

Lee Kuan Yew School of Public Policy
Working Paper Series

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March 2009

Working Paper No.: SPP09-11

Keywords: Social exclusion, community enterprise, welfare state

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Introduction

The term *social exclusion* is a relatively recent inclusion in the vocabulary of social development expressions, originating in France in the early 1970s (Pierce, 1999). During the early 1990s, policy makers and social science scholars, in both the United States and Western Europe turned their attention to social exclusion as the primary 'disease' affecting contemporary societies, rapidly becoming the most critical 'social evil' requiring attention by the governments of developed countries. By example, social exclusion has been a part of the British social policy lexicon since 1997 when the Blair Government established the Social Exclusion Unit (Levitas, 1998). In France, the struggle against social exclusion became one of the most central aspects of the Socialist Party's centre-left policy platform in the 1990s and has been a centre-left social reform blueprint since then (Beland, 2007).

Over the years, a variety of policies have been developed to tackle the problem of social exclusion. Since its inception in the early 1960s, the welfare state has been the conventional model for tackling social ills such as poverty, long-term unemployment, and access to public services. However, over the past decade, the capacity of the welfare state to handle social exclusion has been critically challenged with the model perceived to be poorly suited to the

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more contemporary and dynamic social demands (Giddens, 1998). Alternative solutions have been sought, leading to the development of the community enterprise model as one of the predominant approaches to tackling social exclusion (Toyle and Infanti, 2004; Osborne, 2006). On the other front, some scholars argue that the Welfare State Model is still relevant and essential in dealing with social exclusion and new demands for public services, but it needs to be reformed or 'reinvented' (de Mooij, 2006). This paper will explore the similarities and the differences between the Community Enterprise and the Welfare State models and define the advantages and disadvantages of each approach as a means of tackling social exclusion.

Social Exclusion and Public Policy

The term 'exclusion' was first used in France to refer to various types of social disadvantage, relating to the development of a range of new social problems experienced during the 1970s. Such problems included: unemployment; ghettoisation; and fundamental changes in family life (Cannan, 1997). The British Government of the day defined social exclusion as:

A shorthand term for what can happen when people or areas face a combination of linked problems including unemployment, discrimination, poor skills, low incomes, poor housing, high crime, bad health and family breakdown. These problems are linked and mutually reinforcing so that they can create a vicious cycle in peoples' lives. (ODPM, 2004: 3)

Social exclusion implies a focus on the multi-dimensionality of deprivation, on the fact that people are often deprived of different things at the same time (de Haan, 1999). As Silver (1994) suggested that people may be excluded such as from livelihoods, employment, earnings, housing, minimum consumption, education, citizenship, personal contacts or respect. Power and Wilson (2000) comment that exclusion is somehow often connected to a

person's social class, educational status, relationships in childhood and living standards and how these might affect their access to various opportunities. In summation, social exclusion could be considered broadly as the process through which individuals or groups are wholly or partially excluded from full participation in the society within which they live (Deakin *et al.*, 1995).

Not only is social exclusion a multi-dimensional concept as discussed above, the notion of social exclusion may also take different meanings depending upon the social context (Silver, 1994; Levitas, 1999). Nonetheless, given the differences of interpretation, social exclusion as a term in use has provided a pathway for conceptualising and emphasising social problems that do not fall under the traditional concept of poverty. Social exclusion has shifted policy focus away from the vertical model of inequality centred mainly on income disparities, and moved attention to the logic of 'cumulative disadvantage' that affects the most deprived segments of the population, based on a horizontal, spatial metaphor (Silver and Miller, 2003).

The notion of social exclusion itself has direct implications for policy approaches in the field of social reform (Beland, 2007). Emphasis on the multi-dimensional nature of deprivation points to the need for integrated sectoral approaches. For instance, the social policy reform platform implemented under the Tony Blair Government in Britain provides support for this claim. An establishment of the Social Exclusion Unit, the New Deal for Youth and the New Welfare to Work programmes show some examples of policy initiatives under this approach. However, each policy approach has unique advantages and disadvantages. The next section takes two prominent models that are claimed to be effective in tackling social exclusion into consideration: the welfare state and community enterprise model. It begins with the welfare state model.

Welfare State Model

The concept of the Welfare State model was developed during the post-war period and expanded in the 1960s and 1970s. The model refers to an approach grounded on government provision of certain public services (such as health care, education or social security) to all citizens irrespective of their personal wealth (de Mooij, 2006). It also refers to government provision of financial or other in-kind assistance, often temporary or conditional, to those legally unable to provide for themselves because of health problems, unemployment, mental illness, or natural disadvantaged. The model offered answers to problems arising from market failure wherein the private sector avoids or fails to meet their social obligations. Welfare states in Europe have brought substantial benefits and boast major achievements by way of improving income security, mitigating poverty and providing people with broad access to education and health care. In this way, the Welfare State model has facilitated the development of European economies in the sense of investing in human capital and by creating social and political stability (de Mooij, 2006).

