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Reshaping the Welfare State in Australia

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Australia has sought to contain social welfare expenditures through more stringent targeting of benefits, increased scrutiny of applicants, and by requiring more vigorous job search and training activities. The changes implemented since the Labor Party assumed office in 1983 represent the most sweeping restructuring of the Australian welfare state in 50 years. They mark a shift from an individualistic, rights-based view of welfare state entitlements to one stressing reciprocal obligations. This article examines the origin and implications of this reshaping of Australia's welfare state programs. It considers the dilemmas of enforcing work-related obligations and other compliance measures in an era of persistent, high unemployment.

As the Clinton administration ponders it's committment to welfare reform, it might well consider the experience of Australia. Like many other industrialized nations, a lagging economy has prompted a reassessment of Australia's welfare state programs and services. The governing Australian Labor Party (ALP) has sought to reduce expenditures without alienating it's electoral base among low income constituents. This article describes and assesses these reforms.

Australia has conventionally been labelled a welfare laggard, along with the U.S. and Japan, because of its low welfare expenditures, categorical, means-tested programs, low tax revenue base and its relative lateness in initiating welfare state programs in comparison with continental European nations (Castles and Dowrick, 1990; Esping-Anderson, 1990). Deborah Mitchell (1990), using data from the Luxembourg Income Study, however, has shown that Australia compares much more favourably on measures of poverty relief and income replacement when taxation is also taken into account, a view supported

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by other analysts (Cass, 1989; Gruen, 1989). An observer from the U.S. cannot help but be struck by Australia's much broader coverage and higher benefit levels, except for aged pensions.

While many services had previously been provided by in-dividual states, the Australian national welfare state dates back to the 1940s. The Commonwealth Department of Social Services was established in 1941; a series of national welfare measures—widows' pensions, the child endowment, unemployment and sickness benefits were adopted over the next few years and were brought together in the Social Services Consolidation Act of 1947 (Watts, 1987). The Commonwealth presently provides "pensions" for the aged, disabled, widowed, sole parents and carers of handicapped persons; and "benefits", intended to be of temporary duration, for the unemployed, and the sick; and "special benefits" for those in financial hardship not eligible for any other categorical program. There is a family allowance and family allowance supplement for families of low income work-ers, Austudy stipends for full time students, a young homeless allowance, and a job search allowance for unemployed 16 and 17 year olds. Low income families may also qualify for rental assistance and child care fee relief; and pensioners also receive concessions for things like public transport, telephone and phar-maceuticals. These programs are all means-tested, and except for the family allowance, subject to an assets test as well. Pen-sion and benefit payment levels are indexed for inflation and pegged at about 24 per cent of the average male wage which places them at about the poverty line. There is also a universal health care program, Medicare.

The Development of the Australian Welfare State

It might seem paradoxical that the world's first Labor party, backed by a strong labour movement would countenance what many describe as a residual welfare state. The Australian Labor party (ALP) was formed in 1890, but despite its mass work-ing class base, it has governed nationally only 28 of the 90 years since federation, 11 of which have been during the current Hawke-Keating regime. The Labor Party, however, has had con-siderable influence on public policy, even when in opposition (Castles, 1985).

Lenin, in 1913, characterised the party as liberal bourgeois, representing non socialist trade union workers. Until the 1960s, the ALP was committed to achieving greater social and economic equality and security. The trade union movement and the party were, however, more concerned about wages and working conditions, protecting domestic industry, and restricting immigration than welfare state benefits (Jaensch, 1989).

