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Discipline and Pacification in the Modern Administrative State: The Case of Social Welfare Fraud

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Foucault and Giddens emphasise the power of the modern "Administrative State", arguing that we now have at our disposal an enormous bureaucratic machinery for processing and controlling various problematical human behaviours. Australian data on fraud of the social welfare system are examined to throw light on Foucault's and Giddens' views. Figures relating to prosecution for fraud of both the Unemployment and Supporting Parents Benefits system in the last six years throw some doubt on the concept of a vastly powerful "Administrative State apparatus." Certainly a massive state bureaucracy has been established to apprehend cheats, yet the data show consistently that prosecution for welfare fraud is running at a low level despite the diligent efforts of a virtual army of fraud inspectors. If 'pacification' or 'disciplining' of the underclasses actually is occurring, it probably is not happening—at least, not at the levels implied by Foucault and Giddens—through the social welfare arm of the modern Administrative State.

Several influential writers, notably Foucault and Giddens, have developed an important and interesting 'thesis' about social problems in the modern Administrative State. They argue that it is a distinctive characteristic of our time that we have at our disposal, now more than ever before, the means of controlling persons exhibiting various problematical behaviours.

For Foucault, the aim of modern 'disciplinary technologies' (as he puts it) is to produce a 'docile body that may be subjected, used, transformed, and improved' (1979, p. 136). The wider purpose of this growth of disciplinary technologies is said to be the normalisation of so-called 'anomalies in the social body'. Foucault's views are echoed and reinforced by Giddens in his recent examination of the growth of an enormous state adminis-

trative capacity within the context of what he calls a process of 'internal pacification' (Giddens, 1985, pp. 172–197).

What Foucault and Giddens have to say seems particularly relevant to the modern social problem of fraud of the social welfare system. The welfare system is only part of the Administrative State but it is an important part. Welfare expenditures in the modern state typically run at around twenty to twenty five percent of Gross Domestic Product. Although to some extent popular interest in welfare fraud waxes and wanes, in the long term outraged public opinion—fuelled by mass media campaigns and pronouncements by politicians—has secured a massive state administrative response to fraud. The precise targets vary from place to place. In England it is 'scroungers' and the 'work shy', in America 'welfare chislers', and in Australia 'dole bludgers' and 'welfare mums' (Feagin, 1975; Murray, 1984; Wilson and Herrnstein, 1985; Windschuttle, 1980; George and Wilding, 1984).

The administrative response has been remarkably similar across such apparently diverse countries as the United States of America, England, and Australia. Typically it has taken the form of the establishment of fraud squads—for example, 'Specialist Claims Control Units' (England) and 'Benefit Control Units' and 'Review Teams' (Australia)—to supplement the large numbers of full-time investigative staff, whose main duties include the detection of fraudulent activity and the prosecution of welfare cheats (Feagin, 1975; Field, 1977; 1979; Deacon, 1978; 1981; Bradbury, 1988). A clear sense of the rationale behind this arm of the 'Administrative State' may be gathered from the Australian Government's own description of its Benefit Control Units. In language of just the sort referred to by Foucault and Giddens, these administrative structures are responsible, it is claimed:

for introducing and maintaining preventative and detection procedures and establishing the incidence of fraud and incorrect payment in respect of all benefits and pensions... identifying the causes of incorrect payments, evaluating existing departmental procedures and systems and developing systems and policies to ensure that correct payments are made to those persons entitled to receive them. (Hansard, 6 November, 1979, p. 2569)

To some extent, then, it appears that an administrative apparatus for surveillance has been established, and in terms familiar to Foucault and Giddens.

However, even if an administrative apparatus for surveillance and control has been set up, how successful is it? Is welfare fraud widespread and, if so, just how effective are the Benefit Control Units and the numerous inspectors in detecting and prosecuting cheats? In asking those questions there is no claim to be testing the ideas of Foucault and Giddens in a strict sense. Neither scholar has written directly about social security or fraud of the benefit system. Nonetheless, the policing of welfare fraud occurs within the state apparatus. In that sense the ideas of Foucault and Giddens provide a valuable theoretical structure to understand the problem of welfare fraud, a topic usually treated in an undertheorised, purely statistical way.¹

