THE WELFARE DEBATE:
The stakes are high

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Recently in Sydney, the Communist Party took steps to fill what it perceived as an urgent theoretical gap on the left today by providing a series of lectures and discussions on the economy. As it turned out, the snag was that no speakers were available. They had already been booked for a swag of similar series. Suddenly, the volume of the left's economic voice has been turned up; and if it's not disturbing the neighbours yet, it's pretty noticeable in our own quarters.

Unquestionably, this is as it should be. But the accompanying relative inattention to the transformation of the politics of the community sector and what, over the past five years, has become known as the crisis of the welfare state, is almost inexplicable. I think it tells us something about the recent renaissance, the regrouping, of the left. At its worst, it may tell us that, for all its new energy and (in some ways) sophistication, the left has failed to see what not very long ago seemed blindingly clear to many of us, that the changes which have taken place in the community and welfare "sector" are profound and profoundly radical.

On this view, the recent changes in the welfare state had begun to change beyond recognition what once might have merely been a "temporary settlement" between labour and capital. Perhaps we all recognise at some level that that temporary settlement is currently under attack in just the same way as the arbitration
system, economic regulation and organised labour is under attack. There is a battle on over the welfare state. But here it's a whole social vision which is under attack; and, sadly, that makes it rather different from what's at stake in the battle over labour and financial deregulation.

What I really want to talk about are some of the substantive problems of the battle for the welfare state. But first, it is important to fly some warning flags about the new articulation of the left alternative. It may even give us a few further glimpses into the current period of crisis; and that, too, is a topic which we in Australia have not faced head on, although we have had brief skirmishes with some of its raiding parties.

So what is to be made of the way the left is dealing with the welfare state and community politics? So far, I don't think there's much sign that the mainstream left — and that's what's regrouping around the banner of the broad left — has got a clue. Of course, this is not true of the left that has been involved for years in the politicisation of community issues — young people, child care, refugees, Aboriginal struggles, ethnic communities — and it's not true of some of those active within the Labor Party.

But that's just the point. If anything's clear, it's that the new "broad left" is unclear about where these groups fit in; and how to fit them in. Now it's not, or at least it's only superficially, the case that this is a re-emergence of the tendency to rank issues as "hard" and "soft" politics. The Broad Left Conference last Easter, which is the reference point for the rebuilding of a left alternative, was notable for three assertions.

The first was that the success of Aboriginal struggle is the touchstone of political achievements in Australia. The second was that economic understanding, economic strategies, and economic campaigns must be shaken down from its vantage point of capital flows, balances of trade and all the rest; and, instead, must be built up around the real experiences of people. Significantly, this wasn't a point about how to rally people. It was the much more fundamental point that if one does this, one's understanding of what the economy is will be changed. Lastly, it was agreed that campaigns must unite unions and the community — particularly the organised "community sector". All of this genuinely undermines any notions of hard and soft political issues.

Now, I don't for a second believe that the participants underwent any conversion. Most of these assertions remain no more than that. It is, in fact, hard to know what action the first of the list demands. On the last item, the awkwardness and limited success of the campaigns which have been initiated so far between unions and community sector show that a lot needs to be learned. That's going to take quite a separate step to the genuine desire to work together that does exist in places. So far, nobody knows how that separate step will be taken.

For all its new-found energy and...sophistication, the left has failed to see where the front line is.

Perhaps more than that, there is a problem about the narrow way that the basis for unity is conceived. Generally, it's seen as a strategy to build a base of community support in order to resist both the push for privatisation of the public sector which will certainly come when the Liberals are in power; and the current, more directly industrial, attacks which are part of Labor's recent cut-backs. No one can doubt the need to build an alliance to fight possible privatisation; but this can certainly not be done by invoking some blanket commitment to the public sector. It demands careful alliances around specific issues. There are cases of these, such as the cooperation between unions and consumers over the introduction of the new STRATPLAN computer system into DSS offices. But these grassroots points of common interest are the only soil in which real alliances can grow.

Any common alliance between public sector unions and community groups over cut-backs generally will be even more difficult. Many in the community sector are deeply suspicious that they are simply being used to bolster an industrial campaign which, at bottom, is not about them.

