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# **CAN SOCIAL EXCLUSION PROVIDE A NEW FRAMEWORK FOR MEASURING POVERTY?**

By Peter Saunders

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## **Abstract**

This paper examines how the concept of social exclusion has evolved in the academic and policy debate in Australia in the last five years or so. It does not attempt to do this comprehensively, but illustrates some of the most important developments, in the process reflecting on some of the issues raised in earlier Australian contribution to the social exclusion literature. The paper is organised around three principal themes: concepts; measurement; and policy. One of the most attractive features of social exclusion is that it broadens the conventional framework that identifies poverty as a lack of resources relative to needs. In this respect, exclusion can be seen as extending other attempts to broaden the resource notion of income poverty, specifically those associated with Townsend's notion of relative deprivation Sen's more recent ideas of functioning and capability. A range of issues raised in recent debate over the measurement of poverty and in related developments are then reviewed to illustrate the potential advantages of adopting a framework focused around the idea of social exclusion and how different dimensions of exclusion can be identified and quantified. Finally, evidence and experience from the UK and EC are used to show how an exclusion approach can help to promote, not replace, the need for additional work on poverty as conventionally defined and analysed. The paper concludes by arguing that researchers need to think more strategically about how research on exclusion and poverty can exert influence on those setting the policy agenda.

# 1 Introduction

It is now four years since Andrew Jones and Paul Smyth published their article ‘Social Exclusion: A New Framework for Social Policy Analysis?’ in *Just Policy* and probably more than five years since they wrote it (Jones and Smyth, 1999). In what was a perceptive contribution to the rather limited Australian literature on social exclusion, Jones and Smyth identified five potential benefits of a social exclusion framework. They were:

- Broadening the analysis of poverty;
- Providing a bridge to discussions of equality and citizenship;
- Providing a basis for understanding the peculiarities of difference;
- Highlighting the spatial dimensions of exclusion; and
- Facilitating cross-national comparisons.

They saw the two central tasks for social policy analysis in the context of social exclusion being to seek to understand the processes that result in social exclusion and to critically interrogate policy discourses that purport to redress exclusion.

This paper examines how the concept of social exclusion has evolved in the academic and policy debate in Australia in the five years or so since that article was written. It does not attempt to do this comprehensively, but rather tries to illustrate some of the most important developments, in the process reflecting on some of the issues raised in Jones and Smyth’s insightful analysis.

The remarks that follow are organised around three principal themes: concepts; measurement; and policy.

## Concepts

As noted by Jones and Smyth, one of the most attractive features of social exclusion is that it broadens the conventional framework that identifies poverty as a lack of resources relative to needs. In this respect, exclusion can be seen as extending other attempts to broaden this resource notion of income (or primary) poverty, specifically those associated with Townsend’s notion of relative deprivation (Townsend, 1979) and the more recent ideas of functioning and capability associated with the work of Sen (1987; 1999).

In what many still regard as the classic modern articulation of a deprivation approach to poverty, Peter Townsend defined poverty in the following terms:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong. Their resources are seriously below those commanded by the average individual or family that *they are in*

*effect excluded from ordinary living patterns, customs and activities.*  
(Townsend, 1979: 31; emphasis added)

More recently, Nobel Prize winning economist Amartya Sen compares his notion of capabilities with the conventional approach to poverty as a lack of income as follows:

[I]ncome deprivations and capability deprivations often have considerable correlational linkages ... If our attention is shifted from an exclusive concentration on income poverty to *the more inclusive idea of capability deprivation*, we can better understand the poverty of human lives and freedoms in terms of a different informational base (involving statistics of a kind that the income perspective tends to crowd out as a reference point for policy analysis). The role of income and wealth – important as it is along with other influences – has to be integrated into a broader and fuller picture of success and deprivation. (Sen, 1999: 20; emphasis added)

Townsend's work has been enormously influential among the academic community over the last two decades, but has had virtually no impact on policy – at least, not any that is readily discernible. In contrast, Sen's approach – despite (or perhaps because of) its greater operational challenges – has been more readily embraced by policy makers, including in Australia by Treasury Secretary Ken Henry, who spoke approvingly of the capability approach in an Address to the 2002 conference on *Towards Opportunity and Prosperity* (Henry, 2002).

