

Do Aborigines Get It Easy?

There appears to be a widespread perception that Indigenous Australians receive privileged treatment with respect to government services. This belief is fanned by populist politicians and irresponsible 'shock jocks' and has tended to entrench racist attitudes even among those who are uncomfortable with the rise of Hansonism. The Institute is conducting a detailed study of public expenditure on Indigenous Australians. One of the researchers, Max Neutze, reports on progress and reveals some preliminary results.

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The views of Pauline Hanson about the privileged access of Indigenous Australians to public services have served to highlight a more moderate concern felt by many Australians. The Australia Institute's project is designed to inform the debate by making estimates of levels of public expenditure on Indigenous and non-Indigenous. The study is covering not only specific funding for Indigenous people but also making estimates of the extent to which they benefit from general funding for all Australians.

A great deal appears to have been spent on programs to redress the disadvantages that Aboriginals and Torres Strait Islanders experience in areas such as health, housing, infrastructure services, income and employment. Nevertheless, in all of these areas they remain worse off than any other group in Australia and much worse off than the average Australian.

There are many possible explanations for this including different cultural and social priorities, discrimination in

employment and housing markets and the desire of Indigenous people to continue to live close to their land, often in remote locations. In a series of papers on "Social Justice for Indigenous Australians" ATSIC pointed out that many of the specific services provided for them were substitutes for the services available to other Australians under general programs. But public debate focuses solely on the Indigenous-specific programs.

Nearly a third of the Commonwealth's expenditure on programs to assist Indigenous Australians was found by ATSIC to substitute for general programs and another tenth for State and local government programs. This view has been picked up by ATSIC in responding to what it calls "the myths and misconceptions about Indigenous Australians" in its 1998 publication *As A Matter of Fact*.

There are many reasons why Indigenous Australians make less use of general services, including: living in remote locations; difficulties in using services provided in culturally alien ways;

reluctance of local governments to provide services to discrete Indigenous communities; and discrimination.

The question the Institute is trying to answer is as follows: Taking account of their use of general and specific services, how much more is spent by governments on Indigenous Australians than on others? The greatest difficulty in making such estimates is in finding out how much Indigenous Australians use general services. Many providers of services do not accurately identify whether or not their clients are Indigenous.

Some data are available from

‘How much more is spent on Indigenous Australians than on others?’

the Census in areas such as education and housing but these are not necessarily consistent with data collected by schools and housing authorities. Self identification, the basis of the Census collection, may give different results from identification by teachers for example, especially where special funds for schools depend on their Indigenous enrolments.

The Institute’s model in some respects mirrors a 1998 study by John Deeble and others, *Expenditures on Health Services for Aboriginal and Torres Strait Islander People*. It found that total health expenditure per person was about 8 per cent higher on Indigenous than on other Australians but public expenditure was about 50 per cent higher. It also concluded

that “public expenditures on the health of Aboriginal and Torres Strait Islander people appear to have been very similar to those for other Australians in the same income category.”

New education figures

To date most of the Institute’s work has been on education, partly because special provisions for ABSTUDY have been a major target of criticism. It will also cover housing and employment/unemployment programs as well as infrastructure, though it is almost impossible to quantify the latter.

The study estimates public spending on education for persons aged 3 to 24 years, and compares spending levels both including and excluding special programs to support Indigenous education (ABSTUDY) and comparable programs such as AUSTUDY, which are effectively used entirely by non-Indigenous Australians.

Excluding these special programs, the research reveals that public expenditure on education for Indigenous people is about 11 per cent less than for others. This occurs mainly because retention of Indigenous students in secondary schools and their participation in tertiary education is much lower. This is only partly offset by smaller proportions of Indigenous students attending private schools where a substantial part of their costs are paid by parents.

When account is taken of AUSTUDY and ABSTUDY as well as the other special programs for Indigenous education the situation is reversed. Expenditure per person is 18 per cent higher for Indigenous people. Expenditures on ABSTUDY for each secondary and tertiary

student, and for each 12-17 year old and 18-24 year old, were three to five times the comparable figures for AUSTUDY.

To a large extent this is because a much higher proportion of Indigenous children qualify under means tests and other criteria used to establish eligibility. But to some extent, which we have not yet been able to determine, it is because some Indigenous students are eligible for ABSTUDY benefits that would not be payable under AUSTUDY. It is important to point out that only some of the 18 per cent additional payments are received by individuals; others go to schools and universities.

