

# **The Family and the Modern Welfare State**

**Alan Tapper  
Perth, Australia**

## **SUMMARY**

The most important social role of the family is the socialisation of children. Australian family research has shown that there are three crucial factors that determine the quality of children's socialisation: parental disciplinary style, family harmony or discord, and family type. The most controversial of these is "family type", yet the evidence of its importance is now very strong. It matters very considerably whether children grow up with both their biological parents. Compared with children in this family type, children growing up in single parent and step or blended families suffer more than double the risk of adverse mental health problems such as delinquency, obsession, attention disorders, aggression, depression and anxiety.

Yet the long-term trend in Australia, as elsewhere, is steadily away from the stable biological family. The divorce rate tripled in the 1970s. Since 1970, sole parenthood has grown from 7 per cent to 22 per cent of families with children. Today, about one third of 15 year olds are living in sole parent and step and blended families.

Analysis of Australian "fiscal incidence" figures – that is, total taxing and spending by governments – provides a reasonable explanation of the structure of contemporary family life. The fiscal incidence impact on families has been well documented since 1984. The figures show three main things. Firstly, couples with children are not net beneficiaries of Australian public policy. In fact they contribute more to governments than they receive in return. Secondly, sole parent families are very strongly supported by the state. About half of the income of sole parent families is government income. Thirdly, the Australian welfare state is very largely devoted to supporting the elderly, at the expense of the young. The net flow of transfers is from the young to the elderly. If we were trying to design a social system that would discourage stable biological families, this would be a very plausible model.

Families not only socialise children; they also produce them. Australian fertility trends are similar to those in other OECD countries. The total fertility rate fell steadily from a high point of 3.5 children per woman in 1961 to 1.73 in 2002. This decline is not as steep as that in many European and East Asian societies, and recently the trend has reversed, bouncing back to 1.81 in 2005. These are signs that downward trends can be reversed.

My contention is that Australia's family problems derive largely from its unbalanced welfare policies. Yet Australia is a relatively minimalist welfare state. In fact, a comparison of fertility and family stability in 18 countries suggests that, relatively speaking, Australia has one of the more successful family regimes. This is, however, only a relative achievement. If we compare Australia today with what it was before the welfare state became a system so heavily biased against couples with children, we would see a very different picture. Family stability and fertility were high

when the welfare states were new and focused on support of the young. Today welfare states have aged, and they are no longer family-friendly environments. The sociology of the modern family is in large part the result of these trends in welfare policy.

### THE AUSTRALIAN FAMILY IN 1990

In 1990 I published a book entitled *The Family in the Welfare State*.<sup>1</sup> Looking back, I see that perhaps it should have been called *The Family in the Australian Welfare State*. The sole focus of the book was the situation of the family in my own country. In this paper I will try to review what has happened in Australia since 1990, and I will conclude with a few reflections on the broader picture of the modern family in various welfare systems.

The primary motivation behind the book was a concern that the clear trend away from stable biological families was bringing about a decline in the socialisation of children. The aim of the book was to investigate this contention, and to examine the general health of the contemporary Australian family. I took this to include examining the ways in which governments treated families with children.

The trend away from stable family structures is easily documented. In Australia, as in other countries, family change was sudden and dramatic. In the 1970s the divorce rate tripled. Since the 1960s, the percentage of births outside marriage increased fourfold, from 6 percent to 23 percent. There has been a very large increase in the proportion of children no longer living with both their biological parents, and in most cases the missing parent is the father. Such families were once a rarity. By 1990, about one third of Australian children lived outside their biological families, roughly two thirds of them with one parent, and one third in step-families and blended families. In general terms, the Australian family had come to be characterised by increased diversity and decreased stability, a decline in fertility and a weakening of the network of intra-familial relationships.

The aim of my book was to view these family trends in the light of Australian welfare policy. By comparison with other OECD countries, Australia has a relatively small welfare system, with only about 13–15 percent of GDP devoted to welfare, social security and public health funding – a proportion roughly similar to that of the United States. By comparison, New Zealand and Britain spend around 20 percent of GDP on welfare, while in many European states such as Sweden and the Netherlands 30 percent is the norm.<sup>2</sup>

At the outset of the book, I stated “three cardinal principles” that I intended to follow. The first is that the family is a miniature society, a social unit. The second is that in producing, caring for, and educating children the family contributes to the good of the wider society. The third is that in caring for dependants – young or old – the family is a welfare institution.

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<sup>1</sup> Alan Tapper, *The Family in the Welfare State* (Sydney: Allen and Unwin, 1990). Hereafter *FWS*. It was commissioned by the Australian Institute for Public Policy. I had no previous experience of writing about family issues.

<sup>2</sup> Michael Jones, *The Australian Welfare State: Evaluating Social Policy*, 4th edn (Sydney: Allen and Unwin, 1996), Table 3.1, 34.

My belief was that these seemingly innocuous principles were being overlooked in actual policy and in policy discussion. In particular, it seemed to me, over the previous few decades the Australian welfare state had steadily withdrawn support for dual-parent families, while spending generously on sole parent families. I took that to be one amongst a number of inequities that required correction.

Chapter One (“The Politics of the Family”) argued that families are as much a part of social life as is the state, and that the boundaries of family life need to be recognised and respected by the state. The family should be seen as a partly autonomous domain, and one that is somewhat fragile by comparison with the forces of the state. I contended that the growth of the state had been the main political event of recent decades and that political life is now dominated by interest groups of many and varied complexion. Families, I argued, are not an effective interest group and when interest groups dominate the political process family fortunes can be expected to decline.

Chapters Two (“Welfarism”) and Three (“Welfare Skepticism”) surveyed current thinking on welfare policy. The dominant paradigm in Australian welfare thinking of the 1970s and 1980s was the doctrine that poverty is socially created – the poor are “victims” of social stigma and marginalisation. This position, I argued, had been given no plausible empirical or theoretical foundation. The welfarist theory also suffers from conceptual vagueness and descriptive thinness.

The alternative position, “welfare skepticism”, takes three main forms. An economic version emphasises the hidden costs and inefficiencies of welfare systems. The incentives version, for which Charles Murray’s argument in *Losing Ground* was the model, argues that the incentives built into welfare systems unintentionally create the very poverty the systems are attempting to overcome.<sup>3</sup> The civic conservatism model, derived from Lawrence Mead’s *Beyond Entitlement*, argues that welfare systems have failed largely through their unwillingness to impose benevolent and directive requirements on welfare recipients.<sup>4</sup> I illustrated these issues and tensions with some Australian examples.

Chapter Four (“The Ideology of the Family”) surveyed the various arguments used by feminists to show that the family is essentially a flawed form of social life. The two main objections are that family life is given low status and that it impedes women’s participation in public life and paid work. The first objection has some truth, but seems to arise from the fact that we have lost sight of what families really do. It is usually backed up by a depiction of male/female specialisation as a form of subjugation of women. This presupposes the point at issue, that domestic life is inferior to public life. The second objection rests on a false dichotomy: it misses the point that both family life and public life are important and valuable, even if they are undervalued. I tried to show why family life matters and why it is still the natural arrangement for mutual caring and for the care of children.

Chapter Five (“Family Finances”) discussed the economic costs involved in raising children. I calculated that the average “equivalent income” (income adjusted for family size) of typical families with children was about three fifths that enjoyed by people without dependants. I tried to show that in the past three decades the growth of the welfare state has been financed mainly

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<sup>3</sup> Charles Murray, *Losing Ground: American Social Policy 1950–1980* (New York: Basic Books, 1984).

