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Speech delivered by Adam Graycar:

"Backlash and the public sector: does the welfare state have a future?"

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BACKLASH AND THE PUBLIC SECTOR: DOES THE WELFARE STATE
HAVE A FUTURE?

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ABSTRACT

The Welfare State, once seen as an important mechanism for alleviating poverty and for redistributing resources is going into low gear. It has come under fire from critics on both the left and the right. Those on the left argue that it has failed to live up to its redistributive expectations (which, they claim, were unrealistic within the context of liberal democracy) while those on the right claim that it is wasteful, inefficient, and morally repugnant. Arguments about the present and future performance of the Welfare State are arguments about claims made on the system, and the legitimacy of those claims.

This paper examines these themes, and studies notions of backlash and overload from three perspectives

- (a) a value perspective relating to the principles of public sector allocation;
- (b) a political perspective relating to the application of pressure through single issue politics "tax revolts", and the politics of federalism;
- (c) an administrative perspective relating to policy implementation skills and system overload.

Arising from this an assessment is made of the future prospects for the Welfare State.

From the early middle ages to the last quarter of the nineteenth century the standard of living and the quality of life of the vast bulk of the population in what is now the Western world changed very little. Most rural people lived at a bare subsistence level while urban poverty and squalor was prevalent, and with the advent of the industrial revolution, longer hours of tedious work in unsanitary conditions generally lowered, rather than raised, the quality of life. Towards the end of the nineteenth century, as the material spin-off from the industrial revolution combined with trade union activity and some measure of reformist legislation, the stage was set for the beginning of the Welfare State as we now know it.

Delivering a lecture at Cambridge University in 1949 T. H. Marshall argued that while the 18th century saw a substantial extension of civil rights and the 19th century a substantial extension of political rights, it was not until the 20th century that there were any real moves to increase social and economic equality. (Marshall 1965, p. 105) Reforms of the 18th and 19th centuries had little direct effect on social inequality. People like Charles Booth, the Webbs and Seebohm Rowntree tried to identify the poverty which existed and tried to devise solutions to limit poverty and share the societies resources. This set the 20th century along the path seeking greater social and economic equality.

Now, as the 20th century is approaching its final years a transformation has taken place in that vast amounts are spent in attempts to promote better social well-being. By the mid-1970's the issue of whether the state ought to be involved in the provision of social and economic services is no longer a contentious one. What is contentious is whether this should be done in order to redress inequality, provide stringent minima, or something in between. Notwithstanding this, in 1976 the average public sector expenditure in O.E.C.D. countries was 42% of G.D.P. This was spread across a wide spectrum, with at the top of the scale, the Netherlands where 54% of G.D.P. was public sector expenditure, followed by Sweden (52%), Ireland (50%), Norway (47%), and Denmark (47%); and bringing up the rear, Japan (25%), just behind Spain (26%), Australia (32%), Switzerland (33%) and the U.S.A. (35%). (O.E.C.D., 1978, p. 8) In terms of "welfare" expenditure (health, income maintenance, and education) the range was similar, with the Netherlands spending 29% of G.D.P. and Japan 9%. Even in Australia, a clear welfare laggard which spends 12.8% of G.D.P. on "welfare", this expenditure constitutes approximately 50% of the Federal Government's annual budget outlay.

Anyone who reads daily newspapers will know there is (in Australia and the U.S.A. at least) quite a reaction to this expenditure. The reaction seems to be a multi-faceted protest. At times it seems to be a protest against the volume of expenditure; against the rise in the rate of expenditure; against the purposes to which the expenditures are put; against the recipients of the obvious benefits; or against the way in which the funds are raised. All told they constitute a visible, and perhaps mounting backlash against public sector expenditures, the taxation system, and welfare recipients.

The track record of the Welfare State is difficult to assess. It has, without doubt, improved the lot of the very poorest. In the process it has benefitted the middle classes even more. It has not brought about any re-distribution of wealth in industrial societies though it has alleviated some

of the anxieties related to insecurity of income. It has not however eliminated poverty, and the numbers in poverty are still intolerably large.

