

Australian Social Policy in an International Context

Social policy analysis is taking on an ever increasing international and comparative character. Interest in comparative social policy emerged in the early 1980s, several decades after the great postwar expansion of welfare states in industrialised countries, and this left its mark on the early literature. The focus of early comparative research was very much European and Anglo-American, and reflected a concern first to put together statistical evidence of expenditure growth in welfare states that had become so central a feature of postwar political life. Initial studies tended to be less developed in terms of theory. A second phase of comparative research was more preoccupied with classifying particular national experiences within a welfare state typology. Today we witness an explosion of comparative social policy. In part this is driven by the concentration of nation states into regional blocs such as the European Union. It also reflects the rise of social policy in rapidly industrialised Asian countries. Beyond that, everywhere there is a much more global discourse around welfare and development. Earlier, artificial distinctions between the study of 'social policy' as a study confined to industrialised countries and 'social development', which is reserved for developing economies, are breaking down. All of this makes comparative social policy analysis an exciting and essential item for the research and study of social policy today.

Comparative social policy data can have a jolting effect on many taken-for-granted assumptions regarding national social policy performance. Many Australians, for example, have an ingrained belief that their country has an extravagantly high level of social expenditures and a correspondingly heavy burden of taxation. The data invariably comes as a shock. Table 6.1 provides a summary of how Australia compares with selected OECD countries

Table 6.1 Indicators of economic and social difference across selected OECD countries in the mid 2000s

Country	Child poverty (%)*	Income inequality (gini)**	Public social spending (% GDP)^	Taxation revenue (% GDP)^	Employment to population ratio (men)#	Employment to population ratio (women)#
Australia	12	0.301	17.9	35.8	82.7	68.4
Austria	6	0.265	26.1	47.9	79.3	65.6
Canada	15	0.317	17.3	40.4	82.5	59.5
Denmark	3	0.232	27.6	55.6	83.6	75.1
Finland	4	0.269	22.5	52.6	76.8	72.9
France	8	0.281	28.7	49.7	75.4	64.9
Germany	16	0.298	27.6	43.9	80.6	66.9
Greece	13	0.321	21.3	40.2	79.2	54.6
Italy	16	0.352	24.2	46.6	74.4	50.4
Japan	14	0.321	17.7	34.4	84.4	60.8
Netherlands	12	0.271	20.7	46.3	81.4	68.6
New Zealand	15	0.335	18.0	44.4	84.4	70.8
Norway	5	0.276	25.1	58.3	82.3	75.4
Sweden	4	0.234	31.3	56.0	82.5	77.7
UK	10	0.335	20.1	41.8	83.0	69.6
USA	21	0.381	16.2	34.2	81.8	69.2
OECD average	12	0.311	20.7	n/a	80.3	60.4

Sources: *OECD (2008a); **OECD (2008d). The gini coefficient is a measure of either income or wealth inequality—the lower the figure the greater the equality; ^OECD (2007b; percentages are for 2003); ^^OECD (2008e; percentages are for 2007); #OECD (2008c; percentages are of working age populations for 2005).

(for which most comparable data is available) according to some key indicators. It shows, for example, that compared with most other countries we had very low levels of taxation and of government social expenditure. And while a number of countries have higher levels of poverty than we experience, we are certainly not one of the countries with very low levels of poverty or inequality. What we do have though is exceptionally high social mobility with the educational attainment and earnings of parents having much less effect on their children than most other countries.

Such data gets us thinking. How did these differences happen? Does high spending translate into more well-being for the people? Or, perhaps, less? And what about policy transfers? Can policies that work in one country be easily imported by another? Such questions become increasingly urgent as globalisation intensifies comparative scrutiny. Can social policy generosity coexist with economic efficiency? What are the optimal welfare arrangements that should be recommended by international organisations with a responsibility for raising living standards across the globe: organisations such as the United Nations, Organisation for Economic Cooperation and Development, the World Bank and the International Monetary Fund? Such social policy comparisons arise with increasing urgency around the globe as economic internationalisation proceeds apace.

