

Workfare, neoliberalism and the welfare state

**Towards a historical materialist analysis of
Australian workfare**

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This work contains no material which has been accepted for the award of another degree or diploma in any university. To the best of my knowledge and belief, this thesis contains no material previously published or written by another person except where due reference is made in the text of the thesis.

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This thesis is inspired by the political perspective and practice of the members of Solidarity. It is dedicated to all those familiar with the indignity and frustration of life on Centrelink.

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INTRODUCTION

The parameters of the literature

The notion of endemic and costly welfare dependency, demanding policy action to shift welfare recipients into work remains firmly established on the Australian political agenda. In early 2013, then shadow treasurer Joe Hockey stated that:

Addressing the ongoing fiscal crises will involve the winding back of universal access to payments and entitlements from the state...This will require the redefining of the concept of mutual obligation and the reinvigoration of the culture of self-reliance (cited in Coorey 2013).

Academic literature widely reproduces the mainstream characterisation of workfare as a project to reduce government expenditure. Within this perspective, the workfare agenda is often construed as an expression of neoliberal ideas. This thesis critiques such formulations, contending that they offer, at best, a partial account of workfare.

Integrating radical scholarship on workfare and Marxist theorisations of neoliberalism and the capitalist welfare state, this thesis suggests that a historical materialist analysis of workfare most usefully explains the complex and contradictory nature of workfare policy and ideology. This thesis examines workfare in Australia, drawing on international trends to frame the Australian case.

The logic of pushing welfare recipients off benefits and into the labour force emerged in the late 1980s in Australia and has dominated the policy regime to the present. During this period, successive Australian governments have pursued social security policies aimed at ‘activating’ welfare claimants to participate in the labour market (Harris 2001, p. 17). This welfare-to-work trend has been termed ‘workfare’ in much academic literature. Workfare involves the application of “quasi-contractual agreements” (Gilbert 2006, p. 11), placing demands on claimants relating to various labour market-related activities, alongside more stringent eligibility requirements, heightened scrutiny of welfare recipients and increasingly punitive penalties for non-compliance (Burgess et al. 2000, p. 174).

Government discourse has radically transformed in line with these policy changes, taking on a distinctly ‘anti-welfare’ tone. Policies aimed at activating welfare recipients have been legitimised by the emergence of a narrative of widespread dependency on the welfare system promoted by politicians and the mainstream media (Henman 2002, p. 73). Dependency is construed as the cause of budgetary strain, necessitating welfare retrenchment (Macintyre 1999, p. 104). Responding to a supposed dependency crisis, rhetoric of reciprocal and mutual obligation has supplanted previous notions of entitlement to social security (Hartman 2005, p. 61). The emphasis on ““paying your dues” to the “community” that supports you” (Shaver 2002, p. 340) constitutes a discursive shift in perceived responsibility for unemployment and disadvantage from the state and the economic system onto the individual, engendering widespread stigmatisation of welfare recipients (Bryson 1994, p. 292). In Bessant’s words, under workfare, “we are told that those already in a relatively weak position, allegedly by virtue of their inexperience and employment status, are the cause their [sic] own disadvantage” (2000b, p. 25). The rise of workfarist policy and ideology in Australia reflects trends across the advanced capitalist world (Peck & Theodore 2000, p. 119).

This thesis departs from a critique of dominant conceptions of workfare in academic literature. Scholarly literature has tended to overstate the distinctiveness of workfare as a framework of welfare provision. While workfare is certainly set apart from preceding welfare regimes by extensive activation requirements and marked anti-welfare ideology, important continuities connect previous modes of welfare provision to the workfare model. Welfare provision conditional on labour market oriented activities has considerable antecedents in Australia and internationally (Bryson 1994, p. 262). Furthermore, basic social security provision has been maintained historically, albeit delivered in modes of varying conditionality, pointing to the underlying role of welfare provision within the capitalist mode of production (Hartman 2005, p. 67). Nevertheless, welfare systems have undergone substantial change historically, alongside changing political economic conditions. This thesis characterises workfare as a distinct welfare framework, but one which shares fundamental continuities with past regimes.

The popular narrative of costly welfare dependency has largely informed the formulation of workfare in academic literature. Scholarly writing critiques the notion of dependency, instead characterising workfare as a policy reaction to the expansion of demand for welfare due to demographic changes since the 1970s (Burgess et al. 2000, p. 175). An increasing rate of unemployment, an ageing population and other changes are

broadly viewed to have increased budgetary pressure, prompting governments to curtail welfare expenditure. Henman articulates this perspective, suggesting that “the aim” of workfarist policies “may thus be more about reducing welfare expenditure than protecting the vulnerable and disadvantaged” (2002, p. 78).

This common-sense account offers an incomplete conception of the development of workfare. Social expenditure has not in fact declined during the workfare era. Despite persistent rhetoric advocating cutbacks, successive Australian governments have maintained or increased outlays on welfare, replicating international trends (Organisation for Economic Co-operation and Development (OECD) 2009). Moreover, welfare provision favourable to middle and upper income earners has expanded in parallel with the toughening of welfare for the poor (Spies Butcher & Stebbing 2009, p. 5), undermining the notion that workfare policy is a simple cost cutting project.

A variation on the cost cutting conception characterises the rise of workfare as an expression of the mounting influence of neoliberal ideas of state and welfare retrenchment. Dee and Lantz encapsulate this view, describing workfarist policies as “deeply entwined with the market centred philosophy of neoliberalism and the paternalism of social conservatism”, which emphasises “work ready competencies and the adoption of productivist ideologies in order to assimilate individuals into market relations” (2012, p. 2). This perspective broadly misrepresents neoliberalism as a coherent ideology and policy program, neglecting recognition of the divergence of neoliberal theory and practice. Neoliberalism must be understood as a contradictory and uneven process, characterised by ongoing state spending and interventionism (Peck, Theodore & Brenner 2012, p. 22).

Moving beyond the limitations of much scholarship on workfare, this thesis draws on a body of radical literature, which offers a more useful theorisation of workfare. This literature connects the development of workfare with parallel transformations in labour markets and processes from the 1980s (Peck & Theodore 2000, p. 133). Workfarist activation policies designed to motivate and pressure welfare recipients into employment can be seen to contribute to heightened competition in the labour market (Peck 2001, p. 35). In the context of persistent unemployment, mobilising surplus labour for work and mandating and normalising poor quality work assists the flexibilisation of labour markets and the depression of wages and working conditions

across the economy (Peck & Theodore 2000, p. 132). In this way, Jessop argues that workfare “subordinate[s] social policy to the needs of labour market flexibility” (cited in Holden 2003, p. 307). Alongside increasing restriction and surveillance, the discursive stigmatisation of welfare recipients deters recipients from remaining on welfare payments (Piven & Cloward 1993, p. xix).

This conception of workfare offers a valuable formulation of the profound economic role of workfare, which is supported by the documented transformations of labour markets and processes in Australia and internationally since the 1980s. However, these radical scholars limit analysis to the economic particularities of the workfare era, without interrogating the fundamental dynamics of welfare provision under capitalism that inform the workfarist framework.

This thesis seeks to redress the limitations of radical literature on workfare by drawing on a distinct body of Marxist literature on the rise of neoliberalism, and situating workfare within it. This scholarship offers a compelling analysis of the development of neoliberalism as a policy response to both the ideological crisis of Keynesianism and to the economic difficulties facing governments internationally from the 1970s (Campbell 2005, p. 189). According to this view, neoliberalism developed unevenly, as a pragmatic strategy for redressing persistent low profit rates internationally, whereby “the capitalist world stumbled towards neoliberalization...through a series of gyrations and chaotic experiments” (Harvey 2005, p. 13). Neoliberal policy manifestations have deviated significantly from the prescriptions of neoliberal ideologues, highlighting the limitations of the ideas-based approach to workfare (Davidson 2010, p. 7). While neoliberalism has been characterised by diverse policies, most fundamentally it has involved an international push to redress ongoing low profitability by increasing the rate of exploitation (Magdoff & Magdoff 2004, p. 19). Marxist theorists have developed a useful theorisation of this process, however little attention is given to the role of workfare within it.

Lacunae thus appear in both the radical scholarship on workfare and Marxist theorisations of neoliberalism. This thesis synthesises the insights of both bodies of literature, drawing on a Marxist theorisation of the capitalist welfare state to cohere a more adequate, historical materialist analysis of the development of workfare. Fundamental to an adequate theorisation of workfare is an analysis of the role played by

welfare provision within the capitalist mode of production. Marxist theory usefully characterises the state as a ‘relatively autonomous’ capitalist institution (Gough 1979, p. 44). It is at once entrenched within capitalist social and economic relations and bound to ensure the maintenance of capital accumulation, whilst simultaneously compelled to maintain social legitimacy, making it somewhat responsive to democratic pressure (O’Connor 1973, p. 6). This formulation captures the complex and often contradictory social and economic pressures that inform government activity (Gough 1979, p. 44).

These twin imperatives of sustaining capital accumulation and shoring up the legitimacy of the state and capitalist social relations inform the character of the welfare state. Social security provision can be seen to facilitate capital accumulation by assisting the reproduction of the “make-believe commodity” of labour power, not guaranteed by the market system (O’Connor 1998, p. 144), and by regulating the incorporation and expulsion of the industrial reserve army of labour (RAL) from the production process (Grover 2003, p. 19). Welfare can also be seen to play an essential ideological role in legitimising the state and capitalist society, by provisioning for the disadvantaged and promoting ideas and behaviours compatible with the capitalist social relations (O’Connor 1973, p. 159). At the same time, the welfare system is shaped by the fluctuations of social and labour movements demanding and defending social protection (Gough 1979, p. 64). In this way, welfare policy can be understood as the outcome of divergent political economic pressures, potentially serving the interests of both major economic classes.

Fusing the insights of radical literature on workfare with Marxist theorisations of neoliberalism and the welfare state, workfare can be located within the generalised response to the crisis of profitability in the 1970s. Viewed through a materialist lens, workfare can be seen to promote capital accumulation by assisting the flexibilisation of labour markets and the depression of wages and conditions. Ideologically, workfare shores up the legitimacy of the state and of prevailing capitalist social relations, by propagating the work ethic and using welfare stigma to deflect responsibility for institutional and systemic problems such as unemployment from the state and capital onto welfare recipients. The compatibility of workfare with continued provision of basic social security reflects the essential role played by workfare in sustaining the reproduction of labour power (Gough 1979, p. 45). In part, the maintenance of welfare provision can also be seen to reflect resistance against the curtailment of provision.

Democratic pressure, albeit relatively weak, has played an important role in limiting the extent of the transformation of welfare provision (Quiggin 2010, p. 16).

The historical materialist theorisation of workfare developed throughout this thesis is employed to examine the 'Work for the Dole' (WFD) program in Australia, drawing out the role of workfare within the dynamics of contemporary capitalism more generally. Introduced in 1997, WFD involves compelling welfare recipients to work in return for welfare payments. Mirroring widespread conceptions of workfare, WFD is commonly understood as a policy aimed at reducing expenditure (Burgess 2000, p. 186), or as a policy incarnation of neoliberal ideas (Carson et al. 2003, p. 19-20). These formulations are problematised by ongoing social expenditure and the paradoxical nature of neoliberalism, highlighting the need for a materialist analysis of the program.

By forcing and normalising participation in poor quality work, deterring reliance on benefits and stigmatising recipients, WFD can be seen to reinforce labour market flexibilisation, thereby facilitating capital accumulation in the neoliberal era. WFD effectively promotes work norms (Bessant 2000b, p. 22), propping up economic relations compatible with accumulation. By locating responsibility for unemployment squarely on the unemployed (Bessant 2000b, p. 25), WFD shores up the legitimacy of the state and capitalism by diverting focus from the structural nature of unemployment. The persistence and popularity of WFD can be seen to reflect the weakness of contemporary labour movements and the marginalised social position of participants.

While dominant understandings of workfare characterise it as policy based on neoliberal fiscal restraint, such an approach offers an inadequate account of workfare. This thesis draws on radical scholarship on workfare and Marxist theories of neoliberalism and the welfare state to develop a historical materialist theorisation of WFD and workfare in Australia. It suggests that this theorisation is uniquely placed to explain the complex and contradictory nature of workfare.

This thesis is structured as follows: chapter 1 outlines the rise of workfare as a distinctive welfare regime, concentrating on the Australian case, but referring to international trends. It examines the consistencies and differences between workfare and

preceding welfare regimes, positing that a materialist conception is essential to explaining both the historical continuity and change in welfare policy. Chapter 2 outlines and critiques the conception of workfare as a project motivated by fiscal restraint, dominant in academic literature. It assesses the insights and limitations of radical scholarship linking workfare with contingent labour market restructuring, suggesting that this perspective offers a valuable but incomplete analysis of workfare. A historical materialist analysis of workfare is developed in chapter 3, integrating the insights of radical literature on workfare with a Marxist assessment of neoliberalism and the role played by welfare within the dynamics of capitalism. Finally, chapter 4 applies this theorisation of workfare to an analysis of WFD. It posits that the historical materialist formulation of workfare developed throughout this thesis is critical to comprehending WFD and workfare policy more broadly.

CHAPTER 1

How distinctive is the workfare regime?

A distinctly workfarist framework of welfare provision emerged in Australia and internationally from the 1980s. Academic literature details the policy transformation towards a system of welfare provision conditional on an array of employment oriented activities. Eligibility for social security has been tightened, surveillance of recipients expanded and more punitive measures imposed for non-compliance. Such policy reform has been reinforced by a corresponding shift in popular welfare discourse. Moving away from rhetoric that frames unemployment assistance as an entitlement, workfare has witnessed the proliferation of notions of recipient responsibility and obligation, alongside language of welfare dependency and dole bludging. This discourse has served to transfer perceived responsibility for social disadvantage from the state onto individuals.

Scholarly literature generally overemphasises the historical distinctiveness of workfare, neglecting appreciation of its considerable institutional and policy antecedents. Welfare provision conditional on employment related requirements has a substantial history in Australia and internationally. Conversely, the maintenance of basic social security provision has been a consistent feature of Australian welfare regimes, in spite of substantive changes to the form of delivery. These continuities highlight the limitations of conceptions of workfare as radically different from earlier forms of unemployment assistance. Nevertheless, significant shifts have certainly characterised the course of welfare policy in Australia over the last century. This chapter outlines the rise of the workfarist agenda, focusing on the Australian case but drawing on international trends. It contends that workfare constitutes a distinctive regime of welfare provision, set apart by systematised labour market activation requirements and discursive demonisation of welfare recipients, but which shares considerable continuities with past frameworks. It concludes that understanding the similarities and disparities in twentieth century welfare policy requires a historical materialist conception of the role of welfare provision under capitalism.

1.1 Activating welfare recipients

Beginning in the 1980s, a process of welfare reform has gradually reconfigured the nature of social security provision in Australia, in line with international trends (Bryson 1994, p. 297). Welfare provision has shifted from delivery based on entitlement and rights, to delivery conditional on compliance with a range of responsibilities (Burgess et al. 2000, p. 181). Beneficiaries are increasingly required to complete labour market oriented activities such as filling a jobseeker diary, training, acceptance of job offers and compulsory work for benefits (Burgess et al. 2000, p. 175), nominally aimed at making recipients 'job ready' (Macdonald & Marston 2005, p. 377). The scope and quality of these policy changes has led Bryson to assert that "the decade since 1983 has seen a veritable revolution in the social security system" (1994, p. 307).

