

Behavioural Poverty

*ESSAY ONE OF CAUGHT IN THE NET:
SIX ESSAYS ON WELFARE SYSTEMS
AND FAMILY FUNCTIONING*

Lucy Sullivan



2000

BEHAVIOURAL POVERTY

*ESSAY ONE OF CAUGHT IN THE NET:
SIX ESSAYS ON WELFARE SYSTEMS AND
FAMILY FUNCTIONALITY*

Lucy Sullivan

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TAKING CHILDREN SERIOUSLY

In 1994, The Centre for Independent Studies (CIS) embarked on a programme of research entitled *Taking Children Seriously*, directed by CIS Senior Fellow Barry Maley. At the heart of the programme is the present and future well-being of children. Since then the programme has flourished, with many major publications appearing, including *State of the Nation* in 1997 and the revised and updated edition *State of the Nation 1999*.

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Foreword

In this, the first of a projected series of six essays on *Welfare Systems and Family Functioning*, CIS Research Fellow Lucy Sullivan demonstrates that our present welfare system provides sufficient income and services to unemployed, widowed, divorced, disabled and aged persons, and dependent or orphaned children, to enable them to live decent, adequately fed, and adequately housed lives *if* the adults concerned manage their affairs and attend to their responsibilities prudently and conscientiously. Under these circumstances, and in the absence of exceptional misfortune or catastrophe, poverty when it occurs must be the result of imprudent or irresponsible behaviour. Yet, despite these ministrations of a bountiful state, there is no shortage of claims these days, often accompanied by heartrending stories and sad pictures, that poverty is widespread and growing.

Ironically, but predictably if we read our history, it is the very generosity of the modern welfare state which has prompted the growth of behavioural poverty by releasing individuals from all obligations to look after their own interests to the best of their ability. When there is confidence that the welfare system will rescue them from the consequences of their own actions, the irresponsible and negligent will be more likely to maintain that kind of behaviour and to become 'entangled in dependency'.

How this has come to pass constitutes the first half of Sullivan's paper. In this she summarises the movement away from an earlier conception of 'social services' designed to help those who, cast into poverty through no fault of their own, were able to call for help from a system of support which was keenly aware of the need to avoid corrupting self-help motives and personal responsibility by unconditional aid. The notion of 'earned rights' characterised this tradition, which has now disappeared, to be replaced by a system which, by and large, takes little account of a claimant's previous history and which contains few incentives to achieve, or to re-establish, independence.

The second half of the paper examines the vicissitudes of sentiment and policy on welfare issues up to the present, and the measures adopted in delivering various forms of welfare services, including the

crucial role of 'The Poverty Line'. Its relativistic definition of poverty as consisting in income below a certain percentage of average wages entails the unavoidable outcome that poverty will always be with us no matter how much, in material terms, an income below the defined minimum might be able to purchase.

Sullivan's paper appears at a time when most developed nations are rethinking the logic and consequences of the welfare state and its seemingly insatiable demands upon the public purse and the taxpayer. An important sub-text of this reconsideration is concern about the morality of welfare—particularly the question of whether the ready availability of at least some forms of welfare demoralises the recipient by encouraging behaviour which is either destructive of self-respect and initiative, or which places unjustifiable burdens on others. As evidence of the dangers of moral corruption, Sullivan shows that welfare is now so taken for granted as a set of unconditional 'entitlements' free of all obligation that any attempt to monitor or question the bona fides of its claimants is taken to be intrusive and oppressive. At the same time, protection of the legitimate interests of those compelled to fund such entitlements is implicitly dismissed as irrelevant.

Overseas, the catch-phrase 'mutual obligation' dominates welfare discourse and represents an interesting trend away from the view that the welfare recipient is invariably a victim of events outside his or her control or influence. We are therefore seeing the beginnings of a reversion to an earlier time when the capacity of the welfare applicant for personal agency in helping to relieve his or her situation was one of the factors to be taken into account.

Beyond questions of entrapment in dependency and demoralisation, Sullivan reveals how the growth of welfare has meant that the bill is now so large that governments must keep descending the income scales to find the necessary funds. Welfare funding now imposes a very large burden on those earning around average wages. After tax, the income gap between this group, which largely funds welfare, and those for whom welfare is the main source of income, is now negligible. The difference between these two groups is not financial.

Barry Maley

Director

Taking Children Seriously programme

About the Author

Lucy Sullivan is Research Fellow at the CIS. She has published widely in academic journals, including the *British Journal of Sociology* and the *Journal of Medicine and Law*. For the CIS, she was co-author of *Home Repairs: Building Stronger Families to Resist Social Decay* (1996). Her *Rising Crime in Australia* (1997) explores the links between increased crime and other social changes. Recently, she has co-authored *State of the Nation 1999: Indicators of a Changing Australia* (1999) and is working on the issue of family taxation following much positive response to her paper *Tax Injustice: Keeping the Family Cap in Hand* (1998).



Preface

This monograph is the first in a projected series of six dealing with the complex issue of welfare delivery and family well-being within the wider context of the now generally perceived welfare crisis, a crisis in terms of cost and impact on social functioning.

Although it necessarily touches on other issues, the concern of this first essay is to establish two facts in relation to family welfare in Australia. First, the poverty that is so much spoken of can only, on the figures, be behavioural, not financial; and second, although Australia has historically sought to define welfare as a right, without demeaning overtones, before the welfare revolution of the sixties and seventies this characterisation rested on its conception as an *earned*, not an innate, right.

Inevitably, a variety of related issues, not central to the immediate job at hand, will arise in the reader's mind—questions such as the likely efficacy of the resurrected concept of 'mutual obligation', as implemented under such schemes as 'work for the dole' and limited-term reciprocity, as well as other possibilities for reform. The succeeding five monographs will address such issues. They are planned as follows:

- *an analysis of the changing nature of state welfare over the last three decades, as revealed in statistics of reciprocity and cost*
- *an examination of the homeostatic character of poverty line calculation and the contrasting picture provided by family income statistics*
- *an analysis of the locational distribution of the behavioural structure of poverty: do we have an underclass?*
- *current theories and policies of welfare reform, and their relevance for Australia*

- *the evolution from welfare as savings to welfare as credit, and how the state should respond*

Although each monograph in the series can stand alone, they are complementary in that they pursue an evolving argument. The full picture rests also on material contained in the forthcoming independent monograph, *Tax and the Family*, which questions the comparative efficacy of targeted welfare and differential taxation as approaches to income redistribution on behalf of families. The development of welfare policy in relation to the family cannot be understood except in the context of its interaction with the taxation reform of the last three decades.

*At the head of [our] goals is the future of our children.
So we set ourselves this first goal: by 1990 no Australian
child will be living in poverty.*

Bob Hawke, election policy speech, 23/6/87.

*Mr Hawke said he had made it 'quite clear' following
the election campaign launch that what he had meant
to convey was that no Australian child need live in
poverty by 1990.*

Sydney Morning Herald, 14/4/88.

Behavioural Poverty

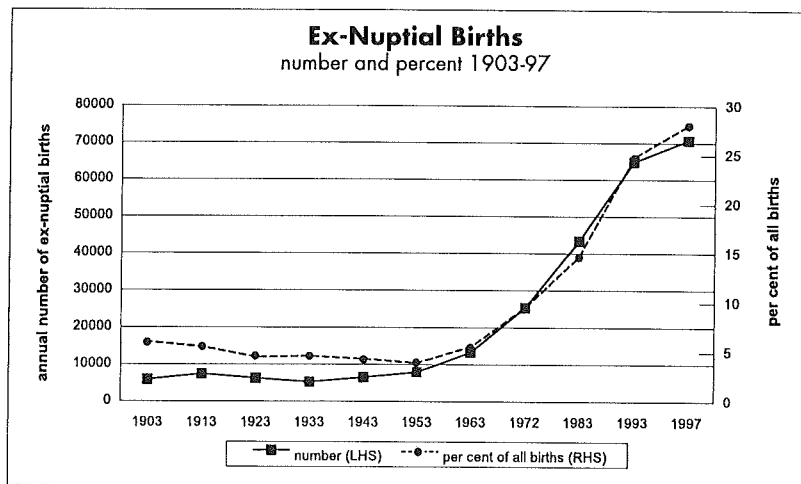
1. Introduction

The term 'welfare net' has subtly changed its meaning in the course of the last decade. The positive invocation of a safety net for episodes of financial distress has changed to a negative one of permanent entanglement in dependency. 'Children in welfare net: the toll rises', was the headline in the *Sydney Morning Herald* (31 May 1997). Its resonance of helplessness and failure could not be further from the brave standard-waving, half a century ago, for universal welfare as the ultimate realisation of the democratic state.

At a certain moral level it is hard to say 'no' to welfare. 'Welfare' means helping, caring for others. Surely it must be a good thing. But, as well as meeting need, welfare seems to have a way of generating more need. This paradox supports a great degree of obfuscation of the social meaning of welfare, particularly when political lines are drawn and special interest groups engage themselves, on issues of its virtue.

Rutherford (1993) declared that, 'the prevailing assumption is that the project [of the Welfare State] is morally unassailable, however much it may be in need of administrative tidying-up . . . [W]hat is only rarely discussed are the assumptions we have made and continue to make about the moral behaviour of citizens of the welfare state.' Some cracks in this certainty have now appeared, but they tend to imply only a superficial realignment of attitudes within the prevailing structure.

As regards the effect of the welfare state on the behaviour of its citizens, take, for example, the symbiosis of single parenthood and the state provision of sole parenting benefits. Figure 1 (p.2) shows the ex-nuptial birthrate in Australia from 1903 to 1997. The rate of ex-nuptial births was stable in Australia for 60 years, from 1903 to 1963. Throughout this period, there was no welfare benefit for the unwed mother, unlike the widowed mother, and ex-nuptial birth and illegitimacy carried a social stigma for the mother and her child.



Source: *Yearbooks (ABS Cat. 1301.0)*
Births, Australia (ABS Cat. 3301.0)

The 1960s embraced tolerance and enlightened social attitudes. It was now seen as unjust to discriminate against the unmarried mother and her child, who were construed as simply victims of biology and social prejudice. Instead of being ashamed, unmarried mothers now asserted their victimhood and their right to welfare. Obviously their needs, and more particularly those of their children, were the same as those of widows and orphans. They won their case with the introduction of the Supporting (Sole) Parent Benefit in 1973.

