The other welfare state
Non-government agencies and the mixed economy of welfare in Australia

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This article considers the place of the non-government sector in Australia in the mixed economy of welfare. This sector – particularly faith-based organisations – has taken a shifting position in relation to the state, market and family in the provision of care. In Australia and New Zealand, strong state regulation of the labour market, combined with relative underdevelopment of formal welfare provision, contributes to a distinctive mixed economy of welfare. The article sketches the consequences for the independence of the faith-based sector, its fragmented and disorganised development and the relative absence of aspects such as philanthropy and mutual aid.

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INTRODUCTION

Analysing the history of church-based welfare agencies – the sector that one contribution dubbed ‘the other welfare state’ (Beilharz, Considine and Watts 1991) – involves several levels of analysis. Church welfare organisations have distinct dynamics, traditions and priorities, often shaped by the passions of specific leaders, their varieties of faith and their serendipitous accumulation of programs. Yet this local level of analysis needs to also consider a second dimension, of how non-government welfare agencies divided the work of welfare between them, and how they were influenced and positioned in this by changes in state policy. In a federal structure, this means considering the changing roles of both the Commonwealth and state governments. In turn, there is a third and larger question of whether there are distinctive patterns in settler societies of how the non-government welfare sector develops. This paper primarily focuses on this last issue. If Australasian settler societies have an exceptional pattern of welfare development in the twentieth century, developing what Francis Castles called a ‘wage-earners’ welfare state’, then this needs to be taken into account in understanding the place of the non-government sector as well, including the patterns of political culture and of policy that shaped the sector.

THE MIXED ECONOMY OF WELFARE

A central starting point for conceptualising the mixed economy of welfare, and the changing division of labour between the state and the non-government sector, is Geoffrey Finlayson's discussion, in the British context, of how the frontier between the two has fluctuated over time. The ‘moving frontier’ (a term originally coined by Beveridge) between government and non-government agencies, between the state and civil society, did not simply move in one inexorable direction. Rather than imagine the charitable sector as doomed to extinction – as many did with the establishment of welfare states after the Second World War – Finlayson insisted we recognise two aspects of this mixed economy. These were the differences within what the British call the ‘voluntary sector’, and the social and political forces leading to its waxing and waning.

Finlayson distinguished between ‘self-regarding’ organisations (such as friendly societies and mutual aid bodies that provided insurance and services for the respectable working class), and

'other-regarding' organisations (such as charitable and philanthropic bodies). The moving frontier between these and the state was as much determined by state action as by how well voluntary agencies positioned themselves for a future role. For example, the British Labour government's insistence after 1945 that 'charity' was demeaning and no substitute for social justice and modern administration meant that some parts of this voluntary sector faced hostile times. Charitable hospitals were absorbed into the National Health Service from 1948, and the non-profit mutual aid sector declined dramatically.

But other parts of the charitable sector found a new niche closer to the state, subject to more regulation but also drawing on state funds. As Finlayson summarised these dynamics:

... while the frontiers of the state expanded, they did not expand to the extent that they left no room for voluntarism ... many of the practitioners of charitable voluntarism did move frontiers towards the state – either reluctantly or fairly willingly, in the latter case seeing the state as a source of funds, or as providing a basic service, leaving them to develop a more specialised role (Finlayson 1990: 204).

The first major point about a mixed economy of welfare analysis is that the boundary line between state and civil society is fluid and subject to jostling and negotiation. The mix between government and non-government agencies shifts, with the prime mover frequently being the state. Today, we could note that the pattern in Australia of the church sector being enmeshed in providing tightly-regulated services under contract (the Job Network is the most prominent example) has been primarily driven by a state intent on diminishing its role in social protection (Considine 2001).

A second insight to draw from analyses of the mixed economy of welfare places greater emphasis on other parts of the mix – the market and the family. In her rich and detailed history of the British Charity Organisation Society (later the Family Welfare Association), Jane Lewis traced how one large organisation responded to state action, but equally how it dealt with the rise of professional social work and shifting gender dynamics (Lewis 1995). She placed this in a wider context of welfare regimes and how they contribute to the stabilisation or reconstruction of gender relations. This directs greater attention to the welfare role of the family, and to the gender of the providers and recipients of welfare services, whether state or non-government (Lewis 1993; Tennant 2001).