Comparative social policy research

The first wave of comparative analysis was at a very general level. It focused on identifying the broad aggregates of social spending in the newly developed welfare states (Flora & Heidenheimer 1981). Explanations of welfare state growth were of a functionalist or structuralist type. There were two rival interpretations: the 'industrialisation' account and the Marxist (structuralist) version—a rivalry that broadly reflected the dominant sociological paradigms of the time. Some viewed welfare states as the more or less logical outcome of the industrialisation process. Pre-industrial societies were much more rurally based, with longstanding traditional arrangements for meeting social need via extended families, larger civil society groupings, churches and other social forms encouraging reciprocity. Industrialisation brought not just new productive technologies but also a wider transformation of social life characterised by urbanisation, individualisation and an increasing dependency on the market to meet socio-economic needs. In this view, it was more or less inevitable that some groups would be excluded from the market, such as the aged, disabled and sick, and those for whom there were no longer the traditional support systems in place. A 'welfare state' inevitably evolved to cater for these groups (Cutright 1965; Wilensky 1975).

The Marxist (structuralist) interpretation saw the evolution of the welfare state less as a natural evolution and more a product of a fundamentally conflicting set of class relations at the heart of capitalist pathways to modernisation. In this view, welfare states did not arise as a natural, rational or inevitable response to meeting social need. Rather, they arose as a way to resolve or contain the class conflict created by the adoption of a capitalist mode of production and the need to reproduce labour. On the one hand, governments were compelled to guarantee and promote the capital accumulation of the ruling class in order to drive forward the development process. On the other, if the system was to survive, the working class had to acknowledge it as legitimate and in their interest. With the development of the prototypical welfare state in Germany in the 1880s by Chancellor Bismarck, for example, the growth of social policy was thought to follow this logic of legitimation (O'Connor 1973).

Parallel to this early accounting for welfare state development was an ever-increasing comparative literature looking at particular social policy areas or particular social groups, and doing so from a diverse range of disciplinary perspectives. By the late 1980s comparative social policy had become a distinctive field of both social policy research and teaching (Clasen 1999).

The second wave of comparative social policy developed in the 1990s. Attention began to shift from comparing broad aggregates of social spending to understanding the different purposes of such spending within the overall pattern of public policy. Gross spending figures do not differentiate between how money is spent. For example, a conservative welfare state may be a big spender but in ways that simply reinforce existing social relations in terms of equality and access to services.

The functionalist/structuralist explanations of welfare state development also came under criticism. They implied an inevitability about welfare state development that was not matched by evidence. For example, they did not account for the different time frames for welfare state emergence, nor for social policy diversity within similarly industrialised societies. New explanations began to focus on the political agency that had produced these differences. State-centred accounts, for example, focused on the role of political institutions and policy legacies (see, for example, Huber & Stephens 2001). Most influential was the so-called power resources approach that highlighted the role of the working class as political agent in social policy development. Here, working-class strength was seen as a precondition of welfare state strength. Studies focused on correlations between left-wing political strength (evidenced, for example, in periods of left party government, or in voting behaviours) and welfare state advance. A more recent approach has queried this linking of welfare strength to effective trade unionism and labour representation in parliaments with its assumption that employers would resist social legislation as a source of extra costs. Historical writings by Iversen (2005), Swenson (2002) and

Mares (2003) have shown that there has in fact been a propensity for employers to support social policies as a way of improving the operation of labour markets. Notably, security derived from generous unemployment benefits has been a way of securing and retaining labour with high or specific skills.

Of particular note in these studies was the importance of historical beginnings of welfare regimes, often interpreted in terms of 'historic compromises' or 'historical settlements'. This emphasis on the apparent long-term durability or immutability of original institutions once set in place has been of enduring importance as the passage of globalisation has failed to produce that welfare state convergence which many had threatened (Castles 2004).

