

AUSTRALIAN WELFARE STATE — WORKING MAN'S PARADISE OR UNEMPLOYED NIGHTMARE

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The Statement of Accord between the Australian Council of Trade Unions and the Australian Labour Party establishes an agreed framework within which it is claimed that workers will maintain real wage levels as a result of increases based on movements in the consumer price index. Additionally the trade union movement may be able to "barter" for an improved social wage and for a variety of other measures aimed at alleviating unemployment and social suffering. However, it remains a fact that when the number crunching around Job Creation Schemes is taken into account Australia's real unemployment rate remains high against any comparison and the notion of wages keeping pace with inflation is now in doubt. The Accord places considerable weight on the various supportive policies which are adjunct to the central policy on prices and incomes. These policies focus on the welfare sector with issues like health, education and social security being seen central to the social wage. What will be considered in this paper is the current shape of the Australian Welfare State and in particular why the Australian Welfare State is still a relative paradise for those in employment whilst at the same time the unemployed and the socially disadvantaged in our society live in poverty, many being below the Henderson poverty line.¹

The examination will take the form of a comparison between a number of advanced capitalist states, all being members of the Organisation of Economically Developed Countries. I will compare various key areas of the welfare state identified by writers like Heidenheimer, Jones and others.² These areas are education, health, housing, taxation, income maintenance and importantly in the Australian context - wages. These comparisons are based on recent spending patterns but in an effort to explain why the Australian welfare state is different to various overseas countries I will identify several historical developments in Australia. Some consideration will also be made of the type of welfare state that we have in Australia which will be considered against the three models of welfare state development identified by Mishra.³

The models are residual, institutional and structural. Each model operates according to different political ideologies. The residual model is based on conservative ideology with minimal State intervention in the provision of welfare benefits, with the benefits provided being low in quantum, and means tested with the consequence that only the poor receive State aid. In the institutional model the emphasis on the provision of welfare changes substantially with the State intervening to provide a vast range of welfare benefits to all citizens. The benefits are not means tested and the levels of benefits are greatly increased. The accompanying political ideology is liberal/social democratic. The third model is structural and is accompanied by socialist or communist ideology. In this model the State acts as the "natural provider of needs and social services - catering for a wide range of needs and encompassing the entire population - the norm".⁴

Marxist analysis of the capitalist system cannot be achieved within the confines of capitalism and we are therefore unlikely to see any moves towards a structural model in Australia.

To sum up the three models "We have at one end what may be described as structured social policy (to each according to his needs) and at the other end the residual model (entirely market based with the institutional system (mixed system) somewhere in the middle".⁵

The following tables locate the Australian welfare state in the broader context and assist in identifying the current position of Australia vis-a-vis other advanced capitalist states. This may enable the location of Australia with other countries on a most similar or dis-similar basis. It is worth noting from the outset that Australia's social security system is distinguishable from other OECD countries in that the cash benefits provided

are means-tested, flat-rate, low in quantum and funded from general government revenue. These four factors combined together ensure that the size of the social security budget is limited. Additionally, Australia, unlike most of the other OECD countries has never introduced a social insurance scheme. The reasons for these developments will be considered later in this paper.

The following table is useful in demonstrating Australia's ranking in taxation and three major areas of the welfare state; education, public income maintenance and health.