This brings me to the general point about the narrow understanding of the connection between unions and the community sector. The public sector is not the same as the community sector or, indeed, the welfare state.

To make the familiar, but important, point: they stand on opposite sides of the counter. This, of course, was the impetus for the development of community-based welfare organisations, for self-help groups and so on. With this development has been a slow, but very significant, attempt to pull down the client and services deliverer. And it's from this point that alliances between unions and community have to be built up.

What's worse, the assumption that the natural alliance is between the beneficiaries of the welfare state (the community) and the agents of that state (the public service, in particular public sector unions) reproduces the narrow and distorted view of the welfare state and public spending which is the basis of current rightwing attacks. It is the view that limits "welfare" to a safety net for those who cannot or will not look after themselves.

It's worth recognising that this view extends to areas of the "social wage" such as health, housing and education as well as the pensions and benefits. In education, for example, a very sharp line is drawn between training/educating those who are not yet able to take their place in the work force, and education as an ongoing process of life enrichment. It's clear that this notion of "ability" is constructed politically, as different groups are pushed in or pulled out of education; but it is all part of the view of welfare as provided for special cases. As in all struggles for political hegemony, the real struggle is over the construction of what is normal and what is deviant. In fact, of course, "welfare" is embedded in all normal social functioning. It is nothing less than the allocation and reallocation, distribution and redistribution of...
social resources and products under state direction rather than purely individual or corporate direction. This cuts right across the more specific division of social institutions into public and private. Taxation reallocates between private incomes, just as much as pensions, benefits or services do. Investment incentives, energy concessions and so on, are not metaphorically but literally corporate welfare. Of course, it’s in the interests of the right to obscure this point and to whittle away at each aspect individually as a special (and inevitably unjustifiable) case. It is not in the interest of the left to assist such narrowing by an ill-thought-out conception of the natural alliances between unions and the rest of the community.

But this leads on from the most serious reservation about the commitments of the Broad Left Conference. It seems that no one has found the way to break out of the classical stereotype of economic analysis. How does the alternative left economic analysis do a better job of talking about people’s lived experience? I don’t think it does. And it doesn’t because it, too, is caught in the conservative narrowing of the very notion of the economy, which separates The Economy from what it delivers — the incomes, the standard of living — to the Australian people. It is only this division that allows the absurd claim that an economy can only be made healthy if standards of living decline. It is the kind of reification and alienation which Marx tried so hard to dispel.

Political economy does, of course, constantly challenge the narrow construction of orthodox economics. It challenges its construction as a value neutral science about an objective economy, arguing instead that politics constructs the very meaning and understanding of its object, and is not merely a separable decision about goals. It insists that the domestic economies must always be the reference point for judgments about the importance of international trade, and financial flows. It insists that productive capacity and employment, not profits, are the bottom line. But it only barely broaches the dividing line between public and private. Even when the inverted relationship between overseas finance and trade and domestic production is stood back on its feet, “domestic” still means the public world of production and distribution with its prices and wages struggles. It does not mean the world of private consumption and production — or, indeed, quality of life.

Why is this important? We are now at least able to pay lip service to recognition that a vast amount of production and service is private and usually female. This is sufficient reason to stress the point. But my reasons for making it are that it is in the private sphere that “standards of living” are measured in people’s daily lives; and it is the private sphere that is the territory of the “welfare state”.

The deviance, the special case, which marks off “welfare spending” (and the “social wage”) from subsidies to business, the distribution of the wages system from the redistribution of incomes, is constructed around precisely the same notion of public and private that limits both the Left’s and the Right’s understanding of economics. (And while we know what a mistake it is to let it similarly limit the understanding of politics, the left — unlike the right — seems at constant risk of amnesia on this point.)

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What this means is that left economic analysis must start with a clear understanding of standards of living. Interestingly enough, this discussion is not being carried out by left economists. It is being carried out by the welfare sector who are working to provide an economic understanding of the whole package of wages, tax benefits, unemployed work provided by a so-called dependent spouse, the cost of child raising, the price of unemployment and of training, of sickness ... and so on. This is an attempt to break the notion of reallocation (or, if you like, of equity or social justice) out of the narrow mould of distribution from the well-endowed rich to the unfortunate poor, or from the successful to the casualty; and to recast it as a method of overcoming the massive distortions in the system of income distribution which relies solely on the marketing of labour.

