

Changes in Young Peoples' Social Networks and Welfare Reform in Australia¹

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ABSTRACT

Recent proposals for social welfare reform in Australia are predicated on the assumption that passive welfare systems have eroded pro-work attitudes and values. Staying on welfare is believed to have become either a life-style choice or a form of learned helplessness that is transmitted across generations within 'work poor' families and communities. This paper draws on data obtained from interviews with male school leavers and their parents in New Zealand to inform the current debate over welfare reform in Australia, and to draw a richer picture of the barriers to employment that young people face.

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Introduction

It is widely accepted that today's school leavers are likely to face barriers to employment not encountered by their parents. Increases in youth unemployment, increases in part-time and temporary employment, and a decline in the rates of pay awarded to school leavers have combined to marginalise a significant proportion of young people from the mainstream economy. For example, it has been estimated that in May 1996, approximately fifteen per cent of young Australians aged fifteen to nineteen years were engaged in 'marginal activities'; defined as not studying and in part-time work, not studying and unemployed, and not studying and not in the labour force (McClelland, Macdonald & MacDonald 1998). More recent research suggests that the proportion of young people engaged in marginal activities has remained at about fifteen per cent for the last fourteen years (Curtain 2001). Those most likely to be engaged in marginal activities are young people who leave school early and those who have low socio-economic backgrounds (McClelland, Macdonald & MacDonald 1998).

Poor employment prospects for these young people suggest that they are likely to face predicaments not experienced by their parents when they moved from school to work. Cohen (1983) suggests that, until recently, there were clear links between social origins and destinations for working class youth, who grew up with a sense of being born and bred into their class roles. These processes operated through, and linked together, the cultures of the family, the workplace, and the community. Beck (1992) argues that economic and social developments have fragmented a variety of structures in society. Gender roles in the nuclear family and work roles in the post-industrial economy are no longer as clearly defined as they used to be. Consequently, the institutions of industrial society no longer provide clear signposts or directions for mapping one's life. The loss of direction that these structures provided has freed young people from the standardised and predetermined roles Cohen (1983) describes. Institutions such as the nuclear family do not lose their influence altogether but rather their weakening allows individuals to construct their own biographies. Taken to its logical conclusion, this means the labour market has become emancipated from status restrictions and exclusions, and occupational attainment is more a matter of individual competition for educational credentials (Scott 1996). Social change has freed highly educated young people from the need to adopt standardised roles, but exposed others to greater risk and uncertainty.

Although those on the Right of the political spectrum, such as the members of the current Liberal government, attribute to the welfare state much of the risk and uncertainty Beck (1992) identifies, they agree that young people from work-poor backgrounds lack clear signposts that might help them make smooth school-to-work transitions. On this view, income support for sole parents has encouraged family breakdown, increased the incentives to have children out of wedlock, and eroded the

values upon which decent communities are founded. In addition, the provision of welfare benefits has reduced the obligation young people have to be self supporting. Young males do not need to take responsibility for their actions, and can easily avoid the civilising influence of raising a family: men who do not have a family to support, 'do not have to stay in work, do not have to keep up to date with the payments of bills, and generally they do not have to think of anyone else than themselves' (Buckingham 2000, p. 76). Not only does this weaken the communities in which such young males live, the lack of incentive to obtain employment means there is little need to stay on in education, and this reduces employability.

A major thrust of the Government's welfare reform agenda is geared towards replacing the signposts formerly provided by young people's families and their communities. For example, the Government is attempting to recreate a sense of obligation through contractual relationships with the unemployed. In this climate it is worth exploring how the signposts that help young people make effective school-to-work transitions have changed over time and so draw a richer picture of the barriers to employment that young people face.

Approaches to Employment Policy

Until recently, policy makers in Australia have adopted two main strategies in an attempt to improve the labour market position of marginalised youth. The first has been to invest in education and training while the second has been to promote economic growth. More recently attention has focussed on a third strategy — reforming the social welfare system to increase the punishing consequences of remaining on welfare. Although each of these strategies has strengths and weaknesses, all three are likely to play a role in improving the position of marginalised youth. In this section we briefly review the first two strategies. However, it is the third strategy with which this article is primarily concerned and this strategy is discussed in more detail in the next section.