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As in the case of health expenditures, a large proportion of this difference occurs because Indigenous families are poorer than other Australians. The part of this percentage that is not a result of their lower incomes, more remote location and other special circumstances may be seen as funds devoted to overcoming the historic educational disadvantages of Indigenous Australians.

Max Neutze is emeritus professor at the Urban Research Program, Australian National University.

Heroin on Trial

The proposed heroin trial has caused a major split in conservative politics with Jeff Kennett in Victoria and Kate Carnell in the ACT trying to overcome the resistance of the Prime Minister. Here Gabriele Bammer and Bob Douglas of the ANU's National Centre for Epidemiology and Population Health argue that the message conveyed through current Commonwealth government policy is that we do not want to know the answer to the question of whether controlled heroin prescription has any place in dealing with the huge costs of heroin addiction.

There are a growing number of economic analyses which show that treatment for drug dependence is not only cost effective, but also that in current circumstances society gets better value for money spent on treatment than on law enforcement. But as in most other medical conditions, no single treatment works for everyone, and a range of options gives the medical profession a better chance of being able to help.

That's the context for examining heroin prescription. The question that the proposed 'heroin trial' will attempt to answer is simple: Will heroin be a useful and cost-effective addition to currently available treatment strategies?

The proposed trial has three stages. The first would involve 40 people, all of whom would receive a choice of heroin alone, heroin plus methadone or methadone alone, and they could move freely between those options within the limits of medical safety. The objectives of this stage would be to ensure that people could be stabilised on heroin (replicating the results of the Swiss trials) and that safeguards worked as proposed, and to get an indication if positive results were likely.

Participants in this stage would also be required to take part in research studies examining the

effects of heroin on respiration, the mechanisms underlying overdose and the effects of heroin on driving. Theoretically people stabilised on heroin should be safe to drive, but this has never been tested experimentally.

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If the results of this stage were positive, the next stage would involve 250 people who were treatment drop-outs or not doing well in on-going treatment in a standard clinical randomised controlled trial. Half would receive a choice of treatments (heroin and/or methadone) and they would be compared with half who received methadone treatment only.

Outcome measures would be health and well-being, illicit drug use and other criminal behaviours and social functioning. Effects on society would also be monitored – was a trial affecting attitudes to heroin use, were people moving to the trial city to get on the trial, was there congregation or other problems at the trial site and so on.

If the results of this stage were

positive, the trial would be replicated in two other cities with different demographic and drug using characteristics.

The next step

The trial results would allow a decision to be made about whether the option of heroin prescription should be added to the range of treatments available to medical prescribers. The decision would be made taking into account effectiveness, cost-effectiveness and social impacts. It is possible that heroin would be ruled out as not being more effective than current treatments.

On the other hand, if heroin is shown to work, it is likely that it will only be cost-effective to prescribe it for a small proportion of dependent heroin users. The Swiss and English results indicate that these are likely to be those for whom other treatments have not worked. They are often people with the worst health problems and those who commit considerable amounts of crime to support their habits. So while the place of heroin prescription in the treatment arsenal may be relatively small, the impact may be disproportionately large. But until we conduct a trial we will not know for sure.

One of the positive effects of

GST Package and Mortality

the debate about heroin prescription is that it has stimulated trials of other new treatments such as naltrexone and slow-release oral morphine. Five states and territories are participating in a total of sixteen trials. A national evaluation will compare results across all of the trials. These are the ideal circumstances in which to test the value of heroin prescription since the efficacy of heroin can be evaluated not only against methadone but also against all these other treatment options.

Debate about heroin prescription is not new. In the

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USA there was intense interest in the British system of prescribing in the 1960s and a New-York-based trial was quashed at the last minute in 1975. In Australia, since 1971 there has been a major government enquiry into drugs every two years or so, and since 1979 heroin prescription has been on the agenda. Each enquiry has called for more research and more informed public debate – a trial of prescription heroin would help answer these calls.

The message conveyed through current Commonwealth government policy is that we do not want to know the answer to the question of whether controlled heroin prescription has any place in the management of drug dependence. The Swiss trials look promising but more evidence is needed, something that a controlled experiment in Australia would provide.