Most visibly, workfare reforms have concerned the provision of unemployment benefits. In 1987 the Hawke Australian Labor Party (Labor) government commissioned a review of the social security system instructively titled *Income Support for the Unemployment in Australia: Toward a More Active System*, which led to the implementation of the 'Active Employment Strategy' (AES) for the unemployed (Harris 2001, p. 17). Introduced under the Keating Labor government in 1991, the AES replaced the pre-existing system of unemployment benefit with the Newstart and Job Search Allowances (Harris 2001, p. 17). This new system required benefit claimants to sign a 'Newstart Activity Agreement' (Parliament of Australia (PoA) 2013) and meet an 'activity test' based on new employment-related requirements (Martyn 2006, p. 4). According to Bryson, the AES "marked the beginning of the Federal Government's new labour-market-oriented strategy" (1994, p. 299).

Labor's 1994, white paper *Working Nation* further cemented the activation approach to welfare, introducing the 'job compact' and rhetoric of reciprocal obligation, which emphasised the responsibility of the claimant to complete specific work oriented activities in return for benefits (Burgess et al. 2000, p. 176). *Working Nation* limited the duration of unemployment assistance to a maximum of 18 months (Burgess et al. 2000, p. 177), mandated the placement of those on unemployment benefits for more than 18 months in compulsory employment (Harris 2001, p. 18) and "strengthened [the] obligation on unemployed people to accept a reasonable job offer" (Martyn 2006, p. 4).

It also increased targeting of payments and recommended the application of “a Youth Training Initiative, the partial privatisation of case-management services and a Job Screening Instrument” for the long-term unemployed (Harris 2001 p. 18).

The activation strategy for unemployment assistance laid out by the Hawke/Keating Labor governments was embraced and extended by the Coalition government from 1996. In 1997, the Coalition introduced the WFD scheme, which exemplified the logic of workfare, mandating compulsory work for the long term unemployed, in exchange for welfare payments (Harris 2001, p. 18). The development and significance of this program is examined in chapter 4.

Activation policies have not been exclusively targeted at the unemployed, but have also applied to recipients of parenting, disability and sickness payments. Bryson argues that Labor’s 1983 Family Allowance Supplement and the Jobs Education and Training (JET) scheme were both aimed at removing any disincentive to seek employment (1994, p. 298). In 1991, receipt of sickness benefit was limited in duration to one year and connected to labour market activation through “rehabilitation and referral schemes” (Bryson 1994, p. 300). The introduction of the AES in 1991 heightened the pressure on diverse categories of welfare recipients to engage in labour market participation programs (Harris 2001, p. 17).

This trend continues to the present. In 2006, the Howard Coalition government legislated ‘Welfare to Work’, transferring sole parents from the Parenting Payment onto the Newstart payment once their youngest child turns eight, entailing activation requirements (ACOSS 2012, p. 8). In 2012, the Gillard Labor government expanded the application of this policy to include all Parenting Payment recipients who have received the payment since before July 2006 (ACOSS 2012, p. 4). As of 2006, recipients of the Disability Support Pension deemed capable of working between 15 and 30 hours per week have also been transferred onto Newstart and the activation plan involved (Carney 2006, p. 27). Such workfarist policies have come to characterise the essence of social security provision in Australia. Bryson argues that “all categories of eligibility have been scrutinised for those who might conceivably be channelled into the workforce” (1994, p. 308). This process reflects the entrenchment of workfare internationally. While different governments have applied divergent policies, the general logic of welfare-to-work has become a “would-be orthodoxy” across the advanced capitalist

world (Peck & Theodore 2000, p. 119).

The expansion of 'activation' policies has paralleled restricted eligibility criteria, increased surveillance of welfare recipients and severe penalties for non-compliance. Carney describes the stringent nature of Australian social security under workfare, based on "rigid eligibility categories and tight arithmetic logic of means tests, leaving little room for discretionary powers" (2011, P. 236). 'Targeting' of provision, often presented as a fairer means of delivering welfare, has meant increasing limitations on access to welfare (Mendes 2005, p. 103). Mendes documents Labor reforms involving, "the elimination of universal payments via the introduction of an assets test on pensions, and the means-testing of family allowances", alongside:

...compliance initiatives such as regular reviews of unemployment beneficiaries and supporting parents, the use of the tax file number to identify applicants and more stringent personal identification requirements that served to reduce the number of persons receiving payments (2005, p. 102).

Such measures to restrict access to welfare have gone hand in hand with increasing surveillance of recipients. Policy measures monitoring and dictating the actions of recipients have become a key feature of workfare. The unemployed are required to fulfil activation requirements, attend interviews and complete a jobseeker diary (Harris 2001, p. 18), while disability support claimants are required to complete Disability Pension Job Capacity Assessments (Dee & Lantz 2012, p. 3). The recent expansion of the *BasicsCard* system exemplifies the increased surveillance of welfare recipients' actions, designed to control and restrict behaviour (Dee & Lantz 2012, p. 1).

Heightened surveillance of recipients has paralleled and facilitated the application of increasingly harsh penalties for non-compliance with requirements (Carney 2006, p. 34). Wacquant stresses the link between surveillance and disciplinary measures; describing the complementary workfare and 'prisonfare' systems in the US he states that "stigma, surveillance, punitive restrictions and graduated sanctions, [have been used] to 'correct' the conduct of their clientele" (2012, p. 39). In Australia, so called 'voluntary' unemployment, refusal of 'reasonable' job offers and failure to complete job search and training requirements results in suspension of payments for up to eight weeks (Wilson et al. 2013, p. 631). The application of such punitive measures remains an ongoing feature of workfare practice, recently toughened under the Gillard Labor government (National Welfare Rights Network 2013, p. 3).

1.2 From 'entitlement' to 'obligation'

A dramatic shift in popular discourse surrounding welfare provision has underpinned and legitimised the workfare policy reconfiguration. In contrast with the previous affirmation of 'rights' to welfare (Hartman 2005, p. 61), workfare has been characterised by a new emphasis on the 'responsibilities' of welfare recipients (Harris 2001, p. 20). The focus on "how to activate the unemployed" (Gilbert 2006, p. 9) has most predominantly taken shape in welfare lexicon as 'reciprocal obligation' under Labor and later 'mutual obligation' under the Coalition government (Harris 2001, p. 19).

This discourse emphasises the responsibility of those on benefits to "give something back" to the community (then Prime Minister John Howard, cited in Macintyre 1999, p. 104). In 1998 then Minister for Vocational Education and Training, David Kemp summarised this logic:

In return for financial support from the community, it is fair to expect individuals to improve their job prospects, their competitiveness in the labour market or contribute to their local community (cited in Burgess et al. 2000, p. 180).

The notion of mutual obligation has shifted perceived responsibility for structural unemployment from the state onto the individual claimant (Macintyre 1999, p. 105). The logic of workfare construes unemployment as a supply side problem, caused by behavioural or motivational deficiencies in the unemployed themselves (Peck 2001, p. 11). Welfare dependency "is assumed to be due more to personal failings than to institutional effects" (Carney 2006, p. 34), concealing the systemic source of unemployment and disadvantage. Harris underscores the futility of requiring that the unemployed improve their 'employability' and become 'job-ready' in the context of structural unemployment (2001, p. 23). Rhetoric of "dole bludgers", "welfare cheats" and "dependents" (Hartman 2005, p. 63) thus stigmatises welfare recipients, absolving the state and the capitalist system more generally of responsibility for systemic and institutional failure. As Bryson articulates, "the emphasis on compliance with the active labour market strategy has all the hallmarks of victim blaming" (1994, p. 308).

In this way, workfare has involved the rise of labour market activation policies, alongside measures to restrict eligibility for payments, heighten the scrutiny of recipients and toughen penalties for non-compliance. Policy reconfiguration has been bolstered by a discourse of mutual obligation and welfare stigmatisation, redefining the social perception of welfare (Macintyre 1999, p. 109).

1.3 A new welfare model?

In analysing the policy transformations and social implications of the rise of workfare, the bulk of scholarship characterises workfare as a discrete and novel welfare regime. Castles' concept of the 'wage-earners' welfare state' (WEWS) is often used to characterise the pre-workfare framework of Australian welfare and as a comparison point for workfare policies. The WEWS is conceived as based on an institutional compromise between the state, capital and the working class, whereby a "statutory wage regulation system" delivered the basic needs of the majority of workers (Castles 1985, p. 103).

The WEWS is seen to take root in wage protection legislation in the early twentieth century, beginning with the 1907 Harvester Judgment (Castles 1985, p. 14). Henderson describes the 'Federation trifecta' of protectionism, centralised arbitration and immigration controls through the White Australia Policy as the basis for a sustained, relatively high 'living wage' in Australia (cited in Quiggin 2010, p. 8). Social security provision under the WEWS is understood as based on "wage security for the worker rather than social security for the citizen", whereby a regulated employment system guaranteed high wages, in place of direct welfare provision (Castles 1985, p. 87).

With Labor's Prices and Incomes Accord of 1983 and the gradual erosion of centralised arbitration, it has been argued that a process resembling the 'hollowing out' of the WEWS has taken place, paving the way for the rise of workfare (Wilson et al. 2013, p. 623). The onset of economic crisis in the mid 1970s saw successive governments pursue "new policy settings to encourage or require pursuit of part-time or casual employment, and welfare/work combinations" which arguably undermined the living wage foundation of the WEWS (Carney 2006, p. 33). Along with the eventual introduction of enterprise bargaining, tariff protections were lifted and immigration policies further relaxed, arguably opening Australia up to increased industrial and labour market competition and corroding the institutional basis of the WEWS (Bryson 1994, p. 291-2).

Undeniably, the logic of workfare can be contrasted with the bipartisan commitment to full employment espoused by governments in the post World War II era (Burgess et al.

2000, p. 174). The 1945 Commonwealth white paper *Full Employment Australia* framed unemployment as a structural problem, whereby the government should “accept responsibility for stimulating spending on goods and services to the extent necessary to maintain full employment” (Commonwealth of Australia (CoA) cited in Harris 2001, p. 13). In 1949 the Director General of the Department of Social Services stated:

To-day the right of the individual to security against loss of income due to illness, old age or widowhood, as well as the right of the family man to benefit to offset his additional financial responsibilities, finds almost universal acceptance (cited in Macintyre 1999, p. 112).

The development of workfare coincided with the abandonment of the formal commitment to full employment. The concept of a “natural” or “Non Accelerating Inflation Rate of Unemployment” emerged, contending that government obstruction of equilibrating labour markets would lead to inflation, thereby redefining governments’ official responsibility to redress unemployment (Harris 2001, p. 19). Workfarist discourse has drawn on this approach, construing unemployment as a supply side issue to be addressed by changing the behaviour of the unemployed (Davidson 2002, p. 112). In this way, the workfare period can be understood as a distinct welfare regime, set apart by systematised activation requirements and welfare stigmatisation.

However, literature on workfare and the WEWS tends to overstate the exceptionality of the workfare regime, overlooking its historical foundation. Conceptions of the ‘hollowing out’ of the WEWS assume that workfare radically deviates from preceding welfare frameworks, constituting a conservative shift away from a previous social democratic institutional arrangement. This perspective parallels the widespread characterisation of workfare and neoliberalism as a backlash against the social democratic advances of the post war era (Harvey 2005, Jessop 2002, Quiggin 2010). Yet, while the expansion of welfare provision during the post war era delivered real social protections, hard fought for by social and labour movements, the extension of benefits can also be understood as essential to capital accumulation during the period (Davidson 2010, p. 13). The advance of social security did not undermine the interests of capital, rather welfare expanded alongside an unprecedented boom.

Challenging the notion that the post war welfare system was negative for capital, Shaikh demonstrates that expenditure on welfare was in fact equalled by revenue from taxation of the working class across six OECD countries, including Australia (2003, p. 545). The

'net social wage', (the difference between social expenditure and tax revenue from the working class) during the post war period remained low across the OECD and negative in the case of the United States (Shaikh 2003, p. 537). Shaikh concludes that "by and large, social welfare expenditures were *self-financed*, and could not have been a source of fiscal deficits or a drag on growth" (original emphasis, Shaikh 2003, p. 531).

Moreover, the conception of workfare as a shift away from the WEWS neglects recognition of welfare policy consistency throughout the twentieth century. Significant continuities exist between the punitive, work-oriented workfare framework and previous models of welfare provision in Australia and internationally. Bryson points to the British Poor Laws of 1834, which explicitly articulated an intention to make the receipt of welfare less appealing than "the situation of the independent labourer of the lowest class" (cited in Bryson 1994, p. 262). Carney similarly argues that workfare "is not new: contractual welfare ('mutual obligations') would have been imposed in post WW2 Britain in the form of retraining camps for the longer term unemployed" if rates of unemployment had been higher (2011, p. 235).

In fact, since the introduction of unemployment benefits in Australia in 1945, the unemployed have been subject to a 'work test', requiring them to be "capable of undertaking and [be] willing to undertake, suitable paid work, and [to take] reasonable steps to obtain such suitable paid work" (CoA cited in Henman 2002, p. 79). The Community Development Employment Project (CDEP) program, which compels unemployment benefit recipients in some Aboriginal communities to work for their payments, has existed since 1977 (Henman 2002, p. 80). Additionally, Depression era relief programs across all Australian states made receipt of food relief contingent on participation in mandatory work (Harris 2001, p. 10). Provision of relief was restricted through rigorous eligibility checks, while the actual use of relief payments was highly controlled through a system of coupons and receipts, (Harris 2001, p. 11), paralleling the contemporary *BasicsCard* system. Carney highlights that pre-1944 welfare systems insisted that "any job, including casual or unskilled work outside the person's usual employment, was better than no job" (2006, p. 31). Thus, important similarities are evident between workfare and other Australian welfare policies throughout the last century.

A converse thread of continuity links welfare frameworks throughout the twentieth century. While welfare policies have persistently connected benefit provision to employment related activities, successive governments have simultaneously sustained a basic system of welfare provision for the poor (Hartman 2005, p. 67). Recognition of this reality points to the important role played by welfare provision under capitalism, as a means of sustaining the reproduction of the “make-believe commodity” of labour power and maintaining capitalist social norms (O’Connor 1998, p. 144). This partially explains the durability of the welfare state in the face of contemporary proclamations of the need for its abolition (Davidson 2010, p. 68). Chapter 3 explores the centrality of welfare provision to the capitalist mode of production in more detail.

Nevertheless, in spite of the profound continuities outlined, welfare policy can also be seen to have fluctuated substantially throughout the twentieth century. Harris describes the twentieth century as characterised by three distinct ‘welfare rationalities’ based on ‘relief’, ‘full employment’ and ‘mutual obligation’ successively (2001, p. 7). While this formulation may overstate the discreteness of the different periods of welfare provision, it usefully illustrates the changing nature of social security. Henman is eager to dispel the notion that workfare is without historical precedents, however he emphasises that the welfare system has not remained “static”, rather the “welfare state is an evolving project, which has developed over the course of the twentieth century and has constantly changed to meet address [sic] new social and economic concerns” (2002, p. 72). Changing welfare frameworks can be understood as conditioned by the prevailing political economic context and the balance of social forces (Carney 2011, p. 234). In Banks’ words:

State responses to shifting international competitive pressures, local disputes between different sections of capitalists and state managers, and conflicts with the working class meant that welfare policy was being constantly re-jigged (2011, p. 9).

In this way, significant transformations of welfare policy have occurred over the last century. While this thesis characterises workfare as a distinctive welfare regime, typified by extensive activation requirements and discursive welfare stigmatisation, it nonetheless argues that considerable continuities link different welfare regimes historically. This thesis suggests that divergences in welfare policy can be most usefully understood within a historical materialist theorisation of capitalist welfare provision.

