A stake in the community

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Few would take issue with the Commonwealth's policy of social inclusion – its vision of a society in which all feel valued and where all have the opportunities for participation. It ties in with the Government's emphasis on education, training and participation in work.

The vision is about opportunity, particularly economic opportunity, and if the vision is supported by well-designed measures, it can ensure that there does not emerge in Australia an impoverished and disconnected class who, to use Ralph Dahrendorf's term, feel they have no stake in the community. Even if we find it difficult to eliminate poverty, we can do a great deal to ensure that those who are materially poor still belong to the wider society.

Last year we saw the socially excluded vent their fury in the UK riots. Those who have been involved in public protest over issues such as the Vietnam War or racial discrimination may look on these riots as a mindless waste of energy and misdirected anger. Mindless, because these weren't the efforts of a political movement seeking to bring about a new social order or to protest against specific injustices. And misdirected because they didn't target the centres of power – most of the damage was inflicted on their own run-down neighbourhoods. They were venting their fury on a society from which they felt entirely excluded.

There can be much more to social inclusion, however, than keeping people in education and work and avoiding the problems which have plagued Britain. When, in 1949, the British Sociologist Thomas Humphrey Marshall wrote his essay *Citizenship and Social Class*, the work which laid down a framework for social inclusion, he stressed "common experience" as an essential ingredient of citizenship. It's about a richer notion of social inclusion.

When they read of "common experience" in 1949 the British probably recalled universal food rationing, and the sharing of air raid shelters with all comers. Perhaps that's one reason why they have a nostalgia for the war years, when, for a little time, many of the barriers of class distinction were lifted.

There are dysfunctional extremes of social inclusion and exclusion – a healthy society needs to find an optimum, as Dahrendorf himself knew very well. He grew up in Hitler's Germany, where for most people, there was the enforced common experience of mass participation in movements such as *Hitlerjugend* – for his resistance, Dahrendorf spent part of his adolescence in a concentration camp. In later life, after he had moved to Britain, he experienced the polar opposite in Thatcher's Britain where there was "no such thing as society".

In transcending class distinctions, common experiences are democratising, which is why we are likely to find people's desire for common experience to be strongest in those societies with strong norms of egalitarianism.

In Australia we celebrate egalitarianism, pretending that class is an Old World concept which we have discarded. Our mythology is crowded with stories of the well-off who became humble diggers in wartime; our economic indicators of income distribution and social mobility confirm our virtues in comparison with Britain and America; foreign visitors are taken aback when they hear workers and bosses calling one another by their first names. Like Lawson "we call no biped lord or sir". There is more to social inclusion, however, than such surface-level manifestations which may in fact mask class divisions.

Our most prominent common experiences occur when natural disasters strike: floods and bushfires tend to strip away social class. There are also the common experiences of spectator sports, but these are superficial – in fact the regimes of some of the most socially divided countries promote sporting events as sham forms of solidarity. For the most part our meaningful common experiences are in our use of government services. While we may accept social distinctions in many realms of our lives, we are generally accepting, or even demanding, of equality in the delivery of public services.

"Common experience", however, does not appear in our Government's statements on social inclusion. Our opportunities for common experiences are being diminished, deliberately or otherwise, by government policies which promote social exclusion by those who can avoid sharing with others – what may be called "self-exclusion".

Such self-exclusion is not just by a small handful of plutocrats: the super-rich will always live in their own world, cut off from larger society. Social exclusion becomes serious when it cuts deeply into the population, and that's now happening, with private services for the well-to-do, and government services for the remainder. The most notable such divisions are in health care and education.

In health care we have an extraordinary set of arrangements encouraging social division. Government subsidies discourage the well-off from using public hospitals.

Those with incomes above $80 000 ($160 000 for families) who do not hold private hospital insurance have to pay a tax penalty of one percent of income. An individual with an income of $100 000 gets an effective subsidy of $1000 to buy private insurance while someone with an income of $300 000 is subsidised by $3000, even though the most expensive cover available is in the order of $2500. Even more absurdly, and quite out of line with any notion of social inclusion, the Government is proposing to increase the tax penalty to 1.5 percent.

Because private health insurance, particularly on the higher tables, is used almost entirely to fund treatment in private hospitals, this policy is effectively a subsidized form of social exclusion.

