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Welfare lobby groups responding to globalization

A case study of the Australian Council of Social Service (ACOSS)

● Philip Mendes

National welfare lobby groups have long played an important role in defending the programs of the welfare state. This role appears to have been particularly important over the last three decades in blocking campaigns for welfare retrenchment inspired by neo-liberal ideas (Pierson, 1994, 1996; Rieger and Leibfried, 2003: 30). It should also be noted that the relative effectiveness of lobby groups has varied from country to country, reflecting the influence of specific national political dynamics and institutions, and the positions of individual states in the global political economy.

However, the advent of economic globalization over the past decade has arguably posed a new challenge to welfare-state interests. The key question to be answered is whether welfare lobby groups can continue to employ solely national-based lobbying strategies to defend the interests of their constituency, or alternatively whether they need to also operate at the regional and global level in order to be effective. And if so, what particular international welfare strategies or objectives should they be pursuing? This study is country-specific and refers particularly to the activities of the Australian Council of Social Service (ACOSS), while drawing implications from their experiences for the broader global debate.

Key words ● Australian Council of Social Service ● globalization ● welfare lobby groups ● welfare state

In referring to globalization we mean a shift in the scale of economic relations from the regional or national to the global. Factors such as hi-tech communications, lower transport costs, and unrestricted trade and financial investment are perceived to be transforming the world into one single market (Bessant and Watts, 1999: 229; Graziano, 2003: 174–5; Palier and Sykes, 2001: 3–4).

Globalization remains a highly contested term with significant political implications. An overriding debate considers whether or not globalization has fundamentally undermined the autonomy of national policy-makers. Overall there is little agreement in the literature about the exact nature of the relationship between globalization and the welfare state, and the extent to which there is evidence of a general shift by welfare states towards adaptation to the demands of the free market. Equally there is little consensus on how globalization has affected the strategies and effectiveness of welfare lobby groups.

One perspective known as the hyperglobalist thesis views globalization as systematically transferring power from national governments to uncontrollable market forces and new economic actors such as transnational corporations, international banks and other financial institutions (George and Wilding, 2002: 3–7; Held et al., 1999: 3–4). Consequently, globalization leads inevitably to the decline of the welfare state through the veto by international financial markets of initiatives towards greater social expenditure and full employment.

This perspective suggests that national welfare lobby groups are largely redundant, and that any resistance to welfare cuts will need to be progressed via transnational, rather than domestic actors and forces (Timonen, 2003: 41). However, this perspective arguably ignores the continued impact of national political and ideological pressures and lobby groups on policy outcomes. It also fails to acknowledge the significant existing and continuing differences between welfare states, which in turn reflect differing national economic and social systems (Cochrane et al., 2001: 267, 284; Swank, 2002).

A second perspective, which may be called the sceptical thesis, holds that globalization has relatively little impact on welfare states (Hirst and Thompson, 1999). Hence welfare state retrenchment primarily reflects domestic political and ideological influences rather than globalization pressures, and national welfare lobby groups retain an important political role (George and Wilding, 2002: 15–17; Held et al., 1999: 5–7). However, this perspective arguably

neglects the significant political and ideological influence of globalization and global policy actors on domestic policy debates (Palier and Sykes, 2001: 7–8).

A third perspective, which may be called the mediation thesis, acknowledges that globalization is affecting welfare states, but argues that the impact varies from country to country, and in turn is mediated by specific national factors. In short, the influence of globalization on welfare spending appears to be determined at least in part by internal political choices as much as by externally imposed economic imperatives (Alcock, 2001: 8–11; Castles, 2004: 21–46; Palier and Sykes, 2001: 5–8; Yeates, 2001: 142–7).

The mediation thesis, which is viewed here as reflecting most accurately the complexity of the relationship between the local and the global, recognizes the role that globalization can play in legitimating and promoting particular solutions to welfare state problems. Global social policy actors such as the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Cooperation and Development (OECD) do provide an ideological justification for neo-liberal welfare reforms (Palier and Sykes, 2001: 10–12).