Henry quoted approvingly from Sen (1983), who refers to a sub-set of capabilities which includes:

The capability to live without shame ... that of being able to participate in the activities of the community ... that of having self-respect ... are examples of capabilities with extremely variable resource requirements. And ... the resource requirements typically go up in these cases with the average propensity of the nation. (Sen, 1983: 163 quoted by Henry, 2002: 45)

Accepting for the moment the need to move beyond an income poverty approach – I will return to this issue later – it is clear from this description that in terms of its language, the idea of capability – like that of exclusion – has been picked up in the current welfare reform debate.

Thus, the Howard Government's latest statement of its welfare reform objectives notes that:

People who depend for long periods on income support rather than paid work face increased risk of financial hardship and social exclusion. The longer they spend out of work the harder it is to get another job and the more likely they are to lose confidence. This can have negative effects on their personal relationships and lead to a sense of detachment from

society ... The Government believes that Australia is best served by a safety net that encourages participation, through a renewed emphasis on expecting Australians to use all their existing capacities. (Commonwealth of Australia, 2002: 5 & 7)

Here we see not only how the ideas of social exclusion and capability have permeated the policy debate, but also how their cause is identified with long-term welfare dependence. Financial hardship (code for the 'p word') is mentioned, though only as a side effect of more enduring issues. Resource poverty, defined as low income relative to need, or deprivation in the sense of Townsend are nowhere in sight!

Having demonstrated that social exclusion has apparently become influential in the policy debate, it is pertinent to ask what it has to offer over and above what is provided by thinking in terms of either deprivation or capabilities? In order to answer this question, it is necessary to consider how social exclusion is itself defined. This is no easy task, since a precise definition of social exclusion has proved to be elusive.

It is far easier to give a sense of the principal concerns of social exclusion and how they differ from notions of resource poverty than it is to give a precise meaning to the term. In a useful review, Whiteford (2001) notes the European origins of social exclusion, and argues that:

European debates about social exclusion are more concerned with social relations and ruptures in the social contract. They are also implicitly focused on sub-sets of the low-income population who are distinguished within themselves and from the 'mainstream' by location, attitudes and behaviour. Not all low-income people are excluded from society, nor do all excluded people have low income. (Whiteford, 2001: 66)

This description signifies how a focus on social exclusion can contribute to those forms of exclusion that it seeks to redress. In the wrong hands, social exclusion can become a vehicle for vilifying those who do not conform and an excuse for seeing their problems as caused by their own 'aberrant behaviour'. Aside from these concerns, the characteristics of exclusion identified by Whiteford do not take us forward in the search for a more precise definition.

More effort in this direction has been undertaken in the UK, where social exclusion now features very prominently on the policy agenda of the Blair Government. There, the Social Exclusion Unit (SEU) has defined social exclusion as:

A shorthand label for what can happen when individuals *or areas* suffer from a combination of *linked problems* such as unemployment, *poor skills*, low incomes, poor housing, *high crime* environments, *bad health* and *family breakdown*.

The definition embodies several key aspects of how social exclusion differs from most traditional notions of resource poverty, as encapsulated in the underlined phrases. These give emphasis to the idea that social exclusion is:

- Not just a characteristic of individuals;
- Is multi-dimensional and reflects a combination of inter-related factors; and
- Focuses on causes (low skills), outcomes (high crime) and processes (family breakdown), as opposed to just available resources at a point in time.

However, Ruth Levitas (2000) has pointed out that since the SEU definition fails to point out what actually does happen – or indeed whether anything at all happens – it does not constitute a definition of social exclusion.

In response to these concerns, Burchardt (2000) has proposed the following, more precise definition:

An individual is socially excluded if he or she does not participate to a reasonable degree over time in certain activities of his or her society, and (a) this is for reasons beyond his or her control, and (b) he or she would like to participate.

