

Rocking the cradle

We need a more sophisticated understanding of the causes and consequences of fathers' absence from parenting if we are to help build healthier families and communities. Michael Flood, author of a new Institute report on fatherlessness, spells out the evidence.

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At the beginning of the twenty-first century we have reached a pivotal moment in terms of fathers' roles in families and communities. There is, at present, a significant opportunity for fathers to develop stronger, more intimate bonds with their children and to enhance their roles within their families.

Indeed a growing number of fathers are embracing this possibility. But the opportunity is in danger of being lost. The agendas of some participants in fatherhood debates, and continuing economic and cultural obstacles to paternal involvement, threaten to limit men's positive contribution to parenting.

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Debates over fathers, mothers and family life are particularly heated at present due to the Howard Government's consideration of the introduction of a rebuttable presumption of joint custody following family breakdown. Such a change, however, would only apply to the five per cent of divorcing couples with children whose cases are decided in the Family Court.

There is no doubt that fathers, as well as mothers, are important to the well-being of children, families and

communities. However, current proposals to change family law do not represent either an appropriate or effective means to enhance fathers' positive involvement in families.

The discussion paper, released in early December, assesses the competing claims about fathers which shape both the proposed changes to family law and the wider debates about fathers and families. Two claims have been particularly prominent.

First, father absence in post-divorce families is said to be the cause of a wide range of social problems such as crime, drug abuse and mental health problems. Second, boys need a father's presence, as a 'male role model', for their successful personal development. Does the research literature support these claims?

It is true that in general, children raised in two-parent families do better on measures of educational achievement and psychological adjustment than children raised in single-parent families. But the research also shows that neither fatherlessness nor divorce by themselves determine children's well-being.

The quality of parenting and the nature of parents' relationships with each other and their children are the critical factors in shaping the impact of father absence upon children.

Conflict-ridden and unhappy relationships are damaging to children, both in 'intact' marriages and between

separated parents. In situations where children do not live with their fathers, paternal contact is not by itself a good predictor of their well-being.

Instead, the most consistent predictor is fathers' 'authoritative' parenting – that is, parental encouragement and support and non-coercive rule-setting and monitoring.

Selection effects help explain the negative outcomes experienced by some children who grow up without their fathers. Some families are characterised by parental conflict, drug abuse, mental illness or violence. Couples in these circumstances are more likely to divorce, and their children are more likely to show behaviour problems, both before and after divorce.

The association between father absence and poor outcomes among children is also shaped by the changes which accompany divorce or separation, particularly economic insecurity and loss of access to social networks and communities. In other countries where government policy gives single-parent families more support, children's outcomes are better.

While public claims about the catastrophic effects of fatherlessness often ignore the research evidence, some even rely on fictional statistics. The claim that 'Boys from a fatherless home are 14 times more likely to commit rape' received widespread coverage when it was released in the National Fatherhood Forum's '12 Point Plan' in June. But this 'fact' turns out to be a misleading and inaccurate extrapolation from a study of 108 US prison inmates written fifteen years ago.

Male role models

What about the second common claim, that children, and boys in particular, require male role models in the form of a biological father to ensure their healthy development? Positive and nurturant parenting by mothers or fathers (and ideally both) makes more difference to children's outcomes than the simple presence of a father per se.

In terms of boys learning 'how to be men' from their fathers, the research finds that fathers' masculinity and other individual characteristics are far less

PROMOTING THE POSITIVE ROLE OF FATHERS: A FIVE-POINT PLAN

(1) ESTABLISH FATHER-FRIENDLY WORKPLACE PRACTICES AND CULTURES.

(2) REMOVE POLICY BARRIERS TO SHARED CARE.

(3) SUPPORT FATHERS THROUGH FAMILY AND PARENTING SERVICES.

(4) ADDRESS CULTURAL OBSTACLES TO PATERNAL INVOLVEMENT.

(5) FOSTER BOYS' AND MEN'S PARENTING AND RELATIONSHIP SKILLS AND COMMITMENTS.

important formatively than the warmth and closeness of their relationships with their sons. There is no evidence that fathers' involvement is more beneficial for boys than it is for girls.