Social tolerance and the sexual revolution produced a rise in ex-nuptial births from 1.2 per 1,000 population (5.7% of births) in 1963, to 1.9 per 1,000 population (9.7% of births) in 1972 (Sullivan, Buckingham, Maley & Hughes 1999), despite the arrival of extensive sex education and simpler and more reliable birth control methods than ever before. Mainstream welfare support for single mothers (in place of *ad hoc* state and charity provision) entrenched this development. By 1992, there were 3.6 ex-nuptial births per 1,000 population, an increase of 300% in a mere three decades, in a period when the nuptial birthrate fell by almost half (from 20.4 to 11.3 per 1,000 population). Even more strikingly, ex-nuptial births rose from 9.7% of all births in the year before the introduction of the Sole Parent Benefit to 14.7% in the year

following. By 1997, the proportion had escalated to 27%. In time, the socialisation of children of single mothers, and their physical welfare, became a recognised social problem (Western Australian Child Health Survey 1995; McLanahan & Sandelier 1994).

A similar tale can be told for divorce. The feasibility of the 1975 *Family Law Act*, where marriages with dependent children were concerned, rested on the availability of the Sole Parent Pension for the custodial parent. Over the period from 1973 to 1997, income support for illegitimacy and divorce grew from a minor (on its introduction) to a major component of the Social Security bill. By 1997, 18% of families with dependent children were one-parent families (Sullivan et al. 1999).

Although Australia had introduced various social services of a welfare nature in the course of the century, we were not a fully-fledged Welfare State until the 1970s, when the cautions and qualifications which had surrounded their administration were abandoned (see section 5). As the 1990s drew to a close, ever larger proportions of the population were engaged with welfare. Birrell, Maher and Rapson (1997), using Department of Social Security figures, found that 32% of Australia's population aged 20 and over were dependent on a state pension or benefits as their primary source of income in 1995. That is, a third of the adult population were primarily dependent on the productive work of others, diverted to them via taxation. Of these, 4% received War Service Pensions, and 8% Age Pensions. More than 20% of persons aged 20 and over, but under the age of eligibility for the Age Pension, were living on welfare, in the sense that the majority of their income derived from pensions and benefits.

Birrell et al. (1997) also looked at support of children by welfare, as gauged by families receiving the maximum rate of Family Payments. In metropolitan Sydney, 35% of children were in families receiving maximum family welfare, and in a dozen Sydney suburban areas the figure was more than 40%. Of these, 22% were in unemployed families, and 13% in families with low earned incomes. In Auburn, the figure was 60% and on the far North Coast of New South Wales, 56%. In Auburn, 39% of children had unemployed parents, also receiving benefits on their own behalf, while for the other 21%, earned parental incomes were

topped up by maximum Family Payments (approximately \$100 per week and upwards, depending on the age of the child). Many more families received substantial Family Payments, albeit less than the maximum.

In 1965, when 10.6% of the population aged 15 and over received social services payments, compared with 27.3% today (Whiteford & Morrow 1998), there was no homelessness, no begging, low youth suicide, and little crime by present day standards (Sullivan et al. 1999). The welfare state has not delivered Utopia. Believers in welfare urge that this is because it has not gone far enough (Saunders 1994). But time series show that the more money that is poured into welfare, the more the statistics of poverty increase (Sullivan et al. 1999; Saunders 1994). An alternative thesis is that welfare as practised today is flawed in its very conception, and that our current social ills require its winding back, as much in the interest of its victim beneficiaries as the middle-income taxpayers who are forced to fund them and are thereby pitched into financial quicksands themselves.

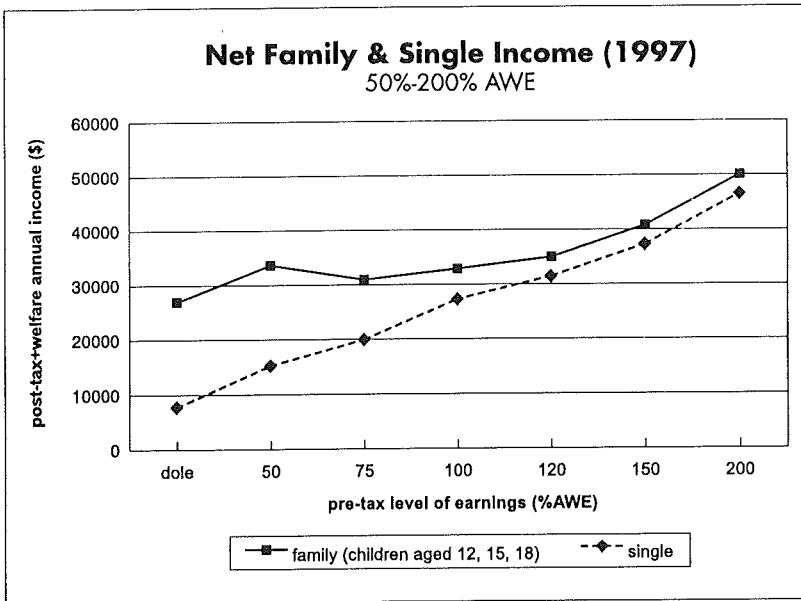
2. Behavioural *versus* Financial Poverty

No one in Australia today can have an income of less than the regulation maximum benefit or pension, and therefore no distinction can validly be made between poverty and welfare reciprocity. Where there is no earned or private income, the maximum benefit is received. Where there are independent earnings or income which falls below the maximum benefit, this is topped up to reach, or pass, maximum benefit level. This applies to single persons and families alike. The topping up is such that many moderate earners, their incomes reduced by tax, have disposable incomes the same as, and sometimes even lower than, those whose lower earned incomes are topped up, and not very different from those entirely on welfare.

Figure 2 (opposite page) shows, for 1997, the levelling of income in families with three children, across welfare and earned

incomes up to 120% of Average Weekly Earnings (AWE), created by the interaction of taxation and tapered Family Payments for children.

Essentially, the same outcome obtains for families with fewer and younger children, the only difference being that the interval of levelling is somewhat less broad. Given the current equalising of earned and welfare-supplied family income via heavy taxation and the tapering of welfare payments, if welfare levels represent poverty, then perhaps 60% of Australian families are poor; or alternatively, a case can be made that in Australia today there is in fact no income poverty.



Source: *This figure is reproduced from the forthcoming The Centre for Independent Studies publication, Tax and the Family, in which the methodology of the calculations is described.*

Child poverty in Australia today (and in the English-speaking world generally) is defined in terms of family cash income, which is assessed against a 'Poverty Line' calculated in relation to the changing level of average weekly income. Mathematically, this means that a certain percentage of the population will always be

in poverty, because if welfare (including family) benefits are raised, average weekly income will rise too, leaving those whose incomes are at the lowest level, whether earned, or provided or supplemented by benefits, again below the Poverty Line. The Poverty Line is not calculated according to current costs of goods and services, vis-à-vis the material needs of individuals and families in real terms. The assessment of the latter might be disputed, but at least it would be objectively grounded. As it is, the assessment is purely relative. Therefore, when claims are made that 600,000 children are living in poverty (*The Australian* 1999), this in fact means that 600,000 children are living at the level of welfare reciprocity. As the claim is presented as scandalous, it can only be construed as a demand that levels of welfare payments be raised.

A second element in the discussion of child poverty marches side-by-side with the income version, and concerns child suffering: the plight of children whose mothers are deserted or have deserted them, children abused by parents or temporary parents, homeless children, children who will have no Christmas. Their images personify and reinforce the claims of 600,000 children in poverty. But the two discourses, in fact, run on parallel lines which never meet. These children do not number 600,000. There are only four million children aged less than fifteen in Australia *in toto*, and the majority of these, who are neither parentless, nor homeless, nor giftless, are living on not very different family incomes from those whose pitiful faces confront us in Barnado and Sydney City Mission brochures.

How will raising welfare payments affect these suffering children? Will their parents become loving and caring? Will they spend the extra money on toys, rather than cigarettes or heroin? This question never connects with the public rhetoric of the welfare bureaucrat. At best there is an obtuse reference to the behavioural implications of welfare when it is claimed that welfare recipients are 'marginalised' or 'excluded'. The words are presumably a euphemism for the anti-social and self-destructive behaviour which was recognised as part and parcel of the problem of poverty in the period before the welfare state—in the Australian terminology of its embryology, the period of Social Services.

Ineligibility for payments on 'moral' (and decidedly practical) grounds, such as drunkenness and refusal to work, was policy until well into the second half of this century—until, indeed, Social Services were transformed into Welfare.

The recent, much-read autobiography of a childhood in Ireland in the 1930s, *Angela's Ashes* (McCourt 1996), pulls no punches in revealing the role of parental irresponsibility in child poverty. The few jobs gained by the father were lost almost immediately when the first pay packet funded alcohol and absenteeism. Family income rarely provided adequate food and clothing, but there was always enough for cigarettes. Surely then, the present-day resurgence of drug abuse plays some part in the inability of some families to manage on welfare incomes. Yet, there is never a whisper in welfare planning about the behavioural components of poverty today, despite the armies of social workers presumably in a position to observe the behaviour of the 'poor' at second, if not first, hand. To mention this would be stigmatisation, according to the ethics of the Welfare State.

Recent studies of gambling do, however, provide some evidence of the behavioural components of poverty, and of how welfare incomes might be more than adequate, if income was managed well. A study by the Problem Gambling Research Program in Melbourne (reported in *News Weekly*, 17 May 1997: 7) found that, of 1,300 people who had registered with problem gambling counselling services in 1995-6, over half had incomes below \$20,000, and 36% were on 'fixed incomes' such as pensions. The main pension sources, in descending order, were Unemployment Benefit, Sole Parent Benefit, Disability Pension, and Age Pension. It was also reported that in a year in which \$2.5 billion was lost in Victoria, 52% of casino patrons were unemployed (reported in *News Weekly*, 12/7/97: 19).

Discussion of the behavioural component of poverty was not suppressed in the debate of welfare workers and lobbyists at the close of the 19th century. The far more complex and perceptive approach of that time saw the reform of 'obstreperous' behaviour (a word used by the mid-20th century British social welfare scholar, T.E.Marshall) as integral to the abolition of poverty.

There will always be a small percentage of the congenitally incompetent in any society, and as society becomes more complex and more anonymous it is possible that that percentage will increase. But to consign all those creating poverty for themselves on adequate welfare incomes to the category of the irrecoverable is to do them a great human injustice. And simply to give more money to the tiny minority who are incapable of autonomy is also inhuman and futile.

3. Demoralised by Welfare

The distinction between deserving and undeserving poor, which is outlawed from discussion today, has a long history. The cycles of conditional and unconditional relief of poverty in previous centuries—in particular the consequences of the unconditional charity of the monasteries, which swelled the ranks of idle dependency in the 14th and 15th centuries—induced awareness of the inflating effect of unconditional aid on need. In the 16th century, with the closure of the monasteries, welfare policy in Britain even went so far as to prescribe the death penalty for ‘sturdy beggars’, namely the able who refused to work.

Octavia Hill, in late 19th century Britain, expounded the perils of untied charity, such as the welfare state offers, with great clarity—perils which were acknowledged even by such champions of state welfare as the Fabians, Sidney and Beatrice Webb (Fremantle 1960). Hill was a pioneer of the provision of good, clean housing for the poor of London, at affordable but market rates. She oversaw the conversion of slum dwellings without the need for eviction, and the raising of living standards and behaviour within them.

