

Targeting and strategic intervention

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Targeting and strategic intervention

This paper is a theoretical examination of the relationship between targeting, selectivity, residual welfare, incentives and strategic intervention. The relationship between the issues is often taken for granted: residualism implies selectivity, selectivity is a form of targeting, and both targeting and incentives have played an important role in the development of the New Right's arguments for the restriction of benefit. But the principles on which policy is made do not determine the focus of policy, and the focus of policy does not determine the pattern of response. Selectivity is not necessarily residualist, targeting is not the same thing as selectivity, and arguments about incentives are independent of arguments about targeting. An understanding of strategic intervention helps to clarify both the links between the concepts and the distinctions which need to be made in their application.

Criticisms of targeting and incentives are often based in a general concern about the type of welfare system they seem to imply. Targeting is associated with selectivity and residual welfare. Selectivity, Townsend argues,

fosters hierarchical relationships of superiority and inferiority in society, diminishes rather than enhances the status of the poor, and has the effect of widening rather than reducing social inequalities. Far from sensitively discriminating different kinds of need it lumps the unemployed, sick, widowed, aged and others into one undifferentiated and inevitably stigmatised category.¹

Selectivity is, by this account, a right-wing approach, adopted by those who wish to differentiate the poor from the rest of society. Arguments about incentives are used as a means of restricting benefits to those who are most vulnerable. They are part of a discourse which represents poverty and dependency in terms of the individual choices of the dependent person. "Within such discourse", Hartley Dean writes,

'incentives' underwrite the fitness of the individual to survive; compulsion is the proper guarantee of productivity and independence; punishment is the proper response to idleness and dependency.²

The ideological link between these concepts is so well established that there is a danger of assuming that, in some way, the concepts are necessarily connected. In this paper, I wish to argue not simply that they are not necessarily connected, but that there is no direct route from these concepts to the kind of right-wing ideology with which they are most frequently associated. The idea that targeting, selectivity, incentives, or even residual welfare are necessarily punitive or stigmatising is based in a muddle - an understandable muddle, given the way these concepts have been associated historically, but a muddle nevertheless. When the concepts are unravelled, it becomes possible to think of the methods and approaches involved in different ways.

¹ P Townsend, 1976, *Sociology and social policy*, Harmondsworth: Penguin, p.126.

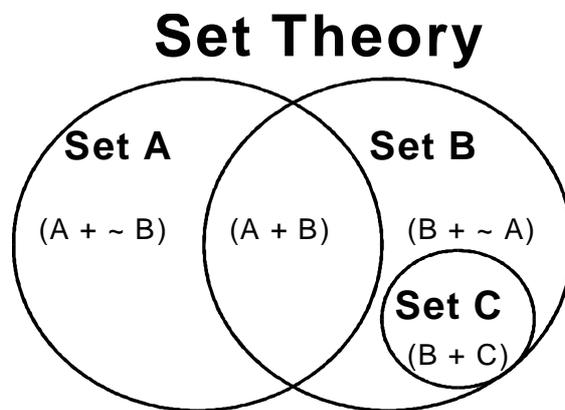
² H Dean, 1991, *Social security and social control*, London: Routledge, p.183.

Distinguishing concepts

Residualism requires selectivity, and selectivity is a form of targeting. They are part of a family of closely related, interlinked concepts, and as such they can be difficult to distinguish in practice. The basic method which I propose to use to distinguish between them is an application of set theory. For any two sets A and B,

- if there is no case where an item belongs to A and not B, and there is no case where an item belongs to B and not A, then the two sets are identical.
- if there is at least one item which belongs both to A and B, and there is a case where an item belongs to A and not B, and there is a case where an item belongs to B and not A, then the two sets overlap and are not identical.
- if there is at least one item which belongs to both A and B, and there is no case where an item belongs to A and not B, and there is at least one case where an item belongs to B and not A, then A is a subset of B.
- if there is no case in which at least one item belonging to set A also belongs to set B, the two sets are distinct.

The figure below shows two overlapping sets (A and B), two sets which are distinct (A and C) and one set which is a subset of another (C is a subset of B).