<sup>4</sup> Lawrence M. Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: Free Press, 1986).

by increases in the taxes paid by families with dependent children. My argument was based on the Australian Bureau of Statistics' fiscal incidence study, which indicated that no net advantage has accrued to families from this growth in taxes and public expenditure. I argued that a taxation system which relieved some of the burdens borne by families is both prudentially desirable and not unfair to those who do not have children.

Chapter Six ("Children and Taxes") attempted to show what such a taxation system would be like. I argued that children are taxpayers as much as are adults, and that they and their parents should be taxed at the same rate as adults with the same equivalent income. Objections to this suggestion were considered and answered. Because a change to adopting such a regime is no small step, ways in which it might be introduced painlessly were discussed. Two extrinsic virtues of equivalent income taxation were also adduced: it would assist with the elimination of poverty traps, and it would bring about a reduction of the horizontal inequity presently suffered by the majority of taxpayers.

Chapter Seven ("Understanding Family Breakdown") argued that the general quality of family life has declined in the past fifteen years, and that the tripling of the divorce rate in that time is evidence of this. However, the explanation of this decline is far from clear. There is much to suggest that family stability ought to have improved in that time, and all of the currently popular accounts of why it did not seem to be badly flawed. Only vague notions such as "male immaturity" and "the rise of feminism" appear to fit the phenomena, and these suffer greatly from indeterminacy.

Chapter Eight ("Repairing the Damage") attempted to map out an appropriate policy to deal with family breakdown, at the legal level, in the welfare benefits system, and with regard to social work and welfare services. Family breakdown was presented as an undesirable social development, largely because of the suffering it causes to children. I contended that the legal complexities involved in the unravelling of a marriage, and especially in allocating custody of children, can be resolved only if the partners themselves are required to specify their preferences at the beginning of the marriage in the form of a marriage "contract". The standard justifications of welfare benefits for sole parents were considered and found inadequate. Sole parents are not an economically disadvantaged section of the population. I concluded that either family breakdown is harmful to children, in which case it ought to be discouraged, or it is morally neutral, in which case sole parent families should be entitled to exactly the same assistance as other families.

Although we do not understand the general causes of family breakdown, social agencies may well be able to reduce its severity by working with families when they need help. Just as joint custody is in general desirable because it allows the children to maintain contact with both parents, so too marriage guidance ought to be encouraged for couples whose marriages are in trouble. Encouraging this would be a justifiable use of public money, but it could also be made self-financing and still save public money. Social workers have to deal with the consequences of family breakdown. It appears that very often the success of their efforts will depend upon the extent to which they can supply the missing ingredients of family-style authority and affection, and not upon sheer dollars and cents of expenditure on personnel and facilities.

Chapters Nine, Ten and Eleven deal with child care, education and care for the aged. All three are examples of public provision or subsidy of private goods, and the general form of the problem is similar. Here the state provides services that might equally well be supplied by the family or be purchased privately by families.

Chapter Nine (“Caring for Children”) argues that government funding should be neutral between public, commercial and family provision of childcare services. Thus, if a mother stays at home to care for her children, she should be entitled to exactly the same subsidy as she would get if she placed the children in formal childcare.

Chapter Ten (“Education and the Family”) argues, similarly, that government funding of education should take the form of a voucher that families can redeem in either the public or the private education systems.

Chapter Eleven (“Greypower, Childpower and Taxpayers”) considers the dual issues of the provision of income support and aged care for the elderly. I pose the question of whether the accepted system of income support for the elderly is sustainable, or whether in fact it is a “single welfare generation” scheme.

The general thrust of the book was in favour of the principle of financial support for families with children. The obvious rationale for family support has to do with the nature of the human life cycle. For most people, becoming a parent entails a financial crisis brought about by four factors: children themselves involve special needs and recurrent costs; at the same stage the family’s “capital” costs of housing are at their most acute; with the birth of children it becomes difficult, and in many cases not desirable or desired, for both parents to be in the paid workforce; and at this time the main breadwinner is usually at the beginning of his or her career, and is thus not likely to be earning a high income. The problem is essentially biological: if parenthood was normally entered in one’s forties or fifties, no such crisis would arise. The financial crisis is, however, only a cash-flow problem. Over the whole life cycle almost all families are capable of being financially independent. A system of family support would even out the cash-flow difficulties. It would benefit us all when we are children; and it would benefit parents of dependent children when their income is low relative to their needs. It would thus make families not less but more self-supporting.

In the Conclusion of the book, I summarised my position as follows:

The basic message of this book is simple and twofold: Do not subsidise family breakdown. Do support families which care for their children by staying together. The book’s basic claim is that at present we do subsidise family breakdown, and we do not support families which stay together. The book’s main policy proposal is that the state should treat separated and divorced families exactly the same as it treats intact families. It is also argued that a taxation system committed to horizontal equity would eliminate many of the perverse incentives in the welfare system. More generally it has been argued that the welfare state in Australia (and probably elsewhere) has been unbalanced in three ways: against families with children (and more generally against people with dependants), and in favour of independent individuals; against intact families, and in favour of families which break up;

and (probably but not yet provably) against the young, and in favour of the elderly. (*FWS*, 263)

The key evidence for my overall argument came from three sources.

The first claim, that there is a bias against families with children, rested on the fiscal incidence figures – that is, on figures documenting the overall impact of government expenditure and taxation on households. The Australian Bureau of Statistics had published the fiscal incidence impact on stages in the typical life cycle. These showed that two-parent families with children were given no net assistance from Australian governments.

INSERT CHART ONE HERE

The second claim – that there is a bias against intact families, and in favour of families that break up – rested on a comparison of family assistance payments to both family types. By my calculation, “for every dollar [we] spend supporting children in two-parent families, we spend ten dollars on children in sole parent families” (*FWS*, 263). It had been taken for granted that sole parent families are more in need of assistance than couple families, yet my argument was that there is no essential difference between them, since so-called sole parent families are largely the product of separation and divorce – that is, they are just couple families no longer living as a single unit.

The third claim – that there is a bias against the young, and in favour of the elderly – was also supported partly by the fiscal incidence figures, which show that the net flow of taxes and spending is, perversely, from the asset-poor young to the asset-rich elderly. It is also supported by evidence that in the normal life cycle equivalent incomes and net assets reach their peak around retirement age. Thus, in Australia we seem to have a system of transfers from the poorest stage of life to the richest.

As I observed earlier, the book set out to investigate how well the contemporary Australian family – fragmented as it had become – was succeeding in the socialisation of children. On this front, my research produced only meagre results. Adequate evidence was nowhere to be found. I had to conclude, agnostically, that the divorce revolution of the 1970s may or may not have been detrimental to the interests of Australian children.

I should also note that in 1990 I saw no need to investigate in any depth the trends in fertility. I simply noted that “The fertility rate is at an all-time low, and has fallen below the replacement rate” (*FWS*, 3). No-one I spoke to in writing the book expressed any great concern about this trend.