In an earlier study, conviction rates for fraud of the Australian Unemployment Benefits system were analysed for a four year period, 1974–75 to 1977–78 (Pemberton, 1980). That study revealed a low level of abuse, significantly less than one percent of annual claims for benefits, a figure consistent with the results of other social science research in England and Australia (Field, 1977; 1979; Deacon, 1978; 1981). The data presented here cover six years of fraud (1980–81 to 1985–86) of the two benefits about which there have been the most allegations of abuse, the Unemployment and Supporting Parents Benefits. The information presented here is derived from an answer in the Australian House of Representatives by the Minister for Social Security, to a question in Parliament (Hansard, No. 20, 1986, pp. 4040–4043). All the data in the tables are from this source.²

Estimating the Extent of Abuse of Unemployment and Supporting Parents Benefits.

How widespread, then, is fraud of the welfare system? The figures in Table 1 provide a consistent picture. Considering the number of convictions and the rate of conviction compared to the number registered for benefits at the end of each financial year, it is reasonable to argue that welfare fraud is generally at a low level in Australia, at least as far as Unemployment and Supporting Parents Benefits are concerned.³

Table 1
Welfare Fraud Convictions (as a percentage of beneficiaries registered at the end of each financial year)

<i>Unemployment Benefit</i>			
Financial Year	Convictions	Beneficiaries	Convictions as a Percentage of Beneficiaries
1974-75	63	160748	0.03
1975-76	139	188423	0.07
1976-77	433	250309	0.17
1977-78	600	286091	0.20
1980-81	1222	314500(e)	0.38
1981-82	1140	390664(e)	0.29
1982-83	1007	635002	0.15
1983-84	1240	584506	0.21
1984-85	1514	561400	0.27
1985-86	1494	569761	0.26

<i>Supporting Parents Benefits</i>			
Financial Year	Convictions	Beneficiaries	Convictions as a Percentage of Beneficiaries
1980-81	146	106631	0.13
1981-82	217	123942	0.17
1982-83	227	140228	0.16
1983-84	277	153589	0.18
1984-85	324	168017	0.19
1985-86	325	176730	0.19

Looking first at Unemployment Benefits for the six year period (1980-81 to 1985-86), convictions for fraud range from a low of 1,007 (1982-83) to the highest, 1,514 (in 1984-85), an average of 1,270 per year for the period. In the last year for which information is available (1985-86), 1,494 persons were successfully prosecuted. Furthermore, when expressed as a percentage of those on Unemployment Benefits at the end of the financial year, the rate of conviction for fraud is only .26 of one percent in 1985-86.

An interesting comparison can be made of these six years with the period 1974-75 to 1977-78. Even though the actual numbers convicted are higher now than for any time in the earlier period, there simply is no sign of an epidemic of "dole

fraud" in recent years. The latest figure is only marginally higher than the rate for 1977-78—.26 and .20 respectively of one percent of all persons registered for "dole" at the end of the year.

Convictions for fraud of the Supporting Parents Benefit system run along similar lines, although the numbers involved are even smaller. While the actual numbers convicted rose over the past six years—from 146 (1980-81) to 325 (1985-96)—when these figures are expressed as a percentage of those on the benefit at the conclusion of the financial year, there is no significant increase in abuse. The most recent figure is .19 of one percent of persons registered for Supporting parents Benefits at the end of the year (1985-86).

Combining the conviction figures for both types of benefit simply emphasises the trend. Fraud is low and shows little sign of a dramatic increase. Less than two thousand are convicted each year out of more than one and a half million who register for either Unemployment or Supporting Parents Benefits at some time during the year (although this figure actually includes some persons already on the benefit at the start of the year). Nor is fraud becoming more common: the most recent figures (for 1984-85 and 1985-86) are very similar to the figures for the first two years of the six year period.

Calculating the Cost of Welfare Fraud

All discussions about the alleged costs of fraud need to be balanced by information on the significant savings made by welfare states due to the failure of many persons to take up the benefits to which they are entitled. Those who complain about fraud usually conveniently forget those sums saved by non-take-up of benefit entitlements (George and Wilding, 1984; Jones, 1983). Indeed, much of the popular rhetoric about welfare fraud expresses angry concerns about the real and imagined cost of such fraud. But for all of the expressed concern, how much does welfare fraud actually cost the taxpayer? It is vital to make some estimate of the problem in relation to the enormous administrative machinery set up to police fraud in the modern state.

