Policies to combat poverty and social exclusion:
Does the south have anything to offer the north?

Abstract
The death of two young men involved in a high speed police pursuit which sparked four nights of “rioting” in Macquarie Fields in Sydney’s south-west, raises questions about the adequacy of current policies and programs designed to deal with the complex, multi-faceted problems generated in areas of social disadvantage. Critics of social welfare policies in Australia and in other OECD countries argue that more attention needs to be paid to rising levels of inequality and to the structural causes of poverty and social exclusion: that there needs to be greater recognition of the capabilities of the poor and, in particular, poor people’s own sense of problems and solutions, as well as a commitment to empowerment outcomes. This paper argues that development thinking on poverty (as exemplified in the 2000/2001 World Development Report) has the potential to overcome the problems identified in current Australian and EU approaches to poverty and social exclusion.

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INTRODUCTION

In policy-making terms, poverty research in Australia is facing a crisis of relevance. The Commonwealth government does not like talking about poverty and debates about poverty frequently remain mired in claims and counter-claims about what is the “actual” level of poverty in Australia. At the same time, events in the Sydney suburb of Macquarie Fields earlier this year raise questions about the adequacy of current policies and programs designed to deal with the complex, multi-faceted problems generated in areas of social disadvantage. But what about the related concept of social exclusion? Does it offer a way forward? Since 1974 when the French Secretary of State for Social Action referred to those not covered by the French social insurance system as “les exclus”, use of the term has spread relatively rapidly throughout Europe, in part because the concept gives policy-makers the opportunity to develop anti-poverty policies in a political climate where use of “the p-word” is unacceptable.

The concept of social exclusion has not attained the same level of prominence in Australia as in Europe where all EU members are required to formulate National Action Plans on Social Inclusion. Nevertheless, the concept has permeated government thinking about welfare reform, with policy solutions in Australia, as in Europe, centred on the idea that social exclusion can be prevented by integration into paid employment. For example, a discussion paper put out by the Commonwealth Government on a new working-age income support system identified self-reliance and social inclusion as the two key objectives of Australia’s needs-based social support system, with paid work being the primary mechanism through which both objectives were to be achieved.

The Government believes that paid work enhances both self-reliance and social inclusion and that policies to enable paid work benefit the whole community…[Consequently] people who can work, whether full-time or part-time, are expected and assisted to do so. People who are not yet job ready are expected and assisted to improve their chances of getting paid work over the longer term (Commonwealth of Australia,2002:verso&9).

There is general agreement amongst poverty researchers that the concept of social exclusion is useful because it focuses attention on “the social and economic processes and institutions and agents that create exclusion” (Jones & Smyth,1999:16). This emphasis on process helps academics and policy-makers better understand the causes and consequences of exclusion and deprivation (Gore,1995:8; de Haan &

On the other hand, critics of the concept argue that social exclusion presents an image of society made up of an included majority and a number of (potentially overlapping) excluded minorities. Attention is drawn away from inequalities between the included (for example, inequalities resulting from gender or age) and the implied solutions to the problem of social exclusion are minimalist; that is, a change in the circumstances of the excluded individuals, rather than changing existing structural inequalities which affect both included and excluded (Levitas, 1998:7). For example, while Australian women currently experience expanded educational and employment opportunities compared to those available to their grandmothers and great-grandmothers, they continue to be responsible for most of the unpaid caring work and domestic labour which, in a labour market that still operates on the assumption that full-time employees do not have significant caring or domestic responsibilities, makes it difficult for women to access career type jobs or higher level positions (Howe & Howe, 2005:6). As Beck (cited in Howe & Howe, 2005:6) observed, “[t]he equalization of men and women cannot be created in institutional structures that presuppose their inequality.”

Critics of this “weak version” of social exclusion propose an alternative “strong version” which takes account of existing unequal power relations by acknowledging the way in which disadvantage is distributed throughout society and the effect of government-funded social welfare programs on the whole community (Martin, 2004:89).

