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SPRC Newsletter

SOCIAL POLICY RESEARCH CENTRE

No. 49 JUNE 1993 FREE.

EDITOR: JULIA MARTIN

AUSTRALIA'S CHILD BENEFIT PACKAGE COMPARED

BY JONATHAN BRADSHAW*

Every welfare state has a package of social policies to assist parents in the financial costs of rearing children. However, not all countries have systems that benefit all families with children, and some treat lone parents less generously than childless couples.

A recent study funded by the UK Department of Social Security compared the level and structure of child benefit packages in fifteen countries (the countries of the European Community and Norway, United States and Australia) and revealed much about child benefit policy and practice. The results suggest an interesting re-classification of welfare state types.

The study found that housing benefits are a very important component of child support. The benefits paid to families for their children can be wiped out by the extra costs that parents have to pay to house those children. For families with a pre-school child, the most important component of the child benefit package is free or subsidised pre-school care. Unless childcare is very heavily subsidised or free, then a family with a pre-school child in formal care is going to have negative child benefits.

Health costs were not as great a drain on the resources of families with children

universal systems of family allowance are still the most important part of the system of child benefits

as anticipated. Only in France, Ireland and the United States did any families have health costs that were worth noting. The same conclusion applies to the costs of going to school. The Benelux countries had the largest costs associated with school, but these were a small proportion of the child benefit package as a whole.

There is evidence that income related family allowances are growing in importance in the child benefit packages.



Childcare: unless very heavily subsidised, or free, a family is going to have negative child benefits

However, universal systems of family allowance are still the most important part of the system of child benefits - most countries have them, and even in some of the countries that do not (such as Australia and Greece), their income related systems continue to be paid quite a way up the earnings distribution.

In cash terms, non-income related family allowances still provide most of the child support that families receive. Following the latest federal election there is a prospect that an element of

universality is to be introduced into the Australian system with the cashing out of the dependent spouse rebate and the new child care payment.

HOW DOES AUSTRALIA COMPARE?

The study evaluated the child benefit package both as proportion of the disposable income of a childless couple and in purchasing power terms. The value of the package varied with earnings, the family type, the number and ages of the children and whether it was measured before or after housing and child care costs.

Australia performed well for low income families - it came second in the league table of support for lone parents and third in the league table for a couple with two children on half average earnings. However, because of the highly selective nature of the child benefit package in

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Australia it did not do as well at higher income levels, coming between eighth and fourteenth place depending on the earnings level and family type.

Australia is relatively less generous to an unemployed lone parent (7th place) than to a couple with children where both

because of the highly selective nature of the child benefit package in Australia it did not do as well at higher income levels

parents are unemployed (3rd place). A league table of league tables indicates that overall Australia's level of child benefit is ranked in ninth place ahead of Italy, the United States, Ireland, Portugal, Spain and Greece and just behind Netherlands and Denmark.

EXPLAINING THE LEVEL OF CHILD CARE BENEFITS

There appears to be no relationship between child benefits generosity and the fertility level, the proportion of children, female labour participation rates, female to male earnings ratios, catholicity, socialist control and the feminisation of elites.

The strongest associations with the level of child benefits is the level of direct and indirect tax paid per capita. This suggests that countries which are able to raise the most revenue from the population are the ones that are most able to redistribute it horizontally (or that those countries with generous regimes

need to raise more revenue to pay for it).

There were weaker associations with GDP per capita, average female earnings, average male earnings and social expenditure as a percentage of GDP. There was a strong link between the generosity of benefits for lone parents and lone parent families as a proportion of all families.

WELFARE STATE TYPES

Welfare states have been classified into types or classes. The level and structure of the child benefit system could be related to those types or classes.

Esping-Andersen, in *The Three Worlds of Welfare Capitalism*, divided welfare states into Social Democratic, Corporatist and Liberal on the basis of their scores on a decommodification index.

The index was derived from the types and levels of arrangement for pensions and sickness and unemployment benefits. Family benefits played no part in the index. Perhaps they should have, because child benefits are a source of income independent of the market and might reduce the need for a second earner in a family. They also enable lone parents to bring up children without recourse to the market.

If we rank welfare states on the basis of their effort to assist families with children (before housing costs), we would come up with a somewhat different groupings to Esping-Andersen:

1. Norway, France and Belgium
2. UK and Germany
3. Denmark, Italy, Australia and Netherlands
4. Ireland
5. United States.

Unlike Esping-Andersen, it would be inappropriate to classify the Netherlands

with Norway, France with Germany and any other country with the United States, at least on the basis of the value of their horizontal redistribution in favour of children.

