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Valuing the Homelessness Sector: Humanity, Productivity and Building Futures

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Phoenix Rising \_ Renewing the Voluntary Sector in Australia

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My original title for this talk was 'Selling Out Civil Society and what we can do about it'. I have changed it but not because the threat of a sell-out is not real. Let me assure you that it is deadly serious. My brief was to reflect on the role of the voluntary sector in ending homelessness in Australia. The reality is that if people don't take action now there will be no voluntary sector in the homeless space. Or, if there is, it will be so residual that its impact on society will be minimal. I will substantiate this claim by an examination of the marketization push which has overtaken sector reform in the last year or so. I have changed the title to highlight just how out of step this policy is with a society seeking a new economic model oriented to the reduction of inequality and the promotion of a truly civil society. I will conclude with some ideas on how the sector might use this movement to lay the basis for the renewal of the voluntary sector and thereby Australian society itself.

#### Selling off Civil Society

A couple of weeks ago at a meeting of the Australian Catholic Social Justice Council one member reported that in NSW so called homeless sector reform had led to the elimination of many the community based agencies. Notwithstanding the fact that a senior political figure was appalled by the decision and a senior bureaucrat apologised for the whole process, it is fast becoming a national trend.

Last year, after the launch of Ian Harper's National Competition Policy Review I wrote a paper called 'The Lady Vanishes ...' warning how the proposed plan to marketise education, health and welfare would see the voluntary sector disappear into a human service market dominated by mega for profit agencies. This followed the Brotherhood of St Laurence's Tony Nicholson's speech pointing to a similar outcome from the implementation of the Shergold report on the sector for the Victorian Government. Make no mistake, these two policy exercises have proved part and parcel of a new and radically stupid agenda to shrink

not just the government but the community sector in a push to replace the social services of the solidarity state with a human services market.

Before this policy turn there were good reasons to believe that government- community sector relations were on a renewal path. The Rudd and Gillard governments had reaffirmed the sector's advocacy role which had been placed in jeopardy in the Howard period. The PC report of 2009 had declared the limits of Hilmer type market based funding and urged experimentation with new regimes more appropriate for the sector. The creation of Australian Charities and Not-for-Profit Commission has also been providing a new national focus for developing a stronger sector profile. Though never clearly articulated there was throughout this period a strong implicit assumption of a distinctive role of the voluntary sector which was complementary to that of government and market.

However with the Shergold and Harper initiatives the old itch for marketization has returned in an ideological rash. With an eye to the 'unfinished business' of 1990s micro economic reform i.e. education, health and welfare, there has been a clamour to draw the sword on all those providers hiding behind assumptions of a sector with a unique social value add that needs to be protected and fostered by government. Social services must be seen as no different to any other commodity and should therefore be fully contestable in a competitive market open to the private sector. It's really all very simple - just follow neoclassical economics 101.

Everyone in the sector will be familiar with the new messages now emanating from governments both state and federal. As David Tennant of Goulburn Valley Family Care (see web site for paper) recently summarised:

- we want more openings for for-profit providers
- get big or get out
- start to look elsewhere for funding e.g. through quasi-investment markets

And the messages have been backed by action. First there was the slash and burn of the DSS funding round at the beginning of the year, while the march of the mega for profits was plain for all to see in the letting of the employment service contracts with agencies such as the US company Maximus firmly established as the major providers. British based Serco already established in prisons and the Fiona Stanley Hospital is reportedly lining up for the NDIS market. No wonder Tennant titled his paper, 'Once upon a time there were Regional NfP Community Service Providers'.

And the new agenda is not just about a nostalgic passion for market efficiency. It is also about discouraging the idea that the sector has any distinctive role that might be compromised by this marketization. As the ACTCOSS and SACOSS report on 'Independence for the Not-for-Profit Sector' shows there is an active discouragement of independence

which is wholly at odds with previous understandings of the sector's role in contributing to democracy, policy development and civic engagement more generally (see ACTCOSS web site). Indeed in recent discussions of the impacts of funding cuts to health services, government negotiators are reported to have simply dismissed the idea that peak voluntary bodies play a vital role in connecting government into the lives of citizens. It is openly said that the new agenda is to defund peaks and fund individual agencies only to deliver services – no more no less.