Boys (and girls) raised only by women, whether single mothers or lesbian couples, are no more likely than other children to adopt an unconventional gender identity or homosexual sexual orientation. Mothers have long been blamed for outcomes among children, from schizophrenia in the 1950s to boys' emasculation in the 1990s, but mother-blaming is both inaccurate and unhelpful. When fathers are actively involved in families, they expand the practical, emotional and social resources available for parenting. Fathers also make a distinctive, but not unique, contribution to parenting. Mothers and fathers typically interact with children in different, although overlapping, ways.

Gender differences in parenting can be positive, exposing children to the richness of gender diversity. But stereotypes of mothering and fathering also constrain women's and men's parenting.

Fathers' active participation in parenting is desirable not because mothers are inadequate, nor because fathers bring something unique to parenting, nor even because every family must have a father at its head. Instead, fathers' participation is desirable because fathers can and do make valuable contributions

to the emotional, material and social well-being of children and families.

How then can fathers' positive involvement in families best be promoted? The most important obstacle to fathers' parenting after separation is the absence of fathers' parenting before separation. Workplace relations, policy barriers, practical disincentives and social obstacles limit men's involvement in parenting, both before and after separation and divorce.

New strategies

Five strategies are vital. First, establishing parent-friendly workplace practices and cultures will make the most difference to men's opportunities for fathering. Fathers perceive the major barrier to their involvement in parenting to be their involvement in paid work, and their patterns of working make it difficult to be active parents. In a labour market characterised by gender inequality, many couples make pragmatic decisions that the mother will work part-time or take time off while the father will continue full-time work. Employers, with governmental support, must create more flexible workplaces free of penalties for involved parents of either sex, and must promote equal economic opportunities for women.

The second strategy is to remove policy barriers to shared care. Family policy in Australia currently discourages shared care of children, both in couple families

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Collusion and insider trading

Bruce Chapman and Richard Denniss examine a new way of dealing with the white collar crimes of collusion and insider trading, crimes which, though considered victimless, actually cost the economy and society a great deal.

Collusion and insider trading, being white collar crimes, are often characterised as victimless crimes. However, contrary to this perception, such victimless crimes impose large costs on individuals and the economy. They are only victimless to the extent that those harmed by such crimes are often unaware that they have been robbed. The absence of identifiable victims makes the detection of collusion and insider trading much more difficult.

Collusion and insider trading impose a wide range of costs on both society and the economy by delivering an inequitable distribution of gains and imposing a range of negative effects, including reduced economic efficiency, reduced faith in the structure of markets and financial costs to governments.

The OECD has referred to collusive practices as the most 'egregious violations of competition law'.

Estimates of the impact of collusion on market prices range from ten per cent in the US to between 15 and 50 per cent in the OECD which has referred to collusive practices as the most 'egregious violations of competition law'.

While there have been relatively few prosecutions for insider trading in Australia some researchers have suggested that between five and ten per cent of all stock market trades involve insider information. In addition, a study of Australian executives found that 52 per cent of respondents would be willing to buy shares in advance of their own company making a favourable announcement.

Despite the importance of these crimes there has been little success in achieving either detection or prosecutions. For regulators a major problem associated

with collusion and insider trading is the lack of information available to investigators. Without evidence from participants the tasks of detecting criminal activity and achieving successful prosecutions are made particularly difficult.

A recent Institute web paper entitled *Using rewards to catch white collar criminals* explores a proposal to replace current corporate offence penalties with an improved fine mechanism targeting the future capacity to pay of a company or individual.

Under the scheme a company found guilty of collusion or insider trading would be fined as is currently the case, but with the penalty to be paid as a percentage of future profits collected through the tax system. The arrangement might be known as the Repayment of Gains Unlawfully Earned (ROGUE) scheme. The level of the fine would reflect the severity of the offence and the size of the reward.

An important aspect of the ROGUE scheme involves a financial mechanism designed to encourage whistle blowing. That is, the government would set up a fund allowing financial rewards to be paid to informants for the supply of information leading to collusion or insider trading convictions. The reward, set at a minimum of \$10,000 or ten per cent of the fine, whichever was greater, would be delivered to the informant at the time of sentencing. While the government would need to provide the initial financial resources, eventually the fund would be self-financing, paid for through the contributions of offenders.