CHILD BENEFITS AND POVERTY

What relationship is there between the generosity of child benefit and evidence on the prevalence of poverty among families with children?

The table below shows the rank order of countries by the percentage of families with children in poverty, the poverty gap and the level of generosity of child benefits, using results from the 1985-86 Luxembourg Income Study.

There is a good deal of consistency in these rankings, though France has a higher family poverty rate than its overall level of child benefits would suggest. This may be the result of the relatively low level of benefits paid to unemployed families with children in France.

Family benefits played no part in Esping-Andersen's index. Perhaps they should have.

The lesson for Australia? The federal government has a range of new policies in the pipeline which will help families. This is welcome, but if Australia is to reduce its level of child poverty then it has to move up the league table of support for families with children and to do that, inter alia, the single and childless need to pay more tax.

REFERENCES

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*Jonathan Bradshaw, Professor of Social Policy at the University of York, has been a Visiting Fellow at the Centre for six months from November 1992. The comparative study of child benefit packages will be published later in 1993 by HMSO.

POVERTY NUMBERS	POVERTY GAPS	CHILD BENEFIT
Luxembourg	Luxembourg	Luxembourg
Netherlands	Germany	France
Germany	Netherlands	UK
UK	Italy	Germany
France	France	Netherlands
Italy	UK	Australia
Australia	Australia	Italy
USA	USA	USA

Table: Rank order of countries by the percentage of families with children in poverty, the poverty gap and the level of generosity of child benefits. Source: 1985-86 Luxembourg Income Study

MYTHS AND MECCAS

ATTITUDES TO INEQUALITY IN AUSTRALIA AND SWEDEN

STEFAN SVALLFORS*

At different times in recent history, both Sweden and Australia have been hailed as models of pragmatic socialism. While the Australian reputation stems from the early twentieth century and seems a bit dated by now, Sweden has until very recently been the Mecca for reformist pilgrimages, enjoying a privileged position as the model welfare state in the Australian debate.

MYTHOLOGIES OF EGALITARIANISM

In popular mythology, both Sweden and Australia are associated with egalitarian values and attitudes. However, this supposed egalitarianism has never been the subject of much serious empirical scrutiny in either country. The shortage of comparative research is especially striking, since both Australia and Sweden must be regarded as different from the other OECD countries, as well as from one another. In welfare spending, taxation and income inequality they clearly belong to opposite ends of the spectrum among the advanced industrialized nations.

While at the SPRC I have been assessing whether this striking dissimilarity in the scale of welfare spending and the resulting distribution of income has been reflected in different attitudes to inequality. How and why do Australians and Swedes differ in the explanations they give for inequality? What are their views on the role of the state in adjusting market outcomes? What factors do they think should determine earnings? What magnitude of income and differences do they consider legitimate?

Now, as a result of the co-operation within the International Social Survey Program (ISSP), we can address themes like these with empirical evidence instead of qualified guesswork.

When it comes to attitudes to inequality, the questions of similarity and difference are partly in the eye of the beholder. Someone expecting Swedish

and Australian attitudes to be fundamentally different (since their political economies differ so much) may be surprised by some substantial similarities that have been found.

For example, both Swedes and Australians have fairly egalitarian values when it comes to judging what is the legitimate income range. Compared to other Western ISSP nations, they are the most egalitarian of all. Swedes think that a chairman of a large national company should earn about 2.4 times as much as an unskilled worker, while Australians think that about 3.5 times would be a proper level. Of course, compared to actual earnings differences, this would mean quite a substantial redistribution.

CLASS AND REDISTRIBUTION

Australia and Sweden also share clear class differences in attitudes to redistribution. Workers and incumbents of routine non-manual occupations are much more supportive of redistributive measures than the salariat and the self-employed. The myths of the classless character of Sweden and Australia do not stand up to confrontation with empirical evidence.

Another characteristic Swedes and Australians share is the tendency to think separately about inequality as it relates to redistribution and as it relates to incentives. Attitudes to inequality are multi-faceted and groups like workers, who endorse redistributive measures, can very well simultaneously believe that inequalities are necessary for incentives.

On the other hand, someone expecting all Western industrial nations to be similar in their values and attitudes may be struck by some noteworthy differences in Swedish and Australian attitudes. Australians have a narrower view of the welfare responsibilities of the state, especially when it comes to unemployment. They also tend to give greater weight to ascriptive factors, such as gender and age, in judging what factors should determine pay.