Hill, aware of the moral unease which prompts beneficent welfare policy from above, saw the promotion of unconditional rights to welfare as a perilous deception of the poor by the rich. She wrote:

Some of us have an uneasy sense of the great advantages we ourselves have had, and we give with careless, or

lavish, hand to ease our own feelings. And what is the effect of these ill-considered gifts? . . . [I]t is deadly. It is the cause of a steady deterioration of character pitiable to watch. The drunkard is enabled to drink, the idle to idle and bet. The uncertainty of the gifts upsets all attempt at plan. Life becomes a lottery (cited in Whelan 1998: 116).

As today, moral self-complacency flourished among the advocates of the poor, while the real effects of impersonal bounty were ignored and denied. The end result of state welfare would be, Hill said, the taxing of 'the *really* poor, the steadily industrious, to meet part of the rent [expenditure] of their demoralised neighbours' (cited in Whelan 1998: 116).

We are in exactly this predicament in Australia today. The great part of the extra revenue raised over the last two decades to finance increased welfare has come, not from the wealthy, but from average family earners. Their tax exemptions have been abolished, while maximum rates for the single and the wealthy have been lowered. The average tax for a family with three children on an income a little above AWE has increased by a factor of 25 (2500%) since 1965, while that of a single person on double AWE has increased by a factor of only 1.8 (180%). This transfer accounts for the levelling we saw in Figure 2 between family incomes of average weekly earners and welfare recipients (Sullivan 1998; Sullivan *Tax and the Family*, forthcoming).

Today's welfarists 'know' that the theory of society expressed by Hill is morally and factually wrong, that social degradation is produced by poverty, not by its alleviation; nor, perish the thought, vice versa. But their conviction that the poor are doomed to moral irresponsibility runs counter to the tradition of centuries of the European folk—pre-dating both industrialism and welfarism—that the poor are the salt of the earth, and that honest poverty is proud. (Poverty, in this tradition, usually implies sufficiency rather than indigence, and therefore is an apt parallel for the lowest incomes today.) Honesty, hard work and independence are possible on both high and low incomes, and irresponsibility and dependence undermine character in both

the rich and the poor. The 'remittance man' was as morally degenerate as is the welfare bludger.

The demoralisation created by welfare could scarcely have been better put than by Mark Latham MP, although he reverses the cause and effect component:

All the evidence shows a close relationship between welfare dependency and social problems. Life on the dole is anything but quiet. It is associated with a host of anxieties and stress, ranging from family problems, drugs and crime to a lack of education and hope in life.

People are not inherently lazy. All of us want some kind of status and sense of belonging in our lives. Not everyone, however, takes their self-esteem from a positive contribution to society.

People with little hope often seek recognition from destructive types of behaviour. They form groups with their own sub-culture and success signals. Doing well doesn't come from how many job promotions you receive or how many houses you buy. It comes from how many cars you steal or how many drugs you take. For these people, financial incentives count for nothing. Logic has gone out the window and been replaced by an irrational, negative way of life (Latham 1999: 11).

As Hill protested, this irrationality is the result of the divorce of income from productive personal effort.

4. Up for Grabs

The reality of exploitation of the welfare system—of malingering, misrepresentation and double dipping—is well-established. The change, in the 1960s, to the view of welfare as a right militated against too close an examination of claims made upon it. The unconditional, obligation-free character of the welfare of the welfare state was deliberately promoted in order to remove the disturbing and sometimes humiliating, or at any rate resented,

intrusions of conditional charity. But this is the crux of our present problem: that this obligation-free character makes a welfare income superficially appear as good as real independence—in fact even better, since it does not entail the duties inseparable from going out and earning a living. The true costs of obligation-free dependence nevertheless emerge in the behavioural style of welfare-dependency, whether we choose to call it lazy, negligent, criminal or marginalised.

Indeed, the very meaning of the term independence appears to have undergone a mutation as welfare has been domesticated. When student representatives complained, on television, that they would lose their 'independence' if benefits for living away from home were made less freely available, they clearly did not perceive that when receiving Austudy they were not independent, but were dependent on the community of tax-payers; and that to depend on an income from the state in order to live in a separate household is a very different condition from the true independence of self-support. The Australian Council of Social Services (ACOSS), in its 'Call to the Parties' prior to the 1996 election (ACOSS 1996), also employed this terminology of youth *independence*, *if dependent on the state*.

Attempts to curtail exploitation of the welfare system by recipients are disparaged by welfarists as 'blaming the victim'. ACOSS (1997: 5) commented unfavourably on 'a disturbing trend towards greater support for food distribution rather than cash grants, food vouchers, or the payment of bills', in welfare provision. The very existence of this 'trend' shows that welfare recipients are accessing aid beyond the maximum pension and this will place their real incomes above those of many non-recipients. The state has been forced into the position of dispenser not only of a steady income, but of the 'uncertain gifts' which were deplored by Hill as 'undermining planning'.

Double dipping as a means of evading the responsibility of planning was also defended by ACOSS: 'Client privacy is being invaded as some agencies begin to "track" their clients to ensure that they do not receive help from more than one agency. This is despite the problems faced by relief applicants that one agency

may not be able to give all the help required' (1997: 5). That is, they cannot multiply their benefits when they have wasted what others manage to live on. A worker for the Australian Turkish and Kurdish Community Service in Sydney, with a similar mind-set, complained to the *Sydney Morning Herald* (1997) that, 'Disability pensioners have to undergo new medical checks to retain the benefit'. Presumably the objection is that they might be prevented from continuing to draw the benefit when they are no longer disabled.

Perhaps most ludicrous of all is the volley of complaints from these quarters aroused by the requirement that Unemployment Beneficiaries report to the Department of Social Security (now Centrelink) at fortnightly intervals to confirm their continued need. This has been dubbed an opportunity for oppression and an invasion of privacy. Similarly, the requirement that beneficiaries make a minimum number of job applications per fortnight (previously eight, recently raised to ten) is interpreted by welfare advocates as cruelty to the already unfortunate. The fact that it is only sensible behaviour in the unemployed seeking work seems to be entirely missed. Such requirements are miniscule compared with the 'oppressions' and 'invasion of privacy' suffered by those who actually *work* for an income. The employed have to turn up at their place of employment *every* working day, they have to stay there *all* day, and they have to engage in the activity their employer designates, rather than one of their own choosing!

Reforms reintroducing an element of obligation into the welfare system were pioneered by the Social Security Review of the late 1980s, which recategorised the Unemployment Benefit as Newstart and Jobsearch and introduced training requirements for long-term beneficiaries. These were comparatively well received. But the 'work for the dole' project, though well-accepted by participants, is regarded by welfarists as morally reprehensible. Even the helpful requirement that the illiterate unemployed should be obliged to attend classes in reading and writing has attracted a round of accusations of infringement of rights, although the requirements of attendance fall far short of those of full-time work.

It is also regarded as reprehensible that those who, after being on a full pension or benefit, gain part-time work should then receive only the amount of welfare payment required to raise their incomes to the standard welfare level, rather than continuing to receive the maximum payment. This is construed as 'forfeiting' their benefit or even as a 90% marginal tax rate (Michael Raper, President of ACOSS on the ABC's *7.30 Report*, 26 January 2000).

Thus welfare is no longer seen as a temporary response to need, and to need only, but rather it is as if those who have once received it are regarded as retaining a right to receive it in perpetuity. Those moving from no work to part-time then full-time work are said to be *punished* for working, rather than applauded for regaining their independence and ceasing to be a drain on the work efforts of others.

If this claim is legitimate, is it not also the case that those who have always worked full-time are punished for working, because they have *never* received welfare payments? Should not they also receive top-up welfare payments on their earnings? The argument is absurd.

It seems that the opportunities for exploitation provided by obligation-free welfare are almost endless. Welfare for the asking, without inquiry, is tailored to the bold and the self-righteous, and encourages breaking the social contract of both obligation to one's fellows and honesty in the acceptance of aid. Not only the obviously welfare-dependent are corrupted. 'The pathology of the welfare state has extended to the middle classes. There are strong indications that they use it to advantage, stretching and sometimes breaking the law in order to qualify for its benefits' (Bell et al. 1994). For example:

- Schemes are widely promoted for well-to-do retirees to so place a part of their assets as to receive the maximum Age Pension and associated benefits, plus draw on their assets, achieving an income for a couple of \$45,000 *per annum*, tax-free (Westpac Banking Corporation 1999). Meanwhile, a family earning \$45,000 and supporting three children pays approximately \$9,000 in tax, and all five must live on \$36,000 without Seniors' benefits.
- Birrell and Dobson (cited in *Campus Review* 1995) showed that foreign students, the children of absentee 'permanent residents',

were able to draw Austudy and then return home after graduation, thus avoiding HECS repayments.

- Women successfully claimed the \$840 maternity allowance following abortions, even topping it up with a \$1,491 bereavement payment (*Sydney Morning Herald* 1996).

- The furore over moves to fund nursing home care of the aged from their own assets was not, in reality, in defence of the aged themselves, who are past using their assets in any other way, but represented middle class indignation at the prospect of losing their inheritance of those assets. The middle classes would prefer that the poor pay taxes to support the well-to-do elderly. ACOSS's voice was loud in the defence of these middle class claims, under the pretence of caring for the well-being of the elderly.

- The response of Non-Government Welfare Organisations to the possibility that government funding might be reduced as a result of the election of the Howard government was swift and to the point. A conference entitled *Re-engineer Your Non-Profit* was organised for October, 1996. Among the talks scheduled were: 'Bond with them—offer services to members and supporters'; 'The business of wooing government'; and a hypothetical case study of a 'non-profit' which is 'moderately wealthy, but appears to have lost its way. . . What can be done?' The concern was that their jobs, funded by low-income families, might suffer.

The immorality implicit in obligation-free welfare has lowered the standards of honesty of all classes of society. The problem of the tendency of welfare to deprave dates back at least to the Roman Empire with its 'bread and circuses'. Yet, it cannot be solved simply by abolishing social approaches to financial security in all of their forms, because economic depression is real and recurrent, resulting in involuntary unemployment. Loss of the family earner through death or desertion is also a reality. Destitution must be relieved. For a brief period in the 1950s and 1960s, state welfare seemed to have the answer, but it too carried within it the same seeds of corruption which have plagued every previous attempt. By denying the problem, the welfare state in Australia today is only prolonging the agony.

5. Distrust of Obligation-free Welfare: Our Lost Heritage

The English Poor Law system of welfare provision for the able by local parish or council workhouses was never introduced in Australia. In the 19th century, private benevolent institutions, partially government funded, gave relief in kind, not money, to those who failed to provide for themselves, typically via Friendly Society membership and other forms of insurance.

