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the Australian Welfare State

Peter Saunders

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WELFARE AND INEQUALITY

NATIONAL AND INTERNATIONAL
PERSPECTIVES ON THE AUSTRALIAN
WELFARE STATE

PETER SAUNDERS

*Social Policy Research Centre,
University of New South Wales*



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Preface

This book is based on research undertaken between the beginning of 1987 and the end of 1992. It was a period of rapid social and economic change from which few were protected. The pace and nature of economic development during the 1980s placed enormous pressures on social institutions whilst at the same time underlining the crucial role these institutions play in moderating the excesses of market outcomes and offering certainty and stability to all. With the increased impact and importance of economic factors has come a decline in the popularity and credibility of economists. Whilst there is probably some relation between these events, the plight of the economist is one with which it is difficult to have much sympathy. For too long, ideological beliefs and personal values have been dressed up as scientific propositions by economists, while far too little attention has been paid to the social context within which economic forces and policies operate and to their social costs and consequences.

In putting together this book, I have been guided by the belief that the rigorous application of economic principles to social issues has an important role to play in the analysis of social questions. But such application requires economic theories, concepts and arguments to be made relevant to a complex world where institutional and policy detail are very important, and where non-economic factors and motivations are fundamental.

The book focuses on issues associated with the Australian welfare state, but my hope is that its message and appeal will extend beyond these shores. Many of the problems being confronted here have emerged to challenge social policies in other countries, and while the responses elsewhere often differ from those adopted in Australia, there is a similarity of purpose in what each nation has been trying to do, and why. For this reason, the book contains a good deal of

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comparative material, partly so that Australian developments can be placed in a broader perspective, but also in order to facilitate a greater understanding of the range of consequences of, and responses to, a set of broadly similar developments.

I have been fortunate to have been associated with the Social Policy Research Centre whilst developing the ideas and arguments expounded in the book. I cannot speak highly enough of the work of the Centre, or of the support and encouragement provided to me by my colleagues here. Research in a multidisciplinary field of study like social policy is both challenging and difficult. There is a constant need to cross conventional disciplinary boundaries in order to assimilate unfamiliar ideas, concepts and arguments, and to ensure that others can understand one's own more familiar, and thus less frequently questioned, assumptions and conceptualisations. Those of my colleagues who kindly commented on initial drafts of the material saved me on many occasions from adopting an overly narrow economic view, or from expressing myself in ways more likely to confuse than enlighten the reader. I have not taken all of the advice offered to me, but I am extremely grateful for having had the opportunity to reflect upon it.

Much of the material in the book is of a technical nature and many of the underlying arguments are complex. I have endeavoured to explain these arguments and the concepts on which they are based with as much clarity as possible, so that the book will be accessible to the general reader as well as those familiar with its subject matter. In addition, I have foresaken the use of footnotes and used everyday language wherever possible to explain and, where necessary, qualify the argument. Each chapter has been written so that it can be read in isolation by those with an interest in particular topics. There is, however, a good deal of material which spans several chapters and I have tried to write an integrated book not a collection of independent essays.

Several of the chapters which follow are updated and revised versions of papers originally published elsewhere. Chapters 2, 3, 5 and 7 originally appeared in contributions to the Social Policy Research Centre's *Reports and Proceedings* series, although each has been revised, updated and amended considerably since it first appeared. The original version of Chapter 4 appeared in T. P. Hardiman and M. Mulreaney (eds) *Efficiency and Effectiveness in the Public Domain*, published by the Institute for Public Administration

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in Dublin. It is based on a lecture presented to the Institute's 1989 Annual Conference to which I had the good fortune to be invited. Parts of Chapter 8 originally appeared in *Measuring Poverty: A Review of the Issues*, written jointly with Peter Whiteford, which was commissioned and published by the Office of the Economic Planning Advisory Council in 1989. The financial support provided by that Office which assisted with the preparation of the Report is gratefully acknowledged.

I would like in particular, to record my indebtedness to Janet Chan for her constant encouragement and support, and to the following individuals who provided detailed comments, criticisms and specific suggestions within the unrealistic time frame I gave them: Bruce Bradbury, Jonathan Bradshaw, Janet Chan, Ross Clare, Sol Encel, Michael Fine, Sara Graham, Fred Gruen, Bjorn Hallerod, Stephen Jenkins, Anthony King, George Matheson, Michael Pusey, Sheila Shaver, Stefan Svallfors and Peter Whiteford. Some of the research discussed here was initially undertaken in collaboration with Garry Hobbes, Helen Stott and Peter Whiteford, and acknowledgement of their contribution is also warranted. Research assistance has been provided by a small army of dedicated and proficient researchers, specifically: Bruce Bradbury, Peter Dempster, Garry Hobbes, Marilyn McHugh, George Matheson, Vickie le Plastrier and Clare Stapleton. None of the above is in any way responsible for any remaining errors or for the views contained in what follows. My colleagues Julia Martin and George Matheson assisted with the presentation of the Figures, and Diana Encel prepared the Index. All three undertook these tasks efficiently and with admirable professionalism.

Robin Derricourt and Phillipa McGuinness at Cambridge University Press have been patient and encouraging and, when I needed it, sympathetic and supportive. Marion Fahrer did an excellent editing job and identified several areas where more clarity was required. Finally, I would like to express my thanks to Gloria Gervasoni and Nicky Woodburn who undertook the bulk of the typing of the manuscript with unwavering professionalism and constant good humour, ably supported on several occasions by Jackie Comer and Lynda Pawley.

Peter Saunders
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