INSTITUTIONS AND TRADITIONS

These and other findings indicate that the characteristic institutions of Sweden and Australia have left a mark on the way in which inequality is perceived and judged. The Australian tradition of wage arbitration and residual welfare produces slightly different attitudes from the Swedish tradition of collective bargaining and broad welfare commitments. The Australian labourist version of egalitarianism is different from the social democratic version that Sweden shares with other north-western European nations.

When it comes to attitudes to inequality, the questions of similarity and difference are partly in the eye of the beholder

Both Sweden and Australia now suffer severe problems of unemployment and bad economic performance. The failure of neo-conservatism in both nations indicate that the inherent (although qualified) egalitarianism that characterises them both puts limits on possible solutions to these problems. The links from privately-held attitudes to public policies are tenuous in several ways. Politicians and other opinion brokers have considerable freedom in articulating and aggregating often diffuse, ambivalent or even contradictory opinions.

Still, it seems that policies which ignore the values and commitments of ordinary citizens have small chances for success, at least in the long run.

* Stefan Svallfors is Assistant Professor of Sociology at the University of Umeå, Sweden. He has been a Visiting Scholar at the SPRC from September 1992 until June 1993.



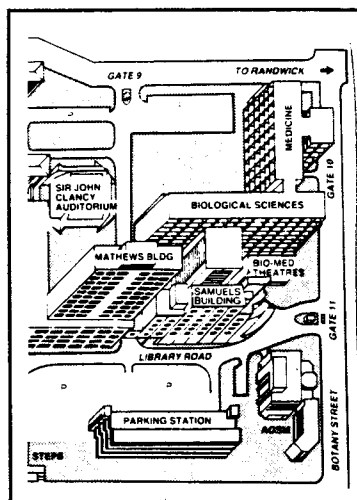
The Social Policy Research Centre (originally the Social Welfare Research Centre) was established in January 1980 under an agreement between the University of New South Wales and the Commonwealth Government.

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

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

The Social Policy Research Centre is located on Level Three of the Samuels Building. Enter by Gate 11, off Botany Street, Kensington Campus. We are opposite the Australian Graduate School of Management and the University Parking Station.



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FROM THE DIRECTOR

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

We are already about a quarter of the way through the current decade and it seems as if the economic climate will continue to be gloomy for some time to come. At this period in the 1980s, the first hopeful signs of economic recovery were emerging and there was an air of economic optimism which simply doesn't exist at the moment.

The current recession, in Australia and other countries, has proved to be deeper and longer than earlier downturns, just as the recovery of 1983-89 was stronger and longer than its predecessors. Has the deregulation of international financial markets and the increased liberalisation of world trade caused the length of the business cycle to increase?

It is not difficult to see how increased trade co-ordination should work to extend economic upturns, but it is more difficult to see how it could lead to longer recessions. After all, one of the main arguments for a co-ordinated approach to international trade is that if all countries expand together, the growth in world trade should allow each of them to avoid the kinds of balance of payments crises which have in the past been an impediment to each country trying to 'go for growth' by itself.

Whatever the reasons, there will be a number of important economic and social implications if the length of the business cycle increases, and some thought needs to be given to them.

More generally, in the social sphere, the issue of greatest concern right now is undoubtedly long-term unemployment. Our system of support for the unemployed has been under reform for some time, designed to bring it more into line with the realities of unemployment and the problems of the unemployed. It is no longer sufficient to merely provide income support to the unemployed in the knowledge that they will fairly quickly re-establish themselves back in employment.

The fact that the average duration of unemployment now exceeds one year reveals how things have changed from the days when many people didn't bother to 'sign on' when they lost their job because they were confident that they would find another job before their application for benefit had been processed.

But we should also not forget that while income support alone is not sufficient to solve the problems of the unemployed, it is nonetheless critical in ensuring that they can weather their difficulties with at least a minimally adequate level of income guaranteed.

One of the great successes of the welfare state is that those eligible for income support have received their payments promptly and regularly, at least in the vast majority of cases. Reforms which tie the provision of specific services to the receipt of income support should build on this feature and not be allowed to interfere with it. The nature of the safety net may have to change, but not its fundamental role in preventing a free-fall into income deprivation and total despair.

The new government has correctly emphasised the priority to be accorded to the problems of long-term unemployment and those affected by it. That task will not be easy. The government has also embarked upon a broader debate on two fronts: the move to a Republic and increased integration into Asia. Both recognise that Australia is about to embark upon a new future, one determined as much by our geography as by our cultural heritage and past associations. As the political debate on these issues proceeds, it is important that the social dimensions are not lost sight of.

Greater integration into Asia, for example, will have enormous implications for Australian social policies and these need to be drawn out and assessed along with the

economic consequences. There is great potential for Australia to play an important role in the development of social policies in our region.