The first strategy has been to improve marginalised youth's human capital. Supporters of human capital theory such as the federally funded Australian National Training Authority (ANTA) and the current Commonwealth Minister for Education, Training and Science, Brendan Nelson (Nelson 2002) suggest that there is a direct, mono-causal, relationship between investment in vocational education and training on the one hand and worker productivity on the other. They suggest that high levels of skill formation within a nation's workforce will 'pay-off' in greater productivity and economic growth. On this view, better-qualified young people will be more productive and hence more employable. Principally this strategy has involved the development of training systems designed to provide young people with the skills it is believed employers require. For example, the ANTA has developed an employer-led training programme. Through its system of 'training packages' the ANTA aims to

increase the relevance of vocational education and training and create a life long learning culture (ANTA 2002).

This argument has been an extremely effective tool in mobilising political support and resources for investment in training. However it is primarily a *theoretical* assertion that is not well supported by historical and empirical evidence (Marginson 1993). Indeed, despite high levels of investment in education and increasing levels of achievement, youth unemployment remains high. However, it is important to note that education can improve an individual's relative position in the labour market and can improve employment outcomes for some groups. For example, youth unemployment is higher amongst those who have low levels of school qualifications (Dusseldorp Skills Forum 1998).

The second strategy has been to promote economic growth on the assumption that, as the economy grows, more jobs will become available and increasing numbers of young people will be able to take advantage of them. Yet Australia, along with many other Western Nations, has been experiencing sustained levels of economic growth, but this growth has not reduced youth unemployment. Between 1991 and 1997, 272,600 full-time jobs were created, but this coincided with a fall of 71,100 in the number of full-time jobs held by teenagers (Wooden 1998). It seems unlikely that this reduction resulted from increasing numbers of students staying on in education because evidence suggests that the holding power of Australia's secondary schools has declined slightly (Dusseldorp Skills Forum 1998). Rather, it is more likely that young people are simply at the end of the hiring queue and must watch from the sideline while older and more experienced workers take up new opportunities for full-time employment in the labour market. On the other hand, the proportion of young people taking up part-time employment has increased dramatically.

Social Welfare Reform and Youth Employment in Australia

Underpinning welfare reform in Australia as it relates to young people is the view on the part of the Government that young people can find work if there are appropriate incentives for them to get off welfare. This strategy involves modifying Australia's social welfare system through extending the concept of 'mutual obligation' from its current role in the Work for the Dole Scheme to a broader range of welfare services. Mutual obligation is the notion that responsibility between the community and individuals flows both ways and that the unemployed have an obligation to the broader community to do more to help themselves get off welfare.

The former Senator responsible for welfare services in Australia, Senator Newman, maintained that the existing welfare system allowed young people to turn down jobs and remain on welfare. She argued:

where there are jobs available even though they might fall short of the initial expectations of the jobseeker, it is neither fair nor moral to expect the hard working men and women of this country to underwrite what can only be described as a destructive and self indulgent welfare mentality (Newman 1999, p. 3).

According to Newman, some families no longer successfully transmit attitudes and values consistent with the need to reduce welfare dependency, and the unemployed have failed in their moral duty to be self-supporting. A primary explanation offered for this is that support has been given to welfare beneficiaries without the obligation that they will do anything in return. Political supporters of mutual obligation argue that the welfare system provides little incentive to individuals to get off welfare. As a result, pro-work attitudes and values formerly governing labour market behaviour have eroded, and staying on welfare has become viewed as either a life-style choice or a form of learned helplessness that is being transmitted across generations within families and communities. Sullivan (2000) added to Newman's argument by suggesting that welfare benefits have released individuals from the need to act responsibly and that the unemployed are not victims of circumstances beyond their control. Rather, the unemployed have the capacity to alleviate their situation and get themselves off welfare.