This definition leaves open the issue of how the scope of those ‘certain activities’ whose enforced absence constitutes exclusion is established. It also suffers from the fact that there are many activities which satisfy conditions (a) and (b) but do not represent any form of social exclusion. To give an example, the fact that I was not selected to play in the recent NSW State of Origin team despite my availability and willingness (indeed, eagerness!) to play is not an example of social exclusion that has any relevance for social policy (except possibly for public health, but that is another matter!).

We need to be clear about the distinction between warranted (or legitimate) and unwarranted (or discriminatory) acts of exclusion. So too, is it necessary to distinguish between involuntary (or imposed) and voluntary (or chosen) exclusion – although the latter may reflect circumstances that are themselves the product of earlier involuntary and imposed choices or actions. Setting the dividing line between the different types of exclusion has not attracted sufficient attention, despite its importance to the social exclusion debate.

Others have been less concerned about getting a precise definition of social exclusion, citing some of the problems that conventional poverty research (and more importantly, its credibility and policy impact) has encountered as a consequence of protracted disagreement over definitional issues. Rather than seek what may turn out to be an unwarranted clarity of definition, a better strategy may be to develop a general conception of social exclusion, either by identifying specific problems that are examples of exclusion, or by characterising social exclusion as a lack of participation in key aspects of society without pre-judging what forms this might take in specific instances (Burchardt, 2000).



Viewed from either of these perspectives, the SEU conception of social exclusion is clearly differentiated from income poverty, as indicated earlier. It is also the case, as implied in the earlier quote from Whiteford and as Micklewright has recently emphasised, that income poverty is neither a necessary nor a sufficient condition for many of the specific conditions referred to (Micklewright, 2002). This still leaves open the issue of what it is about social exclusion that differentiates it from related social problems such as income poverty, unemployment or regional disparities in service provision (public and private).

Here, the work of Atkinson (1998) has been valuable in identifying three key features of social exclusion:

- *relativity* – the idea that exclusion can only be judged by comparing the circumstances of some individuals (or groups or communities) relative to others, in a given place and at a given time;
- *agency* - the idea that people are excluded by acts of some agent(s); and
- *dynamics* – the idea that the characteristics of exclusion (and its adverse effects) may only become apparent over time, as an accumulated response.

All three features highlight that idea that exclusion is the result of certain *processes*, and it is this emphasis that Donnison (1998) approves of because it shifts the focus onto who is excluded, by whom, in what ways, and from what – questions that shape the policy (and other) responses to exclusion, and help to define the ‘inclusion’ that such responses seek to achieve.

It is somewhat ironic that much of the empirical literature on social exclusion (discussed in more detail below) has focused on the characteristics and conditions of those who have been excluded from various domains of economic and social life, with relatively little attention paid to the acts of exclusion themselves, and even less to identifying those individuals, institutions, structures or conventions that implicitly endorse and are thus responsible for accommodating various acts of exclusion. If we are to gain an understanding of the *processes* of exclusion, it is necessary to identify those whose actions exclude others as well as those who actually experience exclusion. Only then will we be able to understand the conditions that condone or encourage exclusion, and thus be in a position to alleviate or eradicate its effects.

Trying to unravel these effects is not easy. The pensioner who stays at home through fear of being assaulted is excluded, on the face of it, by her or his own decisions. Who is doing the excluding in this case? The young people in the neighbourhood whose raucous behaviour gives rise to the initial fear, those who have allowed local public infrastructure to run down and not provide appropriate facilities where youngsters can meet, or those whose economic mismanagement has produced the unemployment that breeds the social discontent that can lead to anti-social acts? The aged end up being excluded, but trying to identify what act or acts have excluded them (or led them to exclude themselves) is very difficult.

Recent UK research on social exclusion by Burchardt (2000) and Bradshaw and colleagues – the latter described in Bradshaw’s recent Plenary Address to the 2003 Australian Social Policy Conference (ASPC) that is available on the SPRC website at [www.sprc.unsw.edu.au](http://www.sprc.unsw.edu.au) (Bradshaw, 2003) - has identified the following four dimensions of exclusion:

- *Consumption* – the capacity to purchase goods and services, as constrained by low income relative to need;
- *Production* – lack of participation in economically or socially valued activities;
- *Political engagement* – lack of involvement in local or national decision-making; and
- *Social interaction* – lacking emotional support or integration with family, friends or community.