1.4 Conclusion

Workfare emerged in Australia during the 1980s, activating welfare recipients by making social security payments conditional on a range of employment related activities. Activation requirements, stringent eligibility criteria, surveillance of recipients and disciplinary measures have remained persistent features of the workfare era. The workfare policy framework has been reinforced by a discursive shift, which has emphasised mutual obligation and stigmatised welfare recipients through rhetoric of dependency, recasting unemployment as a behavioural, rather than systemic problem.

The uniqueness of workfare has been largely overstated within academic literature on workfare and the WEWS. Fundamental similarities exist between the workfarist framework and preceding welfare regimes. Activation requirements of varying forms have remained a constant feature of welfare policy in Australia throughout the last century, while essential social protection has been largely sustained. However, despite the broad continuity, welfare regimes have also transformed substantially throughout the last century, reflecting changing political economic conditions. This chapter has situated workfare as a historically distinct welfare framework, typified by an extensive labour market activation regime and contingent anti-welfare discourse, yet characterised by considerable continuity with past approaches. The complex nature of workfare points to the importance of examining the material underpinnings of workfare within the dynamics of capitalist welfare provision.

CHAPTER 2

Explaining workfare: a neoliberal cost cutting agenda?

The dominant mainstream narrative explaining the rise of workfare portrays it as a cost cutting response to increasing strain on the welfare system caused by a culture of welfare dependency. Much academic literature has replicated widespread conceptions of workfare as fiscal restraint, instead characterising it as a reaction to the expansion of demand for welfare following the crisis of the 1970s. However, this view of workfare does not stand up to scrutiny. There has been no reduction in state expenditure on welfare provision since the 1980s. On the contrary, successive Australian governments have expanded the social security budget. While welfare for the poor has been restricted and stigmatised, welfare for middle and upper income earners has expanded, indicating that welfare has been reconfigured in the last 30 years, not retrenched.

The characterisation of workfare as a cost reduction exercise commonly draws on an ideas-based understanding of neoliberalism as a prime explanatory factor in the development of workfare. While ideology has certainly played a fundamental role during the workfare era, this chapter suggests that explanations of workfare as driven by ascendant neoliberal ideas are inadequate. Such formulations misconstrue neoliberal theory as a coherent policy program, overlooking the apparent divergence of the practice of states from normative neoliberal prescriptions.

An additional, radical school of thought has emphasised the role played by workfare in facilitating the deregulation of the labour market. This perspective highlights the efficacy of labour market activation policies for increasing competition among workers, thereby putting downward pressure on wages and conditions across the economy. While this radical literature on workfare provides valuable insights into the nature of workfare, it lacks a comprehensive appraisal of the nature of welfare provision under capitalism more broadly, beyond the specificities of the economic context of workfare. This

chapter argues that the important contribution of radical scholars of workfare must be strengthened through synthesis with a historical materialist analysis of workfare, based on a Marxist theorisation of neoliberalism and the essential role of the welfare state within the capitalist mode of production.

2.1 The mainstream narrative

The rise of workfare has been accompanied by a dramatic shift in popular discourse surrounding welfare provision. As outlined in chapter 1, the language of rights and entitlement to provision has been supplanted by rhetoric of recipient responsibility and obligation to ‘give something back’ to the community in Australia and internationally (Peck & Theodore 2000, p. 134). Through language of ‘dole bludgers’ and ‘welfare cheats’, recipients have been stigmatised as morally questionable individuals, parasitic on taxpayer funded assistance (Hartman 2005, p. 63). Such discourse draws a direct link between welfare provision and governments’ financial pressures (Yeatman 2000, p. 156). In this way, the objective of fiscal restraint is fused with the demonisation of welfare recipients.

This mutually reinforcing discourse of dependency and cost-reduction has been propagated by both major Australian political parties since the 1980s, and continues to dominate rhetoric surrounding welfare provision. The Coalition has pursued anti-welfare discourse with rigour both in government and in opposition. Speaking in 2010, then opposition leader Tony Abbott stated:

My ambition is for us to make the journey from welfare state to...an opportunity society which preserves the comprehensive safety net but which eliminates the cancer of passive welfare which has caused intergenerational welfare to become a tragic way of life for too many of our fellow Australians (cited in Dusevic 2010).

The Coalition has explicitly presented workfare policies as designed to curtail a culture of costly welfare dependency. In 2012 then shadow treasurer Joe Hockey announced that “the Age of Entitlement is over”, stating that the culture of entitlement has generated a “fiscal nightmare”, such that “governments around the world must reign in their excesses and learn to live within their means” (Hockey 2012). In 2013 Hockey affirmed commitment to the principle of mutual obligation, arguing for the promotion of “self-reliance” as the means to overcome the budgetary pressures of welfare dependency (cited in Coorey 2013).

Labor has similarly justified workfare policies by connecting perceived welfare reliance with budgetary strain. In 2011 then Prime Minister Julia Gillard asserted, “it’s not fair for taxpayers to pay for someone who can support themselves” (cited in Archer 2011, p. 5). Labor has actively reinforced the stigmatisation of individual recipients, facilitating a shift in responsibility for social disadvantage from the state onto the unemployed. In 2010, Gillard stated:

If a child grows up in a family where no one works, then they are likely to be unemployed themselves. That's why...I've announced that we will ask the unemployed to step up again, to make sure that they are meeting their obligations to be looking for work (cited in Dusevic 2010).

While the Gillard government partially softened anti-welfare discourse, preferring the language of ‘social inclusion’ (Australian Government 2013), the Labor policy agenda remained committed to the principle of mutual obligation. In this way, successive governments of both sides of politics have propagated the perception of workfare as a cost cutting response to an endemic and expensive problem of welfare excess.

2.2 Mirroring popular discourse: the cost cutting perspective

The conceptualisation of workfare as an effort to scale back welfare spending has been replicated in academic literature on the subject. While critically appraising welfare stigmatisation and the notion of dependency, scholarship largely accepts the notion that budgetary pressure has driven workfare. Workfare is characterised as little more than a knee-jerk reaction to the expansion of welfare rolls due to demographic changes following the crisis of the 1970s (Burgess et al. 2000, Harris 2001, Jessop 2002, Macintyre 1999, Peck 2001).

This understanding draws on real social and economic changes in Australia and internationally from the mid 1970s. Unemployment ballooned with the onset of recession in the 1970s, putting new strains on the welfare system (Bryson 1994, p. 293). The unemployment rate rose from 7.5% in 1978, to 10.6% in 1983, and again to 12.2% in 1993, fluctuating with the business cycle (Watts 2000, p. 26). The duration of time on benefits also increased (Carney 2006, p. 33), along with numbers of the underemployed (Burgess et al. 2000, p. 177).

Alongside rising unemployment, other demographic changes also contributed to the increasing demand on the welfare system. An ageing population meant growing numbers of pension claims (Quiggin 2001, p. 95). Following the civil rights movements of the 1960s and 70s, the changing social position of women meant that numbers of sole parents eligible for welfare increased substantially (Macintyre 1999, p. 104). Heightened understanding of disability meant increasing claims for disability support (Bryson 1994, p. 293). Such demographic factors are widely seen to have strained budgets, prompting governments to curtail expenditure on welfare provision. Macintyre summarises this common formulation of the rise of workfare:

A combination of increased demand and rising costs caused by changes in patterns, consistently higher rates of unemployment, and the introduction of expensive health technology have meant that systems have expanded to the point where the tax-payer is either unable or unwilling to underwrite them. Accordingly, governments have moved to shift the focus of welfare from entitlement to mutual obligation (Macintyre 1999, p. 104).

In this way, the portrayal of workfare as a cost-reduction project pervades much scholarly literature.

There is a strong intuitive logic to the conception of workfare as cost cutting, and indeed some workfare reforms are undeniably driven by the objective of cost reduction. However, this explanation offers an incomplete picture of the nature of workfare policy and ideology. The most striking limitation of this perspective is that workfarist policies have occurred in the context of sustained government outlays on welfare. Social expenditure as a percentage of GDP has increased substantially in Australia since the 1980s, rising from 10.34% of GDP in 1980 to 18.73% in 2012 (OECD 2012). This reflects international trends, whereby average social spending across the OECD rose from 16% of GDP in 1980 to 21% in 2005 (Adema and Ladaique 2009, p. 3).

The characterisation of workfare as fiscal restraint is further compromised by the reality of increased spending on welfare for middle and upper income earners. Paralleling the development of workfare, Spies Butcher and Stebbing document the dramatic expansion of welfare provision for the already well off since the 1980s (2009, p. 5). Taking the form of tax expenditures, or tax breaks on superannuation, private health insurance and other services, such policies represent a significant cost to the state, while entrenching a profoundly unequal framework of welfare provision (Spies Butcher & Stebbing 2009, p. 5). Spies Butcher and Stebbing highlight that by applying a flat 15% tax rate, the present superannuation scheme affords such generous benefits to upper income earners that “the government spends more per person helping wealthy self-funded retirees than helping pensioners” (2009, p. 8). Thus, while welfare for the poor has been heavily stigmatised and restricted, other forms of welfare provision have been expanded, overwhelmingly benefitting the wealthier sections of society. This indicates that workfare can more accurately be conceived as a reconfiguration of welfare provision, rather than as a straightforward project to reduce government outlays.

Many scholars of workfare acknowledge this reality of ongoing government expenditure (Hartman 2005, Holden 2003, Jessop 2002, Macgregor 2005). Holden points to the economic necessity of sustaining basic welfare provision, as well as the political barriers to welfare retrenchment due to the unpopularity of wholesale privatisation of public services (2003, p. 308). Results from a UK study show that:

...state welfare services are being reconfigured in order to serve more effectively the needs of the market. However, this outcome is being achieved not by the withdrawal of the state but by *increasing* levels of state intervention (original emphasis, Holden 2003, p. 303).

Rather than reducing spending, workfare has involved the redirection of funding and shifts in the way social security is delivered (Davidson 2010, p. 67). Hartman captures this reality:

...though welfare may now be leaner and meaner for some, the welfare state has not shrunk, rather different forms of welfare have arisen coupled with new modes of administration and underpinned by a theoretical rationale which has shifted from entitlement to obligation (2005, p. 61).

Despite substantial recognition of the maintenance and increase in welfare expenditure, the conceptualisation of workfare as based on fiscal restraint or the retreat of the state remains a heuristic commonly invoked by academics to explain workfare. Jessop underscores the unhelpful characterisation of workfare as state retrenchment and cost reduction, “welfare expenditure remains at high levels even two decades after the first serious and insistent calls for retrenchment” (2002, p. 143), yet he later describes governments’ “struggle to reduce spending”, concurring with Bonoli et al., that “there is now general agreement that the bulk of the social legislation introduced in recent years is intended to reduce the role of the state in welfare” (cited in Jessop 2002, p. 158). Holden similarly emphasises the persistence of social spending and state interventionism (2003, p. 308), yet also asserts that workfare has seen a process of “residualisation” of the welfare state (2003, p. 306). The prevalence of this contradiction indicates the strength of the perception of workfare as a response to budgetary pressure, highlighting the limitations of scholarship on workfare.

2.3 An incarnation of neoliberal ideas?

The conception of workfare as a cost reduction strategy is often reinforced by its characterisation as an expression of neoliberal ideology. The popular ascendancy of the ideas of theorists such as Milton Friedman and Friedrich Hayek is widely seen to have informed a neoliberal agenda based on market liberalisation, deregulation and privatisation. Workfare is often located within this process and presented as synonymous with the scaling back of welfare (Bryson 1994, Burgess et al. 2000, Carson et al. 2003, Shaver 2002).

Carson et al. epitomise this view, arguing that the rise of welfare-to-work policies reflect “an increasing shift over time to a neo-liberal policy orientation, with a focus on individual self-reliance, withdrawal of welfare provision, and minimal state intervention in social and economic policy” (2003, p. 19-20). Bryson argues that workfare is based on a “market liberal conviction that the economic adjustment process must involve cuts to government spending” (1994, p. 296), while Macintyre points to “free-market think-tanks” as responsible for disseminating notions of personal responsibility typical of workfare policies (1999, p. 108). Burgess et al. similarly point to a “supply-side” logic as responsible for “wage cuts, increased labour market flexibility, deregulation of the IR system and restricted access to unemployment benefits” (2000, p. 177). In this way, the view of workfare as a product of the mounting influence of neoliberal ideas pervades much of the literature, reinforcing the formulation of workfare as cost reducing.

However, the ideas-based conception offers an inadequate characterisation of neoliberalism and workfare, which reflects the limitations of the prevalent cost cutting formulation. This view is undermined by the nonexistence of a coherent set of neoliberal policy prescriptions. Neoliberal thought is not monolithic, but rather a spectrum of neoliberal perspectives exists, each advocating a *laissez faire* economy to a different degree (Gamble 2009, p. 21). Moreover, there is certain ambiguity with respect to the advocated role of the state in the works of even the most consistent neoliberal theorists. For example, Friedman and Friedman advocate state retrenchment, condemning the coercive potential of government intervention in the market (1980, p. 29). However, elsewhere Friedman prescribes a limited array of acceptable activities for the state, acting as “rule-maker and umpire” in the market (1982, p. 25), and in situations where “strictly voluntary exchange is either exceedingly costly or practically

impossible” (1982, p. 28). In this way, neoliberal theory can be seen as immanently ambiguous. The conception of neoliberalism as a comprehensive policy manual often implied in literature on workfare risks conferring “neoliberal policies with a strategic coherence they never possessed in practice” (Davidson 2010, p. 16).

Nevertheless, neoliberal theory does cohere around a generalised proposition that the free market, unobstructed by distorting factors such as the state and organised labour, offers the most effective economic model for society. Friedman and Friedman argue that “voluntary exchange is a necessary condition for both prosperity and freedom” (1980, p. 11). While theorists may differ in the level and nature of acceptable state intervention prescribed, reduced government activity is generally advocated. Hayek writes:

Government is indispensable...only to protect all against coercion and violence from others. But as soon as, to achieve this, government successfully claims the monopoly of coercion and violence, it becomes also the chief threat to individual freedom (1979, p. 128).

In this way, neoliberalism can be broadly understood as underpinned by certain policy recommendations, including state retrenchment. However, these prescriptions have not been borne out in practice.

The ideas-based conception of neoliberalism struggles to explain how the ascendancy of neoliberalism has been compatible with continued state spending, regulation and interventionism. Cerny contends that under neoliberalism:

...paradoxically, the total amount of state intervention will tend to increase, for the state will be enmeshed in the promotion, support, and maintenance of an ever-widening range of social and economic activities (cited in Holden 2003, p. 307).

As Peck, Theodore and Brenner argue, there has been no “evacuation” of the state, but a “repurposing”, so that any “roll-back” of state power or activity has been accompanied by a “roll-out” of new regulatory and institutional frameworks (2012, p. 22). Levi Faur’s research illustrates this clearly, showing how across 171 countries, the rate of privatisation of electricity and communications industries was surpassed by the rate of formation of new regulatory institutions (cited in Cahill 2012, p. 113). Brenner and

Theodore have coined the term “actually existing neoliberalism” to capture the divergence between neoliberal theory and the actual practice of states (2002, p. 349). Cahill highlights the utility of this concept, writing that the term “enables the recognition of both correlations and discrepancies between neoliberal ideas and the economic and political transformations that have often been justified through reference to such ideas” (2010, p. 313).