Taxes burden

The strength of the Welfare State model is based on the capacity of the model to provide comprehensive public services to everyone in the country regardless of their background or ability to pay. This implies that there could be a substantial draw on the government budget to accommodate the demands of all beneficiaries. Demand for services and facilities for all in the country placed a substantial strain on the national budget making it necessary to fund this demand through increased taxes, thereby placing the burden of supporting the

disadvantaged upon the shoulders of taxpayers (Barr, 2004). This is usually the case, as can be evidenced in the experience of the Scandinavian countries (OECD, 2001).

It is a fallacy, however, to believe that governments have the capacity to spend their way out of the welfare problem. Policy makers now face the dilemma of overloaded government with excessive funding demands on the welfare state, yet so few funding sources available through the globalised economy. Giddens (1998) argued that European Welfare States tend to become unsustainable, both in financial terms and in terms of social legitimacy. In particular, age-related public expenditures will rise in light of an ageing population, while globalisation makes it more difficult to finance these public transfers due to increasing mobility of tax bases. Thus, future trends render current welfare states financially unsustainable impeding its capacity to tackle the problem of social exclusion. An alternative solution needs to be found which mobilises more resources from outside the public sector. Non-government agencies and community organisations are well respected for their emerging roles in welfare provision.

Dependency

Another critical criticism of Welfare States has addressed the idea that a welfare state makes citizens dependent and less inclined to work (Loyd, 2007). The Welfare State allegedly provides its dependents with a similar level of income to the minimum wage making it an incentive for the unemployed to stay unemployed still. Given to this condition, it has produced a generation of dependents who rely solely upon the state for income and support instead of seeking employment even though assistance is only given to those unable to work. Moreover, the welfare state model creates sustained inactivity among some critical groups of benefit recipients: elderly workers, low-skilled people and the poor (de Mooij,

2006). Thus the model maintains the voluntary exclusion of the excluded. Further to this, in light of future trends with respect to aging populations and increased social security costs to governments, countries can no longer afford such high rates of inactivity and dependency, alongside such generous public welfare state provisions.

Welfare State model is one of examples illustrating that government alone cannot solve the problems of social exclusion. Increasingly, those interested in or actively searched for solutions to social exclusion need to look beyond the confine of state. Society's most entrenched problems require a cross-sectoral approach, harnessing the creativity and resources of the public, social and business sectors. Alternative model should adopt a partnership approach in which government, corporations, community organisations and welfare recipients are taking parts in the project to alleviate and eliminate the curses of social exclusion. The organisations with the greatest public support lie outside the public sector. The evidence demonstrates the need for a new approach to managing welfare support. Next section confines the scope to the role of community enterprise.

Community Enterprise Model

To some extent, the Community Enterprise model is grounded on the communitarian philosophy which espouses the capacity of people and communities to identify their own needs and to govern themselves more autonomously (Etzioni, 1994, 1998; Tam, 1998). Community Enterprise builds on a consensus image of the community and the positive involvement of its members in collective matters which allow them to resolve their common problems with a minimum of state involvement (Etzioni, 1994, 1998). The term 'Community Enterprise' is defined by practitioners and government in the United Kingdom as a subset of the wider social enterprise effort which focuses specifically on development activities within

communities (Development Trust Association, 2004). The model argues that philanthropic and welfare approaches by themselves are not enough to bring about sustainable social, economic and environmental renewal. Enterprise is necessary for sustained change (Osborne, 2006). It suggests that Community Enterprise should trade for a social purpose where surpluses are reinvested back to the community in further enterprise development and for projects of community benefit. In this Model, community ownership of assets (buildings, land and other assets) builds its business capacity and helps it to achieve community goals. Community Enterprises can be registered as not-for-profit organisations and act as a community owned and controlled holding companies, with the purpose of supporting and actively encouraging residents develop new projects, new initiatives, manage commercial and social projects, and run local commercial enterprises. Profits and benefits from the enterprise would be distributed back to the community.

Community Enterprises arguably offer a qualitatively better way of delivering social services and economic regeneration to address social exclusion and enhances opportunities for the disadvantaged (Amin *et al.*, 1999). Promoting community enterprise expands employment opportunities, helping restore confidence and build the capacity of people, as well as offering a route out of exclusion for the most marginal communities through a pathway of economic opportunities. Several recent studies have identified examples of community-led social economy initiatives that provide flexible and cost-effective services directly in response to local needs (Barraket, 2006). In particular, they are seen as effective in combating social exclusion by actively promoting a 'sense of community' which often felt to have been lost in the most deprived areas (Adamson, 1997; Madanipour *et al.*, 1998).

Empowerment

Community Enterprise empowers people's capacity to collectively initiate, foster and manage the development in their community and reduce key barriers to social integration (Babos *et al.*, 2006). A commonly identified and expected feature of Community Enterprises is their close association or connection with specific localities, local areas of common interest or geography, and the involvement of their communities and groups with particular needs and or interests. As such Community Enterprises differ fundamentally from conventional public sector organisations or Welfare State models, which distribute services from bureaucratised, hierarchical structure; and also differ from private sector organisations whose connection to place and community is wholly contingent on profitability. It is therefore expected that this model should have a much higher capacity to deliver effective solutions to the excluded in community in a more efficient way.