There are several clear advantages of such a system compared to current arrangements. First, if fines are to be paid contingent upon future economic circumstances, they can be set without concern for the possibility that penalties would lead to corporate or individual

bankruptcy; thus fines can be levied to reflect the true social costs of these types of illegal activity.

Second, and closely related to the above, if fines are collected in a default-protected way, the probability that the courts will receive payments in full is increased compared to the current situation in which some offenders are able to avoid payments through bankruptcy or evasion. However, there is still a potential for a poorly designed ROGUE system to encourage avoidance of payment through other means.

Third, ROGUE actively encourages the supply of information, and in more positive ways than is feasible under current alternatives. While leniency policies rely on the principle of incentive, the incentive being offered is not very attractive, especially if conspirators are of the opinion that the probability of being caught is low.

The ROGUE scheme would use insider information against insider traders and those engaged in collusive conduct.

Furthermore, leniency policies do not provide an incentive for people who have knowledge of criminal conduct, but who are not directly involved, to come forward. The most important advantage of the system to the informant is that there would be a guarantee of financial reward independent of the circumstances of the offending individuals or corporations. This aspect of the policy provides those having the requisite information with a much greater incentive to disclose hidden crime.

ROGUE would use insider information against insider traders and

those engaged in collusive conduct. The provision of substantial rewards introduces an important new dynamic into the decision making process of individuals involved in stable cartels and insider trading networks. Such a reward to an individual who provides evidence against his/her conspirators serves to disconnect the relationship between the optimal decision for the group (maintain silence) and the optimal decision for an individual (be the first to provide evidence). ■



Downshifting in Britain

Clive Hamilton recently spent three months in the United Kingdom and, while there, replicated the Institute's study on downshifting in Australia with surprisingly similar results.

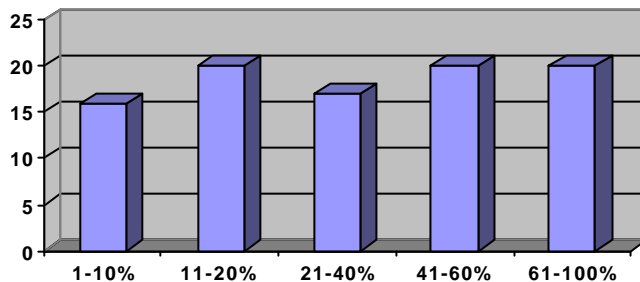
According to an earlier Australia Institute study, 60 per cent of Britain's wealthiest households say that they cannot afford to buy everything that they need despite high standards of living and increasing incomes. This preoccupation with earning and acquiring has come at a cost, with debt and bankruptcies rising rapidly among the British population.

In contrast to this trend, however, there is a growing number of people who are rejecting the high consumption lifestyle and are choosing to step off the treadmill. As in Australia, downshifting has become an increasingly popular option in Britain.

The Institute's study of downshifting in Britain asked people if they agree or disagree with the following question:

'In the last ten years have you voluntarily made a long term change in your lifestyle, other than planned

Percentage by which incomes fell (%)



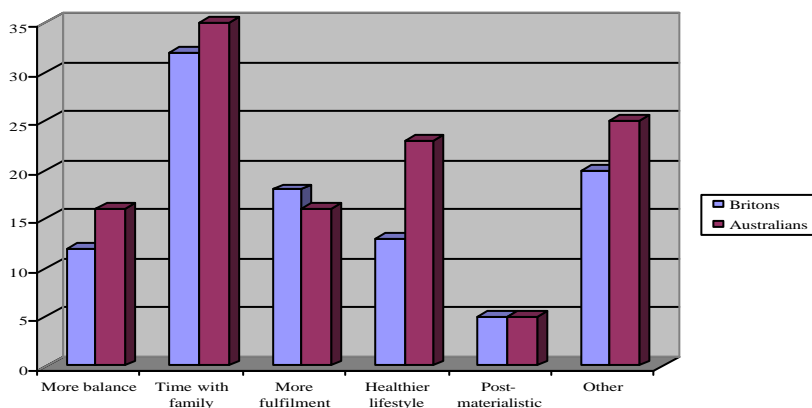
retirement, which has resulted in you earning less money?'