In the first half of the 20th century, state welfare began to supplement self-provision and largely replaced charity. State policy tried to accommodate both the reality of need and the caution required in the face of the seductive allure of a readily available, obligation-free cash income.

As far as possible, the link between work effort and means of subsistence, which informs self-provision, was maintained. The primary emphasis of both unions and government was on ensuring a level of wages which provided adequate means for families and single workers alike. This was the intention of the Basic Wage determinations of the Harvester Judgment of 1907. It was an attempt at ensuring that income from other sources was required only where long-term or permanent alienation from the workforce occurred, due to age, invalidity or death of the family wage-earner.

Bismarck's compulsory contributory scheme, established in Germany in the 1880s, was a possible model for Australia's and Britain's Old Age Pension. But although Britain eventually adopted a compulsory contributory scheme for earners below a certain level, there was considerable opposition from working-class unions to state usurpation of welfare, on the grounds that the state would thereby hold the people in its thrall. Thus, the *Cotton Factory Times* in 1890 stated that:

The people who have much done for them gradually lose their backbone . . . The result is that the habit of leaning on a support grows stronger until in time there will be no individual strength left. We sincerely believe that is what the German Emperor is aiming at. When people look to the state and receive from it almost

everything they get, they will become the strongest supporters of those from whom they obtain their privileges. But they may rest assured that they who pull the wires will take care that in exchange for this the puppet shall not dance to a tune of its own calling. The grip of the state will be gradually tightened until it will be almost impossible for a man to speak except in regulation tones. (cited in Thane 1999: 96)

Germany's two totalitarian regimes of this century might well be regarded as having fulfilled this prediction.

In Australia, a scheme of compulsory contributions was rejected as coercive and contrary to individual liberty, and therefore 'objectionable to people of British origin' (Kewley 1973: 32). But Labour theory (the pre-1960s spelling is used for the pre-1960s period, before 'Labor' was substituted) nevertheless found a justification for state provision as a right, implicit in democracy. Thus J.C. Neild, in the 1898 *Report on Old Age Pensions* to the New South Wales Legislative Assembly, argued that:

A 'Government by the people for the people' cannot dispense 'charity' . . . [I]n so far as it contributes to the necessities of those in distress, it merely distributes to them that to which they are entitled. (cited in Kewley 1973: 5)

The aim of charitable relief for the able had been 'to keep people from starvation, but not to supply them with the full amount of assistance they might possibly require.' This concern persisted within 'rights' thinking: 'In other words, the aim has been not to create a class that would become permanently dependent on the State' (Sir Arthur Renwick, cited in Kewley 1973: 15).

After Federation, the Commonwealth took responsibility for, and replaced, such welfare schemes as had been introduced by the states, introducing an Old Age Pension in 1909 and an Invalid Pension in 1910. But Unemployment Benefits were not introduced until the shock of the Great Depression elicited schemes of relief in all states in the 1930s. Until then, unemployment was seen as a transient condition for which workers made independent

provision, via such means as membership of Friendly Societies (Green & Cromwell 1984), with charity as a fall-back position. The distrust of the potential of unearned income to corrupt and increase the supply of 'noisy loafers', contributed to an unwillingness to provide unemployment relief on a par with that for the support of old age and invalidity—that is, those who would not, reasonably, be expected to work again.

The Aged and Disabled

The check placed on the Old Age Pension to guard against exploitation was not, as in most Western nations, to make it a contributory insurance scheme, but to pitch it at a level too low to tempt the well-off to improvidence. There was some argument that the presence of a means test would reduce thrift, but obviously this effect would only impinge on those whose savings or insurance would not result in retirement incomes above the modest level provided by the Old Age Pension. Labour persistently favoured the removal of the means test to eliminate any stigma attached to the pension, but the cost involved regularly deferred implementation of a universal Old Age Pension.

The right to the Old Age Pension was not without obligation, but rather was dependent on contributory participation in the society of which it was a product. Thus 25 years residence in Australia was a prerequisite, and it was not available to aliens or to Aborigines living a traditional way of life (thus protecting their traditional lifestyle from its corrupting influence). The right to receive it was lost by deserting husbands and wives and by ex-prisoners, and it could be lost on account of criminal offences, including drunkenness. (Imagine withdrawing Unemployment Benefits from drug users today!).

Thus, although the Old Age Pension was 'granted as a right, not a charity', it was not just a right, but an *earned* right. There were definite obligations of citizenship—of responsible behaviour and good use of the income received—associated with its receipt. Nor was it a right that extended beyond the bounds of need, namely the ability to provide for oneself.

Australia's approach deliberately left a substantial proportion of the population still dependent on their own provision for

retirement, via insurance, savings or investment, as opposed to the more common European approach of universal state-organised contributory schemes. Eligible Old Age Pensioners and Invalid Pensioners who were not entrusted with payment were cared for in asylums, and a payment was made on their behalf. Asylum care was at that time cheaper than independent living.

Contributory schemes were again considered during World War II but did not eventuate. The persistent rejection of contributory schemes has, in the case of the Old Age Pension, served Australia well in the long run in that pensions have been, as a result, at a relatively low, maximum flat rate. Their cost, as the proportion of the aged in the population increases, is not so difficult to sustain as the 'pay-as-you-go' insurance schemes of many European nations which provide pensions at rates commensurable with previously earned incomes.

The Commonwealth Invalid Pension was modelled on the New South Wales Invalidity and Accident Pension of 1907. The New South Wales Invalid Pension, unlike its Old Age Pension, was regarded as charity rather than a right, and was dependent on non-provision by relatives. The Commonwealth scheme made less of this distinction, and although it arrived in cohort with the Old Age Pension, it was not argued for as a right.

Within a few years of their establishment in 1909 and 1910 respectively, fears that state provision of direct benefits such as the Old Age Pension and Invalid Pension would undermine self-reliance and encourage 'pauperism' (read 'underclass') had, despite rising reciprocity, largely receded. Between 1912 and 1930, the population of Australia increased by almost 50%, while the number of Old Age Pensions and Invalid Pensions more than doubled. Expenditure showed a five-fold increase, from £2.1 million to £10.8 million. Throughout the period, about 32% of those of eligible age took the Old Age Pension, but the proportion in the age group rose. The Invalid Pension, however, showed a real rise in reciprocity. The number of Invalid Pensioners rose from 10,783 in 1912 to 13,759 in 1913.

In 1930, funding of pensions amounted to 66% of total revenue from direct taxation. The Auditor-General suggested that

a rise in the value of pensions was attracting more claimants and again raised the possibility that the effect of their availability was, as reported by Kewley (1973: 124), 'such as to sap independence, induce thriftlessness, and to discourage that outlook which impelled people to make provision for their declining years'. He also contended that these conditions led many applicants to divest themselves of money and property improperly (an illegal act which would debar them from the pension), and to resort to various other forms of misrepresentation, namely cheating on welfare. The Auditor-General also raised the issue of unworthy recipients who qualified 'through drink, gambling, laziness, extravagance, and waste', and the injustice of requiring hard-working and prudent citizens to contribute to their support.

As a countermeasure, the Auditor-General recommended that before grant of pension, applicants be required to assign their property to the Government, instead of leaving it to their children (shades of the nursing home debate!). There were strong objections voiced in parliament, but the policy was adopted briefly. Its effect was such that 12,000 pensions were voluntarily surrendered, and there were 13,000 fewer new claims than in the previous year. When withdrawn, the number of Old Age Pensions rose markedly. In 1935, the Auditor-General, concerned at the rise in the number of Invalid Pensions, recommended the use of State Medical Officers, rather than Private Practitioners, for assessment.

By 1939, the cost of both pensions had risen to £16 million, more than the total of Commonwealth revenue from direct tax. It was 0.96% of national income in 1915 and 1.94% in 1938. Old Age Pensioners represented 3.3% of the population. Thus the problem of welfare's propensity to increase 'need' or 'poverty' was not entirely controlled by the careful conditions adopted.

The discourse of 'rights' with accompanying obligations continued through the half century. Although means testing ('targeting' in today's terminology) militated against the wealthy, Labour continued its support for universal entitlement as reflective of a right, based (importantly) on having worked and served the country. The idea of a contributory scheme to cover all aspects of welfare need was raised from time to time. Labour considered

workers on the Basic Wage could not afford the contributions. Employers feared that, with wage fixation, the employee's contribution would be added to the weekly wage (as occurs now with compulsory superannuation), and Friendly Societies opposed its undermining of their role in fostering thrift and independence.

The Unemployed

Coverage of unemployment was least favoured among potential schemes of Social Security. Queensland introduced a contributory benefit for its predictably unemployed seasonal workers in 1923, with contributions from the worker, employer and government. A Commonwealth Royal Commission in 1926 recommended that, 'There should be no payment without service in return, as the genuine unemployed wants work, not charity'. With the Depression, taxation was raised by the States to finance payment of sustenance (the dole) and emergency relief work. Queensland produced a system of relief work, and in New South Wales the unemployed demanded relief work to replace the dole. Thus both government and people disliked and distrusted payment of the able unemployed in idleness.

When a Commonwealth Unemployment Benefit was eventually introduced in 1944, together with a Sickness Benefit, recommendations for an insurance scheme were again rejected, and funding out of revenue in keeping with the established Australian pattern was adopted. Eligibility for both was dependent on residence in Australia for at least twelve months prior to the claim, and there was a waiting period of seven days. Aborigines previously in employment or living in a civilised manner were eligible. The means test was based on income only, not property, and income of wife and children was taken into account.

Rates for Unemployment Benefit and Sickness Benefit, as representing a temporary need, were lower than for the Old Age and Invalid Pensions. Expenditure on Unemployment Benefit was \$525,000 in 1946 and £6.7 million in 1964. The number of claims was much lower than anticipated. Claims for Sickness Benefit, too, were much lower than in other countries, perhaps because of the sick leave provided by employers under industrial legislation.

Widows, Orphans and Others

Initially, provision on the death of a father was only for children, in institutions (orphanages), but by the end of the 19th century a system of 'boarding out' with their own mothers was introduced. The Orphans Allowance was payable to widowed and deserted mothers and provided 10% of the basic wage per child. It was deliberately pitched at less than the cost of a child's upkeep, because experience suggested that otherwise, 'the mother might be placed in a better position than she was before her husband's death or desertion, and . . . industry and thrift on both her part and that of her elder children would thereby be stifled' (Kewley 1973: 15). The provision on a per child basis recognised the fact that women's wages were only half those of men, as women were not generally expected to provide for a family.