### **THE AUSTRALIAN FAMILY TODAY**

Seventeen years later, what is the situation? Have things improved, or worsened? The short answer is that I can see only one sign of improvement. The Australian fertility trend has recently turned around, and is now heading upwards. Australia is perhaps the only modern society in which this has happened in the last decade, so it is a fact of some interest. The not-so-good news is that divorce rates and sole parenthood remain at high levels. In addition, we now know that children

from the new family forms – that is, sole parent families, step families and blended families – are doing much less well than children from intact two-parent families. Government treatment of families and households remains, in my view, extremely biased in favour of the elderly and sole parents, and very heavily biased against couples with children.

I remain of the view that this general lack of improvement in children's socialisation is, broadly speaking, a product of misguided welfare policy. To expand on this argument, I will consider the current state of the family in the Australian welfare state under five headings.

(1) *Economic transformation*

When I was writing in the late 1980s, the Australian economy appeared to be in dire straits. Famously, the then Treasurer Paul Keating spoke of Australia as a “banana republic”. He used such language because he wanted to shock the country out of its complacency, so that a program of economic reform would be accepted. He, and the Labor government which ruled from 1983 to 1996, and the Liberal Coalition government that has ruled since 1996, have been remarkably successful. The Australian economy has been transformed from one of the weakest to one of the strongest in the OECD. In recent years the Chinese economic boom, with its massive appetite for Australian minerals and energy, has accelerated this transformation.

The main indicators are these:

- GDP per capita has risen by 36 percent since 1990. In that year it was on par with that of Western Europe, and 26 percent below that of the US. Today it is 11 percent above that of Western Europe and 20 percent below that of the US.<sup>5</sup>
- The unemployment rate averaged below 2 percent before 1970; it rose to a peak of 10.7 percent in 1993; since then it has fallen steadily to 4.2 percent today (mid-2007), the lowest level in 32 years.<sup>6</sup>
- Inflation averaged below 3 percent in the two decades before 1970; it averaged 9 percent in the next two decades; since then it has fallen to an average of 3.5 percent, despite relatively rapid economic growth.<sup>7</sup>

During the period since 1990, then, Australia has experienced an economic transformation. The Federal governments' microeconomic reform program has freed up the financial markets, removed tariffs and other protective barriers, privatized many public utilities, almost eliminated government debt, introduced a goods and services tax, deregulated many industries, weakened the power of trade unions, and removed the system of centralised wage bargaining that once dominated the labour market.<sup>8</sup>

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<sup>5</sup> See Angus Maddison, “Historical Statistics for the World Economy: 1-2003 AD”, at <http://www.ggdc.net/>.

<sup>6</sup> Reserve Bank of Australia, “Unemployment – Labour force”, at <http://www.rba.gov.au/Statistics/> (see “Unemployment – Labour force”).

<sup>7</sup> Reserve Bank of Australia, “Measures of consumer price inflation”, at [http://www.rba.gov.au/Statistics/measures-of\\_cpi.html](http://www.rba.gov.au/Statistics/measures-of_cpi.html) (see “historical data”).

<sup>8</sup> For a general view of these topics, see Paul Kelly, *The End of Certainty* (Sydney: Allen and Unwin, 1992).

From the standpoint of family interests, we might take this evidence in opposite ways. One view might be that such a transformation must have been deeply unsettling for family life. The opposite view is that a rising tide lifts all boats, and so rapid economic gains must have benefited families with children.

I am inclined to favour the second view. However, to interpret the situation more cautiously, we would like to have evidence of the distribution of these economic gains. The New Zealand historian, David Thomson (whose work I will refer to frequently), has shown that at least in his country rapid general growth can correlate with falling real incomes among the young, which includes young families.<sup>9</sup> In Australia, however, it is not easy to track the real incomes of the young, and I therefore must remain somewhat agnostic about the impact of the general economic changes on families.

## (2) *Cultural trends*

Talking about general attitudes to family and “family values” is no easy matter. We should not assume that what we see and read in the media are reflective of real public opinion. What is generally agreed is that surveys of public attitudes arrive at consistent high ratings of the importance of family in people’s lives. This has remained true, somewhat paradoxically, even when actual family stability has declined markedly.

Speaking impressionistically, it seems to me that the last decade in Australia has seen a decline in the debunking attitude to the family that was so prevalent when I was writing in the 1980s. There is no longer a “culture war”, in which the status of the family is the centre of controversy. The dogma that the family is “diversifying, not disintegrating” is no longer as prevalent as it was ten years ago. Furthermore, politicians on both sides are now very willing to talk up the importance of stable family life, and some will say that the biological family is generally speaking the best environment for children’s nurture and growth.

## (3) *Welfare policy*

Much has happened on this front since 1990. For my purposes here, the issues can be considered under three headings.

Treatment of sole parents. The Australian welfare system may be somewhat ungenerous by OECD standards in its pension payment levels for sole parents, but on the other hand it has been remarkably easy-going about access to such pensions. Until very recently, sole parents were subject to no requirement to seek work, even if their youngest child was attending school. (Many Western European countries require sole parents to seek work once the youngest child turns three.) Consequently, only about 30 percent of sole parents are self-supporting. Between 1990 and 2005, sole parents receiving welfare increased from about 600,000 to 1,150,000 recipients.<sup>10</sup>

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<sup>9</sup> David Thomson, *Selfish Generations? How Welfare States Grow Old* (Cambridge: The White Horse Press, 1996), 123–153; and Thomson, “Cohort Fortunes and Demographic Change in the Twentieth Century”, Cambridge Group for the History of Population and Social Structure, Working Paper Series: No. 6 (1998).

<sup>10</sup> See Budget Papers, 2005-06, at [http://www.budget.gov.au/2005-06/overview2/html/welfare\\_01.htm](http://www.budget.gov.au/2005-06/overview2/html/welfare_01.htm).

For many years, criticism of this policy was deflected by the argument that few sole parents were dependent long-term on welfare payments. In 2002, however, research by economist Bob Gregory demonstrated the falsity of this proposition. By his calculations, when all episodes of welfare usage are taken together, sole parents typically spent around twelve years on welfare – a figure far higher than anyone had conjectured.<sup>11</sup> This discovery has led in 2006 to a policy reversal, and sole parents with youngest child aged 6 or older are now required to seek part-time work. Only time will tell how much impact this about face will have. It is nothing like so radical as that brought about in 1996 in the US by President Clinton, which had the effect of halving the welfare rolls for sole parents.

Treatment of the elderly. By OECD standards, Australia administers a very stringent pensions regime for the elderly. The net replacement rate of the single age pension is only 56 percent of average earnings, whereas the OECD average replacement rate is 71 percent.<sup>12</sup> Many European countries have replacement rates much higher than the average.

This might suggest that the elderly in Australia are a hard-pressed lot. My contention in *The Family in the Welfare State* was the opposite – that they are better-off than families with children, and yet they are the principal recipients of public transfers. This claim was strikingly vindicated in 1993 by the first sophisticated analysis of Australian living standards, an analysis that counted income, taxes, assets, government expenditures on health housing and education, leisure, and household size. The authors, Sue Richardson and Peter Travers, found that “chances of being in poverty decline continuously with age, to the point that they are negligible around age 65. This difference arises from the fact that people accumulate assets over their working lives. Young people start out with few such assets, whereas asset ownership is likely to be at a peak around retirement age”. Living standards peak at age 60, and even after that age the elderly do not typically fall below the median.<sup>13</sup>

Following this, we might well wonder whether public policy ought not to be even more stringent in its treatment of the elderly, and rather more generous in its treatment of the young. However, Australian pensions policy has gone in a very different direction. In 1992 the Labor government introduced a system of compulsory universal employer-funded superannuation, which is in effect a system of wages deferred to old age. The clear implication of this is that the employees of today are required to start funding their retirement incomes. It means that today’s

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<sup>11</sup> See R. G. Gregory, “Can this be the Promised Land? Work and Welfare for the Modern Woman”, National Institutes Public Lecture, Parliament House, Canberra, 5 June 2002. See also David de Vaus, *Diversity and Change in Australian Families: Statistical Profiles* (Melbourne: Australian Institute of Family Studies, 2004), 55, and Peter Saunders, *Australia’s Welfare Habit and How to Kick It* (Sydney: Duffy and Snellgrove, 2004), “Reforming Parenting Payments”, 96–105.

