The social exclusion discourse and welfare reform

Abstract
Since the McClure report on welfare reform in 2000, the discourse of social inclusion/exclusion has been used as a justification for welfare reform in Australia. The Rudd Labor Government espouses social inclusion as a focus of policy and has established the Social Inclusion Unit and the Australian Social Inclusion Board to develop and implement policies and strategies to achieve social inclusion.

Social inclusion requires that people have sufficient financial and other resources to participate in economic, social, cultural and political life. Against the backdrop of persistently high rates of labour underutilisation that have excluded large numbers of Australians from adequate access to paid work, this paper uses the conceptual framework of social exclusion developed by Levitas (2005) to investigate how the reality of welfare reform has conformed to the ideal of facilitating social inclusion. Welfare reforms are examined against the three discourses of social exclusion: the redistributionist discourse (RED), the moral underclass discourse (MUD) and the social integrationist discourse (SID). The paper concludes that the dominant discourses guiding welfare reform policies in Australia are MUD and SID that are compatible with neo-liberal policies and ignore structural issues.

1. Introduction
In recent years the discourse of social exclusion has been used as a justification for welfare reform in Australia. The McClure Report identified the goal of welfare reform as minimising social and economic exclusion through reducing the incidence of jobless households and reliance on income support, and building stronger communities (Reference Group on Welfare Reform, 2000: 62). The Rudd Labor Government espouses social inclusion as a focus of policy and has established the Social Inclusion Unit to develop and implement policies and strategies to achieve social inclusion with a major focus on homelessness, employment of people with disabilities and closing the gap for Indigenous Australians.

This paper considers recent welfare reforms in Australia within the discourse of social exclusion. In order to consider the objectives and impact of recent welfare reform it is necessary to place these events in an historical setting. Section 2 contrasts the full employment welfare state regime with the more recent “full employability framework” that emerged from the 1970s. The following two sections define social exclusion and the essential features of the three discourses of social exclusion identified by Levitas (2005); the redistributionist discourse (RED), the moral underclass discourse (MUD), and the social integrationist discourse (SID). The remainder of the paper examines welfare reform initiatives to identify links with the discourse of social exclusion and the tensions that exist between the various discourses in relation to policy prescriptions. The paper concludes that MUD and SID have dominated, justifying progressively increase participation requirements and extend them to groups who were previously recognised as legitimately residing outside the labour force. The dominance of these discourses has effectively prevented consideration...
of the adequacy of income for those excluded from or not capable of participating in paid work.

2. Transformation of the welfare state

The post-war Keynesian welfare state constituted government acceptance of responsibility for provision of a socially determined level of welfare as a right of citizenship. The welfare state rested on three pillars: the economic, redistributive and collective rights (Cook, 2006). The economic pillar modified market outcomes through the commitment to full employment, combined with regulations for wage bargaining and employment conditions. In the redistributive sphere the formal aspects of the welfare state further affected command over resources through provision of income support and provided access to a range of services such as education, health, housing and community services. Finally, collective rights were integral to the welfare state since these entitlements were provided as a right of citizenship.

Mitchell and Muysken (2008) elaborate a transformed version of the welfare state which they term the “full employability framework”. In this model the economic pillar entrenches the primacy of the market through the imposition of restrictive macroeconomic policies, combined with abandonment of full employment in favour of “employability”, and deregulation of the labour market. Rather than ameliorating market outcomes, the redistributive pillar reinforces them by imposing conditionality on receipt of income support and reducing service provision. The collective pillar has been transformed into an individuality pillar that shifts responsibility to individuals and restricts access to services.

This transformation of the welfare state impacts adversely on social inclusion. Paid employment is the primary source of financial support for the majority of the working age population and is frequently accompanied by a range of psychic benefits associated with job satisfaction, enhancing self-esteem and social standing. Persistently high rates of labour underutilisation over the past few decades has effectively excluded (wholly or partly) sections of the population from access to production and the resultant income poverty has reduced consumption. The withdrawal of the state from provision of some services, privatisation or means-testing has further reduced access to basic services for sections of the population.