The potential to export our knowledge and technology in the human services sector represents a real comparative advantage which we need to capitalise on. Such advantages correspond to the higher taxes paid in Australia in order to finance our welfare state. Instead of constantly bemoaning how the latter will restrict our ability to compete, we should look instead to the advantages and potentialities which past social policies have brought with them. This, plus the fact that the Republic debate will almost certainly canvass the role of the States - another issue of fundamental significance for social policy - means that we seem set for some exciting and challenging debates over the next few years.

STAFF

■ Congratulations are in order for both Bruce Bradbury and George Matheson, who have been appointed to the more senior positions of Senior Research Fellow and Senior Research Assistant, respectively. Those of you familiar with the Centre's work in the areas of inequality, poverty, social security and the labour markets will appreciate how important their contributions have been.

■ Sadly, we farewelled Sue Brown in March, but wish her all the very best for the future.

■ Sue Byrne joined us on a part-time basis, to assist with the organisation of the Social Policy Conference in July. The Conference program is broad-ranging and exciting and I hope that readers will have already made arrangements to attend - it is an event that should not be missed!

Peter Saunders
Director

FROM THE PROJECTS

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

The Post-Pension Transition

SHEILA SHAVER

SPRC researchers are currently analysing data from the first phase of the Centre's study of **The Post-Pension Transition**. This is a study of women affected by the end of eligibility for the sole parent pension when the youngest child turns 16. The study is to follow the experience of a group of female sole parent pensioners over a year.

Commissioned from the SPRC by the Department of Social Security, the research is concerned with the factors that determine successful transition from the pension, and with the role of government services and labour market programs in that transition.

THE SURVEY

First round interviews were conducted in October of last year. The sample was drawn from the cohort of female sole parent pensioners living in Sydney who were to lose their pension within the next three months.

The first interview created a picture of the circumstances of the sole parent pensioner at that time, including information about income and living conditions, experience in education and training, and employment history over the past five years.

The interview covered the woman's preparation for the post-pension transition. It asked her about her experience of labour market programs through Jobs Employment and Training (JET), and the impact she thought the termination of her pension would have on herself and her child.

THE RESPONDENTS

The women in the sample were very much like other sole parents. Their ethnic and cultural backgrounds were similar to that of other Australian residents, and most lived in households having three members or less, the others usually being their children. Over 45 per cent had more than one child living at home. Some 93 per cent of the children about to turn 16 were still in school.

As one might expect, the women were older than sole parent pensioners generally. Most were in their forties, one in five was in her thirties, and another one in five in her fifties.

They had also been pension recipients for a much longer period than is usual among sole parent pensioners. The events which led to sole parenthood were usually far in the past, more than half having been sole parents for more than ten years.

As a group, these women had relatively little education, 69 per cent having left school at age 15 or younger. However, a significant number (39 per cent) had some further qualification, most often a non-trade certificate (21 per cent). A further 11 per cent were in education or training at the time of the first interview.

EMPLOYMENT

Thirty-one per cent of the sample were in at least some paid employment. A similar number were not employed at the time of interview, but had held a job at some time within the past five years.

Most of those working were employed part-time, with one woman in four working one day per week or less. At the same time a notable number (14 per cent) worked full-time or close to it. Almost 20 per cent were involved in some form of voluntary work.

Nearly half of those interviewed said they were looking for work, either to commence employment or to find another job. The majority (54 per cent) were seeking full-time work.

The accompanying table shows the factors women cited as problems in finding

work. The most frequently mentioned reasons for difficulty were that there were no jobs available, the woman's age, and her lack of skills and work experience. Practical barriers such as transport and the cost of clothing were less frequently mentioned than a lack of self confidence.

Those women who were not seeking work gave a mixed pattern of reasons. Most commonly cited was the need to care for children. In some cases the child was a grandchild, but most often they referred to their own teenage children.

Labour market factors such as lack of training or work experience (39 per cent) or the woman's age (30 per cent) were again more important than practical barriers such as distance or transport. Some women cited the effects of means tests in reduced pension or concessions as a reason for not looking for a job.

JET AND THE POST-PENSION TRANSITION

Most of the women had heard of the JET program, and almost as many had had contact with it to the minimal degree of recalling a letter about the program. About one woman in five had no awareness of the program.

Twenty-three per cent knew about the program but had not used it. The most common reasons given were that it did not seem necessary or worthwhile. Most of those who thought it unnecessary already had at least some paid work.