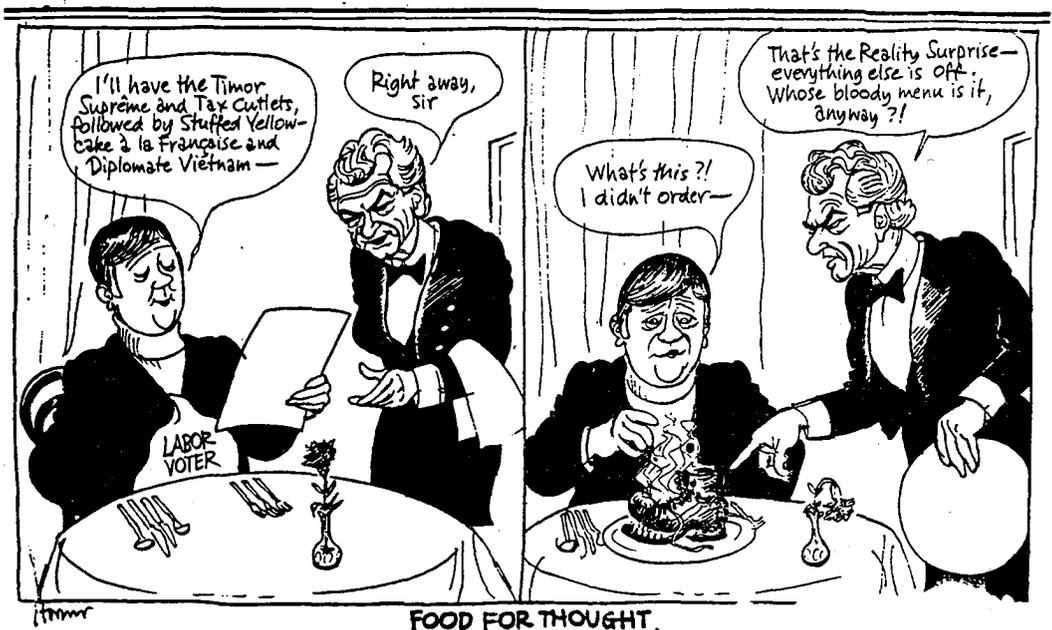
TABLE 1

Public Welfare Expenditure - Mid- 1970s in 18 countries (Expressed as a % of G.N.P.)

	TAX	EDUCATION	PIME	HEALTH
<u>Australia</u>	<u>31.6</u> (15th)	<u>3.8</u> (14th)	<u>4.0</u> (16th)	<u>5.0</u> (11th)
Austria	39.1	4.0	15.3	3.7
Belgium	40.6	4.9	14.1	4.2
Canada	37.1	6.5	7.3	5.1
Denmark	45.3	7.0	9.9	6.5
Finland	39.8	5.6	9.9	5.5
France	40.5	3.2	12.4	5.3
Germany	41.0	3.0	12.4	5.3
Ireland	36.8	4.9	6.4	5.4
Italy	35.2	4.0	10.4	3.5
Netherlands	52.6	5.9	19.1	5.1
Norway	49.7	4.9	9.8	5.3
Sweden	52.6	5.9	9.3	6.7
UK	41.1	4.4	7.4	4.6
USA	30.6	5.3	7.4	3.0

Source: OECD, 1978.

Table 1 clearly indicates that Australia is a laggard in terms of taxation, education, public income maintenance and health. It is also possible to suggest that a trend in spending and taxation patterns can be discerned in this table. The low tax welfare spending countries are principally the non-European group of the United States, Japan, New Zealand and Australia.



The following table, which ranks various areas of social security spending clearly re-inforces the low ranking of Australia with Australia being placed on the bottom of the rankings with the United States.

TABLE 2

League Table of the Standards of Seven Social Security Schemes in 1969

	Employment	Temporary	Invalidity	Unem-	Family	Health	Scores	
	Injury	Disability		Old Age	ployment	Endowment	Service	T
Austria...					T		1	-
Germany...	T	T		T	T		4	-
Ireland...				B		B	-	2
U.K. ...						T	1	-
Denmark			T	T		T	3	-
Netherlands	T	T	T		T	T	5	-
Canada		B	B				-	2
U.S.A. ...	B	B	B		B	B	-	6
New Zealand							-	-
Australia	B			B	B	B	-	4

Notes; T=top; B=bottom

P.R. Kaim-Caudle, Comparative Social Policy and Social Security,
Martin Robertson, London, 1973. p301.

Whilst there are some problems in constructing a league table due to variation between countries in terms of waiting time, income limits and the like, Table 2 indicates the low ranking of Australia in the field of social security spending.

Wages, disposable income and income distribution are all important factors in the Australian welfare state.