To show, for example, that residualism and selectivity are discrete, it is necessary to show that

- there is at least one case in which a residual measure is not selective, and
- there is at least one case in which a selective measure is not residual.

Residual welfare

The term 'residual welfare' was initially coined by Wilensky and Lebeaux, in contrast with the idea of institutional welfare.³ It refers in the main to welfare which is offered as a safety net, for those who have no other kind of provision available; it is 'residual' because it deals with those who are left over.

The contrast between residual and institutional welfare reflects the transition from the Poor Law of the nineteenth century to the Welfare State which came after it. This has meant that the idea of residual welfare is overlaid with a 'public burden' model - the phrase is Titmuss's⁴ - and the idea that residual welfare is particularly stigmatised and divisive. This has been the general experience of residual systems. Mishra describes the residual model, by contrast with institutional and socialist models, in the following terms:

Three models of welfare⁵

	Residual	Institutional	Socialist
Attitudes to:			
State intervention	Minimal	Optimal	Total
Need as basis of provision	Marginal	Secondary	Primary
Range of services	Limited	Extensive	Comprehensive
Population covered	Minority	Majority	All
Level of benefits	Low	Medium	High
% of national income spent on welfare	Low	Medium	High
Means testing	Primary	Secondary	Marginal
Clients	Paupers	Citizens	Members of
Status of clients	Low	Medium	High

³ Wilensky H and Lebeaux C (1958) *Industrial Society and Social Welfare*, Free Press, New York, 1965.

⁴ R M Titmuss, 1974, *Social Policy: an introduction*, London: Allen and Unwin.

⁵ Mishra R., 1981, *Society and social policy*, 2nd ed., Macmillan, London, pp.101-134)

Orientation	Coercive	Utilitarian	Solidaristic
Role of non-state services	Primary	Secondary	Marginal

The picture of residual welfare is clearly recognizable, though the assertion that need is only a marginal criterion is very questionable; a focus on need is central to the selection of the residuum to be served. It should also be said that elements of the ideal type are not required by others. There is no evident reason why residual welfare should treat clients as paupers, or why it should be coercive.

Conceptually, it is possible to represent residual welfare in positive terms. Residual welfare is based in the argument that people should not fall below a basic minimum standard. This identifies residual welfare with the idea of a safety net, or a guarantee of protection, and such guarantees are usually applied generally and comprehensively. If people have a general right to welfare, there must either be comprehensive service, or a guarantee of service when necessary. If there is a guarantee, but there is not general coverage, there is a residual system. Education and health services are increasingly like to be comprehensively provided, but there are many other spheres of activity - like housing and social work - in which the residual model is alive and well, and necessary for people's welfare.

In the terms used in continental Europe, the provision of residual services could be seen as a means of extending solidarity to those who are excluded. There is a distinction to be drawn between a residual system, in which the role of social services is confined to a limited sphere of activity, and a residual benefit, which has the role of supplementing or complementing other forms of provision. Even if there are objections to residual welfare as a general principle, it is difficult to see how these can be extended to specific residual benefits. The French RMI, a means-tested form of social assistance designed to offer support to the excluded, is certainly a 'residual' benefit, intended to mop up those not covered by the patchwork quilt of mutualistic and state benefits. But the RMI is framed in the following terms:

Every person who, by reason of his age, his physical or mental condition, or of the economic or employment situation, finds himself unable to work, has the right to obtain from the collectivity appropriate means of existence. The social and professional insertion of people in difficulty is a national priority. To this end, a minimum income for insertion (RMI) has been instituted, implemented in the circumstances specified by the present law. This RMI constitutes one of the elements of a general provision in the struggle against poverty, directed toward the suppression of every kind of exclusion, in particular in the fields of education, employment, training, health and housing.⁶

This seems to me to be an example of a residual benefit within an institutional framework; it is not the same thing as a residual system of welfare. Other interpretations are possible, of course. One may be to cast doubt on the validity of the RMI as a model; if it is residual, it must have the smell of sulphur and the sign of the cloven foot. The other possibility is to

⁶ Commission Nationale d'Evaluation du Revenu Minimum d'Insertion, 1992, RMI: Le pari de l'insertion, Paris: La documentation Française, vol 2 p 789.

accept that it is a residual system, but that residualism can be founded in concern for the situation of the most disadvantaged, and the intention to offer a comprehensive system of social protection. If that is right, there is nothing intrinsically wrong with residualism.