Thus, the concern to discourage unnecessary dependency was again present. By contrast, the current Family Payment per child is as high as 50% of the provision for a sole parent, and under the Child Support Scheme each child is entitled to 18% of the father's income. (Much the same proportion—11% of the deceased father's final salary per child—is still applied under Commonwealth Superannuation, while the widow receives 50%.) On the basis of current statistics, it certainly cannot be said that the change has not produced the anticipated consequences. In fact, some argue that marriage is decreasing because mothers with children are now better off without husbands than with them (Birrell & Rapson 1998).

Widows' Pensions were first introduced by the states, beginning in the 1920s, but were later taken over by the Commonwealth. The first Widows' Pension was introduced in 1926 in New South Wales. A member of the NSW Parliament argued for it as an earned right as follows:

. . . where a mother is engaged in rearing a family of children, she is doing her duty to the State if she rears that family satisfactorily. If, at the same time, she has to go out in the world to try and earn a livelihood, that work cannot be satisfactorily carried out (cited in Burns & Goodnow 1979: 50).

Commonwealth Widows' Pensions were introduced in 1942, during World War II.

As the need for assistance was largely deemed to flow from responsibility for children, widows aged less than 50 without dependent children were not eligible, except for a brief transitional period before gaining employment. Widows aged over 50 without child dependents were, however, eligible, a return to the workforce at this age being judged a difficult prospect. Widows' Pensions were available also to *de facto* widows (though there was some objection to supporting adultery) and to deserted and divorced wives, provided reasonable steps had been taken to obtain maintenance.

Five years immediate prior residence in Australia was required for eligibility, together with good character. The Pension was not available to mothers of illegitimate children who had not been in a *de facto* relationship for at least three years. It was available to Aboriginal women, also with the good character requirement, provided they were living under civilised conditions (that is, not tribal or nomadic). As usual there was a means test, which combined income and property. Discretionary (a new concept) supplementary assistance for rental expenses was introduced in 1958 for those without independent income. This marked the first move to abandon the earlier approach, which emphasised that some attempt at personal provision was expected.

The number of Widows' Pensions rose by only 3,000, from 38,400 to 41,000, between 1943 and 1953 (despite the war), but had jumped by 17,000 to 58,500 in 1963. About a third of these were divorced or separated, and a mere 800 were *de facto* widows. Childless widows aged over 50 (class B widows) outnumbered widows with dependent children (class A widows).

Families and Children

Welfare for families first took the form of a maternity allowance, conceived as a public health measure, in 1912. Maternity allowances were means tested and were payable to married and unmarried mothers alike, as the focus was on infant mortality.

Intact families were not assisted via welfare for most of the first half of the century, as the Basic Wage initially catered for their full needs. In 1942, Child Endowment, a universal flat-rate payment, was introduced by the Commonwealth as a means of providing an adequate income for larger families without raising the Basic Wage for adult males to a level which would affect employment. Two thirds of its cost was funded by a new Payroll Tax on payrolls greater than £1,040 *per annum* in 1941 (greater than £10,400 in 1959), at a cost of £13 million.

To be eligible, the child had to either be born in Australia or be a resident for twelve months. Aboriginal children were eligible unless nomadic or already dependent on state support. From 1947, in response to the post-war immigration programme, the condition of twelve months residence was waived, provided the child's parents were likely to remain in Australia. This was the first of a succession of concessions to migrant needs, which played a major role in eventually eliminating the 'earned right' character of Australia's social security system.

The number of endowed children rose from about a million in 1949 (when first children and students aged over 16 were excluded) to 3,500,000 in 1964 (when they were not). Its cost rose from £47.1 million in 1951 to £82.4 million in 1964, making it the second largest Social Security budget after the Old Age Pension.

In 1961, there was still almost unanimous support for Child Endowment without a means test (that is, as a non-targeted family payment). Tax deductions for children, introduced in 1950, cost the government about as much in revenue as Child Endowment, and thus were an equally important measure of family income equity, *vis-à-vis* single (without dependents) earners.

Medical Care

The usual caution characterised the introduction in the 1950s of Australia's Medical Benefits Scheme, which involved self-insurance and the co-operation of the Australian Medical Association and Friendly Societies, with partial government subsidy and self-insurance. According to Kewley, the Medical Benefits and Hospital Benefits schemes aimed:

. . .to encourage and reward self-help by granting a government subsidy towards benefits obtained under voluntary insurance for medical care. It did not modify in any way the existing doctor-patient relationship. The contributor was to make his own arrangements to obtain medical attention for himself or a dependant . . .(Kewley 1973: 59)

Each organisation had a rule that the patient pay at least 10% as a brake on overservicing. Provision was made for the indigent, usually in public hospitals. Special caution was exercised with regard to the provision of free drugs, but nevertheless costs doubled in only half a decade (£9.2 million in 1953-4, £21 million in 1958-9), largely due to the introduction of the new antibiotics.

Respect, Responsibility and Rights

Full powers in all areas of Social Services were formally given to the Commonwealth via referendum in 1946, after a rejection in 1944. Menzies, in the early World War II period, had favoured a contributory scheme for funding Social Services, as promoting self-respect and removing the need for the pensioner to 'prove his poverty'. Labour, however, favoured contribution by the better off to the needs of the poor via taxation.

The outcome was Chifley's 1945 establishment of a National Welfare Fund and Social Security Contribution, which aimed to maintain the profile of an earned component in pensions and benefits received but, at the same time, to incorporate the progressive character of income tax in their provision.

The Director-General of Social Services remarked in 1948 that its introduction had 'helped to remove from people's minds any association of benefits with charity' (cited in Kewley 1973: 186). Thus the bi-faceted theme of an earned right continued to be active. This was unfortunately obscured when the 1950-51 Menzies government, to simplify the tax system, merged the Social Security Contribution with income tax.

Nevertheless, the National Welfare Fund was maintained, funded from Payroll Tax together with a contribution from consolidated revenue, such that its income each year was equal

to Social Security payments. The Fund tended to accumulate more than it spent and continued to draw interest, an interesting comparison with today's ungoverned welfare spending. By 1964, the Fund's contents had risen to £209 million. The emphasis was still primarily on Social Services, not redistribution to serve social justice; and on meeting unavoidable economic need, not on establishing a politico-social ideal.

The means test for the Age Pension, making it non-universal, was originally opposed on the grounds that it might stigmatise it as charity. But, after World War II, the concern shifted to its penalising effects on thrift, a concern which has been allowed little explicit presence since the 1960s, for to praise thrift is to stigmatise the non-thrifty. This concern resulted in policies of liberalising the means test and the availability of indirect benefits, to retain the incentive to supply one's own supplement. The ideological wish to abolish the means test remained unimplemented at this stage, and the concern not to penalise thrift was expressed in a raised threshold in 1961, while generous tax deductions encouraged private insurance (superannuation). For a period in the 1970s and 1980s, the means test was withdrawn for persons over 70.

As we have seen, from its institution until the 1960s, the Age Pension was not intended to supply a full income for independent living, but was considered a supplement to provision by the aged person's family or own contribution. As late as 1953, A.G.Townley, Minister for Social Security, asserted that:

Although 'need' has always been the criterion of this assistance, it has never been regarded by any Government as a sum designed to maintain a person completely, but something which is supplementary to their own savings.
(cited in Kewley 1973: 554)

Prime Minister Gorton in 1968 expressed a changed conception. He fulsomely declared that Australia should be a country:

in which those who are not strong enough or who have not had the opportunity to provide for themselves in their old age or in their illness will, as a matter of right,

be looked after by the community as a whole, properly looked after. . . [A] pension for old age [should not be] merely an addition to what would come from charity or a family. . . there should be nobody provided with a pension which will not give them at least a modest standard of living so that they do not need blankets to be provided for them in the winter, so that they at least have enough to eat and a roof over their heads (cited in Kewley 1973: 554).

The history of the introduction of welfare support in Australia is one of a great deal of detailed thought being given to the creation of regulations which would ensure fairness (in the sense of non-exploitation of the careful by the careless), and which would sustain the impression that a pension was not simply a right, but an earned right.

Australia's post-war immigration programme, which became an entrenched feature of Australian demography, was a major factor in transforming this situation. The imported needs of short-term residents prompted the understandable assertion of their 'floating' rights to welfare and, as a consequence, the withdrawal of the earned element in pension eligibility.

From 1964, the Commonwealth increasingly used conditional grants to the States for funding areas of welfare outside the old network of communal obligation, such as housing for Aborigines and for single Age Pensioners. A concern for fine-tuning had indeed arisen earlier in the mid-1950s, in the various provisions in the tax system for deductions commensurate with the number of dependents, in order to achieve appropriate net family incomes. But the new approach of targeting a sub-group of low incomes, in place of broad-band Social Services provisions which presumed a common level of partial self-provision, was tantamount to offering aid to the cultivation of the vices of profligacy, incompetence and reliance on others which had previously been so carefully avoided.

The 1960s marked the real beginning of the dismantling of the provisos on Social Services payments which had emphasised their coordinate obligations and, indeed, defined them as social services, rather than welfare. In opening Parliament in 1968, the Governor-

General said that the government would 'review the field of social welfare with the object of assessing those in most need while, at the same time, not discouraging thrift, self-help and self-reliance' (Kewley 1973: 390). The first part of this statement became the template for the future, but the virtues named in the second were doomed to extinction in public discussion for at least the next three decades.

The Bountiful State

Released from the constraints imposed not only by concepts of desert, but also of obligation, and spurred on by the confidence engendered by over two decades of full employment and a constantly rising standard of living, the nation was swept into a euphoria of welfare generosity which was undoubtedly gratifying to those who dispensed from the public purse.

The means test for the Old Age Pension had been little changed before 1945, but was often thereafter, always in the direction of liberalisation. Each change brought more of the elderly within its range, but induced discontent in the new group just out of range.

The Henderson and Downing survey of poverty in Melbourne in 1966 (see pp. 31, 32), with its finding of only a 4% incidence, mainly among elderly persons fully reliant on the pension, suggested that a small expenditure on raising basic pension rates would eliminate it entirely. This set in train a process whereby each raising of those at the bottom merely reorganised the calculations so that they were again below the 'Poverty Line' at the next assessment.

Fringe or indirect benefits for Age Pensioners—medical services, reduced phone rental etc—were introduced, albeit for those on full pensions only. In succeeding decades these were made available to others in a free area above the full pension limit. Conceived as a means of provision which would impact less on the means test interaction, they served to attenuate the sanctions which had encouraged people to make independent provision, despite the existence of a pension potentially available to all.

The amount of other income acceptable while still receiving some pension was raised from \$43 to \$70 per week for a couple,

between 1966 and 1969, and in 1972/3 the free area was raised above the level of Average Weekly Earnings. Such rises in maximum incomes for partial recipients created recurring pressures to raise the base rate. Between 1964/5 and 1972, Age Pensioners rose from 5.5% to 6.4% of the population, and the percentage of the aged taking the pension rose from 50% to 61%.