There are several ways in which this mixed economy argument helps explain how non-government welfare agencies evolved in Australasia. In the hands of writers such as Lewis, it is another way to analyse how gender informs welfare provision and receipt, and how welfare interrelates with the family and with breadwinning. In addition, by emphasising the dynamics of the moving frontier, it reintroduces the contingency of history to understanding welfare. This is a useful antidote to the teleology that characterised much post-war thinking about welfare states. Policy figures at the time, such as Richard Titmuss in Britain and Ronald Mendelsohn in Australia, tended to see an inevitable shift towards the state. They considered charity to be patronising, inefficient and incapable of meeting the administrative challenges of the modern world, and consigned it to the dustbin of history. Titmuss is a good example of this antipathy (Pinker 1992). But Finlayson noted that the return to contracting services to the non-government sector was 'a further warning of the dangers of taking the Whig road to the welfare state when studying welfare systems' (Finlayson 1990: 206).

The principal argument of this paper is that if Australasia had a distinctive welfare regime that bears the hallmarks of settler societies with strong labour movements, this had consequences for how the non-government sector developed its welfare role. The two aspects that are most germane are the colonial rejection of a systematic approach to welfare (which smacked of the hated Poor Laws), and the centrality of wage arbitration delivering high wage outcomes as the principle means of social protection. Castles dubbed this model 'Australasian exceptionalism' or 'the wage-earners' welfare state'. This paper rehearses an assessment of Castle's argument, and then suggests how this might contribute to understanding distinctive patterns of development in the non-government welfare sector. In brief, I argue that the non-government sector tends to be comparatively autonomous, relatively fragmented, distinctly concerned with discriminating between the deserving and the undeserving, and underdeveloped in some key areas such as philanthropy and mutual aid.

AUSTRALASIAN EXCEPTIONALISM?

Colonial cultural and political ideas about poverty, charity and the state provide the context. Along with a hope that they could build a new social order, settlers in Australasia brought with them the intellectual baggage of nineteenth century Britain. One aspect of British history they were intent on avoiding was the new Poor Law, which was never adopted in Australasia, as it had been (earlier) in America. Colonial revulsion against the Poor Law lay behind attitudes about welfare and the role of the state. Brian Dickey (1992) has developed the fullest discussion of this for Australia, while David Thomson (1998) has argued the New Zealand case at length. In Dickey's words, 'the colonies in

Australia were being developed in an intellectual policymaking environment where the very necessity of government expenditure for the poor was being questioned' (Dickey 1992: 118). Lawrence Rutman points to a similar resistance to the Poor Law in Canada in the mid to late nineteenth century (Rutman 1987).

The double edge to this issue was that, on the one hand, the Poor Laws had since Elizabethan times implied a collective responsibility for the poor through parish-based rates and local administration while, on the other, the reforms of the 1830s were adding a much more punitive and stigmatising administration to poverty relief. The 1834 Royal Commission on the Poor Laws had argued that parish support for the poor was supplementing wages and preventing the development of a mobile labour market. In their terms, 'outdoor' relief produced 'pauperism', the state of abject and unnecessary dependence on charity, and their draconian solution was to replace 'outdoor' relief with the workhouses, made deliberately Spartan and demeaning to repel all but the 'deserving poor'. Over the following two decades in Britain, public assistance to the unemployed effectively ceased, other than in the incarceration of the workhouse (Thomson 1998).

The Poor Law's sense of collective responsibility was being overridden by market liberalism's insistence on a market for labour. Ronald Mendelsohn noted the consequences for how settler societies viewed poverty:

... the colonists overreacted to the Poor Law, and in throwing out the bad – its harsh administration – they also threw out the good, which was the long-accepted formal British obligation to support those who in the last resort could not support themselves (Mendelsohn 1979: 86).

Because it meant two things, the Poor Law could be rejected by elite and respectable opinion on the grounds that 'assisting the able-bodied poor undermined their self-esteem and their capacity to participate in the market economy as free agents', while at the same time the organised working class could not defend the idea of a Poor Law, for 'its "bastilles" were objects of fear and contempt in the rhetoric of the working classes of England in the 1830s and 1840s (Dickey 1992: 112, 118). David Thomson describes the parallel development in New Zealand, where settlers had similar views drawn from the radical experiment of the Poor Law reforms. He summarises the colonial experiment in Australasia as 'a deliberate attempt to keep all formal collective welfare activity to a minimum, and to maximise individual, family and informal neighbourly assistance when need arose'. The aim was to produce 'a new world without welfare' (Thomson 1998:18).