Wages are determined through the Conciliation and Arbitration system with the Commission certifying or determining awards. These awards establish minimum conditions which employers are legally bound to pay. The Australian wage fixation system differs considerably from systems found in most other OEDC countries. The Australian system is based on the concept of 'living wage' determined by Judge Higgins of the Arbitration Court in 1907 in a judgement referred to as the Harvester Judgement. The key passage in the Harvester Judgement is Higgins' conclusion that "I cannot think of any other standard (of wage fixation) appropriate than the needs of the average employee regarded as a human being living in a civilized community." ⁶ The living wage or the basic wage ⁷ as it became known, was indexed by movements in the Retail Price index from 1921 until a change to the system in 1953 with the basic wage continuing until 1967. The basis of Higgins decision provided that a family of a man, wife and three children and irrespective of the breadwinners' occupation should receive a payment that was fair and reasonable and that enabled "a person to maintain himself and his family in frugal comfort". ⁸

It is also important to note that the basic wage concept was held by the Court to be "beyond the reach of bargaining,"⁹ this decision being made following employers arguments on capacity to pay. These two factors taken together distinguishes the Australian wage system from overseas models. Discussions on these points will be continued later in this paper when the motivation for the Court's decision is considered and the actions of the labor movement analysed.

Current international comparisons of wage levels in a common currency are limited and many of the studies are rather dated. However the following table illustrates the dispersion of labour earnings and shows that "Australasia had (in the 1950/60s) the lowest inequality of labour earnings".¹⁰

TABLE 3

International Comparisons of Income Inequality

	Year	P ₅	P ₁₀
New Zealand	1960/1	178	150
Australia	1959/0	185	157
Denmark	1956	200	160
United Kingdom	1960/1	200	162
Sweden	1959	200	165
Germany (FR)	1957	205	165
Canada	1960/1	205	166
Belgium	1964	206	164
United States	1959	206	167
Austria	1957	210	170
Netherlands	1959	215	175
Finland	1960	250	200
France	1963	280	205
Japan	1955	270	211

Note: P₅ is the average income of the top 5% of full-time male income earners as a percentage of their median income.

P₁₀ is the average income of the top 10% of full-time male income earners as a percentage of their median income.

In both cases, the higher the percentage the greater is the income inequality.

Source: Lydall, R. The Structure of Earnings, Clarendon Press, Oxford, 1968

Table 4 reveals that after tax, Australia still has a reasonably good distribution of income. The reason that we do not hold our pre-tax position can be explained by our taxation system which is much less progressive than the taxation systems found in the Netherlands, Sweden and Norway. From being a laggard in the area of social security, education and health, Australia emerges as a country with a good distribution of personal income, although Raskall's study on wealth distribution, dampens this latter point. Raskall finds that when wealth is included in the debate the "available data reveals a distribution of wealth in Australia exhibiting extreme inequality".¹²

The final area to be compared is housing. Two aspects of housing need to be considered; firstly the level of home ownership, and secondly, the level of public renting. Kemeny in his book, *The Myth of Home Ownership* provides a good example of home ownership in six of the countries under review.

TABLE 4

Measures of inequality of the distribution of personal income,
years around 1970
(countries ranked according to respective Gini coefficient of inequality)

	<u>Pre-tax, pre-transfer</u>		<u>Pre-tax, post-transfer</u>		<u>Post-tax, post-transfer</u>
	Gini		Gini		Gini
1.	SWE 0.471	FR	0.416	FR	0.414
2.	FR 0.462	US	0.406	IT	0.398
3.	US 0.446	FRG	0.396	FRG	0.384
4.	FIN 0.438	CND	0.383	US	0.380
5.	NL 0.437	IRE	0.380	IRE	0.363
6.	IRE 0.437	ISR	0.357	CND	0.354
7.	CND 0.430	NOR	0.355	ISR	0.327
8.	UK 0.418	NL	0.355	FIN	0.321
9.	NOR 0.415	SWE	0.344	UK	0.319
10.	FRG 0.404	UK	0.343	JA	0.316
11.	ISR 0.403	FIN	0.334	AUS	0.312
12.		JA	0.333	NOR	0.309
13.		AUS	0.313	SWE	0.302
14.				NL	0.292

Extract from F.G. Castles, The Impact of Parties, Sage, London, 1982, p. 290

Table 5 shows that Australia has a very high level of home ownership. Table 6 indicates the low levels of public rental accomodation available in Australia.