At least 65 more people will die each year due to increased air pollution and traffic accidents if the Government’s proposed changes to fuel prices in the GST Package go ahead, according to evidence presented by the Institute to the Senate inquiry into the GST.

The evidence is based on a detailed economic analysis of the effects of the GST Package on the transport and energy industries which was commissioned by the NSW Sustainable Energy Development Authority.

The additional deaths will result from increased incidence of respiratory diseases and cancers, as well as more road fatalities. The Senate Inquiry was told that the estimated increase in fatalities was ‘very conservative’ and that the final figure could be much higher.

The Institute’s analysis shows that the cut in the price of diesel by 25 cents/litre for ‘heavy’ vehicles is the worst feature of the proposed tax changes. The GST Package is forecast to increase road freight at the expense of rail, induce businesses and private motorists to shift to diesel vehicles and bring about the collapse of the gas-powered vehicle industry.

Particulates, the most lethal form of air pollution, are estimated by the Institute to increase by 2,200 tonnes annually as a result of the GST Package. Although diesel exhaust is only one source of particulates, it is the main source of fine particles which cause most damage to health. More than 1000 Australians die each year as a result of

inhalation of particulates.

Road deaths are expected to increase as a result of more heavy vehicle trips. In 1997, 1801 Australians died in traffic accidents, and trucks were involved in one fifth of those.

Increased urban air pollution from the fuel price cuts will have a disproportionate effect on poorer households, as they tend to live in areas with high levels of air pollution.

In its submission to the Senate Inquiry, the Australian Medical Association, in alliance with the ACF, made a strong public statement which backed the Institute’s argument. The Australian Rail Association, Greenpeace, ACF, and the Sustainable Energy Industries Association drew heavily on the Institute’s research.

The Institute’s work has been criticised by the National Farmers Federation, the Australian Transport Forum and Environment Australia. The latter argued before the Senate Inquiry that a 25 cents/litre cut in the price of diesel would have no negative impacts on the environment. It went on to make the astonishing claim that by promoting additional saving and investment the tax package would reduce consumption and promote resource conservation. The Environment Department was never very effective at arguing for greater environmental protection, but under the Howard Government it seems to have been reduced to the role of window dresser for resource interests.

The Dark Side of the Australian Dream

Does more money make us happier? If the answer to this question is ‘no’, we are forced to ask why so much emphasis is given to increasing the rate of economic growth. In a paper to the Horizons of Science Forum, at the University of Technology, Sydney last month, Institute Executive Director Clive Hamilton reported on some new evidence from the USA. The paper is summarised below.

An emerging body of psychological research – some of it still unpublished – is posing the most profound challenge to our economic system, and suggests that our political leaders are hopelessly out of date in their beliefs about how to build a better society. The new research defies the idea that the best way to improve national prosperity is to raise incomes through more economic growth.

In a series of studies, some already published in leading journals, Tim Kasser, an assistant professor of psychology at Knox College, Illinois, and Richard Ryan, professor of psychology at the University of Rochester, distinguish between two sets of beliefs about the sources of happiness. The first is the belief that the path to happiness lies in the pursuit of the external goals of wealth, fame and physical attractiveness. The second is that happiness grows from striving for deeper relationships, personal growth and contributing to the community.

This first set of beliefs is a self-centred system, one in which happiness is derived by extrinsic material rewards won in the outside world. Clearly, this is the modern myth of consumer society; we are bombarded every day with images and messages that attempt to persuade us that we can find contentment and fulfillment by acquiring this

product or that one, or by pursuing a perfect body image or clawing our way up the corporate ladder. We celebrate the wealthy, the powerful, the famous and the beautiful.

After classifying individuals according to whether they operate on a belief in extrinsic goals or intrinsic goals, the researchers then ask which group is happier. The conclusions, drawn together in a yet-to-be-published paper by Kasser, are unambiguous. In his words:

individuals oriented towards materialistic, extrinsic goals are more likely to experience lower quality of life than individuals oriented toward intrinsic goals.

‘The implications for public policy could not be more far-reaching’

But the news gets worse. Not only are those with extrinsic orientation in life less happy than those with intrinsic goals, but they make others less happy too.

Further, extrinsically oriented individuals are shown to have shorter, more conflictual, and more competitive relationships with others, thus impacting the quality of life of those around them. In sum, the pursuit of personal goals for money, fame and attractiveness is

shown to lead to a lower quality of life than the goals of relatedness, self-acceptance and community feeling.

