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"Social policy"

presented at Monash University, April 1982

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Social Policy  
Marash University  
April 1982

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1/4/82<sup>1</sup>

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Social policy is a broad term which describes systems of allocations in any society in which benefits are distributed to individuals and communities so that they might attain a certain standard of living and/or quality of life. This structure of benefits and their distribution is an intensely political predicament for there is often great disagreement about why anything should be allocated, what it is that is allocated, who the recipients ought to be, how generous the allocations ought to be, who should do the allocation, and how it might be financed.

In Australia the debates about these issues have closely paralleled debates in other affluent industrialised nations. Increasing industrialisation has not automatically benefited all the people in the community. Industrial progress has not eliminated poverty, it has not ensured that all people are adequately housed, adequately serviced with health care, have adequate access to the employment market, will receive adequate incomes.

It is interesting to reflect on what seemed to be a preposterous promise made by an American president when he was inaugurated 20 years ago. At the start of the 1960s President Kennedy pledged that by the end of that decade his Administration would eliminate poverty in the cities and land a man on the moon. Land a man on the moon? He had to be kidding. We all know which of these goals was achieved. Was the technology of landing a man on the moon more simple than that of eliminating poverty? Was the commitment greater? Was the management task easier? Absurd as it may seem

the answer to these questions is yes.

The questions we must consider relate to whether we have the moral and political commitment, the technology and the management skills to achieve our objectives of social wellbeing. Do we know how to formulate, to implement, to evaluate policies and programmes that might assist in stating welfare state objectives? How do we set our targets? How do we plan our strategies? How do we allocate our resources? How do we assess the results? These are the central issues for social policy in the 1980s.

Poverty in Australia is far from eliminated. The evidence shows that there are high rates of poverty among specific population groups. Roughly \$10 billion per year is spent by the Department of Social Security - this is about 27% of total commonwealth outlays. Although it has stabilised at around 27½% of budget outlays and around 7½% of GDP these percentages are much greater than they were a decade ago and the fact is that the Fraser government has spent more on social security than any previous government. The big question of course is why in a modern affluent industrial society is it necessary to devote such a large proportion of our gross domestic product to welfare. It is obvious that with approximately 12% of the population falling below Henderson's poverty line and a further 8% having incomes only marginally above that line that the benefits of industrialisation are not universal. Australia is not alone among the Western nations in having high inflation and high unemployment.

Current business gloom, current government budget deficits, and the sort of rhetoric we see in the media does not generally augur well for a universally prosperous future.

Estimates that have been made by Peter Saunders of the University of Sydney suggest that since Henderson's poverty report was published the percentage falling below his austere line have increased by 1 or 2 points. If we look back at what we mean by poverty we can trace it historically through three distinct phases. First in the 19th century is the concept of poverty as failure to attain a stringent subsistence minimum. It was seen very much in very limited material terms. Those who were in poverty were deemed to be less eligible for the benefits of our society in general. Poverty meant destitution and with it was a great sense of stigma and personal inadequacy. These arguments about less eligibility gave way in the debates of the early 19th century and ultimately in the mid 19th century to a concept of a welfare state in which poverty was seen as the failure to attain certain societally accepted minima. Poverty was no longer destitution, it was no longer starvation but rather the failure to attain societally accepted standards in housing, the exclusion from education, poor access to health care, and the sorts of things in general that we take as part and parcel of a modern service society. By the 1960s the third conception became dominant and that was that poverty was seen as lack of access to the sorts of decisions that affect people's lives - poverty was the failure to have any control over the sorts of decisions that are important. Poverty then was very much equated with powerlessness. The value

issues, or the rhetoric had shifted to some extent. On the one hand there was the argument about whether the welfare state should be like an ambulance, or a truck, parked at the foot of a cliff picking up the pieces and providing aid to those who fall, or on the other hand whether it should be like an elaborate and all encompassing fence at the top of the cliff thus preventing people from falling. Building the fence is obviously more humane, but it is considerably more expensive, and it makes provision for many people who would never stray to the edge. Over time we have flirted with the idea of building a fence at the top but we have never had any real political or financial commitment to that. We have developed a lot of rhetoric about poverty being related to powerlessness but its unlikely that we really mean that because if we examine carefully our politicians' statements we see one thing coming through again and again and that is benefits ought to go only to the very neediest and those not in that category ought not to receive any benefits of any sort outside of market forces. We know of course that politically it does not quite work this way.