Nearly 40 per cent of women about to lose their pensions had had an interview with the JET adviser. Of these, the majority rated the JET interview as useful, while much smaller numbers considered it not very useful or useless.

Quite a few of these women had received training. Eleven per cent were doing a course at the time of interview and a further 38 per cent had taken a course at some time within the past five years.

LOOKING TO THE FUTURE

Given the difficulty of finding work in current economic circumstances, it is

understandable that many of the women were worried about the coming termination of their pensions. Forty-two per cent described themselves as 'very concerned' about it, and a further 24 per cent as 'concerned'. However, sizeable groups were 'not concerned' (9 per cent), or had 'mixed feelings' (10 per cent).

Women unable to find employment will be eligible for the job search allowance, and some may also be eligible for widow's or other pensions. At 16, their children become eligible for income support through Austudy or social security benefits. For those on full rates, the combined support available to mother and child will result in a relatively small drop in income, but the loss of any part of a very low income may be significant for the people concerned. Job search allowance also entails a more stringent income test on income from part time work.

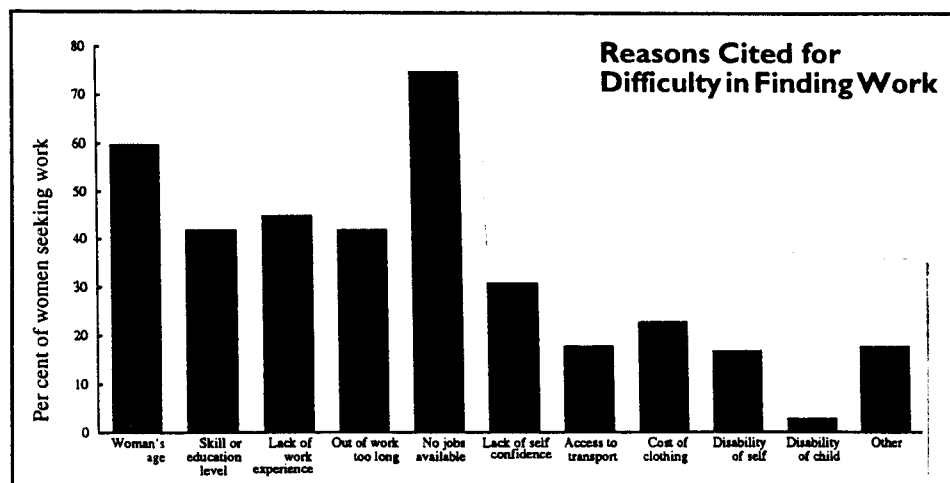
While these women are apprehensive about their future, they are more optimistic

about their children. Most (77 per cent) expect that their son or daughter will continue in education in the following school year, and a further 3 per cent that the child will be in training. Few believe that the coming change in income support will, in and of itself, cause the child to leave school.

The next round of the study will find out how these women have fared in the

period since their sons or daughters turned 16 and their pensions were terminated. These interviews have just been concluded.

The SPRC team conducting the study are Sheila Shaver, Anthony King, Marilyn McHugh and Toni Payne. Diana Encel has also assisted with interviewing. The project has been further assisted by eight members of the research section of the Department of Social Security.



Life After Retirement

S O L E N C E L

Although the study of ageing is well established in Australia, little research has been done on the related but separate process of retirement and the post-retirement life course. (This neglect, by the way, is not unique to Australia. The topic has attracted relatively little attention, until very recently, in virtually all countries except the USA).

LEGISLATION CHANGES

Research in the area is likely to be stimulated by recent legislative changes. Three States - South Australia, Queensland, and Western Australia - have amended their anti-discrimination laws to include age as a ground for complaint alongside sex, marital status, etc. The NSW Parliament legislated to abolish compulsory retirement in 1990, and has just published a White Paper outlining forthcoming amendments to the Anti-

Discrimination Act which will bring it into line with the other States.

Before the Bill on compulsory retirement was introduced, the government commissioned a public opinion survey on the subject, which found that 84 per cent of respondents favoured the abolition of compulsory retirement. This is almost exactly the same percentage found in two national polls in the USA, carried out by the Harris organisation in the 1970s and 80s.

Support for the abolition of compulsory retirement does not necessarily translate into a desire to stay on at work after the traditional retiring age. Most people seem to welcome retirement and the prospect of 'leisure' (itself a debatable notion). I believe, nevertheless, that the actual extent of gainful employment following retirement (voluntary or involuntary) is greater than official statistics indicate. Partly for this reason, I chose to focus my research in this area.

