



200106856

ECONOMIC RATIONALISM VERSUS SOCIAL JUSTICE:

The Relationship Between the Federal Liberal Party and the Australian Council of Social Service 1983-2000

Philip Mendes

Over the last decade and a half, the Australian Council of Social Service (ACOSS) - the peak council of the non-government welfare sector - has become one of the most effective lobby groups in the country. During the period of Federal ALP Governments from 1983-1996, ACOSS exerted significant influence on government policy agendas in social security and a number of other areas, maintained a consistently high profile and status in media and public policy debates, and formed close links with other key interest groups such as the ACTU (Mendes, 1997:26).

Whilst the election of the Howard Liberal Government in March 1996 introduced a tougher political and intellectual climate for ACOSS, the peak council appeared at least on the surface to retain its political influence. In particular from mid-1996 till the federal election of August 1998, ACOSS played a central role in Australia's tax reform debate.

Yet approximately two years later, Australia has a new taxation system which is sharply at odds with ACOSS' key policy concerns and recommendations. In addition, ACOSS has largely been frozen out of the tax debate by the Howard Government since the last federal election. Overall, ACOSS' policy agenda appears to have been increasingly marginalised by an unsympathetic government.

This article explores the relationship between the Federal Liberal Party and ACOSS from 1983 to the current day. This period coincides with the

Copyright of Full Text rests with the original copyright owner and, except as permitted under the Copyright Act 1968, copying this copyright material is prohibited without the permission of the owner or its exclusive licensee or agent or by way of a licence from Copyright Agency Limited. For information about such licences contact Copyright Agency Limited on (02) 93947600 (ph) or (02) 93947601 (fax)

ideological polarisation of the two organisations. Just as the Liberal Party moved to a full-blown economic rationalist agenda so ACOSS conclusively adopted opposing social democratic ideas. Consequently, much of the communication between ACOSS and the Liberals since 1983 has been little more than a "dialogue of the deaf". Although both sides have elected to retain contact for pragmatic political purposes.

Whilst this ideological polarisation had political consequences for both sides during the 1983-1996 period, it has had far greater implications for ACOSS since the Liberal Party regained government. In particular, ACOSS appears to have lost much of its effectiveness as an interest group as it enjoys little access to those policy networks which influence the policies and agendas of the Liberal Government.

Not only has the Liberal-National Coalition Government ignored ACOSS' policy requests, but it has also actively sought to exclude ACOSS from policy debates.

The Role and Influence of the Welfare Lobby

ACOSS is the peak lobby group of the community welfare sector. Affiliates of ACOSS include the eight State and Territory Councils of Social Service, major religious and secular welfare agencies such as the Salvation Army, St Vincent de Paul Society, and Anglicare Australia, peak bodies which specialize in particular policy areas or population groups, key professional associations, and the major low income consumer groups such as the Association of Civilian Widows, and the Council for the Single Mother and Her Child. ACOSS claims to represent the interests of low income and disadvantaged people in social and economic policy debates. Its aims are to promote a fairer and more equitable society, to eliminate poverty, to improve the access of low income and disadvantaged Australians to government services and facilities, and to attain a recognised role for the non-government sector in national policy making.

ACOSS has a diverse membership, including many traditional charities committed to relatively conservative agendas on social issues such as abortion, euthanasia, and illicit drugs. ACOSS affiliates may also disagree on the extent to which welfare services are best provided by public or

private agencies. However, ACOSS is united in its support for a publicly funded welfare safety net supported by a progressive taxation system. Overall, ACOSS espouses a social democratic or social justice ideology which emphasizes tackling the structural causes of poverty and inequality (Lyons, 1995:682; Marsh, 1995:64-65; Mendes, 1998a:115-117; ACOSS, 1999).

To achieve these objectives, ACOSS makes submissions to and meets with Government Ministers, makes presentations to Parliamentary inquiries and hearings, public campaigns, media releases, addresses to public forums such as the National Press Club, and alliances with other lobby groups to influence government and other key lobbying targets such as media, trade unions, business, and general public opinion (May, 1996:265-267; Mendes, 1996:539-547).

However, ACOSS does not spend all its time on direct lobbying of governments and other leading political networks. It also devotes considerable energy and resources to policy development, advocacy and promotion, and the development of a strong community welfare sector (ACOSS, 1999:7-8). Moreover, ACOSS is a non-party political organisation committed to dialogue with both major political parties, and also the minor parties in the Senate. ACOSS has traditionally enjoyed closer relations with the ALP than the Liberal Party due to the greater symmetry of their ideological positions (Mendes, 1996:541). However, ACOSS' relationship with both Labor and Liberal-National Coalition Governments has always involved a mixture of cooperation and criticism. ACOSS does not seek a formal alliance with any particular government or political party which may lead to a diminution of its own political choices (Mendes, 1998a:123). Rather, it aims to influence all parties to develop policies which benefit people affected by poverty and inequality (ACOSS, 1999:9).

During the Hawke/Keating years, ACOSS became one of the most important lobby groups in the country. ACOSS attained substantial access to government including regular meetings with the Prime Minister, the Treasurer and other leading Ministers. It had representation on various government forums and advisory bodies, including the influential Economic Planning Advisory Council. Leading government figures regularly spoke at the Council's congresses. ACOSS was recognised by government as the

legitimate representative of the welfare sector (Lyons, 1995:687; Mendes, 1996:296-306; Warhurst, 1997:111; Blewett, 1999:*passim*).