The Welfare State has come under attack from both the left and the right. The left sees the Welfare State as the manifestation of middle class liberalism. The American welfare system, it has been argued, was created by and for the liberal middle class and organized labour. It is quite a different creature to the British or Australian Welfare States in that it has never made any attempt at redistribution. It is clearly a residual state of affairs, though the social security system for example, is like most others, in that it is an insurance system. (Australia is the only exception here.) "The fundamental paradox of the [American] Welfare State was that it was not established for the desperate. Nothing was done for impoverished sharecroppers, tenant farmers, migratory workers, farm labourers, slum dwellers or unskilled workers. The basic distribution of income and wealth in the U.S. is essentially the same as it was in 1939 or even 1910" (Annunziata, 1976, p. 46). Similar critiques have been made in Britain (Field, 1974) and Australia (Raskall, 1978, Wilshire, 1979). The general argument is that the Welfare State is a mechanism of social control in which the working classes are kept sufficiently healthy and literate in order to keep the capitalist state functioning. It does nothing to alter class relations or the distribution of status or power in industrial society (Galper, 1978, Piven and Cloward, 1971).

The traditional conservative reaction to the Welfare State is that the concept is morally repugnant and the practice is inefficient and wasteful. This view has long been proclaimed, but of considerably greater interest are the reactions of many intellectually influential neo-conservative sociologists who were once regarded as important supporters of the public sector, civil rights, and in the American context, "left-liberal" causes. Representative of this group are Nathan Glazer, Daniel Bell, Seymour Martin Lipset, Daniel Moynihan, James Q. Wilson, Irving Kristol etc. and their writings, frequently found in the pages of The Public Interest, Commentary and publications of the American Enterprise Institute increasingly reject the goals and directions of greater social expenditures from the public purse. Their themes are that government has done too much in that it has taken on issues and responsibilities outside its capacity to act; that it has been too egalitarian in its policies; that society is becoming over-regulated; that bureaucracy has grown; that even the best ideals and most competent administrators cannot overcome bureaucratic pathologies; and that the consequences of government intervention have usually been unintended or negative thus requiring further expensive corrective action. When the question "how much more equality can we afford" was recently posed in an article in The Public Interest the author took 20 pages to answer with a resounding "none" (Browning, 1976).

A push for equality by legislative means, argue the neo-conservatives, has in turn generated a revolution of rising expectations, a revolution fed on social policies.

"Their promise, inadequately realized, leaves behind a higher level of expectation, which a new round of social policy must attempt to meet, and with the same consequences. In any case, by the nature of democratic politics, again and again, more must be promised than can be delivered. These promises are, I believe, the chief mechanisms in educating people to higher expectations. But they are, of course, reinforced by the

enormous impact of mass literacy, the mass media and expanding levels of education. Rising expectations continually enlarge the sea of felt and perceived misery, whatever may happen to it in actuality ... It is illusory to see social policy only as making an inroad on a problem; there are dynamic aspects to any policy such that it also expands the problem, changes the problem, generates further problems. And, for a number of reasons social policy finds it impossible to deal adequately with these new demands that follow the implementation of the original measures." (Glazer 1971, p. 52-3).

With current taxation levels Glazer sees no end to the demands placed on the system and the only way of halting them is to limit the amounts governments have to spend in the "non-productive" sector i.e. cut taxation. Similar views can be found in pieces by Bell (1975), Kristol (1974), Lilley and Miller (1977), Wilson and Rachal (1977).

Australian newspapers daily have headlines (especially in the months leading up to the annual August Federal government budget) decrying tax burdens, inefficient government, growing bureaucracy, the handout mentality etc. It would have been easy to fill the next few pages with angry quotes from stories headed "Government is going off the rails", "Compassion and competence could be the ruin of us" (referring to the Australian Department of Social Security's competence in paying benefits to those entitled to them - Australian Financial Review, June 22, 1979, p. 3), "Warning bells in tax revolt", "Libs urge Fraser to sharpen axe", "Time to get out the pruning knife", "Tax discontent surfaces", "The cost of red tape", "Waste in the states", "Employers call to curb governments", etc. It would be equally easy to quote at length extracts from numerous politicians' speeches calling for restraints of all sorts.

The attack on the Welfare State from the centre and right is stronger and more influential than that from the left. It is difficult to know whether calls for greater restraint will have profound effects on the future of the Welfare State. Further analysis is confused by intellectual dilemmas relating to the meaning of the term "Welfare State". There is confusion about whether the Welfare State is designed to attempt to bring about adequacy, equity or equality; whether it is designed to compensate for past social injustice and misfortune or perhaps invest for the future; whether it is designed to supplement or replace income; whether it is designed to allocate cash, services or power and then what balance of these and to what ends. (These issues have been discussed in detail in Graycar 1979, Chap. 1).