THE PILOT STUDY

We began with a pilot study based in Sydney, using the members of various associations of retired persons, of which there are a large number. A dozen of them

assisted us in reaching their members, and we sent out 600 postal questionnaires, with a response rate of 60 per cent. Of the 350 who responded, 90 were in gainful employment. The results of this survey are now awaiting publication. One of the major findings is that educational level is the most significant single predictor of post-retirement employment.

THE SURVEY

Following the pilot study, we are now engaged on a much larger survey, covering respondents in Queensland and Victoria as well as NSW. In addition to associations of retired persons, we obtained assistance from unions and from several large public employers. We finally sent out 2000 postal questionnaires and received more than 800 responses, which are now being processed and analysed. Roughly 15 per cent of our respondents were in gainful employment.

We have been able to interview about 80 of the postal respondents, and the interview program is yielding a range of highly varied and interesting life histories, which will form a major part of our report when the project is completed in 1994.

NEW PUBLICATIONS

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

Comparative Perspectives on Sole Parents Policy: Work and Welfare

**Proceedings of a Seminar,
7 April 1992**

SPRC Reports and Proceedings No.106

SHEILA SHAVER (ED.)

This volume contains three papers presented at a one-day conference held at the Social Policy Research Centre on 7 April, 1992. All three papers are comparative studies, examining the relationship between income support and paid employment for sole parents in a number of countries.

Julia Perry's 'Breadwinners or Childrears? Barriers to Labour Force Participation for Sole Mothers' examines how lone mothers face the dilemma of balancing their dual responsibilities for child care and financial support for the family.

The paper is based on a report by an OECD Panel of eight countries, which examines factors affecting the labour force participation of lone mothers. As well as comparing the situation in the eight countries investigated, it has individual country summaries and a list of data sources.

Deborah Mitchell's 'Sole Parents, Work and Welfare: Evidence from the Luxembourg Income Study' uses data from the Luxembourg Income Study to test the veracity of the Australian Social Security Review policy framework from a comparative perspective. It poses the question as to whether the 'all out' pursuit of increasing labour force participation of sole parents is the best way to decrease poverty and also sets out the relationship between publicly funded child care places and female sole parent labour force participation.

'Caring Work and Welfare Regimes Policies for Sole Parents in Four Countries' by Bettina Cass looks at how welfare states compare in their role in supporting unpaid caring work.

The paper aims to develop a theory of the relationship between caring work and social policy, focusing on the social policy treatment of sole parenthood. To do this it examines social security, social assistance and labour market policies for sole parents in four countries with different welfare regimes: Australia, Britain, Norway and Austria, chosen because they can be categorised according to Esping-Andersen's threefold typology of welfare states. The paper proposes a preliminary categorisation of welfare state regimes according to their policies for sole parents.

Unemployment and Income Support: Challenges for the Years Ahead

SPRC Discussion Paper No. 39

BRUCE BRADBURY

Though labour supply issues are not particularly important during recessions, they impose important constraints upon income support policy in periods of economic growth. How can income support policy for the unemployed best reduce poverty while encouraging maximal labour supply? This paper addresses this question in the light of the major changes occurring in the Australian labour market.

The paper's main conclusions are that: policies such as labour market programs will be of great importance in offsetting changes in incentives due to falling wages; targeted (and perhaps generalised) wage subsidies will be an important part of this; greater regional variation in income support payments can be justified on both efficiency and equity grounds; and the growing commodification of female labour will require major changes in the administration of work and income tests for married couple families.

SPRC SUBSCRIPTION SERIES SEVEN

Subscription Series 7 begins with SPRC Reports and Proceedings No. 108, to be released later this year. It runs for 15 publications and includes the Research Resource series, starting from No.9, which will be a bibliography on privatisation.

Libraries and other interested organisations and individuals are encouraged to take out a subscription. As Reports and Proceedings are published irregularly, it is a good way of ensuring you receive the publications close to publishing date instead of waiting to order through the SPRC Newsletter.

Please use the order code 'SB7' on the order form opposite.

The seventh subscription series costs \$120.

Married Women's Earnings and Family Income in the Eighties

SPRC Discussion Paper No. 40

PETER SAUNDERS

Previous research has shown that the earnings of married women contribute to a reduction in family income inequality. This paper explores whether this has remained the case during the 1980s for married couples aged between 24 and 54 in the face of the continued rise in the labour force participation rate of married women.

The analysis begins by looking separately at the factors which determine the earnings of married women, specifically the decision to participate in the labour market, the length of time spent working and the average level of earning received. This is followed by a more formal analysis of the factors contributing to family income inequality which indicates that wives' earnings have continued to contribute to the reduced inequality of family incomes.