Growth versus happiness

The implications of this new research for social development and public policy could not be more far-reaching. The results strongly suggest that the more our media, advertisers and opinion makers emphasise financial success as the chief means to happiness, the more they promote social pathologies.

Over the last two to three decades, the pursuit of neo-liberal economic policies and the canonisation of free markets and individual choice have deliberately reinforced the validity and desirability of extrinsic goals.

Economic and social policies are now overwhelmingly based on the belief that the central goal of government should be to maximise the rate of economic growth. For example, Prime Minister Howard declared in a speech to the World Economic Forum last year that: “The overriding aim of our agenda is to deliver Australia an annual growth rate of over 4 per cent on average during the decade to 2010”. This and a thousand similar statements express the deepest belief of all sides of politics: more economic growth is good for us.

In the public sector, corporate goals and methods have been introduced, including performance bonuses and huge salary rises for top executives. In other words, the intrinsic goals of commitment and public service have been replaced by the extrinsic goals of maximising personal income. The replacement at senior levels of older-style public servants by thrusting entrepreneurial types attracted by huge salaries may explain why state and federal bureaucracies suffer from a permanent malaise of morale.

The ideas of neo-liberalism have penetrated the education system through the emphasis on career training for personal advancement at the expense of all-round intellectual development. The growing strength of business schools and economics faculties in universities is reprogramming students to devalue the intrinsic rewards of a good education. To the extent that it succeeds, it will make them less satisfied with their lives.

The new psychological research receives powerful corroboration from another body of research, an international program to develop alternatives to GDP as a measure of national prosperity, including the Australian version built by the Australia Institute and known as the Genuine Progress Indicator.

Losers are winners

Yet another set of studies has examined directly the relationship between income levels and reported levels of happiness. Reviewing the evidence, Michael Argyle, professor of experimental psychology at Oxford University, concludes that beyond a certain point increased income does not result in any increase in well-being. In the USA, where

consistent surveys have been conducted since 1946, incomes have increased by 400%, yet there has been no increase in reported levels of well-being.

‘social relationships are the most important determinant of happiness’

These studies show that social relationships are the most important determinant of happiness, including relationships with family and friends. While unemployment is a source of great unhappiness, job satisfaction is very important as a source of happiness, as is ‘serious or committed leisure’ (as opposed to passive television viewing). Religious belief is also a very important source of happiness for some. These results are corroborated by work in Australia by Alex Wearing and others, and is being further investigated in an Institute project by Richard Eckersley.

These three independent sets of research, all conducted over the last decade, invite a striking observation: social and economic trends over the last two or three decades appear to be undermining the principal sources of human happiness. While increasing emphasis is placed on higher incomes – which will not work – there is widespread concern about the breakdown of social relationships, the erosion of social capital, and a sky-rocketing divorce rate. While many cannot find work, there is an epidemic of overwork and plummeting job satisfaction.

Economic and social trends may also be causing widespread confusion about how we should

live. The psychological research tells us that the more opinion makers and governments manage to persuade us to pursue extrinsic goals of material consumption, wealth acquisition, fame and ‘success’, the more we create the disturbed individuals and the social pathologies that make for a sick society.

This is reflected in the emergence over recent years of the culture of the ‘loser’, the quintessential expression of extrinsic goal-orientation. If someone cannot make it in the world of wealth, corporate success, and public impact then they are dismissed as losers. The new research tells us that in fact the ‘losers’ are winners, that those who do not play the consumption and fame game are happier for it, and that the real losers are those who are preoccupied with winning.



History says, Don't hope
On this side of the grave,
But then, once in a lifetime
The longed for tidal wave
Of justice can rise up
And hope and history
rhyme

*from 'The Cure at Troy',
Seamus Henry, 1990*



Mr Reith's Unreliable Allies

Peter Reith's blueprint for labour market deregulation, leaked to the Opposition in February, has been interpreted as part of his bid for the Prime Ministership. But his plan for more labour market 'flexibility' is likely to run into stiff resistance. Even the 'first wave' reforms – focussing on the extension of enterprise bargaining, freedom of association and greater use of the courts – have made only modest headway.