<sup>12</sup> See OECD Society at a Glance 2007, “Selection of OECD social indicators: how does your country compare?”, at <http://www.oecd.org/>.

<sup>13</sup> Peter Travers and Sue Richardson, *Living Decently: Material Well-being in Australia*, (Melbourne: Oxford University Press, 1993), Figure 1.2, 40. For similar American findings, see Stephen Crystal and Dennis Shea, “The Economic Well-being of the Elderly”, *Review of Income and Wealth*, 36, (1990) 227–247. On New Zealand, Britain and Sweden, see Thomson, *Selfish Generations?*, 127–29.

employees are required to fund both the elderly of today and the retirees of tomorrow, themselves. That is, this policy raised an important question of intergenerational equity.<sup>14</sup>

The question of intergenerational equity has been the central theme of David Thomson's remarkable analysis of the New Zealand welfare state. The short summary of Thomson's argument is that modern welfare systems may look stable and unchanging, but in reality they have changed radically over time, and the change has all been in the one direction. Welfare systems began after World War Two with the purpose of assisting the young; by the end of the century they had become largely devoted to helping the elderly. The net effect of this is to consistently favour those cohorts born between 1915 and 1945. Later cohorts have been required to bear the burden of supporting the favoured "welfare generation". Thus, welfare systems are "single generation" schemes, just as in 1990 I had conjectured might be the case in Australia.

Thomson's detailed analysis involves tracking cohorts across their typical lives, summing the accumulated gains and losses from public policy interventions. He found that in New Zealand the net impact of all taxing and spending – including pensions, education, health and housing expenditure but also expenditure on "public goods" – has benefited the "welfare generation" by about 30 "years of average pay", compared with the net result for successor generations.<sup>15</sup> I have attempted a similar calculation for Australia. My estimates are somewhat lower, about 15 "years of average pay".<sup>16</sup> The main factor driving these inequities has been the shift of taxes onto the younger half of the population, a shift that took place largely in the 1960s and 70s. The shift compelled families raising children to bear a total tax burden unlike anything ever before imposed. It should be obvious that the sudden imposition of this burden played a part in fragmenting the family at that time.

Treatment of couples with children. So how have families with children been treated in the period from 1990 to the present? The fiscal incidence studies – upon which my 1990 analysis was largely based – have been repeated a number of times, most recently in 2003-04. They show no change at all in the treatment of families with children. Here is my comparison of the 1984 fiscal incidence figures with those in the later studies.

INSERT CHART TWO HERE

This chart shows emphatically that not much has changed in 20 years. The net flow of transfers is still from the young to the old. Couple families with children still get no net support from governments. The bias in favour of sole parent families can be illustrated from the 2003-04 figures. These show that on average couple families with dependent children paid \$18 per week more in taxes than they received in benefits. Sole parent families, by contrast, received \$473 per week more in benefits than they paid in taxes, a figure that makes up half their final income.<sup>17</sup>

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<sup>14</sup> My analysis of the more recent debate about this policy is in "The Intergenerational Report is not about Intergenerational Equity, but about Fiscal Sustainability", *On Line Opinion*, <http://www.onlineopinion.com.au/view.asp?article=1875>, 15 September, 2002.

<sup>15</sup> Thomson, *Selfish Generations?*, Table 6.2, 172.

<sup>16</sup> Alan Tapper, "Family Change and the Ageing Welfare State", in *Families and the State: Changing Relationships*, Lynn Jamieson and Sarah Cunningham-Burley (eds) (Basingstoke: Palgrave Macmillan, 2003), 109–124.

<sup>17</sup> ABS, *Government Benefits, Taxes and Household Income, Australia, 2003-04*, Cat. No. 6537.0., Table 19.

Clearly, it makes no difference whether the Federal government – which in Australia controls the purse strings – was Labor (1983 to 1996) or the Liberal-led Coalition (1996 to present). Neither side of politics has backed up its professed “family friendly” stance up by effective action.

#### (4) *Family sociology*

So much for the welfare policy picture. But what about trends in the family itself?

The broad picture is one of little change. Family life is today at least as fragile as it was in 1990, perhaps more so. Adult Australians have become accustomed to the “do it yourself” style of family life, though it is a different matter whether children have become accustomed to it, or if they ever will.

Even so, it remains important to note that, on today’s evidence, most marriages will endure, and most children will reach adulthood while living with both of their biological parents. There has not been a “death of the family”, not even of the biological nuclear family. But it is a close run thing. One calculation projects that 46 percent of marriages contracted in 1999 will eventually end in divorce.<sup>18</sup>

Comparing today with 1990, the divorce rate has remained steady. In the period 1945–1970, the crude divorce rate (per 1000 population) fluctuated between 0.5 and 1.0; since 1975 it has fluctuated between 2.5 and 3.0.<sup>19</sup>

The trend in sole parenthood has continued steadily upwards. In 1970, sole parent families made up 7 percent of families with children; in 1990 it was 15 percent; in 2003, 22 percent. Today, 21 percent of children live in sole parent families.<sup>20</sup>

For reasons that I will discuss in the next section, it seems to me that the most important family statistic is the percentage of children that will reach adulthood having lived continuously with both biological parents. This figure, important though it is, has not been easy to find. I think it is today about 65 percent. In 1991, the figure was 75 percent.<sup>21</sup> Thus, the intact two-parent family has continued to lose ground.

The one positive trend is in fertility. The Australian total fertility rate fell steadily from a high point of 3.5 children per woman in 1961 to 1.73 in 2002.<sup>22</sup> In the last few years the trend has reversed, with a jump to 1.81 in 2005.<sup>23</sup> Whether this will be sustained is of course unknowable. It will be watched closely, since the fertility decline has now become a major topic of debate in many countries.

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<sup>18</sup> de Vaus, *Diversity and Change*, 211.

<sup>19</sup> de Vaus, *Diversity and Change*, Figure 15.1, 211.

<sup>20</sup> de Vaus, *Diversity and Change*, Figure 4.1, 43.

<sup>21</sup> Australian Bureau of Statistics, *Australian Social Trends 1994*, Cat. No. 4102.0, Figure 3, 37–39.

<sup>22</sup> ABS, *Australian Social Trends 2000*, Cat. No. 4102.0, 29.

<sup>23</sup> ABS media release, “Australian fertility rate highest in ten years”, 17 October, 2006.

## (5) Children's socialisation

By far the most important social role of the family is the raising and socialisation of children. But how well families succeed in doing this is a very complex issue. The central controversy, in Australia as elsewhere, has been about the relation between family structure and children's well-being. There are strong emotions and personal experiences invested in this controversy, and, even if objectivity is psychologically possible, it is hard to get good evidence to shed light on the many questions involved. When I was writing *The Family in the Welfare State* I concluded that the evidence was inconclusive.