Definitions and positions are never static. Neo-conservatives distinguish between the Welfare State and the redistributive state and one writer believes that society has been tricked into supporting the latter under the guise of supporting the former.

"It is worth re-emphasizing the vital distinction between redistribution and social welfare programs. Social insurance and assistance to the needy can be regarded as legitimate functions of the public sphere, properly supported by public revenues ... But as social programs grow larger and more complex, it is all too easy to make the mistake of regarding redistribution as a logical extension of - or even simply a way of rationalizing - the welfare spending of the liberal state ... [T]here is an immense gulf in principle between the welfare state and the redistributive state which can be crossed only at the gravest peril to a liberal political order" (Plattner, 1979, p. 48)

An understanding of the two key terms, backlash and overload will help in any analysis of whether the Welfare State has a future, and if so what sort of future in the light of calls for restraint in public expenditure. In general the neo-conservatives are seen by their critics as exhibiting characteristics of excessive and vociferous reaction to the present state of affairs, and this, in general is how backlash is defined. In relation to the Welfare State Harold Wilensky (1976, p. 20) has described backlash as national public resistance expressed as (1) anti-taxing, or (2) anti-spending, or (3) anti-bureaucratic sentiments and action directed against social programmes in cash and kind.

"Overload" infers a sense of excess over what is desirable or suitable, that is some limit has been over-reached. If one uses Etzioni's analogy of a vehicle carrying more than it was designed to carry (Etzioni 1977/8, p. 608), then the corrective options available are to reduce the load, or modify, bolster, or redesign the vehicle to expand its capacity.

Methodologically it is difficult to assess the degree of backlash or overload (does one measure column inches? in which newspapers? undertake surveys? watch election results? count public servants? etc.) and all of the potential indicators are subject to multifarious interpretations. What is clear, however, is that arguments about the present and future performance of the Welfare State are arguments about claims made on the system, and the legitimacy of those claims. Issues of backlash and overload are inextricably woven into value, political and administrative perspectives of public sector and welfare politics.

Value Perspectives

The Welfare State, or any organized form of state allocation, depends for its continued existence on some form of economic surplus or profit that is available for distribution. (If it is the surplus only that is available for distribution then that circumscribes the argument. The more fundamental question of the nature and shares of the base, and measures such as wealth taxes which might alter the base, are not canvassed here.) Whether this distribution or reallocation takes place in order to bring about humane ends, liberal social change, or social control, it will be obvious that claims are regularly being made on the economy and polity for part of that surplus. In industrial societies the central government collects in accordance with its political and economic principles (in the form of taxes) some of the surplus, and redistributes, also in accordance with its political and economic principles (in the form of cash benefits and social services) some of that surplus.

Assuming that the rate of growth of the economic surplus has slowed down dramatically two sets of arguments develop from this proposition. One argument relates to the legitimacy of the collection and redistribution functions of government. The other relates to the quantities of the surplus that are collected and redistributed.

Both of these arguments are about claims. Both relate to what constitutes a legitimate claim to make on the system on behalf of those who are not adequately served by the market. There are obviously many uses to which surplus can be put. It can be used privately, to accumulate wealth, to

increase private consumption, or it can be used in the public sector, where claims of the "social" sector have to be weighed against other government expenditure areas, such as defence, foreign affairs, transport, agriculture, telecommunications, etc. While the surplus grows rapidly all of the sectors can expand comfortably. As the growth slows down, competition becomes more fierce and the legitimacy of the "non-productive" sector is increasingly questioned. The politics of backlash starts to play a role and arguments about "responsible government spending", about "dole bludgers" (a disparaging Australian term used to refer to those receiving unemployment benefits - the implication being that the recipients are parasites and not morally eligible for these benefits) about "excessive taxation", about "system overload", and so on are increasingly heard.

What this signifies is that the nature of the claims made on the system cannot be taken for granted. What is deemed a legitimate claim is very much a value question. It is crucial for policy analysts to understand the nature of claiming and the structure of legitimacy. Who makes claims on the system? What sorts of claims are deemed legitimate? Who decides whether they are deemed legitimate or not? How much of the surplus is to go into the "social" sector, and within that, into the "welfare" sector? Who allocates the surplus? Who bears the costs?