Where local projects are able to engage the local community directly in their activities, the results can be extremely positive both for the individuals involved and for society as a whole. There are numerous examples of initiatives that demonstrate the process of community empowerment through the engagement of local groups with their numerous and diverse concerns, and include: The Arts Factory in South Wales, the Matson Neighbourhood Project in Gloucester in UK (Amin *et al.*, 1999) and the Cape York Partnerships in Australia (Barraket, 2006). In all of these examples, community enterprises have been able to achieve a range of social and economic outcomes by directly allowing local people access to decision-making processes from which they were previously excluded. By breaking through the resulting apathy and despondency, and by forcing open local institutional structures, these projects have genuinely empowered and democratised their local communities (Amin *et al.*, 1999).

Self-dependency

The Welfare State model tends to create a culture of paternalism (Latham, 2001). The model is inclined to operate under the assumption that the poor and disadvantaged are incapable, unable to meet their personal needs in any way, and gives little credence to the idea that the poor and disadvantaged actually have the capacity to help themselves. It propositions that the poor and disadvantaged are the problem and that government is the only solution. In contrast, the Community Enterprise model emphasises the role of employment creation and entrepreneurship in the community which is not just understood to be the best way of tackling poverty but is often presented as the way of making local communities economically self-sufficient in ways comparable with or identical to the private sector economy (Cameron and Palan, 1999). It allows community to become self-financing in the long term and therefore independent of the state domination.

An example of the Coin Street Community Builders (CSCB)² on the South Bank of the Thames in the centre of London is a case of community enterprise that achieved self-financing status. Since it began, CSCB has financed its development and construction activities through a combination of commercial loans, cross-subsidisation through temporary use of land for car parks, and, increasingly, through income derived from commercial and domestic rents. The Coin Street site has been transformed from patches of wasteland, rundown social housing, and derelict wharves into a popular tourist site with a mixture of commercial and social enterprises. In addition to the creation of jobs and services, the main contribution to local residents has been the conversion of some very poor council housing stock into newly refurbished housing cooperatives planned with and wholly managed by

² See information in <http://www.coinstreet.org/>

their residents. Coin Street's housing cooperatives were built entirely with private capital and are now wholly owned and managed by their residents.

However, Amin *et al.* (1999) critically observed that in practice, there are very few community-based social enterprises in the United Kingdom that have been able to develop and flourish without public money. Although some have been successful in offsetting public sector funds through the sale of services or through the development of private sector sponsorship, few if any have been able to survive independently of external funding sources in the ways available to the Coin Street project. An implication might be that the early initial development of community enterprise may need support from government. However, the government's role should be that "the state acts to facilitate, support and enable citizens to lead self-determined fulfilled lives for the common good" (Home Office, 2003: 6).

Conclusion

The following table summarises the key themes emerging from the above discussion and lists the advantages and disadvantages of each approach, the Welfare State Model and the Community Enterprise Model, as means of tackling social exclusion.

	Welfare State Model	Community Enterprise Model
Advantages	<ul style="list-style-type: none"> ○ Comprehensive provision of public services (either in-cash or in-kind) to all citizens irrespective of their personal wealth. ○ Investment in human capital and creating social and political stability. 	<ul style="list-style-type: none"> ○ People engagement and empowerment ○ Self-reliance and self-dependency ○ Sustainable changes by people and communities ○ Multiple non-state actors taking part in economic and social

	Welfare State Model	Community Enterprise Model
	<ul style="list-style-type: none"> ○ A solution to market failure 	<ul style="list-style-type: none"> renewal ○ Generate diversity in initiatives from the bottom (grass roots) up ○ Respond exactly to the needs of people ○ Build confidence and capacity of people
Disadvantages	<ul style="list-style-type: none"> ○ Big government acting alone ○ Heavily reliant on large government budget ○ High taxes ○ High tax burden to tax payers ○ Overloaded government ○ Tendency to become unsustainable in the future as demographic structure change to aging society ○ Create a culture of paternalism and dependency 	<ul style="list-style-type: none"> ○ Likely to need funding support from government in its initial stages of development ○ Not comprehensive in services offered ○ Limited coverage of benefit across the country. Local focus ○ Limited to specific community area

The post-war welfare state seems to be poorly suited to the nature of the future global condition because of its tendency to generate a culture of dependency which constrains the entrepreneurial spirit of people. This paper has identified how the traditional welfare state was motivated to protect and care for people, but, in reality, it did not foster and nurture individual initiatives and creativity. People and community are not empowered to be reliant on its own capacity. State hand-outs have led to problems of 'dependency, moral hazard, bureaucracy, interest-group formation and fraud' (Giddens, 2001: 33). The evidence demonstrates the need for a new approach of managing welfare support. This is not a

question of abandoning the welfare state but rather, redefining its strategic role and operation. The public sector still needs to provide basic services and support, but in a different approach to the traditional one. The role of government, then, should move from social welfare provision to social empowerment provision by supporting enterprise initiative at the community level. Its new role is to identify and nurture successful community projects.

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