Since that time, however, a burst of new and sophisticated studies have appeared. The most substantial of them are American, but Australia has one study that is perhaps as good as any. This is the Western Australian Child Health Survey, carried out in 1993. Regrettably, even in Australia it has not received the attention it deserves.<sup>24</sup>

The most sensitive area in this survey, on children's mental health, is a composite picture provided by parents, teachers, and adolescents, using the Achenbach Child Behaviour Checklist. Using this methodology, 18 percent of children were classified as suffering from mental health problems. Eight specific mental health morbidities were identified: delinquency (10 percent of children); thought problems or obsessions (9 percent); attention problems, including attention deficit disorder (6 percent); social problems, persistent and severe inability to get along with others (6 percent); somatic complaints, or chronic physical complaints with no known physical cause (5 percent); aggressive behaviour (4 percent); anxiety and depression (4 percent); and withdrawal (3 percent). Although these eight problem types are independently identifiable, they tend to be concentrated in individual children. Of the children with one of these problems, about half were found to have three or more problems.<sup>25</sup>

The survey's family background data included information on parental income, ethnicity, employment, occupation, literacy, education, housing, and health. Insight into the inner life of the family – the quality of the parents' marriage, the quality of interaction between parent and child, the style of parenting and discipline – was supplied by the primary caregiver. Of these many factors, only four were found to be strongly correlated with children's mental health. The four were household income, parental disciplinary style, family harmony or discord, and family type.

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<sup>24</sup> The full titles of the three reports on this survey are: S.R. Zubrick, S.R. Silburn, A. Garton, P. Burton, R. Dalby, C. Shepherd, J. Carlton, D. Lawrence, *Western Australian Child Health Survey: Developing Health and Well-being in the Nineties* (Perth: Australian Bureau of Statistics and the TVW Telethon Institute for Child Health Research, 1995); S.R. Zubrick, S.R. Silburn, A. Garton, L. Gurrin, P. Burton, R. Dalby, C. Shepherd, J. Carlton, D. Lawrence, *Western Australian Child Health Survey: Family and Community Health* (Perth: Australian Bureau of Statistics and the TVW Telethon Institute for Child Health Research, 1996); S.R. Zubrick, S.R. Silburn, L. Gurrin, L. Teoh, C. Shepherd, J. Carlton, D. Lawrence, *Western Australian Child Health Survey: Developing Health and Well-being in the Nineties*, (Perth: Australian Bureau of Statistics and the TVW Telethon Institute for Child Health Research, 1997). All are ABS Catalogue No. 4304.5. These reports are freely available on the ABS website (<http://www.abs.gov.au>). There is a valuable summary in Sven R. Silburn and Stephen R. Zubrick, "The WA Child Health Survey: Methodology and Policy Implications", Paper presented at the Fifth Australian Family Research Conference, "Family Research: Pathways to Policy", Brisbane, 27–29 November 1996, <http://www.aifs.gov.au/institute/afrcpapers/silburn.html>.

<sup>25</sup> *Developing Health and Well-being in the Nineties*, 36.

These four factors were then subjected to a multiple regression analysis to determine how much each of the four contributed to the final outcome. The first surprising finding was that income ceased to be significant in this analysis: all that it contributed when taken on its own was explained by the other three factors when taken together.<sup>26</sup> The second surprise was that the remaining three factors offered a very powerful explanatory model. In the words of the key researchers, Silburn and Zubrick, “this model had the explanatory power to correctly classify 83 percent of children with mental health problems solely on the knowledge of three questions: What is the child’s family type; what is the parental disciplinary style; and is there a significant level of family discord present?”<sup>27</sup>

**TABLE ONE**

**Family factors affecting children’s mental health**

	Percent of families (a)	Percent of mental health problems (b)	Risk (adjusted odds ratio) (c)	Attributable risk (d)
<b>Discipline Style</b>				
Encouraging	49	11	1.0	
Coercive	5	29	3.3	
Detached	7	19	2.2	
Inconsistent	38	24	2.2	
All adverse parenting				19
<b>Family Type</b>				
Original	74	14	1.0	
Single parent	17	29	2.5	19
Step/blended	10	26	2.4	12
<b>Family Discord</b>				
Low	76	22	1.0	
High	12	33	1.7	8

Sources: (a) *Family and Community Health*, Table 5.7, 55; (b) *Family and Community Health*, 43, 53, 61; (c) *Family and Community Health*, Table 5.8, 56; (d) Silburn and Zubrick, “The WA Child Health Survey: Methodology and Policy Implications”, <http://www.aifs.gov.au/institute/afrcpapers/silburn.html>, Table 2.

<sup>26</sup> This is also the finding of Paul R. Amato and Alan Booth, *A Generation at Risk: Growing Up in an Era of Family Upheaval* (Cambridge, Massachusetts: Harvard University Press, 1997), 215.

<sup>27</sup> Silburn and Zubrick, “The WA Child Health Survey: Methodology and Policy Implications”, <http://www.aifs.gov.au/institute/afrcpapers/silburn.html>.

As shown in Table One, the study then calculated the risk of adverse mental health in children posed by each of these three factors. Parental disciplinary style was classified into four types: encouraging, coercive, detached, and inconsistent. Compared with the “encouraging” category, the other three styles double or triple the risk factor. Family type falls into three categories: original (that is, biological), single parent, and step or blended families. Compared with the original family type, the other two more than double the risk factor. Family discord (as measured using the McMaster Family Assessment Device) was rated as either low or high. The key measures involved capacities for collective problem-solving, regular communication, affective responsiveness, and behaviour control. High discord nearly doubles the risk of mental health problems in children. A child in a disrupted or single parent family with high discord and coercive parenting is approximately fourteen times more likely to suffer a mental health problem than one in a harmonious original family with good discipline.

Silburn and Zubrick have also analysed the “attributable risk” associated with each of these factors. This measures the percentage of mental health problems arising from each factor. The value of this figure is that it tells us where improvements are likely to cause most benefit. (A big improvement in a factor affecting few children is of less benefit than a moderate improvement in a factor affecting many children.) The highest attributable risk is associated with adverse parenting and with single parenthood. Reductions in those factors – if such reductions were possible – would yield greatest social benefits.

The evidence of this survey seems to me conclusive on the issue of whether “family structure” matters. What it shows is that trends away from the “original” or “biological” family have important adverse effects for children. Marital and family harmony is also important, as is parental disciplinary style. The crucial factors are all intra-family factors. All else being equal, divorce and separation move children from a low-risk situation, the original family, to a high-risk situation. Average couples who divorce simply because they are unhappy with each other thus generally replace their own unhappiness with the risk of psychological problems for their children. The survey showed that children of unhappy first marriages had fewer mental health problems (17 percent had at least one problem) than children in single parent families (29 percent) or stepfamilies (23 percent). They were even better off than were children of step parents or single parents with a good relationship (a relationship with a non-resident in the single parent case), where about 21 percent had one problem.<sup>28</sup>

Low income is, surprisingly, not an explanation of why non-biological families perform poorly. But what about employment and occupation as possible explanatory factors? The Child Health Survey also throws light on the relation between employment and children’s well-being. Children of unemployed couples are more troubled than are children in families where one or both parents work, and children of non-working single parents are similarly worse off than children of employed sole parents. The differences are not small: mental health problems go up from about 20 percent to 32 percent in the first case, and from 28 percent to 36 percent in the second. So, to put it crudely, unemployment is bad for children. The evidence is relevant to the debate about whether single parents should be encouraged to seek work. We might fear that this would detract from their capacity to care for their children. The evidence here points in the opposite direction: though the

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<sup>28</sup> *Developing Health and Well-being in the Nineties*, Figure 5.14, 49.

difference is not great, on average children in sole parent families benefit from having a working parent. Whether the parent is working full-time or part-time makes no difference.