These questions can only be answered in the context of what is to be the nature of the Welfare State. If the objective is to help victims of misfortune, to provide a cushion against certain contingencies and relive, in a minimally acceptable fashion, those unable to provide for their own needs, then welfare is clearly for the "down and out", and claims made by them for allocations leading to subsistence, and no more, can be deemed legitimate.

If, however, the Welfare State is seen as a means of reallocation and redistribution of income or power; or as an investment, by means of opportunity security programmes, in the future, then it is much more difficult to determine the bounds of legitimacy of the claims made.

Selective perception of legitimacy of claims often results in certain recipients of benefits being blamed, with corresponding charges of "welfare abuse". In the Australian House of Representatives on May 31, 1979 there was a debate on "the necessity to restrain welfare abuse and wastage so that those in need receive a more equitable share of the welfare dollar." Speakers in the debate, initiated by members on the conservative side of the House, stressed that they had no objection to genuinely needy people receiving benefits, but despite this there were disparaging comments about the unemployed and single parents. Regardless of the case that could be made for extremely costly policies such as universal pension payments for those over seventy and universal family allowances, these were not even mentioned in the debate. The conservative speakers were clearly taking an opportunity to doubt the legitimacy of claims made by the unemployed and the poor.

The opening speaker, Mr MacKenzie, pointed out that until the early 1970's only about 40% of those registered as unemployed received Unemployment Benefit, but because of changes in eligibility criteria, 70% now receive the benefit (House of Representatives 31/5/1979, p. 2738). One only wonders why the percentage is not even higher, yet this makes the point that by "welfare abuse and wastage" he is including benefits paid to those in obvious necessitous

circumstances - those registered as unemployed. The debate stresses that abuse is rampant, that a multitude of people are receiving a variety of benefits to which they are not entitled, that the tax dollar is being "misappropriated", yet unemployment beneficiaries seem to be getting the blame with no mention being made of Australia's elaborate and well organized tax avoidance industry.

The national newspaper, The Australian can always be relied upon to provide evidence of the media engaging in victim bashing. Its editorial on May 12 1979 headed "Time to get out the pruning knife" urged the Federal Government to take little notice of "all the beggars beating a path to Cabinet's door" and argued for cuts in Social Security expenditure with the claim that "the tree that is easiest to prune is the one with the most foliage". Again, in this editorial, it is the unemployed who are having the legitimacy of their claims disputed. (For a detailed study of unemployment and legitimacy see Windshuttle 1979).

In the parliamentary debate just referred to, two issues of major concern to Australia were identified and they were welfare abuse, and the incidence of political strikes and disputes instigated by a small militant minority (p. 2738). Both the unemployed and the employed, then, are seen as threats to government stability. The former make a claim on the welfare dollar but have little bargaining power, whereas the latter can, through industrial action bring the country to a halt; through wage demands raise costs of living; and it is they who pay the taxes to keep government running. Governments have every reason to be more afraid of the employed than the unemployed. David Donnison sums the situation up when, writing of Britain, he points out that although academics have been arguing about "embourgeoisement" of affluent manual workers "the more striking change taking place has been the 'proletarianization' of the middle and lower-middle classes. It is hospital and power technicians, social security staff, computer operators, doctors, nurses and other white-collar workers who have been joining unions fastest and gaining political muscle thereby ... when unemployment rose to 600,000 at the end of 1966 the leader writers thought governments would fall. We know now that they can have 1.6 million unemployed and still be more afraid of the employed" (Donnison, 1979, p. 151).

This situation is significant in assessing the legitimacy of claims made by different groups through the public sector. It is significant also to understand the resources different groups can bring to the claiming and bargaining situations and the coalitions of claimants. Against this background one can begin to assess the criteria for making judgements about who receives, who pays, who bears the greatest costs, and how the burden is spread.

When pensioner groups write to the Australian Prime Minister expressing concern at the level of pension rates, they receive in reply an almost standard letter which tells them that current pension rates have now reached 24% of average weekly earnings, the highest proportion ever, and further, that whereas ten years ago every thousand taxpayers were supporting 176 pensioners, today one thousand taxpayers are supporting "about 276, and at a much higher level". Mr Fraser goes on to say his prime objectives are to lower the budget deficit and with it inflation, and interest rates. It is clear that the claims of those in dependent situations are not ranked very highly. Government, however, does not seem to have worked out how to rank, in times of declining economic growth the claims of the non-working poor, the working poor, the working non-poor, and the non-working non-poor. Coalition formation among and between these categories will give claims more salience.