The fact that four forms of exclusion are identified reinforces its multi-dimensional nature – an aspect that presents some measurement challenges (see below) - but it has the advantage that the concept itself does not depend on a single measure. As the recent Australian poverty debate illustrates, the problem with relying on a single measure like an income poverty line is that if its legitimacy is challenged, the whole research edifice based upon it can be permanently undermined.

There is, however, a need for caution when interpreting statistics that purport to provide evidence of exclusion in several of the dimensions identified above. Should we define a sole mother as less excluded than an unemployed man (or women) simply because she is participating in caring for her child(ren) which is seen as a socially valued activity? Is it not possible that these caring responsibilities may prevent the sole parent from participating in other ways and thus contribute to other forms of exclusion?

In what sense does a lack of involvement in decision-making constitute exclusion? Many (probably most) Australians choose to have little or no involvement in the political processes – yet this lack of engagement in what is a key aspect of civil society is not an example of enforced exclusion, quite the opposite. Does compulsory voting mean that there is less political exclusion (or more political engagement) in Australia than in the UK? Would Australia become a better place if – as Treasurer Costello has recently speculated – we all learnt to trust one another more, or engaged in more voluntary activity (perhaps as part of a new citizens’ mutual obligation requirement!)?

In order to address these issues – and thus to better identify examples of social exclusion – we need to combine information with what people actually do or do not do, with information on what they would like to do (or not do). We also need to open up a dialogue on the other side of exclusion, focusing on identifying acts of exclusion and those who perform them, as well as on actions that are *not* taken (but could and should be) that serve to exclude such groups as people with a disability who are excluded from public spaces by a failure to provide appropriate disability access.

There is much to be done (particularly in Australia, where we are way behind the UK and the rest of the EC) but existing research on social exclusion has already providing some valuable new insights. Thus, Jonathan Bradshaw (an initial social exclusion sceptic, but latter-day convert) noted at the ASPC that recent work by the SEU has enriched understanding of poverty by drawing attention to the role of transport barriers in excluding poor people in Britain. He notes that:

‘Transport is relevant to social exclusion because those without access to a car have difficulty accessing employment, education, health and other services, food shops, sporting, leisure and cultural activities. People without cars rely mainly on buses. Poor people face barriers in accessing buses. In addition, there are problems of frequency, reliability, coverage and cost – bus fares have risen by 30 per cent in the last 20 years [and] spending on bus subsidies has fallen by two-thirds since 1985. Overall, transport spending is highly regressive, with better-off road users and rail users receiving much more of the subsidies than worse-off bus users.’ (Bradshaw, 2003: 7)

A similar story applies in Australia, where fare subsidies (and even entire public transport networks) that have been reduced or abolished in the name of microeconomic reform have served to exclude many people and communities from the economic prosperity that they were led to expect would be delivered by the reform process (Pusey, 2003).

In summary, there is much to be done to further clarify the concept of social exclusion and increase understanding of its nature and effects. Considerable progress has been made in Europe, but Australia lags well behind and there is a concern that the use of the term social exclusion in the current welfare reform debate may serve to further exclude groups who are not willing to conform to the government’s understanding of the issues and their causes.

## 2 Measurement

There is little doubt that the social exclusion agenda in Australia has been given a boost by the high profile disputes that have emerged about the measurement of statistical trends in poverty. There is currently no clear consensus among poverty researchers regarding the measurement of poverty and the poverty statistics are regarded with suspicion in the community and with little short of contempt among the policy elite who no longer refer to the 'p word'.

This is not the time to dwell on these issues (it would take me all day to do them justice!), but it is important to emphasise that among all of the mischief that has emanated from organisations like the Centre for Independent Studies (home of "The Other Peter Saunders"!), those working seriously on poverty research (which does *not* include the CIS, since their role has involved commenting on the research done by others) have begun to report findings that bring into question the current framework in ways that point to the potential benefits of a social exclusion approach.

