



## Discussion Paper Social Inclusion

Inclusion is characterised by a society's widely shared social experience and active participation, by a broad equality of opportunities and life chances for individuals and by the achievement of a basic level of well-being for all citizens.

*Amartya Sen, Development as Freedom, 2000.*

Social inclusion seems to me to be about implementing social conscience in the work of government. It's all very well to want Australia to be fairer, to help those who are disadvantaged. Our social inclusion agenda is perhaps a little more hard-headed than that. We want to make it happen.

*Senator Ursula Stephens, Eureka Street, 30 November 2007.*

### Introduction

Despite being highly variable in meaning, the idea of 'social inclusion' is widely used (especially in Europe) to frame and justify various forms of social and economic participation. More importantly, a commitment to social inclusion informs the overall philosophy of the Rudd Government. As summarised by the Deputy Prime Minister: 'Including everyone in the economic, wealth-creating life of the nation is today the best way for Labor to meet its twin goals of raising national prosperity and creating a fair and decent society.'<sup>1</sup>

While accepting much of the Government's argument — and endorsing the bulk of its proposed policies — Anglicare Australia differs, albeit slightly and collegially, on points of principle, analysis and policy practice. The fundamental difference is that Anglicare's perspective is essentially moral: a primary commitment to a fair and decent society, rather than wealth creation as an end in itself.

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<sup>1</sup> Julia Gillard, 'An Australian Social Inclusion Agenda', Speech to the ACOSS National Annual Conference, 22 November 2007, at <http://www.alp.org.au/media/1107/spesi220.ph>.

### **The Federal Government's perspective**

The ALP has quite logically defined social inclusion in terms of social exclusion: 'the outcome of people or communities suffering from a range of problems such as unemployment, low incomes, poor housing, crime, poor health and disability and family breakdown [which in] combination can result in cycles of poverty, spanning generations and geographical regions'.<sup>2</sup> As a result, the Rudd Government's Social Inclusion Agenda has two guiding principles:

- It must tackle the social exclusion of individuals and communities; and
- It must invest in the human capital of all our people, especially the most disadvantaged.

According to the ALP's official election program:

Labor believes that to be socially included, all Australians need to be able to play a full role in Australian life, in economic, social, psychological and political terms. To be socially included, all Australians must be given the opportunity to:

- secure a job;
- access services;
- connect with others in life through family, friends, work, personal interests and local community;
- deal with personal crisis such as ill health, bereavement or the loss of a job; and
- have their voice heard.

Labor's social inclusion agenda aims to launch a new era of governance to mainstream the task of building social inclusion so that all Australians can share in our nation's prosperity.<sup>3</sup>

This is something on which all can agree, so far as it goes. We need, however, to spell out more clearly what is involved, both conceptually and in practical policy terms, in integrating social and economic participation.

- What, in particular, should be understood by the 'nation's prosperity'?
- What is or would be involved in 'playing a full role in Australian life'?
- More fundamentally, what is the Government's underlying conceptual framework?

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<sup>2</sup> Julia Gillard MP and Senator Penny Wong, 'An Australian Social Inclusion agenda', ELECTION 2007, [www.kevin07.com.au](http://www.kevin07.com.au), p. 1. The Parliamentary Secretary for Social Inclusion and the Voluntary Sector summarises the more positive interpretation thus: 'Social inclusion is a new way of thinking about, and tackling, poverty and disadvantage. It is about looking at the effects of and causes of disadvantage, not just the economic ones.' (Senator Ursula Stephens e-newsletter at <http://news.ursulastephens.com/default.asp?active=82&v=1>)

<sup>3</sup> Gillard and Wong, op. cit., pp. 1-2.