The value dilemmas are twofold. First, what ought to be the objective of the welfare system? Once that has been determined one must decide who, if anyone, should be excluded from state allocations. When the putative nature of the system is in dispute, then elements of backlash will appear as will suggestions of overload. The same applies when certain groups are consciously excluded or not excluded.

Backlash and overload are determined in part, by the prevailing degree of consensus. Obviously the more that people agree about social goals, the less will be the strains on the system, but there will always be divisions between those who seek more social reforms and those who seek fewer. While the non-conservative sees the lack of consensus in terms of inequality of resources, opportunities and rewards, the conservative sees a decline in religious belief and allegiance; a weakened sense of community; a decline in national confidence; a decline in respect for authority; together with a massive rise in expectations, as explanations for a disappearing (assuming it ever existed) consensus (St John-Stevas 1976). The neo-conservative argument, as summed up by Etzioni (1977/8, p. 613) is that as a consequence of more and more conflicting demands made on government the normative and structural integration of society, its basic unity, has been undermined. Government is not designed to respond and the only solution, the neo-conservative asserts, is to have people see that their demands, if not for the impossible, are at least for too much.

The arguments are value arguments - basically over who pays and who receives. Although economic growth is diminishing, comparative expenditure statistics show that Australia and the U.S. spend much less in the public sector generally, and in welfare in particular, than most O.E.C.D. countries. It can be argued that many of the cries of doom are unnecessarily alarmist, but more importantly they reflect dominant values of the appropriate share of society's outputs, as well as the political context within which these arguments are sited.

Political Perspectives

Political perspectives on overload, backlash and the Welfare State contain issues and structures fraught with contradictions. Calls for policies relating to social innovation are countered by those for no further innovation. Plans for innovation are balanced by claims of scarcity of resources with which to achieve these innovations. Calls for maintaining taxation levels are countered by those for reducing taxation. Calls for greater centralization of decision making are countered by those for greater decentralization. These contradictions, and their resultant policies create a situation of confusion or "political ambiguity", especially in welfare politics.

Ambiguity, writes Dilys Hill (1978) is inevitable in any decision making process which is based on compromise. Welfare policy in particular suffers from ambiguity because goals of many programmes diverge dramatically, because beliefs about the nature and goals of the whole welfare system are reflected ambiguously in programmes, and because political support for different programmes varies so.

Ambiguity is even reflected in the results of many Australian public opinion polls in which large majorities invariably agree with the proposition that the budget deficit should be cut, yet when asked whether specific expenditures in social areas (e.g. housing, social security, education, health)

ought to be cut, invariably say no to each one.

This ambiguity highlights the tension between political and economic values in social politics. The thrust for equality is not likely to be economically efficient for it means scattering one's shots and hoping many of the pellets find their targets. It involves political activism with an emphasis on rights, shares and claims (not on costs). If the central task is the improving of society, then it means that political institutions would have primacy over economic ones. The interesting point here is that an emphasis on "rights" and "shares" is essentially egalitarian and reformist, while an emphasis on "claims" has anti-egalitarian implications at first sight. This latter emphasis illustrates problems associated with the shrinking surplus and while "claims" may be directed to redressing moves towards greater inequality, the point highlights the consensus/pluralist conflict.

While Ralf Dahrendorf argued in his 1975 Reith lectures "whereas the central institutions of the expanding society were economic, those of the improving society are political" (Dahrendorf 1975, p. 81), Martin Rein goes a step further. Social policy, he says, "conventionally is thought to be concerned with redistribution and increasing equality, or at least relieving distress and poverty; economic policy is conventionally thought to be concerned with distribution and increasing output. These distinctions are no longer satisfactory. The scope of social policy is now raising questions about the capacity of the economic system to meet the legitimate demands placed upon it while the political system is not capable of redefining these claims" (Rein 1977, pp. 567-8).

Attempts at redefinition will invariably include redefinition of the role of the state, and there is very little common ground between the way neo-conservatives, social democrats and Marxists view the state. Any analytical attempt then, to develop a claim package can only be done within the value context of an interpretation of a theory of the state. In conservative terms claim packages in social policy fields are not legitimate, and it is up to the market and the ruling class to reject them. In Marxist terms, claim packages through existing institutions, and packages which do not highlight the contradictions of capitalism only serve to bolster the system and confer on it a degree of legitimacy it should not have.