From this psychological/moral perspective, marginalised youth are deficient, and young people from welfare dependent families have received a cultural inheritance at odds with the Australian Government's desire to reduce the number of people on welfare. To improve the situation, Newman (1999) favoured creating a welfare system that increased the punishing consequences of remaining on welfare. Newman's position has struck a cord with voters and the concept of mutual obligation and related welfare policies enjoy widespread public support (Eardley, Saunders & Evans 2000).

However, academics and welfare organisations have criticised the concept of mutual obligation and the related policies. Kinnear (2000) argues that the ethical foundations of the concept do not stand up to scrutiny. The Australian Council of Social Services (2002) argues that the Government's welfare policies have failed to help the most vulnerable job seekers. While evidence suggests that young people from work-poor environments are more likely to be unemployed than their peers from work-rich environments, there is no evidence that this is the result of a dependency culture. Moreover, there is a dearth of published research on the factors affecting the labour market participation of poorly qualified school leavers (Dusseldorp Skills Forum 1998) and little research into the extent to which the children of welfare beneficiaries are likely to rely on welfare later in life. One Australian study that explored this issue concluded that about one in six of the children of the most disadvantaged and

income support dependent parents were themselves highly dependent on income support between sixteen and eighteen years of age (Pech & MacCoull 2000).

Social Networks and Employment

The Australian government seems intent on explaining welfare dependency as a psychological/moral phenomenon, although others have suggested that it is caused by changes in the labour market. Factors such as difficulty redistributing employment more fairly and the move towards a post-employment society (Rifkin 1996) must stand as primary barriers to employment for young people, but there are other factors at work. Mizen, Bolton, and Pole (1999) argue that the lack of working parents or siblings to 'put in a good word' for a young person is likely to limit the ability of young people to find employment. That is, they suggest that the erosion of social networks has influenced the ability of young unemployed people to find work. It is important to note, however, that the precise relationship between the development of a dependency culture and the erosion of social networks is unclear. From one perspective, it can be argued that young people from work-poor backgrounds lack access to social networks that can reduce the development of a dependency culture. From another perspective, it can be argued that the welfare system and the development of a dependency culture reduce the need for individuals to cultivate employment-rich social networks.

The notion that young people learn about employment (and unemployment) through their friends and families is not new. As noted earlier, Cohen (1983) has suggested that, in the past, school to work transitions were facilitated by resources made available through the family, workplace, and community. Families provided school-leavers with access to cultural resources that eased their transitions into employment: young people learnt about what was expected of them as workers through their families and the social networks available to them in their communities.

In a major review of the literature, Granovetter (1995) argued that research showed social networks often determined access to jobs and, although different studies produced different results, social networks remained significant despite economic and technological change. However, the emergence of high levels of youth unemployment raises the possibility that labour market change has reduced the value of social networks.

This article draws on data obtained from interviews with young, male school leavers and their parents in New Zealand to investigate the school to work transitions of young males across two generations. The data support the suggestion that, for the parents' generation, school to work transitions were facilitated by resources made available through their friends, families and the communities in which they lived. However, economic changes appear to have reduced the availability of these resources for the sons who lack access to 'signposts' that might help them make efficient

school-to-work transitions. The article concludes by arguing that to construe young unemployed people as morally deficient or 'work shy' ignores important changes in the network resources available in today's society. Before presenting our interview data, it is useful to make a few comments regarding our method and its limitations.

Method

The research for this paper was conducted between 1996 and 1999 and draws on the perceptions, opinions and experiences of eleven male, senior secondary school students and their parents in New Zealand. Specifically, we compare and contrast the role of social networks in facilitating school-to-work transitions across two generations. We adopt a qualitative approach because we are interested in the social processes that underpin the methods used to find employment.

There exists a strong similarity between the New Zealand and Australian youth labour markets. In both nations youth unemployment remains high, the proportion of young people employed part-time has grown significantly, and an increasing proportion of young people find employment in the service sector. These similarities mean that the interview data should improve our understanding of some of the barriers to employment facing young Australian males. However, it is important to acknowledge that this study explores changes in the value of social networks as a means of finding employment with a small number of participants who live in a particular location. These factors should be borne in mind when the study's findings are generalised to young people living in different settings.