Overall, it seems that we now know a great deal about what is good for children's socialisation. We also know that the trends for more than thirty years have been in an adverse direction. There is no sign that these trends are about to go into reverse. And we can only guess what would be required to bring about such as reversal. My view is that trends in the contemporary family are largely driven by welfare policies chosen by adults and designed for adults, with little regard for the interests of children.<sup>29</sup> In Australia, it remains the case that public policy supports sole parenthood but not couples with children, just as I argued in 1990. A radical policy such as that instituted by President Clinton might make a significant difference, but there appears to be no appetite for this sort of radicalism, even amongst the current largely conservative and somewhat "pro-family" present Federal government, which has been in power for more than a decade.

## CONCLUSION

How might my Australian story – a story that, I admit, few other Australian family researchers would accept in part or in whole – be relevant to family policy leaders in other countries? I will conclude by making two general sorts of comments.

One general comment is about the importance of deep sociological and statistical analysis. For me there are two crucial pieces of evidence without which we would be very much in the dark on family matters.

The first is the child health study. Without this, or something similar to it, we could not know what is happening within the family. We would see a range of family problems emerging in crime and suicide figures, but be at a loss to discover their origins.

The second is the fiscal incidence studies – the analysis of total taxing and spending. Without these, we cannot know the net effects of government intervention, and we will therefore mistake policy intentions for policy outcomes. In addition, we need the sort of cohort analysis pioneered by Thomson, that tracks the fortunes of typical individuals and couples across time.

My second general comment is, as I observed at the outset, that Australia is a relatively minimalist welfare state. If I am right in thinking that Australia's family problems derive largely from its unbalanced welfare policies, how much more dangerous might the situation be in countries with larger "more advanced" welfare systems?

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<sup>29</sup> For a discussion that agrees with my pessimism but offers a different causal analysis, see Fiona Stanley, Sue Richardson, Margot Prior, *Children of the Lucky Country: How Australian Society Has Turned Its Back on Children and Why Children Matter* (Sydney: Macmillan, 2005). Also of national importance is the work of Aboriginal leader Noel Pearson, a serious welfare critic whose writings are accessible at the website of the Cape York Institute for Policy and Leadership, <http://www.cyi.org.au>.

We might be assisted to answer that not entirely rhetorical question by an important recent comparative study of 17 countries – 14 in Europe, plus Canada, New Zealand and the US.<sup>30</sup> The study compares trends in family structure in these countries, focusing on the key question of what fraction of children reach adulthood in their biological family. It shows that there is a broad spectrum of family change, in some cases dramatic, in some cases minor. In the US and New Zealand half of all children today will reach age 15 not living with their biological parents. In Germany and Austria the figure is 40 percent; in Canada and Sweden 34 percent; in France 29 percent; in Spain and Italy, remarkably, less than 10 percent. To this analysis we can add Australia, which sits in the middle of this range, at around 30 percent.

INSERT CHART THREE HERE

That comparison can be placed alongside another vital set of figures – the fertility rates. Until recently, the decline in fertility has not been a major issue of Australian public debate, for two obvious reasons. As it has done since 1950, Australia continues to attract migrants from Europe and Asia, who boost the population, if not the fertility rate. And the Australian fertility rate is not desperately low, as it is throughout Europe and in the wealthier parts of Asia. Furthermore, it has lately taken an unexpected upwards turn. But fertility rates are certainly an important component of the contemporary family world. And it is an easy matter to compare fertility rates across countries. Here is the comparison between the 18 countries considered above.

INSERT CHART FOUR HERE

Finally, it seems to me an interesting exercise to put together the two above international comparisons – fertility and family stability. What we find in doing this is that some countries that do well in one comparison do poorly in the other. The overall figures show that none of these 18 modern societies is doing well on both fronts. Australia, they show, sits at the more favourable end of the family spectrum, along with France, Finland and Belgium, with America sitting just to the adverse side of Australia. At the other end of the spectrum are the post-Communist countries of Eastern Europe.

INSERT CHART FIVE HERE

I leave you to speculate on this last piece of evidence on the family today. From my Australian perspective, I am persuaded by the general analysis offered by David Thomson, which I have only touched upon in this paper. Thomson likens the problems of modern welfare states to the classical “problem of the commons”. Family stability and fertility was high when welfare states were new and were focused on support of the young. Today these systems have aged; they are now focused on the elderly; they have changed their purpose; they have become a degraded commons. The sociology of the modern family is in large part the result of these trends in welfare policy.<sup>31</sup>

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<sup>30</sup> Patrick Heuveline, Jeffrey M. Timberlake and Frank F. Furstenburg Jr, “Shifting Childrearing to Single Mothers Results from 17 Western Countries”, *Population and Development Review* 2003, 29(1): 47–71, Table 1, 56.

<sup>31</sup> For further discussion, see Tapper, “The Generational Train Wreck and its Aftermath” in *The Family in the New Millennium: World Voices Supporting the ‘Natural’ Clan*, A. Scott Loveless and Thomas B. Holman (eds), 3 Vols, (Westport, CT: Praeger, 2007), Vol 1, 163–172. See also my “Fertility Free-fall – Does It Make Any Sort of Sense?”, *On Line Opinion*, at <http://www.onlineopinion.com.au/view.asp?article=545>, 19 September 2002.