Australia, once known as "the working man's paradise", benefited historically from relatively high wages and a compressed distribution between high and low earners. A unique feature of Australia's approach to dealing with class/industrial conflict was the system of compulsory wage arbitration. In the 1907 Harvester Judgement, the President of the Arbitration Court ruled that wages were to be set at a level deemed sufficient to provide a "civilized life" for the wage earner, his wife, and three children. Wage disputes were subject to compulsory arbitration, and wages were to be adjusted to keep up with the cost of living, though this basic wage did not become standard until the 1920s. Under this system, the poor were those outside the labour force, and especially large families of wage earners. This "wage-earners welfare state" worked reasonably well for the majority, except during times of high unemployment, as with the depression (Castles, 1985). As Castles observed about the selectivity of Australian welfare state programs: "If wages were fair and reasonable, it would only be the improvident and those unusually circumstanced who would require help." (1985, p. 99). This emphasis on the male wage earner as provider also biased policies against women; equal pay legislation was not adopted until 1972. Current policies grant smaller benefits to couples, and foster a bureaucratic preoccupation with defining and identifying "de facto" or "marriage like" relationships (Bryson, 1984; Shaver, 1987).

The ALP maintained an ideological commitment to selectivity and means-testing as the best way to assist the poor until the 1970s. Prior to the 1970s, social security was limited in scope and administration. There was little outreach to inform citizens about available programs and uptake was relatively low. The small, residual social security system was to provide for those in need because of death, disability or retirement of the primary wage earner.

A series of reforms under the Whitlam Labor Government, 1972–75, brought a shift to universalism, increased benefit levels and a broadening of eligibility for means-tested programs. A national health scheme was introduced, though it was subsequently eliminated by the conservative Fraser government. The Whitlam era reforms were undertaken at the end of a long period of economic expansion in a country that enjoyed a high standard of living. Australia ranked 6th in per capita income in the 1960s. In the two decades from 1951 to 1971, Australia experienced an average annual increase in G.D.P. of 4.7 per cent (Edwards, 1991) though per capita G.D.P. was much lower.

During the Whitlam era, the prevailing philosophy stressed the awarding of entitlements with a minimum of delay or red tape. Those working in the Department of Social Security at the time summarise the prevailing attitude as one where it was deemed better that several people get benefits to which they were not entitled lest one needy person do without. The 1973 oil shock, however, heralded an era of persistent high unemployment, growing inflation and welfare backlash. A welfare system based on high wages and full employment was no longer viable (Cass, 1988).

With the 1974–75 recession the Department of Social Security was suddenly overwhelmed by unemployment applicants. The watchword of the day was to get the money to the people as quickly as possible. Staff struggled to keep up with the demand. While payments had been automated from 1967, the current technology required the manual batching of paper forms, punching of computer cards, and feeding the cards through a machine that would issue the cheques. With the limited resources of the Department taxed to the extreme trying to keep up issuing payments, there were neither the staff nor the management systems to ensure that the payments were issued only to those truly eligible. It should be noted that tax avoidance was also so rampant in the 1970s as to raise the prospect of it becoming a "voluntary levy" (Wheelwright, 1990).

Under these circumstance, it was indeed likely that some successfully claimed benefits to which they were not legally entitled. In addition, a substantial residue of unemployment remained in the wake of the two recessions of the 1970s leaving

large numbers of persons claiming unemployment benefits in the recovery periods. This enabled New Right politicians to exploit the issue of "dole bludgers"[1] as part of their attack on the welfare state. Such attacks may well have tapped into incipient anti-migrant attitudes as well, especially given the Department and media attention to social security scandals, like the 1978 "Greek doctor conspiracy", that seemed to target particular ethnic groups as responsible for social security fraud.[2]

The conservative Fraser government policy in the face of the 1978–79 and 1982–83 recessions was to "fight inflation first" and to cut unemployment benefits on the dubious theory that this would create work incentives (Cass, 1989). Labor returned to office in 1983 in the midst of the recession. The Labor government of Bob Hawke soon set about what became a major reshaping of the welfare state, marked by increased means testing and selectivity, as well as a restoration of national health care and an increase in some benefit levels.