## A creative tension?

Both before and since the 2007 election, the Deputy Prime Minister has clarified her own understanding of the first two questions, and given a clear indication of how we might answer the third. In a speech to the Sydney Institute, Ms Gillard declared, 'The old days of passive welfare for those able to contribute are gone.' Instead her government would be 'investing in human capital' and 'building social inclusion through hard economics'. Most significantly, she declared that Labor policy would involve 'replacing a welfarist approach to helping the underprivileged with one of investing in them and their communities to bring them into the mainstream market economy'.<sup>4</sup>

This line was maintained in her speech to the ACOSS Annual Conference two days before the 2007 election, in which she stressed 'our social inclusion initiatives will not be about welfare — they will be an investment strategy to join social policy to economic policy to the benefit of both'. The Social Inclusion Board and Unit would be 'made up of serious economic and social thinkers, not just welfare representatives. This won't be a memorial to good intentions — it will be about action and hard-headed economics'.<sup>5</sup>

To the Australian Industry Group in her first major speech after the election, Ms Gillard's emphasis was on the 'key elements of a new economic reform agenda for the nation'. In her own words:

My portfolios cover a wide range of policy areas, and some have suggested they're a slightly unusual combination.

But the reason why they've all been joined together is simple. In today's world, the areas covered by my portfolios — early childhood education and childcare, schooling, training, universities, social inclusion, employment participation and workplace cooperation — are all ultimately about the same thing: Productivity.

*So while my portfolios can be a mouthful, I'll be happy to be referred to simply as 'the Minister for Productivity'.<sup>6</sup>*

To return to the three questions above: on these terms, the 'nation's prosperity' would seem to be viewed in predominantly, though not perhaps exclusively, economic terms, with the objective of maximising employment. To play 'a full role in Australian life' is to be economically active; and the means is to invest in human capital (job-focused education and training), so that as many people as possible can be employed in the mainstream market

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<sup>4</sup> Julia Gillard, 'The economics of social inclusion', Speech to the Sydney Institute, 12 July 2007, at [www.alp.org.au/media/0707/spesi120.php](http://www.alp.org.au/media/0707/spesi120.php)

<sup>5</sup> Gillard, 'An Australian Social Inclusion Agenda'. Even when talking up the 'third sector', as in her Sydney Institute speech, the Deputy Prime Minister refers to 'the contribution of third sector organisations to our economy as the starting point for maximising the sector's contribution to social inclusion, employment and economic growth'.

<sup>6</sup> Julia Gillard, Speech to the Australian Industry Group, 3 December 2007. Reprinted in the *Australian*, 5 December 2007. Emphasis in the original.

economy. And the underlying intellectual framework would appear to be acceptance of what Professor Adam Jamrozick has termed the 'post-welfare state': the dominant feature of which is 'the use of social policy as an instrument of support for free-market economic policy, rather than, as was the aim of the welfare state, for alleviating the excesses of inequality generated by the market'.<sup>7</sup>

On the other hand, there are signs some Labor spokespeople view social participation as conceptually distinct from economic participation, if not quite as an end in itself. For example, Parliamentary Secretary for Disabilities and Children's Services Bill Shorten told a 'Welfare to Work Reform Collaboration' forum in February 2008 that in his view participation is essentially about 'being valued and engaged'; it is something that provides 'a reason to get out of bed'; and involves 'a scheme of activity to hang on to'. It goes beyond — even it, ideally, it encompasses — paid employment. One hour's study a week, for example, would count as legitimate participation.<sup>8</sup>

While this rather more fluid conception of participation is not necessarily at odds with the Deputy Prime Minister's stress on mainstream employment, there is a clear tension between them. Whether or not this is 'creative' remains to be seen. Given Ms Gillard's admiration for former Prime Minister Blair's call to 'lift the ships', it would seem that the balance is tilted heavily in favour of market participation. As she told the Sydney Institute, 'Social inclusion is an economic imperative.'