3. What is social exclusion?

Social exclusion is widely recognised as a dynamic process whereby people lack access to the normal activities of the society in which they live, including participation in economic, social, cultural and political activities. Levitas et al. (2007: 25) summarises:

Social exclusion is a complex and multi-dimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in a society, whether in economic, social, cultural or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole.

Richardson and Le Grand (2002) divide the economic sphere into consumption and production indicating that social inclusion requires the ability to participate in production and to have sufficient income to facilitate full participation in society. Phillipson et al. (2004: 164) outline four dimensions of social exclusion: impoverishment; non-participation in the labour market; lack of access to basic services; and exclusion from a range of social relations, incorporating social isolation, lack of support in times of need and lack of civic engagement. The multi-level causes of social exclusion are highlighted by Percy-Smith (2000) who attributes social exclusion to globalisation, national, regional, and local factors.
How social exclusion is defined is important for the development of policies aimed at reducing social exclusion or achieving social inclusion. Levitas (2005: 7) points out that the dichotomy implied in the term itself, between the included and the excluded, is problematic because it places the poor and disadvantaged outside society so that:

Exclusion appears as an essentially peripheral problem, existing at the boundary of society, rather than a feature of a society which characteristically delivers massive inequalities across the board and chronic deprivation for a large minority.

The implication is that policies should focus on the transition from being excluded, to included, rather than addressing inequality or poverty through intervention in market outcomes. Ridge (2002: 6) comments ‘Current political rhetoric and policy is directed towards a notion of social exclusion that is primarily concerned with exclusion from the labour market.’ Thus, inclusion in production is paramount, while the conditions under which participation occurs and the ability to participate in consumption are largely ignored.

4. The three discourses of social exclusion

Various typologies of social exclusion have been developed. Levitas (2005) bases her analysis of the policies of the Blair Labour government in the UK on three discourses or “ideal types” of social exclusion which are all concerned with paid work as a major contributor to social inclusion (see Table 1).

The redistributive discourse (RED) is closely associated with traditional social democratic values and policies. It recognises poverty and inequality as the major impediments of social inclusion. The policy implications include the necessity to provide adequate levels of income to those unable to work due to disability, caring responsibilities or age. Moreover, RED also addresses social, cultural and political participation as well as economic participation.

The moral underclass discourse (MUD) attributes social exclusion to the moral or behavioural deficiencies of the excluded. This viewpoint ignores structural factors in order to blame the excluded. The major policy implication is that the existence of welfare state benefits has caused a deviant behavioural response of choosing a life of dependency rather than the independence that paid employment provides. Since work is seen as necessary as a form of social discipline the major policy implication is income support should be kept at low levels to deter people from choosing dependency.

The social integrationist discourse (SID) narrows the definition of social inclusion to participation in paid work. As with MUD it ignores structural issues and eschews increasing benefits to raise people out of poverty. The dichotomy of this approach that defines included (excluded) as in paid work (not in paid work) prevents consideration of inequality within the “included” group. Thus there is no need for policies to address wages and working conditions or to inequalities between classes, genders or ethnic groups. While RED has the potential to valorise unpaid work this is not the case for MUD or SID where non participation in the paid workforce is not viewed as legitimate.
Table 1: The three discourses of Social Exclusion

<table>
<thead>
<tr>
<th>Redistributionist discourse (RED)</th>
<th>Moral underclass discourse (MUD)</th>
<th>Social integrationist discourse (SID)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime concern is poverty</td>
<td>Centres on the moral and behavioural delinquency of the excluded</td>
<td>Central focus is on paid work</td>
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<table>
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<tr>
<th>Emphasises poverty as the prime cause of social exclusion</th>
<th>Presents the underclass or socially excluded as culturally distinct from the ‘mainstream’</th>
<th>Narrows the definition of social exclusion/inclusion to participation in paid work</th>
</tr>
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<tbody>
<tr>
<td>Implies a reduction of poverty through increases in benefit levels</td>
<td>Implies that benefits are bad, rather than good for recipients, and encourage dependency</td>
<td>Does not consider why people who are not employed are consigned to poverty. Therefore it does not suggest increases in benefit levels</td>
</tr>
<tr>
<td>In addressing social, political and cultural, as well as economic citizenship, it broadens into a critique of inequality</td>
<td>Focuses on the behaviour of the poor rather than the structure of the whole society</td>
<td>Obscures structural issues and distribution between classes</td>
</tr>
<tr>
<td>Is potentially able to valorise unpaid work</td>
<td>Unpaid work is not acknowledged</td>
<td>Undermines the legitimacy of non-participation in paid work</td>
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<tr>
<td>In positing citizenship as the obverse of exclusion, it goes beyond a minimalist model of inclusion</td>
<td>It is a gendered discourse, about idle, criminal young men and single mothers.</td>
<td>Obscures gender as well as class inequalities in the labour market (women more likely to be in low paid jobs)</td>
</tr>
<tr>
<td>Implies a radical reduction of inequalities, and a redistribution of resources and power</td>
<td>Inequalities between the rest of society are ignored</td>
<td>Obscures the inequalities between paid workers.</td>
</tr>
</tbody>
</table>