Selectivity

'Selectivity' is used ambiguously; it has been used to refer specifically to selection on the basis of low income (and so, to means-tested benefits), but also to refer to selection on the basis of need.⁷ These propositions can be seen as equivalent if needs can be met through financial provision; a person who can employ a housekeeper does not have the same need for domestic help as someone who cannot, even if their functional capacities are the same. But where needs cannot simply be described in financial terms - which may be the case in benefits for old people and physically disabled people - selective benefits might not be means-tested.

The arguments against selectivity have been well-rehearsed. The first problem is that the process of identifying and testing entitlement is likely to be intrusive, complicated and stigmatising. Second, there are boundary problems, in determining who should be selected, and who should be excluded; the best-known example is the 'poverty trap', which arises because of the withdrawal of benefits from people whose incomes rise. Third, there is the problem of low utilisation, because of the barriers which selectivity creates for access. Fourth, selectivity can produce perverse incentives; means-testing penalises people who have made private or independent provision, and tests of physical needs creates disincentives to rehabilitation. Fifth, selectivity is administratively costly. There are also inefficiencies; the 'paradox of targeting', described by Keen, is that the greater the need, the more expensive it becomes to deal with those needs.⁸ This means that lower unit costs can be achieved by excluding those in greatest need.

Selectivity is widely associated with the residual model of welfare, because concentration on people in need seems to require some mechanism by which people in need can be identified. The association with means-testing is particularly strong, because the effect of means testing is to confine benefits to those who are poorest. However, it is true neither that residual welfare must be selective, nor that selective welfare must be residual. Residualism can operate without any selective process. Residual welfare deals with a residuum, and the residuum may reflect not a conscious process of selection and rejection of people who are wealthier, but the relative opportunities of the poor and the rich. The residualisation of public housing in the UK has happened, not because public housing was confined to those in need, but because those who can afford to buy have superior options.⁹ Soup kitchens are not in general selective - there is no need to impose a test of entry - but they are residual.

⁷ Contrast, e.g., Reddin M., 1970, 'Universality versus selectivity', in W. A. Robson, B. Crick (eds.), *The future of the social services*, Penguin, Harmondsworth; A Seldon, H Gray, 1967, *Universal or selective social benefits*, London: Institute for Economic Affairs.

⁸ M Keen, 1991, *Needs and targeting*, London: Institute for Fiscal Studies.

⁹ R Forrest, A Murie, 1983, *Residualisation and council housing*, *Journal of Social Policy*, vol. 12.

Conversely, selective benefits are not necessarily residual. The means-tested pensions in Australia deal, not with a residuum, but the bulk of the elderly population. Medical care is generally selective, in the sense that the care offered is strictly geared to a professional assessment of need, but the principle of a universal health service has for many years been seen as the cornerstone of institutional welfare in the UK. There are always exceptional circumstances, and Titmuss suggested that any welfare system would require a combination of universal and selective social services.

The real challenge resides in the question: what particular infrastructure of universalist services is needed in order to provide a framework of values and opportunity bases within and around which can be developed acceptable selective services provided, as social rights, on criteria of the needs of specific categories, groups and territorial areas ... ?¹⁰

This is a mix, not of principles, but of methods. Titmuss realised early on that there was no necessary link between the method and the model it might represent, and his opposition to selectivity was confined to the situation in which it might be seen as stigmatising and divisive.

To show that selectivity and residualism are discrete, I had to establish that

- there is at least one case in which a residual measure is not selective, and
- there is at least one case in which a selective measure is not residual.

Both conditions are satisfied.

Targeting

Targeting means only that policies have to be directed at someone or something. The occasional use of 'targeting' as a euphemism for means-tested, residual services has disguised the importance of the concept for social policy. Social policies have to affect someone, and any attempt to identify a client group specifically can be referred to as 'targeting'. In *Social Policy*, I considered the implications of targeting a range of different groups: individuals, households, families, communities, and blocs.¹¹ There is no intrinsic reason why the target should be the needs of particular individuals, let alone poor individuals; it may be possible, for example, to attribute needs to broader categories of people (like single parents, or residents of particular neighbourhoods)¹².