The role played by this and the other components of family income in determining overall inequality are also investigated.

The analysis shows the degree of inequality among the earnings of wives had declined over the decade, unlike many other income components where inequality increased.

Together, the results show that by the end of the decade wives' earnings not only contributed significantly to the level of family income, but also led to a more equal distribution than would have existed if married women's earnings were not contributing to family incomes at all.

New Publications List

The new Publications List (published in April) features self-calculated postal rates for orders within Australian and overseas, and lists the contents of all the Conference volumes in the Reports and Proceedings series.

The list provides an excellent overview of thirteen years of research, with topics covering poverty, sole parenthood, community care, the elderly, child welfare, and research methods among others.

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BOOK REVIEWS

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

CITIZENSHIP AND EMPLOYMENT: INVESTIGATING POST-INDUSTRIAL OPTIONS.

JOCELYN PIXLEY

Cambridge University Press, 1993
pp. vii plus 346, \$29.95 Paperback
Reviewed by Stefan Svallfors

The resurgence and persistence of mass unemployment has been a common fate of Western nations, beginning in the early 1970s with the end of the long post-war boom.

This development has led many commentators to question the goal of full employment itself. It would be far more progressive, the argument goes, to invent strategies for breaking the nexus between income and work, instead of pursuing full employment policies that have both small chances of success and unfortunate side effects. By introducing a guaranteed income, and by encouraging alternatives to labour market participation, governments could do more for the unemployed.

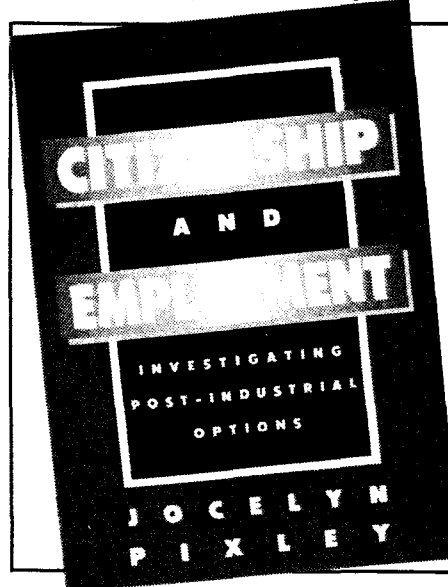
In *Citizenship and Employment*, Jocelyn Pixley scrutinizes the various proposals for breaking the cash/work nexus. The first and the last thirds of the book analyse the arguments of those she calls 'the post-industrialists'. The second section of the book deals with the various attempts of Australian governments in the 1970s and 1980s to break the cash/work nexus.

Pixley finds the 'post-industrialist' proposals for breaking the cash/work nexus contain strong, but untenable, assumptions about the state. First of all, they believe the state will be benevolent toward people depending on it for survival, and guarantee their living standards in the long run. Pixley argues that this is a very naive assumption, given the existing treatment of those presently unemployed.

Secondly, it is often assumed that the state actually has the capacity to introduce

alternatives to paid work. Pixley finds it highly contradictory to argue on the one hand that the goal of full employment is outside the reach of state action, but on the other hand to assume that policies for breaking the cash/work nexus could readily be implemented.

The dismal record of attempting to introduce a guaranteed income, even at a subsistence level, indicates that problems



of implementing these types of policies would be huge. She also points out that it is contradictory to assume that policies for full employment cannot be pursued due to prohibitive costs, and at the same time assume the viability of guaranteed incomes on any decent level.

Pixley challenges the high value often placed by the 'post-industrialists' on exclusion from mainstream society and on informal work. She argues that the social progressiveness in the alternative life-style movement has been sometimes less than outstanding (for example, in gender relations). Furthermore, an excluded position most often precludes any prospects of influencing the development of mainstream society. Those self-confined in enclaves outside the world of paid work have abandoned

any hopes for reforming working life or politics.

There is a strong case against the inherent qualities of informal work. Domestic household work, still disproportionately carried out by women, is indeed highly informal but often very dependent, isolated, heavy and boring. Any attempts to glorify informal work should be viewed with some suspicion as long as its proponents cannot specify in what ways it would actually differ from the informal work that is carried out right now within existing households.

The arguments of *Citizenship and Employment* are highly convincing, but there are alternative interpretations. Perhaps the main problem with 'post-industrialist' proposals is not that they would create clients dependent on a state they had little control over, but that they would create even stronger divisions in civil society - between 'insiders' and 'outsiders', between those working for their bread and those taking it from the state. Enormous problems of legitimacy would ensue from any full-scale implementation of segregationist policies.