Source: (Levitas, 2005: 9-27)

5. Welfare reform in Australia

The fact that throughout the past 30 years there has been insufficient labour demand has been largely ignored in the welfare reform debate. Three major themes have developed in relation to welfare reform in Australia over recent decades that are directly related to the social inclusion discourse: the increase in participation requirements for income support recipients; punishment for failing to comply with activity requirements; and the erosion of the real rate of income support for those with participation requirements. Much of this reform agenda has been facilitated by dividing income support recipients into “deserving” and “undeserving” poor.
5.1 Increasing conditionality for the receipt of income support

Following the Social Security Review in the 1980s the Labor government introduced “activation” reforms that included a mixture of RED, SID and MUD aspects. In line with the moral underclass discourse (MUD), the activity test gradually replaced the work test for the unemployed and extended obligations to include training, part-time and casual work. The long-term unemployed were required to enter into contracts that stipulated job seeking and other activities. Such contracts remain the underpinning of relations between job seekers and the Job Network.

By the early 1990s voluntary activation programs had been introduced for sole parents and people with disabilities that had elements of all three discourses. The Jobs Education and Training (JET) program commenced in 1989 to assist sole parents return to the workforce. The Invalid pension was renamed Disability Support Pension and recipients were encouraged to seek work through the Disability Reform Package (DRP) commenced in 1991. From a RED perspective, assistance was provided for people to participate in production and increase their income to enhance consumption opportunities by lifting themselves out of poverty. However, this was an interim reform that laid the basis for future compulsion of these groups (MUD) and was based on the idea that work is the only legitimate means of social inclusion (SID).

The Working Nation package constituted a second round of reform whereby access to non activity tested benefits was eliminated for spouses of income support recipients without dependent children. This initiative was based on the judgement that paid work was the only legitimate means of subsistence and conformed to the SID discourse. It also had very definite MUD overtones because it imposed the view that spouses without dependent children had a moral obligation to work. State usurpation of the decision about which family members enter the labour market was selectively applied to those on income support, the undeserving poor.

Subsequent changes under the Howard Government introduced Mutual Obligation (MO) which included unpaid work under Work for the Dole (WfD) and clearly conformed to the MUD discourse. The requirement that the unemployed work in return for benefits had been explicitly rejected by the Myers report in 1977 ‘on the grounds that it would increase stigma, be counter-productive for job search, and contravene ILO conventions regarding forced labour’ (Cook, 2006). Work for the Dole is a punitive program designed to stigmatise by designating income support recipients as requiring remedial action to ‘maintain work ethic and work habits and improve their contact with the local community’ (DSS, 1997: 112).

Welfare reforms since 2000 emanate from the McClure report that specifically endorsed the “principle” of ‘expecting people on income support to help themselves and contribute to society through increased social and economic participation in a framework of Mutual Obligation’ (Reference Group on Welfare Reform, 2000: 62). It proposed that MO compulsion be extended from the unemployed to include other jobless income recipients of workforce age despite recognising that several groups face significant structural or systemic impediments to finding work. The McClure report (Reference Group on Welfare Reform, 2000: 14) claimed:

An important part of building individual capacity and working towards self-reliance is empowering and enabling people to identify their hopes and aspirations, and negotiate the steps they need to make in order to participate.