Types of welfare regimes

Besides these concerns with accounting for different developmental pathways, the major preoccupation in comparative studies has been with developing typologies of welfare states. Decades earlier, researchers like Wilensky and Lebeaux (1965) had written of the difference between a residual and institutional phase of welfare state development, a distinction later taken up into comparative social policy by Titmuss (1974). Titmuss observed that there was no linear historical sequence from the residual to the institutional, but that both forms could be found in countries of otherwise similar economic development. His concern with taxonomy was re-invigorated by the very influential Swedish comparativist, Esping-Andersen (1990). His approach to welfare state classification reflected an understanding of social expenditure as expressing the achievement of the social rights of citizenship. In line with T.H. Marshall's (1950) understanding, people's citizenship status is thought to compete with their class position. A strong welfare state in this view is one where there is a high level of decommodification and also reduction in class stratification.

An important if difficult concept, commodification refers to the way in which a capitalist economy turns people's labour into a commodity to be bought and sold in the marketplace (indeed, everything becomes 'for sale' in a fully marketised society). The granting of social rights, by contrast, decommodifies people by giving them access to resources through the state on the basis of their citizenship. To this extent they become able to live without relying on the market, thus allowing people's welfare to be less dependent on their market value. From this point of view, Esping-Andersen observed that in some welfare states, such as the USA, social policy functioned as a mere safety net of last resort, offering little by way of decommodification and in fact compelling people into the market in order to satisfy their needs. Others, like Germany, involved all citizens in compulsory social

insurance, but the benefit payments closely mirrored market earnings so that little decommodification actually resulted. A third type of welfare state, Sweden for example, was high on decommodification. Here Esping-Andersen pointed to the policy ideal of enabling citizens to freely opt out of work when they thought it necessary, without losing their employment or diminishing their welfare.

Esping-Andersen's second criterion understands welfare states to be also in conflict with social stratification. Again, comparative analysis highlighted fundamental differences of approach. The safety net model was designed in fact to reinforce stratification and stigmatise those who did not attempt to climb the social ladder. The reward structure of the social insurance model was also designed to reinforce traditional distinctions among professional, labour, church and other social organisations. Government contributions to such schemes were also meant to cement loyalties to the state. A third type of welfare state had had uniform benefits for all citizens as a basic goal. Where attempted, this equalising objective had been modified over time, with a need to satisfy the growing middle classes. Different combinations of flat-rate and second-tier models had resulted with varying commitments to reducing class stratification.

These criteria led Esping-Andersen to a three-type classification of the 'worlds of welfare capitalism'. The first was called the 'liberal' welfare state. This was low on decommodification and high on stratification. Countries usually included in this category are Australia, Canada, Ireland, New Zealand, United Kingdom and the USA. Here we find:

- payments and services are means tested.
- a clientele comprised of low-income earners
- strict entitlement rules creating a social stigma for recipients
- governments encouraging private provision as the ideal, even with expensive state subsidies.

The second world of welfare is called the conservative model and includes Austria, France, Belgium, Italy, Japan, Switzerland and Germany. In Europe, Christian democratic politics was a strong influence on many countries, giving a characteristic emphasis on families and civic associations ahead of the state through the very influential principle of subsidiarity. This regime emphasised:

- universal social rights, unlike the liberal model
- preserved status differences to which rights attach
- benefits favouring the preservation of traditional family type
- services provided as a right, but delivered through non-state organisations where possible.

The third regime was called the social democratic regime and included countries such as Denmark, Finland, Norway and Sweden. It was called social democratic because of the social democratic politics that had been its driving force. High on decommodification and equality, it ideally aimed at:

- benefits that were universal rather than selective
- social services designed to offer an equality of the highest standard
- a socialisation of the costs of family (encouraging men and women equally in work).

This threefold typology has proved markedly resilient as a focal point for comparative social policy research for more than a decade. Over that time, of course, significant critiques have emerged. Some related to the emphasis on class-based inequality at the expense of gender and race. Others were more concerned with national policy experiences that did not obviously fit the three types. Very recently, this latter critique has been fuelled by the discussion of the relevance of the typology to countries with developing economies.