Cross-class resistance to the double meanings of the Poor Law reflected both the aspirations of new societies, and the economic facts of labour scarcity. As Timothy Coghlan wrote in 1918:

It is very significant to note the strong feeling in Victoria, as in New South Wales, against State poor relief, and this may be taken as striking evidence that its evils, in the United Kingdom, were recognised by the immigrant working class, as well as by the richer portion of the community (quoted in Dickey 1992: 130).

It was a common enough reflection; Anthony Trollope had noted the same sentiment during the 1870s, though he thought that, although there was no poor law, it did not follow that there were no poor. "That which we do by means of our parish unions, is done in Australia by benevolent asylums and hospitals" (Trollope 1967: 709). At the end of the nineteenth century, when Sir Charles Dilke visited Australasia, he too commented on 'the horror in the colonies ... of the words "pauperism", "poor house", "workhouse" or "pauper"' (quoted in Macintyre 1985: 61). Such early commentators were capturing part of the meaning of the 'social laboratory'. As one of the more systematic of those commentators, William Pember Reeves, claimed with pride in 1902, Australasia had avoided the dire poverty of the old world:

... perhaps one percent of the population depends on public or private charity ... Still, not only is the proportion of actual pauperism smaller, but the condition of the working class above the submerged division is better. There is nothing like the same stratum of workers just not starving, just not in the workhouse, as the class revealed in England by the investigations of Mr. Charles Booth and Mr. Seebohm Rowntree (Reeves 1969: 48-9).

Settler societies in Australia and New Zealand abhorred the Poor Law and chose to believe that, if poverty existed, it must be the result of human failure. To admit the need for a systematic approach meant conceding that conditions in the new world might be no better than in the old, and might mean opening the door to the workhouse, the emblem of lost self-reliance (Dickey 1987).

Importantly, this was not a laissez-faire argument against the state. It was an argument against welfare support as it was known in the nineteenth century, and it was feasible without the constraints of the old order. Hence the apparent contradiction in a tradition of what Thomson calls

'minimal and reluctant public welfare' (1998: 32) developing alongside intensive state action to arbitrate wages, protect local industry against imports, manage population increases through immigration, and develop free and secular education, railways, urban utilities and other public infrastructure. The principle form of social protection was to be a decent wage within a managed economy. As Stephen Garton noted, the model for a working-man's paradise in the late nineteenth century consisted of measures for fair wages, land taxation and worker co-operatives, all as means to avoid the possibility of poverty (Garton 1990: 62). Few argued that the state should not be at the forefront of building a new society; but the 'social laboratory' would be based on a regulated capitalist market, rather than on welfare as the progressive decommodification of that market. Settler societies emphasised the manly, self-reliant dignity of work rather than the indignities of dependence, and the masculinist content of this imagining of the independent breadwinner was crucial. Thus, while labour movement activists did not necessarily achieve wage justice, they pursued it more vigorously than social justice.

One useful way to conceptualise this trajectory is in terms of the characterisation by Gosta Esping-Andersen (Esping-Andersen 1990) of Australia (with America and Britain) as a liberal welfare regime. He distinguished 'liberal' welfare regimes (which relied principally on the labour market and directed welfare through rigorous targeting), from corporatist regimes such as Germany and France (which distributed welfare through existing bodies that preserved status differentials) and social democratic regimes such as the Scandinavian societies (which developed universal welfare rights and intended to progressively decommodify the market). The schema appears plausible enough, but has been a significant area of debate in Australian policy and welfare history circles. There have been two major lines of critique, which interweave around the problem of the centrality of the male breadwinner and his wage in social policy.

Feminists argued that Esping-Andersen's typology focused only on the state / market dichotomy and ignored the provision of care by families and the non-government sector. O'Connor, Orloff and Shaver focused on how different social policy systems intersected with the family and gender relations, and proposed that a key determinant of welfare policy development was the cultural influence of the male breadwinner model of work and family (O'Connor et al. 1999; see also Lewis 1992). Diane Sainsbury similarly argued that welfare regimes could be usefully characterised as 'strong' or 'weak' versions of the male breadwinner model, in terms of how policies entrenched and presupposed a male breadwinner and his dependent family (Sainsbury 1996). More recently, Esping-Andersen has conceded that his schema focussed too much on income support systems and state/market relations, to the exclusion of household and breadwinning arrangements (Esping-Andersen 1999). But this was largely an argument about which elements were included in his typology.