In the targeting of services, four main problems reduce efficiency. The first is deadweight; people receive the service or benefit, but their circumstances are not materially affected by the measure. Second, there are spillovers; people are helped who it was not intended or necessary to help. Third, there are inefficiencies arising through administrative costs; there may be a trade-off between gains through greater precision, and the costs of selection. Fourth, there is failure to reach those at whom the policy was targeted. This is usually described as low takeup, but it is not quite the same thing: as Atkinson points out, it does

¹⁰ Titmuss R.M., 1968, *Commitment to welfare*, George Allen and Unwin, London, p.122.

¹¹ P Spicker, 1995, *Social policy: themes and approaches*, Hemel Hempstead: Prentice Hall.

¹² N Gilbert, H Specht, P Terrell, 1993, *Dimensions of social welfare policy*, (3rd ed) Englewood Cliffs NJ: Prentice-Hall, pp 84-85.

not follow, because people are entitled, that they were within the target group, and their failure to claim is incidental.¹³) A concern with effectiveness, rather than efficiency, focuses attention mainly on the last of these issues; deadweight and spillovers can be tolerated, but low takeup tends to imply that a measure will fail to meet its goals. The problem of containing administrative costs also argues for tolerance of these externalities. In the context of developing countries, the World Bank has argued for broad-based 'indicator targeting', picking on regions, age groups, gender or other kinds of common characteristic.¹⁴

If selectivity focuses on people in need, targeting does not always do so; it makes perfectly good sense to talk about measures which target women, old people or children. These are not necessarily 'selective' in the usual sense of the term, because there is no requirement for the groups to be in need. Targeting poor women, frail elderly people or excluded ethnic minorities would be selective, because the groups are in need. I do not think, though, that a measure can specifically target people in need without being selective, because that is what selectivity means. If, for example, targeting means something vaguer than selection, like 'aiming to reach' a group, it might be done in an indeterminate way. Setting up an advice agency in a poor area, for example, might be represented as a means of 'targeting' those in need without selection. But the difference here seems to imply that selectivity is individualistic, and targeting is not; there is no reason to accept that interpretation.

If there is no distinction between targeting those in need and selectivity, there is no case in which selectivity is not targeted. To show that selectivity and targeting are discrete, I would have had to establish that

- there is at least one case in which targeting is not selective, and
- there is at least one case in which a selective measure is not targeted.

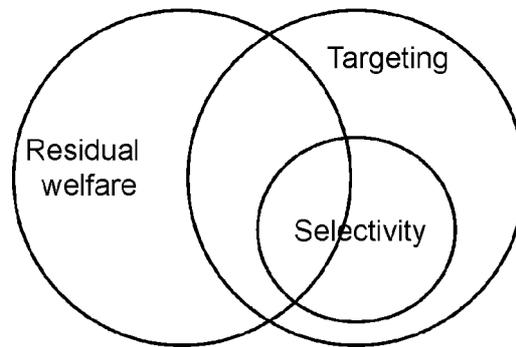
The first condition is met, but not the second. This means that selectivity is a sub-set of targeting.

¹³ A B Atkinson, 1989, The takeup of social security benefits, in Poverty and social security, Brighton: Wheatsheaf.

¹⁴ World Bank, 1990, World Development Report, Oxford: Oxford University Press.

The relationship between residualism, selectivity, and targeting can be represented graphically as follows:

Targeting and residual welfare



There are two main alternatives to targeting. These are to distribute benefits to everyone, and to distribute benefits indiscriminately. Distribution to everyone is exceptional - most 'universal' benefits are, in fact, categorical, and aimed at a broad class of recipient (like children or old people). The best truly universal example I can think of in the UK was the distribution of water supplies to all homes between 1948 and 1974 - coupled with the