The details of estimates of the cost of fraud appear in Table 2. Turning first to the average amount defrauded per (convicted)

case in each year, this does not seem particularly high. Nor is there any sign of a significant increase in the amounts of money defrauded over the past six years. In 1980–81 the average amount for each was \$1,125 for Unemployment Benefit fraud and \$3,310 for the Supporting Parents Benefit. By 1985–86 the figures are still only \$3,709 and \$7,876 respectively. Moreover, when the necessary adjustment is made for annual inflation the

Table 2
The Cost of Fraud (Australian Dollars)

<i>Unemployment Benefits</i>					
Financial Year	Average Amount Per Case Prosecuted	Adjusted Average Cost	Annual Cost of Fraud (estimated)	Adjusted Annual Cost	Cost of Fraud (est) as a Percentage of Total Expenditure on that Benefit
1980–81	1125	1125	1374750	1374750	0.13
1981–82	1483	1336	1690620	1623081	0.13
1982–83	1613	1300	1624291	1309912	0.07
1983–84	1910	1414	2368400	1754370	0.08
1984–85	2541	1752	3847074	2653154	0.12
1985–86	3709	2393	5541246	3574997	0.17
<i>Supporting Parent Benefit</i>					
Financial Year	Average Cost Per Case Prosecuted	Adjusted Average Cost	Annual Cost of Fraud (estimated)	Adjusted Annual Cost	Cost of Fraud as a Percentage Total Expenditure on that Benefit
1980–81	3310	3310	483260	483260	0.11
1981–82	4609	4152	1000153	901038	0.16
1982–83	4944	3987	1122288	905070	0.15
1983–84	5778	4280	1600506	1185560	0.18
1984–85	6828	4708	2212272	1525704	0.20
1985–86	7876	5081	2559700	1651419	0.20

figures show that the average amounts per case have not risen significantly.⁴ Note that the average amount defrauded is higher for the Supporting Parents Benefit than for Unemployment Benefits. This may simply reflect the higher cash value of the former

benefit over the latter, although actual values depend on variations in the beneficiaries' ages and family size. Although no official statistics are available for the total cost of fraud annually, this may be estimated by multiplying the average cost per conviction by the number convicted in that year. Thus it can be calculated that for 1985–86, apprehended Unemployment Benefit fraud cost around \$5.5 million and \$2.5 million in relation to Supporting Parents Benefit. There is no indication of startling increases in the cost of fraud in the last six years: in 1980–81 the (estimated) total was about \$1.8 million rising to \$8 million in the final year for which information is available. Again, when these figures are converted to constant prices to account for inflation, the general trend remains.

A comparison of the (estimated) total amount defrauded per year with the total annual expenditure on each benefit tells a similar story. For 1985–86 the estimated cost is .17 of one percent of total expenditure on Unemployment Benefits (.13 in 1980–81) and .2 of one per cent for Supporting Parents Benefit (.11 in 1980–81). Combining the value of fraud of both kinds of benefit, the figures are .13 of one percent in 1980–87) and .18 in 1985–86. Clearly there has been little growth in the cost of fraud related to the total expenditure on those benefits; the overall cost of fraud remains relatively constant.

Some further appreciation of the cost of fraud may be gained from Table 3, where the estimated annual cost is considered in relation to the numbers on each benefit. The estimated real value of fraud of Supporting Parents Benefits per recipient has doubled from \$4.00 to \$9.00 over the six years, while for Unemployment Benefits the increase has been slower, to \$6.00 defrauded per year for every beneficiary from the same base figure.

An interesting implication follows from the data on the average cost of fraud per convicted case. Because the sums involved are so low—particularly in the case of Unemployment Benefits, averaging less than \$2,000 per conviction until 1983–84—doubts naturally arise about the existence, or at least about the regular application of, an administrative threshold below which it is said to be not worth the time and effort to prosecute. And our confidence increases that the conviction figures may account for substantially all of the welfare fraud that occurs.