Critiques of welfare state analysis

Esping-Andersen's use of decommodification as a criterion for welfare state differentiation, as well as his focus on working class, social democratic politics in the development of welfare states, alerts us to the emphasis placed on class in his analysis. Other comparativists have sought to give greater attention to the ways national social policy systems have dealt with issues of gender and race. In this regard, the Australian feminist literature on the place of citizenship in the development of welfare states provided a useful platform for an instructive critique of Esping-Andersen's work.

Writers like Pateman (1989) and Cass (1995) drew attention to the ways in which it was assumed that the social rights of citizenship—which T.H. Marshall and others linked to the formation of welfare states in the 1940s—were universal, when in fact they were not. They argued in particular that this liberal conception of citizenship purported to be gender neutral when it in fact privileged the male, public realm of paid work and ignored the private worlds of family, caring and unpaid work. With its central focus on decommodification, Esping-Andersen's typology was also found to be gender blind. First you have to be in the labour market before you can be decommodified! In this vein, Shaver and others (O'Connor et al. 1999) examined a variety of liberal welfare regimes to see how much they enhanced or reduced women's autonomy. This autonomy, they found, was heavily circumscribed

where childcare, maternity leave and parental care were not legal entitlements but left to private purchase. With the trend in these countries to treat men and women as the same, when they are not because of women's greater involvement in the private sphere, the opportunities for autonomy for women were reserved for only the higher-income earners (Ginsburg 2004, p. 208; O'Connor et al. 1999).

Other writers have now developed different typologies in order to take greater account of gender by making 'defamiliarisation' a key criterion. In the postwar period, different welfare states created different policies in relation to the traditional male breadwinner model. These authors examined the extent to which women's presence in the paid labour force had been encouraged, what proportion of welfare entitlements had been granted on an individual or a family membership basis, and the extent to which caring had become socialised (Lewis 1993; Sainsbury 1994). In these studies, the United Kingdom, the Netherlands and Germany were seen to be still heavily oriented to the male breadwinner model; some of the Scandinavian countries—Denmark, Finland and Sweden—had become more effectively dual breadwinner models; and others, such as France and Belgium, were in between, as was Australia (Cass 1998). These findings highlighted that gender issues play out differently from class so that there is no straight correspondence with Esping-Andersen's typology. They alert us in particular to the dangers for women of liberal welfare regimes that purport to treat men and women as the same. Instead of the two adult workers as the ideal, where neither is assumed to have caring and family responsibilities (Del Boca & Wezels 2007), some authors now point to the 'one and a half worker' household as the basis of constructing more satisfactory work and family combinations.

Much less attention has been paid to race in comparative social policy research. Ginsburg (2004) reports on some seminal works on welfare state policies in response to race that are suggestive for future analysis. He draws attention to three types of policy response across countries in the postwar period: the settler, exclusionary and post-colonial. Australia was an example of the settler model (along with the USA, Canada and Sweden) in which the permanent settlement of immigrants was assumed without difficulty and typically managed through a range of policies from assimilation and integration to multiculturalism. Examples of the exclusionary model were Germany and Japan, where racially strong conceptions of the nation led to policies that allowed for 'guest workers' but did not assume their long-term settlement. The United Kingdom and France illustrate the post-colonial approach. Many people entered these countries especially from former colonies that had achieved independence in the postwar period—although they often achieved only a second-class status, becoming the occasion of civil unrest in the 1970s. In the 1980s and 1990s, both the post-colonial and guest worker models were wound up as a

result of rising unemployment and racial violence. These countries embraced policy approaches closer to the settler model. Today, however, this policy area is once again fraught. A 'settler' country like Australia, for example, has been torn apart by divisions over refugees and asylum seekers. Alongside the growing cosmopolitanism associated with an overall heightened international population mobility, an overtly racist politics shadows the presence of immigrant workers, refugees and asylum seekers in many countries (Parsons & Smeeding 2006).

National diversity in welfare state arrangements

Clearly we need to significantly augment if not modify Esping-Andersen's typology if we are to understand, in a comparative way, the different policy configurations around gender and race. A further area where the typology has been found limited is in accounting for the diversity of nations. Over time an increasing number of exceptions to the schema have been identified and these began very early with the Australian case.