The Hawke Labor Government Reforms

The overall thrust of the reforms was in keeping with, and influenced by, directions advocated by the Organization for Economic Cooperation and Development (OECD). The OECD had rejected labour market policies popular in the 1960s and 1970s that sought to address unemployment through the creation of public sector jobs or subsidies to private employers. Such policies didn't work, according to the OECD, because, "if the overall demand for labour is depressed—perhaps as a result of macroeconomic policy—job creation initiatives at the micro level can only redistribute the incidence of unemployment" (OECD, 1990, pp 15–16). Furthermore, dealing with the consequences of unemployment, i.e., through payment of unemployment benefits, was insufficient. What was needed, according to the view that gained ground in the late 1970s and early 1980s, were " . . . fundamental changes in the institutions, attitudes and rules and regulations governing the socioeconomic system in general, and the labour market in particular . . ." (OECD, 1990, p. 16). This meant reducing social expenditures and deregulating the labour market to bring down labour costs and increase profits. Little was heard of the goal of full employment.

The OECD also stressed the notion of a "more active society", a term that meant, depending on one's point of view, reinforcing individual initiative with respect to skills acquisition and job search efforts; or conditioning cash payments on certain behavioural tests as a device for removing claimants from the unemployment rolls. As the OECD noted, to break "dependency cycles", it was necessary to promote "a spirit of active job search" (OECD, 1990, pp. 3, 8). The problem of unemployment that had continued to plague many of the OECD countries throughout the 1970s and 1980s was due in this formulation, not to a lack of jobs, but to a lack of effort and preparation on the part of the unemployed.

This view was consistent with the policies of Thatcher and Reagan. Both leaders took steps to reduce the influence of labour unions, constrain social expenditures and wages by limiting the safety net for the unemployed and others outside the labour force, the sick, disabled and dependent children. Workers would be more inclined to accept lower wages if the alternative was unemployment with subpoverty level subsistence payments, or especially for many in the U.S., nothing at all.

While the policies of supply-side economics and an assault on the welfare state were consistent with the conservative views of Thatcher and Reagan, they seemed out of step with the Australian Labor Party. Nevertheless, the Labor government succeeded in implementing a series of economic and welfare state reforms that seemed to some, including those in Labor's left faction, more in keeping with conservative trends than with Labor's progressive tradition. Some observers noted a shift in ALP philosophy and tactics to improve its electoral prospects, in part to accommodate its traditional working class constituency's entry into middle class status. The party had begun, in the 1960s, to favour growth and efficiency goals. The objective was to manage capitalism through monetary and fiscal policy, promoting equality of opportunity rather than equality of results. In this view, the Whitlam government, in office from 1972–75, represented a "technocratic labourism" designed to attract middle class voters "alienated by labourism, Marxism and Roman Catholicism" (Jaensch, 1989, p. 92). This signalled its trans-

formation from a mass, collectivist party with a democratic/centralist ethos and radical reformist ideology to a "catchall party" with the prime objective of governing, a process completed with the Hawke-Keating governments' move to the right.

Just one month prior to the March 1983 elections that returned Labor to office, the Labor Party and the Australian Council of Trade Unions (ACTU) forged an Accord under which the ACTU agreed to forgo wage increases and limit industrial disputes in exchange for a promise of increases in the social wage—tax cuts, health and welfare benefits, and lower interest rates. The assumption was that lower labour costs would yield higher profits which would lead to higher rates of employment and improved living standards in the long run. The year following Labor's 1983 election victory, the Age characterised the ALP as " . . . the true pragmatic conservative party of government, the heir to the Menzies tradition."[3]

At the time of the Accord, unemployment had reached its then post war peak of 8.4 percent. (After declining to 6.2 per cent in 1988, it rose above 10 per cent in 1991 where it currently remains.) The Hawke government carried out a series of measures that reflected a pro-business stance stressing deregulation and competition, fiscal conservatism, privatisation and user fees. They implemented tariff reductions ending protection to domestic producers on the assumption that this would force them to become more efficient and competitive in the world market. They reduced government spending to levels, as a proportion of GDP, of the early 1970s; government outlays fell from 36.9 percent of GDP in 1984–85 to 32.1 per cent in 1989 (Pusey, 1991, p. 3). They even balanced the budget in 1987 and produced a surplus until the recession that began in 1990 pushed the budget into deficit once more. They put up for sale public enterprises including Qantas and Australian Airlines, Telecom, and the Commonwealth bank. They opened the country up to foreign banks. And in a shift from party policy since the Whitlam era, they imposed fees for tertiary education and introduced means-testing for old age pensions and family allowances. A proposal for an "Australia Card", a national identity card, was blocked in September 1987, but was reintroduced in the May