A second major argument has contested whether Australia was really a liberal regime, and draws on Castles' description of 'Australasian exceptionalism'. Castles also located his inquiry in cross-national comparisons of welfare states – particularly the politics of class that shaped them – and he drew attention to the social policy implications of a tradition of state intervention in the economy through wage arbitration and industrial protection. He characterised the Australasian welfare model as a 'wage-earners' welfare state', based on tariff protection of industry alongside state arbitration focussed on wage justice rather than market principles. A court with the legal capacity to determine wages was the central innovation of this Australasian model. Welfare spending was correspondingly underdeveloped because it was residual, and was strictly targeted to those without the support of a male wage, though there is then dispute about whether highly targeted welfare is relatively equitable (Castles 1985; Castles 1997a).

This was not an argument that wage earners were the only beneficiaries in a 'wage-earners' welfare state', but that the male family wage was the cornerstone of the system of social policy, more so in Australasia than elsewhere. Justice Higgins' 1907 Harvester Judgment had enshrined the principle of a living, or family wage sufficient to support a man, his wife and children in 'frugal comfort'. It was a principle of wage justice independent, as Higgins put it, of 'the higgling of the market'. As the central assumption of twentieth century social policy, this made Australia an exceptionally strong version of the breadwinner model of welfare. In turn, wage arbitration, by institutionalising the position of the male breadwinner, meant that the union movement had a strong interest in maintaining gender distinctions in work and in wages (Whitehouse 2004).

If social protection was primarily delivered through men's work, how did this contribute to shaping welfare policies? One consequence was that Australia had comparatively less development of income support. Castles argued that the 'wage-earner's welfare state' explained how Australia had progressed from being a social laboratory at the beginning of the twentieth century to being a 'welfare laggard' by its end. As Castles and Shirley summarised the argument:

This built-in assumption of a 'fair' wage made for a social policy development quite different from that in Europe. Benefits could be residual rather than universal, because they were only required by those with no labour market connection; benefits could be flat-

rate rather than earnings-related, because they were only a secondary safety net below stipulated minimum wages; benefits could be more appropriately financed from general taxation than from contributions, since contributions would imply a right to welfare assistance, when the only right within the system was the right to 'fair' wages (Castles and Shirley 1996: 91).

Income support was crucially determined by work tests; unemployment benefits were established in 1945 not on the principle of contributory social insurance, but from general taxation with strict observance of eligibility. Female spouses of male beneficiaries were treated as dependents, while aged and widow pensions were based on being outside the labour market for good reason. Compared with social democratic regimes, there was less emphasis on social transfers to progressively reduce reliance on wages or, as Esping-Andersen conceptualises it, to progressively decommodify the labour market (Esping Andersen 1985; Macintyre 1986). Instead, a state-regulated labour market would be an alternative means of social protection.

Historians – often wary of comparative model-building – have been critical of Castles' argument about social protection by other means. Rob Watts characterised it as a form of functionalism that confused wage-fixing with welfare, and that diverted attention from analysing the intentions and arguments of specific policy developments (Watts 1997). Castles' response was that he was not writing history, but comparative policy analysis (Castles 1997b). More recently, labour economists have dismissed the argument as 'ingenious ... [but] almost entirely inferential'; Hancock and Richardson have argued there is no evidence that policy-makers had wage levels in mind when considering social services other than Child Endowment (Hancock and Richardson 2004:150). However, Child Endowment, when first introduced in 1940 and then extended in 1951, is a good example of how the labour movement thought about a form of income support against the backdrop of the wages system, particularly in their concern that it would be used to discount the basic wage (Murphy 2000). Welfare developments were frequently shaped by the prior question of whether male recipients could show good reason for being outside the labour market, and whether female recipients could show they were not supported by a male wage. The cornerstone of arbitration meant that income support for those outside these circuits was neglected (for example, sole parents until the mid-1970s) or was designed so as not to interfere with the family wage. (Baldock and Cass 1988; Cass 2005; Nolan 2003)