Furthermore, in reaction to what Levitas (1998) has labeled the moral underclass discourse1, advocates of the strong version of social exclusion argue that it is important to view individuals as capable actors who interact with their social environment and make choices about what is best for them at particular points in time (Martin, 2004:80). This way of thinking about “the poor” is much closer to the way in

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1 The moral underclass discourse categorizes those who are excluded from society and dependent on welfare as morally weak and liable to various forms of anti-social behaviour (Levitas, 1998:20).
which the poor or excluded see themselves. For example, a study of perceptions of risk among disadvantaged citizens in the north-west of England found that individuals were well aware of the health risks they faced in their daily lives. They were aware of the ways in which their own behaviour (such as smoking) could play a part in generating poor health outcomes, but pointed to endemic socio-economic factors (such as poor housing or industrial pollution) as having the primary influence on health outcomes. Living lives in which health risks were widespread and consistent, individual actions, such as stopping smoking, were deemed pointless (Williams & Popay, 1999:176-177). Capability also involves making choices which enable those making the decision to retain some level of control over their life. For example, poor families in Mali often choose to retain saleable assets such as jewelry or a bicycle and go hungry during the pre-harvest season because they want to retain a diversity of investments and maintain their position in the community as further insurance against a major crisis (Narayan et al., 2000:52).

However recognition of the capabilities of the poor is not widespread in past or current poverty research and policy-making (Williams, 1999:31).

Descriptions of poverty in Australia too often lack engagement with poor people’s own sense of problems and solutions, and tend to see those living in hardship as people who need to be taught, rather than people from whom much can be learned (Murphy & Peel, 2004:9).

The views and perceptions of the poor and excluded do not always coincide with those of “professional experts”, particularly on issues relating to needs and how they are to be met (Williams & Popay, 1999:159). For example, one of the women interviewed in a study of service providers and clients in the Manchester region of the UK, articulated how her understanding of the health visitor’s responsibilities differed from the health visitor’s understanding of her responsibilities to her client.

Jackie wanted her baby weighed regularly, even if this meant waking him up. She expected the health visitor to come when the health visitor said she would. She would have liked to have been able to contact her when needed. Most fundamentally, though, she wanted the health visitor to listen to her definition of the kind of care needed by her son (Edwards, Oakley & Popay, 1999:146 – emphasis in original).

Recognizing the capabilities of the poor is important, but it is only a first step. Poor people identify a feeling of powerlessness, of having no control over their life as part of what it means to be poor. Governments therefore have a responsibility to help the poor regain control over their lives just as they have a responsibility to assist the poor overcome a lack of material resources. While providers of social welfare services...
recognize the need for empowerment (see King, 2003:6), it is not a term that features prominently in the discourse of politicians and policy-makers in western industrialized nations.

While social exclusion was replacing poverty in the discourse of European policy-makers and politicians, in the development field, poverty was gaining centre stage, culminating in the 2000/2001 World Development Report which has been described as a summary of the international consensus on how to reduce poverty (Maxwell, 2003:5). The existence of this, largely separate, body of literature raises the question of whether development thinking on poverty has anything to offer social policy-makers and poverty researchers in the west?

DEVELOPMENT THINKING ON POVERTY
Development thinking on poverty has been heavily influenced by the work of Amartya Sen, in particular Sen’s view of poverty as capability deprivation in which lack of income is a major reason, but not the only reason, an individual is denied basic capabilities (Sen, 1999:87). Thus, the World Bank (2000:15) defines poverty in terms of material deprivation, low achievements in education and health, vulnerability and exposure to risk as well as voicelessness and powerlessness, because all these forms of deprivation restrict an individual’s capability to enjoy the kind of life he or she values. There is considerable overlap between the World Bank’s view of poverty and western conceptions of social exclusion. Many of the elements of the Bank’s definition of poverty (for example, material deprivation, low achievements in education and health, vulnerability and exposure to risk) can be found in various EU National Action Plans on Social Inclusion. But when you compare policies and strategies to reduce poverty and social exclusion, there are some obvious differences.

EU National Action Plans tend to focus on exclusion from the labour market as the primary cause of social exclusion. For example in Denmark, strategies to combat social exclusion emphasize employment and active labour market policies with those in receipt of social security cash transfers obliged (after a certain period of time) to take up work or participate in activation programs (Atkinson et.al, 2002:47). Austria’s plan lists a variety of measures designed to promote access to employment and
improve employability and in the Netherlands and Portugal priority is given to increasing the number of people in employment (Atkinson et al., 2002:59-62).

French policies to prevent and combat social exclusion are couched in terms of a guaranted access to fundamental rights (as well as preventing exclusion, coping with social emergencies and working together more effectively against exclusion), and one of these fundamental rights is access to employment (Atkinson et al., 2002:52). Furthermore, the French revenue minimum d’insertion (minimum income of integration – RMI) combines an income allowance with an “insertion contract” under which the recipient promises to do certain things, such as participate in a training program, which will facilitate their economic integration (Gore, 1995:33-34). While the UK plan is based on a life-cycle approach with interventions structured around different stages in the life-cycle, at times, government rhetoric equates the prevention of social exclusion with participation in paid work, with specific policy initiatives such as the national minimum wage and the introduction of the Working Families Tax Credit, re-enforcing this approach (Hills, 2002:241).