Perhaps it’s also worth acknowledging that this is not neutral with respect to the overall social division of production between labour and capital. It does, of course, radically transform the traditional basis of this relation — the wage labour relation. It is also worth pointing out that this is just as effective and necessary in existing socialist societies, all of which base the preliminary allocation of resources on wages. And it is also worth pointing out that Australia, with its greater emphasis on universalism in welfare benefits, has been a world leader.

But the main point is that it is only by starting with this “welfare” approach to economic understanding that we can provide an economics which reaches to where people live. This isn’t just a theoretical point, it’s also a political observation. The “welfare sector” — broadly conceived, and already politically alive as the “community sector” — is precisely where the economic strains are being experiences; and being expressed in political action.

There’s another political point, too, which, as I promised earlier, goes to the broader question of the contemporary crisis. I don’t mean here the “economic crisis”. There is nothing new about the specific economic problems we face. There is certainly nothing new about the issues over which capital and labour are struggling.

Rather, I mean the cultural crisis which has produced, among other things, the “crisis of the left” and “the New Right”, to both of which the attempt to articulate a new broad left alternative is a response. This crisis is a crisis of political discourse — an ability to find a way to talk about
reality which is felt to engage the fundamental issues at stake.

There is an economic crisis in this sense: but for just this reason it’s not what is promoted as the economic crisis. The real crisis is the inability of traditional economic discourse to come to terms with the way that the genuinely new feature of capitalism — the new flows of finance capital — are subverting commonsense economic meanings. The mystification of standards of living and incomes which is marching hand in hand with growing confusion and anger about these areas, is probably also a “crisis” in this sense. It’s certainly influenced by the same changes in capital.

But, back to the political point I promised above; which is that the awkwardness of the present attitude to the “community sector” can only be seen as an ambivalence to the political and cultural transformation which we have just lived through from the late ‘60s to the early ‘80s. “The community”, even more than “the personal”, was the political agent of that transformation. Community tenure, community health, community child care, women’s refuges and environmental impact studies ... they’re all the concrete manifestations of the era of the social movement. In an important sense, the assumptions of the welfare state were their vehicle, and they became its representatives; although they transformed, expanded and democratised it in the same way that they transformed left political structures. It would seem, therefore, that they ought to be the first and most familiar resource of the new broad left; why on earth aren’t they?

Certainly, part of the answer is that much of the new left regrouping is weighted towards an older set of left concerns, thinly coated with a film of experience gathered by their passage through the last couple of decades. This has been helped by the government’s construction of an economic crisis which, it is argued, no longer leaves room for the previous expansive social changes. This has allowed the left to return to refocus also on “the economy” — all that’s new is a new sophistication of the economic discourse itself.

But, in the process which culminated in 1968, this recognition was full of the confidence that the discourse could be transformed. It was full of what Stuart Hall called a positive vision. What we face now is the other side of that coin — the second stage of the process.

This has also two parts. On the one hand, there is the sense that although the possibility of radical transformation was renewed by an enormous multiplication of the sites in which radical change could occur, no one of these sites seemed to break through the barrier of the truly radical, and all around the cacophony of other charges wore away our nerves and we began to demand some quiet, even if only through inertia. This was lived out as the experience of compromise, co-option and disillusion. On the other hand, there is the corresponding demand of the new conservatism to cut through the tangled weeds of social experiment and to let the old channels flow again unchoked.

In the face of this failure of confidence, we don’t seem to see just how radical the change was in the latest version of the tired old debate about reform vs revolution, the phrase “radical reform” seems to have become popular in some circles. This is rather sad because it is always prefixed
with the word "just"; and yet to reform radically some aspect of society is just what we demand of social change. After all, no change, even the revolutionary capture of the state, is more than this. There is no change that will bring about the progressive transformation of most of society in its own right. But if change is radical — if it reaches to the root — then it may eventually change the social economy.

