

Ben Spies-Butcher *Politics, Inequality and the Australian Welfare State After Liberalisation*, Anthem Press, London 2024, pp. 218, A\$174.32 (hardback).

Welfare states are more than a collection of policies; to understand them, an author requires a rare combination of skills. They must be historically grounded without nostalgia, and they must be optimistic but not utopian. They must also fully engage with welfare states' shift towards 'liberalisation', being willing to grapple with the technical policy wonkery used to justify its shift, while recognising this framework's ideological premises. On all these criteria, *Politics, Inequality and the Australian Welfare State After Liberalisation* is a terrific piece and represents an ambitious attempt to provide a framework to understand the Australian welfare state in the 21st century.

Central to Spies-Butcher's account is the concept of hybridity, by which the welfare state promotes a commitment to universalism while 'mimicking elements of market competition' (2023, xiv). Adopting this approach allows the author to untangle the complicated process of 'liberalisation', which since the 1980s has sought to promote the use of prices and competition within the welfare state. The core of the book (Chapters 3–5) consists of case studies, examining differing processes of liberalisation: targeting, marketisation, and financialisation. Each process contains two examples, one representing the logic of 'dualism' combining principles of need with achievement or status and the other representing the logic of 'universalism', emphasising only need.

Chapters 1–2 begin by establishing an overall framework for analysis, introducing the related concepts of hybridity and liberalisation. Spies-Butcher rejects accounts of liberalisation which present it as simply one of 'winding back' the welfare state, noting the qualitative and quantitative expansion of the welfare state over the period. The welfare state has instead been 'reorganised to imitate and enforce market structures' (Spies-Butcher 2023, 2). The author provides a broad history of the welfare state, building upon Francis Castles' model of Australia's pre-liberalisation 'Wage Earner Welfare State' (WEWS), under which redistribution primarily occurred via labour market regulation, rather than social spending (Castles 1985). This provides a context for liberalisation in Australia, as well as a basis on which to elaborate alternative methods of welfare. Spies-Butcher follows Titmuss' expansive understanding of 'welfare' as including not only social spending but also concessional tax arrangements (*fiscal welfare*) and benefits via employment contracts (*occupational welfare*). Importantly, the methods differ markedly in public visibility and democratic oversight; tax deductions for instance both disproportionately benefiting the wealthy and often excluded from public accounts.

Chapter 3 examines the targeting, or conditionality, of social benefits: contrasting family benefits (representing universalism) to unemployment benefits (representing dualism). He discusses how 1980s feminist reformers within bureaucracies and policy machinery 'femocrats' challenged asymmetries built into the family benefits system to advance a more egalitarian, universalistic form of welfare. For example, the neoclassical concept of 'Effective Marginal Tax Rates' (EMTRs), whereby means testing and taxation are integrated into a combined framework, was utilised to argue against means testing, due to their effect on female labour supply. Thus, Spies-Butcher states femocrats 'used mainstream economic arguments to contest economically rationalist bureaucracies', combined with political mobilisation to achieve universalist outcomes (2023, 54). Despite greater conditionality being enforced in subsequent decades, he argues the system has been resilient to retrenchment (a point I will discuss further). Spies-Butcher contrasts this to Australian unemployment benefits, very briefly discussing how they have progressively

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become less generous, more stigmatised and subject to increasingly onerous work requirements.

Chapter 4 focuses on ‘marketisation’, the application of competition and prices to the provision of social services, comparing Medicare, as universalist, with early education and care (EEC), as dualistic. He presents Medicare as an archetype of hybridity, utilising market mechanisms to bypass both constitutional and fiscal barriers which had blocked earlier healthcare nationalisation attempts. Further, competition was used to promote universalism, Medicare expanding bulk billing via monopsony power and competition between GPs. Spies-Butcher, however, outlines important ways the Medicare model diverged from standard neoclassical reasoning regarding health insurance, notably that distribution was based on an accepted social need for healthcare, thus ‘a lack of needed medical care [was treated] as a market failure, rather than simply the outcome of [insufficient] willingness to pay’ (Spies-Butcher 2023, 74). EEC is then examined as a contrast, a system in which government funding was increased substantially, but universalism was never achieved. Particular attention is given to asymmetric public accounting rules which facilitated privatisation, discussed further below.