sanction that homes without water supplies were condemned as unfit for habitation, and demolished. Non-targeted services are often used by the voluntary sector, and by local government, sometimes experimentally (to see what will happen) and sometimes in the belief that they are generally a good thing. I am not referring to allocation by lot (though there are examples of its use in welfare provision¹⁵), but rather to provision which is offered to all comers. Adult education, for example, is not usually targeted; education is a good thing in itself, and it is made available to whoever happens to want it. Marriage guidance counselling is often self-selected; if people want it, they can have it. (Some services which at first may appear not be targeted in fact are intended to benefit the whole community, and it is the community which is the target group. Community education, for example, works on the principle that the introduction of skills of negotiation and political development will benefit a community as a whole, whoever receives them. Parks, reclamation of waste areas or conservation work are intended to improve the ambiance of a community overall, without concern about the specific beneficiaries.) The alternatives have limited application to social security, largely because measures which are based in provision or aimed at communities tend to have different names, but in any case there is little scope for indiscriminate financial provision within an area. If policies are going to produce intended effects, they have to be directed towards a target population, and for practical purposes targeting is pretty much unavoidable.

The problems of targeting are, however, similar to the problems of selectivity. There are problems of identifying the target group, boundary problems, and potentially problems of creating barriers to access. This is not specifically an objection to targeting on the basis of need; these issues apply whether or not targeting is done on the basis of need; targeting groups, areas, communities faces the same kinds of problem. For target groups which are not identified in terms of need, there are also problems in equity; the difficulty of targeting women is that poor men may receive less than rich women, while targeting old people may mean that a minority ethnic group is disadvantaged further relative to the majority.

Although there may be problems, it is difficult to think of good arguments against ever directing resources to particular people or groups; the issues which have to be considered are how to overcome the problems, not whether targeting should happen in the first place.

Incentives

Incentives and disincentives are influences on behaviour. Social security policy produces a range of potential incentives and disincentives: there are rewards for behaving in particular ways, and punishments for behaving in others.

Although the concept of incentives is widely used in the discussion of social security, and can also be found in discussions of taxation and management, it is surprisingly rarely found in discussions of labour economics. Atkinson describes the discussion of work incentives as 'partial partial' analysis, looking at only one side of the labour market, which is itself

¹⁵ J Elster, 1992, *Local justice*, Cambridge: Cambridge University Press.

intimately connected with many other factors.¹⁶ But this hardly reflects its influence in politics, where it is assumed that "both common sense and economic theory suggested that people might work less if they were given money."¹⁷ What economic theory is this? It is difficult not to see this as a case of 'do-it-yourself' economics, assuming that political nostrums have, in some way, the backing of social science.

The political arguments on incentives are one of the best illustrations of a principle expounded by Keynes: that practical men are often the slaves of some defunct economist. Charles Murray writes:

1. People respond to incentives and disincentives. Sticks and carrots work.
2. People are not inherently hard working or moral. In the absence of countervailing influences, people will avoid work and be amoral.
3. People must be held responsible for their actions. ...¹⁸

These arguments are drawn directly from the Benthamites, who argued that poor relief had to be made unpleasant, because otherwise there was no reason why people should not claim. Bentham argued that man was moved by pursuit of pleasure, or fear of pain; things which people should avoid had to be made painful.¹⁹ Discussions of incentives are generally based in a crudely utilitarian theory of human motivation.

Murray believes that 'sticks and carrots work'. If there is a lesson to draw from economic analysis, it is that sticks and carrots do not work, or at least that they do not work straightforwardly. Most problems of this kind are multi-factorial, and the responsiveness to stimuli varies according to circumstances. This is generally expressed in terms of 'elasticity'. Costs and benefits have to be balanced against each other, and against other considerations. Even within its own constraints, the Benthamite position on welfare ignores a simple fact of life, which is that many of the conditions in which people claim benefit - like unemployment, sickness, disability or bereavement - are already unpleasant, and there are personal, financial and social costs involved. It does not immediately follow, because unemployment benefits increase, that more people will become unemployed, any more than it follows that an increase in death benefit leads to more people being dead.

Economics is generally concerned, not with the reactions of individuals, but with aggregate populations. In economic theory, the behaviour of groups of people is taken to reflect such influences because individual variations in behaviour are cancelled out in aggregate behaviour. Incentives are determined by considering the effect of changing conditions on aggregate behaviour. For example, the reduction of tax on overtime work increases the rewards for such work. If the supply curve is positively elastic to changes in price - that is,

¹⁶ A Atkinson, G Mogensen, 1993, *Welfare and work incentives*, Oxford: Clarendon Press, p.22.