These relate to the lack of overlap between income poverty as conventionally defined, and more direct indicators of deprivation or exclusion. Some examples. For the UK, Bradshaw (2003) reports estimates of three different notions of poverty: Income poverty (IP; defined relative to a poverty line set at 60 per cent of median income); deprivation poverty (DP; defined as lacking four or more socially perceived necessities); and subjective poverty (SP; those who say their income is well below what they need to avoid poverty).

Using data from the recent Poverty and Social Exclusion Survey (PSE) - financed and conducted independently of government (Gordon et al., 2000) - he finds that 19 per cent of the population are IP, 17 per cent are DP and 20 per cent are SP. However, while 33 per cent are poor on at least one measure, only 16 per cent are poor on at least two of the three measures, and only 5.7 per cent are poor on all three. These latter percentages differ little from what would be expected if the three poverty measures were completely independent or statistically uncorrelated with each other, casting doubt on whether they are measuring the same thing. How poverty is conceived and measured matters.

My own research using Australian data points to a somewhat similar finding (Saunders, 2003). For example, using the latest *Household Expenditure Survey*, I estimate that the national poverty rate was around 23 per cent in 1998-99 using a slightly amended version of the Henderson poverty line. If poverty is estimated using expenditure rather than income, the poverty rate falls slightly, to just over 20 per cent.

However, if poverty is defined as a situation in which *both* income and expenditure are below the poverty line, the poverty rate falls sharply to below 12 per cent. Those who are poor on this latter measure have neither the incomes, nor the access to other resources that are needed to support the expenditures required to sustain a poverty line level of living: they can be described of as being in *core* or *constrained poverty*. Replacing the Henderson poverty line with one based on 50 per cent of median income lowers all three

poverty rates but does not affect the extent of the decline when the more restrictive definition is employed.

The same HES data can be used to examine the overlap between income poverty and financial stress or other measures of hardship or deprivation (see Table 1). These hardship indicators (analysed in detail by McColl, Pietsch and Gatenby, 2001 and Bray, 2001) were derived by first asking whether or not people had participated in the various activities over the course of the previous year. For those that had not, they were then asked whether this was because they did not want to, or because they could not afford to. The responses refer only to those who indicated that they could not afford the activity, and are thus consistent with being excluded (the earlier comments notwithstanding).

On an income basis, the overall poverty rate is estimated to be just over 25 per cent (slightly higher than the figure quoted earlier reflecting a number of technical differences in scope and variable definition). If poverty is now defined as having a poverty-level income *and* experiencing at least one of the fourteen hardship indicators shown in Table 1, the poverty rate declines to 18 per cent.

If we focus only on the six core deprivation indicators shown in *italics* in Table 1, then less than 10 per cent are both income poor and experiencing core deprivation. Again, the overlaps are surprisingly low, casting doubt on the reliability of the different methods used to estimate poverty.

**Table 1: Indicators of Hardship and Financial Stress**

Hardship Indicator	Definition
H1	Cannot afford a week's holiday away from home each year
H2	Cannot afford a night out once a fortnight
H3	Cannot afford to have friends/family over for a meal once a month
H4	Cannot afford a special meal once a week
H5	Cannot afford brand new clothes (usually but second-hand)
H6	Cannot afford leisure or hobby activities
<i>H7</i>	<i>In the last year due to shortage of money (LYSM), could not pay gas, electricity or telephone on time</i>
<i>H8</i>	<i>LYSM, could not pay car registration or insurance on time</i>
<i>H9</i>	<i>LYSM, pawned or sold something</i>
<i>H10</i>	<i>LYSM, went without meals</i>
<i>H11</i>	<i>LYSM, unable to heat home</i>
<i>H12</i>	<i>LYSM, sought assistance from a welfare or community agency</i>
H13	LYSM, sought financial help from friends or family
H14	Could not raise \$2000 in a week if had to

**Source:** Household Expenditure Survey, User Guide 1998-99, ABS Catalogue No. 6527.0.

The HES financial stress/hardship data can also be used to explore patterns of social exclusion. In order to illustrate the potential of such an approach, I have defined the following three forms of exclusion:

- *Lack of social interaction* – based on the responses to hardship indicators H1, H2 and H3 in Table 2;
- *Domestic deprivation* – based on the responses to indicators H4, H7, H10 and H11; and
- *Extreme consumption hardship* – based on the responses to indicators H8, H9 and H12.