The study found that 25 per cent of British adults aged 30-59 have downshifted over the last ten years, a result similar to the Australian study which found that 23 per cent of people had downshifted over the same time period. The figure shows that Australians and Britons have very similar motivations when it comes to downshifting, although British

downshifters are more likely to be motivated by a healthier lifestyle.

One of the most interesting findings from the British study are the data showing the drop in income after the life change. On average, downshifters reduced their income by 40 per cent. Whilst the Australian study did not assess this income drop, it is likely that Australian downshifters would experience a similar change in income.

Reasons for downshifting (%)



Downshifting is an important social phenomenon which provides direct evidence that not all citizens of rich countries are motivated primarily by increases in material consumption as a means of finding happiness in their lives. In an attempt to discover more about the motivations and experiences of downshifters, the Institute is currently conducting detailed focus groups and case studies which will form the basis of a new discussion paper, due for release early in the new year. ■

UN Expert Group

Michael Flood reports on the UN Expert Group Meeting in Brazil focused on the role of men and boys in building gender equality.

Gender inequality continues to be one of the most pervasive forms of injustice in contemporary societies. Men's and boys' roles in progress towards gender equality are now the subject of growing international activity and one of the themes adopted for the forty-eighth session of the Commission on the Status of Women to be held in 2004.

Part of the preparation for this session undertaken by the United Nations Division for the Advancement of Women (DAW) was an Expert Group Meeting, held in Brazil on 21-24 October. I attended the meeting, along with 13 other invited 'experts' from around the world and 24 observers largely from Brazil.

Our goal in the Expert Group Meeting was to clarify the roles that men and boys could play in achieving gender equality. Through presentations, plenary discussions and working groups, we assessed approaches and began to map out the roles of governments, the private sector, civil society, and communities in encouraging men's contributions.

Over the final two days, we wrote an Expert Group Report containing a summary of the discussion and recommendations regarding the role of men and boys in achieving gender equality. This document will be widely distributed, and will provide the basis for a report of the Secretary-General on this theme to the Commission on the Status of Women (CSW) in 2004.

All papers from the Expert Group Meeting are available from the following website: <http://www.un.org/womenwatch/daw/egm/men-boys2003/index.html>.

Regional inequality in health insurance

In a recent web paper Richard Denniss argued that the private health insurance rebate was costing regional Australia more than \$100 million per year. He explains how.

Shortages of medical services in rural and regional Australia are widespread. Major problems include access to adequate GP, specialist and allied health services, access to conveniently located public and private hospitals and the availability of advanced diagnostic and treatment equipment.

Since coming to office the Coalition Government has promoted the private financing of health services to meet the needs of Australian citizens in preference to publicly funded medical services and hospitals. An important part of this policy is the uncapped and non-means tested 30 per cent private

health insurance rebate which is estimated to cost the Government \$2.5 billion per year. The rebate is designed to increase the uptake of private hospital cover in order to reduce the pressure on the public hospital system.

The untargetted nature of the private health insurance rebate means that the Government is unable to influence the regional distribution of private health services. As a result of lower private health insurance membership in regional areas, the benefits of the private health insurance rebate flow disproportionately to capital cities relative to regional Australia despite the greater health needs of the latter.

The Australia Institute recently commissioned the ABS to provide previously unpublished data on the percentages of people with private health insurance within and outside capital cities in each state. Private health insurance membership is 6.7 per cent lower for people living outside capital cities than for those living within them. The disparity is greatest in Tasmania (13.7 per cent) and lowest in Queensland (0.4 per cent).

There are two likely reasons for this disparity. First, one of the main benefits of private health insurance cover is the ability to access private hospitals. However, given that private hospitals are concentrated in city areas, the benefits of taking out private health insurance are lower for people living outside capital cities. The second factor is income. Even after taking into account the 30 per cent rebate, private health insurance remains an expense that many people cannot afford.