Conversely, the mediation thesis also recognizes the continued impact of national political and ideological pressures and welfare lobby groups on policy outcomes. Reference has been made, for example, to the important role played by national trade unions and welfare consumer and provider groups in defense of the welfare state. According to this argument, governments engaged in welfare retrenchment may experience considerable electoral backlash from supporters of these groups (Mishra, 1999; Pierson, 1996; Starke, 2006: 108; Swank, 2002; Timonen, 2003: 47–8, 78–81; Yeates, 2001: 163).

But it is also noted that governments can take action to reduce the impact of pro-welfare state groups by reducing their funding and their access to policy-making and consultation processes. These actions are then justified on the basis of removing potential obstacles to economic competitiveness (Melville, 1999; Pierson, 1994).

Pro-welfare state groups may also seek to promote global ideological alternatives to the neo-liberal views advanced by the IMF and other global players. Some non-government organizations (NGOs) now operate at an international level, and have begun to form a global civil society counterweight to the more powerful global corporate lobby groups (Jacobs et al., 2003: 56–7). They have played a significant role in campaigns to regulate and control

international corporate activities, and so promote a more democratic and participatory form of globalization.

Many NGOs back suggestions for the establishment of an international body that would have the power to promote and implement binding social rights at a global level. Specific recommendations have included the introduction of a global progressive taxation system that levies disproportionately from the richer countries to fund social security schemes in the poorer countries; the imposition of international corporate taxes; the placement of formal limits on international trade and financial flows; common labor, consumer and environmental protection laws; and the establishment of international social standards linked to the economic standards and capacity of individual countries (Deacon, 1997: 25–7; Jacobs et al., 2003: 37–8, 51–2; Kerr, 2001: 134–59; Mishra, 1999: 111–32).

This international welfare system could in principle be introduced via the United Nations, and other existing global institutions and civil society organizations such as the International Council on Social Welfare. However, to date there seem to be few serious political strategies for implementing such proposals. National welfare lobby groups currently lack the effective regional and global organizations, alliances and think-tanks that underpin neo-liberal activities and influence.

These deficits and tensions suggest that the following questions may be worth examining.

1. How have welfare lobby groups interpreted the impact of globalization on the welfare state?
2. What impact have welfare lobby groups had on debates about globalization?
3. Has globalization influenced (negatively or otherwise) the power of national welfare lobby groups to influence national social policy agendas and outcomes, and if so in what way? Have such groups maintained the power to influence political concessions from national governments (Timonen, 2003: 48; Yeates, 2001: 163), or alternatively have external global forces and factors reduced or eliminated that influence?
4. Have national governments sought consciously or otherwise to reduce the influence of welfare lobby groups in order to enhance their capacity to reduce welfare spending? If so, what actions have they taken? Do such actions specifically reflect the impact of globalization, or are they more likely to be linked to broader ideological agendas such as neo-liberalism?

5. How have national welfare lobby groups responded to the political and ideological challenge posed by globalization? Have they attempted to form alliances with other national and transnational social policy groups and movements? Have they attempted to promote alternatives to the currently dominant corporate forms of globalization? Have they aimed to establish regional or global alliances that facilitate a sharing of strategies, policies and ideas?

Methodology

Information about welfare lobby group responses to globalization was sought from four principal sources, as follows.

1. A broad review of literature on globalization and the welfare state.
2. A specific review of internal ACOSS publications such as journals or newsletters, annual reports, and reports and papers.
3. A review of external publications pertaining to ACOSS lobbying activities.
4. Interviews with a small number of key ACOSS personnel: the current ACOSS president, Andrew McCallum; the immediate past president, Michael Raper; and the principal policy adviser to ACOSS on international matters, Graham Evans.

The interviews and literature review are limited to the past six years, reflecting both our limited resources and the fact that globalization only became an object of popular concern in the late 1990s.

Research findings

The review of ACOSS literature found little evidence that economic globalization has directly affected its activities, or alternatively that it has identified globalization as a potential key factor in determining the effectiveness of their advocacy. ACOSS has not yet made significant attempts to promote alternatives to the currently dominant forms of corporate globalization by seeking to form alliances with other national or transnational social policy groups or movements.