ACOSS' access to government meant opportunities to influence government policy agendas. ACOSS achieved significant influences in its lobbying on social security policy, and at times in other areas, such as taxation, superannuation, and labour market programs (Gruen and Grattan, 1993:64). In addition, ACOSS attained a prominent media profile which enhanced its capacity to influence government policy outcomes. ACOSS also formed a cooperative relationship with other key lobby groups such as the ACTU on issues of mutual concern such as taxation and social security reforms (Mendes, 1996:312-322 & 525-538). Overall, the ALP Government appeared to view ACOSS as an "arbiter of its social justice credentials" (Lyons, 1995:685).

ACOSS' influence with government arguably reflected its adherence to a number of key strategies identified as crucial for lobbying success. These include the provision of well researched case studies, professional expertise, speaking with a united and representative voice, topicality and timing in its interventions, moderate and considered recommendations, and emphasis on broader national concerns, rather than narrow self interest (Lyons, 1995:691-692; Sawer and Jupp, 1986:83). ACOSS consistently acted as an insider lobby group involved in responsible negotiations with the government, rather than adopting the alternative role of a harsh critic from outside the ideological mainstream (Matthews, 1989:212).

Nevertheless, ACOSS' influence was almost certainly less than that of groups like the ACTU or the Business Council of Australia because welfare groups cannot initiate economic sanctions to further their aims (McCarthy, 1986:4; Whiteley and Winyard, 1987:5).

Nor was the relationship with the Labor Government free of tension. Both Hawke and Keating Governments tended to be intolerant of criticism from presumed allies such as ACOSS. Often, the Prime Minister or ministers would respond to criticism from ACOSS by vigorously questioning ACOSS' credibility and legitimacy. Thus, ACOSS' relationship with the Labor Government, whilst generally cooperative, also included significant periods of confrontation (Mendes, 1996:333-337)

The Ideology of the Liberal Party 1983-2000

Jaensch argues that the Liberal Party has traditionally been a party of pragmatic conservatism blending three disparate ideological tendencies: the social liberal or "wet" ameliorative tendency which favoured state intervention to protect the social and economic rights of the underprivileged; the economic liberal or "dry" individualist tendency which emphasized individual rights, the rationality of the free market, and self-help; and a less organized social conservative tendency based on support for the monarchy and traditional family. The Menzies era and Fraser Governments reflected the influence of all three tendencies (1994:157-158).

However, since 1983, the Federal Liberal Party has become dominated by classical liberal ideas of small government and rugged individualism accompanied by a renewed social conservatism. This dry takeover of the Liberal Party has been particularly apparent in the field of social welfare.

Under the influence of the New Right, the Liberal Party has mounted a significant critique of the welfare state, comprising five related themes. These themes have been described in great detail elsewhere (Mendes, 1998b), and will only be repeated briefly here:

- **Interest Group Capture of the Welfare State:** The Liberal Party conforms to the argument of public choice theory that the welfare state and its services operate in the interest of the well-paid social workers (the so-called "New Class") who administer them rather than in the interest of the disadvantaged consumers whom they are intended to serve.
- **Labour Market Reform:** The Liberal Party argues that minimum wage laws deny the less skilled and more disadvantaged workers access to jobs. It emphasizes the need for a more flexible labour market without award and minimum wage provisions.
- **Welfare Dependency:** The Liberal Party argues that government welfare programs encourage long-term dependency on government, and do little to encourage personal independence and self-reliance. In order to eliminate this alleged incentive to welfare dependency, the Liberals have advocated far stricter eligibility criteria for the Sole

Parent Pension, the Young Homeless Allowance, and unemployment benefits. They also endorse the principle of mutual obligation: that those who benefit from government support have an obligation to give something back to the community in return (Newman, 1999). Overall, the Liberals are explicitly influenced by Lawrence Mead's notion of "new paternalism" which recommends contractual welfare in place of rights-based entitlement (Mead, 1997; Brennan, 2000).

- **The Deserving Poor and the Undeserving Poor:** According to the Liberal Party, current welfare programs encourage people who do not genuinely need or deserve it to seek help. The Liberals have consistently distinguished between the "genuinely needy" (the deserving poor) who are entitled to assistance, and those who can look after themselves (the alleged rorters and welfare cheats: the undeserving poor).
- **Privatization of Welfare:** The Liberal Party has consistently advocated a return to private charitable welfare (only partly funded by government expenditure) as the preferred vehicle of choice for assistance to the needy (Mendes, 1998b:69-73).

Alternative Perspectives Excluded from Liberal Party Network

State actors often do not present a united front when it comes to influencing government policy agendas. The history of Australian social policy suggests a wide and often conflicting range of perspectives both within Cabinet between competing portfolios (frequently Treasury and Finance versus social expenditure ministries), between Cabinet and the backbench, between the parliamentary party and the wider political organisation, and between government and the bureaucracy (Sawer and Jupp, 1996:86).

However, this traditional diversity of views and activity appears to have been considerably reduced under the present government. What is most significant in the contemporary Liberal Party's approach to the welfare state is the almost total exclusion of social liberal perspectives favouring a role

for the State in both intervening in the free market and protecting the poor (Waterford, 2000).