Stanley et al. (2007: 9) also emphasise that empowerment of socially excluded persons is an essential component of strategies to combat social exclusion but they insist that it requires
participation in decision-making processes around actions which influence their life.’ Such empowerment is absent from Australian welfare reform that has been used as a coercive instrument wielded by the state against those with no option but to comply. At the very least it is paternalistic and assumes that income support recipients are unable to make informed decisions and must be forced to undertake certain actions.

In addition to the compulsion contained in welfare reforms, the Howard Government undertook a campaign of vilification of the unemployed, placing their approach firmly within the MUD interpretation of social exclusion. As Minister for Employment and Workplace Relations, Tony Abbott contrasted the deviant nature of unemployed “dole bludgers” and “job snobs” with hard-working Australians (Abbott, 1999). Overlooking the fact that insufficient jobs have been created in Australian since the 1970s, this perspective suggests that unemployment is voluntary and Abbott draws the conclusion: ‘[w]hy do some people not work. Because they don’t have to’ (Abbott, 2000a). Abbott proposed to ‘make non-work not pay’ by continually requiring the unemployed to prove work efforts and participate in MO activities (Abbott, 2000b). Amanda Vanstone, then Minister for Family and Community Services, denounced “welfare cheats” using highly emotive language in media releases, such as, ‘crackdown on welfare cheats’ and ‘26 months in the slammer for welfare fraud’ (Vanstone, 2003a, 2003b).

The Howard government’s determination to force people with disabilities and parents to seek part-time employment and participate in MO activities effectively transformed the redistributive and inclusionary aspects of the voluntary JET and DRP programs into coercive and punitive requirements and eliminated the RED components. The integration of these groups into the labour market conforms to both SID and MUD but MUD is the dominant discourse. Transferring people to lower income support payments and higher withdrawal rates for earned income, along with behavioural requirements places these reforms firmly in the MUD tradition.

The abortive attempt to force disabled people with partial capacity to work to claim Newstart rather than DSP was justified by Prime Minister Howard in terms of weeding out those who were not genuine. He stated the ‘purpose of this change…was to tackle and to catch areas of abuse’ (Australia House of Representatives, 2002: 2358). This policy was finally implemented with the Welfare to Work reforms in 2006 that required people with partial work capacity to seek part-time employment and conform to MO requirements.

Two major reforms introduced labour market participation requirements for parents with dependent children. The 2003 Australians Working Together package mandated participation in part-time employment, education or training for six hours per week when their youngest child was thirteen or older. In July 2006, Welfare to Work extended participation requirements to parents when their youngest child turned six. These requirements included seeking part-time employment of 15 hours or more per week and participation in MO activities. The refusal of the government to recognise that parenting represents a valuable contribution to society and to allow parents to decide on labour market participation reflects the aspects of both MUD and SID.

The Rudd Government largely supports the welfare reforms introduced by the Howard Government. Minister for Employment Participation, Brendan O’Connor indicated that the government is ‘committed to ensuring as many people as possible participate in employment, where they have the capacity, including people with disability’ (O’Connor, 2007).
Labor places greater emphasis on aspects of the SID discourse but MUD undertones remain. The government is encouraging DSP recipients to seek work voluntarily and will increase resources to assist them to return to work. A major difference between the two political parties revolves around access to training. Under the previous government there was little training provided through the Job Seeker Account and there were financial and non-financial disincentives for parents and people with a partial capacity to work to undertake training (for more details, see Barnett & Spoehr, 2008). The current government has introduced the Productivity Places Program to provide access to higher level training that may provide greater access to skilled work and thereby enhance earning capacity. The ALP election policy on social inclusion stated:

Labor believes that work, along with family and community, gives meaning to life. Workforce participation is a foundation of social inclusion; it creates opportunities for financial independence and personal fulfilment’ (Gillard & Wong, 2007: 3).

5.2 The compliance regime

The approach of the Howard Government to enforcement of contractual requirements of job seekers was unequivocally consistent with the MUD discourse. Penalties for those with participation requirements increased over time to include a non-payment period of eight weeks for those who committed a serious breach such as: being voluntarily unemployed; being dismissed for misconduct; refusing a suitable offer of employment; failing to start a job as arranged; or unsatisfactory participation in full-time work for the dole.