¹⁷ Institute for Research on Poverty, University of Wisconsin, 1973, *The New Jersey Graduated Work Incentive Experiment*, United States Department of Health, Education and Welfare, p.1.

¹⁸ C Murray, 1984. *Losing ground*, New York: Basic Books.

¹⁹ Bentham J., 'An introduction to the principles of morals and legislation' (1789) in M Warnock (ed.) *Utilitarianism*, Collins, Glasgow 1962.

if the quantity supplied is proportionately related to the price is - the reduction of tax might be considered an incentive to work. (There is some empirical evidence to suggest that the supply of labour is fairly inelastic in practice, because differences in the population cancel each other out.²⁰) But an individual may perceive the change differently; for example, the extra rewards may reduce the need to work.

Although it is possible to speak of incentives in individual terms, in the same way as it is possible to speak of supply or demand in individual terms, the existence of an incentive is not sufficient to determine an individual's choices. There is sometimes a tendency to refer to any inducement or penalty as an 'incentive', which presupposes that the inducement has a direct relationship to motivation. We read, for example, that because there is a financial gap, "incentives to work are much lower if families have children or couples have an unwaged spouse."²¹ This is not about incentives; it is about financial gains for low paid work, measured in terms of replacement ratios and tax rates. The relationship of these ratios to incentives has been assumed.

The existence of an incentive depends on the context in which financial inducements are applied. Whether a social security benefit affects incentives to work depends, amongst other things, on the level of the benefit, the structure of wages, the labour market, and the propensity to work. As it turns out, the empirical evidence which exists about the impact of benefits on the labour market is equivocal. The strongest example appears to be that of women whose partners are not working.²² Atkinson and Mogenson, reviewing the evidence, do report some individual effects, but aggregate figures do not show any association between benefits and participation in the labour market.²³ Because unemployment is primarily related to economic activity rather than social security benefits, there is no relationship apparent between the relative generosity of benefit systems and the levels of unemployment prevailing over time. The evidence of other incentive effects - such as the impact of means-testing on personal saving, or the impact of natalist policies - is no less unsatisfactory; there are certainly individuals whose conduct may be altered, but the influence is likely to be countered by other individuals who are influenced by other factors entirely. Eithne McLaughlin's work on the motivation of unemployed people shows that it is not true that people will only work if they have an increase in income; that the source of income matters as well as its amount; and that women's behaviour in any case reflects a

²⁰ C V Brown, D A Dawson, 1969, *Personal taxation, incentives and tax reform*, London: Political and Economic Planning; P Johnson, 1994, *Taxes and benefits, equality and efficiency*, in A Glyn, D Miliband (eds) *Paying for inequality*, London: IPPR.

²¹ C Giles, P Johnson, J McCrae, J Taylor, 1996, *Living with the state*, London: Institute for Fiscal Studies, p.95.

²² A Dilnot, M Kell, 1989, *Male unemployment and women's work*, in A Dilnot, I Walker (eds) *The economics of social security*, Oxford: Oxford University Press; R Davies, P Elias, R Penn, 1994, *The relationship between a husband's unemployment and his wife's participation in the labour force*, in D Gallie, C Marsh, C Vogler (eds) *Social change and the experience of unemployment*, Oxford: Oxford University Press.

²³ A Atkinson, G Mogensen, 1993, *Welfare and work incentives*, Oxford: Clarendon Press.

different pattern of constraints, requiring choices not between work and leisure, but between paid and unpaid work.²⁴

The strongest arguments relating to individual 'incentives' are not usually about incentives at all, but about rewards. The concern that people should not be better off on the dole than they are working than workers is that it is not fair for workers to be worse off. The main concern about the poverty trap is not that people will not work because of high rates of withdrawal, but that it is not fair that they should be so little rewarded. The effect of means-testing on the propensity to save is unproven; as far as I know, no-one has actually shown that means-tested benefits discourage thrift. But they penalise conduct which governments wish to encourage, and that is morally inconsistent. Arguments about equity are clearly important, but the tendency to confuse arguments about morality with arguments about economic effects is unfortunate, and it only serves to muddy the water.