Rather than being merely the tip of an iceberg—where what remains undetected is a large number of mostly petty amounts each barely worth prosecuting, but adding up to a sizeable

Table 3
The Cost of Fraud in Relation to Numbers on Benefits (Australian Dollars)

Financial Year	<i>Unemployment Benefits</i>			<i>Supporting Parents Benefit</i>		
	Total Beneficiaries at End of Year	Adjusted Annual Cost	Average Cost	Total Beneficiaries at End of Year	Adjusted Annual Cost	Average Cost
1980-81	314500	1374750	4.37	106631	483260	4.53
1981-82	390664	1523081	3.89	123942	901038	7.26
1982-83	635002	1309912	2.06	140228	905070	6.45
1983-84	584506	1754370	3.00	153589	1185560	7.71
1984-85	561400	2653154	4.72	168017	1525704	9.08
1985-86	569761	3574997	6.27	176730	1651419	9.34

sum—the fraud conviction data should accurately represent the extent of welfare abuse caught in an efficient Administrative State net. Certainly the low average cost per convicted case over the last six years offers little support for the proposition that only big fish get caught while the more numerous small fry escape through a gap in the net caused by an administrative threshold (below which it is just not worth taking the formal steps of prosecution).

However, the value of overpayments must now be brought into the calculation of costs. Indeed the overpayment figures do give more cause for concern than the amounts involved directly in conviction for fraud. Overpayment is, of course, a blanket term. It covers both clerical oversight and the improper receipt of money to which the beneficiary is not entitled. Typically the former includes inevitable administrative errors, while the latter includes both genuine and deliberate failure to declare changed benefit status, as well as deliberate fiddling such as not declaring income earned while receiving a benefit. By contrast, the use of multiple, false identities and addresses to claim several benefits—perhaps the public stereotype of abuse—is more likely to attract fraud charges than to be dealt with as overpayment, particularly if it is protracted or involves large sums of money.

But it is important not to equate the overpayment figures directly with small time fraud—although some, perhaps even much of it, may be. Nonetheless, the amounts involved per year in overpayments, even after substantial sums are recovered by the government, give rise to some disquiet (Table 4).

Table 4
Overpayment: Unemployment and Supporting Parents Benefits (Australian dollars)

Financial Year	Unemployment Benefits*		Supporting Parents Benefit*			
	Amount Debited	Amount Credited as a %	Amount Debited as a % of Total Expenditure on that Benefit	Amount Debited	Amount Credited	Amount Debited as a % of Total Expenditure on that Benefit
1980–81	8.22	6.53	0.82	3.59	1.32	0.87
1981–82	9.60	6.82	0.77	4.96	1.84	0.81
1982–83	17.09	9.83	0.76	8.52	2.80	1.17
1983–84	27.02	16.18	0.92	11.51	4.02	1.29
1984–85	26.60	18.58	0.89	10.78	5.28	1.01
1985–86	32.45	25.78	1.03	15.62	7.73	1.26

*millions of dollars

As a percentage of total annual expenditure on Unemployment and Supporting Parents Benefits in 1985–86, overpayment (amount debited) amounted to around 1.10%, to which both kinds of benefit contributed in about equal proportions (1.03 and 1.26% respectively). This represents an increase, albeit a modest one, on the 1980–81 figures of .82% in relation to Unemployment Benefits and .87% for Supporting Parents Benefits.

The actual sums involved are quite considerable. In 1985–86, \$32.45 million was debited as overpayment in relation to Unemployment Benefits, while the figure was nearly \$16 million for Supporting Parents Benefits—a total of around \$48 million. Yet

it is also the case that substantial amounts were actually recovered; nearly \$26 million of the Unemployment Benefit overpayment (\$32 million) and nearly \$8 million of the Supporting Parents Benefit overpayment (\$16 million) was actually paid back to the government. So some \$34 million was recovered of the \$48 million total overpaid in the first place. Nevertheless, these are significant sums of money when it is realised that an enormous administrative effort is required to locate missing money and to recover it. This administrative burden must, in an important sense, be added to the actual identified costs of overpayment and fraud.

The 'Administrative State' Apparatus for the Apprehension of Welfare Fraud

We can now look more closely at the claims of Foucault and Giddens about the growth of administrative power and an apparently increased capacity for surveillance of the population. There is no doubt that concern about welfare fraud has given rise to an administrative response characterised by increased surveillance and higher penalties. Like their counterparts in other Welfare States, successive Australian governments have declared their commitment to eradicating inefficiency and fraud in welfare services. In an important sense, however, the successful pursuit of abuse is dependent upon the number and disposition of staff engaged in investigative work. Table 5 gives the details of staff numbers in relation to their salary costs and conviction rates. A useful distinction is drawn between two different kinds of personnel working on the apprehension of fraud.