As the present dominant mode is pluralist politics, the main arguments about claim packages then, lie in an arena in which a claim market can develop, and the currency would include political tactics and objectives, and indications of economic constraints. Within this context three current political manifestations can be identified, and they relate to the backlash/overload debate. They are single-issue politics, taxation politics, and federalism politics. In all three, neo-conservative politics is prominent.

Government is now involved in many areas in which it formerly had no part, for example, consumer protection, smoking, divorce, abortion etc. More and more groups in society are organizing around single and often newly politicized issues, and frequently are able to wield substantial pressure on them. Political candidates are supported or opposed on their stances on abortion alone, on support for or opposition to a proposed freeway, or on stances on drugs etc. Such mobilization and support works against the development of any social contract, for issue salience is always greater for committed activists, and active minorities can usually win out over apathetic majorities.

Single issue politics is generally more about constraint than innovation, and consequently provides opportune crusades for neo-conservative activists. Every issue becomes a political issue into which government is dragged, and this contributes to both backlash and overload.

Single issue politics emerges in the calls for taxation cuts. These calls rarely include any organic vision of society and the claims, such as those evident in the debates surrounding Proposition 13 in California in 1978 were made on behalf of and relate to benefits for the more wealthy member of the community.

To the neo-conservative, progressive income tax was generally justified

"not as a means of channeling funds from the rich to the poor, but as a fair distribution of the tax burden according to the taxpayer's ability to pay. The rationale was not that after-tax income should be made more equal, but rather that there should be an equality of sacrifice among the citizenry in meeting the revenue needs of government (Plattner, 1979, p. 29)

Income taxation statistics can show many things. Australian income taxation, it can be argued is progressive as shown by the following table.

Annual Taxable Income	Percentage Retained After Income Tax, June 30, 1979
5000	92.6
8000	82.0
12000	77.3
14000	75.8
18000	72.6
22000	68.0
27000	65.5
33000	63.4
44000	57.3

However, changes in tax rates have meant that increases between 1977 and 1979 have been borne least by high income earners.

(This table shows tax payable in December quarter 1977 and March quarter 1979 for taxpayers at different levels of income, assuming that each taxpayers income increases in line with average weekly male earnings over that period (9.5 per cent); \$ per annum, per cent)

Income at December quarter 1977	Taxpayer without dependent spouse			Tax payable with dependent spouse		
	December quarter 1977	March quarter 1979	Percentage change	December quarter 1977	March quarter 1979	Percentage change
\$	\$	\$		\$	\$	
7,500	1,272	1,473	15.8	717	876	22.1
9,000	1,797	2,036	13.3	1,242	1,439	15.9
10,000	2,147	2,412	12.3	1,592	1,815	14.0
11,000	2,497	2,788	11.7	1,942	2,191	12.8
12,000	2,847	3,164	11.1	2,292	2,567	12.0
13,500	3,469	3,727	7.4	2,914	3,130	7.4
15,000	4,144	4,296	3.7	3,589	3,699	3.1
17,500	5,269	5,569	5.7	4,714	4,972	5.5
20,000	6,514	6,889	5.7	5,959	6,291	5.6
25,000	9,264	9,528	2.9	8,709	8,931	2.5
30,000	12,261	12,168	-0.8	11,706	11,570	-1.2
35,000	15,445	15,485	0.3	14,900	14,888	..

Source: Table prepared by Institute of Applied Economic and Social Research, University of Melbourne, and reproduced from Parliamentary Debates, House of Representatives, May 31, 1979, p. 2745.

These tables indicate different interpretations of the equity of the income tax system. By O.E.C.D. standards Australia is not a high tax nation. Nevertheless the issue of the appropriate tax levels is far from resolved, and in reflecting assessments of legitimacy of claims, demonstrates the political rather than economic nature of the issue.

One of the most contentious issues in social politics relates to determining the most appropriate level of government intervention. Can problems best be solved by federal, state or local government? The neo-conservative thrust has been to argue for as great a devolution as possible, which ensures local responsiveness, and consequent limits on the growth of federal government. Whether this is the most effective strategy depends again on assessment of the problem at stake and assessment of the proper role of government.

It has been argued elsewhere that if the role of the public sector is a residual, ameliorist activity, then a highly decentralized and greatly diffuse federalism is in order. This view is consistent with placing individualism above collectivism, and assumes that social problems can be solved community by community. If however, the major issues are seen as income distribution, income maintenance, national employment and manpower policies, national economic policy making, then Federal government ought to be the appropriate actor (Graycar, 1977, and 1979, Chap. 4).

