



Fundamental debates in social policy

■ Learning objectives

Engagement with this chapter will assist students to do the following:

- **IDENTIFY** competing positions on key conceptual principles underpinning welfare state provision
- **UNDERSTAND** and critique the ideological debates upon which contested concepts of welfare are based
- **SPECIFY** the difference between equality and equity and understand the role of that difference in relieving or exacerbating disadvantage
- **RECOGNISE** that government provision of resources and benefits is underpinned by political ideology and know how such provision can be implemented, adjusted or indeed stopped as governments change
- **LOCATE** the role of human services workers in implementing social policy and appreciate how this role has the potential to be either emancipatory or disempowering for the end users of services

SOCIAL POLICY IS both the academic study of the causes of social problems and social need, and policies and administrative arrangements undertaken with the intention of improving citizen wellbeing, especially the wellbeing of members of a society who are experiencing disadvantage. It is much broader than the government provision of social security and personal support to protect people from life course risks that may appear in childhood, sickness or old age. Such government spending on tangible welfare services is really just the tip of the social policy iceberg (Dean 2012). Instead, social policy is a more comprehensive part of the welfare state and includes occupational welfare and fiscal welfare, which we explain more fully in the next section. Briefly, in addition to income support and personal care, social policy is concerned with provisions and services that are believed to reduce inequality

and to contribute to the achievement of socially acceptable minimum standards, such as health care, housing, family policy, employment services and employment regulation (Fitzpatrick 2011a; Hudson, Kuhner & Lowe 2015). To address these wide-ranging social issues, it also deals with broadly economic matters that have everyday effects on most people's lives, such as industry policy and taxation policy. Social policy invariably involves the activities of a combination of government and non-government human services organisations and may include the actions of private organisations that impact on citizen wellbeing.

In considering how governments and the human services define *citizen wellbeing* and take steps to achieve it, however, we must consider contested definitions of *need* and options to address it as well as questions regarding the distribution of resources in society (such as income, education, health care and housing). Human need may be a result of individual physical or psychological health, life stage (youth or old age) or broader social or cultural factors – in particular, social processes like changing patterns of family formation and the operation of the labour market. These in turn may result from economic or social forces that create disadvantage and dependency in sections of the population. Social policy concerns methods of supporting people who are deemed to have a range of socially acceptable dependencies (such as ageing and child care) as well as those with less socially acceptable dependencies (such as unemployment). There are, though, variations over time and between governments as to which dependencies are seen to be acceptable and in how they respond to those experiencing disadvantage (for example, through the introduction of tighter eligibility criteria for a range of benefits), as we discuss throughout this book. To make sense of the debates that surround the subject requires familiarity with social science traditions and paradigms. These are not always consistent with each other, but that serves only to underscore the complexity of the enterprise we call *social policy*.

Before proceeding, it is worth reflecting on any assumptions we may have that governments or ruling regimes will necessarily be concerned about the wellbeing of their populations and act on those concerns. A social policy does not automatically lead to human services initiatives, and, conversely, we must remember that a decision *not* to act to alleviate some aspects of distress or disadvantage is still a policy decision. Governments may consider, for example, that wellbeing is inextricably linked to adherence to religious observance and that a ruling body's only duty to its people is to enforce that observance. In many countries, there is an understanding of promoting wellbeing that has specific connotations of alleviating extremes of disadvantage. But how this should be achieved is subject to ongoing disagreement between politicians,

advocates and service delivery professionals, and it is impossible to get unanimous agreement on any initiative. Indeed, those interpretations and disputes, and their implications for practitioners and end users of services, are the substance of this chapter.

Social policy is at the heart of the human services in Australia; therefore, effective human services practice, we believe, is underpinned by an understanding of social policy's impact in specific areas and by knowing why and how particular policies have been developed, administered and implemented (Dean 2012; Taylor-Gooby 2014). We are of the opinion that social policy studies should be self-critical rather than simply pragmatic, involving consideration of the appropriateness of both prevailing practices and alternative practices. Human services practitioners, as active participants in social policy formulation and implementation, need to grasp how theories concerning fundamental principles of social policy have implications for the state, for human services agencies and for the individuals who are the end users of services. Before we consider specific services and their development and implementation, therefore, we explore how they come about, by examining the major theories underpinning the principles of welfare support.