Historically, Australians had prided themselves on their egalitarianism (the 'fair go') and, up until the 1970s, at least had regarded themselves as something like front-runners in terms of social justice for ordinary citizens. Indeed, at the beginning of the twentieth century, Australia was internationally regarded as something of a laboratory for progressive social policy experimentation. According to Esping-Andersen, however, Australia was to be considered within the liberal world of welfare! This was something of a paradox, a paradox that the Australian comparativist, Castles, sought to explain.

Castles's (1989) notion of Australia's 'wage earner welfare state' has been discussed in some detail in Chapter 5. Reckoning on Australia's relatively modest levels of tax and social transfers, he had originally been critical of Australia as a 'welfare laggard'—on these terms, well behind the social democratic regimes of Scandinavia. Over time, however, certain features of Australian social policy persuaded Castles that Australia was not so much a laggard as different. Australia's social policy regime had developed along quite different lines from those familiar in Europe. The wage system, not the tax-transfer system, had developed as the primary means of achieving social policy goals. This was what he dubbed 'welfare by other means'. The tax-transfer system was of course the primary focus of Esping-Andersen's analysis, and here Australia did indeed have a residual 'safety net' system of social assistance. Even here, however, as Castles and Mitchell (1992) pointed out, coverage of the population in some benefits was very broad. Indeed, the vast majority of Australia's

aged remain eligible for the Age Pension today. In these circumstances—at least in the case of the Age Pension in the 1970s and 1980s—there was none of the stigma Esping-Andersen associated with the liberal model.

Moreover, although lower than the social insurance systems for people on average earnings, the level of benefits was higher than that normally associated with social assistance or safety net schemes for low-income people in Europe. When this broadly based system of social protection was placed alongside Australia's progressive taxation system and social regulation of the wage system, the result according to Castles and his colleague Mitchell (1992) was actually a 'fourth world of welfare'. They called this the 'radically redistributive' model. Others have had different ways of naming the Australian system.

Roe (1993) notably referred to it as the 'Australian way', drawing attention to the fact that after the onset of globalisation in the 1980s, the Australian approach had proven very resilient when social policy in comparable English-speaking countries—for example, New Zealand, the United Kingdom and the USA—had suffered significant de-legitimation. Around the same time, it seemed indeed that the 'Australian way' was being refurbished to meet the demands of the more flexible labour market and dual breadwinner households. The timing of this assertion of the value of the national system is notable in itself. Up until the 1960s and 1970s, Australian social policy was very much embedded in the British tradition, although with an increasing US influence. With the United Kingdom having joined the now European Union by the 1970s, Australia found itself alone on the world stage just as the period of globalisation was beginning (Finer & Smyth 2004). As we shall see in Chapter 7, the impact of the Howard government—building on trends set in place by its predecessor—has radically reoriented the Australian regime. Certainly the very progressive character of the tax-transfer system remains a distinctive feature of the Australian regime today; but not so the social policy role of employment and wages.

However, the targeted system has become more conditional and other comparative research should caution us against assuming that the targeted approach exemplified in the Australian model might be an example for other countries. Other scholars have argued that targeting does not in fact lead to more effective redistribution and poverty reduction; certainly when compared with the countries in Esping-Andersen's Social Democratic model. And we can see in Table 6.1 that Scandinavian countries have the lowest levels of inequality and poverty, with Australia tending towards the higher end—with only approximately five to six similar countries having higher levels of poverty or inequality. Thus Korpi and Palme (2004, p. 165) conclude 'the Australian experience indicates that targeting by excluding the better off citizens is not highly effective in reducing poverty, and that it is relatively inefficient in reducing inequality'.