Indeed, the most typically neoliberal governments have often overseen the highest levels of spending (Gamble 2009, p. 82). In Australia, the conservative Howard government brought government expenditure to 24.4% of GDP in 2007-8, compared with 18.3% by the ‘social democratic’ Whitlam Labor government in 1973-74 (Cahill 2010, p. 301). The ideas-based conception of neoliberalism cannot adequately account for this paradox of neoliberal theory and practice. In this way, a tension exists within scholarship on workfare. While a number of authors recognise and theorise ongoing government social spending and interventionism, workfare remains overwhelmingly viewed as a cost cutting project and/or an expression of prevailing neoliberal ideas. Neoliberal ideas have informed the workfare agenda, however ideas alone cannot account for its development. The following section explores a valuable contribution to literature on workfare which moves toward a more useful theorisation of workfare.

2.4 Facilitating labour market deregulation

A number of radical scholars have made significant contributions to a more useful theorisation of workfare by moving beyond simplistic cost cutting explanations to highlighting the complementary relationship between neoliberal labour market reform and workfarist labour market activation (Jessop 2002, Peck 2001, Peck & Theodore 2000, Piven & Cloward 1993). Workfare has developed in a context of increasingly “non-standard” employment conditions whereby the labour market has become progressively characterised by part time, precarious and low paid work (Hartman 2005, p. 65). These authors argue that workfare acts to facilitate the flexibilisation of the labour market.

The aim of labour market activation policies is not to reduce unemployment, but to compel the unemployed to engage in job search and training activities, heightening competition for jobs (Holden 2003, p. 311). In the context of persistently high unemployment, policies aimed at pressuring the unemployed to enter the labour market effectively mobilise surplus labour thereby depressing wages and undermining the political power of organised labour (Peck 2001, p. 12). Peck describes the effect of such policy, stating that in conditions of “falling wages, chronic underemployment, and job casualization, workfarism maximizes (and effectively mandates) participation in contingent, low-paid work by churning workers back into the bottom of the labor market” (2001, p. 12-14). In this sense, workfare policies effectively increase the rate of exploitation at the lower end of the labour market (Peck & Theodore 2000, p. 132).

The upshot of increased competition in the labour market is downward pressure on wages and conditions across the economy (Peck & Theodore 2000, p. 128). Peck states, “there is a clear connection, in other words, between those inside and those outside the labour market” (2001, p. 35). Workfare policies such as the ‘job compact’ and WFD make completing actual work, or accepting job offers a requirement of the receipt of payments. These policies serve to enforce the acceptance of work regardless of wage rate, conditions or the suitability of the job for the skill set of the individual (Peck & Theodore 2000, p. 130). Peck and Theodore argue that such policy structures:

...forcibly attach welfare recipients to the lower end of the labour market both by eroding the option of non-participation in wage labour and by actively

managing the transition from welfare into an initial job (2000, p. 131).

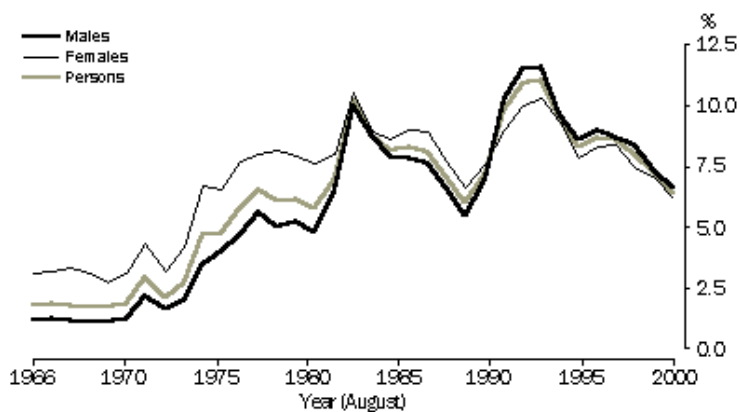
Jessop echoes this view, stating that workfare involves “the redesign and reorganization of social policy to put downward pressure on the social wage” (2002, p. 168).

In addition to activation measures, the restrictive and punitive nature of workfare policies and the stigmatisation of recipients can be understood to reinforce labour flexibility and the prerogatives of capital. By heightening eligibility requirements and increasing scrutiny of welfare recipients, workfare deters recipients from reliance on welfare (Wacquant 2010, p. 203). Piven and Cloward argue that “for the poor person, the spectre of ending up on “the welfare” or in “the poorhouse” makes any job at any wage a preferable alternative” (1993, p. xix). Indeed the demonisation of welfare recipients is a further disincentive to remain on benefits (Piven & Cloward 1993, p. 396). In this way, workfare stringency and ideology buttress activation policies, facilitating labour market competition and flexibilisation.

2.5 Flexible labour markets: the evidence

There is rigorous logic to the conception of workfare as a social policy corollary of labour market flexibilisation, which is supported empirically by the documented changes to labour markets. Workfare policies and labour market flexibilisation in Australia have emerged in the context of persistent and increasing unemployment, reflecting trends across the OECD (Glyn 2006, p. 104). Figure 1 depicts the long term increase in the Australian unemployment rate from the mid 1960s, fluctuating with the movements of the business cycle. The ABS notes that “unemployment rates have become successively higher with each economic downturn” (2001, p. 2).¹ The length of time spent out of work has also increased, more or less in parallel with the changes in the unemployment rate, rising from an average of 3 weeks in 1966 to 50.5 weeks in 1998 (Watts 2000, p. 30).

Figure 1: Unemployment rates in Australia 1966-2000



Source: *Australian Social Trends, 2001* (Australian Bureau of Statistics (ABS) 2001).

The structural nature of unemployment means that workfarist activation measures can only heighten competition for jobs in the absence of increased job availability (Henman 2002, p. 77). Workfare can be understood as based on “wilfully misinterpreting [unemployment] as an individual/motivational problem, and purposefully sidestepping the structural economic explanation of deficient labour *demand*” (original emphasis,

¹ The ABS calculation of the unemployment rate is conservative. For an explanation of the limitations of the ABS criteria of estimation, see Watson et al. (2003, p. 32). ABS data here are used to give a general indication of the overall trend, not as a conclusive indication of quantity.

Peck & Theodore 2000, p. 134). Systemic unemployment continues to characterise the Australian labour market. As of June 2013 there were 5 unemployed people to every available job (Hutchens 2013).

The workfare period has also witnessed concerted, state endorsed attacks on organised labour, alongside radical changes to industrial relations policy, bolstering the interests of capital. Governments internationally have sought to undermine the strength of organised labour, as a means of enforcing inferior working conditions. This has often involved strategic attacks on strong trade unions such as the National Union of Mineworkers in the UK in 1984-5 (Cahill 2012, p. 114), and the Professional Air Traffic Controllers' Association in the US in 1981 (Magdoff & Bellamy Foster 2013, p. 2). During the same period, countries led by nominally social democratic governments established pacts and agreements with trade unions, aimed at legislating wage restraint and effectively undermining working class power (Davidson 2010, p. 29).

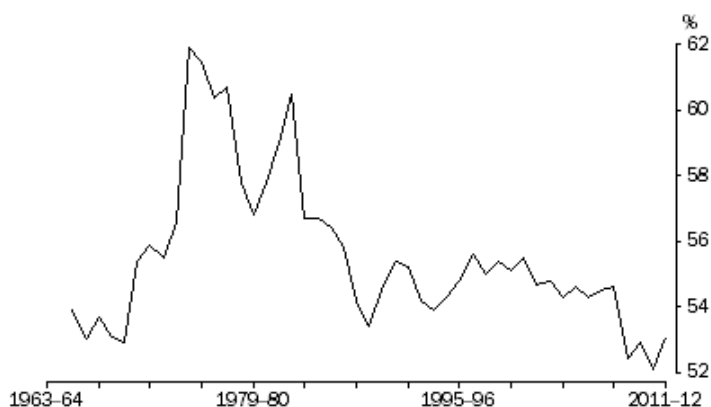
In Australia, Labor's Prices and Incomes Accord with the Australian Council of Trade Unions of 1983, committed the union movement to wage restraint in exchange for an expanded 'social wage' (Hampson 1996, p. 57). The scope of the social wage was incrementally undermined by successive Accords, as the original provision of full wage indexation to the consumer price index was corroded, paralleling the introduction of measures to further restrict wage rises (Hampson 1996, p. 64-5). This logic led to the eventual dismantling of centralised bargaining and the introduction of the 'enterprise bargaining principle' in 1991 (Macdonald, Campbell & Burgess 2001, p. 1). Enterprise bargaining paved the way for further individualisation of contracts and restriction on industrial action under the Howard Coalition government (Bessant 2000a, p. 77).

Trade union density has declined dramatically as a result of the successive Accords and industrial relations reforms (Cahill 2012, p. 121). Union density fell steadily (plateauing for a short period in the early 1990s) from around 50% of total employees in 1980 to below 25% in 2004 (Peetz 2005, p. 6), reaching just 18% in 2012 (ABS 2012b). In this way, Australian governments effectively managed the deregulation of the labour market (Anderson 1999, p. 14). The expansion of activity requirements within the welfare system mirrors government efforts to weaken labour, making the unemployed 'job ready' and effectively reinforcing the deregulation of labour.

The upshot of the deregulation of the labour market since the 1980s has been the stagnation of workers' wages and conditions in Australia and internationally, paralleling the rise of workfarist activation policies. Wages and salaries as a percentage of GDP declined in the US from 52.5% in 1970 to 44% in 2011 (Magdoff & Bellamy Foster 2013, p. 6). Glyn writes that "real wages have grown very slowly in OECD countries since 1979, an extraordinary turn-round from the 3-5% growth rates of the 1960s" (2006, p. 116).

In Australia, Figure 2 illustrates the long term decline in the wage share of total national income from a high point of 61.9% in 1974-5, down to 53.1% in 2011-12 (ABS 2012a, p. 9).

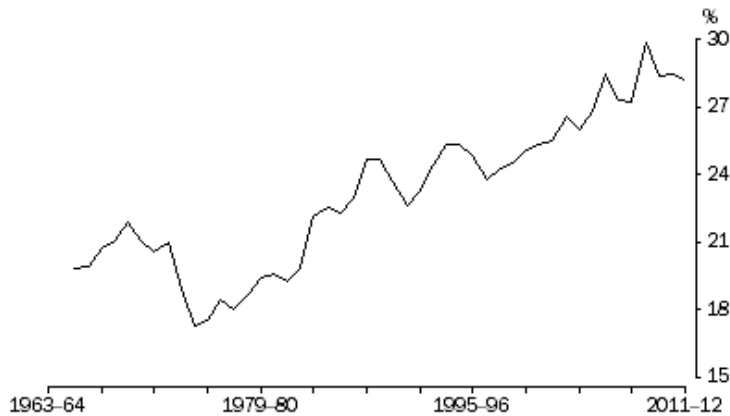
Figure 2: Compensation of employees share of total factor income



Source: *Australian System of National Accounts, 2011-12* (ABS 2012a).

Figure 2 can be contrasted with Figure 3, showing the profit share of total income increasing steadily with the converse decline in the wage share, reflecting a "long-term redistribution of income away from labour and towards capital" (Stilwell & Jordan 2007, p. 21). These data illustrate the effects of state endorsed efforts to depress wages and conditions from the 1970s, of which workfare is a part.

Figure 3: Profits share of total factor income



Source: *Australian System of National Accounts, 2011-12* (ABS 2012a).

Declining wages have been coupled with an increase in the precariousness of work, paralleling the workfarist promotion and normalisation of flexible, poor quality employment. Work has become increasingly flexibilised, alongside the expansion of casual and part time work (Stilwell & Jordan 2007, p. 156). Part time employment as a proportion of total employment increased from 22.55% in 1989 to 30.75% in 2010 (ABS 2010). Casualisation has accelerated in parallel, representing two thirds of the increase in jobs between 1990 and 2001 (Watson et al. 2003, p. 48). This is a dramatic transformation considering that in the late 1960s around 90% of employment in Australia was full time (Watson et al. 2003, p. 46).

This flexibilisation of work has been accompanied by corroded conditions and increased pressure at work. Watson et al. detail how labour market restructuring has increased the productivity and exploitation of workers (2003, p. 97). Since the 1980s, the number of hours worked has increased. In 2000 a total of 50.7% of employees reported working overtime, while 31% reported working unpaid overtime (Watson et al. 2003, p. 91). Work has also become progressively intensified through the ‘enlargement’ of responsibilities at work, increasing the speed of work, limiting ‘idle’ time, alongside “new approaches to using labour, variously described as ‘just in time’ labour, ‘lean production’, or ‘management by stress’” (Watson et al. 2003, p. 97). Watson et al. state that in New South Wales during the 1990s, the number of employee stress claims “grew so strongly during the 1990s that they became the single largest cause of occupational disease during that decade” (2003, p. 95).

Overall, since the 1980s the Australian labour market has become increasingly flexibilised, while the work itself has become more demanding, facilitating an increasing rate of exploitation. Workfarist policies aimed at promoting and normalising poor quality employment through conditional provision and welfare stigmatisation have augmented these processes. By connecting recent welfare reforms to this documented transformation of labour markets and processes, radical scholars of workfare have provided a valuable analysis of workfare as a social policy framework that complements and facilitates the deregulation of labour markets.

2.6 The limitations of radical scholarship on workfare

In spite of this important contribution, radical scholarship on workfare suffers some key weaknesses. Lacking in this literature is a comprehensive theorisation of the factors that led governments to pursue a policy framework encompassing both workfare and flexible labour markets. Within the radical literature, workfare is examined as a specific form of welfare provision emerging out of specific economic conditions. However, the structural dynamics of the capitalist system underpinning both of these phenomena remain largely untheorised. For Peck, economic conditions establish the “structural contexts” in which welfare reforms occur (2001, p. 36). Peck and Theodore similarly write that workfarist policies are “backed by conducive macroeconomic conditions” and directed by the “imperatives” of the labour market (2000, p. 133). However, the scope of analysis is limited to the specific and contingent economic conditions of the workfare era. Moreover, Peck distances himself from a comprehensive theorisation of the forces driving shifts in welfare provision. He asserts that economic factors, such as the conditions of the labour market “rarely drive the reform process, and certainly do not determine it” (2001, p. 36).

Piven and Cloward advance a more comprehensive theory of capitalist welfare provision. They admirably set out to “explain why relief arrangements exist, and why – from time to time – the relief rolls precipitously expand and contract” (Piven & Cloward 1993, p. xv). For them, fluctuations in the economy determine the historic transformations in welfare policy as it shifts from maintaining social order in periods of social unrest to enforcing work norms in periods of relative stability (1993, p. xv). This forms a seminal theorisation of the fundamental but changing role of welfare provision under capitalism. However, their work oversimplifies the fluctuations of welfare provision to a pattern of simple expansion and contraction. This cyclical model struggles to account for the development of workfarist labour market activation policies in a period of relative economic instability and high unemployment (Wacquant 2010, p. 202).

While Piven and Cloward provide some analysis of how political economic conditions underpin welfare regimes, this remains a largely undeveloped aspect of their model. For example, they highlight that despite the workfarist emphasis on jobreadiness, the

economy was not suffering a shortage of employees during the 1980s and 90s, rather, “what business did require was the more tractable labor force that results from intensified competition for jobs” (1993, p. 389). Yet they neglect a theorisation of the economic conditions shaping business’s apparent requirement of a flexible labour force. In this way, Piven and Cloward’s work offers a constructive but limited formulation of the fluctuations of welfare provision under capitalism. Their analysis of workfare and of welfare provision more generally would be strengthened by a systematic appraisal of the economic factors underpinning shifting welfare regimes.