Given the very large expenditures we have and given that our conception of poverty has reverted to the very earliest subsistence view of poverty what we have, in W.A. Robson's terms, is a welfare state, but not a welfare society. We find in fact that we have three welfare states that operate in Australia and in all modern industrial nations. On the one hand there is the welfare state which provides meagre resources and a supposed safety net for 20%

of Australians who exist below or only marginally above Henderson's line. Second there is the welfare state which provides access to quality education, health care, and fairly highgrade community resources for the middleclasses. Third there is the welfare state which provides Mercedes Benz and BMW motor cars to a section of the community. This is the hidden welfare state. Yet its the wage and salary earners, <sup>but mostly poor</sup> poor and rich, who pay the costs of the shiny BMW which pushed in front of me on the Sydney Harbour Bridge the other day and while I was swearing at him I noticed on his bumper bar a fading sticker which read "join the Australian tax revolt". In research done in our Centre we have estimated that this third welfare state, that which provides occupational benefits and fancy perks to the wealthiest costs the Australian tax payer around \$5 billion per year. This is about half the cost of the social security system which itself is the largest single cash flow in our society. Has the welfare state as we know it all been a terrible mistake? Those on the left argue that it has not eliminated poverty - it has not lived up to any of its promises - it has not altered class relations - if anything it has maintained an underclass barely above a subsistence level. What redistribution has taken place has taken place not across class lines but across the life cycle. Those on the right argue it is ineffectual, wasteful and morally repugnant.

Welfare systems allocate three things. They allocate cash, they allocate services and in expanding periods they allocate power to the powerless. Understanding the structure of these allocations, seeing them in their historical context,

seeing them in their economic context, and developing a political rationale for them altogether constitute an explanation of why our welfare system is beset with such paradox. Any form of analysis must look at three distinct levels. First what are the values underpinning allocation. What are the delivery structures. What are the technologies to develop and answer policy questions. These questions of course operate at a different level to the much larger and more all encompassing questions of the ability of the state to redistribute, the structure of the state, and the relationship between state and individual. I don't want to go into these broader questions today but rather stick to questions of value, structure and technology.

One of the reasons for the dilemmas in modern welfare stateism is that there is no unity of opinion about what we want our welfare state to do. There is confusion about whether the welfare state is designed 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 provide basic relief, provide protection to people at risk or to the society at large, whether it is designed to regulate the market, or redistribute income are matters which are yet to be clearly dealt with. If the objective is to help victims of misfortune, to provide a cushion against certain contingencies, and relieve, in a minimally acceptable fashion those unable to provide for their own needs, then welfare is about allocations

leading to subsistence and little more. If however the welfare state is seen as a means of reallocation and redistribution of income or power, or an investment by means of opportunity security programme then it is more centrally part and parcel of economic and political life. But if we examine our welfare expenditure in recent years we find that allocations have continued in the income area and in fact have grown at a faster rate than budget allocations but they have declined in what might be called the opportunity security areas. Since the Fraser government came into power a commonwealth budget has risen slightly in real terms, social security and welfare expenditure has risen at a faster rate than the budget overall but expenditures in health, housing and urban and regional development have declined dramatically in relation to both budget expenditures and social security expenditures.

The structural issues are of vital importance in contemporary Australia. we are seeing the structural arguments played out at a number of different levels. Five years ago I would have argued that the main issue was one of federal/state relations. This involved arguments about which level of government was to do what. But with most state governments bankrupt or on the verge of bankruptcy, and with the federal government cutting severely in most areas, quibbling about which level of government ought to do what doesn't seem to be a central issue at the moment.

When we look at social systems of care we find there are four distinct systems. There is the statutory system.