If we further define those who are excluded in each dimension as those who report *two or more* problems in each area, then the exclusion profile is that shown in Table 2.

**Table 2: The Profile of Exclusion in Australia in 1998-99 (percentages)**

Form of Exclusion	All households	Single: Aged	Non-aged	Couples: Aged	Non-aged	Couples with children	Sole parents
Lack of social interaction	15.8	13.2	14.2	9.4	9.4	19.0	34.7
Domestic deprivation	7.4	3.8	11.7	1.3	3.1	7.1	25.5
Extreme consumption hardship	3.4	0.7	3.6	0.5	1.0	2.9	11.5

**Source:** Household Expenditure Survey, 1998-99 – see text.

These results indicate that the predominant form of exclusion experienced by Australian households in 1998-99 was a lack of social interaction. This was more than twice as prevalent as domestic deprivation, which was in turn around twice as prevalent as extreme consumption hardship. In addition, lack of social interaction was much higher among households with children than among those without children.

In general, the incidence of all forms of social exclusion except social interaction is lower among the aged, although it is difficult to discern whether this reflects a lack of affordability or a lack of interest in participating in the specific forms of social interaction covered in the survey. Finally, sole parents are the most excluded group on all three indicators, followed by non-aged single people and couples with children.

These results are only preliminary and indicative, but they illustrate that it is possible using existing data to identify patterns of social exclusion at the national level. It is important to emphasise that the results should not be interpreted to mean that it is time to give up the ghost on income poverty. Instead, they suggest that the existing poverty line needs revising to take account of other ways of identifying evidence of unmet need that is synonymous with poverty (see Saunders, 2003 for development of this idea).

Another way forward – as a complement to the development of a new poverty measure, not as a replacement of it – involves developing a more systematic suite of indicators of social exclusion. Here, the fact that Australia has so far fallen so far behind developments in the UK and other parts of Europe means that there is much to draw on from overseas experience.

As noted earlier, an important aspect of social exclusion is its multi-dimensional nature. This raises questions about which indicators to include and whether or not they should be combined into a single ‘Headline Index’. The consensus on the latter appears to be that this is both unnecessary and problematic – certainly in relation to social exclusion where multidimensionality is a key feature and where the aim is to identify the *separate* factors that give rise to different forms of exclusion. Here, interest is not so much in whether or not exclusion is higher this year than last year, or in region A as compared with region B, but rather to identify what forms of exclusion exist at different times, in different forms, for different durations and among different groups, in order to identify what needs to be done about them.

There are two basic questions to consider about the construction of a list of social exclusion indicators: What properties should such indicators satisfy? And which specific indicators might be included? In relation to the question of indicator properties, a recent report prepared for the Council of the European Union by Atkinson, Cantillon, Marlier and Nolan (2002) identified a set of six basic principles that should be applied to each indicator. These are:

- *Clarity* and lack of ambiguity;
- Robustness and *validation*;
- Policy *responsiveness* (and lack of manipulation);
- *Comparability* (across countries) and consistency (with established international standards);
- *Timeliness* (but subject to revision); and
- Avoidance of unnecessary *informational burden* on states, enterprises and citizens.

They further argue that the whole portfolio of indicators should be:

- *Balanced* across its different dimensions;
- Mutually *consistent* and appropriately weighted; and
- *Transparent* and accessible to citizens.

It is interesting to juxtapose these principles against those used by the ABS in its recently released report on *Measuring Australia's Progress* (MAP) (ABS, 2002). The MAP report is designed to inform decisions about progress in three broad dimensions – economic, social and environmental. It contains a set of headline and supplementary indicators across fifteen main and fifteen supplementary dimensions. The ABS identifies the following criteria as defining what constitutes a ‘good’ headline indicator (ABS, 2002, Appendix 1):

- *Relevance* (to a particular aspect of progress);
- *Outcome-focused* (as opposed to input- or process-focused);

- *Unambiguous* in interpretation (in relation to progress);
- Supported by *timely and good quality data*;
- Availability as a *time series*;
- *Sensitivity* (to changes in underlying conditions);
- Be *summary* in nature;
- Capable of *disaggregation* (by population groups or regions); and
- Be *intelligible and interpretable* by the general reader.