Across Australia, 50.2 per cent of people living in capital cities are covered by private health insurance compared to 43.5 per cent outside of capital cities. Data on the proportion of people with private health insurance in cities and regional areas was combined with data on the cost of the private health insurance rebate to determine the impact of the Government's reliance on the rebate with respect to regional Australia. It was found that regional Australia was missing out on more than \$100 million per year in

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Patent laws and the FTA

The Australian Government is currently negotiating a Free Trade Agreement (FTA) with the US. Earlier in the year the Institute published a discussion paper exploring the consequences of changes to the PBS, as part of the FTA, for the price of medicines. Here **Buddhima Lokuge and Richard Denniss** explain how changes to patent laws could have a similar effect.

Recent comments by Australian negotiators indicate that the US, as part of its FTA negotiations, is seeking changes to Australia's intellectual property (IP) laws, particularly as they relate to pharmaceuticals. Such changes have the capacity to undermine the effectiveness of the PBS and lead to higher pharmaceutical costs in Australia.

In the US, IP regulations, such as those being discussed in the FTA, have led to the effective extension of pharmaceutical monopolies by delaying and preventing the entry of low cost 'generic' products to the market. According to American research these delays have cost consumers and other health care payers millions of dollars.

Analysis of PBS data indicates that the prices of brand name (patented) drugs fall by an average of more than 30 per cent after patent expiration and the entry of generic medicines. Delays to the arrival of generic pharmaceuticals will therefore significantly increase pharmaceutical expenditures in Australia over time. Additionally, these delays will weaken the PBS reference pricing system, a critical component of the 'PBS framework'.

Reference pricing, whereby the price paid

by the government for a drug is referenced against the cheapest available alternative, depends on the existence of low cost generic medicines. Reference pricing has little impact when generic competition does not exist. Changes to IP provisions in the FTA have the capacity, therefore, to create upward pressure on co-payments and threaten the sustainability of the scheme in the long run.

A recent web paper published by the Australia Institute entitled *A backdoor to higher medicine prices? Intellectual property and the Australia-US Free Trade Agreement* analyses five leading medicines nearing the end of their patent lives in Australia. Based on PBS expenditures for these drugs in 2003, the paper estimates that the potential cost of likely changes to pharmaceutical IP provisions under the FTA will be more than \$1.12 billion over four years.

In addition to threatening the sustainability of the PBS, IP reforms in the FTA will also have an impact on the price of over-the-counter (OTC) medicines. This is in contrast to direct changes to the PBS which would only affect government subsidised medicines. Importantly, OTC expenditures are paid entirely by patients without government

subsidies, concessional discounts or safety-nets. Therefore the additional OTC costs as a result of pharmaceutical IP provisions in the FTA will be directly borne by patients. The table shows the likely impact of the FTA on the price of Claratyne, a common hay fever medication.

Despite the significant impact that pharmaceutical IP changes could have on the cost of medicines in Australia, it is clear that Australian negotiators are under significant pressure to make concessions in this regard. In fact, during his recent visit President Bush is reported to have told Prime Minister Howard that higher pharmaceutical prices are a key goal of US negotiators in the FTA. Making concessions via reforms to pharmaceutical patent laws in the IP chapter of the FTA may provide a less visible, and more politically acceptable, method to weaken the PBS and raise pharmaceutical prices in Australia. It allows US negotiators to give reassurances that the PBS is safe, while continuing to seek concessions that will lead to higher pharmaceutical prices.

Reforms that threaten the sustainability of the PBS and transfer costs directly to patients are a high price to pay for possible gains in other sectors of the economy. The current pharmaceutical regulatory system ensures that essential medicines are available to all those in need at a price both individuals and the community can afford. Changes to the PBS and IP regime will increase the financial uncertainty of illness and ageing and create economic barriers for access to essential medicines in Australia.

The PBS has served the community for 50 years and has enjoyed bipartisan support during that time. It is a crucial component of Australia's universal health insurance system. No government has the right to trade it off irrevocably. ■

Likely impact of Australia-US FTA on the price of Claratyne, an over the counter medication for allergies

Dose	Price in Australia in 2003	Expected price when patent expires in 2006	Cost to patients of inclusion of pharmaceutical IP in the FTA (per packet)
Claratyne 10 mg (10 tablets)	\$12.95	\$7.77	\$5.18
Claratyne 10mg (30 tables)	\$27.95	\$16.77	\$11.18

Notes: Based on observed decline in price of Claratyne in the US following the entry of generic competition after patent expiration (Wellmark 2003).

