countries accordingly. Svallfors, noting the vagueness of Miller's 'background assumptions', argues that the primary explanatory role in cross-national value differences should be given to national institutions in the sense of historically-evolved formal systems and offers a few examples from his own work and that of others.

This review has concentrated on giving an account of the book's contents, rather than critical assessment of the various arguments, partly because of space constraints and not least because the former is more likely to be of interest to the reader. In terms of an overall assessment, however, *In the Eye of the Beholder* is a commendable book. On the one hand, it covers a surprisingly wide range of contemporary perspectives, issues and controversies, and presents an informative, state-of-the-art picture of theory and research in this area. On the other, its modest length, general clarity of exposition and avoidance of esoteric statistical techniques make it well suited for use as a student text or even for that elusive entity, 'the general reader'.

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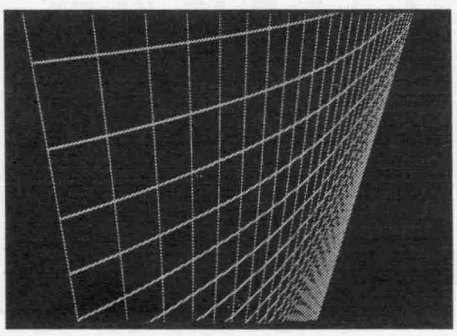

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