Male students are the focus of this research because the labour market remains segregated by gender (Statistics New Zealand 1998). The kinds of jobs males traditionally enter are widely recognised to have been adversely affected by globalisation and the introduction of new technology (Doeringer et al. 1991). For example, technological change and greater globalisation of the world economy have led to declining demand for young people in areas of the labour market that have traditionally employed a high proportion of young males in New Zealand such as the skilled trades. To an extent, the expansion of the service sector has compensated for this decline. However, jobs in the service sector tend to be less well paid and less likely to be linked to formal training (Doeringer et al. 1991, Hall, Bretherton, & Buchanan 2000).

Moreover, the focus on males is justified because there is evidence suggesting that the job-finding methods of males and females differ. For example, Brosnan and Wilson (1978) found that, although women preferred informal methods of job finding, such methods were much more productive for males than they were for females. Although Brosnan and Wilson do not fully explore the reasons for this, they suggested that when employers were seeking young workers they preferred to employ males. Similarly, it is likely that networks have been used to exclude women from forms of employment that males have traditionally entered such as the blue-collar trades.

The eleven sons in the study were selected from three secondary schools on the basis of their poor performance in the 1997 School Certificate examinations, and of their parents' occupations. School Certificate was the national secondary school qualification sat after three years' secondary education but offered for the last time in 2001. Students sat up to six subjects selected from around 30 options. None of the sons had achieved 50 per cent or above in more than two subjects. The sons were also selected to cover a wide range of parental occupations in case the sons' access to social networks is related to the parents' positions in the labour market (Lin 1999).

Table 1 summarises the background information on the eleven sons, providing information on their School Certificate performance, destination on leaving school, and parents' occupations.

Table 1: Background information on the eleven sons

Subject's pseudonym	School Certificate subjects sat	School Certificate subjects passed	Marks in School Certificate	Destination on leaving school	Mother's occupation	Father's occupation
Andrew Gillies	5	1	216	Training Course	Part-time Office Worker	Manager
Ron Duck	4	2	181	Labourer in panel-beating work shop	Office Worker	Labourer
Sam Wood	4	0	161	Unemployed	Secondary School Teacher	Butcher
Kim Robb	6	0	214	Part-time Kitchenhand	Machinist	Tradesman Mechanic
John Black	3	0	116	Machine Operator	Unknown	Technician for clothing company
Vince Lamb	3	0	70	Training Course	Office Worker	Tradesman Fitter Turner
Carl Bull	5	0	189	Unemployed	Cleaner	Cleaner
Steve Mann	4	0	171	Part-time Cleaner	Part-time Cleaner	Fitter (not certified)
Dan Dunn	4	1	142	Training Course	Technician	Manager
Bill Lady	4	0	151	Car exhaust and brake Servicer	Part-time Cleaner / Beneficiary	Beneficiary
Ross Winn	4	0	143	Unemployed	Part-time Childcare Worker	Labourer

Consistent with our qualitative approach, the study was based on semi-structured interviews and the participants were prompted to talk about their transitions from school to work, unemployment, or training. Over the three years of the study, the participants were interviewed two or three times, depending on the son's length of stay at school. In order to avoid the possibility that the parents might influence the sons' responses, the sons were interviewed in the absence of their parents wherever possible. Where they were available, wives were interviewed with their husbands to provide us with their insights into their sons' and husbands' experiences.

The 30 to 60 minute interviews were audio taped and data considered central to the participants obtaining employment and developing identities as workers were transcribed and later analysed. Full details of the research procedures are available in Strathdee (2000).

Contrasting School-to-Work Transitions

It was argued above that, in the past, social networks have facilitated school to work transitions by providing a reliable source of advice for young people about labour market opportunities. Examples of this process can be found in the interview data obtained from the fathers, several of whom described how they had been able to access reliable information about the availability of employment and information about the skills required in the labour market from their social networks. In the first interview Alan Winn, a former butcher, was asked by the interviewer:

How did you get your next job?