Jessop more explicitly grounds his theorisation of workfare in the economic context of the 1980s, arguing that “social policy has too often been considered in isolation from economic policy” (2002, p. 147). He characterises welfare regimes as an “important interface between the economic and extra-economic conditions for capital accumulation” (2002, p. 141). This is a critical insight, allowing Jessop to develop a conception of workfare as based on:

...the reorganisation of the labour process, accumulation regimes and modes of regulation in response to the basic crisis tendencies of Atlantic Fordism and to the emergence of new primary contradictions in capitalism (2002, p. 140).

However, Jessop offers a rather caricatured account of the political economy of capitalism following the crisis of the 1970s. He reproduces the widespread characterisation of workfare as a project motivated by neoliberal ideas and fiscal restraint, stating that workfare was driven by “the emerging fisco-financial squeeze on the KWNS”, and the “resurgence of liberalism in the guise of neoliberalism” (Jessop 2002, p. 140). The limitations of such ideas-based accounts of workfare have been explored above. Moreover, Jessop’s sharp distinction between the KWNS and the ‘Schumpeterian competition state’, constituted by a “globalizing, networked, knowledge-based economy” (2000, p. 96), can be seen to oversimplify the changes in the global economy, labour markets and the welfare state over the last 30 years. Chapter 1 explored the important continuities between workfare and previous welfare regimes, which Jessop’s theorisation largely overlooks. In this way, Jessop’s work represents an important initial step towards a materialist theorisation of workfare, but one that provides an inadequate exploration of the complex political economic factors driving the rise of neoliberalism and workfare.

The radical literature on workfare provides a valuable basis for a useful analysis of

workfare, highlighting the relationship between workfare policy and labour market reform. However, while some attempt is made to ground the rise of workfare within in an appraisal of the prevailing conditions of capital accumulation, this analysis is either over-simplified or left largely untheorised.

2.7 Conclusion

This chapter has outlined and critiqued the dominant academic conceptions of workfare. Mainstream discourse construes workfare as a policy agenda aimed at reducing the financial burden associated with entrenched welfare dependency. Scholars have tended to replicate this understanding of workfare as primarily driven by cost reduction motives. However, this perspective cannot account for increasing social expenditure since the 1980s, nor the expansion of expensive forms of welfare for the well off. A parallel approach characterises workfare as the policy expression of ascendant neoliberal ideas. However, this theoretical tradition tends to neglect the considerable diversity within neoliberal theory and the apparent divergence between normative neoliberal prescriptions and policy practice. While numerous theorists acknowledge the ongoing levels of social spending and state interventionist practices, the conception of workfare as cost reduction policy remains prevalent in literature on workfare.

A number of radical theorists have made important contributions to a more adequate theorisation of workfare by highlighting the connection between welfare reform and labour market deregulation. This theorisation moves beyond the widespread cost reduction perspective, highlighting the broader economic implications of workfare. Data showing the transformation of labour markets in Australia and internationally since the 1980s support this theory. However, these radical scholars stop short of developing a fuller theorisation of why workfarist policy developed from the 1980s and its relationship with the changed dynamics of capital accumulation. Analysis is generally limited to the specific and contingent conditions of the workfare period, without consideration of the more systemic dynamics of welfare provision under capitalism. The following chapter argues that viewing workfare as a particular, historically specific regime informed by the broader structures of capitalist welfare provision allows for the contradictions and complexities of the workfare era to be better understood and explained.

CHAPTER 3

A historical materialist analysis of workfare

The preceding chapter set out the deficiencies of the literature on workfare with regard to adequately explaining the rise of workfare policies. This chapter seeks to respond to these inadequacies by applying a Marxist theorisation of the relationship between capital accumulation and welfare provision to develop a historical materialist understanding of workfare in the neoliberal era. From a Marxist perspective, the capitalist state is institutionally embedded within capitalist class relations, conditioned by imperatives to maintain capital accumulation and legitimise dominant social relations. However, its “relative autonomy” from the capitalist class makes it susceptible to popular pressure and capable of reform (Gough 1979, p. 44). Welfare provision is reflective of these conflicting roles and tensions within the capitalist state. The welfare state can be seen to assist the reproduction of the unique commodity of labour power, the regulation of the RAL, and reinforce the legitimacy of the state and capitalist social relations. Policy transformation can be understood to reflect the dynamics of capital accumulation and the fluctuating strength of social and labour movements.

This conception of the role of the state and welfare provision within it can be applied to understanding the rise of workfare. This chapter locates the development of workfare within the rise of neoliberalism, as a response to the economic and ideological crisis in the 1970s. Neoliberalism evolved as an ad hoc strategy to redress falling profit rates, primarily by increasing the rate of exploitation. Marxist theorists have offered a compelling materialist analysis of the historical development of neoliberalism, but have largely neglected the role of workfare within it. This chapter suggests that a synthesis of the Marxist account of neoliberalism and capitalist welfare provision with radical scholarship on workfare provides the tools missing from other scholarly approaches to account for the complex nature of workfare.

3.1 The capitalist state: towards a Marxist analysis

Two conceptions of the welfare state dominate radical literature. The perspective prevalent in literature on welfare contends that welfare provision typically benefits labour at the expense of capital (Shaikh 2003, p. 535). Social pressure on the institutions of the state delivers social democratic concessions, which are perceived as harmful to capital accumulation. Critiquing this perspective, Gough characterises this view of welfare as “the creation of labour, as a socialist island within a capitalist sea” (1979, p. 153).

The ‘welfare as socialism’ position can be contrasted with many orthodox Marxist accounts of welfare provision, which construe welfare as calculated policy in the interests of capital. Gough argues that this understanding caricatures welfare as “a creature of capital, pure and simple” (Gough 1979, p. 153), aimed purely at fulfilling capital’s needs. While the interests of capital certainly shape some aspects of welfare provision under capitalism, as Gough explains:

The fact that some function is required for the accumulation or reproduction of capital (like the reproduction of labour power) tells us nothing about whether or not that state meets those requirements or the manner in which it responds to them (1979, p. 50-51).

Moreover, this characterisation of welfare excludes any role for social struggle and the agency of workers in shaping wage and welfare policy (O’Connor 1984, p. 181).

Neither of these characterisations of welfare provision is adequate. A deeper understanding of the contradictory nature of the capitalist state is necessary.² Marxist theorisations of the state begin by locating it as embedded within and dependent on the system of capitalist class relations and accumulation. Barker contends, “the capitalist state is not something above and separate from the relations of capitalist production, but is itself directly part of those relations” (1991, p. 185). Harman substantiates this further:

...under mature capitalism, the directing layer in the state bureaucracy is dependent upon successful capitalist exploitation and accumulation...it is forced

² The theorisation of the state offered in this thesis is necessarily cursory. While it does not explore the breadth of Marxist state theory, this thesis outlines the broad parameters of a more useful conception of the capitalist state and welfare provision.

to provide conditions...on the one hand to make sure that resistance to exploitation by the mass of the population is kept to a minimum, on the other to enhance the competitiveness of nationally based capital as opposed to capital that is based abroad (1991, p. 18).

Gough outlines the apparent separation of politics from economics unique to capitalism, which can give the impression of states' "apparent autonomy from the relations of exploitation" (1979, p. 40). However, the state is materially constrained by its relationship with the process of capital accumulation. For Gough, Marxist theories of the state uniquely account for the "the subordination of the state to the particular mode of production and to the dominant class or classes within that mode" (1979, p. 39). In this way, the state can be understood as an institution of class domination, which seeks to maintain class divisions within capitalist society (Barker 1991, p. 185).

However, the class interests underpinning the capitalist state are not absolute or coherent. Barker points out that the capitalist class "is *united* by its demand for surplus-value. But it is also, at the same time, a class which is internally *divided* by competition" (original emphasis, Barker 1978). To effectively manage the capitalist system and the internal tensions within the capitalist class, the state must retain a degree of "autonomy" from the capitalist class (Barker 1978). While limited by the imperative to maintain accumulation, Gough argues that the "relative autonomy of the state permits numerous reforms to be won, and it in no way acts as the passive tool of one class" (1979, p. 44). The autonomy of the state allows for conflicting pressures to inform two "often mutually contradictory functions – *accumulation* and *legitimization*" (original emphasis, O'Connor 1973, p. 6). O'Connor argues:

...the state must try to maintain or create the conditions in which profitable capital accumulation is possible. However, the state also must try to maintain or create the conditions for social harmony (1973, p. 6).

This causes states to direct spending into two areas of 'social capital' and 'social expenses' which aim at maintaining capital accumulation and legitimising the state itself and prevailing social relations respectively (O'Connor 1973, p. 6). These dual roles played by state spending are in tension but are rarely separable, rather "nearly every state expenditure has this twofold character" (O'Connor 1973, p. 162).

As an example of ‘social capital’, the state can assist the regulation of the movements of the RAL, thereby reinforcing capital accumulation. Marx describes the role of the RAL within the process of capital accumulation:

Independently of the limits of the actual increase of population, [capital accumulation] creates a mass of human material always ready for exploitation by capital in the interests of capital’s own changing valorization requirements (Marx 1990, p. 784).

A redundant labour force is necessarily produced by the dynamics of capitalist production, which is “absorbed” into the labour force and “set free” from it with the expansions and contractions of the business cycle (Marx 1990, p. 786). Managing the absorption and expulsion of surplus workers from the production process serves as an effective means of maintaining low labour costs for capital (Marx 1990, p. 790). State policies aimed at the mobilisation of surplus labour and provision of social security to those excluded from the employment can be seen to regulate this process, sustaining workers outside of production and ensuring competitive labour markets and low labour costs for capital.

In this way, the capitalist state can be conceived as embedded within capitalist relations of production, leading it to generally privilege the interests of capital. Yet its relative autonomy from capital and its imperative to maintain social legitimacy provide scope for responsiveness to the interests of labour. This broad understanding of the capitalist state informs the following theorisation of welfare provision under capitalism.

3.2 Theorising welfare provision under capitalism

The Marxist theorisation of the state sheds considerable light on the contradictory role of welfare provision under capitalism. The welfare system can be viewed as an example of O'Connor's notion of 'social capital', whereby it reinforces the physical reproduction of labour through healthcare, education and other social insurance measures and services (Gough 1979, p. 52), and facilitates capital accumulation by contributing to the management of the RAL (Grover 2003, p. 20). It can also be seen as a 'social expense', as a means of maintaining social harmony and the legitimacy of the state and capitalist social relations through the provision of payments to those outside the labour market and by mandating particular behaviours (O'Connor 1973, p. 7).

Gough sums up the role of welfare provision in terms of reproducing labour power for the capitalist system. He defines the welfare state as "*the use of state power to modify the reproduction of labour power and to maintain the non-working population in capitalist societies*" (original emphasis, 1979, p. 44-5). The need for state intervention into the reproduction of labour power is fundamentally related to the unique, human quality of labour as a factor within the process of capital accumulation. O'Connor explains the special nature of labour power, drawing on Polanyi's notion of 'fictitious commodities':

Labor-power is a make-believe commodity in the sense that it is not produced and reproduced for sale on the market. Nor can it be separated from its owners, and thus it cannot circulate freely on the market (1998, p. 144-5).

However, the circuit of capital does not recognise the humanity of the commodity labour power, viewing it instead as another "factor of production" (O'Connor 2009, p. 85). Lebowitz explains:

Precisely because capital's goal is surplus value and not the worker's own need for development, the worker's own will must be subordinated to that of capital within the capitalist labour process (2003, p. 91).

Labour power is thus an essential input into the circuit of capital, but one which is not reproduced within it like other commodities (Gough 1979, p. 21). The vagaries of the capitalist system, driven by competition between capitalists will not necessarily allow for the long term reproduction of workers (Aumeeruddy, Lautier & Tortajada, cited in Jessop 1982, p. 92). In this way, the long and short term reproduction of the commodity

labour power must be secured by a formally external institution, through social security provision (Gough 1979, p. 45).

Welfare can also be seen to facilitate the incorporation and expulsion of the RAL from the labour force. In Grover's words:

One of the most important roles of 'welfare' policy is to maintain and regulate the reserve army to ensure that it has a close relationship to labour markets so that it can fulfil its role in the management of economic stability (2003, p. 19).

Welfare policy links social security to the labour market by managing those excluded from production and enforcing work oriented behavioural patterns. Changes to the provision of welfare can be viewed as conditioned by the fluctuations of the business cycle, in line with the demand for labour and fluctuating profit rates. By managing and mobilising the RAL, welfare policy can effectively promote increased competition for employment, assisting the depression of the cost of labour and aiding the accumulation of capital.

Welfare provision also serves to legitimise the state and capitalist social relations by quelling social discontent through the extension of aid to the unemployed and disadvantaged. Despite their limited recognition of the specifically capitalist nature of the welfare state, radical scholars of workfare have developed analyses of welfare not inconsistent with a Marxist theorisation. Piven and Cloward characterise welfare as part of a cycle of expansion and contraction based on "maintaining civil order and enforcing work" respectively (1993, p. xvii). This highlights the legitimisation role of welfare in reinforcing the capitalist social relation of wage labour. Piven and Cloward observe that the market economy alone does not necessarily compel people to adhere to work norms, relying on processes of socialisation and attractive wages to motivate people to work (1993, p. 32). As Gough articulates, "the reproduction of labour power also involves...specific patterns of socialisation, behaviour, specific capacities and personality structures" (1979, p. 46). By promoting and mandating particular activities and behaviours, welfare provision can be seen to facilitate the socialisation of workers into the capitalist labour relation and normalise wage labour.

Welfare provision can thus be understood as an essential feature of the capitalist economic system, reinforcing both capital accumulation and the ideological

legitimation of the state and capitalist social relations. Considering this fundamental role, Gough writes that “welfare cuts are by no means an unambiguous benefit to the capitalist system” (1979, p. 136). Peck refers to Polanyi, arguing that “to expose the labor supply to the naked discipline of the market would be to precipitate the “demolition of society”” (cited in Peck 1996, p. 29). Pointing to the grim potential of labour markets unrestricted by any mediating institution, Marx writes:

What the lot of the labouring population would be if everything were left to isolated, individual bargaining, may be easily foreseen. The iron rule of supply and demand, if left unchecked, would speedily reduce the producers of all wealth to a starvation level (cited in Lebowitz 2003, p. 83).

This theorisation of the fundamental role played by welfare provision under capitalism sheds light on the substantive continuity between welfare policies throughout the twentieth century. While the mode of welfare delivery has changed form, the role of welfare provision has remained substantively constant.

Thus far this section has outlined a Marxist understanding of the welfare state in terms of its imperative to facilitate the reproduction and socialisation of the commodity labour power, for the overall purposes of capital accumulation and legitimation. However, drawing on the Marxist theorisation of the state above, the form of welfare provision is not shaped exclusively by the interests of capital. The recognition of the human form of labour power has another important implication for Marxist theories of welfare. As thinking, reflective agents, Lebowitz highlights workers’ potential for contestation of the logic of capital (2003, p. 92), thereby conditioning state action. Gough emphasises that the wage has been constantly “influenced by the degree of class struggle between workers and capitalists” (1979, p. 22). Labour movements “pressing in the opposite direction to the capitalist” (Lebowitz 2003, p. 92) and social movements demanding social protection can thus shape the course of state policy.