For example, the Prime Minister John Howard has described the party's philosophy as a combination of classical liberal and social conservative traditions. Howard specifically rejects the older social liberal notion of welfarist compassion for the poor (Howard, 1999; Mendes, 2000a). The Minister for Family and Community Services, Senator Jocelyn Newman, is also a committed economic rationalist, and appears to be even more strident than the Prime Minister in her attack on so-called "welfare dependency" (Cadzow, 2000).

The only significant exception to this rule appears to be the Victorian backbencher, Petro Georgiou, who has publicly criticized the Howard Government's attacks on welfare recipients, and its failure to incorporate the Liberal Party's traditional concern for social justice into its welfare policies (Georgiou, 1999). Georgiou's dissent from government policies was heartily welcomed by ACOSS (Raper, 1999), but met with only a telling silence from the Government.

Outside the parliamentary Liberal Party, the ideological spectrum also appears to be equally narrow. For example, the party's think tank, the Menzies Resource Centre, is currently dominated by economic rationalist perspectives. The Director of the MRC, Dr Marlene Goldsmith, is a hardline critic of the welfare state and welfare spending. Goldsmith's ideological mentors are internationally renowned neo-liberal intellectuals such as David Green and Charles Murray, who argue for the abolition of government welfare payments (Goldsmith, 1998:1-7).

Locally, the groups that appear to exert most influence on the MRC and the Liberal Party include the hardline free market think tanks, the Tasman Institute, the Institute of Public Affairs, and the Centre for Independent Studies (Argy, 1998:56-58; Goldsmith, 1998:6; Menzies Resource Centre News, 1999: Winter:4-5 & 20-22 and Spring:22).

Nor does there appear to be any overt opposition within the social policy bureaucracy to the Liberal Party's agenda. In fact, some bureaucrats from the Department of Family and Community Services have even advocated more radical policies than the government, including the extension of

mutual obligation requirements to recipients of the Parenting Payment (Rodgers & Wilson, 1998).

In addition, the quasi-independent research body, the Australian Institute of Family Studies, has now come firmly under government control. The Prime Minister personally vetoed the Institute Board's recommended appointment of a well-known social democratic academic, Professor Jan Carter, as the new Director (Edgar, 1999). The Institute's research agenda now appears to be firmly under the control of the neo-liberal research manager, Peter Saunders, a strong advocate of welfare retrenchment (Saunders, 1999). Another government-funded research body, the Social Policy Research Centre, known for its critical and independent advice was informed that its funding will be put out to competitive tender (Gunn, 1999). The SPRC has subsequently lost 60 per cent of its core funding (Hayes, 2000:6).

The Liberal Government does meet with and listen to many groups and individuals not associated with neo-liberal agendas, including ACOSS. In addition, the naturally cautious Prime Minister will often review or withdraw proposed reforms in areas such as the minimum wage when faced with poll-based evidence of their political unpopularity (Mendes, 1998b:76). However, overall social liberal perspectives appear to have few friends in Liberal Party ranks.

The Ideology of ACOSS 1983-2000

From its formation in 1956 until approximately 1983, ACOSS favoured either charitable models which provided material benefits to individuals whose poverty was viewed as the result of individual failure, or welfarist models which emphasized minor increases in means-tested social security payments rather than structural redistribution (Mendes, 1998a:115; Mendes 2000b).

Since 1983, ACOSS has adhered to a social justice model which aims to improve the conditions of the poor via addressing the broader structural causes of poverty and inequality. Instead of seeking incremental increases in particular social security benefits within a stable or shrinking social security budget, ACOSS has consistently sought a broader redistribution of income from the rich to the poor via reforms in taxation, superannuation, and public

infrastructure, to increase the total amount of money available to be spent on the poor.

ACOSS's movement towards a social justice model reflected the election of a long-term federal Labor government committed (at least in principle) to social justice concerns, and the inclusion of ACOSS within corporatist frameworks and forums such as the Economic Planning Advisory Council (Mendes 2000b:29-30).

ACOSS particularly prioritizes policies concerned with the advancement of indigenous rights and national reconciliation with Aboriginal and Torres Strait Islander people; the reduction of unemployment, particularly long-term unemployment; the promotion of a fairer and more efficient tax system; a fair sharing of national wealth; the raising of the living standards of low income and disadvantaged people; and the strengthening of social supports and infrastructure in areas such as health, housing, transport, legal aid, and community and residential care, with a particular focus on the needs of rural and regional communities (ACOSS, 1996; ACOSS, 1999:7; ACOSS, 2000:1-2).

ACOSS has at times pragmatically endorsed economic rationalist concerns with balancing the budget, and restructuring the economy. However, ACOSS has always emphasized the importance of increasing revenue rather than cutting services, and the necessity of implementing complementary social and economic agendas. Overall, ACOSS continues to advocate a traditional social democratic approach - higher taxation, a larger public sector, and substantial government intervention to reduce poverty and inequality.

ACOSS and the Liberal Party Pre-1983

From its beginnings in 1956, ACOSS enjoyed a mixed, but sometimes fruitful relationship with the Liberal Party. For example, the Menzies Government provided ACOSS with its first government grant in 1966 which enabled the council to set up a Secretariat, and expand its activities. Regular contact was also maintained with leading public servants, and the Minister for Social Services. In general, ACOSS emphasized cooperation and consultation with the Liberal Governments of Menzies and his successors,

rather than conflict or confrontation. However, relationships became more testy in the late 1960s when ACOSS began to criticise publicly government policies on issues such as social security payments, health insurance, and a national welfare inquiry (Mendes, 1996:56-119).