### **Appraisal**

Anglicare Australia concurs with the emphasis on economic participation — but only as long as it not used as a universal, 'one size fits all' policy, either in principle or practice. To repeat, Anglicare's primary focus is moral. Among other misgivings about the Government's focus:

- *First*, it does not and cannot fit all. There are many groups in society who are unable to become economically active in the sense of contributing directly to mounting productivity. They include many of the groups with whom the Anglicare network deals: not only the most disadvantaged (such as people with severe disabilities), but also many of those unpaid or badly paid people who care for them, or in other ways work in the formal or de facto voluntary sector.
- *Secondly*, there is a danger in the prioritising of economic prosperity and productivity that social issues will be downplayed, if not downgraded. Like the slogan 'Go for Growth', it begs numerous questions about which there is already considerable debate and scepticism. Simply measured as an increase in GDP, 'prosperity' may be as damaging for society as it is commonly assumed to be beneficial. The impacts of environmental

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<sup>7</sup> Adam Jamrozick, *Social Policy in the Post-Welfare State: Australians on the Threshold of the 21<sup>st</sup> Century*, Frenchs Forest, Longman, 2001, p. 8.

<sup>8</sup> Note that a single hour's paid or unpaid work a week is also sufficient to count someone as officially 'employed'. 'Employment is defined broadly in the international guidelines as all persons engaged in one or more hours of work during the reference period, as well as some persons temporarily absent from work.' (ABS, 6102.0.55.001, Labour Statistics: Concepts, Sources and Methods, 2006.)

degradation, excessive energy consumption and depletion, rampant personal and corporate debt, social fragmentation and polarisation will increasingly concern not only those critical of materialism on moral, scientific or aesthetic grounds, but also the average credit card-carrying citizen (if only because of the rising cost of living).

This is emphatically not to deny that economic progress is desirable, all other things being equal. The point is that an unquestioned fixation on productivity ensures that all other things tend to be anything but equal. An economy based on maximising consumption and financial gambling is inherently unstable.

- *Third*, the underlying, largely implicit, assumptions on which such a program is based are confused; and the resulting social inequalities unconscionable. As demonstrated by numerous polls and social research, they do not generally accord with community sentiment<sup>9</sup> (and certainly not Anglicare's underlying values).

Stripped of its sanguine rhetoric, reduced to logic, the Government's case, as put by the Deputy Prime Minister, appears to be as follows: social inclusion is a function of participation; participation means economic participation in the mainstream market economy; this can be generated by investment in education and training geared to preparing people for jobs in the mainstream economy.

However, the economy and society are not distinct spheres (any more than are the economy and the environment). 'Participation' is not limited to 'economic' participation. The economy itself contains non-productive as well as productive sectors and jobs (and it is arguable the former far outnumber the latter); anti-social as much as socially beneficial activities. Much of 'human capital' — much education and training — has intrinsic value, and is not wholly defined by the contingent requirements of employers.

To summarise: it is obvious that, so far as possible, social inclusion policy should be integrated with economic policy; but also justified on independent, moral grounds. Ms Gillard's emphasis is on the first of the five elements in Labor's election policy statement: securing jobs. To be sure, having access to services, connecting with others, dealing with personal crises and having your voice heard are all much easier if one is gainfully employed. But how many people are?

In February 2008, the labour participation rate was 65.2 per cent, the employment rate 60.8 per cent. This includes 15 per cent of males and 42.5 per cent of females in part-time work (which can mean only one hour a week). Put another way, and collating these with overall population statistics, just under half the total population is employed in some form or another; and only 35.8 per cent are in full-time employment.<sup>10</sup>

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<sup>9</sup> See the June 2007 Newspoll survey on the importance of major issues, at [www.newspoll.com.au/cgi-bin/polling/display\\_poll\\_data.pl](http://www.newspoll.com.au/cgi-bin/polling/display_poll_data.pl)

<sup>10</sup> ABS, *Labour Force Australia, February 2008*, cat. no. 6202.0; *Population Clock*, 8 February 2008.