Redistribution and inequality

The World Bank’s focus is on building the assets of the poor, a broader strategy than merely facilitating access to the labour market. Adopting this approach leads to an emphasis on redistribution not found in Australian or European policies and programs. For example, the World Bank argues that building up the assets of the poor is best done by using the power of the state to redistribute resources; that is, by spending more money on the provision of public infrastructure such as roads, schools, health clinics and water supply schemes (World Bank, 2000:79&82). In addition, there is a recognition that inequality matters, a belief not necessarily shared by governments of western industrialized nations. For example, in response to the 2004 Senate Committee on Community Affairs’ report on poverty, the Australian Prime Minister, acknowledged that the rich have got richer, but went on to remark that inequality was nothing to worry about as long as the income levels of those at the bottom of end of the distribution do not decline (Murphy & Peel, 2004:1).

Calls for redistributive policies are not new and often fall on deaf ears, particularly if the ideology underlying such calls is seen as antagonistic to the dominant political
discourse. The benefit of the World Bank’s explicit focus on inequality and redistribution lies in the justification given for this approach. Rather than arguing that lower inequality is intrinsically good, (a proposition many outside government would agree with, but one which governments find easy to ignore), the World Development Report puts forward instrumental reasons. That is, the extent to which a given level of economic growth will reduce poverty will be greater if inequality is low because the poor will have access to a greater proportion of available resources, and, a more cogent argument for developed countries, high levels of inequality have a negative impact on growth (Maxwell, 2001a:333). Furthermore, the World Bank argues that redistribution can be achieved without undermining incentives or sacrificing efficiency for equity (Maxwell, 2001a:335), an argument which appeals to the dominant neo-liberal framework. Satisfying as it is to argue for redistributive policies on philosophical or moral grounds, there doesn’t have to be agreement on the reasons why a particular policy is important for the policy to achieve desired outcomes.

Structural causes of poverty and social exclusion

As noted earlier, one of the criticisms of EU social policies and programs is the fact that they do not place sufficient emphasis on the structural causes of poverty and social exclusion. Recognition of the structural causes of poverty is evident in the World Development Report 2000/2001: *Attacking Poverty*, which acknowledges the potentially negative impacts of existing structural inequalities. The report notes that discrimination or exclusion on the basis of gender, ethnicity, social or health status can be perpetuated by existing local power structures (World Bank, 2000:88). National and international structures can also exclude particular sections of society. For example, poor people may find it difficult to access their legal system and may be excluded from scientific advances in health, agriculture and technology (World Bank, 2000:103-104&40). While the Bank does not resile from the belief that reliance on market forces is necessary for poverty reduction (World Bank, 2000:63), the Bank is equally adamant about the negative externalities associated with market reforms and the obligation to protect those excluded from the benefits generated by market reforms (Maxwell, 2003:9).

The need for greater recognition of structural causes of poverty and social exclusion is clearly illustrated by Alston’s (2004) study of eight local government areas in central
NSW. Inland rural towns in Australia have been in decline for many years, driven by changing agricultural practices and the loss of private and public sector jobs. To date, policy responses have emphasized market-based solutions and calls for local communities to help themselves. Alston argues that inland rural towns will continue to decline unless equal weight is given to strengthening human, institutional and social capital in rural communities (Alston, 2004:200).

Rural communities cannot provide the macro-level infrastructure such as efficient transport and communications that will allow them to have development options and they cannot create greater access to education and training, health and welfare services without supportive policies (Alston, 2004:311).

Clearly, building up the assets of marginalized communities through more equitable provision of public infrastructure is not just an issue for developing countries.

Addressing structural causes of poverty and social exclusion is also a means of building more resilient and self-reliant communities. For example, Healy et. al’s study of local neighbourhood networks in metropolitan and rural areas in NSW found that the capacity of local networks to respond to calls for help was limited by the relative wealth of the community. For example, those living in rural communities were more reliant on local networks of families and friends if they needed to borrow $500 urgently than those living in metropolitan areas, but incomes in rural communities were significantly lower than those in metropolitan areas, thus limiting the capacity of local networks to assist members (Healy, 2003:38).