This list bears many similarities with the principles espoused by Atkinson and his colleagues, even though the focus of the MAP exercise is far broader than developing indicators of social exclusion. Yet the list of fifteen main MAP dimensions includes several that have direct relevance to social exclusion, including education and training, work, economic disadvantage and inequality, housing, crime and social attachment.

The key feature that is emphasised by the ABS is the ‘non-ambiguity criterion’ shown third in the above list. It corresponds to the first principle identified by Atkinson et al. (lack of ambiguity) and corresponds to a situation where:

movements in any indicator [can] be unambiguously associated with progress ... [accepting that] ... this no-ambiguity criteria depends crucially on interpreting movements in one indicator, assuming that the other indicators of progress are unchanged (ABS, 2002, p. 7).

Unfortunately, some of the indicators chosen by ABS do not perform well against this no-ambiguity criterion. Thus, for example, the headline indicator chosen in the dimension of economic disadvantage and inequality is the real equivalised average weekly disposable income of households in the second and third deciles of the income distribution. Even accepting the focus on the second and third deciles rather than the first (which the ABS regards as containing too many unreliably low reported incomes – an issue that requires further examination), the measure proposed reflects movements in absolute (price-adjusted) incomes and thus cannot be unambiguously linked to improvements in either economic disadvantage or inequality, both of which are widely accepted as being explicitly relative (income-adjusted) notions. (I should note that my colleague Peter Siminski and I have pointed this problem out to ABS and we are currently waiting for a response).

So much for principles, what about content? Building on the work done by Atkinson et al., in December 2001 EU Member States agreed to a set of European social indicators. The ten primary indicators are shown on the left hand side of Table 3, with the right hand side showing the closest indicator included in the MAP list. Both lists include several indicators that have been widely used in social exclusion debates and the EU list in particular, has clearly benefited from those debates. Interestingly, the EU list (which refers to social inclusion rather than exclusion – another change to a more politically acceptable language?) includes four measures that are income-based, despite the widespread concern that has been expressed over the notion of income poverty.



**Table 3: Social Indicators Endorsed by the EU and Developed for Australia**

EU Primary Indicators	Closest MAP Equivalent
1. Low income individuals (% living in households below 60% of median income)	Proportion of households with income below half median income (SI)
2. Persistent financial poverty	NA
3. Depth of financial poverty	NA
4. Ratio of income of top 20% to bottom 20%	Real equivalised disposable income of households at selected income percentiles (SI); Share of income received by households in low and high income groups (SI)
5. Coefficient of variation of regional employment rates	Unemployment rate (HI) and labour force underutilisation rate (SI)
6. Long-term unemployment rate	Long-term unemployment rate (SI)
7. Percentage of people, living in jobless households	NA
8. Early school leavers not in further education/training	Education participation rates for 15-19 year olds (SI); Year 7/8 to Year 12 retention rate (SI)
9. Life expectancy at birth	Proportion of people surviving to ages 50 and 70 (SI); Infant mortality rate (SI)
10. Self perceived health status by income level	NA

Note: HI = headline indicator; SI = supplementary indicator; NA = no available indicator.

Sources: Atkinson, Cantillon, Marlier and Nolan, 2002; ABS, 2002.

There is a degree of overlap between the two lists and it is important to bear in mind that there are many other indicators in the Australian list that have a direct bearing on social exclusion. Examples include indicators of criminal activity, inadequate housing, homelessness and various forms of social and recreational participation.

In summary, despite some limitations, the ABS has, through its MAP project, provided a basis on which it would be possible to develop a list of indicators that focus more specifically on social exclusion. Much of the framework and data are already in place; now they just need to be pulled together.