In 1962, the residence qualification for the Old Age Pension was reduced from twenty to ten years continuous residence in Australia. It is currently a total of ten years residence for men and for married and single women, and two years residence for widows. The ten years residence need not be consecutive, and may have occurred long in the past. The residence qualification for the Invalid Pension was similarly reduced in 1962, and in 1974 it was entirely removed if the incapacity occurred after arrival in Australia. Special Benefits for those without 'earned rights' were introduced in 1963-64, namely for aliens ineligible for other benefits and for migrants before their first job.

In 1966, the Nationality qualification for pensions was removed after the Minister for Social Security said that he did not want migrants to naturalise just for money benefit. This meant that pensions were now obtainable without any commitment to the community which provided them. This reform was finally reversed in the 1990s.

The stringency of the original loss of eligibility for interruption of residency was reduced in the course of the 1950s and, in 1969, payment of pension for a period of absence from Australia was increased from twelve weeks to 30 weeks. Although a residence qualification of 20 years after the age of 16 was required for the long-term export of the Age Pension, residence qualifications were not applied to Invalid Pensions, which made them eminently desirable and, not surprisingly, led to high feeling between migrants and doctors over invalidity. Neither were residence qualifications applied to wives' pensions, special allowances and funeral benefit. In 1972, portability of pensions was increased by reciprocal agreements with other countries.

These changes were 'prompted by the long-standing demands of migrants' (Kewley 1973: 420) who did not wish

to lose benefits either as a result of coming to or leaving Australia, but they nevertheless applied to all pensioners. Given the short residency qualification for pensions in Australia, compared with personal contributions as a basis in other countries, this meant that Australia was supporting both migrants and returned migrants who had little *earned* claim on pensions. This, Kewley claims, began to produce balance of payments problems, as the reciprocity involved was biased against Australia with its large population of migrants.

In this period, the character qualification for pensions was dropped without public discussion. It was formally abandoned in the case of Aborigines in 1966, as approval by a magistrate was regarded as intimidating. In 1967, 'a referendum was easily carried to remove the provisions of the Constitution apparently discriminating against Aborigines' (Kewley 1973: 383). This made those living under traditional tribal conditions in remote areas eligible for pensions and benefits. The resultant effects proved destructive to their way of life, in a way that was perhaps not fully anticipated by its fervent proponents in the cities.

Widows' Pensions also lost their character of a tied right earned within a community as a result of migrant pressures. Migrant women had been eligible if resident in Australia at the time of their husband's death, and after five years if widowed or divorced before arrival. In 1968, this was changed to immediate eligibility on arrival. The number of Widows' Pensions rose from 61,000 in 1964 to 92,800 in 1972 and from 0.6% to 0.7% of the population. The rise was largely due, however, to the liberalisation of the means test. The cost rose from \$43.8 million to \$112.5 million.

The numbers of mothers who were not eligible for the Widows' Pension rose considerably in this period and were catered for by State Grants. In 1971-72, 48% of such grants went to deserted wives and 40% to unmarried mothers.

Unemployment, Sickness and Special Benefits were a minor charge on Social Security throughout the sixties. At mid-year 1962, there were 62,000 unemployed (1.4% of the workforce) and in 1971, 66,200 (1.2 % of the workforce). In December 1971, the number of unemployed rose suddenly to 120,600, and in 1972 to

130,200. There were immediate calls for the rate of payment to be raised to the level of the Age Pension and Invalid Pension, eliminating the conceptual distinction between pensions and benefits, which was founded on the expectation that an integral part of prudential planning was to make provision for short periods of loss of income.

In 1971, the Payroll Tax was given to the States, divorcing it from its original role of funding the family/single income differential and thus linking family subsidy to earned income. With all pensions and benefits now regarded as properly geared to full living requirements, and in the context of the galloping inflation of the 1970s, the idea was proposed that they should represent a given percentage of minimum, or perhaps average, earned income. But in the general context of liberalised means tests and free areas above thresholds, raising basic pensions to a liveable independent income also meant raising some incomes well above the adequate with welfare money which could be better applied to those at the lowest levels of income. This paved the way for the explosion in supplementary and indirect benefits of the 1980s, and for the targeting and tapering of supplementary benefits and Family Payments.

Although during the 1980s and 1990s there was some renegeing on the enfranchisements of the 1960s and 1970s, it was legitimised in terms of budget constraints rather than on civic principle, and thus had no effective impact on the developing ethic of obligation-free welfare.

Importantly, for our concerns, in the course of the 1980s the principle of horizontal equity for family incomes (in recognition of the sharing of one income among many) was abandoned. Universal family-income equity provisions (initiated with Child Endowment) were transformed into means tested (targeted) family welfare. This was the sole area in which income support was wound back rather than rolled forward.

The Poverty Line

A concern with the redistribution of income from the better to the worse off, rather than with questions of earned rights and

preservation of habits of independence, has been the primary focus of welfare debate and reform since the 1970s. Central to the new mode of 'social justice' thinking is the concept of a Poverty Line, which was imported from the United Kingdom and the United States in the mid-1960s, and replaced the Basic Wage as Australia's benchmark of economic well-being.

The Poverty Line is a theoretical development from research on social welfare in countries with quite different Industrial and Social Services policies from those developed in the course of the twentieth century in Australia. Its introduction changed the ideal of economic well-being in Australia from one realised in the earnings of the employed person, and the capacity this gave him/her to make personal provision, to one based on the level of welfare handouts from government. Thus, it too played a crucial role in obliterating the ethic of responsibility and obligation from the Australian tradition of earned social services, and replacing it with one of obligation-free welfare. As such it requires special attention, and a later paper in this series will be devoted to its examination. A brief sketch of its advent and characteristics, however, is in order here.

A survey carried out in Melbourne in 1966 by two academics, Ronald Henderson and R.I. Downing, and finally published in 1970 as *People in Poverty*, found that 4% of the population were 'below the poverty line'. The groups most likely to be living in poverty were single Age Pensioners living entirely on the Pension, fatherless families and families with more than four children. This percentage was so small that it seemed that it should be easy to virtually eradicate poverty with one fell swoop.

W.C.Wentworth, the Minister for Social Services, favoured raising all single pensions, rather than identifying hardship cases (the day of targeting had not yet come). This, of course, meant abandoning the attitude that the Age Pension was a supplement to the recipient's own provision, and its reconception as a liveable income, as Gorton so eloquently expressed it. Age Pensions rose considerably faster than the cost of living between 1963 and

1972, although not so fast as Average Weekly Earnings. Similar across-the-board approaches were adopted for other pension groups. With the advent of the Whitlam government in 1972, the new mindset of Welfare, justified by Poverty, took office, and the conception of responsibilities creating rights was firmly replaced with one of rights resting on poverty.

The government-initiated *1973 Commission of Enquiry into Poverty* (by Henderson) was published in 1975 and became gospel in influential welfarist circles, although a less visible academic and public service critique persisted. Subsequently, the idea of poverty as relative became hegemonic, and the Poverty Line was tied to average income.

Thus, any rises in the latter automatically resulted in increases in the numbers categorised as below the Poverty Line, unless pensions were raised, which in turn would again raise average income. Despite increases in pension rates well beyond rises in cost of living, the percentage of the population assessed as living in poverty had risen to 10.7% in 1981-82 (compared with 4% in 1966), and to 16.9% in 1989-90. At that time, 750,000 children were said to be living in poverty. The Poverty Line remains tied to changes in *per capita* average disposable income, rather than to cost-of-living, unlike its predecessor the Basic Wage.

The war on poverty assumed the character of the boulder in the Myth of Sisyphus, forever pushed to the top of the hill only to roll back down again—the very approach to success inevitably resulting in a rapid return to taws. This change of faith also meant that poverty could not be regarded as in any way dependent on behaviour—lack of thrift, irresponsibility, poor character—and the relief of poverty consequently could not be addressed by seeking to change these behaviours in the poor. In keeping with the methods described in Orwell's *Nineteen Eighty-Four*, these words were hounded out of the vocabulary of poverty and welfare. Oblique reference to these realities of lifestyle could only be made by the use of such terms as *marginalisation*, *difference* or *otherness*, whose reference is more social than behavioural and implies a criticism of the attitudes of responsible and thrifty citizens, rather than the behaviour of the new welfare class.

Focus on the Poverty Line benchmark fuelled the targeting approach to family welfare, whereby virtually all assistance is directed at the lowest levels of family income, and equity for middle-income families vis-à-vis single earners is neglected.

6. Faith in the State

The 19th century charitable approach of training in living skills was incorporated into the primary school curriculum in the late 19th century, with girls learning 'domestic science' (sewing, cooking, mothercraft) and boys, 'manual training' (carpentry and general home repairs), instead of today's non-utilitarian 'craft'. This resulted, in the 20th century, in a competent population who needed only the provision of an adequate income through the Basic Wage to lead independent and self-respecting lives founded on the family as an economic unit.

As a result, the evolution of the Welfare State, which Berlin viewed in mid-century in Britain with such disquiet as ominous for personal freedom (Berlin 1969), was in Australia comparatively retarded. It was only when the organising principle was changed from maintaining wages on a universal basis to subsidising the lowest band of incomes out of revenue, that Australia became subject to what we can now see as the demoralising influences of the true Welfare State.

'Advocacy', in the sense of lobbying for government money, rather than direct engagement with the living habits of the poor, became the central activity of the welfare professional. 'There is no social problem which cannot be cured by a large injection of taxpayers' money, is the prevailing viewpoint in government, bureaucracy and the churches,' runs the header to an article on the decline of parental responsibility in the 1990s (Cooray 1992:14). But, as its author argues, it is becoming increasingly obvious that more welfare spending is irrelevant given the problems of social degradation we are now experiencing. Far from being the solution, he says, it is in more ways than one, the problem. In the case of homeless children, for example, it is assumed

that 'their plight can be quickly alleviated if only more public funds are spent'. Wrong. While it 'might soothe troubled consciences, it will do nothing to fix the problem'. Cooray asserts that evasion of responsibilities by parents is the real problem—evasion of their responsibilities to marriage, to their children, and to the moral instruction of their children—not lack of government intervention.

The willingness and ability of parents to assert responsibility for their children was undermined by state welfare policy when, in the early 1980s, 'running away from home' allowances were instituted by the Commonwealth, administered by State Departments of Community Services, and advertised in schools. Pupils were invited, if they were having trouble with their parents, to apply for welfare benefits and this money was given to children as young as 14 or 15. The early teens are notorious for battles with parents which, on the whole, the parents need to win if their children are to grow up cared for and in safety.

Yet, representatives of the NSW Department of Youth and Community Services (YACS), on Geoffrey Robertson's *Hypothetical* television programme (ABC 1988), solemnly admitted supplying these benefits to children whose parents were entirely unabusive in any serious sense of the word, but were merely resented because they were too strict (required that their children be home by a given hour) or too tidy (required that they maintain household standards of cleanliness).