TABLE 5

Selected industrialized countries; home-ownership rates (1970-3 data)

Country	Home-ownership rate (%)
USA	62.9
Sweden	35.0
Canada	60.2
Switzerland	28.0
West Germany	33.3
Australia	68.7
The Netherlands	30.0

Source: J.Kemeny, The Myths of Home Ownership, Routledge and Kegan Paul, London, 1981, page 8.

TABLE 6

Balance between tenures in four English-speaking countries (1970-1) (%)

Country	Home- ownership	Private renting	Public renting	Other borders, rent-free no information	Total
	%	%	%	%	%
USA	63	36	1	-	100
Australia	69	21	6	4	100
New Zealand	68	20	6	6	100
Britain	50	15	30	5	100

Source: J.Kemeny, The Myths of Home Ownership, Routledge and Kegan Paul, London, 1981, page 9.

In terms of welfare distribution, an interesting position emerges in respect to the Australian Welfare State. The figures suggest that a heavy reliance is placed on the role of wages, with wages being high enough to allow the majority of the population to purchase a house or warrant credit (mortgage) sufficient to become an occupier/purchaser. The low tax system reinforces the notion that wages are the most important aspect in the provision of welfare and the low taxes also explains why welfare benefits provided by the State are meagre. The Henderson Report supports this view by pointing to two main categories in society; those in receipt of wages who were normally reasonably catered for and a second group of people who are in receipt of welfare benefits and were likely to be on or below the poverty line.

In summary, Australia is probably most similar to New Zealand although in some ways Australia is similar to the United States (except for wage determination). Clearly Australia is dissimilar to the majority of OECD countries in respect to the provision of welfare and on the role of wages in providing those in employment with their living needs.

The following section of the paper sets out the major developments of the Australian welfare state.

Historically, Australia was an early developer in the field of welfare, with a number of important initiatives being taken between 1890 and 1910. The Australian Industrial Relations System developed out of the constitutional debates of the 1890's and culminating in the Conciliation and Arbitration Act passed in 1904. Although not directly connected to welfare, the Act institutionalised unions in a system of compulsory arbitration, recognising at the same time the right of trade unions to legally exist on the same basis as the employers.

The Harvester Judgement of 1907 and various other decisions of that era helped to preserve the high wages won by Australian workers in the preceding decades.

Old age pensions were introduced in 1909 and by 1914 all the States had enacted workers legislation. Home ownership was also high with the State often supporting the development of infrastructure of roads, drainage, transport and the like. Australia during this period was clearly a leader in the field of welfare and attracted many interested overseas visits like S. and B. Webb, A. Metin and Lord Bryce to study how and why these events occurred.

The Australian welfare state stagnated after 1910. Although attempts were made in the 1920's to legislate for child endowment, their moves were unsuccessful due to the basis of the Harvester decision and the unions refusal to accept any reduction in wages. It was not until after the election of the Labor Government in the 1940's that child endowment was introduced by the Federal Government, although prior to this initiative the New South Wales Lang Labor Government had already legislated in this area¹³. The question of social insurance was debated during the 1920's and 1930's, but again due to resistance from the unions and also from the employers, both who were concerned at

the loss of wages or the composition of extra costs, the scheme was not proceeded with despite the fact that the legislation was passed in the Parliament. The major initiative taken at Federal level between 1910 and 1939 was the assistance given to ex-servicemen to purchase a house and this contributed to ensuring that the high levels of home ownership in Australia continued.

It was the election of the Labor Government in the 1939 and the end of the Second World War that saw a number of initiatives taken in the welfare area although some of these moves were frustrated by conservative forces relying on the constitution to invalidate Government legislation. However, "child endowment and sickness benefits, tuberculosis, hospital, pharmaceutical and funeral benefits, and widows pensions were all introduced by 1946"¹⁴. Moreover, the post-war Labor Government embarked on a number of major construction programs that stimulated economic growth which ensured high employment levels. A return to the high unemployment as experienced in the 1920/30 depression therefore seemed unlikely.

From 1949 to 1972 Australia enjoyed a period of high economic growth and low unemployment but the conservative Liberal Country Party Government unlike most European OECD countries did not use this period of prosperity to expand welfare provisions particularly in the pensions area. (Table 7 on page 15 sets out details of significant dates of improved services in eight advanced capitalist countries.)