The political origins of this attempt to sell off the civil society agencies remain something of a mystery. In the 1990s it was obvious how the microeconomic reform agenda came about. It was openly espoused by the political leadership, strongly backed by senior figures in academia and with bureaucrats who could be quite credible even if you did not always agree with them. Today while Shergold and Harper have fronted up inquiries it is extremely hard to find out who is actually behind selling off the community sector. Anecdotally federal ministers are said to fully appreciate its wider contribution, bureaucrats confess to a shakeup but never a full on marketization, while I have never seen any Australian academic great or small espousing such a thing.

The only resonance people have found is with the radical liberal 'Big Society' agenda of the UK government designed to permanently undo the social policies and institutions of the welfare state. Australian conservatives certainly tried to follow the UK assault on people on welfare with their first budget and we know what happened to that. Perhaps this simultaneous and unexpected attack on social services and the community sector is simply getting through under the radar because in the short run fewer people are immediately affected.

But if the case for marketisation is so weak and its real champions have to lurk in the shadows one has to ask why there hasn't been more effective resistance? Part of the problem has been that we have all tended to see this as a problem for the sector itself. I am not the only one who has concluded there diagnosis of the problem with an exhortation to the sector to go and get itself sorted out. Agencies should revisit their mission, not be focussed on just growing the business and so on. But now we need to see that this is not primarily a sector problem. Its role is entirely interdependent with those of the market and of the state. So before we consider what needs to be done to promote the sector we have first to look at it within the big picture of state, market and civil society in Australia today.

### Society and Social Policy

Of course whenever you say this will be a big picture exercise then you worry that eyes will glaze, heads will nod while people reflect inwardly on more immediate concerns. But don't, because in this case the big picture is the immediate concern. If you are in doubt try and

answer me this question: what is the unique value add of the community sector? Hard? A key reason why the sell-out is happening is the fact that most of us can't give a simple account of the kind of society we want and why it necessitates a critical role for the organisations of civil society.

In my own case I would say I have spent the last three decades trying to understand neoliberalism and work out what was wrong with it from a social policy point of view. I think I learnt a lot about economics but I never thought about the kind of alternative society I would actually prefer; that would have truly been a waste of time. Now as we enter a period when neoliberalism itself is going off the rails I have been startled to find how difficult it is to think about an alternative society and the social policies needed to achieve it.

This is actually quite odd because when I did my undergraduate studies in the 1980s in social policy no one took the slightest notice of economics and they hadn't for forty years. Rather we studied alternative types of society and the policies needed to achieve them. Then as the fiscal challenges of the welfare state drove a preoccupation with economic efficiency we simply stopped talking about the actual goals of policy and the social policy space became colonised by economists whose claim to expertise lay not in social policy goals but in the secondary question of the most efficient means to achieve them. But this new radical agenda of selling off civil society goes beyond questions of efficiency to changing the type of society we want to achieve. To really engage with the renewal of the voluntary sector then we must first go beyond questions of economic efficiency and open the question of the kind of society we want.

So what ideas of society did people have in the decades preceding this narrowing of focus to efficiency? The idea of a welfare state was of course the centrepiece. But what was it all about? Going back to the great social policy thinkers writing on the eve of the welfare state, like R H Tawney and Michael Polanyi, what I found most interesting from a present day perspective was the way these writers actually upheld the great Enlightenment ideals of individual liberty and its twin the free market economy which had broken through in the French and American revolutions. They did not dispute the revolutionary value of individual freedom or the market economy but rather the ways in which these had been undermined by the gross inequalities and class systems arising amid the industrial revolution. The social policy aspiration became the creation of a truly Civil Society through promoting an equality of circumstance necessary for individual freedoms to be realised (see Rosanvallon 2013). Differences of emphasis had given these societies different names: social liberal, democratic socialist, ethical socialist and so on. But their broadly common aim was 'a society of equals' in which all citizens contributed to the creation of a shared, common 'civilisation' ('civilising capitalism').

Importantly for the Voluntary sector the necessary collective action could not be concentrated entirely in the state (cf fascism; communism) but had to be via a state working through intermediate, free, social associations. This 'social sector' ranged across the

economy and society including employer associations, trade unions and professional associations as well as charitable organisations and educational and training institutes and were as much concerned with good 'economic' as much as 'social' outcomes. The two went hand in hand. For Tawney each of these 'sectors' were important for fulfilling the different 'functions' necessary for the creation of a Civil Society. For Polanyi this corresponded to the idea of different 'vocations' for which the sectors needed to take responsibility through their own professional associations.