1988 mini budget and adopted as a tax file number system that the government said would save $2.1 billion in avoided revenue over a ten year period (Maddox, 1989, p. 83).

Profits grew while real wages and unit labour costs fell to levels lower than in the 1970s; and following the recovery beginning in mid 1983, employment grew until 1990 when the tight monetary policy undertaken to restrain inflation produced what the then Treasury Minster, and current Prime Minister Paul Keating described as "the recession we had to have".

Reflecting upon these changes, John Edwards (1991), who served as a consultant in the office of Treasury Minister, Paul Keating, gave this assessment:

> The most striking aspect of the experience of economic policy in Australia over the period was not so much its success or failure as its improbability. No one could have forecast eight years ago that a Labor government would encourage and enforce persistent cuts in real wages, or that it would reduce the size of the federal government relative to the economy, or that it would reverse a long term trend of falling public saving, or that it would float the Australian dollar and deregulate financial markets. All are changes which would not have occurred without deliberate government decision. In those respects the government has been able to move further and faster than successive Republican administrations in the US or the former Thatcher government in the UK in increasing the profit share by containing wages, in cutting government, and in increasing public saving until the 1990 recession. (p. 4).

Social security policy was a central concern of the Labor government. A lagging economy, the recessions of 1982–83 and the current recession which began in 1990, persistent long term unemployment, an increase in single parent families, and the ageing of the population placed added demands on the Commonwealth social security budget. Public concern about the high rates of poverty, especially among children, and the need to compensate workers with a social wage under the Accord also contributed to pressures for increasing public social welfare expenditures. These expansionary pressures conflicted with a policy of budgetary restraint deemed necessary both to manage the economy and to retain the support of the business community. With the opposition calling for compulsory work for those

drawing unemployment benefits and raising the spectre of the dole bludger "working at a tan on the dole,"[4] the government sought to demonstrate a firm stance on welfare compliance. In the 11 July 1987 election, with the opposition in disarray, Hawke won the endorsement of leading financial and industrial leaders for the government's "fiscal responsibility" (Maddox, 1989, p. 48).

Social Security "Reform"

The government's objective was to revise social security, increasing some benefits, especially to address child poverty (which Hawke had rashly pledged to eliminate by 1990) while holding the line on expenditures. Social security expenditures were held to about 24 per cent of total budget outlays which declined when adjusted for inflation (Howe, 1989b).

The government's approach to social security reform proceeded along three fronts:

- a reassessment and rationalization of social security programs through the Social Security Review;
- administrative improvements in the Department of Social Security; and
- an increased emphasis on client compliance.

The Social Security Review. The guiding rationale for the Social Security Review was to readjust programs in view of changing demographic, economic and labour market conditions (Cass, 1988), though some argued that the overriding emphasis was on cost containment (Watts, 1990). The two objectives are not necessarily inconsistent. Among the conditions that the Review addressed were increased long term unemployment, the increase in part-time work, the ageing of the population, and the growth of single parent families.

The Social Security Review headed by social work professor Bettina Cass generated 31 background papers and 6 issue papers, most of which were developed by Department of Social Security staff under Dr. Cass' overall direction. Most of its recommendations were implemented from 1986 to 1991. Prominent among the changes has been an increased targeting of payments

and stepped-up monitoring and scrutiny of applications to re-
duce the risk of incorrect payments or fraud (Commonwealth
of Australia, 1989; Saunders and Whiteford, 1990).