I was told by my father that if I wanted to further my expertise in the trade, I had to get away from the family business ... All through my primary and secondary schooling I was involved with the family business; after school and in the weekends and holidays and that was it. But, when I turned sixteen Dad said to me that if I ever wanted to go into business for myself I had to learn stock-buying and the best way to do that was to go and work in the freezing works as a boy ... [I]n my lunch times and morning tea times I used to go down to the yards and sit on the fence and have my lunch and look at the stock and then see them slaughtered as carcasses a few hours later and see how far out I was with the weights and the gradings.

So your father told you that you needed to do this.

Yes.

And that's what you did. He knew that?

Yes, he knew that and that was good advice from him ... Because in those days butchers had to go and buy their own beef.

If social networks are to function efficiently they must not only help school-leavers find jobs but also provide a conduit through which trustworthy information about the quality of potential recruits can flow to employers. This process was illustrated during the first interview with Dorris Mann, who works as a part-time cleaner, when the interviewer suggested that:

In a sense you were almost destined for a job in the local labour market.

I think that a lot of that had to do with where you were brought up ... Because we both came from ... [the port], everybody knew us you see. Oh yes, I know their father, he's all right, they can have a job, type thing. And it was like our parents never shifted from the port, and neither did theirs and so they knew who the good people were and who the bad people were, if you know what I mean ... they knew us and that helps.

So you are talking about contacts which have meaning for employers.

Yes.

Most fathers described well established and deeply rooted social networks and it would appear that social networks helped school leavers to make efficient school-to-work transitions whether they were poorly qualified or not. Social networks facilitated school to work transitions by exposing them to a cultural tradition, by providing them with reliable and trustworthy information about job opportunities, and by providing a means through which they could have a 'good word' put in for them with a prospective employer.

However, the stories of the sons were very different. There seemed to be few opportunities for them to obtain either advice about employment or actual employment through their social networks. The fathers and, to a lesser extent, the mothers reported that this had increased the chances that their sons would find it difficult to make school-to-work transitions.

Some parents lacked the knowledge needed to provide their sons with advice about what they needed to do to gain employment and this was clearly a source of frustration for them. One reason for this was the way labour market restructuring and declining job security had created uncertainty in the minds of the parents about future employment opportunities and consequently the kinds of qualifications their sons should obtain. For example, in his second interview, Tom Black, who worked as a machine technician reported that his employer could only guarantee him work for one month in advance and he was unsure about what kinds of employment

would be available in the future. When he was asked about his ability to advise his son about what qualifications he could strive to obtain, Tom Black replied:

I have been through all this in my mind and I just don't know the advice to give him. I can't say to him, 'We'll go for that qualification because there is going to be a job at the end of the day that you will need those skills to do'.

So you don't know what advice to give him.

Not as to what direction to go in, because I don't know myself.

Compared to the situation today, in the period when the fathers made school to work transitions there were more small family businesses but these have declined in number in the face of competition from supermarket chains, fast food franchises, and the like. Some parents said that they lacked access to family businesses which, in the past, would have allowed them to directly provide employment opportunities for their sons. For example, during the second round of interviews, Alan Winn, who worked as a labourer, was asked about his ability to help his sons to find employment and to provide them access to training within a family business:

Are you able to offer your children the same kind of work or educative programme that you received from your family business?

No. I don't own a family business anymore, so I can't protect [my sons] from [unemployment] ... I can't turn round to the wife and say, 'If they haven't got a job within six months, honey, I will take them into the firm' ... and so start [them on] the ladder that way ... that's gone for the greater majority of this generation.

Other parents described how they lacked the networks that could help their sons to realise their employment aspirations by providing them with introductions to prospective employers. Bill Lady was hoping to obtain an apprenticeship in mechanics upon leaving school. However, his mother, Sally, only worked in a part-time capacity as a cleaner. When asked if she had access to suitable networks and whether she would have made use of these in order to help her son obtain employment, she replied:

Of course. [Bill] was wanting an apprenticeship job in mechanics ... If I had a contact, I would certainly have pushed hard, tried to get him in ...

Do you not have access to those kinds of contacts?

No.