There is the commercial system. There is the voluntary sector. And the informal system. Contemporary arguments hinge on the distinction between public and private. The difficulty I have is drawing a line between public and private. While income maintenance measures and services provided in the statutory sector are fairly public we cannot assume that the services provided by the commercial sector and the voluntary sector are necessarily private. Many commercial services find themselves regulated and in very few cases do free market forces determine both the structure of service and quality of service. In the voluntary - or perhaps more appropriately called the non-government sector - we have identified 37,000 agencies in Australia. Many of these are small community groups. But a significant number have major service provision roles and have very large budgets. What we found is that the larger the budget the more likely the agency will have substantial funding from both commonwealth and state governments. Our 37,000 agencies we estimate have a cash flow of around \$1 billion per year. About \$600 million comes from the government - 70% from the commonwealth government and about 30% from the state governments. It is hard to argue that bodies so heavily dependent on government funds are in fact private organisations. We have seen a transfer of public funds to private hands but in return we have seen the delivery of a whole range of services that government neither has the ability, the capacity, nor the will to provide. Unfortunately this is not the place to go into the arguments about our non-government welfare sector but suffice to say that we are dealing with a very

large number of organisations with substantial resources providing a wide, wide range of services and as such they are a very significant part of our welfare future and at the centre of debates about public and private. The fourth sector, the informal sector, is important also because with the great decline in statutory expenditures and with the cost squeeze on the non-government welfare sector, a new rhetoric is being very firmly espoused and that is that families ought to do more for their dependent members. In arguments about the institutionalisation and normalisation family policy has taken on a new dimension and essentially this is that families ought to do more for their dependent relatives. What research we have done shows that the family is not abandoning its responsibility to elderly people for example but rather the capacity of the family to provide care as family policy proponents may wish is not always evident.

There are obviously very important policy decisions to be made about structural issues and about the point of intervention. Not only are there arguments about federal, state, and local government relations but even more importantly the extent to which commercial services might be supported, the non-government welfare sector might be supported, and the family might be supported. What is also important is what government, or society, might get back in return for supporting the commercial sector, the non-government welfare sector, or the family. This provides opportunities for endless debate.

The third set of issues are the technologies. I don't want to spend any time on them today but rather the sorts of questions one might ask relate to whether the \$10 billion we spend on social security plus the expenditure in the service area is actually relevant. There are technological questions in determining evaluative methods, in working out how to identify problems, in working out how to direct funds to most pressing problems, in working out how to produce effective services, in measuring who wins and who loses, in finding out what works, in finding out what works best. To a very large extent issues in evaluation cannot be divorced from issues in management. Lack of adequate management skills can cripple even the best laid plans.

If we turn for a moment to some concrete items we might note that the Department of Social Security alone spends \$10 billion per year, that is \$27 million per day or, if you have got your pocket calculators there, \$1.1 million per hour, 24 hours a day, 7 days a week. This money provides benefits to 3million pensioners and beneficiaries, it does not include amounts that go in family allowances but it does include amounts that go to veterans. In addition there are substantial funds that go to organisations to provide services. The \$1.1 million per hour has not prevented about 1½ million people from falling below the very austere poverty line, the majority of whom are income support recipients. If we look at Australia's demographic structure we find that family structure is changing. Around 10% of Australia's families are single parent families and in these families there are over 400,000 children. Whereas 1.4% of two parent families rely for their incomes on government social security benefits and the figure among single parent families is 42%. Children, particularly those in single parent families are among the poorest people in our society. My colleague Bettina Cass who is working on income security and family matters is systematically identifying the way in which our dependency patterns are created and structured and in which most of the poor in our society are children and women.

Australia's labour force has changed dramatically over the past decade - with enormous consequences for social policy. Full time labour force participation rates dropped between 1970 and 1980 by 5.6% - 9.4% for women and 1.6% for men.

In 1980 16.1% of Australia's labour force was classified as part time. This is a rise of 78% on the 1970 figure. published a detailed report on the welfare consequences of the changing labour force but of course when we talk about the labour force we cannot ignore unemployment. I don't want to go through all the unemployment statistics but it must be pointed out that unemployment is concentrated largely in the young - more than half of unemployment beneficiaries are under 25 years of age and in a very cruel way among the older workers - that is workers over the age of 45. It is the older workers who have been on unemployment benefit for the longest period. Particularly depressing is the statistic that 8,000 people over the age of 45 have been receiving unemployment benefit for 24 months or more. But this is only the tip of the iceberg, for many older workers, with no prospects in the labour force, do not go onto unemployment benefit. The number of men aged 50 to 59 in receipt of invalid pensions rose by 152% in the last decade. In our research we have found that unemployment, like everything else in our society, is unevenly shared. Not only is unemployment heavily concentrated in the least affluent suburbs, it is concentrated in the families that can stand it least. In two parent families, where the husband is employed, the unemployment rate for non-dependent children, that is non-students aged 15 and over, is 8.8%. Where the husband is unemployed, the unemployment rate for non-dependent children soars to 22.4%. In single parent families the unemployment rate for children is 12.5%, in two parent families it is 9.4%. An ABS disability survey shows that approximately 13.2% of Australians are disabled and of these two-thirds, or  $1\frac{1}{4}$  million,