Several of its recommendations narrowed the basis of enti-
tlements through increased targeting of benefits, extended wait-
ing periods before benefits commenced, and the imposition of
assets tests on benefits and the family allowance supplement,
and an income test on the family allowance. (The government
had introduced a pensions assets test prior to the review.) At the
same time, some payments were increased and most have now
been indexed for inflation. Brian Howe, then Minister for Social
Security, noting the improvements in benefit levels since 1983,
could claim, "We have rebuilt the safety net" (Howe, 1989a,
p. 1). But perhaps the most far reaching change was the ac-
tive labour market strategy that underlies the overall approach
and was the basis for a revamping of the unemployment ben-
efit. Under "Newstart", which took effect in November 1991,
those having received unemployment payments for 12 consec-
utive months or longer must now negotiate an "agreement"
with a Commonwealth Employment Service representative to
qualify for continued assistance. Originally called the "Active
Employment Strategy", the name was changed upon the recom-
mendation of the government's market researchers to suggest
something more affirmative and action-oriented than a "strat-
egy" to meet the growing unemployment; and the individual
"contract" was now called an "agreement", a term evoking a
more friendly, benign interaction. The "agreements" are to stip-
ulate activities, such as job search efforts, participation in train-
ing programs, or volunteer work, that will be undertaken as a
condition for continuing to receive unemployment payments.

The name changes were also in keeping with the recommen-
dations of the Social Security Review. It had called for renaming
employment programs to stress activity, to differentiate them
from "passive" welfare programs—e.g., STEP for the newly un-
employed, LEAP for those on benefit 12 months or longer, TAP
for older workers, and Job Search Allowance for the young un-
employed (Cass, 1988).

The rationale, set forth in the Review, was to help the grow-
ing numbers of long term unemployed maintain a connection

with the labour force and if necessary, upgrade their skills. This was in recognition of research showing that the longer one remained unemployed, the less likely one's chances of ever being rehired. Rather than relegating such individuals to permanent dependency, the idea was to encourage them to seek training and keep up an active job search (Cass, 1988).

A more cynical view was that the employment strategy was a response to the Liberals' " . . . dole stripping plan, whereby everyone was taken off the dole after nine months, and only half put on to 'special benefits' if they were sufficiently destitute, and incapable of any sort of work. . . . The government appeared to respond to the political pressure in its pre-election economic statement" (Kingston, 1991). The problem was, however, that the program came on line in the midst of Australia's most severe recession in 20 years.

A staff bulletin identified Newstart's objectives as helping the unemployed by: "changing income support from the passive unemployment benefit into allowances which encourage active job search and training; [and] making income support conditional on co-operative self-help on the part of the client. This 'reciprocal obligation' will be set down in a contract." Another goal was "to help identify those people who don't want to look for work because they already have a job or for some other reason." If clients failed "to respond well enough, this could provide grounds for a breach of the Activity Test" (Department of Education, Employment, and Training, 1990). The Commonwealth Employment Service was given a quota of cases to be purged from the rolls for various kinds of non-compliance. The union responded with a job action based on concerns for staff safety from disgruntled clients who were denied assistance or who might otherwise object to the new procedures. The Newstart implementation task force promised to increase security, provide "easy entry and exit for staff" from interview areas, and "concealed buzzers fitted to desks" (Department of Education, Employment, and Training, 1990).

The Department of Social Security also initiated a program, Jobs, Education, and Training (JET), to assist sole parent pensioners to get training and find work; and a new Child Support Scheme to ensure that non-custodial parents contribute to the

support of their children to the extent that they are able to do so. Both programs were inspired by U.S. examples, Massachusetts' "ET" (Employment and Training for single parents) and the Wisconsin child support plan. In constrast to the U.S. JOBS program in the U.S., JET is strictly voluntary. The highly successful Child Support Scheme provides for formula-based, mandatory salary deductions from the non-custodial parent collected throught the Department of Taxation. There are income guarantees for the children; and women on welfare, unlike their U.S. counterparts benefit by keeping a substantial portion of the child support income before their grants are reduced.