■ Welfare categories

It is important to note that welfare support cuts across many sectors of western societies and is not restricted to those aspects that probably immediately spring to mind, such as age pensions and the 'dole'. Rather, it encompasses things like health care and education systems, child care for working families and subsidised prices on medications. As such, welfare is a feature of most people's daily lives. In analysing the genesis of contemporary social policy in Australia, we see that it has been influenced in large part by classic works in UK welfare history, including those of William Beveridge (1879–1963), Thomas Humphrey Marshall (1893–1981) and Richard Morris Titmuss (1907–1973). Beveridge (1942), writing in the United Kingdom during World War II, was key to the formation of the postwar UK welfare state, due to his early advocacy for welfare support to address what he saw as the 'giant' social problems of 'want' (poverty), 'idleness' (unemployment), 'squalor' (poor housing), 'ignorance' (poor education) and 'disease' (poor health). His legacy continues to resonate in western democracies. Marshall (1950) added to broadening perspectives on social policy by arguing that the development of the UK welfare state represented the expansion of social rights in addition to previously won legal and political rights. This introduced the possibility of competing theories on the relationship between needs and rights. Titmuss (1951) claimed that state welfare support should be understood on the basis

of who receives what, along with when and how they receive it, regardless of the mechanisms for providing it. He identified three major categories of welfare:

welfare dependency.
 A state in which a person or household is reliant on government welfare benefits for their income for a prolonged period of time. The phrase is often used in a judgemental and pejorative sense.

social welfare This includes visible benefits (such as pensions and child allowances) as well as services in areas like education and health care. It can also include services delivered through non-government organisations in areas like housing and financial assistance. It closely resembles what many people would call *welfare state support*, although this is also often negatively perceived as being a ‘burden’ on the country’s finances and is frequently linked with **welfare dependency** and judgemental attitudes towards certain categories of beneficiaries.

fiscal welfare In this category, citizens receive fiscal welfare through the taxation system. It can include allowances for dependent children and spouses, for example. More significant, however, are the tax breaks that most often favour those who are already well off (such as negative gearing on investment properties and reduced tax on contributions to superannuation funds). Fiscal welfare therefore applies to most citizens, as does occupational welfare, and is often referred to as *middle-class welfare*.

occupational welfare This includes fringe benefits received through employment, including sick pay, training and, in some instances, expense accounts, company cars and health care. Previously in Australia, this type of welfare (or tax break) was widespread, although more lately many such provisions have been taxed through company fringe benefits tax. Access to occupational superannuation schemes has remained a significant benefit of some occupations.

Fiscal welfare and occupational welfare are not always included in the simplistic ‘them and us’ mentality that believes taxpayers provide for welfare dependents (such as unemployment and sole parent beneficiaries), despite statements by Australian members of parliament over time suggesting this to be the case. These include the comment by Joe Hockey, treasurer in Tony Abbott’s Liberal–National Coalition government, dividing Australians into ‘lifters and leaners’ in 2014 (P. Martin 2015) and that by Scott Morrison, treasurer in the Coalition government led by Malcolm Turnbull, dividing Australians into the ‘taxed and non-taxed’ in 2016 (Crowe 2016: 1). Only in the short term does money from ‘givers’ go to ‘recipients’. Over a lifetime, most people are both givers and recipients. We believe the analysis offered in this book can enable a study of the relative costs and benefits of Australian welfare that is more considered than the simple and divisive

slogans of politicians, and, more generally, we believe the analysis is critical for understanding the extent to which social policies shape and impact on people's lives and life chances.

POINT FOR REFLECTION

Which groups in Australian society are most likely to benefit from fiscal and occupational welfare? Why?

Selective or universal?

A major issue for any welfare system is the extent to which assistance should be selective or universal. While, in practice, most systems are a mix of both, there is value in distinguishing between the two principles in their abstract sense.

A regime that follows the **selective system** of welfare emphasises that services should be provided to those in society experiencing the most disadvantage in order to meet their most basic requirements for a minimum standard of living. Those who prefer the selective system highlight the following points in its favour: resources (which go only to those who need them) can be allocated effectively, members of society are encouraged to help themselves, and taxation is kept low and does not constitute a burden.