On the one hand there are the Field Officers, normally engaged in a variety of welfare tasks, but also for whom a significant part of their work 'is concerned with cases of incorrect payment and a proportion of this relates to fraud' (Hansard, No. 20 1986, pp. 4040-4043). Their numbers have risen over the past six years, from 375 (1980-81) to 559 (1985-86). On the other hand, there are some specialist staff positions, located in the Benefit Control Units, established to deal primarily with overpayment and fraud (Hansard, 6 November, 1979). The Benefit Control Units show similar signs of steady development with

staff numbers more than doubling from 114, in 1980–81, to 237 in 1985–86.

Table 5
Field Staff: Salary Costs (Australian Dollars), Conviction Rates and Beneficiaries

Financial Year	<i>Field Staff</i>		<i>Benefit Control Unit Staff</i>		<i>Total (Field plus Benefit Control Staff)</i>		<i>Average Prosecutions per Year</i>	<i>Total Field Staff as a percentage of Total Beneficiaries</i>
	Numbers	Salary Costs (millions)	Numbers	Salary Costs (millions)	Numbers	Salary Costs		
1980–81	375	4.85	114	1.84	489	6.69	2.79	0.16
1981–82	386	5.94	130	2.50	516	8.44	2.63	0.10
1982–83	424	7.07	213	4.44	637	11.51	1.93	1.93
1983–84	513	9.20	219	4.91	732	14.11	2.07	0.90
1984–85	574	11.28	228	5.60	802	16.88	2.29	0.10
1985–86	559	11.56	237	6.13	796	17.69	2.28	0.10

For both types of staff, then, the numbers have grown consistently, indicating a clear, unswerving government commitment to the elimination of waste and fraud. These staff numbers amount to a formidable administrative machinery, backed up by the kind of modern electronic data processing facilities that Giddens referred to in his account of developments in the Administrative State. Clearly then, the facilities for surveillance and control have been established and, what is striking, in terms similar to Foucault's and Giddens' analyses of Administrative State power.

It is worth looking briefly at some of the costs involved in setting up such 'disciplinary technologies'. Where staff numbers have increased, so too has their salary bill. For Field Officers the salary costs have risen from \$4.85 million in 1980–81 (375 officers) to \$11.56 million in 1985–86 (559). Salary costs for the Benefit Control Units also rose, from \$1.84 million in 1980–81

(114 staff) to \$6.3 million by 1985–86 (237). This salary bill for investigative work, along with other, unspecified legal and administrative costs (Hansard No. 20, 1986 pp. 4040–4043), may quite properly be added to the total costs of overpayment and fraud each year.

So the administrative machinery is there. But how effective are the inspectors? It is one thing to set up structures of surveillance, but we should not automatically assume they fulfill their purpose. It is interesting to look at the annual conviction rate for each of the six years (1980–81 to 1985–86) produced by the administrative apparatus (Table 5). Although it is to some extent arbitrary to divide total annual convictions by the number of investigative staff (both Field Officers and Benefit Control Unit personnel), such a calculation provides two valuable insights.⁵ First, the average annual rate of conviction is quite low, 2.33 per officer for the past six years and second, these figures are remarkably consistent over the whole period, 1980–81 to 1985–86. The average for 1985–86 (2.28) is close to the figure for 1980–81 (2.79). Indeed at no time over the past six years is the annual conviction rate more than 3 per officer. This provides some further evidence—along with the consistently low annual levels of conviction and the low rate of conviction compared to the number of beneficiaries—that fraud is not particularly common. The clear and reasonable inference is that the average conviction rate per investigator is consistently low because fraud itself is low.

However, despite such evidence, many observers remain convinced that welfare fraud occurs on a massive scale. Some try to negate these figures by invoking stereotypes of lazy civil servants. In their opinion the field staff do not try hard enough. On this view welfare fraud is in epidemic proportions, but the conviction rate is low because investigation is not pursued diligently.

