

## Executive Summary

The work presented in this issue of *Growth* aims to critically analyse shifts in working life, household relations and the economy and to begin to tease out the implications of such shifts for social policy.

In their introduction, Anthony O'Donnell and Linda Hancock explore the notion of the social settlement. This refers to that ensemble of structures, policies and institutions that work to secure people's well-being. They examine the historical development of a particularly Australian social settlement and its consolidation in the decades following World War II. In this period the established post-Federation structures of economic 'defence'—tariff protection and centralised wage fixing—were supplemented by a commitment to full employment. It was a model based on quite specific assumptions about working life and social relations, especially the desirability of uninterrupted full-time paid employment for men and married women's full-time unpaid work in the home. After giving an overview of key changes in working life and family life, O'Donnell and Hancock suggest that the lifetime experience of that cohort of Australians who entered the labour market or formed families after the mid-1970s will vary greatly from that of the immediate postwar generations. This poses key challenges to established social policy responses in the areas of workplace relations, income security, caring, housing, education and training, and the capacity to manage transitions into and out of the workforce.

John Buchanan and Ian Watson provide a detailed account of changes in working arrangements over the past three decades. Historically, the Australian social settlement was associated with the 'wage-earner model' of working life. Increased labour force participation by women, unemployment, sectoral change, new management strategies and shifts in labour market regulation have placed this model under pressure.

Buchanan and Watson examine the new world of work in terms of hours of work, the incidence of low pay, work intensification, access to training, worker satisfaction and the 'churning' of workers between low-paid intermittent employment and unemployment. The evidence indicates that the risks associated with labour market restructuring are falling unevenly, suggesting a labour market in which earnings, hours worked and job opportunities are increasingly polarised.

Economic restructuring is also linked to demographic shifts. Increased labour force participation has produced financial and social rewards for women. However, the market continues to produce risk-averse workers for whom children are a considerable risk. As a result, for the past twenty years, almost all industrialised countries have had rates of birth that are below the level that reproduces the population. Evidence presented by Peter McDonald indicates Australian fertility is very definitely still on the way down. The collapse of birth rates in most industrialised countries is telling evidence of the failure of the market approach to allow social reproduction to proceed. Australia is facing a dilemma in how to maintain social reproduction in combination with a free market approach to economic production.

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Economic and demographic changes also imply a shift away from the established Australian model of housing provision. The linear housing ‘career’ appears to be on the wane. Partnering and home ownership are more likely to now occur before marriage and having children. This means that home ownership may occur at a younger age, but fewer people are entering overall. Although the aggregate rate of home ownership has remained steady, this hides a declining home purchase rate. Maryann Wulff suggests that one implication of this shift is that private rental tenure assumes a new importance for workforce-age households. However, it is an importance not foreseen in a public policy environment traditionally oriented toward high home ownership. Once seen as a ‘stepping stone’ or transitional tenure, the private rental market is characterised by few institutional investors and by dwellings that, from year to year, are often interchangeable between rental stock and owner-occupied housing.

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Over the past three decades, social policy in Australia has tried to adapt to the new and emerging patterns of work and household formation. It has done this through providing a mix of new services, increasing targeting and extending the categories covered by government transfer payments. In this it has followed a strategy mapped out by the Henderson Inquiry twenty-five years ago. The system demonstrated its resilience by weathering a major adverse shock—the end of full employment—with its fundamental values intact. During the period of the Hawke/Keating Governments increased redistribution countered the trend to inequality generated by the labour and asset markets. Ian Manning argues that such a strategy may have reached its limits, politically and administratively. In the absence of a global economic revival, it will not be easy to manage a combination of generally declining incomes with increasing inequality, both between families and between geographic areas. New and sustainable forms of redistribution need to be explored. Whatever its effect on market incentives (which can often be favourable), redistribution can make a major contribution, not only to justice, but to the workability of the world macro economy, and to national macro economies.

At minimum, the state is often seen as having a residual responsibility to provide assistance that is activated whenever others with more primary responsibility prove either unable or unwilling to discharge it. The erosion of traditional sources of assistance—the standard employment relationship, the nuclear family, the local community—therefore demands a greater role on the part of the state. The destandardisation of needs represented by the increasing diversity of people’s labour market and family experiences also presents a challenge to established social policy approaches. Yet states have responded by backing out of the business of social provision, or hedging provision with increasing conditionality and discretion in an attempt to respond to individual circumstance. Robert Goodin argues instead that we ought to be thinking in terms of less conditional schemes of social protection.

A ‘guaranteed minimum income’ scheme or a form of broad ‘participation income’ is better suited to the increasingly non-standardised world towards which we are moving. In such circumstances we simply have to give up, not only on means-testing, but on conditionality of any form.