### Society and the Welfare State

Especially around the middle of the twentieth century there was a huge growth of social investment in public education, health and welfare. With the associated taxation this helped propel the 'great convergence' of incomes and wealth noted by Picketty and Andrew Leigh. Around this time T H Marshall (1981) produced his classic analysis of what had come to be termed 'the welfare state' in terms of the progressive development of the civil, political and social rights of citizenship. Like Tawney and Polanyi, Marshall's Welfare State aimed to combine the ambitions of liberalism and the market economy with a social system geared towards that social equality needed to underpin true freedom.

For our purposes, what is really important is the way in which he explained the need for the proper functioning of different but interdependent sectors if the overall goal of a civil society was to be achieved. Calling it the identified the components as a democracy, a mixed economy and a welfare state. Properly understood, he said, 'the sectors enjoy a measure of autonomy derived from the power inherent in their axial principles.... (Each) can invoke an authority independent of, and arguably equal in status to, those invoked for the other two'.

The reason we need a social sector independent from and equal to the economy, according to Marshall, lay in the view that 'the market value of an individual cannot be the measure of his (her) right to welfare' in a solidarity state which assigns every citizen equal value. In such a society, wellbeing can never be the 'summation of market preference'. And these different axial principles, he says, require different modes of organisation to achieve their respective goals (cf market, bureaucracy, voluntary sector) and with different kinds of personnel (cf community volunteer, bureaucrat etc.).

Now while the distinctions between the sectors can sometimes be obscured in practice (but education, health and welfare are most definitely in the solidarity domain), Marshall warns not to blur the differences: 'the hyphen links ...different and contrasted elements together to create a new entity whose character is the product of the combination, but not the fusion, of the components, whose separate identities are preserved intact and are of equal contributory status...The tie is unbreakable except by the destruction or degradation of one of the partners...' Importantly he talked about the importance of respecting the integrity of each system and not allowing one to collapse into another even while allowing for the

tensions which would arise through the different values upon which each system was based e.g. accounts of equality\ inequality.

### The disappearance of the social

For us today, this social policy tradition represented by Tawney, Polanyi and Marshall is striking for its insights into the balance sought between individual freedom and social equality, markets and state intervention and how achieving this balance requires different organisational forms and types of personnel. However the delicate balance achieved here did not survive the global economic and social upheavals of the 1970s. Here, as a link to present concerns I briefly note the demise of the welfare state ideal in the more extreme politics of the 1970s and 80s.

### New Left

First the New Left thinking associated with people like Marcuse, Habermas, O'Connor and Offe expressed disillusionment with the failure of the welfare state to eliminate inequality. It applied band aids without eliminating causes, lulled the working class into false consciousness based on naïve beliefs in class harmony and never ending prosperity. A welfare state could never overcome these contradictions of capitalism. A truly Civil Society could only come with the abolition of private property and the end of the class system and so on. For the community sector this meant a new agenda based on the rejection of the welfare state and capitalism. The social dimension was found instead in the social movements of groups left outside of the post-war settlement: women, indigenous, people with disability, immigrants and so on. These became the face of the community sector, a civil society outside of the mainstream.

### New right

The attack on the welfare state from the right by the Pinochets, Friedmans, Thatchers and Reagans needs no rehearsal here. The welfare state had stifled market freedoms with too much tax and regulation while welfare handouts had produced dependency.

In a perceptive commentary in the mid-1970s Claus Offe (1984) showed how the New Right flatly rejected the social policy principles of the Marshall tradition. Thus you cannot have 'a separate and autonomous source of wellbeing which provides incomes and services as a right'. Market forces must prevail.

Their 'ideal state of affairs' Offe writes is a situation in which every citizen can take care of all of his or her needs through participation in market processes, and the inherent test of

rationality of policy –making in the capitalist state is the extent to which it approximates this situation’ p. 138. Interestingly Offe like every other commentator of the time thought this ideal wildly utopian.

### Bringing society back in: a triadic model

This brief retrospect highlights the way that extreme ideologies of left and right replaced the balance of state, market and civil society achieved in the mid twentieth century. I would argue that the first challenge we face today is to develop a big picture account of social policy which reasserts the kind of balance achieved in the mid twentieth century.

By pushing the old left’s positive appraisal of individual freedom, markets and the welfare state off the agenda the New Left effectively reduced the social domain to a radical fringe of community groups. On the other hand the New Right’s reassertion of market individualism in opposition to a welfare state was founded on an ideal which negated the axial principle of social equality and with that the institutions of the welfare state and civil society dedicated to its realisation.