Strategic intervention

In *Social Policy*, I used the term 'welfare strategy' to refer to a group of inter-related policies, with a common approach or purpose.²⁵ A strategic intervention is not a strategy, but a method used in pursuit of the strategic aim; I use the term to refer to intervention designed to produce specific types of effect. Nearly all forms of intervention have some effect on social relationships, but this does not mean that the effect is deliberate. Redistribution which is intended to be socially just, for example, is undertaken because it is right in itself, not because it will produce beneficial effects. Some social policies, like intervention in child care and criminal justice, are undertaken not because they have been proven to be effective, but because there is a moral obligation to try to do something. Not every intervention is intended to produce effects; we might distinguish teleological interventions, which are intended to produce effects, from deontological ones, which do not. Strategic interventions, in their very nature, are teleological; they are interventions from which further consequences are designed to follow. The promotion of welfare is, of course, a teleological objective, and strategic intervention to promote welfare is characteristic of social policy.

The pattern of strategic intervention depends, obviously enough, on how the promotion of welfare is operationalised; the most common strategies include economic growth, social protection, redistribution, and the development of solidarity. Interventions may be conceived as a part of a general strategy, but it is possible that the method may be the only method employed. This may be because the intervention is believed to address the issues comprehensively. It seems naive to rely on a single method of intervention for a comprehensive strategy - it is more typical for governments in developed countries to introduce a package of measures - though there are examples, of which the Beveridge plan is the most striking. More commonly, where a particular method is selected, it is believed to be a key to other issues. In economics, this is widely practised, through the use of single

²⁴ E McLaughlin, 1994, Employment, unemployment and social security, in A Glyn, D Miliband, Paying for inequality, London: Institute for Public Policy Research.

²⁵ Spicker, 1995.

instruments like the interest rate or the exchange rate. The approach has been influential in social work through systems theory, where change can be brought about by key intervention within a specific sub-system.²⁶

Strategic intervention is multi-dimensional. The values which inform policy constitute one dimension; the focus of policy (including targeting and universality) is another dimension; the means by which policy is pursued (such as regulation, provision and subsidy) is another. Policy formation, finance, service delivery and the role of users all have claims to be considered as dimensions in their own right. The range of permutations is large, and the outcomes are complex. Interventions, which can themselves be very diverse, are not certain to be internally consistent, let alone consistent with each other. In this light, it is difficult to identify any clear, simple role for targeting, selectivity or incentives.

The most useful conceptual tool available for distinguishing the elements in this kind of problem is systems theory. Describing complex issues as 'systems' begins from the assumption that different elements being considered are inter-related, and that they stand part of a whole. This does not mean that they work in harmony - there may be contradictions and tensions between the elements - but that the elements have a structural relationship to each other. It is not necessary, for interventions to be strategic, to show that the same methods or purpose are applied repeatedly. What matters, rather, is complementarity - the extent to which the methods can be understood as contributing to strategic objectives. The relationship between targeting and selectivity on one hand, and incentives on the other, is contingent; they do not overlap directly, though a measure may involve both simultaneously. If these approaches have any systematic or structural relationship to each other, it is because they are part of a strategy - and so, that they are in some sense complementary. Historically, the approach they are associated with has often been individualistic, market-oriented and punitive. From the preceding analysis, however, it should be clear that there is no reason to suppose that these associations are necessary. A residual benefit can complement a universalist strategy; a universal service (like maternity visiting) can be used to identify residual problems. The relationship between methods and approach is not self-evident.

Targeting is generally necessary for strategic intervention, because any measure which is intended to be effective has to be aimed at someone. (It does not, of course, have to be aimed at the intended recipient. The disadvantage of women can be addressed by targeting men, as has happened recently in the extension of paternity leave in the European Union. Equally, targeting does not necessarily call for targeting of benefits; it may imply targeting of costs or disincentives.) From a strategic perspective, the principal issue is that of effectiveness - not efficiency, which generally implies some compromise of goals to cost, but of maximum achievement of goals. Because effectiveness is most directly compromised through failure to reach the target group, this tends to argue for a more broadly based (and so less efficient) approach than precise targeting would imply.