The absurdity of giving money to young teenagers and expecting them to manage to obtain accommodation and feed and clothe themselves was not only entertained, but practised. Of course, the large majority of these children ended up homeless on inner city streets, and subject to physical and moral danger. Frantic parents were not even informed that YACS had 'found' their children. Welfare money enabled rebellious adolescents to call the bluff of control by parents attempting to exercise their wisdom on their children's behalf. It undermined parents' ability to make a stand, because they knew that the harm suffered by an out-of-control child at home would surely be less than that which would be incurred if he or she actually took to the

streets. This intrusion by the state disrupted the proper working out of parent-teenager conflict, prompting both parties to opt out of the developmental task of establishing independence within attachment, by offering the 'easy', but ultimately damaging, escape route of rejection and withdrawal.

Provision of state welfare for children created our homeless children problem. Once a nucleus was formed, it was easier for other children to find supportive associates in this dangerous way of life. Even after reform, efforts at more realistic responses to real cases of abuse, such as provision of refuges, are hampered by the homeless option. Thus, although the abandonment of parental responsibilities for the control of adolescents has all the marks of 'obstreperousness' in rich and poor alike, it has been encouraged by the state's promotion of itself as the only humane 'parent' with the true interests of children at heart.

Octavia Hill, in 1871, provided a graphic description of the poor as their own worst enemies where the charitable provision of improved housing was concerned—destroying plumbing, breaking windows, accumulating rubbish—and emphasised the need to train previous slum dwellers in home maintenance (Whelan 1998). A comparable failure to conserve household goods, such as furniture, blankets and clothing, occurs among welfare recipients in Australia today. Yet, dissent from the view that state-provided, obligation-free aid is the most effective means to decent living is rare in welfare circles, and appears only in those organisations with a history which predates the modern Welfare State.

A counsellor for the Sydney City Mission (an ex-banker), for example, offers families in financial trouble not extra money, but education in 'how to manage their finances'. As he says, 'Statistics show that the high incidence of marriage break-ups is often related to initial financial worries for people. Sure there's other issues involved, but a lot of their problems revolve around their financial situation. . . . Apart from good money management skills . . . the strongest need that many people have is to learn practical living skills' (*Newsbeat*, Spring 1995: 16).

Barnado's does not simply offer money to a teenage mother (who was abandoned by her own mother at the age of four) to help her to care for her child. The mother spent her childhood moving from one form of state care to another and lacks parental skills. Barnado's takes mother and child into a Barnado's Centre where she can begin to learn to be a caring parent, under supervision, and perhaps break the cycle of incapacity which is likely to occur if her daughter, too, spends her childhood in care (story in Barnado's leaflet). This was the approach of the old charitable organisations which the methods of Welfarism deliberately seek to replace—an approach of empowering through the encouragement of personal skills.

The common habits of thrift, economy and foresight which had been established over the previous half century were deliberately attacked in the flurry of aspersion of middle class values which marked the cultural revolution of the 1960s. Despite the obvious effects of their loss, they have remained absent from the theoretical discussion of welfare and poverty in Australia. Government policies for their encouragement have therefore been almost entirely lacking. In the United States, where the development of the ghetto and the underclass has gone further, proponents of Welfarism assert that personal responsibility is simply beyond such people, without apparent awareness of the arrogance and ultimately dehumanising influence of their attitudes (Goodin, in Schmidtz & Goodin 1998).

All this is not, of course, to deny the inevitable need for Social Services, of government support for citizens' prudential ordering of their own financial affairs, as clearly distinguished from Welfare, which represents government annexation of the ordering role. In the late 1970s, when Australia was on the cusp of the change from Social Services to Welfare, its underlying philosophy was thoroughly rejected by people at all levels of the workforce. Two decades later, a groundswell of distrust and resistance continues.

In 1979, a commitment to employment, the market and associated structures, rather than government, as the nexus of prosperity and financial security emerged clearly from a national survey of the opinions of workers, managers, public administrators

and union leaders, entitled *Managers and Workers at the Crossroads* (Laydon 1979). It found that workers did not want increased welfare, increased tax or increased government spending. They did, however, want more superannuation and more sickness and death benefits, but they saw this as coming through employment, and not directly from government.

In other words, they did not wish to break the link between financial security and participation in the productive economy which characterises independence. Their commitment to the successful functioning of the market economy showed in a willingness, despite opposition to increased tax and welfare, to forego wage increases in order to stabilise the economy, and in resistance to union pressures for wage increases. At that time, the majority of people were still savings-orientated rather than spending-orientated, and the role they allotted to government was to keep inflation under control and reduce unemployment, in keeping with their work-centred approach to financial security.

The welfare criticism of this approach is that it does not provide for those outside the workforce. But before obligation-free welfare detached young people, who had not yet worked, from their families, and women with children from men with workforce participation, this was scarcely an issue.

The loss of commitment to Social Security, as it was transmogrified into Welfare, is shown in a time series on opinions reported by Aitken (cited in Kemp 1980: 302). In 1967 and 1969, only 26% of respondents to a survey preferred reduction of taxes to increased spending on social services. But by 1979, 59% preferred reduction of taxes. Support for more spending on social services had fallen from 70 % to 36%.

Another survey (McAllister 1991) conducted in 1987, just prior to the Federal election in which the Hawke government was returned for a second term, showed the persisting differentiation in the voter's mind between earned social services and free-floating welfare, a differentiation which was not appreciated by candidates for parliament of either major party: 79% of Labor and 93% of Liberal *voters* thought that 'too many rely on government hand-outs', as compared with only 27% of Labor, but

96% of Liberal *candidates*. By contrast, 78% of Labor, and 60% of Liberal voters thought that government should 'spend more to reduce poverty', as compared with 94% of Labor, and 39% of Liberal candidates. Thus, both Labor and Liberal candidates failed to support the differentiation made by voters between earned and unearned social services/security, although on different sides of the fence.

The figures also suggest that the spending to reduce poverty that was approved was not to be spent in the form of welfare: 56% of Labor and 76% of Liberal voters thought government should 'reduce taxes, not spend on social security' (only 11% of Labor candidates agreed), a total of 66% as compared with Aitken's 59% in 1979.

This preference for reduced taxes can be seen as within the Australian tradition of favouring self-reliance and autonomy via maintenance of an adequate primary income. Only 58% of Labor and 31% of Liberal voters thought that government should 'redistribute income and wealth', compared with 89% of Labor and 15% of Liberal candidates.

Mark Latham, representing a new element in Labor thinking which is coming to terms with the problematic nature of welfare, observed that the 'core legitimacy [of the welfare state]—as a statement of moral value and social inclusiveness—has been weakened in our public culture' (Latham 1996: 19), but he perhaps overestimates the degree to which it was ever accepted at a grass roots level.

A reduction in taxation is the necessary first step in welfare reform, as a means of returning more incomes to viability and increasing the incentive to earn. The energies and initiative of welfare recipients should be engaged in productive work, not lured into the ingenuities of 'working the system'.

7. Depleting Social Capital

Latham (1996) claims that action by the state has not been central to the depletion of social capital, in the form of personal and

social living skills. This ignores the fact that the new welfare provisions of the 1970s and the combination of tax and welfare policies engineered in the 1980s (not substantially altered in the 1990s), have atomised society, separating wife from husband and child from parent, through placing the state in the role of superior provider external to the family.

The Sole Parent Pension, and the benefits which have been added to it, mean that an unmarried pregnant woman can consider herself independent of the father of her child. As a result, her child is likely to have no acknowledged father and is even less likely to have a father participating in its upbringing.

The availability of this Pension in combination with no-fault divorce has created similar notions of independence in married parents, both fathers and mothers, in disregard of the economic function of their marriage. It provides government support for the breakdown of marriage and for the separation of children from one of their parents, mostly the father. Australian Bureau of Statistics (ABS) figures for 1999 show that only 3% of such children enjoy meaningful shared-care arrangements, and 88% live with their mother.

As we have seen, the effect of the Sole Parent Pension on behaviour is clearly visible in statistics. More insidious has been government provision of support for children who leave home unilaterally, without being fully capable of independence, thus dividing the families affected and diminishing the ability of parents to deal effectively with difficult adolescents. In addition, pupils and students can gain large Austudy payments if they leave home early, and this frees them from the supervision of parents who are more likely to insist that money outlayed on their education is well-spent—that is, that their behaviour is such that they benefit from the education they are purportedly undertaking.

Even more difficult to delineate and expose is the effect of the abolition of horizontal equity via tax reductions for intact families, in favour of welfare money for the sundered fragments. In the United States, the United Kingdom and Australia during the 1950s and 1960s, average families on average wages paid virtually no tax. This served to make average wages adequate

for the family (while the single person, who needed less income, paid a moderate contribution by present-day standards).

In the course of the 1970s and 1980s, the universal tax deductions for family members' expenses, which created this equity, were withdrawn. They were replaced by means-tested Family Payments targeted at the children in the family, for the receipt of which earned income serves as a *disqualifier*. That is, if income rises, child payments are lost, and there is no net gain in family income (Sullivan 1998).

This system makes the father's income at best redundant, and at worst a mechanism for family disadvantage, as indirect benefits such as cheap fares, household services and rent subsidies are unavailable to above-threshold families. Birrell, Rapson and Maher's study (1997) found that more than 40% of children in nearly a dozen Sydney suburban areas were dependent on government 'top ups' of the family's earned income. In a suburb in which 60% of families were receiving maximum levels of child payments, 20% of those families had earned incomes. They would be no worse off if the father were unemployed instead. Thus, the effect of state welfare on intact families serves to disrupt the economic interdependency which, it is now clear, is an important factor in family cohesiveness (Murray 1984; Birrell & Rapson 1998).

A mother's story in the *West Australian* (March 22 1995) tells of the struggles of a family with four children to make ends meet, with the husband and wife both working. The situation broke down catastrophically when a child became seriously ill and the mother had to leave work. Stress led to depression and eventually separation, but miraculously, both financial and double-shift problems were solved by eligibility for welfare. The mother writes:

If you separate:

- You get priority child-care at a subsidised rate;
- You get a pension—a payment for being at home and caring for your child;
- You can get Austudy;
- You are eligible for DEET schemes and all of their support networks;
- You are eligible for home help and some other

forms of respite care;

- Financial assistance becomes available to you;
- You can even get Homeswest accommodation.

What do you get for staying together?

Nevertheless, the couple made two further attempts to live together and each time the pressure of the need for the mother to work resulted in breakdown. As she sums up:

We both knew that I was the best person to care for our children. My choice to be a homemaker was right for us . . . My problem was with the implication by society, including other women, that for some reason my choice was actually the wrong choice.