In fact, quite the opposite is probably true. There are some grounds for believing that field staff are kept extremely busy, working constantly under severe pressure. In this regard it is interesting to compare the ratio of field staff to total beneficiaries, as an indicator of their potential work loads (Table 5). As can be seen, field staff are spread pretty thinly. The ratio is

consistently unfavourable, approximately one field officer for every one thousand Unemployment and Supporting Parents beneficiaries. It must also be remembered that inspectoral duties involve policing the recipients of other benefits and pensions (e.g., Old Age Pensions). But not only are potential case loads high. The reality of this aspect of the 'Administrative State' apparatus is that the full range of inspectoral work in relation to overpayment of all kinds is onerous and time consuming—as field officers confirm in informal interviews. For example, each case of overpayment generates a lot of paperwork; this is particularly so in relation to investigations leading to prosecution for fraud.

It can probably safely be assumed, then, that the work load of field staff is heavy. So, it is quite likely that even though they are kept busy investigating overpayment, they nevertheless only rarely encounter serious cases of fraud—defined in terms of the wilful intent to defraud and by the large amount of money involved. On this view the actual instances of blatant, serious abuse are rare, and thus the low conviction rates mirror that fact faithfully. However, it surely must be conceded that if field staff are busy with overpayment investigations and other welfare duties, it could easily happen that a great deal of serious fraud is missed simply because they are so preoccupied. That is, fraud may be common but the field staff are too absorbed in other matters to be able to complete any more than about two prosecutions each year. Or, it may be that minor swindling is quite common, but that under such heavy work pressures the rational field investigator, to avoid being overwhelmed, adopts a decision rule to prosecute only the most blatant cases or those where large sums of money are involved.

So we have two quite different possibilities about the apparatus of surveillance in the welfare system, both consistent with the facts of overworked field staff and low rates of prosecution. On the one hand, there is the possibility that while the staff are busy with all kinds of overpayment, and petty fiddling is common, the actual cases of genuine, serious fraud are few and far between. On the other hand, it could be that the field staff are so busy with all of their duties, including and especially with relatively minor overpayment, they only have time to identify

and apprehend a few of the many serious abuses of the system. At present the available data do not permit us to settle the issue one way or another. However, it should be remembered that the average amount involved in prosecutions is consistently low, which suggests that inspectors are probably not just focussing on 'big game'. It is now clear that research based on official statistics will need to be supplemented by participant observation studies to look more closely at the 'practical reasoning' and work practices of field staff *in situ* (Anderson, 1977; Beck, 1967). The overall trends are important, but we also need to see how field decisions actually are made to prosecute or to deal with a problem in some other way, such as offering conditions for the return of money overpaid in return for not prosecuting. First hand observational data will be necessary to supplement the official statistics, if we are to tackle these crucial questions about administrative surveillance of welfare recipients. One must concede, however, that as field officers personally report being swamped by the sheer volume of work—and this is entirely consistent with the low ratio of inspectors to beneficiaries—then it is highly likely that some fraud, though precisely just how much it is hard to say, will slip through any investigative net set up by the 'Administrative State'.

Welfare Fraud in the 'Administrative State'

From the official statistics examined here on fraud of the Australian welfare system, the followers of the ideas of Foucault and Giddens may need to modify their views about 'disciplinary technologies' in the modern 'Administrative State'. Certainly there are good grounds for claiming that there has been the establishment of an apparatus for surveillance and control of a 'problem population', what might be called an 'underclass' on welfare. That much is clear from the data examined here on investigative staff and Benefit Control Units. But while much surveillance apparently does take place, it is less clear—from the data on overpayment and the low rates of conviction for welfare fraud—whether much actual 'disciplining' or 'pacification' is involved there. The setting up of an extensive administrative apparatus is no guarantee of its effectiveness. Indeed, in Austra-

lia the actual numbers 'caught' in the system are quite low compared to the cost and amount of effort expended to apprehend cheats. This point has not gone unnoticed by other writers on the role of the state, some of whom argue that we tend to overemphasise the activities of bureaucrats and their alleged impact on our attitudes and behaviour. Raeff, writing about the so-called 'well ordered police state', argues that:

While it may be true that many ordinances were not actually implemented and many regulations more often breached than obeyed, they do, nevertheless, provide evidence of the efforts made by rulers and administrators to move their societies in specific ways and directions, to shape their population, economics, and cultural life according to set standards and norms. In the long run, in spite of resistance and failures there did emerge an active, productive, efficient, and rationalistic style of economic and cultural behaviour, and in this development the constant prodding and structuring by administrative action played a significant, or rather an essential and seminal role (1984, p. 44).