Castles' argument about social protection by other means can also be assessed by considering how effectively arbitration actually delivered or failed to deliver social protection. Higgins' living wage for an unskilled male worker was not binding on the wage-setting tribunals in the states, and was promptly overturned when employers appealed to the High Court. In 1907, there was little to indicate the Harvester Judgment was to be, as McCarthy described it, 'the major watershed in the history of Australian wage determination' (McCarthy 1969: 26). But by the 1920s the living wage was the guiding principle used by the state jurisdictions, the Commonwealth Court had established its leadership over those tribunals, and unions had expanded their membership and their participation in awards to the point where 'coverage of the workforce by industrial tribunals was fairly comprehensive' (Forster 1989: 205; McCarthy 1972). Male real wages rose in the 1920s before being cut in the Depression, followed by a sustained rise after the war to the mid-1970s, stagnation till the early 1990s and then modest increase. Hancock and Richardson show from the evidence of pre-tax earnings in the early 1990s that Australia had a more egalitarian wage structure than the US, the UK, France, Canada and New Zealand, but less earnings equality than Scandinavia, the Netherlands and Germany. Whether Australia had a more egalitarian outcome because of arbitration is disputed, though some research has argued that the system's emphasis on minimum wages and relative fairness protected the wages of the most vulnerable (Hancock and Richardson 2004).

More generally, the system of compulsory arbitration of wages became the major focus of a strong labour movement, which continued to argue the principle of wages based on fairness and needs. Over the course of the twentieth century, compulsory arbitration had a mixed history, alternately applauded and castigated by unions and employers, but it remained the core mechanism of moderating wage-earners' relationship to the market. Its sheer presence cannot be left out of any account of the welfare state. It occupied space in the political imaginary of Australian reformers and was a crucial background to most social policy development. Nevertheless, since the mid 1970s, this model of welfare built around the male breadwinner's wage has been transformed, as Deborah Mitchell puts it, from an assumption 'which confers citizenship on women through a male breadwinner towards a model which addresses social rights on an individual basis' (Mitchell 1998: 20; see also Cass 2005). And since the early 1990s, this inheritance has been further undermined by the concerted demolition of the arbitration system, under pressures to globalise the Australian economy. Neo-liberals explicitly promised to destroy centralised arbitration and turn Higgins on his head. 'Australasian exceptionalism' may have less explanatory power today, but still indicates the historical basis of what is being fundamentally transformed.

NON-GOVERNMENT WELFARE AND THE MIXED ECONOMY

If the 'wage-earners' welfare state' helps explain the residual welfare system established in twentieth century Australia, what consequences does this have for the mixed economy of welfare? Does it in turn suggest that the non-government sector has its own exceptional trajectory? This section teases out some of the implications, to suggest how this history might have contributed to shaping the place and the role of non-government welfare agencies.

The mixed economy of welfare model built in Australasia was relatively disorganised and distinctly reluctant. Historians such as Dickey, Mendelsohn and Thomson all note that welfare provision remained unsystematic, marginal and archaic through the first half of the twentieth century. A consequence of the dominance of the wage-earner's model was the continuing power of a discourse about 'pauperism', with the attendant problem of who would separate the 'deserving' from the 'undeserving' poor. A labour movement committed to wages as social protection by other means was less likely to defend what it saw as charity, and more likely to worry that those needing social protection were indigent. Wages might be more dignified and manly than welfare spending, but that left unanswered the question of what was to happen to those without access to a wage. As Macintyre wrote of the labour movement's arguments during the Depression: 'the popular insistence on a right to work closed off an acceptance of the right to support. The ingrained attachment to independence and self-sufficiency was a weakness as well as a strength' (Macintyre 1985: 66).

The Depression provided examples of the consequences, and of the charities' role in distinguishing the deserving from the undeserving on behalf of the state. For example, the Victorian government initially gave the Ladies Benevolent Society the task of distributing state relief to the unemployed. They had a suburban network to provide a distribution mechanism and, just as importantly, had a reputation for sternly sorting out the undeserving. But Mendelsohn considered that their failure to cope signalled the beginning of the end for charitable organisations.

The Depression removed forever the voluntary societies as the main source of relief. While it was in progress it overtaxed them, but more importantly it outmoded their philosophy of relief, the nineteenth century emphasis on moral failure to cope. ... By the beginning of the 1939-45 war, voluntary charity as the mainstay of support against industrially caused distress had faded away (Mendelsohn 1979: 123-5).

This was a lesson also being drawn by other social policy advocates during the establishment of the post-war welfare state. But as Finlayson was shrewdly noting by the 1990s, the announcement of the death of non-government welfare was premature.