Pixley's assessment of Australian governments' attempts to introduce 'post-industrialist' proposals turns out to be no less scathing than her theoretical criticisms. The complete failure to implement anything like a guaranteed income, either in Australia or the United States, underlines how easily forces against any such measures can be mobilized, and how fragile the social basis for their implementation is.

Attempts by the Labor government of the 1980s to support communes and worker cooperatives ended in failure. This story sometimes verges on the farcical, as when top Canberra bureaucrats tried to support 'drop-out' ways of living and behaving. Under the comic vision of

'state hippies' lies a more tragic and brutal reality however, when the second generation of the commune movement find themselves irrevocably excluded from the mainstream society their parents happily left while still keeping their possibilities of re-entry.

Pixley provides a very down-to-earth assessment of the various failures. Unfortunately, she sometimes slips into conspiracy thinking, suggesting that these policies were deliberately used by a cunning state to pretend a commitment to employment policies.

One could argue that the main problem with 'post-industrialist' proposals is that they would create stronger divisions in civil society

It would be more plausible to view these policies as sincere (but ultimately flawed) attempts to influence the functioning of the labour market. Such a perspective is all the more damaging to the 'post-industrialist' position, since only policies that were introduced in good faith would constitute an adequate test of the actual consequences of their proposals.

It is of course possible for anyone endorsing the 'post-industrialist' position to argue that the specific Australian experience is of little relevance for the general prospects of introducing alternatives to paid work. However, I think that Pixley supplies arguments to make it clear that any attempt to introduce such policies would encounter the same problems. The burden of proof must certainly lie with proponents of such policies to show that effects such as those in the Australian case are unlikely to arise elsewhere.

In my view, *Citizenship and Employment* provides a convincing case as to why mass unemployment is not likely to be the beginning of new and more radical policies. Anyone arguing for the inherent progressiveness of alternatives to paid work will have to take this book's arguments into serious consideration.

The Future of Low Birth-Rate Populations

LINCOLN H. DAY

Routledge, London, 1992
pp. xvii + 186, \$59.95 Hardback
Reviewed by Mohan Singh

According to the estimates of the United Nations, world population numbers will increase by about 40 per cent in the next two decades. At the same time, most Western countries are faced with the probability of a population decrease. This is explained by fertility rates, which range from the highest levels in African countries to the lowest in countries of the Western world.

What does low fertility mean for the future of these countries and how will it play a role in planning future social policies?

Day begins to answer this question with a description of the demographic situation in Europe and North America, seeing future demographic challenges in terms of a greater proportion of aged people in the total population and a numerical decline in the population overall, due to both low fertility and low mortality.

The increase in the proportion of the aged will create a need for increased government expenditure to provide them with income support and services. The overall numerical decline will create a shortage of labour and hamper economies of scale. However, in Day's view, these problems will be of little importance. Properly designed and well managed social policies will take care of the requirements of older people whilst policies for the greater labour force participation of women and an abolition of the age limits on employment and retirement will reduce the shortage of labour.

Day further argues that old people make fewer demands on natural resources, create less waste and require services which are friendly to the environment. Far more threatening to society are problems of environmental degradation, imbalanced growth of urban areas, and other environmental problems.

What these populations need, Day argues, are not demographic interventions to reduce the process of ageing and

counterbalance the numerical decline, but policies to deal with their demographic situation and create aged-friendly conditions such as open spaces, clean parks, efficient public transport and social clubs. Such benefits could be used by larger community as well.

Although making an excellent contribution to demography and social policy, Day has underestimated the health costs of the aged and given too little coverage to the health issues of the aged population. It is likely that extensions to life expectancy will result in a much higher prevalence of disability and handicap among the future aged population. Similarly, the health costs of some aged people, especially those who cannot afford to buy private health insurance, will be much higher than any financial contributions made while working. A recent report suggests that about 60 per cent of the health budget in Western countries is being spent on the last 60 days of life (Brough, 1992). Further

old people make fewer demands on natural resources and require services which are friendly to the environment

to these problems, a generational conflict between the aged and the young could arise from the resentment that younger people feel at paying for the maintenance of the aged (Hensen, 1992).

A few terminological errors such as 'net immigration' (p. 106) (which should be either immigration or net migration) do not reduce the value of this book, which is useful reading for demographers, social scientists, and anyone who has an interest in society's future.

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- Brough, J. (1992) 'Spend on Young, not Old: Surgeon' *The Canberra Times*, May 15
Hensen, E.J. (1992) *War Between the Generations*, The Danish National Institute of Social Research, Copenhagen

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