Some may suggest that those who can afford private insurance should not clog up public hospitals. Indeed that was the logic when, in 1997 the Howard Government re-introduced tax incentives for private health insurance. But this notion has two practical shortcomings, not to mention its inherent ideological assumption that public services are only for the poor.

The first practical shortcoming is that diverting the well-off to private hospitals fails to ease pressure on public hospitals, because where the funds go so too do the service providers.

While someone is on a trolley in a public hospital emergency department waiting for a surgeon, that same surgeon will most probably be in a private hospital performing a low-priority or unnecessary elective surgery.

The more basic shortcoming, applying to the longer run, is that this policy excludes from public hospitals those who may have the political influence to ensure that their quality is maintained. To see the consequences the USA provides a strong example. Their Medicare program, a publicly-funded health insurance system for those over 65, is reasonably well-funded. By contrast the Medicaid program, a scheme to help the uninsured poor and "indigent", is funded on a very parsimonious basis. Ageing is a shared experience, poverty is not.

F Scott Fitzgerald is reputed to have said "The rich are different from you and me"; in response Ernest Hemingway said "Yes, they have more money". Hemingway may also have said they have more political influence. (One theory on police and prison reform is that momentum was boosted in the late 1960s, when many sons and daughters of the well-off classes were arrested in the anti Vietnam war demonstrations.)

When the Whitlam government introduced Medibank, a precursor to Medicare, it was envisaged as a universal scheme, one which would include all Australians. What we now has some of the design characteristics of South Africa's pre-1995 apartheid "separate development" philosophy. Many call it a "two tier" health system. Whatever we call it, it's a long way from any notion of social inclusion.

There may be readers who believe that we cannot afford a universal system, and that we have to keep our private hospitals. These are defensible viewpoints. On the first point, it is possible to have differential charges – means tested perhaps – but with people sharing the same facilities. Those facilities should be of such quality that no-one, whatever their means, feels the need to opt out in order to secure a better standard of service. On the second point, there is no reason why private hospitals should not be serving the same patients as public hospitals. They should be accessible to all, on the same basis as public hospitals, rather than acting as refuges for those who do not want to mix with the *hoi polloi*. As Marshall pointed out, social inclusion rests more on the sharing of services rather than on free provision of those services. We have pensioner concessions for bus fares and car registration; we don't have separate buses and roads for pensioners.

The area where social exclusion has been expanding most rapidly is in school education. In the 1950s three quarters of Australians children attended public schools. Most of the other 25 percent of children were in Catholic schools, which, apart from their religious content and gender segregation, were generally very similar to government schools.

By the 1990s the proportion in public schools had fallen to 70 percent, and by now it's 65 percent. The trend has been most pronounced in secondary schools: just over 60 percent of secondary school students are in public schools, and the proportion is even lower in the early grades of secondary schools.

Government policy clearly plays a large part in this development. In *D!ssent 35* last year Trevor Cobbold showed how government funding for schools is skewed so as to favour

already privileged private schools – a finding confirmed by subsequently published research of the National Report on Schooling.

With 35 percent of children in private schools, and 45 percent of people holding private health insurance, we have exclusion on a large scale – much larger than any imaginable level of exclusion by those at the other end of the opportunity spectrum.

Those who defend these arrangements for health care and education often invoke the notion of "choice". We should be free to choose our health care and our children's education. They don't acknowledge that these policies actually constrain choice, in three ways.

The first way is financial, most clearly manifest in health care. Someone who has a high income, and for various reasons, chooses not to hold private insurance, incurs a high penalty for that choice. (Those reasons may be moral, a dislike of unearned privilege, or a sense of solidarity with other Australians.) In fact the surcharge has some of the characteristics of a fine, with its implications of moral suasion.

The second constraint on choice is in terms of social pressure. Many consider it to be akin to drawing unfairly on the government's strained social welfare system if someone who is well-off does not take private health insurance or send their children to public schools. This shows how we have come to re-define public services – not as something we share, but as forms of distributive welfare. This welfare role has generally been an assumption of the "right" of politics, and around 1990 it emerged in the Labor Government, most clearly when Graham Richardson and Brian Howe were health ministers, and has remained as implicit Labor policy ever since.