Chapter 5 examines ‘financialisation’, the ‘linking of citizens’ future access to social goods and income to financial markets’, comparing student loans, as universalist, to retirement incomes, as dualistic (Spies-Butcher 2023, 9). The discussion of retirement incomes is naturally the broadest in the book, ranging from the failure of Australia to adopt an earnings-related social insurance pension and the rise of superannuation to housing/superannuation tax policy. Australia’s Intergenerational Reports (IGRs) are also discussed at length in a particularly insightful section, analysing their initially highly asymmetric models of accounting, focusing on minimising social spending rather than efficiency, and later broadening to include climate risks and social investment. Spies-Butcher recognises that positioning HECS as a universalist hybrid policy is controversial, as the system was introduced alongside the reintroduction of student fees. However, in reclassifying government spending on tertiary education as ‘private’, and treating student debts as a financial asset, the system managed to expand availability within a publicly funded model, while staying within politically imposed fiscal constraints.

The concluding Chapters 6 and 7 provide lessons from Australia’s experience of liberalisation, both in terms of hybrid policy-making and political strategies. Spies-Butcher argues that hybridity advances not by rejecting the logic of competition, but by ‘applying economic principles more consistently and symmetrically’ while adopting ‘social definitions of need’ in distribution (2023, 138). Thus, means testing is converted into EMTRs, tax deductions into tax expenditures, and social spending into social investment. He concludes with a degree of optimism, suggesting that social reproduction may constitute the new centre of power for the welfare state, specifically workers in education and care. While more fragmented than the industrial working class, these workers have the advantages of being both trusted and decentralised, making them useful vectors of community organising.

Spies-Butcher is at his best when discussing the financial logics, measuring, and budgetary rules which dictate both the operation of the welfare state, and how it is perceived. These sections are a pleasure to read. The author combines a deep understanding of the intricacies of technocratic concepts with a broader appreciation for their ideological underpinnings. They are also deeply important. To the extent neoliberalism has restructured the welfare state to entrench inequality and hierarchy, this is often done not by outward endorsement of inequality, but by the rendering of such structures as invisible. For instance, when considering welfare policy via tax deductions he notes these ‘disappear from public accounts and from the routine oversight of democratic governance. For most citizens who are neither wealthy nor tax accountants, it appears as if nothing is happening’ (Spies-Butcher 2023, 39). The reclassifying of these deductions as

measured Social Tax Expenditures (STEs) thus served as a method by which activists made inegalitarian welfare policy visible, and thus contestable.

Each case study contains at least one section discussing such rules, ranging from the integration of taxation and means testing in EMTRs, to the separation of private and public accounting. A particularly memorable section concerns the rise and fall of ABC Learning, in which fiscal rules prevented governments from borrowing to establish new childcare centres, as the public assets would be invisible on budget documents, encouraging governments to provide demand-side subsidies for parents instead. By contrast, ABC Learning was able to borrow against the intangible assets of government licenses which allowed it to receive government subsidies. Thus, asymmetric accounting rules promoted privatisation at the expense of both efficiency and equity.

Spies-Butcher's discussion of family benefits is the work's weakest section (Chapter 3), in terms of his overall argument. Despite classifying it as a 'hybrid' model of welfare, the Family Tax Benefit Part A (FTB A) is far from universal, and has become less so over the decades, benefiting an estimated 46% of children in 2020–21, down from 66% in 2000–01 (Stewart et al 2023, 1). Additionally, the payment adequacy has declined substantially, having been indexed to CPI rather than the pension since 2009. This is likely the outcome of weaker political constituencies, as compared to those for HECs and Medicare, casting doubt on the feminist-femocrat alliance posed in the chapter.