In contrast, ACOSS' relationship with the Fraser Government from 1975-83 was characterised by a critical and often confrontationalist rejection of government policies. During this period, ACOSS gradually moved away from its traditional welfarist emphasis on social security increases in order to adopt a broader structural focus on income redistribution.

ACOSS saw its role as one of pressuring an ideologically unsympathetic government to adopt different policies that were more favorable to the interests of low income earners. The government in turn resented ACOSS' constant criticism and its perceived failure to grant equivalent praise to government initiatives which it supported.

Nevertheless, the Fraser Government granted ACOSS substantial access to key policy makers, including regular meetings with senior public servants, and with leading ministers. For example, ACOSS was included for the first ever time in 1982 in pre-budget discussions with the Prime Minister and Cabinet.

Successive Social Security Ministers Margaret Guilfoyle and Fred Chaney, leading social liberal Peter Baume, and leading social policy bureaucrats worked cooperatively with ACOSS, and engaged in a complex exchange of policy ideas and strategies. There was always a group of social liberals who were willing to canvass ACOSS-type ideas within Liberal Government ranks (Mendes, 1996:181-250).

ACOSS and the Liberal Party 1983-1996

Since 1983, however, the earlier complex and sometimes cooperative relationship between ACOSS and the Liberal Party seems to have come to an end. ACOSS' adoption of overt social democratic ideas based on increased government spending and higher taxation in order to reduce poverty rendered it less willing to seek or find common ground with a

Liberal Party increasingly dominated by ideas of individualism and small government.

In turn, many prominent Liberals accepted the argument of public choice theory that welfare lobbyists were self-interested individuals who should be excluded as far as possible from public policy debates. Conversely, those social liberals who favoured continued policy dialogue and cooperation with ACOSS found themselves progressively marginalised.

The relationship between ACOSS and the Liberal Party during the Hawke/Keating years can best be described as one of ideological confrontation and conflict. On the one hand, ACOSS voiced trenchant criticism of Liberal Party policies, which it regarded as unsympathetic to poor and disadvantaged Australians. On the other hand, the Liberal Party resented ACOSS' tendency to focus much of its criticism on the Liberal Party, instead of concentrating its fire on the policies of the Labor Government.

ACOSS also resented the Liberals' unwillingness to give adequate consideration to or to incorporate ACOSS' views into their policies. The Liberals, in turn, claimed that their own policies were more likely to benefit the poor than were those of ACOSS. At the end of the day, ACOSS and the Liberals simply sat at opposite sides of the political spectrum. To the extent that communication took place, it was primarily a "dialogue of the deaf".

Throughout this period, ACOSS vigorously attacked Liberal Party policies. ACOSS was particularly critical of proposed tax cuts for higher income earners, plans to reduce expenditure on social security payments and other government programs and assistance, and the proposed introduction of a consumption tax. In general, ACOSS argued that Liberal policies would benefit the more affluent members of the community at the expense of the poor and disadvantaged (Mendes, 1996:464-467). In turn, the Liberal Party was generally unsympathetic to the views and objectives of ACOSS.

At the October 1991 ACOSS Congress, for example, the Liberal Party leader John Hewson launched a stinging attack on ACOSS. Using public choice theory, Hewson claimed that ACOSS was more interested in obtaining more money for the welfare sector and in building large bureaucracies than in helping the poor (Hewson, 1991). Hewson subsequently threatened to cut ACOSS' government funding, querying

whether ACOSS' policies actually served the interests of its constituency (Mendes, 1996:449-450 & 467-471).

Despite the antagonism between the Liberal Party and ACOSS, regular contact between the two organizations still took place. Liberal leaders and Shadow Ministers were regularly invited to address ACOSS Congresses, and formal meetings between the Liberals and ACOSS also took place, even at the height of disagreements over the *Fightback Package*.

The significance of these meetings was that the Liberal Party was forced to recognize the political legitimacy and influence of ACOSS despite its disdain for interest groups in general and welfare lobby groups in particular. Commentators subsequently claimed that the Liberal Party's decision to exempt food from the GST represented a capitulation to pressure from ACOSS.

Following the disastrous 1993 federal election, the Liberals attempted to rebuild bridges with ACOSS. In particular, the new Liberal Party leader, John Howard, actively praised ACOSS, and worked to restore relations (Howard, 1995:1; Mendes, 1996:471-473).

ACOSS and the Howard Liberal Government 1996-2000

Since the election of the Howard Government in March 1996, ACOSS and the Liberal Party have maintained a regular dialogue. During 1998-99, for example, ACOSS met with eleven key Ministers plus representatives of major commonwealth departments and agencies (ACOSS, 1999:34).

However, it is arguably significant that this direct access to Ministers and their staff is no longer buttressed by membership of numerous government forums and advisory bodies as was the case during the Hawke/Keating years. Thus ACOSS appears to have less institutionalised opportunity than previously to influence the government's policy agenda.

Nevertheless, the major barrier to policy influence for ACOSS is ideological, rather than structural. The dialogue between ACOSS and the Liberal Party is effectively paralysed by the entrenched opposing views of the two sides. ACOSS continues to advocate a social democratic agenda,

including the retention of the welfare safety net, whereas the government remains wedded to a neo-liberal agenda of smaller government, lower taxation, and greater private provision of welfare. Consequently, ACOSS' influence on government policy has been at best insignificant.