A key factor here is the size of budgets available for redistributive purposes. This is a particularly significant finding given that international agencies have been promoting the 'safety net' as the model most suited to countries now developing welfare states. If there is an aspiration to reduce poverty and inequality then the lesson of the Australian experience appears to be that more encompassing models are to be preferred. However, as we shall see in Chapter 7, the very notion of Australian exceptionalism is now clouded with uncertainty. As Smyth (1998) has argued, the use of the wage system as 'another means' of achieving social goals always depended on maintaining a system of full employment. With the disappearance of full employment and the overall loss of full-time jobs in the 1990s, and significant deregulation of the wage system, the Australian model has been eroded substantially (Mishra 2004). What the future might hold for Australian social policy is a subject we return to in Chapter 7.

The Australian example of social protection by other means was not the only example of a diversity of national experience that proved difficult to accommodate within Esping-Andersen's three types. Southern European countries like Spain, Portugal, Greece and Italy were found to have characteristics warranting a distinct category: one that became known as the 'Southern Model' (Ferrera 1996). These countries had systems of income maintenance that were fragmented in coverage although often quite generous to some—the aged, for example. They placed greater obligations on families in relation to caring, but typically had national health systems if only partial in their coverage. Services were characterised by clientelism and patronage. So diverse is the national social policy experience, according to some, that the very concept of welfare regimes is flawed (Kasza 2002). Nevertheless, most would argue that the diversity is not such that analytically useful modelling based on national policy similarity and difference cannot be constructed. However, the exceptions to Esping-Andersen's three types may now be such that a new approach may be required.

More recent research in fact questions the principles on which Esping-Andersen based his typology. For some there ought to be a less exclusive focus on the role of the state and more emphasis on the total 'welfare mix' created by the state, the private sector and the family and community. Some now argue that Esping-Andersen's approach actually obscures the full welfare picture. They argue for the inclusion of all three 'pillars' if we are to avoid a narrow welfare statist preoccupation (Goodin & Rein 2001).

A particularly illuminating critique came with the work of van Kersbergen (1995) on the 'conservative' welfare regime. He highlighted what we might call the 'pro-Scandinavian' assumptions of Esping-Andersen's framework. It implied that the conservative regime had failed to achieve the 'successful' working-class social reform

embodied in social democratic Sweden, for example. Van Kersbergen questioned this assumption and pointed to the Christian Democratic political tradition that had informed the development of the so-called 'conservative' regime. He showed that this was simply a different social vision from the social democrats; one that sought to limit the state through principles such as subsidiarity. According to Van Kersbergen, the social democratic presumptions of Esping-Andersen's analysis ought to be relaxed so that this different outcome was not ascribed to working-class political failure.

The most substantial departure from the Esping-Andersen assumptions came with the influence on social policy of the 'varieties of capitalism' (VoC) school of comparative political economy (Hall & Soskice 2001). It focuses on the way social intervention can be as much about improving economic production as welfare consumption. In such areas of industrial relations, vocational training and education, corporate governance, inter-firm relations and relations with their own employees, two policy patterns have been discerned: the liberal market economies and the coordinated market economies. While the former are very much free market based, the latter depend more on non-market relationships, entailing extensive networking, collaboration and a setting of outcomes less by market-given equilibria and more by strategic interaction. From this VoC perspective, the view of the role of social policy as being 'against markets' has been definitively challenged. Evidence shows that social policies can equally be 'for markets', allowing employers to protect their investments in human capital (Mares 2003; Iversen 2005). On this basis Iversen and Stephens (2008) have added to the 'three worlds of welfare capitalism' what they call the 'three worlds of human capital formation'. Focused on systems of policy coordination in relation to education and training policies, their typology highlights the ways in which greater equality at the bottom end of the skills distribution enhances economic efficiency as much as social solidarity.

While the Esping-Andersen typology remains a pervasive influence in comparative social policy today, its limitations both in terms of underlying assumptions and relevance to the diversity of national experience have become increasingly apparent. The issues have become particularly acute in the case of the Asian welfare policy experience and also in relation to new emphases on social policy in developing economies.