Non-payment periods impose hardship on some of the most disadvantaged sections of society. The DEEWR submission to the Senate Education, Employment and Workplace Relations Committee inquiry into breaching stressed that the current system is punitive and causes financial hardship with over 50 per cent of those penalised failing to pay rent on time and 15 per cent of this group being evicted (DEEWR, 2008). Most importantly, DEEWR concluded that the system was counterproductive. First it failed to provide a deterrent since the number of non-payment periods doubled between 2006-07 and 2007-08, from 16,000 to around 32,000. Second, it severed the relationship with the job seeker for the non-payment period. Third, a DEEWR survey found that 75 per cent of those who endured a non-payment period reported that ‘having no income support made it harder to look for work, with over 50 per cent reporting that it made it a lot harder (DEEWR, 2008: 3).

The approach of the Rudd Government indicates a shift to the SID discourse. Changes to the compliance system are designed to maintain contact with job seekers and focus on participation in work or other activities by reversing non-payment periods if job seekers re-engage.

5.3 Reduced payments for income support

The McClure report recommended a common income support payment for people of working age with additions for specific needs and a participation supplement. The proposed simpler system outlined in Building a simpler system to help families and individuals ruled out ‘shifting everyone up to a higher level of payment, or the most generous income test’ (Vanstone & Abbott, 2002: i).

The introduction of Welfare to Work in July 2006 marked the first instalment of this policy. New applicants for Parenting Payment Single are transferred to the lower NSA payment when their youngest child turns eight ($490.40 compared to $569.80 per fortnight). Similarly, those who applied for DSP since July 2006 who are assessed as having a partial capacity to
work receive the lower NSA rate ($453.90 compared to $575.80 per fortnight for single adults).

In addition, the operation of the income test means that those who transfer to NSA will lose a greater proportion of earned income. The reduction in payments for these groups falls within the MUD discourse which posits that income support payments should be minimised. Moreover, they are placed in the position where they are required to work part-time but may not be much better off financially than if they remained on the pension. This policy does not enhance the social inclusion of these people since it reduces their command over material resources. Other costs associated with participation in part-time employment such as reductions in time available for parenting activities and domestic duties is ignored.

To date the Welfare to Work reforms have been retained by the Rudd Government and the relative financial position of the unemployed has declined further. Pensioners received a payment of $1000 in December 2008 as part of the economic stimulus packages in response to the economic crisis and will also receive increased payments that were announced in the 2009 Budget. Newstart recipients were excluded from the stimulus package lump-sum payments and received no increase in the 2009 Budget. This action may be interpreted as a division of income support recipients into the deserving poor (pensioners) and the undeserving poor (the unemployed).

6. Conclusion

This paper has examined the social exclusion discourse surrounding welfare reform in Australia in recent years. In terms of the analysis of social exclusion/inclusion and the development of policies to enhance inclusion, RED largely conforms to the Keynesian welfare state while both SID and MUD are more compatible with the neo-liberal policies that replaced it, and can be used to justify such policies.

The dominant discourses have been MUD and SID which both exclude structural issues from policy development and implementation. As a consequence income support recipients have been expected to participate in paid work in a period where labour demand has been insufficient to satisfy the hours of work desired by the labour force. The Welfare to Work groups who receive Newstart are subjected to lower payment rates and higher withdrawal rates for earned income and have suffered financial loss which does not enhance social inclusion.

The Howard government pursued a predominantly MUD approach to welfare reform with elements of SID. The balance has shifted under the Rudd government to a greater emphasis on SID with the retention of Howard government reforms that conform to the MUD discourse. The government has foreshadowed something of a return to RED policies through the proposed introduction of social inclusion policies. Assessment of these initiatives is a project for the future.

The portrayal of access to paid work as the only legitimate route out of poverty has allowed governments to abrogate their responsibility to give serious and urgent consideration to the levels of income support in Australia with the result that large numbers of people remain in poverty. Moreover, there has been no serious consideration of the impact of government policies in other areas on social inclusion.
References


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1 Current recipients were grandfathered so that they retained Parenting Payment until their youngest child was 16 and were required to look for work when their youngest child turned seven or 1 July 2007, whichever was later.