Obviously, this should not be taken to mean that for Labor only just over half of the population is socially included (or just over a third fully socially included); but these figures do call into question the usefulness of an almost exclusive focus on economic participation (which is itself narrowly conceived). What it does indicate is that in translating Labor oratory into policy practice (admittedly, usually in overtly pro-business forums) the Deputy Prime Minister has thus far adopted a very constricted interpretation and application of 'social inclusion'.<sup>11</sup> At the very least, it is necessary to adopt a conceptual framework that includes the whole population in such a way that the majority of elements of Labor's social inclusion agenda are available to all. It requires, that is, a different approach to fusing economic and social participation.

### **An alternative perspective**

Fortunately, this does not involve going far outside orthodox, if still minority, thinking: Anglicare Australia members, senior government officials in both Canberra and Victoria, along with many academic and other researchers have already endorsed and applied Amartya Sen's 'capabilities' approach.<sup>12</sup> In his keynote address to the *Australia's Welfare 2007* conference,<sup>13</sup> for example, Treasury Secretary Ken Henry said:

From the Treasury perspective, there is far more to sharing prosperity than simply ensuring that income is redistributed in a way that avoids inequality widening over time beyond some arbitrary level. To our minds, the distributional goals of government must relate to a much broader concept of prosperity, or wellbeing; one that goes well beyond standard inequality measures, or poverty line constructs, based on crude statistical measures of dispersion around mean or median income.

In Dr Henry's view, what is missing from these crude measures — and more fundamental — is Sen's emphasis on rectifying *capability deprivation* (from which broader social exclusion springs) to provide *substantive freedoms*. These include political and civil liberty, social inclusion, literacy and economic security, which form intrinsic components of individual and social development. As he continued:

Among the capabilities of importance to poverty analysis, Sen identifies one subset including such things as the capability 'to meet nutritional requirements, to escape avoidable disease, to be sheltered, to be clothed, to be able to travel, and to be

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<sup>11</sup> In some respects it is similar to the earlier focus on 'poverty', which tended to ignore the processes of participation in favour of a single, easily measurable criterion of income.

<sup>12</sup> Sen received the 1998 Nobel Prize for his work on welfare economics. For Australian applications see, for example, P. Smyth, 'Social investment in human capital: Revisioning Australian social policy', Brotherhood of St Laurence/University of Melbourne Centre for Public Policy, Social Policy Working Paper No. 8, September 2007; Smyth draws attention to the Victorian Government's emphasis on 'not only incomes, but also health and education outcomes ... A human capital approach therefore supports not only economic outcomes, but also the public interest more broadly.' (Department of Premier and Cabinet [DPC] & Department of Treasury and Finance [DTF] 2005, *Governments working together: a third wave of national reform: a new national reform initiative for COAG: the proposals of the Victorian Premier*, DPC, Melbourne.)

<sup>13</sup> Ken Henry, 'Addressing extreme disadvantage through investment in capability development', Closing keynote address to the Australian Institute of Health and Welfare conference, *Australia's Welfare 2007*, Canberra, 6 December 2007.

educated'. Poverty lines, defined in income terms for example, that captured these capabilities would not vary much from one community to another and would not, for the same reason, vary much over time. In other words, they might provide the basis for an absolute poverty line measure.

But Sen also notes that a second subset of other relevant capabilities of considerable interest to the classical economists — such as the capability to live without shame, the capability to participate in the activities of the community, and the capability of enjoying self-respect — provides a basis for relative poverty comparisons.

It also provides the basis for a comprehensive treatment of social inclusion. This covers its rationale, not independently of, but encompassing, the capacity for economic participation. Crucially, the justification does not *rely* on economic participation as either a necessary component or objective. To be sure, employment is a most desirable outcome for those who are employable. But social participation and all that is necessary for it is an end in itself, one of the conditions of being a member of society: of being (in a moral, rather than legal, sense) a *citizen*.<sup>14</sup>

Instead, then, of prosperity, our aim should be prospering. Sustainable macroeconomic growth is an essential means to this end. And investment in human capital is a crucial means of realizing such growth; but only a subset of the more fundamental right and obligation of maximizing the human capabilities of all members of society.