This is certainly what happened when, throughout the seventies, so many diverse sections of society began to bend the welfare state to meet newly discovered needs which were constructed around the notion of community. Given this, it is particularly disturbing that as the left once again begins to articulate an alternative left strategy, it does not focus much more strongly on the community sector and the welfare state. It is even more disappointing that we have not seemed interested in taking up the work on incomes, taxation and welfare transfers being done by economists and geographers working in the welfare sector, which could provide us with a much more politically powerful view of the economy.

Part of the explanation may lie in the assault on the welfare system which has already made enormous changes in the way we think about "welfare" and has already seriously undercut the radical potential of the system. Peter Davidson has shown in the last issue of *ALR* how the ALP has begun to dismantle the universalist underpinning of our welfare state. The effect is to reintroduce divisions between taxpayers and beneficiaries and make redistribution a matter of charity. And of course it means that welfare activists are caught in a losing battle, dashing to defend one area of poverty after another and eventually being asked to provide rankings of need. The details of this change were ably outlined in Davidson's article.

What I want to consider briefly is the way this change in perception has been organised. It seems to me to be a very successful process of changing our understanding on three fronts. The first is the view that we have reached, or are about to reach, a limit to what we can socially afford. The second is a very strong push to reintroduce the conceptions of dependence traditionally associated with the family. The third is a fundamental transformation of the notions of equity. All three bounce off one another. All three being contested in specific places. But put together they are changing the commonsense understanding.

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The first point is both the easiest and the hardest to refute. It's hard because, at on level, it is necessarily true. The level of social production as a whole sets limits on what can be distributed to satisfy social needs. More and more social needs have been "discovered". Demographic, technological and social changes are also producing new demands. The growing outflow in interest, debt repayments and repatriated profits, on the other hand, is reducing the proportion of national product available. It would seem that there must be a limit to this process. That, at least, is the public perception.

In fact, gross domestic product per capita has continued to increase. So far (as even OECD studies have shown) it is quite able to keep pace with the growing needs being expressed. What has changed is the political will. More important, the new needs are not in one sense, new at all. What is new is their expression as social needs; and so what they require is some very radical restructuring of how income is allocated. Child care is a clear example since its bottom line is a realignment of access to the income distributed through paid work.

But perhaps a better example is child-related payments, because this introduces a new notion of equity — what the current Social Security Review calls horizontal equity — which demands that income continue to be distributed when people are periodically outside the system of wage distribution. This is a much more radical notion of redistribution; and the arguments of those who rightly point out that the limits to how much we can "make the rich pay" are far too low to overcome our economic constraints, are beside the point. (Their assessment of what is "realistic" is not beside the point, but that is another argument.)

However, it is often pointed out that some major changes in demographic and social balances are taking place. There is the change in the balance between those of working age and those (particularly the aged) of non-working age. There is the continuing decline in the proportion of the population which is required to produce the society's consumption needs. There is also the change in the proportion of children being reared in a two-parent family — particularly one which includes a working male.

These have produced increased requirements in terms of pensions, unemployment benefits and supporting parents benefits. It is vital to see that these do not involve any net increase in the allocation of social production to meet these needs. But what it does do (and this is placing enormous strains on the notion of equity) is stretch to breaking point the nexus which has existed between social distribution and direct production. As long as we cling to the view that workers' money is being used to pay for, say, aged pensions, there will be growing pressure for self-funding through a form of social insurance such as exists in Europe and the US. This, of course, reproduces all the inequities of the labour market. But we should also be aware that some of these changes do involve increased costs in social investment. The increased proportion of aged in the community places new demands on health care. The historic erosion of the youth job market has increased pressure for these young people to be provided with massive increases in education or training.

Recognising this not only means honestly acknowledging a problem. It also means recognising a danger. We are at a point where the balance of public spending could well tip; so that the bulk of it becomes public investment in social infrastructure while the reallocation of income is privatised — that is, becomes nothing
more than a secondary redistribution of income whose primary allocation is the wage system. This is not only equitable, it is also the point at which we turn our back on the possibility of truly radical change.