Under the Whitlam Government in 1972 attempts were made to catch up some of the lost ground. The initiatives taken by Whitlam included the introduction of a comprehensive health scheme, substantial increases in the level of pensions, unemployment benefits and most other cash benefits. Urban and regional policies with an emphasis of the quality of life were introduced, education was improved, child care, and the Australian Assistance Plan were introduced. A number of major reviews were conducted into accident insurance and superannuation and this era was one of general improvements in welfare with a move away from residualism to universalism policy in the welfare area.

The fall of Whitlam Labor Government and the election of the Fraser Liberal Country Party Government saw the spending on welfare limited wherever possible with a number of major initiatives of the Whitlam years largely discontinued.¹⁵ Moreover, wages policy which appears to be at the cornerstone of the Australian welfare state was gradually changed under Fraser from an incomes policy based on indexation with various supporting mechanisms (social wage) to an incomes policy based on restricting wage movements, an attack on organised labor and the undermining of a number of the institutional pillars of the Arbitration system.

The election of the Hawke Labor Government in 1983 saw the development of an incomes policy based on the prices and incomes Accord, a document that had been agreed between the Australian Labor Party and the Australian Council of Trade Unions. Under the aegis of the Accord, full wage indexation has been introduced, a universal health system, Medicare, has been introduced and various benefits in the pension area have been increased. However, the assets test on pensions and the 1984 tax cuts indicate the Government's continued commitment to a residual policy in respect to pensions and other welfare benefits based on a low tax policy.

Moreover, real wages have fallen because of the negative effects of the CPI following the introduction of Medicare and also due to the composition of the basket of commodities used to measure the CPI. Additionally unions have been prevented from pursuing their catch-up claims and the processing of equitable base and anomaly cases have been extremely difficult with the Australian Public Service case being a prime example.

The following table sets out the various dates that major legislation was enacted in Australia and seven other countries:

TABLE 7

Dates of Introduction of Selected Social Programs.

	Industrial Accident Insurance	Sickness Insurance	Pension Insurance	Unemployment Insurance	Family Allowances	Health Insurance
Germany	1884	1883	1889	1927	1954	1830
U. K.	1887 ¹ 1906 ²	1911	1908	1911	1945	1948
Sweden	1901	1910	1913	1934	1947	1952
Canada	1930	1971	1927	1940	1944	1972
U. S.	1930	----	1935	1935	----	1965
France	1898# 1946##	1930	1905 ¹ 1910 ²	1905 ¹ 1914* 1959** 1967	1932	1945
Italy	1898	1928 ¹ 1943 ²	1919	1919	1936	1945
Australia	1914	1944 ³	1909 ³	1944 ³	1941	1975 1983

1 Hecla # employer liability * unemployment assistance
 2 Flora ## compulsory ** collective labor agreements
 3 In Australia these benefits are not based on social insurance.

Again, the failure of the Australian Welfare State to expand after 1910 is demonstrated in Table 7 and its lack of activity during the 1950-1972 boom years is evident. In historical development terms, as outlined in Table 7, Australia is more similar to the United States and is quite dissimilar to the various European countries.¹⁶

The final area to be considered is respect to how Australia is different to other advanced capitalist states is to place Australia within the three social policy models developed by Mishra. The three models of welfare state development are residual (conservative), institutional (Liberal/social democratic) and structural (Marxist). It is clear that the structural model is not applicable in Australia and that we are therefore left with a choice between residual or institutional. The meagreness of old age pensions, unemployment benefits, health and education suggests that the residual model best explains the Australian welfare state. However, when one considers the level of wages and wage distribution in Australia coupled with reasonably good workers compensation schemes and high levels of home ownership the residual model no longer appears appropriate. Moreover, it may be that for wage earners the institutional model is applicable.