**The poor as capable actors**

A further difference between European policies and programs to combat poverty and social exclusion and the World Bank’s poverty reduction strategies lies in acknowledging the poor as capable actors. Acknowledging the expertise of the poor is often difficult for professionals, including policy experts, because it involves a surrender of the power to define problems and solutions (Murphy & Peel, 2004:13). While individual examples of local practices which acknowledge individual or community definitions and priorities can be found, policy debate in Australia is “dominated by instrumental and centralized information constructed and controlled by functional and managerial experts” (Adams, 2004:29). Social policy-making in Australia lacks any systematic tool for incorporating “the voices of the poor” into planning and implementation processes.
In the development field the participatory poverty assessment (PPA) process was developed as an operational method of including poor people’s views in the analysis and formulation of anti-poverty policies. The PPA process is essentially a research exercise linked to policy-making processes. There is no single method for producing a PPA, but the PPA process often includes field research in poor communities, policy analysis using inputs from PPAs, as well as the creation of new networks and relationships within processes of policy formulation and poverty assessment (Norton et.al.,2001:8-9). Those undertaking this type of research need to be aware of differences, including differences in power, among socially disadvantaged communities, and simply carrying out this type of research does not automatically guarantee that policy-makers will surrender power over decision-making processes, but PPAs do provide a means of “changing assumptions about the nature and form of legitimate information, analysis and participation in policy formulation” if they become an integral part of the policy-making process (Norton et.al.,2001:23).

The emphasis on participatory research within the PPA process may also provide a means of refocusing social research away from its current reliance on quantitative methods and its one-dimensional view of human agency where individuals and their needs are viewed passively within specific categories (jobless, disabled, children at risk, the aged) constructed by researchers or service providers (Williams, Popay & Oakley,1999:9). Research which focuses on the problems of the poor (low income, insecure housing or poor health) blocks out the extent to which the poor or excluded are able to develop and maintain distinctive support networks (Morris & Irwin, cited in Bowring,2000:171). Williams and Popay (1999:179) therefore argue that what is needed is a research framework which brings together poor people’s understanding and accounting of their own experiences, a recognition of their capacity to act, individually and collectively, as well as an understanding of the individual’s position in relation to existing power structures.

Research conducted along the lines outlined above would need to be aware of the social relations of power and inequality inherent in, and reinforced by, existing patterns of welfare provision, as well as the way in which formal support mechanisms impact on the poor and excluded and interact with informal social supports.
Recognition of the capacity of the poor to act collectively and individually is most evident in the World Bank’s treatment of risk. Reducing the vulnerability of the poor to natural disasters, health, social, economic, political and environmental risks involves a combination of formal and informal mechanisms to reduce the probability of an adverse event occurring (risk reduction strategies), reduce the impact of adverse events when they occur (risk mitigation strategies), and help individuals cope when adverse events do occur (World Bank, 2000: 141). The Bank notes that formal and informal mechanisms are interconnected as the type and availability of formal support mechanisms will affect the type of informal support mechanisms used as well as the extent to which they are used (World Bank, 2000: 140).

Advocating even a partial reliance on informal support mechanisms can be seen as governments simply avoiding their responsibilities towards the poor and excluded by expecting the poor to “help themselves”. This view would be justified if risk reduction, mitigation and coping was left entirely, or largely, to the poor. Clearly a balance between formal and informal support mechanisms are needed and, at the very least, formal supports should not make it more difficult for individuals to utilize informal social supports. For example, there are a growing number of grandparents in Australia who are full-time carers of their grandchildren, but not all of these grandparents are able to access the same level of formal supports which would be available to the child’s parents. Benefits are means-tested and life savings can lead to exclusion from Legal Aid, Centrelink benefits or a Health Care Card (Nevile, 2001: 45).

The development of the post-war welfare state was in response to the risks facing the populations of western industrialized countries. Using the Bank’s terminology, welfare programs have tended to focus on risk mitigation strategies (for example, pensions, mandated insurance schemes) and risk coping strategies such as social assistance, workfare or cash transfers. The lower priority accorded risk reduction strategies is reflected in the difficulties many social welfare agencies experience in securing on-going funding for preventive programs that reduce the likelihood of adverse events later in life. Therefore, the Bank’s approach to risk offers potential benefits to researchers and social policy-makers in the west. It does not treat the poor
as passive victims and highlights the need for risk reduction strategies alongside risk mitigation and risk coping strategies.

**Partnerships, participation and empowerment**

As noted earlier, acknowledging the poor as capable actors is only the first step. Governments also have a responsibility to help the poor regain control over their own lives. Empowerment is a concept which is an integral part of development discourse. Almost every development agency talks about decentralization, empowerment and participation (Kilby, 2004:208). The World Bank (2000:128) talks about the importance of linking social capital (that is, the vertical ties between the poor and those in positions of influence in formal organizations) so that the poor are not excluded from the decision-making processes that affect their lives. Explicitly linking participatory practices and partnerships between different levels of government and between the government and non-government sectors to empowerment goals is important because it expands the focus of attention beyond the immediate, local environment in which the poor and excluded live.