This situation is not peculiar to Australia. It is replicated in the United Kingdom and the United States, where the Poverty Line approach to welfare began. Morgan (1995) describes the effect of the Child Care Allowance introduced in Britain in 1994: a lone parent with two small children receiving this Allowance can also work for twenty hours a week at £4 an hour, ending up with a net income of £164 after rent and tax. However, a married father of two small children working for 40 hours a week at the same hourly rate would take home £131 and receive no supplement. The state is persuading the family to break down; it is subsidising the loss of social capital.

Birrell and Rapson (1998) link this situation to the low rates of marriage in low-earning males. For their equivalent females, government welfare provides a better financial situation. In effect, the state outbids these men, most of whose earnings, if untaxed as in 1960, would allow them to compete favourably. An examination of marriage rates by age group and income found a substantial fall between 1986 and 1996 in response to these policy changes, particularly in lower income, including semi-employed groups. Men on low incomes were also much more likely to be separated or divorced.

In the feminist tradition, Walshe believes that sole parenting is a sign of the 'empowerment' of women 'about life choices'

and that, 'Well targeted community education is needed to address deeply rooted prejudice and misinformation' (1994: 70-71). But the basis of the community's 'prejudice' is the fact that the sole parent demands—requires—their support for self and child, and this fact is unlikely to be 'educated' out of existence.

Further, there is growing evidence of the association between sole parenting and poor outcomes for young people, both in academic studies and from grass roots observation. Groups providing care and rehabilitation for homeless, abused, and drug-using young people typically report that 70% and upwards come from sole parent families (Barr 1999).

The effect on the daily life of a community can be very real. In January 1999, fifty-two residents of Mt Pleasant, a western Sydney suburb with public housing and many single mothers, signed a petition for help from police, because 'children as young as five terrorise, harass and vandalise' their own neighbourhood (*Penrith Press*, 8 January 1999). A spokeswoman complained of regular verbal abuse, having her home smeared with mud, a brick thrown through her car window, and her front porch fire bombed. 'Why should we have to worry about having our garage bins blown up by nine-year-olds?' she asked. A few months later, bus drivers refused to take buses into the area because of attacks—bricks and fire-bombs—by gangs of up to forty children.

In August 1999, a Magistrate and a Police Inspector, in Campbelltown and Glebe respectively, complained to the press of children as young as eight roaming the streets at night committing crimes. 'Most of the kids [in the gangs] are from one-parent families,' the Police Inspector said. 'I can't think of any where there are two natural parents.' He blamed a lack of role models at home for the crime (*Daily Telegraph*, 16 August 1999).

The result of Welfarism, directed to family incomes, is that the share of sole parent families in the raising of children is increasing significantly. A growing proportion of children are being raised in households with depleted personal resources, and a gap where the father should be. The state, which rushes in with money, cannot perform this human role.

Muehlenberg (1998) cites numerous American studies which found high rates of delinquent behaviour in both boys and girls from broken families. In Australia, the *Western Australian Child Health Survey* (1995) found delinquent behaviour and poorer mental health in children from sole parent families. Sullivan (1997) found high correlations between crime and divorce rates and crime and sole parenting. The operative factor appears to be neglect, which for many reasons is associated with sole parenting (Weatherburn & Lind 1997).

Judge Fred McGuire, President of the Children's Court, in an article addressing the problem of juvenile crime, emphasised the role of the family in teaching moral behaviour:

[P]eople who keep the law have been taught and know what it is to be moral. The family is at the heart of morality. The failure of the family is the central moral crisis of our time. (McGuire 1997: 26)

The state, in taking over the power which resides in money, is also taking moral authority from the family. The government money which welfare mothers access is often available to the children themselves. But the state cannot exert moral authority over young children, who are exempt from the law.

McGuire quotes the historian Lord Acton as saying, 'Duty is not taught by the state,' and himself asserts that, 'Morality cannot be legislated for. Governments cannot make people good or more responsible to one another, any more than courts can' (1997: 26). At most, they restrain and protect with respect to the failures of family upbringing; a large degree of family failure, such as we are now experiencing, exposes their fundamental incompetence.

Despite three decades of worsening outcomes for children, in tandem with state usurpation of the family's functions, a large section of intellectual opinion will not accept this consequence, and insists that the answer lies in more of the state intervention which caused the problem in the first place.

Glikzman (1998), a medical academic working in the field of child abuse and protection, (rightly) accuses his generation of baby boomers of failing, where their parents succeeded, to

provide for the education and socialisation of the young. But he sees their failure as deriving from the 'selfishness' of denying ever more money for government programmes of intervention, rather than as a result of Welfarist destruction of the intact family. Yet, his generation are, as parents, paying far more in taxation than *their* parents ever did.

The responsibility lies in the progressivist dreams of the 1960s generation who refuse to see the connection that has become apparent between sexual freedom and neglect of children, most patent in the abusing boyfriend syndrome. The ideology of permissiveness underlies the privileging of sole parent Welfare spending (whether originating in ex-nuptial birth or divorce), which inflates taxes and drains the resources of intact families.

Wattenberg draws attention to a similar imperviousness of US liberal (read left-wing) opinion to such causal connections. It denied, he says, 'any serious link between climbing welfare benefits and climbing rates of illegitimate births' (1998: 1). Conservatives eventually made ground for their position that if welfare were made less attractive, then illegitimate birth rates would fall, particularly in groups where rates were highest (teenagers, blacks, and Hispanics), and this indeed occurred. Ex-nuptial births fell by 21% between 1991 and 1996 for blacks, by 10% for Hispanics, and by 4% for non-Hispanic whites. But the connection is still not admitted. Instead, an improved economy, improved contraceptive use, sex education, abstinence campaigns, and fear of AIDS are credited with the reductions. Perhaps some of these factors contributed. Most, however, were present, but had little effect well before the fall in ex-nuptial births occurred.

Interestingly, the same left-wing opinion has consistently decried any possible effect of abstinence campaigns on ex-nuptial pregnancies, and would no doubt again deride them if their success, acknowledged here, resulted in calls for their funded expansion. In permissive left-wing morality, sexual self-control is considered impossible, or if not impossible, wrong. The improvidence currently exhibited in the sexual activity of young men and women is, however, attributable to the removal of any short-

term need for it, since the state will provide for any children that result. The long-term imperative of responsible parenting is still denied. But there is hopeful evidence in the success of welfare reforms introduced in some American States (for example, Wisconsin), that greater prudence can rematerialise if the sanctions supporting personal responsibility are again allowed to operate.

8. Conclusion

There are those, wrote Helen Bosanquet of the *Charity Organisation Society*, in the Majority Report of the British Poor Law Commission in 1909, who are incapable and those who will never fall into dependence, but the problem is those '...who are quite capable of earning their living [or finding or retaining a husband]...but who are easily drawn into loafing and thriftlessness [or promiscuity and dependency] by the prospect of relief. It is to these people [and their children]...that an unwise policy of relief on easy terms is fatal; they quickly lose the habits of energy and foresight, and become in the true sense of the word pauperised [an underclass]...When given wholesale from public funds there is no form of relief which may so quickly demoralise a neighbourhood [as in the case of Mt Pleasant]' (Bosanquet cited in Green 1998: 37).

The British Charity Organisation Society, which opposed the Fabian push for universal state welfare at the turn of the last century, used the word 'character' as the key to well-being in society, where we are beginning to use the concepts of 'responsibility' and 'obligation' (Murray 1984; Mead 1996; Prime Minister Howard cited in *Australian Financial Review* 1999). It has much to recommend it as a concept, in that it implies the steadiness and the effort required to learn one's culture. '[S]tored in the social community into which [one] is born...[are]...its institutions, its knowledge, its skill', says Bosanquet (cited in Green 1998: 39), which all must make the effort to acquire and exercise, and which are a prerequisite of meaningful responsibility and fulfilment of obligation. The responsibility to accept training,

such as coaching in literacy, is a part of this constellation of requirements of citizenship.

'The tendency of many poverty researchers to analyse poverty as if it were the result of "outside forces" acting on powerless individuals has had a disabling impact on efforts to overcome reliance on state benefits,' says Green (1998: 41). The very fact that there is an element of truth in their diagnosis—the truth that disadvantage arises from loss of exposure to the best in the inherited skills and habits of the social community—condemns as pig-headed the efforts of social determinist Welfarists to prevent the exposure of the pauperised underclass to higher levels of skills and social habits on such ideological grounds as that it is demeaning, is cultural or class imperialism, is oppression. Their attempts to dampen any enthusiasm to participate in such opportunities, and to thwart their implementation, are utterly misconceived.

Sullivan (1991) noted that the change in social work theory and practice from a focus on the skills and virtues required to escape from poverty to an insistence on rights and cash payments occurred hand in hand with the invasion of the profession by salaried males in place of women volunteers. Middle class men, it can be conjectured, are largely ignorant of the day to day skills of home and budget management, their understanding of economic well-being residing in the level of salary they bring home. They do not see below the surface to what is done with that money once it enters the domestic sphere. Capturing an arena in which they were not competent, they changed its emphasis from one of individual teaching to one of public advocacy. It is now clear that the achievement of ever higher welfare incomes cannot alone solve the problems of ignorance, waste and shiftlessness which today define poverty in Australia.

At the end of the 19th century, both Australia and New Zealand refused to introduce 'a poor law system or any entitlement to benefit from the state, deliberately to avoid corrupting their people' (Kewley 1979: 7, fn.9). The Welfare management of contrived dependency, in both its real and its deceptive elements, exerts a malign influence on the family. It discourages marriage and

disrupts families, with long-term harmful consequences to children. In 1975, Family Payments added only an extra 8% to the incomes of the lowest paid workers in Australia, compared with 43% today (NATSEM cited in *Sydney Morning Herald*, 2 November 1995). Yet, there was no youth homelessness then, no drug problem, low youth suicide and relatively little crime by minors (Sullivan et al. 1999).

The great change in dependency rates partly represents an increased percentage of the population now relying entirely on the work efforts of others, outside their nuclear family household. But it is partly a product of government packaging of tax and welfare measures—what could almost be called window dressing. Churning of earned income makes many families appear heavily welfare-dependent, when their earnings, before tax, in fact match their needs and their final incomes.

A phantasm has been created of this country as one in which large numbers of people do not have enough money to provide decent levels of food, housing, clothing and recreation for themselves, while the issue of management of resources remains unspoken.

This doctrine is entirely without substance. Many people live entirely decent and respectable and 'included' lives on the level of income which is the minimum received under current welfare provisions. If we see the features of classical poverty in Australia today, it is not for lack of money. Poverty in Australia today is not financial, but behavioural. It is time that the welfare establishment looked seriously at the unpredicted, but predictable, achievement of the welfarist school of social theory and social policy in the building of 'a hell in heaven's despite' (William Blake: *Songs of Innocence and Experience*).

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Note

1. The factual material in this section is drawn from T.H. Kewley's *Social Security in Australia 1900-72* (see above list).

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