Three key features of the distinctive model of the mixed economy stand out. The first can be drawn from Dickey's research. He argues that the colonial model of welfare provision (in measures such as poverty relief and children's homes) remained the basis for much that followed. This consisted of first, delivery of services through a voluntary public society drawing on the respectable middle classes and established to run specific services; second, significant government subsidies towards their running costs, but third, a relative absence of direct government control combined with an absence of responsibility for social problems (Dickey 1987: 26). Thomson charts similar developments in New Zealand, where colonial 'charitable aid' was expected to be funded by private donations rather than taxes, to remain informal rather than be regulated by legislation, and to rely on charities to discriminate between the deserving and the undeserving (Thomson 1998: 28).

This was partly about ways of delivering welfare, and was hardly a pattern of provision unique to Australasia. But it reflected the cultural traditions about welfare being articulated in settler societies, where grudging commitments to welfare combined with strong opposition to the idea that the poor had any claim. Dickey (1987) points out that this tradition of resistance to the very idea of welfare was strongest in Victoria. These sentiments were aptly demonstrated by the Charity Organisation Society, formed during the 1890s depression in Melbourne with the twin purposes of organising the existing charities, and of ensuring that they 'discourage[d] indiscriminate alms-giving' (Mendelsohn 1979: 120; see also Garton 1990: Kennedy 1985). The COS saw its role as weeding out the undeserving from the deserving, and was sceptical there were many of the latter. Little wonder that some said the acronym COS really meant 'Cringe or Starve'.

On this model, state responsibility was held at arms length by working through largely autonomous and informal charities, which were then left to go their own way. A more recent example of the charitable sector being subsidised to deliver welfare independently and with little regulation was in the development of aged accommodation after the Second World War. *The Aged Persons Homes Act* (1954) established a Commonwealth matching grant towards the capital costs of agencies who built aged accommodation, with the intention of encouraging voluntary effort and self-help. The churches were enticed into providing aged accommodation, and their role grew dramatically in the 1960s; they were largely unregulated and their provision was not necessarily targeted to the poor

(Kewley 1973: 315-325). This post-war development was consistent with the established pattern of the mixed economy of welfare, based on informal care by subsidised private effort. It was not until the mid-1970s that the non-government sector began to find its autonomy reduced by greater state regulation of its action.

A second feature of the mixed economy was the relative fragmentation of the non-government sector. Thomson and Mendelsohn both commented that the colonial opposition to the Poor Law contributed to the underdevelopment and disorganisation of the sector. 'Charitable aid' for the sick, the orphaned and the widowed was piecemeal and unsystematic. Several different factors contributed to this fragmentation. One – pertinent in Australia but not New Zealand – was the diverse development of the different colonies, creating traditions that were largely unaffected by federation, and this diversity has parallels with the fragmented welfare development of the Canadian provinces. (Moscovitch and Albert 1987). For example, the Tasmanian colonial state took full responsibility for running orphanages and children's homes, without the heavy reliance on church provision that characterised the other states. In the early decades of the twentieth century, Queensland was alone in developing free hospital care, New South Wales pioneered Child Endowment before it was adopted by the Commonwealth, while Victoria developed a system of municipal infant welfare health centres. A history such as Dickey's illustrates the difficulty of writing a general survey of a sector with such diverse practices, particularly when combined with political discourses that were reluctant to develop, let alone systematise welfare.

The robust tradition in Australia of sectarian rivalry also contributed to fragmentation, with parallel organisations being developed by the Catholic and Protestant churches. This rivalry was partly motivated by competition for souls, as evidenced by the determination of the Catholic child welfare sector to hold onto their own, and their resistance well into the 1950s against the trend to replace large institutions with foster care, on the grounds that not enough Catholic foster homes would be available (Barnard and Twigg 2004). Finally, a common feature of non-government welfare agencies was their haphazard, serendipitous and even opportunistic development, often based around the passions of key leaders. This is hardly exceptional to Australia, but when combined with federalism and with religious rivalry it exacerbated the fragmentation of the sector. The Industry Commission's research in the early 1990s identified some 11,000 'community social welfare organisations' that were receiving government funding, and noted that there was an 'unknown' number of organisations without funding. Most of the organisations identified employed less than five staff (Industry Commission 1995). This might signal a thriving civil society, but also suggests the dispersed nature of the sector.