On the other hand, a regime that considers people to be entitled to welfare support on the basis of their citizenship – for example, providing free child care to all, irrespective of their income or labour force attachment – follows the **universal system** of welfare. Arguments made in favour of the universal system are that assistance can be provided in a non-stigmatised way; and if the system is funded by progressive taxation, people who do not need assistance should be able to pay back what they have received as well as contribute to the assistance of other community members.

The difference between the two systems is illustrated well by the following scenarios:

- 1 Paramedics wait in an ambulance parked at the bottom of a cliff to assist those who fall over the edge.
- 2 A fence is constructed at the top of the cliff to prevent people from falling over the edge.

The first scenario is analogous to a selective (residual) system, while the second describes a universal (institutional) system.

selective system. Policies and practices that provide or aim to provide social assistance to a select group of people deemed to be in greatest need, on the basis of an income or means test, and associated with arguments for a reduction in state expenditure on welfare.

universal system. Policies and practices that provide or aim to provide social assistance to everyone in society – or, at least, everyone within a broad category – without requiring an income or means test or fulfilment of a mutual obligation activity.

neoliberalism. An ideology that arose from criticism of the welfare state model of the 1970s and 1980s and is characterised by free markets, deregulation, privatisation of state-owned industries, small government, income tax cuts and reduction of welfare dependence. It is also called *economic rationalism* in Australia.

social justice. A policy approach that seeks to ensure all members of society, regardless of age, race, ethnicity, income, gender, disability or sexual orientation, have equitable access to all services and programs and are able to contribute to the economic, social, political and cultural life of society.

■ Equality and equity

In this book, we propose a social justice approach to human services work as an underpinning principle for analysis and practice, and we are generally critical of many recent conservative policy changes broadly labelled as *neoliberal* approaches to policy and welfare, as we believe the rest of the book will make clear. We come from a social democratic perspective that criticises the stinginess and punitive nature of the right-wing neoliberal (conservative) social policies that have increased over the past few decades. At the same time, other analyses criticise **neoliberalism** from perspectives that are complementary to our position but have different emphases, including Marxist, feminist and anti-racist analyses. We discuss these in following chapters, including in Chapter 2, in which we look at the implications for the value bases and practices of human services professionals, and Chapter 4, where we consider perspectives on policy development and implementation. Specific examples of different social policy initiatives and critiques from those various perspectives are given in the chapters that comprise Part 4 of the book. Despite some differences between these anti-conservative critiques, the notion of **social justice** forms a strong and critical underpinning of each of them in their analyses of Australian social policy and its relation to human services practice.

We do, however, acknowledge that although we may hope to see social policy as the primary tool for achieving social justice, much social policy is not based on this approach, either because it is intentionally conservative (such as governments refusing to increase the rate of unemployment benefits, which we discuss in Chapters 7 and 8) or because it is well intentioned but poorly designed, with negative unintended consequences (such as much Indigenous policy, which features in Chapter 12). Consequently, some social policy serves to exacerbate disadvantage and widen the gap between different socioeconomic and other groups.

Issues concerning distribution of wellbeing and reduction of inequality in a social policy context are often confused by the way the term *equality* is used in everyday language to describe a range of related but distinct issues. From the perspective of social policy, a society that aims to treat everyone in the same way, whatever their circumstances, follows a principle of **equality**. But if a society aims for a situation in which everyone has the chance of equality of outcome (for example, a good education) people from backgrounds with greater disadvantage may need extra assistance to compete with their more advantaged peers. This is the principle of **equity**,

equality. The principle of treating all people the same, regardless of their advantage or disadvantage.

equity. The principle of treating each person differently, in accordance with their advantage or disadvantage, with the aim of facilitating equality of outcome.

but it is not achieved in many areas of policy: tax incentives, for instance, can exacerbate inequity, because they offer no benefit to people who are poor and have no taxable income. The key issue, then, is the distinction between equality and equity. An additional qualification is made between **horizontal equity** (where people with the same income are treated equally with regard to taxes and benefits) and **vertical equity** (where people are treated differently with regard to taxes and benefits according to their circumstances).