Nevertheless, ACOSS does recognize the potential detrimental impact of global financial pressures on national levels of poverty and inequality. ACOSS acknowledges that governments are using the rhetoric of globalization as an excuse to justify the introduction

of free-market policies. But it explicitly rejects the hyperglobalist argument that financial markets have undermined the power of national governments to set their own social and economic agendas. Rather it claims that the Australian government is still in control of its spending and taxation options, and that NGOs retain the capacity to influence government decisions (Davidson, 2003; Raper, 1998, 2004).

This insight into the relationship between globalization and the welfare state may correlate with geography. Australia's major trading neighbors in South-east Asia generally lack adequate social welfare systems. Consequently there is some pressure on Australia to accept lower taxation and social spending and reduced wages in order to achieve greater economic competitiveness. The Australian Treasurer, Peter Costello, has spoken of the need to more closely align Australia's tax rates and social spending levels with those of Australia's Asian neighbors (Costello, 1997: 336). ACOSS counters this argument by arguing that Australia should assist with improving social welfare systems in Asia, rather than reducing its own living standards (Raper, 1999).

ACOSS's International Policy Committee has critically examined the impact of powerful international trading and investment bodies and treaties such as the WTO, the World Economic Forum, the deferred Multilateral Agreement on Investment and the recent Australia-US Free Trade Agreement on human rights and social justice in Australia. ACOSS has drawn attention to the absence of democratic structures in such bodies, and to their promotion of unfair trade rules and regulations.

ACOSS has consistently argued for the development of new international institutions to establish binding social, labor and environmental standards that duplicate national controls in these areas, and match existing universal regulations on human rights, health promotion, transportation safety, postal and telephonic services, etc. ACOSS has strongly supported proposals and campaigns by NGOs for greater global equity and justice including the Jubilee 2000 campaign to cancel third-world debt; recommended a strengthening of the role and powers of the Economic and Social Council of the United Nations; and endorsed calls for an International Anti-Poverty Pact aimed at halving the proportion of people in abject poverty, providing universal basic education and reducing child mortality rates by two-thirds by the year 2015 (ACOSS, 1998, 1999; Disney, 2001, 2004; Evans, 1999, 2000a, 2000b, 2001, 2002, 2004; Ranald, 2001, 2002; Rollason, 2000, 2001).

ACOSS has recognized the need to expand its regional and international links as a means of promoting a strengthened global civil society distinct from both government and the free market (McCallum, 2003: 14, 2004). It has been a significant participant in the Asia-Pacific Region of the International Council on Social Welfare (ICSW) with the former ACOSS leader, Michael Raper, active as the current president, and has provided modest support to the ACOSS representative, Julian Disney, during his time as world president of the ICSW. ACOSS has also held regular meetings with governments and NGOs in South-east Asia (Rollason and Evans, 2003), and is engaged with regional civil-society projects. For example, ACOSS was contracted by the Asian Development Bank to promote the active involvement of NGOs and other civil-society groups in Papua New Guinea and Fiji in government budget decision-making processes and policy development (Mitchell, 2004; Raper, 2004).

However, these regional and international activities and alliances are still limited in their application. For example, ACOSS opposed the Australia–US Free Trade Agreement because it was concerned that it could have an adverse impact on the Pharmaceutical Benefits Scheme which guarantees affordable medicine to most Australians. But ACOSS does not appear to have identified any common concerns or formed any links with US health or welfare NGOs during this campaign. And most of ACOSS's international activities (with the possible exception of the Free Trade Agreement campaign) seem to have been undertaken in relative isolation from their other activities on behalf of Australian low-income earners.

One of the obvious deficits of this nationalist emphasis is that corporate groups and neo-liberal institutions such as the World Bank, the IMF and OECD do operate at a regional or international level. Hence there is significant pressure placed on individual national governments to conform to the free market model irrespective of national political debates (Deacon, 2001: 59). Civil-society organizations need to counter the power of global capital by establishing their own social policy institutions at an international level. This is necessary in order to ensure that arguments for social and economic equity remain under global consideration.