Local level partnerships are also being promoted as an important strategy for overcoming social exclusion in many EU countries. Evaluations of such initiatives point to the need for participation by the poor and excluded, by those who provide services at the local level, by those involved in policy-making outside the local area and by key economic actors, both within and outside the local community (Geddes, 2000; Healey et al., 2004). However, building these sort of complex networks requires an on-going commitment over a considerable period of time (Atkinson, 2000:1050), a task which is often impossible within the results-driven framework within which most social welfare and development projects operate. With its emphasis on targets, indicators and milestones, new public management practices makes empowerment goals difficult (if not impossible) to achieve. For example, Alcock's (2004) study of Health Action Zone partnerships in Britain found that long-term goals of reversing social exclusion and restructuring public service provision were compromised by the time consuming nature of reporting requirements, the tension between bottom-up priorities and wider health policies, the inappropriateness of numerical targets for programs aiming at social change, and the privileging of outputs and outcomes over process, combined with the short-term nature of activities
and funding. Alcock (2004:222) noted that politicians may understand that combating social exclusion takes many years, but this intellectual understanding is overridden by the need for quick results to ensure continued electoral support. This pressure is passed down to those implementing partnership activities.

The output orientation and quantitative targeting of area-based action is thus inextricably intertwined with the modern concerns for the accountability and performance management of public services and the political context within which programmes for social change have been developed (Alcock, 2004:22).

Similar tensions exist in the development arena where “managerial approaches center control (and power) with the donor, the source of resources, while empowerment endeavours to do the opposite” (Kilby, 2004:208). For example, reflecting on 10 years experience with a rural development project in western India which sought to incorporate participatory principles, Mosse (2004:655) notes that program delivery was considered too important to be left to participatory (farmer-managed) processes and staff who tried to be participatory were seen as not achieving enough. Such tensions could be overcome through approaches which focus on process rather than outcomes and which aim for progressive, gradual change in people’s lives rather than achieving externally imposed targets (Kilby, 2004:221; Alcock, 2004:224).

In reviewing the World Development Report, *Attacking Poverty*, Maxwell (2001b:149) argues that the Report’s key ideas should become a benchmark against which development programs are assessed. The key to the Bank’s approach to empowerment is making state institutions responsive to poor people. Responsiveness requires “proper performance incentives and mechanisms to ensure accountability and responsiveness to clients, including poor people” (World Bank, 2000:99-100). Clearly proper performance incentives and mechanisms have yet to be developed and applied, but, taken seriously, this principle has the potential to change the current results-driven managerialist framework to one which facilitates achievement of empowerment goals. For example, Kilby’s (2004) study of 15 Indian NGOs with a commitment to empowerment objectives, identified downward accountability (accountability to program beneficiaries) as a key factor in successful empowerment programs. The three NGOs that were most successful in meeting empowerment objectives all saw their commitment to a particular community as lasting at least 10 years. Furthermore, funding sources were long-term and stable which meant that program objectives, activities and outcomes were not driven by donor agendas. The
NGOs were able to decide how empowerment objectives would be achieved and how resources should be allocated (Kilby, 2004:219). In the most successful program, project beneficiaries were actively involved in identifying program priorities and designing program activities (Kilby, 2004:215).

CONCLUSION

Social policy and development studies share a number of common concerns, not least of which is an interest in what government should do in response to the unacceptable state of affairs we label poverty or social exclusion. Existing social welfare policies and programs in Australia and other OECD countries have been criticized on the grounds that they do not pay sufficient attention to rising levels of inequality and to the structural causes of poverty and social exclusion; they do not recognize the capabilities of the poor and there is no commitment to empowerment outcomes. This paper argues that development thinking on poverty and offers a way forward for Australian and European social policy-makers: a way forward, but not a magic bullet. As noted in the discussion on empowerment, there is still a long way to go, which raises the question, what does all this mean in practical terms? So far we have only been engaging with policies and strategies at the level of rhetoric. At one level rhetoric is important because change is unlikely if an issue is not even acknowledged or discussed, but as the World Bank’s many critics point out, all too often rhetoric is not translated into action. In true academic fashion this paper finishes with a forecast of future research plans. This paper is only the first step of a larger research project where through a series of country case studies the ideas discussed in this paper will be linked to ideas about how governments should be structured; that is, to European ideas about networks and Anglo ideas about joined up government or whole of government approaches.

References