Administrative improvements. A number of major administrative improvements were also implemented. The decentralisation, or "devolution" of services has continued with the phasing out of the state offices, thereby eliminating one administrative layer between Canberra, the capital, and the regional (i.e., local) offices. There was a doubling of service locations from 150 in 1980 to 300 (Commonwealth of Australia, 1989). The payment systems have been computerised, and highly sophisticated, state-of-the-art management systems have been implemented. While these systems have vastly improved central office oversight, there has also been heavy stress on industrial democracy and participatory decision making. Although service delivery has been severely strained by caseload growth and staff shortages, especially among the entry level ranks responsible for client contact, staff positions have been upgraded, particularly for administrators of regional (i.e., local) and area (i.e., supervisory) offices; and considerable effort has been devoted to upgrading skills through training as well as improved recruitment.

Senior management has strived, with considerable success, to imbue staff with an appreciation for accountability, cost containment, and efficiency. As a result, there has been a decided shift in the direction of more tightly administered payments. This shift has also seen the implementation of numerous policy and procedural changes designed to limit the misuse of the program and reduce the risk of improper payments being made.

Compliance policies. A number of compliance measures have been introduced, especially since 1986. These have included:

- More stringent personal identification requirements.
- The introduction of the tax file number to facilitate identification of clients, and to make it more difficult to conceal income or assets.
- Computer matching of client files to prevent duplicate payments.
- A stepped up, risk-based review strategy, including: mandated reviews of specific payment categories, computer-assisted selection of cases at risk of incorrect payment, geographically-based saturation reviews by mobile review teams, and numerous special review project initiatives carried out at the national, area and regional office levels. These have included, for example, checking selected employer records against Department payment rosters; and a recent project to match New Zealand social security files with Australia's to check for duplicate payments.
- An information-sharing agreement with the Commonwealth Taxation Office.
- Social security amnesties were declared in February–May 1986 and in October 1990. Persons receiving overpayments could tell the Department without having to repay or face prosecution, providing the original claim was genuine and the overpayment was due to a failure to report a change in circumstances. These amnesties served to clear the books of a large number of costly overpayments while the attendant publicity gave notice to clients of improved methods of overpayment detection that were about to be implemented. Some 14,000 persons came forward in 1986, and 24,000 under the 1990 amnesty.
- Increased emphasis and improved methods for collecting overpayments, including the establishment of specialised debt collection teams.

There is always a tension in any public welfare program between facilitating access to benefits on the one hand, and safeguarding payments on the other (Goodin, 1985; Sanders, 1985). Compliance measures serve to reassure the public at large

that payments are being fairly allocated. On the other hand, an overly zealous search for "cheaters" may undermine the program's legitimacy by reinforcing negative stereotypes. As Goodin (1985) points out, increasing access may also increase the likelihood of granting payments to those not eligible while restricting access will impede assistance to legitimate claimants as well as those not properly entitled. The challenge is to find an appropriate balance.

Under the Labor government, the Department of Social Security shifted decidedly in the direction of restricting access and policing the rolls. There are several complementary thrusts to the overall strategy. The Department has sought to increase voluntary compliance. Voluntary compliance is both more acceptable to the public and reduces administrative costs associated with surveillance. It is contingent on public perceptions of the fairness and legitimacy of programs, on the clarity of the rules, the perceived and actual effectiveness of eligibility reviews, and operative cultural norms about compliance. The Department has also emphasised a deterrent approach such that clients who may be tempted to misrepresent their circumstances are aware of the risks and costs of detection. The emphasis on compliance has helped restore the integrity of the program in the eyes of the taxpaying public and has undercut to some extent Opposition efforts to exploit the issue. It is also consistent with efforts to contain expenditures. On the other hand, compliance measures are not without costs—to clients, to the agency, and to society at large. These compliance costs include encroachments on privacy, increased procedural barriers that impede access to benefits, and psychological costs, the stress and stigma of clienthood.