Fathers from page 2

and between separated parents, by rewarding a homemaker/breadwinner split in couple families and penalising single-parent families which share care of the child with the other parent.

Third, fathers must be supported through family and parenting services. Antenatal and postnatal, community-based, and early childhood education services have an important role to play in fostering fathers' involvement in families. But they require dedicated funding and policy support for this goal.

Fourth, we must address cultural obstacles to paternal involvement. Common cultural norms, including a culture of work and materialism, the absence of a culture of fatherhood, a culture of maternalism, and suspicion towards fathers, are unsupportive of men as parents.

Finally, fostering fathers' active involvement with children requires cultural change in gender norms, particularly those norms which define manhood as non-nurturant and unemotional and which stifle boys' and men's parenting and relationship skills and commitments.

Fathers expand the practical, emotional and social resources available for parenting.

Improving men's relations with women will also make a difference. Cooperative relationships between parents, whether in relationships or separated, are the bedrock of their positive involvements with children. When men share equally in the care of children with women, their marriages and relationships also improve.

Fathers in Australia face a real moment of opportunity. Shifting social and economic conditions have both intensified the obstacles to, and created new possibilities for, involved fathering. In order to capitalise on this opportunity, however, both the Government and the community must adopt a much more sophisticated approach to analysing the causes and consequences of fatherlessness. ■

Plan to auction Medicare provider numbers attracts growing support

In 2001 the Institute called for the introduction of a scheme whereby Medicare provider numbers would be allocated according to the health needs of people living in each electorate. After deciding on a fair distribution of doctors across Australia, the government would auction off the right to practice medicine in each location.

Areas which experience difficulty attracting doctors could engage in a 'reverse auction'. In recent months this plan has received favourable editorial comment in both the *Sydney Morning Herald* and the *Australian Financial Review*. The Institute is currently working with a number of health and community groups who are seeking to promote the scheme further.

The Australia Institute

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Health insurance from page 5

comparison to what would be received if the benefits of the private health insurance rebate were distributed evenly on a per capita basis.

In addition, people who choose not to take out private health insurance because they live in regional areas that are poorly serviced by the private health industry will be punished in the form of higher premiums if they choose to become privately insured in later life.

The private health insurance rebate is an ineffective and inequitable policy for providing health care to Australians. Given the significant disparities in health status and health care seen in regional areas, public policy should alleviate rather than exacerbate the regional health disadvantage. ■

Institute notes

New Publications

- R. Denniss, *Health Spending in the bush: An analysis of the geographic distribution of the private health insurance rebate*, Web Paper, September 2003
- C. Hamilton, *Overconsumption in Britain*, Discussion Paper No. 57, September 2003
- R. Denniss and B. Chapman, *Using rewards to catch white collar criminals*, Web Paper, November 2003
- C. Hamilton, *Downshifting in Britain*, Discussion Paper No. 58, November 2003
- M. Flood, *Fatherhood and fatherlessness*, Discussion Paper No. 59, November 2003
- R. Denniss and B. Lokuge *A backdoor to higher medicine prices? Intellectual property and the US-Australia Free Trade Agreement*, Web Paper, December 2003
- P. Griffiths, *Democratising excellence? Chamber music and arts policy in Australia*, Discussion Paper No. 60, December 2003

Forthcoming Publications

- Downshifting: An in-depth study
- The benefits of an ageing society
- Time over money: Young people's perceptions of parental work
- Complexity and policy
- The impact of HECS debts on fertility
- Border tax adjustments for greenhouse taxes
- Geosequestration: The answer to climate change?



Welcome back to Clive Hamilton who has just spent three and a half months as a visiting fellow of Clare Hall, University of Cambridge.

The Australia Institute is moving offices.

From 5 January 2004 our address will be as follows:

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Eggleston Road
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Phone and fax numbers and email addresses will not change for the time being.

Growth Fetish website update

Sales of Clive Hamilton's book, *Growth Fetish*, continue to remain strong and the publisher has recently revamped the website.

The new website contains a selection of recent speeches and publications by Clive plus some new features such as electronic forms. Please note that the site is still being developed and not all areas have been completed as yet.

Visit the site at

www.growthfetish.com