In comparison to their fathers, the sons also seemed to have fewer opportunities to formulate clear identities as workers. For example, throughout his senior secondary schooling, Steve Mann drifted along with few ideas about what he wanted to do post-school and appeared to be what Biggart and Furlong (1996) call a discouraged worker. At the end of his schooling Steve was asked:

What job would you like?

I don't know. I don't know that.

Do you have any ideas?

No. I think about some things and go, 'Nah' ... If I find an apprenticeship, I will leave now.

Are you looking around for an apprenticeship?

Not really. I look at school but there's not really any about.

During the second interview, Steve's mother, Dorris, who worked part-time as a cleaner traced part of his problem in establishing an identity as a worker and finding work back to weaknesses in his social networks. These weaknesses meant that Steve had not been exposed to many different occupations.

I think half of Steve's problem is that he doesn't know what he wants to do ... He sort of says he might look at the automotive side of things but he's not sure. But I think that if he had an idea that, yes I would like to be a builder, then at least you know what direction you are looking towards rather than if he doesn't know ... Perhaps because he doesn't know anybody who has worked in that job and he does not know what it is like.

Unlike his father, Jim, who obtained his first employment upon leaving school as an apprentice welder in the local labour market through information provided by a personal friend, Steve did not appear to have useful network resources at his disposal. Steve's parents attributed this to changes in the workplace such as the introduction of new technology, which they perceived had reduced the number of workers needed and to a perceived lack of opportunities for young people to obtain apprenticeships. When Steve's parents were asked during their second interview what contacts they had in the labour market that they might use in order to help their son to obtain employment, they replied:

The only opportunities he has had is with our mate who had a courier van and he was out helping him and he got a truck ... [Jim]

So why haven't there been the opportunities?

They are not taking them on today. [Dorris]

They are just not taking them on today ... same as at Saxon, we used to always offer apprenticeships. Not now — nothing ... I actually tried to get [Steve] in at work ... [at] another company that Saxon's used to own but they sold it. [Jim]

An important aspect of our approach was to interview the participants at yearly intervals over two or three years depending on how long the sons stayed at school. This strategy proved useful because we were able to assess the role played by social networks in finding employment over a longer time period. For example, we were able to assess whether or not the parents were ultimately able to help their sons find employment even though they initially reported being unable to help them. The interview material suggests that the young people interviewed were more likely to eventually find employment through their social networks than they were to find it in the open labour market. For example, after drifting through school without achieving any qualifications, Ross Winn spent time on welfare and in training programmes. His first offer of a job came through his father, Alan. Alan reported during the third round of interviews:

I heard a whisper ... Our friend over the lane said they were looking for guys out at the freezing works where he works. So I threw [my sons] Ross and Richard and [my neighbour's son] Wayne into the car and took them out ... I'd heard a whisper they might have been taking people on ... We saw the General Manager who gave us the forms. I filled in Ross's form and signed it on his behalf. And we left it at that ... The guy rang us on Sunday night and asked Ross and Richard to turn up on Wednesday ... and to go for a medical ... We got a call the next day for Ross and Richard to start on Monday ... The generational wheel has turned a full circle because my first real, paid job was at the works ... This is an old boys' network thing. There's no doubt about it. You've got to be a friend of a friend to get in.

Although the data support social network theory, in contrast to the jobs obtained by their fathers, most of the jobs obtained by the sons through social networks were of poor quality in the sense that they tended to be part-time and poorly paid. For example, Steve Mann eventually secured a part-time cleaning job through his mother, and Tom Black helped his son get a temporary position pressing socks in the factory where Tom worked as a technician. These findings lead us to conclude that while networks remain an important means through which the young people interviewed found jobs, the networks used do not yield high quality employment.

Most of the sons hoped to obtain employment of higher status than that they eventually obtained. As a result, some initially rejected the jobs on offer through their social networks because these jobs did not meet their expectations. However, eventually many of the sons decided to take up opportunities made available through their social networks because they preferred working to being unemployed or at school. For example, John Black had hoped for what he defined as a 'classy' job as a tourist bus driver, but after he found work difficult to obtain, he eventually elected to press socks at his father's place of work.