Threatened by the ideological strength of social and labour movements, the state can be compelled to grant concessions in the form of welfare provision, in order to maintain social cohesion. Jones usefully underscores the centrality of social conflict to understanding state activity such as welfare policy:

...one must attempt to comprehend government behaviour not in terms of the operation of some detached ‘collective will’...but in terms of the end product of

centuries of political struggle directed by the ebb and flow of the balance of forces (2003, p. 44).

In this way, two main factors can be seen to shape the prevailing form of welfare provision, namely:

...the degree of class conflict, and, especially, the strength and form of working-class struggle, and the ability of the capitalist state to formulate and implement policies to secure the long-term reproduction of capitalist social relations (Gough 1979, p. 64).

Welfare provision can thus be understood to potentially serve the divergent interests of both major social classes (Gough 1979, p. 66). For labour, welfare partially redresses the disadvantage produced by the capitalist system, while for capital, welfare maintains the supply of labour power, social control and social legitimation.

This section has theorised capitalist welfare provision as a complex and contradictory expression of the state's role of managing capital accumulation while maintaining social cohesion and responding to social struggle. The following sections apply this theoretical framework to analysing the historical development of workfare policies within the context of neoliberalism.

3.3 A historical materialist account of neoliberalism

Workfare is usefully situated within the historical ascendancy of neoliberalism as a political economic paradigm dominating the advanced capitalist world from the 1970s. The rise of neoliberal policy and ideology can be understood as evolving out of the changed economic conditions following the crisis of the mid 1970s. Marxist scholars have developed compelling theorisations of the development of neoliberalism, but have substantially overlooked the role of workfare within this process. This section outlines the Marxist conception of neoliberalism and redresses the gap in the literature by locating workfare within it.

The starting point for a materialist theorisation of neoliberalism is an analysis of the global economic crisis of profitability that emerged in the mid 1970s. The crisis of the 1970s is widely viewed by Marxists as driven by sharply declining profit rates (Duménil & Lévy 2011, Gough 1979, Harman 2010, Harvey 2005, Kliman 2001, Shaikh 2010). The emergence of rising unemployment alongside inflation (stagflation) in 1970s can be seen as the outcome of falling profits, driven by internal contradictions within the post war accumulation arrangements (Gough 1979, p. 136).³

Following the onset of crisis, profit rates in Australia tended to decline, reflecting international trends. Mohun documents a falling rate of profit from a high of 16.2% in 1969 to a low of 6.5% in 1983, followed by gradual upward trend to 13.4% in 2001 (2003, p. 85). Doughney paints a bleaker picture of the trajectory of the Australian profit rate from the 1980s, documenting declining profit rates from 1967, partial recovery in 1979, then another decline to 1983 followed by ongoing oscillation until 1994 (2002, p. 32). Duménil and Lévy track various measures of the US profit rate from the crisis of the 1970s, which all depict similar trends; a sharp decline from the mid 1960s is followed by an upward trend from the early 1980s, never reaching the higher rates of the post war boom era (2011, p. 58). These data, although marginally divergent, illustrate generalised and persistent low profitability following the crisis of the 1970s, forming an adverse economic backdrop to the rise of neoliberalism.

³ This thesis does not have the scope to adequately explore the internal contradictions of the post war boom, which drove the global economy into crisis in the mid 1970s. This section departs from the generalised consensus in Marxist literature that declining profit rates underpinned the crisis of the 1970s.

The crisis precipitated a shift in the dominant political economic and ideological framework from Keynesianism⁴, to what would evolve as neoliberalism. With the onset of recession and stagflation, Keynesian policy prescriptions, which had been lauded as responsible for the long post war boom, were implemented and failed (Harman 2008, p. 93). Keynesian orthodoxy entered into crisis, making way for a new political economic framework to emerge, which gradually developed as neoliberalism. Campbell highlights the economic basis of the turn to neoliberalism:

The policies and institutions that had been serving well capitalism's goal of capital accumulation ceased to do so...capitalism abandoned the Keynesian compromise in the face of a falling rate of profit, under the belief that neoliberalism could improve its profit and accumulation performance (2005, p. 189).

Neoliberalism developed in this context where, facing low profit rates, "changed conditions of accumulation required changed strategies" (Davidson 2010, p. 23). However, neoliberalism was not a straightforward or inevitable outcome of the crisis of the 1970s. Contrary to the ideas-based perspective, neoliberalism did not involve the implementation of a cohesive set of policy prescriptions. Neoliberal policies, conditioned by the imperatives of the state and by popular resistance, developed in different forms, involving diverse strategies to restore economic dynamism. Finance exploded internationally, with the proliferation of credit serving to temporarily reinvigorate profit rates (Kliman 2001, p. 73). Internationally, governments freed up capital from previous constraints on international movement and pursued regimes of deregulation and privatisation, arguably to strengthen the interests of capital (Cahill 2010, p. 302-3).

Despite policy diversity, the core neoliberal strategy for redressing low profitability has involved increasing the rate of exploitation of workers (Harman 2010, Magdoff & Magdoff 2004, McNally 2009). Since the mid 1970s, governments and employers have implemented a range of policies with this objective, including attacking trade unions, undermining wages, conditions and job security and increasing working hours and the intensity of work (Campbell 2005, p. 196). Chapter 2 outlined the scope of the attack on

⁴ This thesis acknowledges that 'Keynesianism' is a contested term. For a discussion of the problems associated with the use of this formulation see Jones (1989). For the purpose of this thesis, 'Keynesianism' is used as it is most commonly understood, as a characterisation of the dominant policy and ideological framework of the post war era.

workers' wages and conditions and collective bargaining rights in Australia and internationally.

However, such attacks on labour have not gone unopposed. Popular contestation of neoliberalism and social and labour conflicts have been a consistent feature of the period since the 1970s, shaping the form and development of neoliberalism globally. Brenner and Theodore argue that neoliberalism has been “defined by the legacies of inherited institutional frameworks, policy regimes, regulatory practices, and political struggles” (2002, p. 349). Outbreaks of popular resistance to neoliberalism such as the Zapatista rebellion in the 1990s and the anti-globalisation movement (Brenner & Theodore 2002, p. 352) have paralleled trade union resistance to labour reforms. Referring to the struggle against state-orchestrated strike breaking in the US and UK in the 1980s, Cahill argues that industrial relations reforms “have not simply been neutral responses to policy problems. Rather they are the outcome of conflict and compromise, mediated by the unique institutional architecture of each nation state” (2010, p. 302).

The contradictory nature of neoliberalism can be seen to reflect the conflicting imperatives of the state, compelled to uphold capital accumulation whilst maintaining social legitimacy. The maintenance of some democratic provision and market restrictions in spite of theoretical commitment to state retrenchment can be seen as a reflection of state efforts to maintain legitimacy by placating opposing social forces. Harman argues that in redressing the economic problems thrown up by the crisis, “capitalists and states were caught between their economic priorities and maintaining their ideological hold on the mass of people” (2010, p. 241). In this way, typically neoliberal policies of wage cuts and welfare tightening were constrained by the threat of resistance (Harman 2010, p. 238).

Muir and Peetz describe the ‘Your Rights at Work’ union mobilisation against the Howard Coalition government’s neoliberal *WorkChoices* industrial relations reforms, which contributed to the government’s electoral defeat (2010, p. 226) and to the partial rollback of the legislation under Labor. They argue that the movement “demonstrated that, even in the face of hostile governments...there are ways of engaging the electorate directly to achieve change” (2010, p. 226). In this sense, social conflict and popular resistance have significantly conditioned and partially restrained the development of neoliberal policy.

This Marxist theorisation usefully accounts for the rise of neoliberalism, yet largely fails to consider the role played by workfare within this process. The following section integrates a historical materialist conception of workfare into this analysis of neoliberalism, drawing on the radical literature on workfare and Marxist welfare state theory explored above.

3.4 A historical materialist account of workfare

Responding to the limitations of the radical scholarship on workfare and Marxist accounts of neoliberalism, the following section develops a historical materialist analysis, uniquely capable of explaining the contradictions of workfare. Workfare can be understood to contribute to the generalised neoliberal push to decrease the cost of labour by increasing the rate of exploitation, regulating the RAL and affording greater flexibility to capital. Workfare can also be seen to maintain the legitimacy of the state and capitalist social relations, informed by social movements and trade union resistance.

The work of radical theorists of workfare discussed in chapter 2 has thrown considerable light on the relationship between labour market restructuring and welfare reform. By mandating work and requiring participation in job-search and employment activities in exchange for welfare payments, workfare policies reinforce and promote low paid, poor quality and insecure employment (Peck 2001, p. 12). In conditions of high, structural unemployment, workfare fixates on the individual's jobreadiness and personal shortcomings in failing to find work. This effectively condemns welfare recipients to an increasingly competitive search for jobs and facilitates the "re-activation of the labour supply" (Peck & Theodore 2000, p. 133).

Developing in the context of low profitability following the 1970s, workfare can be understood as a component of the neoliberal push to lower labour costs across the economy, complementing labour reforms and state attacks on unions aiming to bolster accumulation. A key element of this process is the role of workfare in swelling and activating the RAL (Grover 2003, p. 20). Grover argues that this occurs through policies that extend activation requirements to broader categories of welfare recipients beyond the unemployed, and efforts to connect the RAL to labour markets by increasing recipients' "employability" (2003, p. 20). This promotes departure from welfare rolls and increasing competition for a limited number of jobs, thereby lowering the cost of labour. Grover contends, "If the reserve army is 'employable' its deflationary effect will be heightened" (2003, p. 20). Moreover, workfarist measures to expand and mobilise the RAL can be seen to help "create a docile labor force", more willing to accept poorly paid work (Magdoff & Magdoff 2004, p. 26). By instilling an awareness of job insecurity in the un/underemployed, workfare can be seen to augment the precariousness of employment conditions. In this way, Peck and Theodore argue,

“workfarist measures do not so much raise the level of employability across the labour market as a whole as increase the rate of exploitation in its lower reaches” (2000, p. 132).

By assisting the depression of wages and conditions, workfare can be seen to bear out O’Connor’s formulation of state ‘social capital’ expenditures. O’Connor argues that social capital takes two forms; ‘social investment’, actions to increase the productivity of labour power, and ‘social consumption’, actions to reduce the cost of reproducing labour, both of which act to increase the rate of profit (O’Connor 1973, p. 7). The workfarist agenda can be viewed as a manifestation of social consumption, whereby state social policy complements labour market flexibilisation, as a part of the broader neoliberal efforts to increase the rate of exploitation outlined in chapter 2.

While workfare can be seen to have facilitated declining a cost of labour and a restructuring of the way welfare provision takes place, key elements of welfare provision have remained relatively intact during the neoliberal era (Hartman 2005, p. 61). The coexistence of a restrictive, conditional and stigmatised welfare system alongside largely ongoing provision presents a confusing paradox for many scholars of workfare. However, this apparent contradiction is instructive, highlighting the fundamental role of the capitalist welfare state in the reproduction of labour. The maintenance of welfare provision during the workfare era can be understood as an expression of the state’s need to ensure the reproduction of the commodity labour power.

As discussed above, the human quality of the commodity labour power means that the daily and generational reproduction of workers cannot be left entirely to market forces (Jessop 1982, p. 151). This limits the extent to which welfare provision can be curtailed, without affecting the maintenance of an able, skilled and motivated workforce. Hartman argues that “neoliberals know the functionality of welfare to capitalism” (2005, p. 64), pointing out that “while we are treated to the discourse of welfare dependency, we see governments actively engaged in propping up the working poor” (2005, p. 67). As Davidson notes, under workfare:

Actual levels of spending have been maintained, partly because of resistance to attacks, but also because there are limits beneath which expenditure on the social wage cannot drop without endangering the process of accumulation (Davidson 2010, p. 68).

Indeed, Quiggin emphasises the durability of the welfare system to the present, with the maintenance of basic healthcare, education and social security provisions, despite persistent anti-welfare discourse (2010, p. 15).

Total spending on unemployment benefits in Australia fluctuated during the period from 1980 to 2009, moving from 0.6% of GDP to 0.5% (OECD 2009), which does not constitute a dramatic fall. During the same period, spending on healthcare in Australia rose consistently from 3.8% of GDP to 6.2%, while expenditure on the old age pension rose almost steadily from 3.1% of GDP to 4.9% (OECD 2009). In this way, despite some reduction to payments and significant tightening of the social security system, workfare has not been contingent on the wholesale destruction of the welfare system. The generalised maintenance of provision can be seen to reflect the essential role played by the state in reproducing the commodity labour power, in addition to facilitating capital accumulation.

The crucial role that welfare provision plays in sustaining capitalist social cohesion and legitimising social relations also limits the extent to which the welfare system may be dismantled. Gough articulates this point:

At the most general level a reduction in the welfare state itself interferes with the reproduction of capitalist societies, not only the reproduction of labour power, but also the maintenance of social integration and harmony and the reproduction of capitalist social relations (1979, p. 136).

Basic welfare provision can thus be seen as an essential means of quelling popular discontent resulting from social disadvantage, explaining the persistence of provision alongside workfare (Hartman 2005, p. 67). Moreover, the expansion of welfare for middle and upper income earners, such as tax expenditures and private healthcare can be seen to contribute to the maintenance of social order by constraining potential discontent within wealthier sections of society. Thus, the expansion of generous provision for the wealthy can be viewed as compatible with the stigmatisation of welfare for the economically marginalised, buttressing a meritocratic logic of the benefits of hard work.

Workfare can also be understood to strengthen the legitimacy of capitalist social relations through discourse stigmatising welfare receipt and promoting work norms. As

outlined in chapters 1 and 2, a barrage of pro-work and anti-welfare discourse has legitimised workfarist policy changes (Piven & Cloward 1993, p. 389), ideologically bolstering prevailing capital – labour economic relations. Wacquant characterises welfare ideology as “moral behaviorism” (2012, p. 198), which in Australia has taken shape as language emphasising the ‘mutual obligation’ of recipients, and stigmatising them as “dependents”, “welfare cheats” and “dole bludgers” (Hartman 2005, p. 63). This demonisation serves to promote the importance of work and augment the flexibilisation of labour. Workfare further propagates the work ethic by shaping recipient behaviour. As Piven and Cloward point out:

Relief arrangements deal with disorder, not simply by giving aid to the displaced poor, but by granting it on condition that they behave in certain ways and, most important, on condition that they work (1993, p. 22).

Carney writes that workfare “transform[s] welfare into an instrument for insisting that people accept any job, on any minimally acceptable terms and conditions” (2006, p. 28). This can be seen to legitimise exploitation, ideologically reinforcing the process of capital accumulation.

Beyond reinforcing capitalist social relations, narratives of welfare dependency have also legitimised the state and capital. Rhetoric of mutual obligation has effectively transferred the focus of welfare policy from the state and economic system, onto the individual and their perceived personal deficiencies (Henman 2002, p. 76). In the context of persistent unemployment, placing a political spotlight on the economically marginalised can be viewed as a means of shifting blame from the state’s institutional failures and shoring up its legitimacy. As Hartman writes, it is “convenient for neoliberals to have something to blame when capitalism appears to be ailing” (2005, p. 67).