In education that social pressure works in another way in terms of the communities that coalesce around our children's activities. Social networks form around baby-sitting clubs, pre-schools and other activities to do with children. When the time comes to choose a private or public school, our neighbourhoods divide along class lines. We do not allow to develop the social capital that can form around a neighbourhood school.

The third way choice is limited is through a mechanism Thomas Schelling calls "tipping" – one of the models of social interaction for which he was awarded the 2005 Nobel Prize in Economics. His tipping model builds on critical mass theory, because it shows how some mixed systems which superficially look stable can rapidly become unstable. Racially mixed suburbs can quickly become single race, gender separation can rapidly develop, cities can spontaneously divide into poor and rich neighbourhoods.

Tipping is best illustrated by example, a large shared house. Imagine a house in which six young people live – four women and two men. Let's call the women Alice, Beth, Cathy and Diane. The men and women all prefer mixed gender living, but they differ in the strength of their preferences. Alice and Beth want to live in a house where a majority of the occupants are women. Cathy is a little more flexible, but insists on at least a 50-50 split. Diane is much more tolerant, but she doesn't want to be the only woman in the house.

Alice gets a job in another city and leaves, being replaced by a man. It's easy to see that the Beth will soon leave and then in turn Cathy and Diane will leave; it will almost certainly become an all-male household. If Alice, Beth, Cathy and Diane are representative of all women, it is clear that it will be near to impossible to restore a mixed household.

That's a simplified representation of Schelling's tipping model. It's the model he used to model racial segregation in Chicago's suburbs, where it was noticed that even when there were no legal barriers to segregation, and a large proportion of the liberal-minded city wanted integration, segregation persisted.

A conclusion from Schelling's work, counter-intuitive at first sight, and discomforting for many, is that compulsory or strongly encouraged mixing can often help to preserve choice.

In schooling, there are many who want to send their children to public schools. Many people, for instance, value public education because it involves social mixing, while accepting that there are certain features which may make public schools less desirable than private schools. One is that the public education system virtually has to take all who show up; compared with private schools they have far less ability to choose who they will accept, and expulsion is very difficult. (As Herman Leonard of Harvard's Kennedy School says, "we leave the hard jobs to the public sector".) So long as there is a social mix of families using a public school, all will be content. But when some, who are slightly more fussy than others, leave, others will leave. The system unravels, just as in the shared household example. We can imagine this happening through those voluntary efforts, such as sitting on P&C committees, helping in the cafeteria, organizing sports and excursions, lobbying local politicians etc. Once some pull out others will feel an increasing burden, and eventually even the most willing helpers find it is too hard to carry on.

Such unravelling may well be happening in our state education system. It's about exclusion at the top end, and, in education such exclusion may be more serious than exclusion at the other end of the opportunity spectrum. At that end a disturbed and alienated adolescent may hurl rocks through school windows, or break in and trash a classroom. When exclusion occurs at the other end of the spectrum the damage is to the whole education system.

While top-end exclusion is most notable in health care and education, it may manifest itself in a more general way in relation to taxation. If people feel they can do without publicly-funded services, they are likely to be resistant to paying taxes to fund them. Such conflicts are common in the USA where the residents of gated communities protest, sometimes with success, against local government taxes.

So far that has not happened in Australia. In surveys on attitudes to taxation people are understandably negative in response to the question "would you like to pay more tax?". If, however, people are asked if they would be willing to pay more tax for specific purposes, the response is positive for certain services. Health care and education generally come out with very strong support – at least 65 percent by even the most conservative surveys, and as high as 85 percent in other surveys. What this means is that in trying to stop Australians from sharing their health and education funding through taxation, the Government is actually ignoring people's choice.

If these divisions persist, however, those attitudes may change, if people feel that someone else is getting the benefit from their taxes, if they come to see taxation not as a way to provide shared services, but as a large welfare transfer from the hard-working and (deservedly) well-

off to the indigent and (deservedly) poor. That's when public services become deteriorate into basic "charity" services.

If "social inclusion" is to mean something more than a re-badging of traditional social security and welfare functions, then it has to address social exclusion wherever it occurs, and to incorporate the notion of "common experience" through shared high quality public services. A good start would be to abolish support for private health insurance and to bring all schools on to an equitable funding base.