

M. A. Jones, *The Australian Welfare State*. Sydney: George Allen & Unwin, 1980. Paper. Pp. 244, bibliography, index. \$A10.95.

Before the First World War, Australia had the reputation of a social policy laboratory, attributable in large part to the early rise of an organized working class. Since the Second World War, that reputation dissipated as Australia fell behind the burgeoning welfare states of western Europe. Today a conservative national government of mildly Friedmanite persuasion struggles unsuccessfully to cut back what it calls unnecessary expenditure and waste, which its opponents claim are the already inadequate provisions of welfare.

Mike Jones's useful introduction to the contemporary scene provides: a potted history of Australian welfare services; a quick survey of what some (mainly American) sociologists and political scientists have had to say about the welfare state; and fairly detailed studies of seven central problems--payment of cash benefits, the measurement of poverty, taxation, employment, health, housing, and personal services. There is a brief conclusion which affirms that much has gone badly wrong, and an excellent bibliography.

In the nineteenth century, Australians looked to the state for the infrastructure of economic development. A young and wealthy population made few demands for social services, and although the level of urbanization was already high, a selective immigration policy and suburban sprawl mitigated the social problems that come with city life. In the twentieth century, the growth of the welfare state was more a consequence of *ad hoc* vote-buying in a competitive two-party political sys-

tern than recognition of needs or pressures from the needy. Federalism divided responsibility between the national and state governments until the early 1940s when the federal government's assumption of a monopoly of income taxes ensured that thereafter the initiative for expansion would be national.

Three factors obstructed, without totally preventing, increased provision of public welfare: loss of national economic momentum that began with the depression of the 1890s and lasted until the 1950s, the greater electoral success of conservative parties which have controlled the federal government for more than three-quarters of the period since 1901, and prevalence of the belief that scarce resources were better invested in "development" of a harsh continent than in "welfare" for a population that was still relatively well-off by world standards. The defeat of a Labor Government in 1949 suggested that in a choice between moderate socialism with expanding welfare and pragmatic free enterprise plus modest welfare, Australian voters would take their chances in "The Lucky Country."

Then in the late 1960s the tide began to turn. The existence of poverty on a scale far greater than had been previously admitted became a matter of concern in the mass media and subsequently in politics. The seriousness, and intractability of the Aboriginal minority's problems were recognized. A massive immigration program which had been predicated on speedy assimilation encountered difficulties and, incidentally, alerted Australians to the extent to which their welfare schemes now lagged behind what was available in western Europe. Conservative governments floundered once Sir Robert Menzies's guiding hand was lost on his retirement, and a resurgent Labor Party collected support from suburban areas where the contrast between private affluence and public poverty was most obvious.

For a brief period, existing welfare schemes expanded both in the number of their beneficiaries and in their total cost, new schemes were introduced, and even grander schemes were investigated. In financial year 1970-71, 17 percent of the federal budget was expended on social security and welfare, in 1976-77, it was 27 percent. In 1969, those dependent on federal pensions equalled 17 percent of the work force, in 1978 about 28 percent. Underlying that expansion had been the belief, held particularly strongly in the Labor Party, that the natural growth of income tax revenues would make the process politically painless. A sudden surge in inflation and a virtual halt in economic growth, coupled with public awareness of an ever-increasing burden of taxation as payers moved into higher brackets with heavier marginal rates, destroyed that illusion. Fol-

lowing the dismissal of the Whitlam Labor Government in 1975, the conservative coalition was swept back into office with a commitment to stopping the growth of the public sector but only the haziest ideas on how to go about it.

As Jones says, the Labor Government shifted the balance of the welfare state in Australia from cash benefits toward specific purpose programs. Whereas the levels of cash benefits could be allowed to lag without attracting much political attention, specific purpose programs generate their own self-interested monitors in the administering bureaucracies. Thus, it is virtually as difficult to redirect expenditure out of existing programs into new and more effective programs as it is to wind them up completely. Recently, a committee of the federal Senate described the welfare system as a giant jelly which resumes its original shape as soon as pressure is removed from any part. Jones is very good on how the jelly got that way and what it looks like now. How to change it is a much harder question, and here his call for harder, more realistic thinking is only a first, very tentative, step.

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