are handicapped. Chronic illness surveys shows that about 45% of the population experiences some chronic illness and that for every 1000 persons there are 803 reported chronic conditions, these of course vary with age and among the elderly there are something like 1800 chronic conditions per 1000 elderly people. While we are on the elderly it is interesting to note some of the demographic issues there. Today elderly people made up about 9.6% of the population and the population is ageing slowly but this does have dramatic consequences. By the year 2030 it will reach around 14% which is roughly the proportion that prevails in much of Europe today. However, life expectancy has increased dramatically this century from 47 to 70 for males and from 51 to 77 for females and this I would suggest is an achievement and not as some government spokespersons might suggest, a calamity. But when we think that each day 300 people turn 65 and each day 194 over the age of 65 die, we realise that our elderly population is growing by 106 per day, (or around 39,000 per year). This is a fair amount of infrastructure when we translate it into support services, institutional developments and income maintenance measures. Furthermore, when we look at income maintenance measures we see that the take up rate for pensions is around 80% and some little calculations show that to support our 106 elderly people, or at least 80% of them, we need 84 new tax payers per day, each earning and paying tax on average weekly earnings. But three-quarters of the population earns less than average weekly earnings and our tax base has shifted very

dramatically over the past decade. There has been a major shift towards wage and salary earners as bearers of the main tax burden. This has dramatic consequences for the amount of revenue that is likely to be raised and redistributed through the social security system. But there are other data that are important when we look at ageing as well. For example, it may seem trite to mention that most elderly males have a spouse and most elderly females do not have a spouse. This has ramifications for living arrangements and for care patterns. Furthermore when we look at questions of income we find that about half of the elderly are poor. About 5% earn average weekly earnings. About 83% earn less than half average weekly earnings. We also find that as we get into higher age groups the number of females per 100 increases from about 54 per 100 in the 65 to 69 age group to 71 per 100 in the 85+ age group. Aged females are poorer than aged males. And a distinct mantle of disadvantage envelops much of our elderly population.

There isn't time to go through a lot more of our population data but it will be fairly obvious that there are deep and divisive issues that cut across the well being of many population groups.

The 1980s will be a decade of declining economic growth, steady or declining public resources and increased demands on those resources. Uncertainty and exclusion will be the lot of many people in the 1980s - people who find they cannot get an income in the labour market; people whose education does not buy them a place in the job market; people whose skills have been undermined by technological change; people whose occupations have been rendered obsolete by structural adjustment; family heads who receive insufficient infrastructure support to maintain their families; women whose productive value is disregarded and who are confined to a state of dependence; people who have difficulty in achieving satisfaction in housing, services, or income, and young people who believe they have no worthwhile place in a competitive industrial society. These groups cover much of the population and will make claims for a share of Australia's welfare state in the 1980s. The conditions of Australia's vulnerable and poorest people - those persons with insufficient income, services and power by virtue of their disabilities, isolation, ethnicity and lack of life chances - will need humane attention.

It is likely that the 1980s will see a more unequal Australia, with greater wealth coming from exploitation of resources, but fewer people sharing this bonanza. Structural change, capital intensive industry, fewer opportunities, and difficulties in making ends meet will be the broad concomitants of exclusion in the 1980s, and a sensitive welfare society must strive to broaden the base of inclusion.