It should be noted that theoretic models are not carved in stone and should be used only as a guide for the classification of factors or countries. Because of the uniqueness of the Australian Welfare State it may be that it does not conform to either of the models mentioned above but rather is in a category of its own. The notion of a 'wage earners welfare state' developed by Castles may provide the basis for a model that may fit the particular Australian circumstances.¹⁷

The question of why the Australian welfare state is different can, like how it is different, be considered from various perspectives. Firstly, cultural reasons, like the role of convicts, individualism associated with the 'bush' and the frontier could be suggested for the failure of the Australian welfare state to develop. Secondly, the federal system of government could provide an explanation for the lack of progress and thirdly, the actions and expectations of the working class, particularly in respect to the motto of "defence not defiance"¹⁸ may assist us in understanding the residual nature of Australia's social security system. A cultural explanation is not adopted in this paper and rather I will seek to explain why the Australian welfare state is different to patterns found in other advanced democratic OECD states on the basis of the federal system and the nature of the working class.

Both these explanations overlap to some degree as certain sections of the Trade Union movement have vigorously intervened in the protection of State rights and the limitation wherever possible of the expansion of federal powers.¹⁹ Of the eighteen countries reviewed in Table 1 six have federal systems. The following Table demonstrates the low welfare/tax rankings of those federal countries.

TABLE 8

WELFARE RANKINGS OF SIX COUNTRIES WITH FEDERAL SYSTEMS

(BASED ON TABLE 1)

	TAX	EDUCATION	PIME	HEALTH
Australia	15th	14th	16th	11th
Austria	10th	12th	2nd	15th
Canada	10th	2nd	13th	8th
Germany	6th	17th	4th	5th
Switzerland	14th	15th	n.a.	16th
USA	17th	6th	11th	18th

With the exception of Germany, 20 the federal states on average (except for education in Canada and the United States) rank in the lower half of the eighteen OECD countries which suggests that the federal system could retard the growth of the welfare state. However, this argument is weakened when the unitary states of Japan and New Zealand are examined for Japan is the worst example of a welfare state with New Zealand being only marginally in front of Australia.

Historically, the Australian Constitution can be seen as a negative factor in the development of welfare. The only specific national powers in the Constitution "are old age and invalid pensions and some categories of industrial disputes"²¹. Moreover, attempts to change the constitution have more often than not been unsuccessful with

only eight referendums out of thirty-six being passed with only one of these (1946 Social Services) being passed with Labor in office in the Federal Parliament.²² Furthermore, it has often been the conservative High Court that has intervened to limit the power of the Federal Government and as such, frustrate attempts at reform by the Federal Government²³. What emerges from this discussion is the suggestion that the Australian Constitution and the High Court have limited the options available to Federal Governments in legislating in the field of welfare and in part this explains the nature of the Australian welfare state.

The federal system explanation provides us with a partial answer for the tardiness of the Australian Welfare State. In particular, this explanation does not account for the low ranking of the unitary states of Japan and New Zealand. It is the latter country that displays many of the characteristics of Australia; high wages with good income distribution, low taxes, low welfare spending and high levels of home ownership. Whilst the historical development of both countries has differed the end result has been about the same suggesting that we must look elsewhere to explain the low ranking of Australia in the 'Welfare Stakes'.

The Working class was mobilized early in the development of Australia. A number of factors combined together to bring about this development. Gollan in his article "The Historical Perspective" identifies four factors that contributed to this development;

1. "A capitalist economy with few of the vestiges of earlier economic systems which complicated relationships in older societies. Employers and employees were linked simply by a wage contract.
2. A small population, with a "very high proportion of the people concentrated in the cities of Sydney and Melbourne;
3. By mid 1850's "responsible government and manhood suffrage";
4. "An overall shortage of labour"²⁴

"Egalitarianism fostered by life on the colonial frontier"²⁵ together with the emerging middle class influenced by a number of radical liberals completes the factors that gave rise to the early Trade Union movement and the subsequent birth of the Australian Labor Party. From 1890 to 1910 Australia was seen as a "pioneer of social policy experimentation"²⁶ as well as being the first country to have a Labor Government in office and to win a majority of seats and votes.

Having described the birth and early achievements of the labor movement it is now necessary to address a number of issues to answer the question of why the Australian welfare state is different and why after 1910 it failed to continue to develop. More importantly, three other specific questions need to be addressed. Firstly, why has the working class seemingly been prepared to accept short periods in office federally when it has consistently achieved a high vote at election and has always had high unionisation rates? Secondly, apart from two brief periods of social reform in the 1940'S and early 1970's why has the working class not agitated for reforms in the intervening years? Thirdly, why has socialist ideology found in labor movements elsewhere, not played an active role in the Australian labour movement?