Raeff's focus is on the effect of state policing to 'civilise the lower orders', from the sixteenth century onwards. Yet the terms are strikingly similar to the debate about administrative action to reinforce proper attitudes towards work among the working class today (Windschuttle, 1980). However, as several scholars have reminded us, it is easy to make too much of these arguments (Scribner, 1987; van Krieken, 1989). So 'what might appear to be a "well-ordered police state" seen from above and from the outside often turns out to be much less ordered and rational once one examines its day-to-day operation and observes its reliance on consent often withheld as well as the sheer ineffectiveness of much of the absolutist state's interventions' (Van Krieken, 1989, pp. 13-14). The data presented here, on fraud in the Australian welfare system, provide interesting insights into the working of the modern Administrative State. It seems that at least as far as the study of welfare fraud is concerned, the onus is on those who insist that large scale 'discipline' and 'pacification' has taken place, to look again.⁶

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Notes

1 The data examined in this paper are confined to only two of the many cash benefits available in the Australian system, but the two about which there has been most adverse publicity about fraud. There is no attempt to deal in a precise way with the thorny conceptual and methodological difficulties

involved in defining and measuring 'fraud'. Commenting on the complexity of the issues, Bradbury notes that: 'At one extreme there are those who use false identities to receive multiple benefits, or receive benefits while employed in full-time jobs. At the other are those long-term unemployed who may have stopped looking for work in frustration. In between there are 'over-payment cases', where people are not prompt in notifying the Department of Social Security when they find work, and cases of people not declaring income received from part-time work or other sources while on benefit' (Bradbury, 1988, p. 2).

2 The difficulties of obtaining adequate data on welfare fraud are well known and have been discussed elsewhere (Windschuttle, 1980; Field, 1977, 1979; Pemberton, 1980). One particular problem needs to be mentioned briefly in passing, the question of an administrative threshold or 'cut-off' point in relation to decisions about whether or not to prosecute. Although governments are loath to admit it, a welfare bureaucracy may need to operate with a lower limit or 'cut-off' point (e.g., Aust. \$2000), below which it simply is not worth undertaking the costly formalities of prosecution. If such a cut-off point exists, in spite of government denial, then of course the official conviction figures may underestimate the actual incidence of fraud, especially the incidence of petty fiddling. Nonetheless, as several researchers have pointed out, conviction rates are probably still the best indicator of fraud available (Field, 1977, 1979; Windschuttle, 1980). However, fraud is not the only way that welfare payments go astray. Data on prosecutions are always usefully supplemented by information on 'overpayment'—a government statistic that includes money lost through both small-time fiddling by beneficiaries and clerical errors and oversights by officers of the Department of Social Security.

3 Two qualifications should be noted in passing. Firstly, that the conviction data do not allow us to distinguish precisely between 'convictions' and 'persons convicted'. Secondly, in Table 1 successful convictions are expressed as a proportion of beneficiaries registered at the end of each year. Depending on the time taken to secure a successful conviction, fraud may actually relate sometimes to the number of beneficiaries in previous years, rather than to the numbers in which the conviction is obtained. For instance, Unemployment Benefit convictions fell between 1981–82 and 1982–83, despite a substantial increase in the number of beneficiaries. Convictions rise markedly in the following year, indicating the possibility, at times, of a one year delay before convictions are obtained.

4 To account for the effects of inflation it is necessary to recalculate the figures using an (official) Implicit Price Deflator (Australian National Accounts: National Income and Expenditure, 1984–85); that is, to divide the current price value by its corresponding constant price value.

5 Although both kinds of staff are involved in the apprehension of abuse, those in the Benefit Control Units are primarily, even solely, working in that role, whereas the Field Officers generally are involved in a variety of welfare tasks. Furthermore, details of staff numbers in the Benefit Control Units do not permit us to ascertain whether different grades of staff are included and, if so, whether all the persons included in the total carry out investigative work only

or whether some are there in a purely clerical capacity. Nonetheless, the computation of an average conviction rate based on a combined conviction rate from both kinds of staff does enable us to make useful comparisons over the six years.

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