A third distinctive feature of non-government welfare was the underdevelopment of some elements of the mixed economy of welfare. One notable difference was the diminished role in Australia of local government, which has never had a substantial welfare role, unlike in Britain, where it was one of key pathways of distribution under both the Poor Law and the post-war welfare state (Mendelsohn 1979). Local authorities resisted responsibility for social issues, although there were exceptions in Victoria, where they were forced by the state government to distribute aid after the Ladies Benevolent Society had been overwhelmed by the task in the Depression. One distinctive area of local government welfare developed in Victoria from the 1920s was maternal and child health, with the state government funding municipal infant welfare clinics. By 1971, Victorian local governments were spending three times the national average (per capita) on child welfare, and had also developed some services for the aged, such as home help. During the 1970s, Victorian local governments were at the forefront of taking up Commonwealth funding to provide services for the aged at home, and housing for the aged and disabled (Australia, Family Services Committee 1976). This suggests a stronger tradition of local welfare in Victoria and it was on this platform that the Victorian Liberal government's 1978 White Paper *The Future of Social Welfare in Victoria* proposed increased devolution of welfare services to local government (Thomas 1981). But this stronger tradition was still quite muted, was focussed only on the very young and the very old, and was driven by state and Commonwealth government initiatives.

Another domain of the mixed economy was what Finlayson called the 'self-regarding' parts of the 'voluntary sector', the friendly societies and mutual aid associations that played a significant role in British working-class life through providing collective self-provision, cultural association and modest insurance against fate. This is an area that has received little historical attention. The major, commissioned, history argues that friendly societies were important in Australia from the mid-twentieth century until the 1930s, though the enthusiasm of the authors for the principle of mutual aid may cloud their assessment. Green and Cromwell describe thriving male networks of local lodges, funded by weekly subscriptions and offering a modicum of income protection, combined with an ethos of self-help, respectability and egalitarianism, and a frisson of ritual and secrecy (Green and Cromwell 1984).

As self-governing associations the friendly societies tended to assert the virtues of mutual self-reliance. In Victoria in the nineteenth century, they opposed aged pensions on the grounds they

would 'pauperise' the recipients; in the midst of the Depression, a leader of the Manchester Unity Oddfellows was insisting on the value of autonomy:

[Manchester Unity's] constitution is not fashioned or imposed by Act of Parliament, but has been entirely developed by its own members. It has taught its members that the bread of charity is bitter, and that to be independent through its own efforts is to be free (quoted in Green and Cromwell 198: 20).

Blainey (1991) argues that, by the late nineteenth century, friendly societies were a major part of Victorian working-class life and contributed to the cultural organisation of every country town. Green and Cromwell also claim that working-class men were extensively involved, with total membership in Australia growing from about a quarter of a million in 1892 to over 600,000 in 1938. Based on assumptions of the average number of dependents of these male subscribers, they calculate that in 1892 some 32 percent of the population were beneficiaries of a friendly society, rising to 46 percent in 1913, and then falling away to 29 percent by 1938 (Green and Cromwell 1984: 221). More recently, Weinbren and James have pointed to the overlaps in membership and in ethos between trade unions and friendly societies, and adopt without question Green and Cromwell's estimations of how important the societies were in Australia (Weinbren and James 2005).

These are high figures, but it is doubtful the friendly societies were effective as a form of social protection. They usually provided their subscribers with insurance against sickness through health care provided by contracted doctors, with a small measure of income support. Most covered the costs of funerals. As Blainey described their purposes in the nineteenth century: 'they liked to tell each other, in the language of the times, that their special role was to wipe the tears from the orphan's eye and to cheer the widow's aching bosom' (Blainey 1991: 3). His history of the Australian Mutual Provident Society suggests the skilled working class were prominent subscribers to life insurance policies by the end of the nineteenth century, though 'industrial assurance' policies were much less widespread than in Britain. 'Industrial insurance' provided cover for poorer working-class families for emergencies such as funerals, and some income protection on the death of a breadwinner. Unlike friendly societies, they had none of the paraphernalia of lodge membership; weekly subscriptions were simply collected door-to-door (Blainey 1999).