1984 Benefits and taxes per household

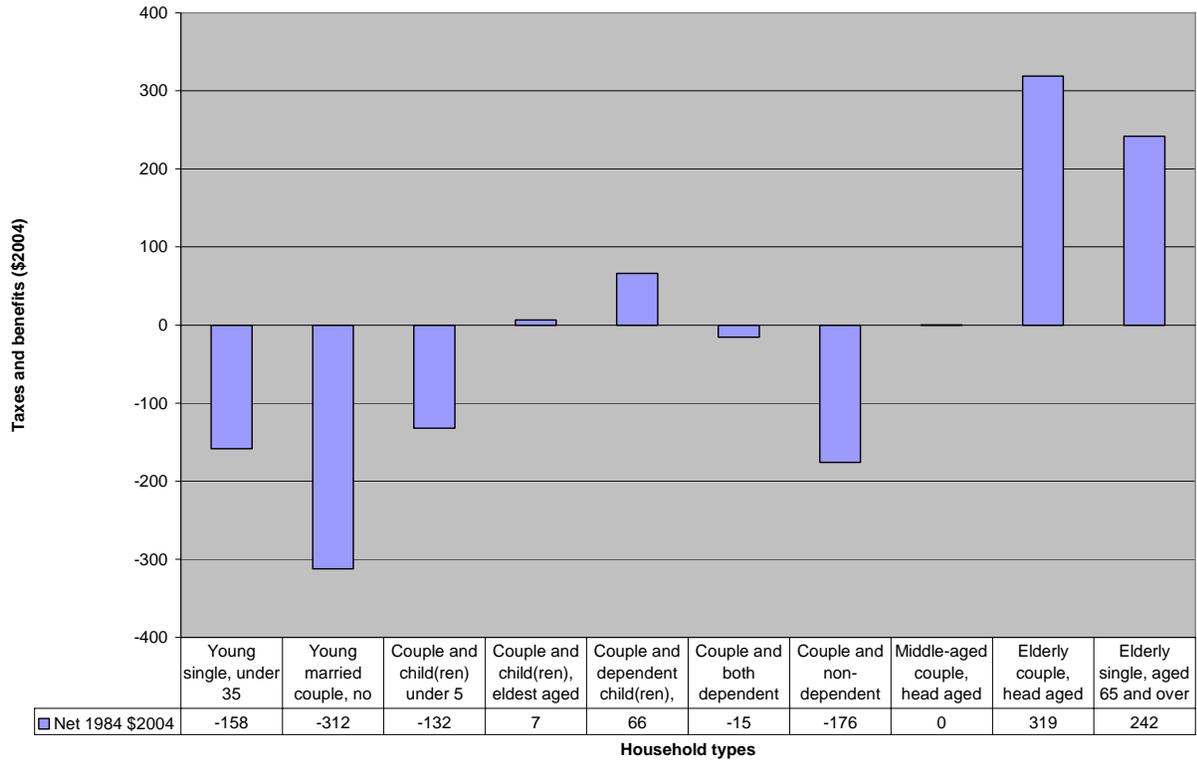


CHART ONE  
 THE 1984 FISCAL INCIDENCE STUDY:  
 BENEFITS AND TAXES PER HOUSEHOLD TYPE (IN \$2004)

Source: Tapper, *The Family in the Welfare State*, Figure 5.1, 113. Based on Ian Castles, "Government Welfare Outlays: Who Benefits? Who Pays?", *Canberra Bulletin of Public Administration*, March 1987.

Comparison 1984, 1988-89, 1993-94, 1998-99, 2003-04

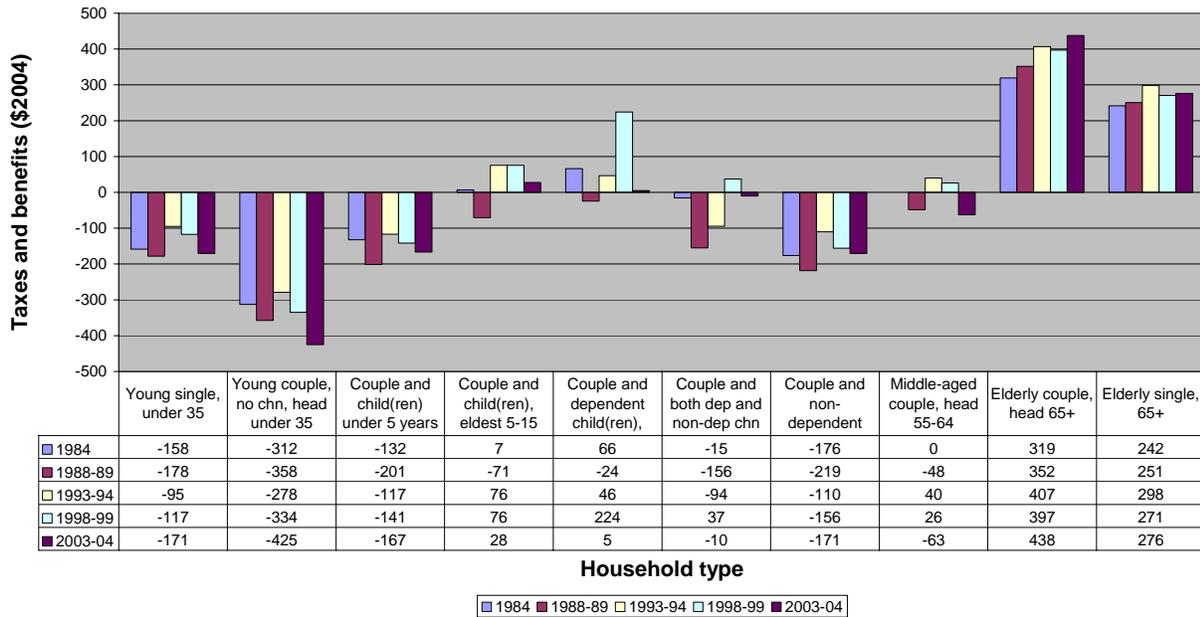


CHART TWO

1984, 1988-89, 1993-94, 1998-99 AND 2003-04 FISCAL INCIDENCE STUDIES COMPARED:  
NET BENEFITS AND TAXES PER HOUSEHOLD TYPE (IN \$2004)

Source: See Tapper, Chart One. ABS, *Government Benefits, Taxes and Household Income, Australia*, Cat. No. 6537.0., for 1988-89, 1993-94, 1998-99, 2003-04. Tables on “Life Cycle Groups”. (Later studies freely available on the ABS website at <http://www.abs.gov.au>.)

Percentage of children age 15 not living with both biological parents

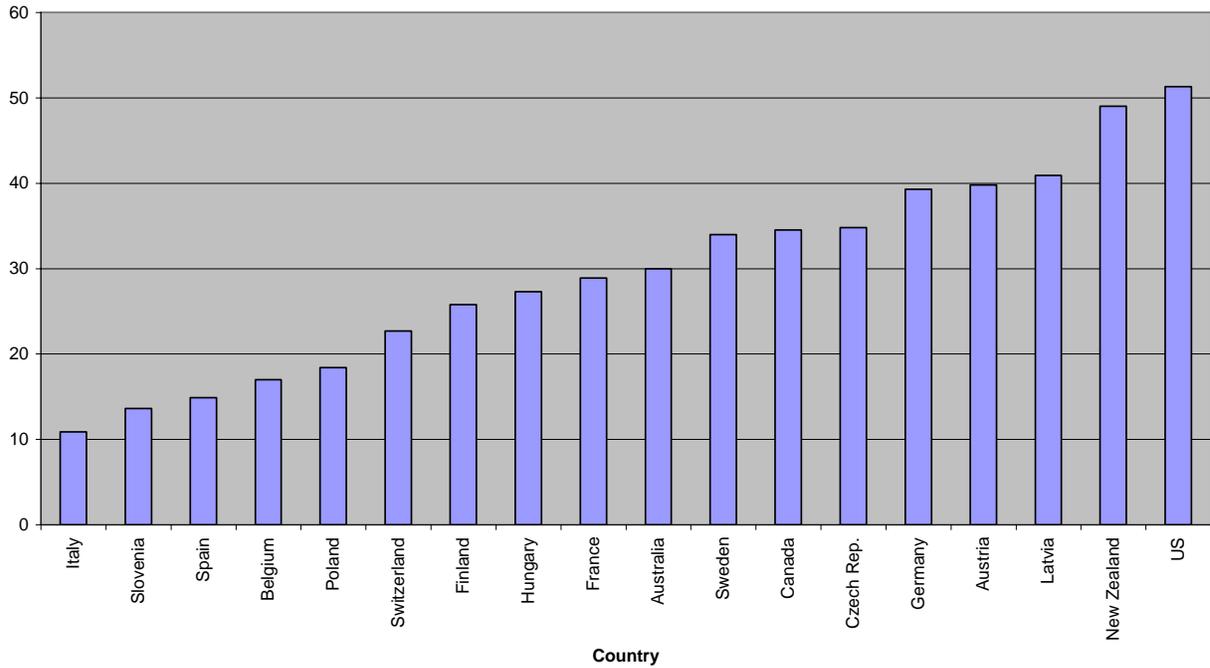


CHART THREE  
CHILDREN IN EIGHTEEN COUNTRIES:  
PERCENTAGE AGE 15 NOT LIVING WITH BOTH BIOLOGICAL PARENTS

Source: Patrick Heuveline, Jeffrey M. Timberlake and Frank F. Furstenburg Jr, "Shifting Childrearing to Single Mothers: Results from 17 Western Countries", *Population and Development Review*, 2003, 29(1): 47-71, Table 1, 56.