The key objective of the Government's industrial relations strategy is to minimise 'third party intervention', which is code for emasculating union power and reducing the influence of the Australian Industrial Relations Commission.

Oddly enough in some industries, notably the building industry, the principal obstacle to the Government's strategy is provided by the employers themselves, who are refusing to play the enterprise bargaining game in the way the Government wants them to. Some employer groups have a strong interest in keeping the unions involved in the process of setting wages and conditions.

Recent media reports suggest that Peter Reith is planning a major assault on unions in the building and construction industry this year – the CFMEU is replacing the MUA in the Government's lexicon of demonology.

So it comes as a surprise to all but a handful of inside observers that there is no grand plan for dealing with the construction unions – indeed the

Government is floundering when it comes to a strategy to undermine the loyalty of the workforce to the CFMEU and other building and construction industry unions.

Unlike some of the more confrontational employers who now turn to the courts rather than the IRC to win disputes, the building employers continue to use established conciliation processes. This is in their collective commercial interests. The construction firms depend on wage and price stability to ensure fairness in the tendering process. A proliferation of wage rates and conditions agreed in enterprise bargains would upset the level playing field because construction firms would not know the cost structures of their competitors.

There is an unwritten agreement among employers to stick to existing processes in order to maintain parity in labour costs. The CFMEU's standard pattern agreement keeps the industry honest,

even though employers do not like many of the conditions in it. Without the union's role, and the uniform labour costs embodied in the standard pattern agreement, it would be impossible for firms to feel confident in the tendering environment.

All Mr Reith really seeks is that the construction unions adhere to the law and comply with the Workplace Relations Act and the toothless tiger which accompanies the Act – the National Code of Practice for the Construction Industry.

While the Reith reforms are making some impact in the industry – CFMEU membership is declining in some states – the employers see Reith as an ideologue who may not be around after the next election.

Not surprisingly Peter Reith's attitude to the construction industry employer organisations such as the Master Builders Association and others borders on contempt. He sees the employers, particularly the ten to fifteen majors and the

associations which represent them, as being part of the problem in the industry rather than part of the solution.

Generally, the Minister sees the employers as weak and prone to cosy deals which deliver short-term gains but undermine the reform process. Reith is hostile to the employers for their abject failure to utilise effectively the tools available in the Workplace Relations Act. He considers that the employers and their associations are divided and lack industrial strategy, and as a result they are propping up an industry culture riddled with inefficiencies and anti-competitive practices at great cost to Australia's economy.

Mr Reith's attitude to the employers was highlighted by the differing approaches he took to recent meetings with the CFMEU and the MBA, where – according to Institute sources – the unions got a far better hearing.

However, there are clearly divisions emerging among the ranks of the major employers with some now wishing to work more closely with the Government. This is not driven by any commitment to the Government's workplace relations policies, but rather by their assessment of the emerging economics of the industry.

Some see the industry-wide sweetheart deals which have been common in the industry for many years as no longer sustainable – they have not even delivered the prime objective of industrial peace.

INSTITUTE NOTES

New Research

The Institute's Research Committee has approved funding for two new projects:

Academic Freedom

While closer links between Universities and the communities in which they are set is desirable, commercialization has had a number of unfortunate consequences. One not much talked about so far in Australia is the implications for academic freedom. This research will lead to a discussion paper exploring the state of academic freedom in Australian universities.

The Fourth Way

There is now an extensive debate on the 'Third Way', held up to be the social democratic alternative to neo-liberalism (economic rationalism) and old-style Labourite intervention. In the view of many progressive observers, the Third Way (as expounded in books such as those of Anthony Giddens and Mark Latham) is little more than Thatcherism with a human face. This project aims to develop a comprehensive alternative, drawing on several important strands in the Institute's work.

New Publications from the Institute

Since the December newsletter the Institute has published a new background paper:

Measuring Container Port Productivity: The Australian Experience, Background Paper No.17 by Clive Hamilton.

Also available free to members are copies of recent addresses given by the Institute's Executive Director:

Economic Growth: The Dark Side of the American Dream. A paper to the Horizons of Science Forum, University of Technology, Sydney, 24th February 1999

The Environmental Impacts of the GST: Buying votes in the bush at the expense of urban health. A paper to the "Taxation Reform: Directions and Opportunities" Conference Centre for Public Policy, University of Melbourne 19th February 1999

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