

# Inclusive Growth and Australian Social Policy

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# Background

- 2010 flexicurity workshop
- flexicurity and gfc?
- productivity decline and social policy?
- Development policy and inclusive growth (2009 -)  
China\ India
- A broader framework to realign economic and social policy
- Now is the hour: minerals and shared prosperity

# Social and economic policy in developed economies

- Midgley (2008) Social security as:
- adjunct to economy
- Delinked from the economy
- Economically harmful
- An economic investment

# Welfare or social investment state?

- 'paradigm shift' (Droboloski, Lister 2008)
- UK Commission on social justice (1994):
- Deregulators\ levellers\ investors' Britain
- Giddens 'social investment state'
- Subordinating social to economic (Lewis and Surrender)
- From 'compensation' to 'investment' (Gough 2011)

# In EU

- OECD from social protection (1980s) to social investment (1990s)
- ‘new paradigm’ Lisbon Strategy (Morel et al 2009) realign ec and soc for knowledge economy and ageing society:
  - Child centred
  - Human capital – life long learning
  - Employment centred (ALMPs\ make work pay)

# And flexicurity

- Euro sclerosis or competitiveness and growth
- Third way (liberal?) version Giddens
- Nordic (social justice Rawls) Esping Andersen
- flexicurity: integrating labour market, social security, family, educational
- Originally seen as a 'trade off' to salvage social protection but recast as win-win in social investment state
- new fiscal crisis

# Social and economic policy in developing economies

- Parallel history now converging ('end Chinese wall' Mkandawire)
- Postwar Big push Keynesian style industrialisation\welfare restraint\widen inequality
- 1970s Redistribution with Growth WB 1976
- Washington Consensus
- 1990s towards MDGs

# Inclusive growth

- Stiglitz et al new pragmatism in economic policy re state intervention (ed\training\ industry policies ...)
- Pro poor growth debate: (absolute definitions of poverty emphasising growth as the solution; relative definitions look to growth with redistribution)
- Undertheorised but different policy settings to WC



# World Bank (see Growth report 2008; Inclusive Growth 2009)

- Policies for inclusion and growth cannot be undertaken separately. No 'trickle down'
- Manage pace and pattern of growth ensuring equality of opportunity
- Need broad based growth across sectors
- Productive employment not simply income redistribution
- On intervention: patience, pragmatism and experimentation seeking a national fit

# UNRISD Combating Poverty and Inequality (2010)

- No trickle down
- Employment centred growth
- Universal services
- Tackle inequality traps (cf 'bad inequalities')
- Effective state capacity- active citizenship

# Some key concepts

- Influence of Sen et al on development as freedom with broader development measures based on capabilities
- Effective investment in capability is as much about improving quality of life as productive ability thus reducing 'trade off' equation
- Human capital once counted as 'consumption' now as capital investment

# Late industrializers and developmental welfare

- Bismarck model: productivist, selective welfare, authoritarian politics
- Nordic: productivist, universal entitlements, democratic governance
- Cf Varieties of capitalism approach

# Australian social policy muddle

- Vacuum left by end of 'wage earner welfare'
- Productivity Commission : a 'liberal' regime
- Howe: from WEWS to welfare as investment (tim-flexicurity path)
- Human capital and NRA
- Treasury wellbeing framework
- Social inclusion enigma
- 'Tough love' (1990s)
- 'middle class' welfare family payments
- welfare tax concessions blow out (eg private health\ superannuation) (Stebbing and Spies Butcher)

# Applying an IG diagnostic

- Never 'trickle down' or simply 'liberal' (Castles Mitchell on wages)
- But much more: colonial break up of land monopolies\ major public infrastructure\ free elementary ed
- Social services: 'every individual should have as good a chance in life as (his) neighbour' JPSS (1941) **get moving frontier between public and right important for today's human capital agenda** (Giddens or Esping Andersen?)

# Diagnostic cont.

- Employment centred growth the 'main game' in Australia: no to Poor Law; 1945 White Paper ('natural rates' accepted today but opportunity for full employment? )
- Broad based across sectors: federation use rural export earnings to support manufacturing \urbanisation \ high wage population growth. **1980-90s reversed tariff protection (good) but all forms of intervention (?)**

# Last slide

- Tackling inequality traps (the welfare state tradition of 70s focussed on social, today add economic)
- challenge left by wews governance vacuum. Lived too long with myth that award wage system had more or less substituted for welfare:
- ER Walker 1940s; IR commission 1960s; accord and social wage 1980s
- Min wage still an important factor but need state capacity to elevate and integrate social objectives with policies for growth and productivity