During the discussion earlier in this paper on how Australia is different, a description was given of the Harvester Judgement in the living wage case. The real significance of this decision for the working class is revealed when account is taken of industry protection and the White Australia policy. When the following factors are considered together; arbitration, protection, immigration and private housing, one can understand how wages for Australian workers remained at the high levels of the later part of the 19th century. Moreover, this quartet had another effect on the labour movement, for it institutionalised the union movement in bringing the union into the framework of

arbitration and capitalism making the union movement a co-partner in Australian industry, dependent for the continuation of high wages on the stability and success of industry 27. It is unlikely therefore that the labour movement would actively attack the foundations of the capitalist state. Furthermore, its lack of an ideological base inspired by socialist views adds to the notion of a pragmatic working class. Davis in an article on "Why the U.S. Working Class is Different" suggests "two ideal-typical historical paths by which independent labor movements have emerged in industrializing societies. The first embracing continental Europe - has involved the precipitation of a proletarian current in the course of Bourgeois - democratic revolution. The second, later route-followed by Britain and most of its white settler offspring (Australia, New Zealand, and Canada) - has passed through the transformation of trade-union militancy by economic crisis, state repression, and the rise of new working class strata".²⁸ What I think underlies Davis' argument is the evolution of the colonial states evolved and the development of working class without the need to engage in a struggle to overcome the "precapitalist and bourgeois ruling class".²⁹

In Australia, male suffrage was gained without a struggle and the eight hour day was achieved relatively easily. (The shortage of labour no doubt playing an important part in the latter.) The only real struggles against capital and the state in Australia were during the maritime and shearers strikes and the economic depression of 1890. Jurgen Kuczynski noted the "peculiar environment in which the Australian working class developed in a society where the eight-hour day was the rule, modern machines were installed and these were worked principally by men, not primarily by women, and by children scarcely at all".³⁰

This discussion points to an Australian labour movement that has not been born out of a democratic-revolutionary struggle, nor indeed out of a class struggle but rather a movement that has established a pact with capital and the state and has relied on the latter to intervene when necessary for protection of its gains. Whilst "foreign commentators (1890-1910, among them S. and B. Webb, A. Metin and Lord Bryce) were deeply impressed by Australian innovations and the state socialism of the highly pragmatic Australian labour movements",³¹ I doubt whether they would hold such view if they were examining Australia today.

It would be more likely that they share with Lenin the view that "the Australian Labor Party is a liberal-bourgeois party"³² and that the "liberals in Europe and in Russia who try to teach the people the needlessness of class-war by the example of Australia only deceive themselves and others".³³

In conclusion the Australian welfare state is unique in its reliance on high wages as a national minimum to cover those in the workforce and a safety net to cover those persons unemployed or on pensions. In this respect it is similar to New Zealand but dissimilar to patterns found in advanced democratic states. Direct working class interests of wages, workers compensation and industrial legislation have been established and maintained in Australia and in a number of cases considerably increased. However, the safety net has been only marginally improved due to the labour movement's apparent ambivalence towards the federal system, despite its high election vote. The acceptance by labour of its' role as a partner of capital and the state, born out of the constitution and the historic compromise on wages, protection and immigration may explain why welfare benefits are low and indeed will continue to be so. Until there is a radical change in the attitude of labor, the Australian welfare state will continue as a nightmare for the unemployed and the socially disadvantaged.

Footnotes

1. A recent report in Adelaide Advertiser details the poverty line as 102.50 per week for a person not in the workforce but who has housing costs. The same person receives 81.10 per week if unemployed and 91.10 per week if on the pension, *Advertiser* 25.4.85.