Moreover, stigmatisation of the poor acts as a disincentive to those who might otherwise see welfare as an alternative to a hostile labour market (Piven & Cloward 1993, p. 396). Writing on workfare in the US, Piven and Cloward argue that “the degraded welfare mother was thus made to serve as a warning to all Americans...there is a fate worse and a status lower than hard unrewarding work” (1993, p. 396). Henman articulates the same point regarding Australia:

One suspects that by making welfare receipt more onerous, policy makers are hoping that recipients will withdraw their claim to entitlements and somehow survive in the twilight zone of the market (2002, p. 78)

In this way, workfare can be located within the context of the rise of neoliberalism, as an evolving policy reaction to persistent low profitability and high unemployment. Workfare can have contributed to capital accumulation, while allowing for the continued reproduction of labour power and the maintenance of social legitimisation. The rise of workfare can thus be viewed as substantially guided by the conflicting accumulation and legitimisation roles of the state, reacting to the context of faltering profitability.

Drawing on the theorisations of the state and neoliberalism outlined above, popular struggles demanding and defending welfare can also be seen to have played a central role in shaping the way workfare has developed, limiting the extent of state retrenchment of welfare. While welfare provision may be in the long term interests of capital, social movements significantly define the form and scope of welfare policy (O'Connor 1973, p. 162). Popular resistance to workfare has emerged alongside opposition to neoliberalism, conditioning policy development. Writing on the UK, Macgregor argues that "counterbalancing the intense pressures for austerity is the continuing popularity of welfare-state arrangements and the willingness and ability of some groups to oppose reversals" (2005, p. 145). The threat of social conflict has thereby restrained the stringency of workfarist reforms. In the US, President Bush's attempts to privatise the welfare system were shelved because of insufficient popular support (Quiggin 2010, p. 16). Similarly, in Australia the Howard government's initiatives to undermine the welfare provision, particularly the healthcare system, were halted by public opposition (Quiggin 2010, p. 16). Howard was forced to acknowledge that "there is a desire on the part of the community for an investment in infrastructure and resources" (cited in Quiggin 2010, p. 16).

However, the relative weakness of social movements since the 1980s can also be seen as central to understanding the considerable success of the workfarist agenda. The institutionalisation of a punitive, activation oriented welfare system, and the entrenchment of anti-welfare discourse can be viewed as contingent on the absence of strong, coordinated resistance to such policy transformations, a reality driven by effective measures to undermine working class organisation. Peetz documents the steady decline in levels of unionisation from the 1980s (2005, p. 6). The marginal social position and limited organising capacity of welfare recipients may have also contributed

to the success of workfare. In this way, the resilience of the welfare state can be partially attributed to popular resistance to cutbacks since the 1980s, whilst the overall entrenchment of the workfare agenda may be understood as conditioned by the absence of broad social and labour movements against welfare reforms.

Workfare can thus be characterised as a complex welfare framework, inextricable from the conditions of low profitability following the crisis of the 1970s and shaped by the divergent social and economic pressures defining state activity and capitalist welfare provision.

3.5 Conclusion

This chapter has developed a historical materialist theorisation of the nature of workfare. The welfare system has been examined as part of the contradictory nature of the capitalist state. The state seeks to maintain capital accumulation alongside social legitimisation and is conditioned by the rise and fall of popular struggle. Welfare provision under capitalism can be seen to reinforce capital accumulation by sustaining the social reproduction of labour power and regulating the RAL. Welfare also props up the capitalist system ideologically, by muting potential discontent and legitimising prevailing social relations. Welfare plays an essential role within the capitalist system, but it is also essential for redressing real economic disadvantage. Provision is significantly shaped by popular struggles demanding and defending welfare.

Since the 1970s, governments across the OECD have responded to stagnating profit levels by seeking to raise the rate of exploitation. Workfare can be seen as a complement to broad neoliberal measures implemented to the end of increasing the rate of exploitation. Workfare policies have contributed to invigorating capital accumulation by mobilising the RAL, increasing competition between workers and putting downward pressure on wages and conditions. Workfare discourse has reinforced this process by promoting work norms, stigmatising welfare recipients and deterring the poor from viewing workfare as a viable alternative to low paid work, also acting to bolster the legitimacy of capitalist social relations and the credibility of the state. Such discourse has coexisted with sustained basic welfare provision. This paradox can be understood as based on the essential role played by welfare under capitalism, and the strength, and indeed relative weakness, of social movements which have considerably constrained the parameters of workfare.

This thesis suggests that the dominant narrative explaining the rise of workfare is flawed and misleading. A historical materialist theorisation can more adequately account for the apparent contradictions within the workfare framework by grounding the analysis of workfare within a view of the changed political, economic and social conditions of capitalism during the historical juncture following the crisis of the 1970s.

CHAPTER 4

Work for the dole: a case study

The WFD program remains a key workfare policy in Australia. This chapter explains the significance and development of WFD by applying a historical materialist framework of analysis. It will illustrate how the broad dynamics of workfare are manifest within this specific case study of workfare in practice. Successive governments of both sides of politics have sustained WFD and the rhetoric of mutual obligation. Labor's partial retrenchment of WFD may be understood as a response to mounting criticism of the program. WFD is widely perceived to be aimed at reducing government expenditure and as driven by neoliberal ideas. These perspectives are problematised by sustained social expenditure and the divergence of WFD from neoliberal theory.

This chapter develops a more adequate assessment of WFD by drawing together the insights of theorists linking workfare to labour market transformations, with the Marxist theorisations of neoliberalism and capitalist welfare provision elaborated in chapter 3. Emerging in a context of high unemployment and low profitability, WFD can be seen to assist the neoliberal mobilisation and regulation of the RAL and flexibilisation of labour markets by promoting and enforcing low paid work and poor conditions. Despite increasing work-oriented demands on recipients, WFD has not amounted to the wholesale retrenchment of welfare provision, highlighting the underlying role of welfare in reproducing labour power. Ideologically, WFD reinforces work norms compatible with prevailing capitalist social relations and facilitates labour market flexibilisation. The stigmatisation of welfare receipt effectively absolves the Australian state of responsibility for unemployment by transferring blame onto the unemployed themselves. This chapter suggests that a historical materialist analysis of WFD sheds light on the complex nature of workfare more generally.

4.1 The development of WFD

WFD was first introduced as a pilot program by the Coalition government in 1997. Based on the principle of mutual obligation, it required that youth recipients of Newstart and the Common Youth Allowance take part in compulsory work on specific WFD projects, as a condition of continued payments. The WFD pilot was rapidly extended in 1998 and applied to all Newstart and Youth Allowance recipients aged between 18 and 24 years who had received income support payments for over 6 months (Bessant 2000a, p. 76). WFD participants were required to complete a 6 month placement, in which participants aged between 18 and 20 years old worked 24 hours per fortnight, and those aged 21 and older worked 30 hours per fortnight (Nevile & Nevile 2003, p. 13). Participants in the WFD program continued to receive their welfare payments plus a \$20.80 supplement each fortnight, which has remained unchanged despite inflation (Nevile & Nevile 2003, p. 13).

WFD projects are outsourced to not for profit organisations called ‘Community Work Coordinators’, which run projects nominally related to heritage, the environment, community development and other services (Nevile & Nevile 2003, p. 13). In fulfilling their ‘activity agreement’, recipients may opt to complete alternative activities in order to meet mutual obligation requirements, including part-time employment, an apprenticeship, Job Search Training, voluntary work and other work and training programs (PoA 2004). However, WFD has remained the default activity for fulfilling recipient mutual obligations since its inception (OECD 2001, p. 51).

Change to the WFD program “has been almost continuous” (Nevile and Nevile 2003, p. 11). In 1999, WFD was expanded to include high school leavers who had spent more than 3 months on unemployment benefits or Youth Allowance (PoA 2004), and made optional for the unemployed over the age of 24 on benefits for over 6 months (CoA 1999, p. 10). In 2000, WFD was expanded again, making participation compulsory for Newstart recipients aged between 24 and 39 on benefits for over 6 months, and optional for those aged between 40 and 49 (PoA 2004). From 2001, 6 months participation in WFD became a requirement for every successive year of continued receipt of unemployment benefits (OECD 2001, p. 51). From July 2006, all job seekers below the age of 60 deemed to have otherwise failed their activity test became obliged to

participate in a 10 month WFD program (Martyn 2006, p. 4). During the period between 1997 and May 2004, 17,538 WFD projects across Australia had involved 285,639 placements, illustrating the large scale of the program (PoA 2004).

4.2 Historical precedents and Labor's retreat

WFD represents a radical policy development in Australian welfare provision, however it is not without historical precedents. Chapter 1 outlined the substantial continuities between workfare and preceding welfare regimes. Following the Keating Labor government's 1994 release of the *Working Nation* white paper, those in receipt of unemployment benefits for over 18 months were required to work under the 'job compact' (Harris 2001, p. 18). In return for a guaranteed job placement, the unemployed were obliged to accept any "reasonable" job offer (Martyn 2006, p. 4).

While the *Working Nation* framework mandated work, WFD is distinct in that it enforces compulsory work in return for welfare payments. Job creation programs under Labor had "paid a wage via the employer, at award wage rates" (OECD 2001, p. 212). By comparison, WFD involves redefining the WFD worker as a non-worker, requiring legislative changes to evade standard employee protections (Bessant 2000a, p. 79). Yet, working for income support payments also predates WFD (Hawke 1998, p. 399). CDEPs have existed in Aboriginal communities since 1977 (Altman & Daly 1992, p. 1). Under CDEP, Aboriginal welfare recipients' payments are combined in a "wages pool" from which participants are paid for part time work (Altman & Daly 1992, p.1). Working for welfare can be traced even further back to the Depression era policies outlined in chapter 1, whereby food relief was administered conditional on work (Harris 2001, p. 10).

In this way, WFD builds on pre-existing Australian policies, broadening the scope of compulsory labour market participation to large sections of unemployment benefit claimants (Bessant 2000a, p. 82). The continuity between WFD and pre-existing activation policies signals the underlying role of welfare provision within the capitalist system. The role of such activation policies within the dynamics of accumulation is explored further on.

WFD has roots in preceding Labor policies and was sustained by Labor governments from 2007, however, the operation of WFD was considerably altered under Labor's governance. Numbers of WFD participants dropped significantly, from 22,362 in 2005

under the Coalition, to 9, 151 in 2010 under Labor (Karvelas 2011, p. 6). Moreover, welfare recipients became eligible for WFD participation after 12 months on benefits, compared with a shorter 6 months under the Coalition (Karvelas 2011, p. 6). While WFD was somewhat relaxed, Labor governments persistently emphasised their commitment to the scheme and to the principle of mutual obligation. Announcing the 2008 budget, then treasurer Wayne Swan stated, “we’re going to invest more in training but we are keeping work for the dole” (*Sydney Morning Herald* 2008). In 2010, then Workforce Participation Minister Mark Arbib affirmed commitment to the scheme, refuting Coalition claims that Labor was soft on welfare recipients (Franklin 2010, p. 8). In this way, WFD has remained a central part of mutual obligation policy for both major political parties since its commencement.

Nevertheless, it is significant that Labor slightly withdrew from the program, shifting discursive focus to training as an alternative to compulsory work for benefits. In 2011, then Minister for Employment Participation Kate Ellis stated, “our focus is on assisting jobseekers to access a range of education and training opportunities to give them the skills they need to find sustainable employment in the future” (Karvelas 2011, p. 6). In part, this move to diminish WFD may be a response to widespread criticism of the program, as incapable of reducing unemployment or perceived dependence on benefits.

ACOSS demonstrates the failure of WFD to transition welfare recipients into permanent employment; “only 25% of long term unemployed people get a job after Work for the Dole, and many of these jobs are only temporary” (2005, p. 17). In 2000, the OECD suggested that WFD “may impede the integration of the unemployed into paid work” (cited in Nevile & Nevile 2003, p. 3). Reporting similar findings, Borland and Tseng argue that this is the result of a ‘lock-in’ effect, whereby involvement in WFD acts to deter participants from seeking other employment (2011, p. 4353). Such extensive discrediting of the efficacy of WFD may throw some light on Labor’s retreat from the program and shift in emphasis towards training. Viewed from this perspective, the partial retrenchment of WFD can be seen to reflect a degree of state responsiveness to public critique, demonstrating the potential for some popular influence on the state, as discussed in chapter 3.

4.3 A neoliberal cost cutting policy?

WFD is generally conceived as motivated by an agenda of expenditure reduction, replicating the pervasive scholarly characterisation of workfare more broadly. Policy makers and academics depict WFD as aimed at reducing budgetary pressure caused by the expansion of demand on the welfare system. Once again, much academic writing mirrors popular discourse. Writing on WFD, Burgess et al. argue that:

...continued fiscal pressure for balanced budgets together with the continuing restructuring of the state in Australia will force unemployment assistance to be subject to further eligibility tests, reciprocal obligations and extended sanctions (2000, p. 186).

ACOSS similarly explains the Job Network and WFD by the fact that they “are much less expensive than previous employment programs that offered more substantial help to overcome workforce barriers” (2005, p. 15). Martyn contends that WFD does not address “the real reasons for income support dependence”, implicitly accepting that the notion of dependency and an over-burdened welfare system are a reality (2006, p. 1). In this way, critical literature has largely assimilated the idea that costly strains on the welfare system have prompted the development of WFD.

However, as outlined in chapter 2, social spending has not decreased alongside the workfarist framework of welfare provision. OECD data show that spending on active labour market programs in Australia has remained relatively constant over the last 30 years, falling from 0.4% of GDP in 1985 to 0.3% in 2009 (OECD 2009). Chapters 2 and 3 highlighted the substantive maintenance of expenditure on unemployment benefits since the 1980s, alongside significant increases to social spending in other areas (Spies Butcher & Stebbing 2009, p. 5). The cost cutting explanation thereby provides an incomplete picture of WFD.

The conception of WFD as a project of fiscal restraint often parallels the ideas-based formulation of workfare prevalent in academic literature. WFD is widely understood as a policy expression of neoliberal ideas. Carson et al. characterise the context of the emergence of WFD as exhibiting “an increasing shift over time to a neo-liberal policy orientation, with a focus on individual self-reliance, withdrawal of welfare provision, and minimal state intervention in social and economic policy” (2003, p. 19-20). Connecting WFD with the parallel industrial relations reforms, Bessant argues that

labour market deregulation has been guided by “economic liberals” concerned with “freeing’ the ‘market-place’ of government and union imposed ‘restrictions, rigidities and obstructions’” (2000a, p. 77). Shaver similarly contends that “Australian welfare reform reflects the liberal values that underlie its design” (2002, p. 332).

However, this perspective suffers significant theoretical flaws. As discussed in chapter 2, the lack of coherence within neoliberal theory and the disconnect between policy prescriptions and government practice problematise the conception of workfare and WFD as an incarnation of neoliberal ideas. While emphasising tailored delivery of social security through individualised contracts (Gilbert 2006, p. 11), workfarist activity agreements are inconsistent with the neoliberal ideal of individual freedom. WFD involves individual surveillance and coercion through conditional provision. Writing on Australian workfare, Banks argues, “one ideological contradiction was that social policy became more authoritarian in the name of individual freedom” (2011, p. 9-10).

Moreover, the policy antecedents of workfarist arrangements and the maintenance of basic welfare provision in line with workfare further highlight the limitations of the conception of WFD as driven by neoliberal ideas. Despite vehement anti-welfare discourse, Australian governments have maintained a system of unemployment benefits and other basic social services (Hartman 2005, p. 67). This paradox can be understood as a reflection of the state’s important role in assisting the reproduction and commodification of labour power within the capitalist mode of production. The human form of labour power requires some protection from the market system, which the state can be seen to have maintained, albeit delivered in varying modes throughout the twentieth century. The restrictive workfare regime is thus compatible with sustained basic provision, as a necessary feature of the capitalist mode of production.