Government pressures on lobby groups

Direct pressures by the government on welfare lobby groups appear to correlate mainly with ideological agendas, rather than result from global influences. For example, the conservative Liberal/National Coalition in Australia has actively sought to silence non-government advocacy groups. The Howard government has been significantly influenced by the assumption of public-choice theorists that self-interested welfare lobby groups capture the welfare state in order to manipulate the redistributive process to their own advantage. Accordingly, the government has de-funded a number of welfare advocacy groups, and has sought to limit the access and influence of other interest groups, such as ACOSS, which receive government funding (Mendes, 2003a).

For example, the Treasurer, Peter Costello, released a draft Charities Bill that has been criticized by community welfare organizations as containing unreasonable and unnecessary restrictions on the advocacy role of charities. The bill is clearly influenced by public-choice assumptions, and threatens to remove tax exemptions and concessions from organizations whose purpose is deemed to be 'attempting to change the law or government policy' if such action is 'more than ancillary or incidental to their core purpose'. The bill appears to be aimed at silencing charities such as the Brotherhood of St Laurence and St Vincent De Paul which both provide direct welfare services and advocate changes in government policy. The Treasurer recently announced an indefinite deferral of the bill due to opposition from welfare groups. However, many groups remain concerned that the government intends to crack down on the charitable status of those involved in advocacy work (Maddison et al., 2004: 2–3).

In an associated development, the government has funded the neo-liberal think-tank, the Institute of Public Affairs (IPA), to audit NGOs including ACOSS regarding their relationship with government departments. This audit has provoked some concern given that the IPA is driven by public-choice assumptions, and has a long-standing animus against both the welfare state and welfare lobby groups (Mendes, 2003b). The IPA report recommends the introduction of a series of protocols designed to expose the allegedly overbearing influence of NGOs on government decision-making processes (Johns and Roskam, 2004).

The aim of all these measures appears to be to intimidate welfare lobby groups, to question their legitimacy and to undermine their

credibility. According to the ACOSS president, Andrew McCallum, 'Prime Minister Howard's better at the ambit claim with organized lobby groups than anyone else. He says I'm going to hit you this hard, and when he hits you only half as hard we all sit up and applaud and think a little loss is a win' (McCallum, 2004). Instead of assertively contesting government policy and proposing viable alternatives, welfare lobby groups are forced to spend considerable time defending their actual right to participate in public policy debates. As a result, the government appears to have succeeded in lowering both their expectations and their effectiveness.

Conclusion

This analysis of ACOSS would appear to confirm the validity of the mediation thesis of globalization. ACOSS has recognized the potential impact of global pressures on welfare policy debates and its own effectiveness, but its response has reflected the particular ideological, institutional and political context in which it operates.

ACOSS's approach to globalization has been strongly influenced by Australia's geographical location and associated trade issues, the lack of developed welfare states in the region, and the neo-liberal policies of the Liberal/National Coalition government. Consequently, ACOSS is being forced to reconsider the efficacy of its traditional lobbying strategies, and to at least contemplate the possibility that regional or global strategies may become just as important as national strategies in protecting the rights of Australians on low incomes.

ACOSS has not engaged in significant international actions or alliances to influence global debates. Overall ACOSS still appears to operate primarily as a national-based lobby group aiming to influence national social policy debates. This means that international corporate pressure on the Australian government to cut social spending goes largely unchallenged by countering arguments from international social policy groups or networks.

Ideally, ACOSS could develop far stronger regional and global alliances in the future, and specifically relate its own key welfare objectives and programs (e.g. the elimination of poverty) to a complementary regional and global welfare strategy. ACOSS arguably has a particular interest in resourcing and assisting the profile of regional NGOs as a means of lifting social welfare standards throughout the region. For example, ACOSS could potentially use

the regional grouping of the ICSW or the commonality of membership in the British Commonwealth (Harris, 2004: 44) as a structure for promoting the beginnings of a regional welfare system based on social and human rights.

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