### 3 Policy

This final section briefly considers the impact of social exclusion on the policy debate in Australia. But first a few comments on what happened in the UK, where the embrace of social exclusion by policy agencies reflected official rejection of ‘the p-word’ and the failure of ‘p-research’ to exert any policy impact. As a consequence, ‘p-researchers’ faced a stark choice: change the discourse or become (or remain?) irrelevant and ineffective. Under Thatcher, the latter seemed the better option, as there was little prospect for social policies, however they were articulated. Principle over impact!

But political priorities and imperatives matter. The election of the Blair Government put social policy back on the agenda and in that context, it was important that the research community could engage with policy makers. Social exclusion became a focus of policy, new structures were set in place and the research community was on notice that if they wanted the government to listen, they would need to engage in ‘social exclusion speak’. There was initial resistance from those (like Jonathan Bradshaw) who saw this as a betrayal of a lifetime commitment to poverty eradication, but it gradually faded as it became clear that the government was committed to implementing programs designed to improve the conditions of the poorest people and the poorest areas.

Far from social exclusion replacing poverty in the policy discourse, the Blair Government has also taken poverty seriously, with the commitment to reduce and abolish child poverty by 2020. Social exclusion and poverty are different and both will have a role to play in developing policies designed to achieve this target.

In Australia currently, ‘the p-word’ is still not used in polite political circles and it languishes on the margins of the welfare reform debate. Social exclusion is not faring much better. To date, those driving the national social policy agenda have focused almost entirely on a very narrow conception of social exclusion, defined as a lack of economic or social participation. The welfare reform debate has emphasised the role of ‘stronger communities that can generate more opportunities for social and economic participation’ (Reference Group on Welfare Reform, 2000: 4), while official government policy is, as noted earlier, to develop a safety net that provides better incentives and ‘encourages participation through a renewed emphasis on expecting Australians to use all their existing capacities’ (Commonwealth of Australia, 2002: 8).

In practice, this means employment, despite all the worthy rhetoric about the social value of caring and volunteer work. There seems little recognition of how participation is constrained by the embedded structures and processes that give rise to exclusion.

There is, however, another dialogue running alongside the welfare reform agenda that is focusing on issues of regional hardship and inequalities that has much in common with a social exclusion perspective. It finds its strongest voices in State Governments) and in Commonwealth Departments responsible for service delivery, as opposed to the central line agencies that set the policy agenda and control resources.

Overall, there are two main barriers preventing social exclusion exerting anything more than a marginal influence on policy development in the foreseeable future. The first is a lack of will – of interest, even – among key agencies and individuals within the Howard Government. The second is the lack of any clear common interest in tackling the causes and consequences of social exclusion between the Commonwealth and State governments.

Until the former obstacle is overcome, there is little prospect of gaining access to the resources required to implement a sustained attack on social exclusion in this country.

A major obstacle here is the inherent contradictions between the current neo-liberal policy paradigm that stresses personal autonomy, freedom of choice and individual responsibility and the focus on exclusionary structures and processes that is the essence of the social exclusion approach. In the wrong hands, social exclusion has the potential to be used to moralise about the poor and further stigmatise the excluded. Until the current federal-financial obstacles are overcome, the prospects for translating available resources into an effective national plan of action will also remain unfulfilled. Addressing problems of regional inequality and area exclusion requires a national framework and an agreed plan of action.

To end on a more optimistic note, progress has been made in our thinking about what social exclusion means and what needs to be done to address it. We are slowly gathering some of the right kinds of data, including as part of the survey of Household, Income and Labour Dynamics in Australia (HILDA) (Weston and Wooden, 2002) as well as the ABS collections referred to above. We are also starting to put them together in the right kinds of ways. And there is a sense of the beginning of a renewed effort at overcoming the current impasse that has plagued Australian poverty research that has the potential to integrate poverty and social exclusion in both the research and policy domains.

But we are still far away from making significant progress on many of the five points noted at the outset that Jones and Smyth saw as the benefits of adopting a social exclusion framework. Where progress has been made, this has mainly reflected been the limitations of existing frameworks, rather than any explicit endorsement of social exclusion as a new organising concept. Those of us involved in these research efforts need to be thinking more strategically about how we can exert influence on those setting the policy agenda. That is the real challenge that lies ahead.

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