Most ACOSS proposals and criticisms of government policy have been rejected by the Government. ACOSS vigorously criticised the 1996 federal budget, rejecting the large cuts to labour market programs and legal aid, the abolition of the dental health program, and cuts to other welfare payments and programs. ACOSS demonstrated that at least 30 per cent of Government spending cuts targeted mainly low income earners, and that most households would be worse off in their disposable incomes - with low income hit the hardest (ACOSS, 1997a).

ACOSS has also strongly opposed other Government policies including the work for the dole scheme, the cuts to legal aid, public housing, and Centrelink, the private health insurance rebate and savings rebate, and the two year social security waiting period for migrants. In addition, ACOSS has argued for significant modifications to the new Common Youth Allowance scheme and private Jobs Network, called unsuccessfully for rises in the level of unemployment payments for single people, and rejected the government's emphasis on mutual obligation and welfare dependency.

Overall, ACOSS argued that the Government had relied too rigidly on expenditure cuts and restraint, rather than the raising of greater public revenue to repair the budget deficit. ACOSS also suggested that concerns about growing poverty and inequality needed to be addressed by more active government intervention in the economy rather than undue reliance on the private sector and free market (ACOSS Impact, 1996-2000).

Nevertheless, both ACOSS and the government have had their own reasons for maintaining regular contact, and for publicly playing down the full extent of their differences. For ACOSS, regular access to government is based on the assumption that an insider lobbying strategy remains the best means of influencing government policy. On a number of occasions, the former ACOSS President Robert Fitzgerald emphasized the importance for consultation and advocacy purposes of retaining access to the Government unlike the Victorian Kennett Government which had completely excluded the community sector (quoted in Pegler, 1996 and Gunn, 1997). Thus,

ACOSS claims that federal government policies would have been even worse for low income earners without ACOSS' intervention (ACOSS, 1997b:2; Gunn, 1997).

For example, ACOSS took considerable credit for Prime Minister Howard's 1996 election promise to retain the welfare safety net. However, ACOSS later acknowledged that this promise had been honoured only via a "selective and narrow definition" of the safety net (Fitzgerald, 1996:6; Impact, April 1997:3). ACOSS has also taken credit for positively influencing policy outcomes in the areas of housing, and social security (Impact, February 1997:7; ACOSS, 1999:14). Nevertheless, these achievements in ACOSS' core lobbying areas appear to be insignificant.

ACOSS also claims that its intervention in the tax debate produced a far better outcome than would otherwise have occurred. For example, ACOSS appears to have won a number of concessions from its dialogue with the government and the minor parties including the squashing of early Government proposals to reduce overall tax revenue, and to directly use the GST to fund big personal income tax cuts, the removal of basic food from the GST, and the addressing of poverty traps caused by the interaction of tax and social security systems (ACOSS, 1998:2; ACOSS, 1999:3-4; McClelland, 1999:8).

Alternatively, it can be argued that a stronger ACOSS critique when the Government first aired its tax reform principles in August 1997 may well have influenced the government into reconsidering their reform principles given their considerable fears about the possible political consequences of ACOSS opposition (Brown, 1999:97; Mendes, 2001).

Subsequently, ACOSS was marginalised in the post-1998 election period. No ACOSS representative was appointed to the Government's Tax Consultative Committee announced in November 1998, nor to the New Tax System Advisory Board announced in August 1999 or the associated Community Sector Advisory Panel. In addition, the October 1999 Senate Inquiry into business tax reform did not request any welfare representative to appear. ACOSS now seems to have little entree into the government's policy networks, whether they be political staffers and advisers, or bureaucrats, or party policy committees, or external sources of consultation such as think tanks and business lobby groups (Warhurst, 1997:122).

ACOSS did hold seminars in the early days of the new Government, designed to identify and illuminate the policy processes of the Liberal Party for the welfare sector (*Impact*, June 1996:4). However, these seminars appear to have had little influence.

ACOSS' ill-fated alliance with the business sector in the area of tax reform was intended not only to achieve a fairer tax system, but also to influence a key policy ally of the Government in other areas such as welfare spending (Mendes, 1997:26-27; Fitzgerald, 1999:8). However, the leading business groups such as the Australian Chamber of Commerce and Industry and the Business Council of Australia continue to be openly hostile to the welfare state (Argy, 1998:27 & 232-233), although some major companies are committed to notions of social cohesion (Birch, 1999; Murphy & Thomas, 1999; Murphy & Thomas, 2000).

ACOSS has also attempted to appeal to the social justice and social liberal ideas espoused by Sir Robert Menzies, the founder of the Liberal Party (*Impact*, March 2000:3). However, as already noted, these ideas are currently marginal within the Liberal Party and government.

For the Government, regular contact with ACOSS served as a means of pacifying, or at least negotiating with, a potentially critical, or even damaging, interest group. Thus John Howard has emphasized a number of times his commitment to ongoing dialogue with ACOSS despite differences of opinion (Howard, 1996:6; Newman, 1996:15; Howard, 1998:12; Mendes, 1998b:75-76). However, this did not stop Howard or the Treasurer Peter Costello attacking ACOSS for failing to support the government's tax package. Costello, for example, suggested that ACOSS was just another interest group which was not even representative of the whole welfare sector (quoted in Mendes, 1998c:51).