The 'East Asian model'

The recent development of interest in comparative social policy research in the Asian region is of particular importance for Australia. Until the latter 1990s, comparative social policy was very much an occupation of Western scholars talking

about the advanced industrial nations of Europe and the Anglo-American sphere. Moreover, with the notable exception of Japan, Asian countries were thought of as economically developing and not advanced enough to have 'welfare states'. In the 1990s, however, after the Newly Industrialising Countries (NICs as they were known) such as Taiwan, Korea, Hong Kong and Singapore burst on the scene, this picture quickly changed. Scholars soon began to ask if there was in fact a distinctive 'East Asian welfare state' (Goodman et al. 1998).

Before the financial crisis, which hit the East Asian region at the end of the 1990s, many saw positive lessons for welfare states like Australia in the parsimonious approach to welfare that seemed to characterise the Asian social policy style. During the 1980s, national leaders like Lee Kuan Yew of Singapore and Mohammed Mahathir of Malaysia strongly distanced themselves from the welfare state trajectory of the West, declaring that they preferred to 'look East' (that is, to Japan) for their inspiration. On a visit to Singapore, the British Prime Minister Tony Blair congratulated his hosts on their approach to social policy, finding in it the principles of the 'stakeholder society' that he hoped to promote in his own country (Finer & Smyth 2004). Until now much of the research on comparative East Asian welfare research has been shaped by Western categories; in particular how this experience might or might not fit within the Esping-Anderson typology (Ku with Jones Finer 2007). A key factor to emerge is the high priority given to social expenditures that also enhances economic growth, in areas such as education, health and, certainly in the case of Singapore, housing (Gough 2001). In this regard the East Asian approach was described by Holliday (2000) as a 'productivist' (what others have called 'developmental') regime. Of course, the more Western researchers explore the insights of the varieties of capitalism approach then the less will their own frameworks omit the productivist dimensions of welfare in that narrow concentration on the role of social policy in terms of social protection, redistribution and decommodification that characterised previous decades.

Even in the case of social protection, however, we ought not conclude too quickly that East Asian states have been averse to developing programs for income security. Hort and Kunhle (2000) reviewed the development of such systems in the East and Southeast Asian countries. They remind us that when the economic miracle took off in these countries, they had low taxes, low wages and often an absence of labour rights and democratic structures. Hort and Kunhle conclude, in fact, that given their late industrialisation, these countries have moved more quickly down the path of social protection development than did the Western countries at similar stages of economic development. In some places, the economic meltdown of the latter 1990s quickened rather than retarded this momentum. As Lee (2004, p. 151) writes: 'The Asian financial crisis ... exposed fundamental weaknesses in [the East Asian social

policy model]. Simply emphasising Confucius values, work ethics, family obligations and supportive/directive state institutions cannot ameliorate social ills, particularly during an acute economic downturn.' Following the downturn, some countries—in Southeast Asia especially—have reaffirmed a residual safety net approach with emphases on familial responsibility, while others, such as Taiwan and Korea, have sought to expand their social security systems. This has highlighted the diversity of social policy in the region and counsels us against continuing to think in terms of *the* East Asian model and whether or not it fits in with frameworks and typologies embedded in the European social policy experience several decades gone.

Thus far the literature on Asian social policy has been mainly concerned with Japan and the NICs. The Asian social policy experience is bound to capture increasing attention as the dramatic economic developments in China and India bring rapid social policy change (see Chan, Ngok & Phillips 2008). Research will also have to address the national variety of experience in ways not now addressed through too exclusive a focus on the 'East Asian model'.

Social policy and development

Many countries simply do not have the elaborate systems of income support and social services that have been the focus of comparative social policy in the past. Attempts to relate social policy to their experience take two pathways. The first seeks to expand the notion of welfare, while the second seeks an integration of welfare with development studies.

Wood and Gough (2006) have presented an ambitious reformulation of the concept of 'welfare regime' in an attempt to make comparative social policy a truly global study. Thus they add two other types to the kind of 'welfare state' regimes we have examined above: the 'informal security' and the 'insecurity' regimes. A key feature of the former is a heavy reliance on family and community relationships to meet many of the needs met by welfare states. The latter countries exhibit extreme insecurity with institutional arrangements, which block any counter movements to reduce the insecurity. These new regime types are an impressive framework for thinking about how welfare objectives are or are not met outside welfare states, and they clearly point to a new dialogue with development studies for whom such questions have been central for a number of decades.