Flagship Australian income support policies like the Age Pension and unemployment benefits have long promoted vertical equity, by being means tested, with the aim of alleviating poverty. Other services, including some family payments, have aimed to promote horizontal equity, giving assistance to all families with children, for example, on the basis that childrearing generates extra costs for all families at every income level. However, Australia's emphasis in family policy has shifted since the late 1990s, from horizontal to vertical equity, and selective payments to some families with low incomes have increased at the expense of general Family Allowance. This has been held, however, in tension with a neoliberal approach to distributive justice that has become more influential since the 1990s – namely, the belief that it is unjust to take earned income from an individual via taxation in order to distribute it to those in need (Connell, Fawcett & Meagher 2009; Sachweh 2016).

Such debates are clearly not simply matters of abstract philosophy, since they concern appropriate distribution of welfare support to entitled citizens, how welfare support should be arranged and funded, the role of the human services and who determines the answers to these questions (Fitzpatrick 2011a). The resulting system should be easy to understand, cheap to operate and hard to abuse, although governments rarely make their policies in the essentially technical manner assumed by theory. The decisions are political, bound by political institutions and made by politicians and senior bureaucrats, often in response to political pressures, although they are imbued with personal as well as party political values. To assess whether a worker will feel justified in delivering a service or resist because it is inequitable requires reflection on personal values (the worker's own and those of other policy actors) as well as social discussion on the essential nature of the goods and services provided and the implementation mechanisms of the policy initiatives and associated programs.

Most Australians do not dispute the logic of some degree of welfare support being available to a society's citizens in need. Yet, it is impossible to find unanimous support for any one welfare system. A nation's social policy, it seems, will always feel

horizontal equity. A principle used to judge fairness (often of taxes) which holds that taxpayers who have the same income should pay the same amount in taxes or receive the same benefits.

vertical equity. A principle important for redistributing income within society, which is used to judge fairness (often of taxes) and holds that taxpayers who are able to pay more taxes should contribute more than those who are less able to do so.

Human nature and the welfare state

The many competing perspectives on the scope of welfare support stem in part from a longstanding debate on the essence of human nature. Three main descriptions have been proposed by which that essence can be best understood:

- 1 guided by reason and warranting minimal restrictions on personal liberty
- 2 self-interested and needing to be held together by a social contract designed to protect everyone's freedom
- 3 not fixed, but a set of potential capabilities and a social product shaped by the nature of society (and the economy)

From these different perspectives flow competing notions of freedom and liberty, including a negative argument and a positive argument: on the one hand freedom from coercion and on the other freedom to participate in society. This is a starting point for many debates about the role of the state (Fitzpatrick 2011a; Garland 2016).

Between the 1980s and 2010s, economist and philosopher Amartya Sen and his colleague Martha Nussbaum progressively developed the argument that social evaluation and policy design should focus on what people are able to do and be (that is, what they are capable of), on the quality of people's lives and on the removal of obstacles from them, so that individuals have more freedom to develop and live in a manner that they find valuable. Sen and Nussbaum emphasised the real capability as opposed to formal opportunities to achieve valued outcomes, such as the ability to be healthy, to participate in society and to live to old age (Nussbaum & Sen 1993; Sen 2005).

This contrasts with philosophical approaches that concentrate on income, expenditure, consumption and basic needs fulfilment. Such measures do not effectively reflect how different amounts of support are required for different individuals to develop similar capabilities: a pregnant woman will need more resources to achieve a reasonable life than a non-pregnant woman or a single man; a child from an abusive home will need more resources than one from a supportive environment in order to compete on the same level in the education arena; a person with disability should be given enough resources to achieve a full and rewarding life – all examples of the principle of equity, outlined above. This approach inspired the establishment of the United Nations' Human Development Index, a popular measure of citizens' capabilities in health, education and income, and the subsequent Gender Development Index, the latter created because of a concern that some income and output measures did not record how women's unpaid work in childrearing contributed to society (United Nations Development Programme 1990, 2011).