In the early 1970's the U.S.A. embarked on a programme of revenue sharing, and in the late 1970's Australian embarked on "Fraser Federalism", with similar value underpinnings. The major welfare argument against these trends is that money would not necessarily go where it was most needed.

In the devolution argument, Amitai Etzioni cites evidence which suggests that local government is less suited than federal government to pursue reformist goals. In the U.S., state and local government have generally been found to be less accountable to the electorate as a whole, more subject to the influence

of lobbies, the personal influence of cronyism, and outright corruption. Furthermore, Etzioni claims that the reform-minded electorate tends to be concentrated in the relatively few large urban centres. While this may not persuade neo-conservatives, comparisons show federal agencies, while far from free of deficiencies, are more cost-effective, more professional, less corrupt and less open to partisanship and nepotism (Etzioni, 1977/8, p. 622-4).

Dilys Hill argues the same point, but from a social justice perspective, claiming that whatever the case for decentralization of other government activities, welfare ought to be centralized.

"when the beneficiaries are the 'deserving' poor then society feels little need to control them, and the administration of services is routine and federal. But society still believes that the 'undeserving' poor do have to be controlled and regulated. The administration of services for the 'undeserving' poor have remained, therefore, highly discretionary and have been delegated from the federal government and Congress to the control of the States and the localities. The undeserving were seen as socially deviant; and controlling deviant behaviour has historically been a State and Local function" (Hill, 1978, p. 108-9)

Greater reliance on federal government, while bringing forth backlash and suggestions of overload, can be argued to be more effective and more socially just.

Issues relating to adjudication among claims are more political than economic, and single issue politics, calls for tax cuts, and devolution of political power militate against the development of a social contract and a visionary social policy. The main issue to be resolved is what trade-off ought there to be between equality and efficiency (Okun, 1975), but this is invariably lost in the political ambiguity that encases social welfare.

Administrative Perspective

In the equality/efficiency trade-off neo-conservatives naturally favour the latter, for attempts to expand the former, they claim, increase overload. Administrative problems have long bedevilled innovation in public policy, and the neo-conservative solution lies not only in developing better policy techniques, but in pressuring government to take on fewer programmes and thus ease the administrative burden. The current crisis, as they see it, has come from overestimating our resources, capacities, and planning and implementation skills, while our demands have escalated out of control.

Actors at all points on the political spectrum can benefit from better policy techniques. "Policy sciences" techniques are consistent with a view that planning is a "top-down" activity, and the techniques form the "scientific" leg of the three legged stool of social policy - values, political structures and techniques. Advances in policy sciences, which Dror sees as providing heuristic aid to better policy making and "an approach and methodology for design and identification of preferable alternatives in respect to complex policy issues" (Dror, 1971, p. 3) contain problems for those who fear that excessive technocracy de-humanises the social policy processes. There are also problems for those who see advances in policy sciences as fostering greater reliance on expertise.

The problem arises in that experts end up possessing skills far above and beyond the comprehension of elected officials. Ideally the technocratic expert relies on rationality as the main criterion in decision making and pretends that decisions made are "above politics", and based on merit alone. The proliferation of techniques such as systems theory, planning programming and budgeting systems, cost benefit analysis, management by objectives etc. are attempts to bring greater rationality to decision making.

Excessive reliance on experts rather than on elected officials is viewed with distaste, particularly by neo-conservatives, but it is not a new phenomenon. Writing in the 1890's, Sidney and Beatrice Webb said

"already a large amount of our legislation is made in the form of 'rules' as 'orders' by executive departments ... and only nominally laid before Parliament ... It is probable that the increasing incapacity of the House of Commons to cope with its work will lead to a silent extension of this practise" (Webb, 1898, p. 800).