Current total fertility rates

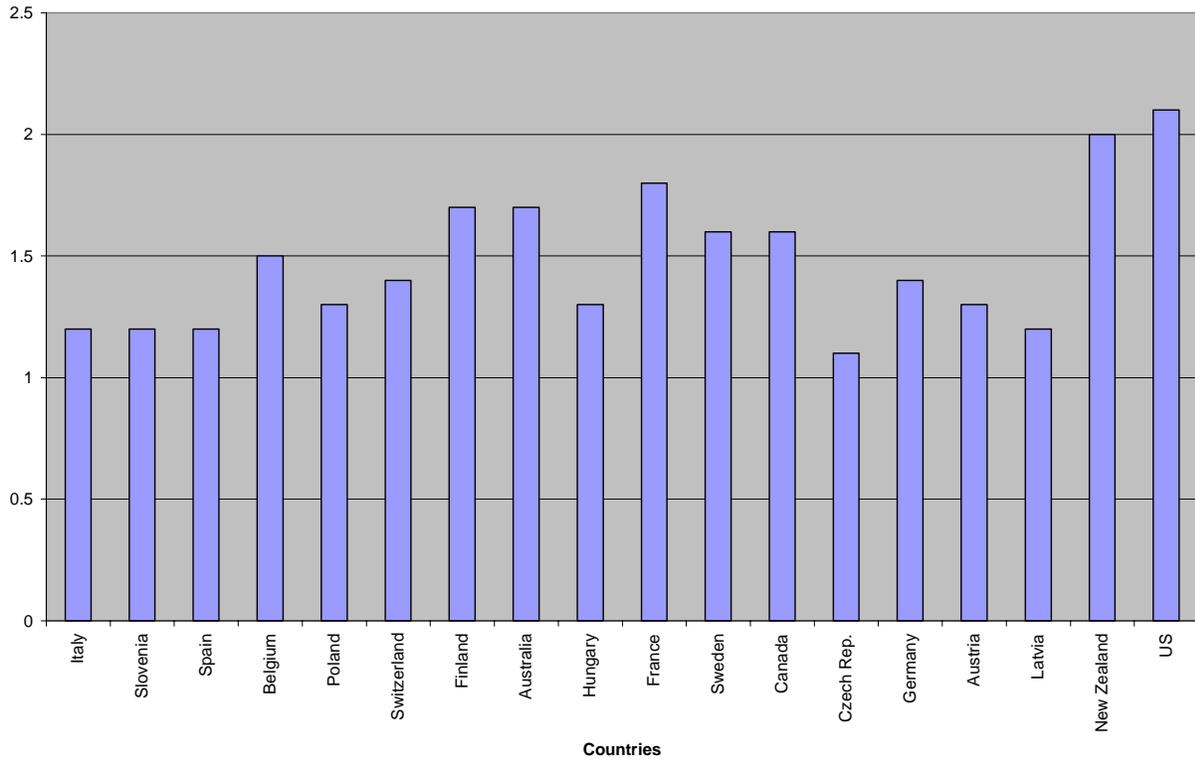
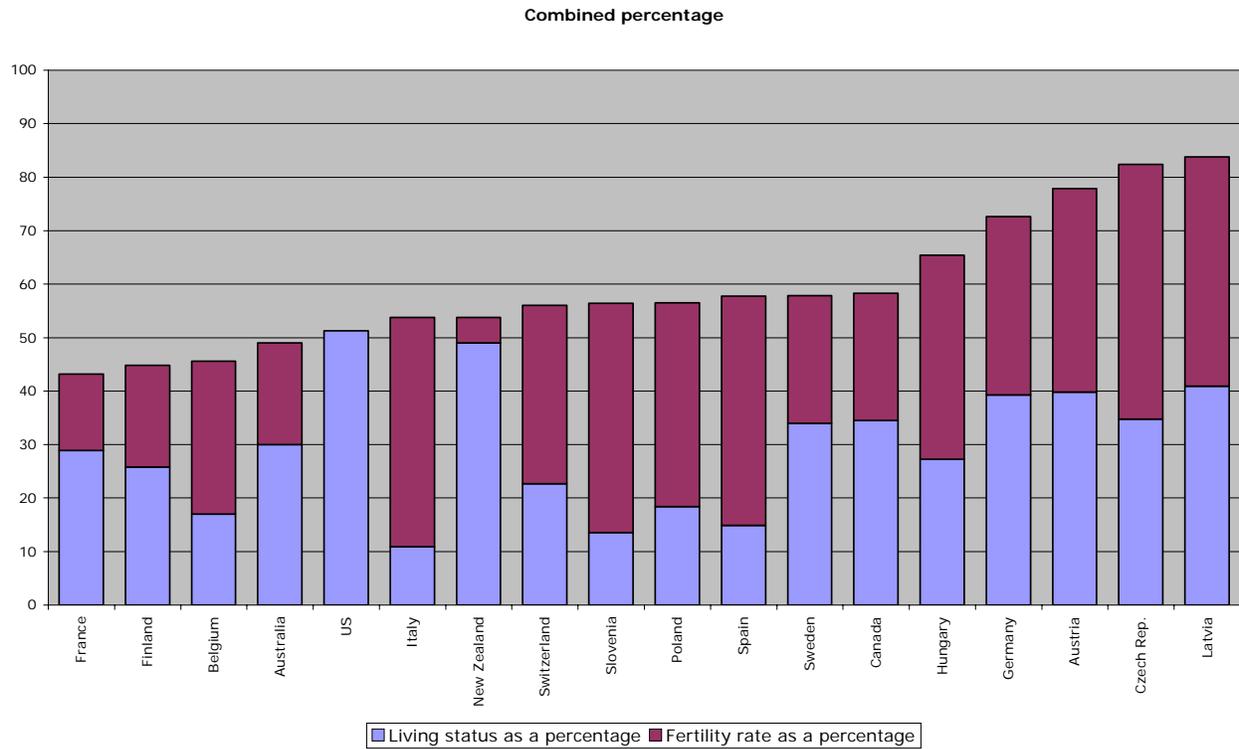


CHART FOUR  
TOTAL FERTILITY RATES IN EIGHTEEN COUNTRIES

Source: [http://www.un.org/esa/population/publications/worldfertility/Selected\\_Indicators.xls](http://www.un.org/esa/population/publications/worldfertility/Selected_Indicators.xls)



**CHART FIVE**  
**FRACTION OF CHILDREN AGED 15 NOT WITH BOTH BIOLOGICAL PARENTS**  
**AND FERTILITY DEFICITS COMBINED**

Source: Based on Charts Three and Four. The fertility deficit component is presented as a percentage of the difference between the replacement rate (2.1 children per woman) and zero.