The second area of challenge is already well under way. Because it is Labor, not the Festival of Light, that is doing it, we seem remarkably unexcited by the huge push to restore the concept of family dependence. The existence of junior unemployment benefits and incredibly low education allowances such as TEAS have always been an expression of this. But the creation of a new intermediate level of support for 16 and 17 year olds on the dole or in education was a major extension of it. The constant pressures for tertiary fees which means-test, not the student, but the parents will make it even more pervasive. All of this has been argued for on the grounds of equity.

But the most difficult area is the dramatic change to maintenance currently under way. Again, what is happening is the playing off of one notion of equity against another. No one should be unaware of the increase of child poverty. Some of this is because the traditional child payment, what is now the family allowance, has been washed away by non-indexation. It is below the poverty line and hedged about with the inability to find a way to support 16 and 17 year olds on the dole or in education was a major extension of it. The constant pressures for tertiary fees which means-test, not the student, but the parents will make it even more pervasive. All of this has been argued for on the grounds of equity.

This crisis is a crisis of political discourse — an inability to find a way to talk about reality which is felt to engage with the fundamental issues at stake.

Most of it, however, comes from the huge social change which has seen a vast increase in divorce and single parent families. The level of supporting parents benefits, like all social security payments, is below the poverty line and hedged about with poverty traps. Maintenance payments have been something of a joke.

This is a case for just the kind of income restructuring I have just talked about. Equity demands that children should be supported by those who don’t have actual custody of them just as much as by those who do. But how is this to be interpreted? In what is easily the most substantial social security reform for years, the maintenance scheme which is to be brought in next year says that it is the income of the non-custodial parent — in effect, the father — which must be redistributed, reproducing in its entirety all the distortions of, not just the wage system, but the patriarchal wage system. Even across the bounds of separation, the economic dependency of the nuclear family has been resurrected.

Even worse, the maintenance review is currently arguing strongly for the mother’s own income, the supporting parent benefit which she is paid because parenting places her temporarily outside the workforce, to be made conditional on her identification of her child’s father — in some cases, such as rape or artificial insemination, creating a social link which never existed. For socialists, these developments should be in the forefront of our activities; because for us the notion of dependence is much closer even than “equity” to our central concern with human freedom.

And finally, there is the reconstruction of the notion of “equity” itself. In one sense, the replacement of the notion of universalism with a needs-based model is basic to this with all the political problems. Davidson and many others have identified. But this, in itself, is not a notion of equity at all. It may be humane, even Christian, to comfort the poor and needy; but equity, of course, is about the fundamental changes which will provide equal access for all to the goods of society.

We have seen the beginning of a slide in meanings. Today, equity is coming to mean two things, at least in political circles. The first is an inversion of the notion of need. It is the principle that if you don’t genuinely need something you bloody well shouldn’t expect to get it. At the one end of this gut-level appeal is the silver-tail who collect a pension they don’t need. Surely that isn’t equitable or just?

At the other end we have the “dole bludger” who collects taxpayers’ money which they don’t deserve or for which they are not eligible. Once again, there is the iron law of justice. As Finance Minister Peter Walsh wrote in response to a recent article of mine in Australian Society, “Social justice, like any other form of justice is indissoluble, we cannot say we are against fraud in one area of society, but turn a blind eye to it in others... a properly policed and administered welfare benefit payment system is an essential prerequisite of a just and equitable system of income distribution”.

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Is this notion of “justice” we imagined when we first talked of equity? Equity has become a matter of policing legitimate need. It has totally lost sight of any attempt to produce new, just, principles of distribution of incomes. Even the rich “need” retirement income. Certainly, they don’t need charity — but who does? There are so many better ways of meeting the income than the inevitably clumsy attempt to judge genuine need. And this is the second notion of equity we have been lumbered with. It’s a notion of “social accounting”, of working out what needs demand to be satisfied (“to each according to their need”), but how to quantify needs, to rank them, and to balance them. These notions aren’t just the domain of the right. They have, for example, founded their way into the left’s Social Justice Strategies.

It’s time the left became involved in this contest. It is a fundamental part of a struggle for socialism, and unless we re-enter the contest over the popular understanding of its key terms, its prospects are very dim.

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