Public Choice Theory and the Howard Government's Marginalisation of the Welfare Lobby

Classical liberals employ public choice theory to argue that the welfare state and its services operate in the interest of the well-paid social workers (the so-called "New Class") who administer them rather than in the interest of

the disadvantaged consumers whom they are intended to serve. These producers of the welfare services (it is argued) have a vested interest in maintaining and expanding welfare programs that has little to do with alleviating poverty and far more to do with enriching themselves (Bennett & DiLorenzo, 1985: 6 & 182; Brennan, 1998:133).

Thus public choice theorists refute the case for government intervention and welfare programs, not by an analysis of the actual workings of the welfare state, but rather by arguing that income redistribution and welfare spending is inspired by powerful interest groups or "poverty pimps" (Davidson 1991). The broad implication of this argument is that groups concerned with welfare spending (often perjoratively labelled the "compassion industry") should be excluded as far as possible from public policy debates.

In qualification, it should be noted that critics of public choice theory reject as simplistic the notion of public sector welfare producers exploiting the poor and disadvantaged for their own benefit. They argue that the "New Class" is not a real class, but simply a loose category of people who happen to oppose free market views, whether in the public or private sector (Mendes, 1998b:70). Moreover, most employees of government welfare agencies such as Centrelink are not social work trained, nor are they well-paid.

Nevertheless, John Howard shares at least some of these ideological assumptions. Howard has long been critical of corporatist-style relationships between governments and sectional special interest groups or peak bodies which allegedly serve to exclude mainstream Australians from public policy debates at the expense of the national interest (Mendes, 2000a). In a series of speeches in 1995 and 1996, Howard denounced on no less than 11 occasions the special access of New Class interest groups to government influence and funding (Mendes, 2000a). Once Howard was elected to government, many of those lobby groups such as the ACTU and the ACF that had previously enjoyed considerable influence were marginalised (Warhurst 1997).

On the welfare lobby, however, Howard has proved less predictable. In contrast to the former Liberal Party leader, John Hewson, Howard has not openly denounced ACOSS as a self-interested lobby group, or threatened to cut its government funding. Howard has in fact praised ACOSS on a

number of occasions. Howard's duchessing of ACOSS reflects in part broader political concerns. ACOSS has been an influential critic of Liberal Party policies in the past, and Howard has been concerned to reverse or at least minimise its opposition to Liberal initiatives in welfare and taxation (Mendes, 1998b:75-76).

However, Howard is also almost certainly influenced by the prominence within ACOSS of the key non-government charities such as the Salvation Army and St Vincent De Paul that he so admires. At least in part, Howard recognizes ACOSS' lobbying activities as representing the legitimate public policy concerns of those who work privately with the disadvantaged at the "coalface" (Mendes, 2000).

But this does not mean that Howard recognizes as a general principle the right of the disadvantaged to be funded by government in order to ensure their participation in public decision-making processes. Nor does it mean that the Government will continue indefinitely to fund or recognize the legitimacy of ACOSS. In fact, it can be argued that the Government's superficially cooperative approach to ACOSS may in the long-term prove to be more potentially dangerous than a full-frontal attack.

Firstly, the evidence suggests that Prime Minister Howard continues to despise some sectional welfare interest groups, and wishes to destroy their power and influence. For example, 15 major peak welfare bodies - including the Australian Pensioners and Superannuants Federation, the Australian Community Health Association, National Shelter, the Australian Youth Policy Action Coalition, the Association of Civilian Widows, Family Planning Australia, and the Australian Catholic Social Welfare Commission Family Planning Secretariat - have already been defunded by the government. In addition, ACOSS' own budget has been cut by ten per cent (Impact, July 1997:4 & August 1997:1).

Secondly, new service provision frameworks such as the purchaser/provider split and compulsory competitive tendering based on public choice assumptions are increasingly being used as an excuse to exclude advocacy groups such as ACOSS from government decision-making processes, and so restrict them to contracted service provision (Alford *et al*, 1994:17; Brennan, 1998:131-133). Frequent attempts have been made by the Government to silence, or at least restrain, organised expressions of dissent

from funded groups (May, 1996:269-270; Impact, August 1998:7, September 1998:3, October 1998:11 & November 2000:8-10; Melville, 1998; Melville et al, 1998:5 & 12-15; Melville, 1999).

A recent statement by the Government requests that funded bodies work collaboratively with the Department of Family and Community Services, and provide early warning for all controversial issues planned for media coverage, and which might attract public comment. This request appears designed to muzzle funded bodies by reducing them to agents of government, rather than autonomous vehicles for community participation in policy development and decision-making. (Impact, August 99:12; Herbert, 1999; Steketee, 1999).

It is not in fact difficult to imagine the Federal Government following the lead of the Western Australian State Government and the former Victorian Liberal Government in tendering out the responsibilities of peak advocacy bodies such as ACOSS (Melville, 1998:14).

Thirdly, it remains true that Howard may be reluctant for political and personal reasons to completely marginalise ACOSS which simultaneously represents for Howard both bad sectional interests, and those private charities whom Howard wishes to involve further in both policy making and service provision (Mendes, 2000a). However, this does not preclude the Government from attempting to split ACOSS down the middle by hiving off the large private charities, many of whom are now dependent on the Government for tender income, from the so-called professional lobbyists. This has long been an aim of the Liberal Party (Mendes, 1996:469-470), and is already arguably reflected in the decision to appoint Patrick McClure, the Director of the large welfare charity, Mission Australia, to head the Government's Welfare Reform Reference Group. Mission Australia is one of the major private providers of the Jobs Network, and McClure is a public defender of government policy (Simons, 1999:89 & 91; McClure, 2000:9-11). In contrast, no representative of ACOSS has been appointed to the Reference Group despite ACOSS' central role in the welfare policy debate.