Some of those who could not find employment through their familial networks elected to enter post-compulsory training, as an attempt to compensate for deficits in their social network capital. Some of these training programmes emphasise the creation and maintenance of social networks with recruiting employers (Strathdee & Hughes 2000).

Our data suggest that employment-related network resources available to young people today are not as useful as those that were available to their parents when they made school to work transitions. For example, the parents interviewed as part of this study appear to be less able today to provide their sons with access to a cultural inheritance that incorporates them into the labour market. They seem less able to advise their sons of the kinds of jobs worth considering and they seem less able to put in a good word for the sons at their own places of work. Sons who do not have access to networks which yield suitable employment appear to attempt to compensate for this by attending training programmes funded by the State in the hope that these will fulfil functions formerly completed by social networks.

There appeared to be little difference in the experiences reported by the interviewees in terms of their parents' occupations. This might reflect the fact that none of the parents in skilled jobs had the capacity to employ their own sons. For example, Tom Black worked as a highly skilled technician in a garment factory but reported that the introduction of labour saving technology and competition from cheaper imported goods meant that his own future looked uncertain and he was considering moving to another country where he perceived the employment opportunities to be better.

Some Concluding Comments on Social Welfare Reform in Australia

Proponents of welfare reform in Australia suggest that youth unemployment is the result of the inheritance of a culture of dependence. Thus, youth unemployment is construed as a form of learned helplessness in which young people choose to remain on welfare despite the availability of work. The data presented above help to develop a richer picture of some of the factors that increase the risk that young, poorly qualified males will become marginalised from the mainstream economy.

In this respect, the data speak of broader changes in the network resources available to young people that have helped marginalise youth from the mainstream economy. These changes have helped construct a social environment that appears to be rather different from that experienced by the parents of today's school leavers when they made their school-to-work transitions.

The data also suggest that state welfare policy ought to acknowledge changes in the network resources available to young people and aim to compensate for deficits in the social networks of the young unemployed. Recent policy initiatives in the United Kingdom and New Zealand suggest that the State is taking steps to achieve this. For example, research conducted in the United Kingdom suggests that Employment Service Advisers play an important role in helping those on Work for the Dole to find work, by working directly with employers to place young unemployed people into work (Rayner et al. 2000). In New Zealand, the Clarke Government has introduced a program named 'Gateway'. The Gateway program involves Skill New Zealand² working directly with secondary schools to find job placements for students and to develop networks with employers.

More recently, Finn (2001) has suggested that a way forward might be found by placing greater emphasis on *both* skill training and a welfare to work system. Finn (2001, p. 3) argues that policy makers in Australia could learn 'lessons from some of the high performance welfare to work 'intermediaries' that are emerging in the USA and UK which are both client focussed but also employer/demand led'. It is argued by Pinto-Duschinsky (2001) that an employer-led welfare to work system that is integrated with a life-long learning culture will reduce unemployment and help job seekers obtain more highly remunerated and sustainable forms of employment. An important part of this strategy involves helping employers update their skill bases and change their business strategies (Pinto-Duschinsky 2001). Whether or not this strategy will reverse the plight of marginalised youth remains an empirical question.

Finally, the Liberal Government has indicated that reforming welfare will be a major priority in its current term. However, it remains unclear just how the new framework of mutual obligation will work. This article suggests that adopting strategies that compensate for deficits in social networks should be a part of any reform. However, it needs to be remembered that simply linking the unemployed with employers is unlikely to dramatically improve their long-term prospects. Indeed, Peck and Theodore's (2001) research suggests welfare to work systems tend to follow rather than lead the labour market. With increasing economic inequality and declining incomes for many workers, it is possible that this strategy will reproduce, if not

² Skill New Zealand is a state funded organisation set up in 1990 as the Education and Training Support Agency to support training in industry. It works with training providers to provide tertiary education for people with low or no qualifications (Skill New Zealand 1999).

strengthen, existing inequalities by increasing competition for employment at the bottom end of the labour market. If we are to reduce the primary causes of unemployment and inequality, a political strategy geared towards sharing employment and the resulting rewards more equally seems essential.

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