Conclusions

So what has been accomplished by the reforms? The Department of Social Security has indeed restored the integrity of the payment system by implementing numerous management improvements and compliance measures. There is, at least formally, a good system of checks and balances that provides clients with several alternative avenues of appeal against

Departmental decisions: internally, to social workers, office managers, and the Authorised Review Officers, a cadre of DSS officials who are the first line of appeal for clients contesting DSS rulings; and externally, through the independent Social Security Appeals Tribunals, Administrative Appeals Tribunals, and ultimately, to the Federal Court. Still other means of redress are available through community groups, advocacy organisations and letters to Members of Parliament and to the Minister for Social Security. All these appeal avenues, however, require knowledge and initiative on the part of clients who are often unaware of their rights.

With respect to income support, a study of family incomes in the period from 1982–83 to 1989–90 showed that most Australians, excepting farmers, experienced a decline in real income when housing costs were taken into account. The very poor, along with the very rich, however, made some advances. This improvement for the poor was a result of increases in social security family assistance payment levels and tax relief though payments remain at about the poverty line. The average family income situation would have been far worse, however, were it not for an increase in two wage households (Bradbury, 1989). And during the current recession, there has been a decided upturn in the poverty rate.

Social security in Australia works reasonably well for most people, protecting them from the kind of abject destitution experienced by many in the U.S. It does less well at providing an adequate living standard for those solely dependent upon it for their livelihood. Furthermore, one consequence of the targeting and the tightening of administrative procedures is that some truly needy individuals fail to qualify for benefits. Some are temporarily disadvantaged by the various waiting periods attached to programs. Others, such as homeless youth, the mentally ill, and some chronic alcoholics and drug addicts may fall within eligibility criteria, but be unable to satisfy the considerable documentary requirements. The tightened proof of identity and domicile requirements are substantial barriers for persons living on the streets or in shelters with no regular residence. He or she may lack the kind of documents readily available to those in a more stable environment: driver's license, birth certificate,

passport, bank statements, lease, rent receipts, utility bills, etc.
The incidence of premeditated fraud is low, in part because of
the various measures taken by the Department to protect the
payment system. (According to the Australian Auditor Gen-
eral (1992, pp. 65, 75) the average value of all social security
overpayments was $865; and 72% had a value of less than $500.
The number and value of overpayments represent 1.9% of all
beneficiaries and 0.45% of all benefit payments.) A high pro-
portion of what the Department identifies as incorrect payment
is attributable to the complexity of the rules, the Department's
failure to communicate its requirements clearly to clients, and
genuine differences over interpretations of complicated and am-
biguous eligibility criteria (McGregor and Harris, 1990; Penman,
1986; Weatherley, 1993). There is also a zone of contested eligi-
bility wherein a minority of otherwise honest clients feel justi-
fied not reporting small amounts of casual income, just within
or over the boundaries of the "free zone" where they are per-
mitted to keep income before it starts being deducted from their
grants; such clients justify minor nonreporting of income as nec-
essary to meet basic living needs since grant levels are so low
(Weatherley, 1993).

Some "fiddling" takes pressure off the state to raise so-
cial spending, and helps maintain social harmony, especially
in economically-stressed times. As Mattera (1985) noted about
the underground economy:

> . . . what goes on in the underground is far from unrelated to what
> is happening in the larger economy . . . the phenomenon is inextri-
> cably tied to the crisis of the economy at large. . . . A side activity
> off the books has become an essential supplement to inadequate
> income from the regular economy for some people and an essen-
> tial supplement to inadequate unemployment or social security
> benefits for others. (pp.13, 22–23).