The academic case for this new beginning has been powerfully put by the US sociologist Margaret Somers (2008). In her book, *Genealogies of Citizenship* writes of the new ‘triadic model’ we will need to re-establish a better balance of power between the three sectors:

*“My central claim is that ideal-typical democratic and socially inclusive citizenship regimes rest on a delicate balance of power among state, market and citizens in civil society...Disproportionate market power disrupts this carefully constructed balance...”* p.1

Constructing and promoting such a triadic approach for Australia must be the priority task for those who want to close down the fire sale of civil society institutions in Australia. This fire sale is not just another exercise in efficiency a la the 1990s but an obviously ideologically driven exercise in undoing the balance between the sectors.

### The triadic approach – lessons from South Australia

Once we get to work on the triadic approach we begin to realise just how limited our imaginations have been by that constant recasting of welfare sector reform in terms of neoclassical economics 101. What is needed now is a fundamental reappraisal of the contribution of all three sectors to achieving the society we want. This means reopening the question of the role of the Voluntary sector from the starting point not of neoclassical economics but rather social policy itself. Viewed from this perspective the current marketization agenda itself is quickly recognised as a utopia totally out of keeping with Australian history and potentially a danger to the poor.

The Australian social model along with New Zealand was the envy of the world in the latter nineteenth century. Albeit within a larger scenario of colonial invasion and dispossession of the indigenous peoples the settler communities nevertheless created an experiment in egalitarian living that attracted the attention of the world. It was most noted for its land reforms and industrial legislation which generated a social equality which struck European visitors as a form of socialism without doctrines. The workers it was said had become gentlemen in a society of equals (see A Metin). State and market were doing their job in the Workingman's paradise but where did the community welfare sector fit in?

This is no place to review the history. What I want to do is show how out of step with the past is the radical liberal sell-out of our civil society organisations. Such an agenda had in fact been behind the Poor Law reforms in Britain in 1834. Its aim was to end the welfare that had previously been available charity in communities and restrict aid to those incarcerated in houses for the poor where husbands and wives were separated and people denied the vote. This was to end the age of entitlement and discipline the wider population to look only to the market for their livelihood.

The colonists in Australia hated the Poor Law. Rather than adopt that system they resolved that their communities should take responsibility for the welfare of their own members. What did that look like? How did it work? South Australians need look no further than Penola. Someone told me recently that he had walked in the footsteps of Mary McKillop all the way from Portland in Victoria to Penola in a kind of pilgrimage. That walk had been the beginning of McKillop's dream of inspiring the Catholic communities not to accept what was a kind of second class citizen status but to work together to ensure that all the kids had the education necessary to take their full place in society. Of course we can all multiply these stories of Australian communities accepting this responsibility to look out for one another and manage their own affairs. It gave rise to a feature of our national welfare system i.e. the strong tendency to want the work done through communities themselves rather than directly by governments.

If the radical liberalism of the Poor law spurred the growth of the voluntary sector it left a question mark over the role of government in welfare. Which was not to be answered until the middle of the twentieth century. The question was raised with great clarity by another great South Australian reformer Catherine Helen Spence. At the first Australasian conference on charity in 1890 there was the view that government provision was not to be promoted because it 'would shrink the field of voluntary endeavour. Spence introduced South Australia as 'the only one of the Australian colonies where the most socialistic principle of the English legislation, the right of the destitute to claim shelter and food from public funds, still holds good'. Strip back the excesses of 1834, she said, and a Poor Law system adds great advantages to the charity model. Thus when government assumes overall responsibility for a mixed systems of state and voluntary relief the result will be cheaper, fairer (by ensuring all classes pay their share and distribute relief more equally and

justly between recipients). It would also be more efficient, with a centralized system of inquiry and supervision. Moreover, while the alternative systems were meant to be voluntary, they relied heavily on state support. Spence concluded that while people might be 'frightened at the mention of a poor law ... a poor law properly managed was a very good thing'.

It was this very logic which led to Australia's adoption of this kind of mixed economy of welfare following the Second World War. The old charitable system could never deliver on the kind of equality grounded in the social rights of citizenship which underpinned the new welfare state. No less than Don Dunstan spoke to this theme at the ACOSS annual conference in 1966 which had tellingly been rebadged as 'Citizens as organizers and providers' from the earlier 'The e Voluntary Principle in Community Welfare'. Dunstan's address concerned urban planning and emphasised that to be effective it had to draw on inputs from the communities themselves and not be left to technicians and local power elites. He was particularly concerned that in this work the voluntary agencies understood the fast changing realities of family life and not impose outdated conventions.