4.4 The material roots of WFD

The contradictory nature of WFD can be usefully understood as a reflection of the contradictory imperatives of the state, operating within the changing dynamics of the capitalist system. This section suggests that the Marxist conception of workfare outlined in chapter 3 usefully explains the complexities of WFD. WFD can be characterised as a policy expression of the state's need to maintain economic conditions favourable to capital accumulation, in the context of enduring low profit rates. By regulating the RAL and facilitating labour flexibilisation, WFD reinforces capital accumulation in the neoliberal era. The scheme can also be seen to sustain the legitimacy of the state and capitalist system, propagating work norms and effectively diverting responsibility for unemployment from the state and the economy. The apparent success of WFD can be understood as contingent on the relative weakness of resistance efforts.

The WFD program bears out the contentions of the radical literature on workfare in the context of neoliberal labour market restructuring in Australia. By directly linking welfare provision to work, WFD facilitates an increasingly competitive labour market, thereby depressing wages and conditions. Bessant argues that WFD “should be seen as a part of the government's larger industrial relations ‘reforms’. These have as one of their goals the deregulation of the once highly regulated labour market” (2000a, p. 76).

WFD can be seen to mobilise the RAL by normalising and promoting low paid, poor quality work, thereby contributing to the deterioration of wages and conditions across the economy. Archer describes the ‘work first’ logic behind WFD:

...addressing disadvantage is not the primary concern of the work first approach. The primary concern is getting the unemployed into a job, any job, so long as that job shifts the person off income support (2011, p. 6).

By redefining WFD work as “non-work”, the program evades conventional employee entitlements, effectively enforcing poor quality work (Bessant 2000a, p. 76-77). Burgess et al. argue that within the WFD framework “the jobs and the participants exist in a legal limbo where they do not possess employee or collective rights” and are restricted from trade union membership (2000, p. 182). WFD workers are thus denied standard working rights held up by occupational health and safety, workers

compensation and industrial relations laws (Bessant 2000a, p. 81). While WFD theoretically pays workers above the legal minimum wage, ACOSS suggests that this is often not the case, with some workers receiving only two thirds of the minimum wage (2005, p. 4).

The enforcement of substandard work has a profound effect of normalising the acceptance of poor working conditions. Bessant contends that:

...the work-for-the-dole program presents a further assault on the long standing provisions of award conditions and wages by forcing many young people to work for wages lower than they may otherwise have accepted (2000a, p. 82).

As ACOSS emphasises, “getting people into real jobs is not one of the program’s official objectives” (2005, p. 16). Rather, compulsory participation in WFD projects can be seen as an effective disincentive from reliance on welfare payments, pushing recipients to accept any available poor quality job. ACOSS argues that WFD was originally intended “to make life on unemployment payments less attractive and to make it harder for people to claim payments while working in undeclared jobs” (2005, p. 17). Even commentators sympathetic to WFD acknowledge this function of the program. Nevile and Nevile write that “participants...often dislike the prospect of undertaking Work for the Dole. Receipt of a referral letter may spur them on to increase their efforts to find a job” (2003, p. 12). This deterrence capacity of WFD along with the surveillance and coercion involved in the program reinforces the acceptance of poor quality work.

Evidently, insistence that welfare recipients seek employment is an impotent means of dealing with structural unemployment, endemic to the capitalist mode of production. ACOSS explains that “to get disadvantaged people into secure jobs, it is not enough simply to press them into searching harder” (2005, p. 2). Pressuring welfare recipients to enter the labour market can be seen to contribute to the expansion of a surplus pool of jobseekers, heightening competition for available positions and depressing wages and conditions, thereby complementing labour market flexibilisation and the growth of non-standard employment. This process can be understood as government policy directed at shoring up capital accumulation by lowering the cost of labour, or as an example of ‘social consumption’, to use O’Connor’s terms (1973, p. 7).

Labor's shift in policy emphasis from WFD to training can be viewed as an alternate means of reinforcing the reproduction of labour power, thereby facilitating capital accumulation. Imposing training requirements on welfare recipients is a key feature of the workfarist agenda to make the unemployed 'job ready', pursued by both major political parties (Harris 2001, p. 18). Grover argues that "the effectiveness of the reserve army is not just linked to its size. To be competitive individuals must also have characteristics that capital desires" (2003, p. 20). In 2010 then treasurer Wayne Swan effectively articulated this goal, stating that Labor would "invest more than \$660 million in training, apprenticeships and adult literacy and numeracy to ensure Australia has the skills it needs to support a growing economy" (Swan 2010). By shifting focus from mandating work to training the unemployed, Labor's approach can be understood as consistent with the role of welfare provision under capitalism in assisting the reproduction of labour power for the production process.

WFD can also be seen to reinforce the flexibilisation of labour markets ideologically, by propagating work norms. The WFD Sponsor Handbook lists the first stated aim of WFD as, to "develop work habits in young people" (CoA 1999, p. 1). It states that these:

...are sometimes referred to as 'employability factors' or 'generic work skills'. Development of these work habits should increase a participant's attachment to the labour force and to employment and training (CoA 1999, p. 2).

This discourse assigns a moral value to employment, which simultaneously degrades unemployment. Within the logic of WFD, Bessant contends that, "employment...demonstrates the individual's moral character, their capacity to be independent and to meet their civic obligations. This position is expressed as a defence of a 'work ethic'" (Bessant 2000b, p. 22). O'Connor's notion of the legitimisation role of the capitalist state sheds light on this promotion of work norms. WFD discourse can be seen to ideologically strengthen the social relations compatible with capital accumulation. Bessant articulates this role, "within the new work-for-the-dole scheme lies the attempt to draw on and re-instate the moral and social-integrative values traditionally attached to paid employment" (2000b, p. 23). The ideological bolstering of the work ethic can be viewed as a part of the process of socialisation of current and future workers into the dynamics of capitalist exploitation.

Complementing the promotion of the work ethic, WFD discourse propagates the severe stigmatisation of welfare recipients. Those on welfare are widely demonised as

“bludgers’, lazy and parasitic” (Bessant 2000a, p. 83). Such discourse predates the implementation of WFD, but has been heavily drawn on to justify the coercive nature of the program. In 1996, then Minister for Social Security Jocelyn Newman, stated “Australians [are] sick and tired of being taken for mugs by dole bludgers” (cited in Bessant 2000b, p. 20). Labor has similarly endorsed such rhetoric. In 2010 the Prime Minister Kevin Rudd stated, “welfare should not be allowed to become a way of life in Australia” (cited in Dusevic 2010). His successor Julia Gillard echoed this sentiment in 2011, asserting that Labor is “the party of work not welfare” (cited in Archer 2011, p. 5). The unemployed are thus depicted as morally questionable individuals, dependent on the wider community, rather than as victims of a systemic shortage of employment. Martyn argues that “Australia’s ‘mutual obligation’ approach, as typified by the Work for the Dole program, only further stigmatises those already on the social and economical margins” (2006, p. 1). The propagation of welfare stigma further deters welfare recipients from relying on unemployment benefits (Piven & Cloward 1993, p. 396).

The demonisation of the unemployed surrounding WFD effectively transfers responsibility for poverty and unemployment from the state and capital onto those experiencing disadvantage. In the context of sustained high unemployment, workfarist rhetoric can be seen to absolve the state of responsibility for the adverse social outcomes arising from an economic system that does not guarantee full employment. Bessant states, “the causes of poverty have been defined not in terms of a scarcity of a commodity, but rather in terms of the weakening of morality and discipline” (2000b, p. 23). In this way, the stigmatisation of welfare recipients promoted through the WFD program can be seen to divert responsibility for systemic malfunction from the state and the capitalist system onto individual recipients, bolstering their social legitimacy and acting as a “social expense”, in O’Connor’s terms (1973, p. 6).

The strong public support for WFD indicates the effectiveness of workfare ideology in stigmatising the poor and shifting blame. A poll taken in 1997 showed that 51% strongly approved of the scheme, compared with only 16% who strongly disapproved (Eardley & Matheson 1999, p. 27). In the same year, a poll surveying the object(s) of Australians’ anger and resentment found that “the ‘dole bludger’ remains an object of blame and anger for a substantial sector of the population” (Eardley & Matheson 1999, p. 29). This highlights the success of workfare discourse in garnering support for the

principle of mutual obligation and diverting blame for unemployment from the state and economic system onto the unemployed individual.

While Labor's partial withdrawal from WFD may indicate certain state responsiveness to public critique of the policy, WFD has remained firmly established within welfare policy. The relative absence of a coherent social or labour movement in opposition to the policy may have allowed the implementation of WFD to go largely uncontested. Public opposition has certainly emerged, however this has generally been restricted to criticism from welfare rights advocacy bodies and in academic literature. The lack of coordinated community resistance to the implementation of WFD may reflect the low levels of working class mobilisation more broadly in Australia, epitomised by declining unionisation (Peetz 2005, p. 6) and decreasing levels of industrial action (White 2005, p. 66). Moreover, the social marginalisation of the unemployed, their geographic disparateness and the lack of traditional institutions for collective organisation may have further undermined the potential for a concerted mobilisation in opposition to WFD, allowing for its persistence.

4.5 Conclusion

WFD is most usefully analysed through a historical materialist lens. Building on previous welfare-to-work policies, WFD enforces an expanded system of compulsory participation in low paid, poor quality 'non-work' (Bessant 2000a, p. 80). While the operation of the scheme fluctuated somewhat with government changes, WFD has been largely sustained, alongside rhetorical commitment to mutual obligation. Mirroring dominant explanations of workfare, scholarly literature on WFD characterises the program as a project of fiscal restraint and/or reflective of neoliberal ideas. However, the historical policy continuity, the continuation of essential welfare provision and the paradox of neoliberal theory and practice highlight the necessity of a deeper analysis of WFD.

This chapter has examined the material basis of WFD within the workfare agenda, by drawing on the useful elements of radical scholarship on workfare and a Marxist conception of neoliberalism and capitalist welfare provision. WFD can be viewed as a part of an evolving policy response to persistent low profit rates, paralleling and facilitating the deregulation of the labour market, aimed at reinforcing capital accumulation. By mandating participation in low paid work, WFD deters welfare recipients from remaining on benefits and mobilises the RAL, heightening competition for employment. The normalisation of poor quality work can be seen to contribute to depressed wages and conditions in the wider economy.

The ideology embedded in WFD also facilitates this process, whereby the logic of mutual obligation and the promotion of work norms reinforce a culture of work favourable to capital accumulation. The corresponding stigmatisation of those on welfare serves to discourage the receipt of welfare, while shifting responsibility for unemployment from the state and capitalism, onto the unemployed. This buttresses the social legitimacy of the state and the prevailing mode of production. The apparent success of WFD may be indicative of low levels of social resistance more broadly and the social marginalisation of the unemployed. The theoretical marriage of radical theory on workfare and a Marxist conception of neoliberalism and the welfare state provides a useful explanation of WFD and workfare by highlighting their expediency to the state and the capitalist system.

CONCLUSION

The centrality of historical materialism

This thesis has examined workfare from a historical materialist perspective, allowing for an explanation of the complex and contradictory nature of the phenomenon. In Australia the workfare period since the 1980s has witnessed the rise of virulent anti-welfare discourse, alongside the substantive maintenance of expenditure on welfare. The provision of benefits has become increasingly stringent and punitive, however this has occurred alongside the continued delivery of essential services, albeit reconfigured. Workfare constitutes a historically distinct welfare framework, which nonetheless shares important continuities with preceding regimes of provision. By fusing the insights of radical literature on workfare with a Marxist theorisation of neoliberalism and capitalist welfare provision this thesis has advanced a more useful analysis of workfare.

Workfare is consistently presented in mainstream discourse as a policy framework aimed at reducing the financial burden on the state, associated with excessive dependency on the welfare system. While critical of the notion of dependency, academic writing on workfare overwhelmingly reproduces the mainstream conception of workfare as driven by the logic of fiscal restraint. Scholars tend to depict workfare as a policy response to changing demographic conditions driving expanded welfare rolls. The logic of cost cutting is often viewed as an expression of the rise of neoliberal ideas, promoting state retrenchment and free markets. This thesis has exposed the considerable limitations of these characterisations of workfare. The workfare period has been contingent on increased welfare expenditure in Australia and across the OECD. In spite of the increasingly restrictive and disciplinary nature of welfare provision, basic services have been sustained, while some areas of provision have been significantly expanded. Workfare can thus be characterised as contingent on a reconfiguration of provision, rather than as straightforward welfare retrenchment.

This thesis has drawn on the valuable contribution of radical scholars of workfare, whose writing underscores the link between recent welfare reform and the flexibilisation of the labour market. Workfare has facilitated the deregulation of labour

by mobilising the unemployed to compete for limited employment positions, through 'activation' policies and compulsory, poor quality work. The enforcement of work and the work ethic can be seen to downgrade wages and conditions across the economy, pointing to the structural role played by workfare within the economy. However, these theorists limit their analysis to the specific and contingent circumstances of the workfare period, without adequately assessing the broader dynamics of capitalism conditioning workfare policy.

Building on the radical literature, workfare can be usefully understood as a component of neoliberalism, evolving in response to low profit rates following the mid 1970s crisis. Marxist writers have developed a compelling theorisation of the uneven and contradictory rise of neoliberalism, but have largely omitted adequate consideration of workfare. This thesis has contributed to a Marxist theorisation of workfare as a part of neoliberalism, by integrating the insights of radical scholars of workfare with a Marxist analysis of neoliberalism and welfare provision under capitalism, usefully accounting for the complexities of the workfarist framework of welfare provision.

From a materialist perspective, welfare can be understood as a fundamental feature of the capitalist mode of production, reflecting the contradictory imperatives of the state. Social services are managed by a state that is embedded in capitalist social relations, but relatively autonomous and susceptible to democratic pressure. On the one hand welfare facilitates capital accumulation by assisting the reproduction and commodification of labour power and the regulation of the RAL. Social security provision additionally bolsters the legitimacy of the state and the capitalist system through the promotion of ideology favourable to prevailing production relations. On the other hand, the capacity of welfare to deliver real relief to the working class makes it the subject of social and labour struggles. The fluctuating strength of such social movements can be seen to shape the quality and form of welfare provision.

This historical materialist framework of analysis has been applied to more adequately comprehend the development of workfare, by examining the specific case of WFD. By integrating Marxist theorisations of neoliberalism and welfare provision with radical literature on workfare, WFD and workfare can be understood as a part of state driven neoliberal attempts to reduce the cost of labour and flexibilise labour markets and processes as a means of redressing persistent low profit rates. Activating the

unemployed and delivering payments conditional on behavioural and work requirements has served to mobilise the RAL, increase labour market competition and thereby depress wages and conditions, reflecting the state's imperative to sustain capital accumulation. The stigmatisation of recipients associated with workfare effectively deters the poor from relying on social security, whilst reinforcing the legitimacy of a state which manages an economic system persistently mired in unemployment.

The relative weakness of social and labour movements since the 1980s sheds light on the apparent success and entrenchment of WFD and the workfarist agenda. While workfare and neoliberalism more broadly have been significantly contested; no strong, coordinated movement has emerged to seriously challenge the logic of workfare. In this way, by examining the complex political and economic foundations of workfare, a historical materialist perspective can uniquely reconcile the contradictions and nuances of the workfare regime.

Since its 2013 electoral victory, the Coalition government has signalled that workfare remains firmly on the Australian political agenda (Jabour 2013). In theorising the complex nature of workfare policy and ideology, this thesis hopes to inform a more effective struggle against the workfare orthodoxy, capable of achieving a welfare system that protects all members of society against social disadvantage.

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