Conclusion

Historically, ACOSS has enjoyed a mixed association with the Liberal Party. During the Menzies era and subsequent Fraser years, the inter-organisational relationship ranged from one of mutual cooperation and cross-fertilisation of ideas, to one of harsh criticism. Yet in general, Liberal Governments were sufficiently pluralistic and pragmatic to listen to and sometimes adopt significant aspects of ACOSS policy.

However, the current Liberal Party appears to be unequivocally committed to economic rationalist ideas, and the retrenchment of the welfare state. It has also adopted a highly narrow rather than inclusive approach to policy development, and seems unwilling to tolerate alternative sources of advice within its own policy network. Whilst the current Prime Minister has been willing to listen to ACOSS' viewpoint, particularly during the tax debate, the evidence suggests that access to government for ACOSS no longer correlates with genuine policy influence.

The exclusiveness of the current Government's social policy agenda and network suggests ACOSS may need to move beyond traditional insider lobbying strategies, and adopt new strategies and targets in order to influence policy debates and outcomes. For example, ACOSS will increasingly need to pro-actively develop and promote its own policy proposals in the public sphere through the effective use of the media, and alliances with other interest groups such as the union movement, and/or minor and opposition political parties. The innovative, but ultimately unsuccessful, alliance with the business sector to promote a more equitable and economically efficient tax system suggests ACOSS is already moving in this direction (Mendes, 1997:26-27; Mendes 2001).

ACOSS will also need to turn more and more to independent sources of funding in order to retain its public voice and influence. Currently, ACOSS relies on government funding for nearly half its annual income (ACOSS, 1999:28). Unless ACOSS can further diversify and broaden its funding base (ACOSS, 1999:2, 8 & 22), it is likely to come under increasing pressure from the current Government to compromise its views.

References

- ACOSS (1996-2000) *Impact*, Sydney.
- ACOSS (1996) *Federal Election Supplement: Call to the Parties*, Sydney.
- ACOSS (1997a) *Evaluation of the distributional impact of the 1996-97 budget on Australian households*, Sydney.
- ACOSS (1997b) *Annual Report 1996-97*, Sydney.
- ACOSS (1998) *Annual Report 1997-98*, Sydney.
- ACOSS (1999) *Annual Report 1998-1999*, Sydney.
- ACOSS (2000) *Budget 2000: Making the Coalition Work*, Sydney.
- Alford, J. et al (1994) The Contract State. In J.Alford and D.O'Neill (eds.), *The Contract State: Public Management and the Kennett Government*, Melbourne, Deakin University Press:1-20.
- Argy, F. (1998) *Australia at the Crossroads*, Sydney, Allen & Unwin.
- Bennett, J. and DiLorenzo, T. (1985) *Destroying Democracy: How Government Funds Partisan Politics*, Washington D.C., Cato Institute.
- Birch, D. (1999) "Principles of Partnership", *Community Quarterly*, 50, September:15-22.
- Blewett, N. (1999) *A Cabinet Diary*, Kent Town, Wakefield.
- Brennan, D. (1998) Government and Civil Society. In P.Smyth and B.Cass (eds.), *Contesting the Australian Way*, Melbourne, Cambridge University Press:124-137.
- Brennan, D. (2000) "New paternalism: the demise of rights-based welfare?", *Impact*, July:8-9.
- Brown, J. (1999) "The Tax Debate, Pressure Groups and the 1998 Federal Election", *Policy, Organisation & Society*, 18:75-101.
- Cadzow, J. (2000) "Tasmanian Tiger", *Good Weekend*, 18 March:16-23.
- Davidson, K. (1991) "Welfare reality versus Hewson and the Loony Right", *The Age*, 5 October.
- Edgar, D. (1999) "PM interferes in family matters", *The Age*, 2 June.
- Fitzgerald, R. (1996) Address to National Press Club, Canberra, April.
- Fitzgerald, R. (1999) Nation Building: The Social Imperative - Welfare and Business Working Together. Paper presented to Australia Unlimited Roundtable, Melbourne, 4 May.
- Georgiou, P. (1999) Menzies. Liberalism and Social Justice. 1999 Menzies Lecture, Monash University.
- Goldsmith, M. (1998) Introduction in M.Goldsmith (ed.) *Social Justice: Fraud or Fair Go?*, Canberra, Menzies Resource Centre:1-7.
- Gruen, F. and Grattan, M. (1993) *Managing Government*, Melbourne, Longman Cheshire.