#### The different roles need different institutional designs

Hopefully these glimpses of our past attune us to the need a variety of organisational forms in the quest for a truly Civil Society. In their new book *Markets Rights and Power in Australian Social Policy*, Meagher and Goodwin (2015) show the extent to which this variety has been compromised across the social services and community sector through marketization. The good society they argue requires what I have been calling a triadic organisational model and, they argue the three different types of organisation require three different institutional logics.

Thus they observe how the market derives its legitimacy from the price mechanism, requires norms of self-interest and so on. The state's legitimacy comes through democratic participation; it operates bureaucratically and has citizenship as the source its norms. The community sector's legitimacy is based on trust and reciprocity; it is committed to community values as its source of authority and has group membership or solidarity as its norm. This is of course highly reminiscent of TH Marshall who also emphasised that these different logics extend to the types of roles and people needed for each sector to be effective.

There is of course a library of literature on the negative impacts of marketization on the capacity of government and community sector fulfilling their distinctive roles. People like McDonald, Marston and Chenoweth have documented extensively the erosion of professional social work standards by the inappropriate impositions of the market logics into the community sector.

For two decades policy making has been mesmerised by the market template for social service reform. But if we are indeed looking at a rebalancing of the roles of market state and civil society then we should be looking now for the new governance templates based on understandings of the distinctive contributions of each sector and working through the different institutional logics they require if each is to make its unique contribution. We should recall Tawney's and Polanyi's emphasis on the importance of intermediate social organisations in the makeup of a civil society and how these institutions themselves need to assume active responsibility for ensuring their members social contribution is of the highest standard.

### Phoenix rising? What can be done

As we have seen, a social policy perspective on the role of the Voluntary Sector creates a very different scenario than does neoclassical economics 101. The latter's ideal of a society in which every citizen takes care of their needs through participation in market processes is seen to be as extreme a view as its opposite i.e. a society in which private property is abolished and all needs met via the state. So if what we need is a new triadic balance how can we get there?

As I observed earlier, in the 90s we might not have liked economic rationalism but realistically there was no alternative. The horizon for social reform had shrunk to zero. But today we do have a new horizon and it is there to which we should look if we want to imagine a new future for the Voluntary sector. Two years ago with John Buchanan of Sydney University I (2013) brought out the book *Inclusive Growth in Australia* which noted the new emphasis on Equality in policy thinking of the IMF, World Bank and the OECD. Something of a novelty at the time it has been quickly overtaken by the march of events. Across 2014 many in the sector were engaged with the C20 work on this agenda and around the world we see a gathering momentum from the Vatican to the new socialism across Latin America and so on. Closer to home a number of agencies are actively exploring the policy detail of an inclusive and environmentally sustainable policy agenda. Jenny Macklin for example is in the second year of an ALP root and branch renewal of social policy along these lines while the Labor think tank, the Chifley Institute is preparing a report looking more at the economic dimension. A 'Common Action people's Economic Alternative' campaign has been launched in Sydney ; the Catholic Social Justice Council is exploring the Australian policy implications of Pope Francis' teaching; while recently the ACTU, the BCA and ACOSS among others have announced their own policy summit in the absence of leadership from the national capital.

I don't think we need a crystal ball to realise that we are indeed in a transition from the market extremism of the 90s towards a more balanced paradigm involving greater equality requiring a significant renewal of our social policies and their governance regimes.

#### Next steps

- Inclusive growth emphasises social investment, universal services with a progressive loading for the most excluded groups. Social inclusion sought to conform individuals to the market. Inclusive growth seeks to conform the market to a society of equals. We need to position homelessness as an inclusive growth priority.
- As Shelley Mallet said last year we do this by focussing not on containing and managing the problem of homelessness within the community sector but by addressing the wider responsibilities of the mixed economy and social services so that there will be no homeless problem in the first place
- In pursuing the triadic approach serious work on the governance aspect needs to begin. Public policy research is often backward looking and absorbed in the pros and cons of marketization. Inclusive growth thinking must make a start in producing an entirely different governance models based on these different institutional logics
- An agenda like this cannot be left to commissions of economists. We need one bold government in Australia to establish a Social Policy Commission alongside its Productivity Commission with equal and commensurate resourcing and authority.
- Individual Agencies and sector alliances will have to make their own decisions in the period of transition. We are likely to see a community sector dividing between the genuine civil society agencies of the future ( e.g. in the spirit of the London Citizens group) and the mega for profits and others conformed to the marketised regime
- Hopefully the inclusive growth agenda will call forth new alliances of agencies dedicated to and supported by government to reconstructing the role of civil society agencies in a twenty first century world.

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