The chapter is engaging and informative, the work of femocrats providing an interesting example of progressives adopting the frameworks of liberalisation to promote egalitarian outcomes. The inadequacy of the FTB A, however, also undermines the position that these frameworks were effective hybridity, protecting the welfare state from retrenchment. As Spies-Butcher outlines, EMTRs may be useful for egalitarian purposes, as it 'treats all income, public and private, similarly, and all state claims on income, both means testing and taxation, similarly... reflect[ing] and facilitate[ing] a form of universalism' (2023, 54). This is accurate on a theoretical level, but hard to justify in relation to the FTB A. As was outlined by Apps and Rees (2010), upon its introduction in 2008, the FTB A created EMTRs peaking at 65.5% for middle-income secondary earners, when adding the effects of Personal Income Tax, Low Income Tax Offset and Medicare Levy. EMTRs may therefore constitute a model for a future with universal family benefits, but do not seem to have substantially impacted the design of the FTB A.

The work would also have benefited from a more critical analysis of 'hybridity' as policy strategy. Hybridity is posed as a process by which '[e]galitarian policies overcame resistance from an increasingly pro-competition state', pursuing egalitarian goals within the liberal paradigm of prices and competition (Spies-Butcher 2023, 4). Later, it is clarified that '[w]hat distinguishes hybrid policy from other forms of equally technocratic liberalisation is a connection to social definitions of need' (Spies-Butcher 2023, 138). Hybridity then may be thought of as adopting liberalisation's methods, while seeking egalitarian ends.

The adoption of liberalisation's methods and terminology by egalitarians may however not be a purely neutral act. Spies-Butcher suggests that hybrid policies are 'less universal than social democratic systems of social insurance' and it is worth considering the extent to which hybridity forecloses alternative policy options (2023, 12). In this respect, Medicare is distinct from other examples of hybridity, its broad structure preceding the neoliberal turn, originally being introduced by a more explicitly social democratic government as a way of achieving its goals within specific Constitutional constraints.

By contrast, consider current policy debates regarding EEC. It is notable that even for proponents of universal childcare, the discourse surrounding it overwhelmingly focuses on the female labour force participation rate, as well as child outcomes (see e.g. Wood et al 2020, Productivity Commission 2024, v). However, as Spies-Butcher correctly notes, from an egalitarian perspective, the current means-tested system has two distinct objections in

that “the current system serves as a form of gendered taxation, a system which is both *discriminatory in principle* and that creates obvious disincentives for women participating in paid work’ (2023, 91). This former, egalitarian-based objection to means testing is absent from a discourse for which supporting labour supply is seen as EEC funding’s primary purpose.

Spies-Butcher describes the failure of EEC to achieve universal provision as being both a political failure, being characterised as ‘middle-class welfare’, as well as running into ‘austerity biased accounting structures against public investment’ (Spies-Butcher 2023, 92). It may however also be worth considering whether the strategy of hybridity itself limits the potential for more social democratic models of EEC provision.

This work is nonetheless an impressive achievement. I have never read a book which so well encapsulated the strange and sometimes bewildering structure of the Australian welfare state. In providing a thorough understanding of how we got here and where we may be heading, Spies-Butcher manages to bring together the language of the activist with that of the bureaucrat. It deserves to be read, and I look forward to his future works.

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It is a basic shibboleth of Marxist thought that the law is structurally biased in the interests of capital over labour. Whether this is expressed through the language of base and superstructure, form determination or internal relations, an account of law as ultimately serving the interests of the ruling classes of specific social formations constitutes one of historical materialism’s distinct contributions to legal analysis. However, all too often this role of law has been asserted rather than demonstrated. Marx and Engels’ (2002) formulation of the state as the ‘executive committee’ of the bourgeoisie, whilst central to an historical materialist analysis, nevertheless risks occluding the complexities of the legal form and the deeply contradictory way it is pressed into the service of both capital and labour. I have often regarded law as something of a ‘black box’ for much progressive political economic work; whilst a broad observation of law’s functionality for capital is made, the actual internal processes by which the law exercises this function, and the role of the judiciary in executing it, are often out of view.