The central feature of mutual aid forms of social protection was their subscription basis, and relatively high wages under the arbitration system may have helped their growth. But this same feature made them least likely to protect the poor in times of unemployment, when subscriptions lapsed. Membership was declining during the 1920s and then collapsed in the 1930s, when social protection was most needed. The same pattern was evident in the decline of the similar institutions in America (Bieto 2000). Mutual self-help could work in times of individual crisis, but was no protection against economic crisis, and the focus on immediate family emergencies was too limited. Following the Commonwealth's introduction in 1945 of sickness and funeral benefits, this part of their rationale faded even further. They were then effectively crushed by the medical profession's opposition to the practice of contracted medical staff, 'until the passage of the National Health Act in 1951 finally enshrined fee-for-service and forced the friendlies out of what had been one of their main fields of service' (Lyons 2001: 83; see also Gillespie 1991). As part of the mixed economy of welfare, friendly societies had a significant, if still largely unexplored, role in working-class self-provision, and doubtless played a part in the culture of civil society. But their capacity to provide social protection to those who most needed it remained very limited.

A final absence from the mixed economy distinctive to Australia was that philanthropic trusts remained insignificant; private giving was considered patronising and no substitute for taxation. Compared with both Britain and the United States, there was little tradition of social investment by successful capitalists, and none of the cultural expectation that the wealthy should redistribute some of their spoils (Adam 2004). Liffman points out, in the opening lines of his history of one of the exceptions, that:

Australia has little tradition of significant philanthropic giving. Compared with the United States, private donated wealth has played a minor part in the building of Australia's major civic, welfare and cultural institutions (Liffman 2004: 1).

The Industry Commission noted the same point, and compared the figures on philanthropic donations by trusts in the late 1980s. In Australia, philanthropic trusts gave funds equivalent to A\$7 per capita, compared with A\$25 in Britain and A\$34 in the United States. The figures for private fundraising by welfare organisations – through donations, trusts and bequests – were similar meagre (Industry Commission 1995: 230, 249). Australia developed nothing to remotely compare with the large charitable trusts that fund welfare programs and independent policy research in the United States and Britain (Lyons 2001: 92). The few trusts that have developed, disproportionately based in Melbourne, have played a minimal role in the mixed economy of welfare.

CONCLUSION

This paper has sketched some of the features of colonial attitudes to poverty, charity and welfare, suggesting that the political culture was strongly influenced by revulsion against the Poor Law, a concern with self-reliance and a desire to build a world without welfare. If this led to a marked reluctance to develop state welfare responsibilities, it also contributed to the dominance of ideas of wage justice and of the male breadwinner's position. While the history of centralised arbitration is complex and the achievement of wage justice was mixed, the prominence of state moderation of the labour market cannot be ignored in any description of Australia's welfare regime. This lends some support to Castles' proposal that wage fixing was social protection by other means, and that welfare initiatives were shaped around this prior commitment.

There are also some distinctive features of the development of the non-government welfare sector. The major roles played elsewhere by local government and philanthropy were markedly absent, while the 'self-regarding' institutions of mutual aid were perhaps substantial but proved to be inadequate forms of social protection. Australia developed systems of non-government welfare that were piecemeal and unsystematic, with the churches subsidised to deliver services but left to go their own way, and with significant fragmentation due to colonial and state divergence, idiosyncratic development and sectarian rivalry. In combination, all these factors signal a distinctive trajectory to the mixed economy of welfare.

None of this suggests that the non-government welfare sector is not significant in Australia. Rather, it suggests that the nature of the 'wage-earners' welfare state' helped shape the sector in particular ways. The churches built welfare agencies in response to urgent social needs, and provided a major recourse of care and shelter for those who were broken by fate, or excluded from the family wage as the principal means of social protection. From early in the colonial period, they were subsidised by the state to do so, but the sector was relatively small, disorganised and autonomous. The model of a public charity, imbued with middle-class ethics, and effectively sub-contracted to provide services the state was reluctant to see as its responsibility, meant that the sector was left largely to its own devices. When the state chose to act, for example in the expansion of aged and disability services from the late 1950s, it found a ready partner in the non-government sector.

Arguments about the mixed economy of welfare are partly about the division of labour, but are also about the shifting relations between the state and civil society. The significance of this leading role of the state suggests how important it has been in shaping and re-shaping civil society in Australia. But while the major focus was on an active state that regulated the labour market but was reluctant to take responsibility for poverty, the sector remained relatively underdeveloped and the bread of charity remained bitter. In the shadow of the wage-earners' welfare state, there was too little light for the 'other welfare state' to flourish.

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ENDNOTES

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