2. A.J. Heidenheimer et. ed., *Comparative Public Policy*, MacMillan London, 1983., M.A. Jones *The Australian Welfare State*, George Allen and Urwin, Sydney, 1980., P. Kaim - Caudle, *Comparative Social Policy and Social Security*, Martin and Robertson, Oxford, 1973.
3. R. Mishra, *Society and Social Policy*, Macmillan, London, 1977. At page 14 Mishra identifies three models of welfare development. "They are residual (conservative), institutional (Liberal/social democratic) and structural (Marxist)."
4. IBID., p. 42.
5. IBID., p. 89.
6. 2 Commonwealth Arbitration Reports at p. 3.
7. Higgins announced the change in the Engine Drivers & Fireman's Case 1911 5 CAR at p. 14.
8. J. Huxton, *Six Wage Concepts*, Union Printing, Surrey Hills, 1971, p. 4.
9. 3. Commonwealth Arbitration Reports at p. 32.
10. B. Easton *Income Distribution in New Zealand*, New Zealand Institute of Economic Research, No. 28, 1983, p. 243.
11. Gini coefficient is a measure of concentration. The lower the coefficient the more equal is the distribution, the higher the coefficient the greater is the inequality of distribution.
12. *JAPE*, No. 2, June 1978. p. 11.
13. G. Greenwood, *Australia, A Social and Political History*, Angus and Robertson, Sydney, 1978, p. 331-332.
14. M.A. Jones, *The Australian Welfare State*, George Allen and Unwin, Sydney, p. 48.
15. See Jones Op. Cit at page 112. Table 5.10 for details of the reduction in real terms of various cash benefits and the elimination of others. For example, Unemployment benefits for certain groups were abolished. Urban and regional policies were discontinued, Medi-bank was phased out and the Australian Assistance Plan was abolished.
16. If details for the New Zealand were contained in Table 7 there would be some similarity to Australia.
17. The basis of this model is the reliance placed on wages for the provision of welfare needs of workers and their families. The remainder of the population are protected by a safety net relying on pensions, sickness benefits and unemployment benefits and other State provided concessions. This model is also applicable to New Zealand where similar circumstances exist. Table 3 demonstrates the equality of income distribution in New Zealand and it is likely that if New Zealand had been included in Table 4 that it also would have ranked high in post tax-post transfer income distribution.
18. H. McQueen, *A New Britannia*, Penquin, 1970. pp. 203-220 also J. Wanna, *Defence not Defiance.*, Adelaide College of the Arts and Education, Adelaide, 1981.
19. A review of the various union submissions to the Hancock Inquiry into Australian Arbitration Systems reveals a strong argument in favour of strengthening State powers at the expense of the Commonwealth on the basis that the States are more reformist than the Commonwealth. The New South Wales and South Australian Trades and Labour Councils were no doubt motivated in part by the fact that historically Labor has held office more often at State than at Federal level.
20. The federal system in Germany gives the central government considerable powers in the social welfare area.
21. L.F. Crisp, *Australian National Government*, Longman Chesire, Melbourne, 1978. p.29.

22. IBID., p.p. 45-48.
23. IBID. p. 64. Crisp notes that only three Labor judges have ever been appointed to the High Court.
24. R. Gollan, "The Historical Perspective" in P.W.D. Matthews and G.W. Ford, *Australian Trade Union*, Sun Books, Melbourne, 1968, p. 14.
25. "How Reform Lost its Zeal", *Australian Society*, 1.7.84, p. 17.
26. IBID., p. 15.
27. R.W. Connell and T.H. Irving, *Class Structure in Australian History*, Longman Cheshire, Melbourne, 1980. This is essentially the argument used by Connell and Irving at page 200. Moreover they argue that not only did the unions become institutionized but that they also came to "stress the strategy of redistribution through State intervention", p. 202. McQueen in *A New Britannia* also adopts the concept of class co-operation and greater State intervention, p. 217.
28. M. Davis, "Why the U.S. Working Class is Different" *New Left Review*, No. 123, September/October 1980, p. 9. It is worth noting that Britain like its European neighbours did have a revolutionary democratic movement in the form of Chartism.
29. IBID., p. 10.
30. Quoted in H. McQueen Op. Cit., p. 217.
31. Castles Op. Cit., page 15.
32. "Lenin on the A.L.P." in L.G. Churchward *The Australian Labor Movement*, Sydney, 1960., p. 243.
33. Cited in R. Catley and B. McFarlane, *Australian Capitalism*, Alternative Publishing, 1981, p. 31.

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