- Gunn, M. (1997) "People's Champion", *The Australian*, 1 November.
- Gunn, M. (1999) "Policy research institute in peril", *The Australian*, 28 July.
- Hayes, J. (2000) "SPRC funding cut threatens social policy research", *Impact*, July:6.
- Herbert, H. (1999) "Muzzling the critics", *The Australian*, 6 August.
- Hewson, J. (1991) "De-regulate the labour market, re-examine service delivery", *Victorian Council of Social Service Policy Issues Forum*, November:2-8.
- Howard, J. (1995) Fair Australia. Address to the Australian Council of Social Service, Sydney, 13 October.
- Howard, J. (1996) Address to ACOSS Future of Work Conference, Sydney, 24 May.
- Howard, J. (1998) Keynote Address to the ACOSS National Congress, Adelaide, 5 November.
- Howard, J. (1999) Building a Stronger and Fairer Australia: Liberalisation in Economic Policy and Modern Conservatism in Social Policy. Paper presented to Australia Unlimited Roundtable, Melbourne, 4 May.
- Jaensch, D. (1994) *The Liberals*, Sydney, Allen & Unwin.
- Lyons, M. (1995) *Advocacy for Low Income Australians: The ACOSS Experience*. Paper presented to 1995 Independent Sector Spring Research Forum, Virginia.
- McCarthy, M. (1986) *Campaigning for the Poor*, London, Croom Helm.
- McClelland, A. (1999) Tax Agendas - the position of the welfare sector, paper presented to Tax Reform Options and Opportunities Conference, Melbourne, 18-19 February.
- McClure, P. (2000) *A New Paradigm for the Community Sector: Globalisation, Partnerships and Social Capital* (www.mission.com.au).
- Marsh, I. (1995) *Beyond the Two Party System*, Melbourne, Cambridge University Press.
- Matthews, T. (1989) Interest Groups. In R. Smith and L. Watson (eds.), *Politics in Australia*, Sydney, Allen & Unwin:211-227.
- May, J. (1996) The Role of Peak Bodies in a Civil Society. In A. Farrar and J. Inglis (eds.), *Keeping It Together*, Leichhardt, Pluto Press:245-272.
- Mead, L. (1997) The Rise of Paternalism. In L. Mead (ed.), *The New Paternalism*, Washington D.C., Brookings Institution:1-38.
- Melville, R. (1998) The State and Third Sector Organisations: Renegotiating the Relationship in the 1990s, Address to 27th Annual ARNOVA Conference, Seattle, 5-7 November.
- Melville, R.; Pratt, A. and Taylor, A. (1998) *The Future of Community Sector Peak Bodies in Policy Making and Advocacy: A Comparative Study of Australian, British and American Peak Bodies within a Neo-Liberal and Market Framework*, Sydney, University of Technology.

- Melville, R. (1999) Australian Peak Bodies and the Market Policy Culture. In S.Shaver and P.Saunders (eds.), *Social Policy for the 21st Century:Justice and Responsibility Volume 1*, Sydney, Social Policy Research Centre:171-186.
- Mendes, P. (1996) Welfare Politics in Australia: A History of the Australian Council of Social Service, Doctor of Philosophy Thesis, La Trobe University.
- Mendes, P. (1997) "The Welfare Lobby, Tax Reform and a GST: High Risk Politicking", *Current Affairs Bulletin*, 74(1):26-28.
- Mendes, P. (1998a) "The Australian Trade Union Movement and the Welfare Sector: A Natural Alliance?", *Journal of Australian Political Economy*, 42:106-128.
- Mendes, P. (1998b) "From Keynes to Hayek: The Social Welfare Philosophy of the Liberal Party, 1983-1997", *Policy, Organisation & Society*, 15:65-87.
- Mendes, P. (1998c) "The times they are a-taxing", *Australian Quarterly*, 70(5):48-52.
- Mendes, P. (2000a) "Reconstituting the Public as the Private: John Howard on the Welfare State", *Journal of Economic and Social Policy*, 4(2), Winter:33-47.
- Mendes, P. (2000b) "The Ideology of the Australian Council of Social Service: from the charity model to welfarism to social justice", *Melbourne Journal of Politics*, Vol.26:27-58.
- Mendes, P. (2001) "Welfare lobby groups and public policy debates: A case study of the Australian Council of Social Service and Tax Reform", *Australian Studies*, In Press.
- Menzies Resource Centre News* (1999), Winter & Spring.
- Murphy, J. and Thomas, B. (1999) "A Role to Play", *Community Quarterly*, 50, September:5-14.
- Murphy, J. and Thomas, B. (2000) "Developing social capital: a new role for business". In I.Winter (ed.) *Social Capital and Public Policy in Australia*, Melbourne, Australian Institute of Family Studies:136-164.
- Newman, J. (1996) Keynote Address to ACOSS Congress, Canberra, 17 October.
- Newman, J. (1999) The Future of Welfare in the 21st Century. Speech to National Press Club, Canberra.
- Pegler, T. (1996) "State refuses to consult: welfare group", *The Age*, 10 September.
- Raper, M. (1999) "Libs come clean on welfare", *The Australian*, 23 November.
- Rodgers, K. and Wilson, K. (1998) Rights and Obligations of Families in the Social Security System, Paper presented at Australian Institute of Family Studies Conference, Melbourne, 25-27 November.
- Saunders, P. (1999) "Families, welfare and social policy", *Family Matters*, 54:4-11.
- Sawer, M. and Jupp, J. (1996) "The Two-Way Street: Government Shaping of Community-Based Advocacy", *Australian Journal of Public Administration*, 55(4):82-99.
- Simons, M. (1999) *Fit to Print*, Sydney, UNSW Press.

Steketee, M. (1999) "Careful, we might hear you", *The Australian*, 3 August.

Warhurst, J. (1997) Changing Relationships between Governments and Interest Groups. In S.Prasser and G.Starr (eds.), *Policy & Change: The Howard Mandate*, Sydney, Hale & Iremonger:111-126.

Waterford, J. (2000) "No consistency please, we're politicians", *Eureka Street*, 10(3), April:7.

Whiteley, P. and Winyard, S. (1987) *Pressure for the Poor*, London, Methuen.