A policy of total client compliance is not realistically achiev-
able, and would arguably be inconsistent with the norms of a
democratic society. Personal information on nearly a third of
Australia's population is contained in the Department of So-
cial Security's computers. Recent examples of misuse include
staff selling confidential recipient information to debt collection

agencies, Department collusion with police to cut off unemployment beneficiaries who engaged in lawful political demonstrations, and the disclosure, through computer error, of thousands of confidential client files. The Department has narrowly fended off proposals for integrating its client data base with that of the national police, for cash bounties to those identifying cheats, and for implementing case cancellation quotas for its staff review officers. A Conservative government might have fewer qualms about further encroachments upon the rights of Social Security claimants.

The work test also poses vexing issues. As Saunders (1987) has observed about the politics of unemployment benefits,

> . . . whilst unemployment in general stems from factors external to individuals, in individual cases it is more difficult to draw this conclusion. Unlike other categories for whom income support is available, individual unemployed people are more likely to be suspected of choosing to enter that category.

As in the U.S., some politicians target the unemployed as responsible for problems rooted in the macro economy. As one commentator noted about the introduction of NEWSTART,

> From 1 July, in the depths of a horrific recession with thousands of Australians losing their jobs or unable to find their first, the Government will make it harder for many of them to get dole money to live on. Today, the Government will introduce legislation for the plan. In late June, it will spend $3 million on television and print advertising to tell the unemployed the news that despite the fact that there are virtually no jobs any more, they must pretend there are and do all sorts of things to prove it (Kingston, 1991).

The official policy since 1985 has been to emphasise basic education and training, with job creation to be addressed through macroeconomic policy instead of seeking to increase employment through direct job creation schemes. There is, however, a considerable performance gap between the expressed aims of the government policy and the commitment of resources to implement it. In 1991–92, Australia ranked 20th out of the 21 OECD countries, immediately below the U. S., in expenditures for active labour market programs. (Spain was number

21.) Australia and the U. S. spent .03 percent of GDP for each 1 percent of its unemployed, compared with .51 percent for top-ranking Sweden (OECD, 1993).

Furthermore, Australia has failed even to keep pace with its own poor performance record. The 1989–90 expenditures on training were at about half the level as in 1983–84 and 1984–85; and still less as a percentage of unemployment benefits (Stretton and Chapman, 1990). The government proposed a $260 million increase in support for technical education and other training schemes for 1992. But this actually represented a 20 per cent reduction, in view of the increase in the number of unemployed (Disney, 1991).

Ultimately, the Labor government was able to play both ways with a crack down on "bludgers". It exploited the rhetoric of reciprocal obligation in announcing its tough policy to make the unemployed try harder to find jobs under the threat of a cut off of benefits. But with unemployment running about 10 percent, it tread softly in implementing the policy. While ;many found themselves under closer scrutiny, relatively few were cut off. Hence Labor preempted a major Opposition campaign issue without alienating too many among its working class constituency. To everyone's surprise—including the Labor leadership—Labor was returned to office in 1993 despite the dismal economic outlook. Figuring in the Opposition's defeat were concerns that the conservatives would dismantle the popular Medicare program and would impose a value added tax, a kind of national sales tax. And so the movement toward welfare state universalism initiated by the Whitlam government twenty years earlier has been reversed. Even so, Australia's welfare system continues to provide a level of income security far above the U.S.

Notes

1. *dole-bludger*, n. One who exploits the system of unemployment benefits by avoding gainful employment. *The Australian National Dictionary: A Dictionary of Australianisms on Historical Principles*, Melbourne, 1988. The term also refers more generally to one considered to be recieving benefits to which they are not entitled.

2. This was an alleged conspiracy of Greek immigrants to obtain disability benefits. The Commonwealth brought charges against 70 individuals, but ultimately dropped the charges, apologised, and paid them compensation. The claimants were found to have had legitimate disabilities qualifying them for assistance (Atkinson, 1987).
3. *The Age*, 7 April 1984, as quoted in Jaensch (1989), p.97.
4. This quote is from a news headline in the 9–10 August, 1986 *Australian*, p.1, cited by Maddox (1989, p. 127).

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