Overload is an important feature of the administrative perspective. In a 1976 television debate entitled "Why is Britain becoming harder to govern" Professor Anthony King spoke of overload, and saw the fault in government being held responsible for more than ever before, and that it has "come to be regarded as a sort of unlimited liability insurance company, in the business of insuring all persons at all times against every conceivable risk" (King, 1976, p. 12)

He went on to point out that among the reasons for the "crisis" were a lack of ability and techniques to achieve complex goals; a lack of resources - or at least claim overload on present resources; and an enormous increase in dependency relationships which government has fostered. This has been accompanied by his belief that "men understand less, and realise that they understand less, now than twenty years ago ... Politicians used to decide, or at least believe that they were deciding. In the 1970's they merely grope" (King, 1976, p. 24-5)

There are, of course, different approaches to trying to solve the administrative overload problem. Etzioni (1977/8, pp. 626-9) argues for more policy directed knowledge, better theory and greater use of experimentation. King concludes that academics who, in the past have been concerned to improve the performance of government, might now turn their attention to exploring how the number of tasks that government has come to be expected to perform, can be reduced.

Avenues for Further Exploration

Just as Milton Friedman says it is obvious that there is no such thing as a free lunch, it is equally obvious that there is no single or simple solution to the dilemmas facing the Welfare State. In glib terms the choice we are faced with seems to be between trying to reduce the load the vehicle is carrying or trying to redesign the vehicle. If the vehicle is to be re-designed, improvements (in technocratic and administrative skills) will need at the very least, a responsive political base and a greater social consensus.

Etzioni's work on societal guidance (1968 and 1976) contains suggestions for consensus building and greater, and more humane social awareness. This

is one of the avenues that might be worth further exploration. In his 1977/8 paper he argues that the creation of greater capacities for consensus building, conflict resolution, efficient and effective administration, and the development and assimilation of policy relevant knowledge is very much dependent on the societal self-image we hold, and in particular on the role of intellectual and political leaders in shaping that self-image. If the pessimistic self-image propounded by the neo-conservatives is accepted, then the battle for social change is lost.

We must clearly be aware of the demographic, economic and political futures in store for the Welfare State (Graycar 1979, Chap. 9) and build scenarios to account for contingencies.

To do so requires analysis of neo-capitalism, as well as the range of responses to "welfare crisis" situations. On the first count, Encel writes that the internal contradictions of neo-capitalism are such that no government, conservative or social democratic, can resolve them. "We may therefore expect fairly continuous alteration of governments in the capitalist democracies as they strive to cope with inflation, unemployment, resource problems and industrial trouble" (Encel 1978, p. 166). He rejects calls by Australian Labor Party leaders for modest objectives, and sides with Hugh Stretton in hoping for an egalitarian future built on the ruins of aggressive conservative failures.

S. M. Miller argues that there are too many people who are dependent on the Welfare State for it to be abandoned at present, and that we are now at a crossroads

"The liberal, social democratic assumption has been that large-scale change in post-war economic policies is necessary and that these policies can be politically sustained within capitalism. But the continual concern with inflation, the prolonged period of deep uncertainty, the strains of international economic competition, dissatisfaction with taxation and inflation, and the mounting attacks on social expenditures make it likely that the Keynes-Beveridge approach, if it survives, will be severely modified or will encounter many more difficulties than in the postwar period" (Miller, 1978, p. 11)

Miller sees what he calls a period of recapitalization, a growth in the strength and legitimacy of market forces. This will make enormous in-roads on the well-being of many. Thus, those concerned about the poor, the discriminated against, and the quality of life, must construct an alternative vision and strategy for dealing more effectively with the strains caused by backlash. He does not, unfortunately spell out his alternative vision and strategy, and it is the neo-conservative writers who have the easier task in arguing that we have reached our extractive limits.

Rein and Heclo (1973, p. 61-2) argue that while the American (and Australian?) welfare system is a mess, the so-called welfare crisis is not distinctively American. What is distinctive, they argue, is the response to it; and the way the "problem" is posed, it is insoluble, and what therefore is needed is a redefinition of the problem.

It may sound like a cop-out to say that the issues need re-definition, but at this stage this seems the most appropriate course - to stand back and examine,

develop theory, obtain better knowledge and write scenarios about the trade-offs; to try to get governments and others to make explicit their value stances about eligibility, exclusion, rights and obligations; to re-examine the potential for the market and pluralist politics to deliver equitable shares of our society's resources; to examine harmonization of conflicting and ambiguous policies both within, and across policy boundaries; and to make explicit positions relating to legitimacy and claims in welfare politics.

In the last decade we demonstrated that we have the knowledge and skills to land a man on the moon, but we have not demonstrated that we have the knowledge and skills to eliminate poverty and deal effectively with human problems. Will we ever be able to do this?

P.S. Perhaps an appropriate postscript to all papers of this nature might read "This paper was written before the latest OPEC price rise."

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