Sen (2005) believed that people are not naturally self-interested or competitive but will become so if they live in a society in which these characteristics are necessary for survival, in an environment of limited or rationed resources. This has implications for welfare support, because, Sen claimed, the state has a responsibility to ensure that people can develop capacities rather than simply to rescue those who cannot manage under their own steam.

unfair to someone. For example, some of the resources administered by governments in Australia are not intended to be targeted at the poor alone but to enhance the wellbeing of all citizens. A difficulty arises where there is evidence of so-called middle-class welfare, whereby people who are already better off than many receive the best deal from social policy provisions. This may be because they make more use of preventative health care services, they use child care rebates and subsidies more, their children stay in education for longer or as motorists they benefit from taxes being used to build and maintain roads. This throws into question for many whether social policy is achieving fair and equitable outcomes and points to the importance of policymakers and students considering intended and unintended consequences of any particular social policy.

■ Contested concepts of welfare

At the heart of debates about the relative merits of social policy regimes and welfare systems are contested concepts – different beliefs about how life course risks (such as unemployment, parenthood and disability) are generated, who is responsible for citizens' wellbeing, which citizens are eligible for welfare support, how a society might reduce inequality and the mechanisms of resource distribution. Good human services practice presumes that workers can take a clear position on each contested concept to justify their professional actions, so it is important for practitioners to know where the major debates focus and the different theories held concerning them. In the coming pages we will consider five central debates:

risk What are the main causes of typical life course risks experienced by citizens? Are risks primarily extrinsic or intrinsic?

responsibility Does responsibility for ensuring citizens' wellbeing, in the face of social risks, lie with private individuals or the state, or both?

entitlement Which entitlements should be provided by the state or its agents?

eligibility What are the eligibility criteria necessary for citizens to access entitlements?

redistribution How is the redistribution of goods and services organised?

Risk: how should it be managed?

The welfare state, at its core, has been primarily concerned with the management of social risks (a combination of life course and labour market risks). The rest of this chapter, and indeed the rest of the book, outlines technical discussions about how welfare agencies must deal with contested concepts like eligibility for assistance and what assistance people are entitled to as they assess citizens' risk in

a competitive, capitalist economy and provide assistance to ameliorate it. Perhaps more fundamentally, however, at the same time as the technical discussions, broader debates about risk often involve a moral, or value, judgement about an individual's personal responsibility for being in need (Ervik & Kildal 2015; Webb 2006).

Thus, in welfare debates, the concept of risk is used in two diametrically opposed ways: first, concerning extrinsic (social) risks to citizens and, second, concerning intrinsic (personal) risks to individuals. Supporters of a comprehensive welfare state argue that citizens are at risk of disadvantage and 'diswelfare' (Titmuss 1951, 1968) generated by a capitalist economy if welfare provisions are not available to minimise such risks (Gamble 2016; Piketty 2015). Conversely, political conservatives argue that easy access to welfare can put citizens at risk of becoming welfare dependent,

and this will prevent individuals from accepting responsibility for taking care of themselves. They claim that a risk, or **moral hazard**, is created if people rely too much on government assistance or public provision (Mead 1986; Murray 1984, 2012). This position holds that welfare provision creates problems both for individuals by creating dependency and for society by reducing the imperative to look after oneself and one's family, which in turn undermines a key driver of a market economy.

moral hazard. The possibility, created by government services and benefits, of encouraging recipients to become dependent on a service or benefit rather than take responsibility for their individual wellbeing.

The tension between these two usages of the concept of risk has existed for as long as the notion of welfare assistance has been debated (Ervik & Kildal 2015; Sachweh 2016). Before the postwar welfare state, the intrinsic (personal) usage was evident, and punitive individualism and moral judgements were dominant, as in the Elizabethan Poor Laws, which mandated services for those suffering social risks of the Industrial Revolution, in the 19th century. As we discuss in Chapter 2, these attitudes influenced the early provision of human services in Australia as well as in the United Kingdom and the United States (Dickey 1980; Garland 2016).

The extrinsic (social) usage came to dominance when traditional welfare states were developed, after World War II (the postwar social settlement), in order to protect predominantly male breadwinners from the old social (labour market) risks of the standard industrial life course – for example, loss of income due to old age, sickness, accident and unemployment – which made them vulnerable in the prevailing political and economic systems (Castles 1985; Ervik & Kildal 2015). New, different social risks developed in the mid-1970s from changes in the labour market and shifts in the balance of work and family life that reduced the importance of the male-breadwinner family (Gamble 2016; Taylor-Gooby 2014). The social risk argument is that members of a modern industrial society are exposed to new risks such as crime and pollution