As Hall and Midgley (2004) recount, the separate development of social policy and development studies matured and was consolidated after the Second World War, with social policy being the study of the welfare state in the industrialised economies and development being the study of economic growth in the non-industrialised

economies of what was called the 'Third World'. The latter focused not only on the broad issues of the determinants of economic growth, but also on small-scale community development processes that might 'trickle up' into growth. This separate development began to unravel in the late 1990s and early 2000s. The World Bank and International Monetary Fund began talking of the need for strong 'social capital' and sound social policy as a basis for economic development, just as welfare state countries were looking for new ways to 'strengthen communities' and find a more productivist rationale for social spending.

Unlike social policy, which became more and more exclusively concerned with redistribution and decommodification, the development research tradition has always been closely linked to economic policy. The Bretton Woods institutions, the World Bank and the International Monetary Fund were set up under the influence of Keynesian economic ideas (Higgins 1968; Myrdal 1972). What was sought was a kind of international welfare state, whereby the economic power imbalances between rich and poor countries could be modified in ways to allow developing countries to build up their production capacities before full exposure to market competition. As Hall and Midgley (2004) note, unexpectedly good growth rates of 3.4 per cent were recorded in developing countries in the 1950s and 1960s. However, in the following decade radical critiques emerged on the political left, arguing that the development was not evenly spread among populations and that the system of international capitalism would in fact maintain these countries in a relatively underdeveloped condition (Frank 1971; Mandel 1975). By the end of the 1970s, development policies along with welfare state policies in industrialised countries were plunged into a crisis by a global economic recession.

The separate but parallel history of social policy and development continued into the 1980s, with the impact of economic neoliberalism represented in the work of Hayek and Friedman. What became known as 'welfare reform' in the industrialised countries was called 'structural adjustment' in the emerging economies. Development was said to be impeded by public spending 'crowding out' the private sector, distorting market signals generally, and weakening incentives for unemployed people to engage with the labour market. In relation to development, this neoliberal economic package enforced by the Bretton Woods agencies became known as the 'Washington consensus'. Critiques of this consensus focused on the fact that far from sparking high growth rates, the policy regime proved deflationary with low growth rates. Particular interest centred on the need to develop the 'social capability' necessary for market activities. Initially, the emphasis was not on what governments might do but on how communities might be strengthened through non-government organisation (NGO) activities. Here, building social capital was identified as a key objective (Fine 2001). Added to this emphasis on community strengthening was a

reassessment of the role of the state as a result of 'new growth theory', or endogenous growth theory, that emphasises the economic value of sound investments in social infrastructure such as education and health facilities. Moreover, evidence had mounted that neoliberal assumptions about a necessary trade-off between growth and equity were unfounded. In 1997 the World Bank, for example, drew attention to the way economic development in the NICs had been helped rather than hindered by egalitarian redistribution.

A key commentator on these post-Washington consensus developments, Mkandawire (2004, pp. 4–5), emphasises its breach with the neoliberal assumption that social policy ought to act only as a residual 'safety net'—or, as is often said, an 'ambulance at the bottom of the cliff'. 'Social policy', he continues, 'should be conceived as involving overall and prior concerns with social development, and as a key instrument that works in tandem with economic policy to ensure equitable and socially sustainable development'. That is, once the state is involved in reviewing and deciding about the overall pattern of economic investment, it becomes possible to allocate resources on social criteria and not just leave these decisions to private individuals in the marketplace. This trend to re-emphasise the roles of effective states and active citizenship is taken up in the next chapter in relation to the global financial crisis.

At the emerging interface between social policy and development, we see new interest among the latter in different schemes for achieving social security in education and health systems, as well as issues particular to rural and urban development. For social policy the issues are very different. Contained for so long within a discipline that looked only at issues of redistribution and decommodification, the interest now is in questions about the economically productive value of social investments. Clearly each discipline has much to learn from each other as a new consensus emerges around a post-neoliberal, integrated approach to social and economic policy.



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