### **Implications for Anglicare Australia's approach**

As the Deputy Prime Minister's public statements make clear, the Rudd Government's interpretation of social inclusion has thus far been 'hard-headed' primarily in the sense that it has focused almost exclusively on economic participation — itself hard-headedly treated as paid employment within the mainstream market economy.

At the same time, the Government has made a commitment to continuing dialogue with the community sector.<sup>15</sup> This provides an opportunity for Anglicare Australia and others to broaden the official reading of the term: to make it, if anything, more hard-headed by a rigorous treatment of such notions as 'economic participation' and 'investment in human capital' to rework the interpretations used in most official rhetoric.

Such an approach requires clear and realistic thinking, which will not always accord with accepted governmental wisdom. But as the Prime Minister himself said in 2006, 'The purpose

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<sup>14</sup> 'The 20<sup>th</sup> century of the welfare state can be understood as a struggle to transform the liberty conferred by formal legal rights into the freedom guaranteed by shared social entitlement .' (Michael Ignatieff, quoted in Jamrozick, *op. cit.*, p. 19.)

<sup>15</sup> 'We're creating a whole new climate with this approach. We are saying to the voluntary sector — to those great not-for-profit agencies that work with the disadvantaged and provide services — that we want to hear what you've got to say.' (Julia Gillard, Media conference, 9 January 2008.)

of the church is not to be socially agreeable; it is to speak robustly to the state on behalf of those who cannot speak effectively for themselves.<sup>16</sup>

### Strategy

Given the above, the following might be put forward as possible elements of an Anglicare Australia approach. We should aim to ensure:

- That Anglicare's primary moral perspective constantly be articulated, to inform both policy proposals and the language in which they are couched.
- That the tension between the Government's interpretation of social inclusion as economic participation and as a good in itself constantly be noted.
- That 'social inclusion' always be interpreted in line with the capabilities approach, rather than one which gives primacy to economic over social participation (or which makes the latter dependent on the former).
- A related, or subordinate, point: that we insist social inclusion as participation mean more than economic participation. And that economic participation itself takes many forms — with particular emphasis on the valuable work of those in the voluntary and caring sectors.
- That 'social inclusion' be treated not as a distinct subject — though it covers distinct material — but as a framework for all priority areas. These, at the moment, are the areas identified at the 30 November 2007 Council meeting: workforce participation; housing and homelessness; early childhood development; ageing and aged care; Indigenous affairs; climate change.
- Parallel to this, that Anglicare Australia argue *all* Government policy be developed and articulated within a social inclusion framework. One practical proposal would be to request that a 'Social Exclusion Impact Statement' be included with any documentation about significant new policy — replacing the 'Family Impact Statement'.
- That government recognise the importance of place, by prioritising resources to the most disadvantaged (notably regional and local) communities.
- That there be effective formal partnerships and informal cooperation between government, business, unions and 'third sector' organisations, with central agencies responsible (and accountable) for resourcing and accountability, complemented by local agenda setting. That is, all programs should have a top-down commitment to investment combined with a bottom-up commitment to engagement and participation.

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<sup>16</sup> Kevin Rudd, 'Faith in politics', *The Monthly*, October 2006. In an earlier talk on Christianity and politics at New College, UNSW, Mr Rudd contended, 'Because what this debate [on industrial relations] is all about is core Christian business in that what we are dealing with here is the relationship between the interests of the powerless against the powerful. There is no escaping from that point.' 'Church and State', *New College Lectures 2005*, at [www.newcollege.unsw.edu.au/fileadmin/user\\_upload/pdfs/NCLs05Rudd.pdf](http://www.newcollege.unsw.edu.au/fileadmin/user_upload/pdfs/NCLs05Rudd.pdf)

- That social inclusion policies engage with people at the critical transition points in their life: early school years, school-to-work, in-and-out-of-work as adults, retirement-to-ageing.
- That Anglicare Australia persist in ensuring that the vocabulary used in the social inclusion debate — and the concepts underlying it — be precise and plain.