The modern welfare state is the residential beneficiary of the growth state. While there has been industrial growth and industrial development a surplus has been created and generated and it is this that has been used to fund welfare expenditure. What we have now is a clear and perceptible backlash which contains a number of strong sentiments - there is an anti-taxing sentiment, there is an anti-bureaucratic sentiment, there is an anti-public expenditure sentiment, and an anti-recipient sentiment. The argument that has been propagated by influential spokesmen is that people who are not in need are receiving some of our hard earned resources, and that welfare state policies create higher expectations and also greater dependency. It is argued that insatiable demands are being generated and that we have neither the skill nor the money to satisfy these. The solution is seen to be a cut in taxes to stimulate the productive sector and at the same time to diminish the so called non-productive sector. We are in a situation, they argue, of overload of system overload where we have over estimated our resources, our capacity and our planning and implementing skills while demands are escalated out of control. But whether the welfare state is able to respond to the demands that are generated one thing is very clear.

The arguments about present and future performance of the welfare state are arguments about claims on the system. About social, political and economic claims - and about the legitimacy of those claims. With a declining economic surplus and with greater competition for resources, with

high unemployment and high inflation, with technological change and uncertain work futures I would argue that we are in a claim crisis and not an overload crisis.

Each individual makes claims on a number of institutions. We make claims on government. We make claims on families. we make claims on employers (those who have employers) and we make claims on the community. We make claims to survive - to work - to consume - to receive emotional support - to re-distribute. The attack on the welfare state is a statement regarding the legitimacy of these claims. For example the failure to index unemployment benefit for the under 18s is a way of saying that young people do not have a legitimate claim on government for income support but rather they should make claims on their families. Cries of alarm about the increase in the cost of the supporting parent benefit is a statement about the legitimacy of the claims of single parents. It is suggested that the state should not bear the cost but rather the cost should be borne by the community (through non-government welfare agencies) or in the family. Cuts in child care funding are reflections of the legitimacy - the argument here being that young children should make claims on their parents and their parents in turn should make claims on their employers rather than on the state for child care. Examples of legitimacy issues could continue.

The problem seems to be that government does not seem to have been able to rank, in times of declining economic growth, the claims of the non-working poor, the working

poor, the working non-poor, or the non-working non-poor. The winners, surprise, surprise, seem to be the working non-poor and the reason for this is that Australian society is geared to respond to demands, which is what winners have rather than to needs which is what losers have.

Our potential workforce is declining slightly and our population is ageing slightly. The net effect is likely to be fewer taxpayers to pay more and higher pensions and benefits. This is offset by the fact that those in paid work are likely to be working in high productivity areas and so one could argue the tax base should remain fairly constant if not increase. But the argument of course is what will be the source of that tax base. It seems that the future of the welfare state is not an economic problem but rather a political problem. What we find is a situation where there is pressure on the economic system, where there is argument about whether the economic system has the capacity to meet legitimate claims made on it. But what we find is a redefinition of legitimacy and of surplus and what we find is that the political system is not capable of redefining the claims that are made. There is no doubt that welfare is a highly political activity, it is certainly big business and big politics.

## CONCLUSIONS

At the Social Welfare Research Centre we are trying to conduct our studies at three distinct levels. At the first level we want to understand characteristics of populations and we are doing that through profiles, demographic analysis, and survey work. At the second level we want to understand institutions with which the populations interact. The organisations' structures that effect their wellbeing and in some way determine the characteristics of our population groups. At the third level we want to understand the macro social, macro political, and macro economic issues that effect not only the structuring of institutions in our society, but also ultimately the characteristics of our population groups.

Changing economic, demographic and labour force patterns will necessarily mean a different family structure in Australia. It will mean less opportunity for a hassle free life, it will mean more family disruption through separation, divorce and death; it will mean exclusion from employment for some, a growing ageing population, a declining pool of potential care takers, greater suburban sprawl, and all of those things that make for diversity and inequality.

Richard Titmuss pointed out some time ago that social policy is basically about choices between conflicting political objectives and goals. Welfare in the 1980s will involve perennial disagreements about the permissible degree of income and resource inequality. Governments and community bodies must create and recreate an evolving social consensus

which will protect the weak. The search for a consensus which ensures the protection of the weak, the vulnerable, and the disadvantaged must begin with an understanding of Australian ~~society~~<sup>social</sup> structure and Australian political life. For these are the determinants of our welfare structures. This must be accompanied by an assessment of our economic capacity to support financially our welfare policies and institutions, and of our political willingness to seek and create a social consensus.