
REVIEWS

Kids Money

Smith, D. (ed.), Indigenous Families and the Welfare System: Two Community Case Studies, Research Monograph No. 17, Centre for Aboriginal Economic Policy, The Australian National University, Canberra, 2000

Reviewed by John Quiggin

The problems of the welfare system in indigenous communities have been brought into sharp relief by Noel Pearson's recent denunciation of welfare as 'poison'. As well as reflecting concerns of many people involved with indigenous issues, Pearson's arguments were seen by the Howard government as supporting their broader campaign for welfare reform, centred on the concept of 'mutual obligation'.

Before the 1970s, indigenous communities were largely excluded from the general welfare system. In large measure this reflected the design of the system as part of a 'wage-earners welfare state'. Indigenous workers, particularly in the pastoral industry, were paid primarily in kind (rations for the workers and their extended families) rather than receiving award wages. In the wake of the 1967 referendum (formally amending the 'race power' in Section 51 of the constitution to allow the Commonwealth to legislate with respect to Aborigines, but generally regarded as giving Aborigines the vote), the policies that had excluded Aborigines from the award system and unemployment benefits became untenable. The move from the rations system to award wages was followed by rapid reductions in the employment of Aboriginal workers by the pastoral industry, which accelerated during the slump in beef prices in the mid-1970s.

The arrival of welfare in the form of unemployment benefits therefore coincided with the complete and permanent collapse of the pastoral labour market that had previously operated in remote areas. It is important to note that equal pay and the availability of welfare probably did little more than hasten an inevitable outcome. Undoubtedly, the requirement to pay award wages was the proximate cause of the decline in employment. However, the replacement of the large pastoral estates with correspondingly large workforces by family-operated properties employing few or no workers was probably inevitable even without these changes.

The present study was designed and undertaken before Pearson's speech. Moreover, by virtue of its funding by the Department of Family and Community Services, its concerns were limited fairly strictly to the operation of the welfare system, with particular reference to 'kids money'. The approach taken was a

detailed study of two communities: Kuranda near Cairns in North Queensland and the remote Northern Territory community of Yuendumu.

The most salient finding of the study is that the family structures and economic relationships in Aboriginal communities bear little or no relationship to those for which the Australian welfare system was designed. From World War II until the 1970s, the system was essentially a 'wage-earners welfare state' focused on the needs of families with male breadwinners who might experience short periods of unemployment or sickness. Subsequent developments broadened the range of admissible types to include two-earner and single-parent households.

The Supporting Parents Benefit, available to single-parent households represented something of a break with the 'wage-earners welfare state' since it was available without a work test as long as the recipient was supporting children under the age of 18. In practice, the typical recipient was a divorced woman who received the benefit for only a couple of years before returning to the workforce or remarrying.

The main focus of the present study is on the mismatch between the ideal notion of a household on which the welfare system is based and the reality in indigenous communities. The ideal household for the welfare system consists of one or two adults with their dependent children. Possibilities such as that of blended families linked to absent biological parents of some children have been addressed (for example, through the Child Support Scheme) with considerable difficulty.

By contrast with the 'ideal' nuclear family for which the welfare system is designed, a typical household considered in the Kuranda study contained eleven people from four generations. Only three of the 28 Kuranda households contained anything approximating a nuclear family of a couple and their biological offspring. Moreover, members of the communities, including children, frequently moved from household to household for short or long periods.

The other crucial assumption of the welfare system is that it works in a context where most adults (or at least most adult males) are employed. Hence, the system is designed to cope with temporary unemployment or sickness, and to provide for a minority of the population unable to participate in the workforce because of age, chronic disability or sole parent status.

Once again, the design assumptions of the welfare system are inconsistent with the realities of indigenous communities. The communities examined in this study are characterised by long-term reliance on the welfare system as a major source of income. In the Yuendumu study, only 10 per cent of the adult population in the sample received wage income other than from the Community Development Employment Program (CDEP), which is a 'work for welfare' scheme funded from the welfare budget. A majority relied either on Newstart (unemployment benefit) or Family Allowance and Parenting Payments.

Although the study indicates that the existing welfare system is not working very well, it gives little comfort to advocates of the alternative approaches that are currently popular. First, consider policies designed to facilitate transitions from welfare to work. The fundamental assumption supporting these policies is that the

labour market is functioning adequately, but that individuals have particular problems, such as lack of skills and job readiness, which prevent them from obtaining employment. Particularly for remote communities like Yuendumu, there is no functioning labour market into which to make a transition.

Second, consider policies aimed at generating economic self-reliance, based on market-oriented activities independent of government support, as recently advocated by Noel Pearson. It is clear from the study that the CEDP scheme is the closest approximation to sustainable economic activity available to these communities. Moreover, the decline of rural populations in general suggests that it is most unlikely that any remote Aboriginal community will generate commercially viable market-based employment sufficient for more than a tiny fraction of existing populations.

It would be preferable to consider the policy problem of developing an economic and social assistance framework in which members of Aboriginal communities can receive adequate incomes while making an appropriate contribution to the community and achieving the self-respect that goes with making such a contribution. The idea of commercial viability is chimerical in the context of a policy driven by the social objective of sustaining remote communities with long-standing ties to particular areas or land. Moreover, commercial viability is irrelevant to the kinds of concerns raised by Pearson and others about the corrosive effects of passive reliance on welfare. Apart from free-market ideologues, no-one would suggest that the self-respect of Australian manufacturing workers was diminished by the fact that their jobs relied on tariffs and subsidies.

Finally, although the indigenous communities included in this study are not typical of the Australian community as a whole, the problems of the welfare system discussed in this study are not confined to the indigenous population. Since the 1970s, rates of unemployment and family breakdown have been consistently higher than those prevailing during the 'long boom' that followed World War II. Our capacity to address the manifestations of these problems in Aboriginal communities will be an indicator of the longer-term viability of the welfare system as a whole.

References

Pearson, N. (2000), 'Our Right to Take Responsibility', Noel Pearson and Associates, Cairns.

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