²⁶ B Compton, B Galaway, 1973, *Social work processes*, Homewood Ill: Dorsey; M Payne, 1991, *Modern social work theory*, London: Macmillan.

Selectivity may have a role in strategic intervention, and it may not. The importance of selectivity in an institutional system is primarily as a means of extending the scope and coverage of services, particularly in circumstances where a degree of flexibility is required. It may have an important residual function, in providing protection where no other form of protection is available. It is also, for what it is worth, directly redistributive.

Incentives (and disincentives) are also not necessary for strategic intervention, but they have a special place in policy formation, for two reasons. The first is that they are the principal measure which is available to governments to bring about intended effects without the use of coercion. There are areas in which governments are reluctant to turn to coercion - possibly for moral reasons (as in the case of controlling family size), but more usually because coercion does not always work (as in the case of prohibition). Social security may be used as a means of rewarding socially valued behaviour (like raising children: natalism, or encouraging births, is an important basis for benefit provision in France) or deterring undesirable behaviour (like failing to support one's family in the UK or US). The alternatives - propaganda, exhortation, and education - are limited in their effectiveness. The second is that policy measures may have unintended incentive effects; social security policies are accused of discouraging people from taking up employment, weakening families, and encouraging dependency.²⁷ There is little empirical evidence to demonstrate such effects to any major extent, but there is a literature which is concerned with the marginal effect of altering aspects of policies - changing entitlement dates, for example, may change the period at which job-searching begins.²⁸ Once it is accepted that a key intervention can have an impact on behaviour outside the immediate purpose for which the intervention is designed, it becomes necessary, for any teleological intervention, to examine that impact. (The same is not true of deontological action; if something is right, it is perfectly possible to argue that it should be done even if it has negative consequences. *Ruat coelum, fiat justitia*: 'let right be done, though the heavens fall'.) Because many impacts are measurable only as a marginal, aggregate effect, they are understood in terms of incentives.

Incentives, selectivity and targeting can, of course, be combined, because the incentive can be targeted on a particular group - like manufacturing industry, or part-time employees - or on a particular group in need. But incentives do not have to be targeted - the supply and demand curves they influence commonly reflect the preferences of broadly defined populations - and they certainly do not have to be targeted on individuals. On the contrary, if the economic theory incentives are linked with is meaningful, there is some reason to suggest that they cannot sensibly be targeted on individuals. Incentives work because they affect aggregate behaviour, not individual behaviour. That means that the target group needs to be considered in aggregate.

Untying the knot

²⁷ H Parker, 1995, *Taxes, benefits and family life: the seven deadly traps*, London: Institute of Economic Affairs.

²⁸ A B Atkinson, J S Flemming, "Unemployment, social security and incentives", in *Midland Bank Review*, Aug 1978.

The arguments on targeting and incentives have been colonised by particular partisan approaches, giving the political right a claim to a monopoly of economic insights and closing the minds of the left to strategic alternatives. But incentives and targeting can be used for many different kinds of strategic intervention, and strategic interventions can be done with many purposes. In their nature, they tend not to be liberal, because liberalism argues for the minimisation of intervention by government, and the implementation of a strategy requires purposive intervention. (The position of the New Right, which has argued for strong state action to bring about a liberal régime, is paradoxical if not downright inconsistent.) It follows that the kind of ideal régime with which these ideas have most often been popularly associated is also a régime in which the scope for their application is very limited.

Although links between residual welfare, selectivity and targeting can be found, they are not overwhelmingly strong. Residual welfare can be achieved without selectivity or targeting; targeting can be done without selectivity. Selectivity is only a particular form of targeting. There should, then, be no problem about arguing for each of these issues on their own merit. Arguing for residual welfare does not commit us to harsh or stigmatising policies; arguing for selectivity does not commit us to residual welfare; arguing for targeting does not commit us to selectivity. There are, of course, arguments to say that certain methods tend to lead to certain results. But it is misguided and naive to suppose that because, for example, groups dealt with selectively are stigmatised, they will not be stigmatised when they are not dealt with selectively²⁹; that because residual welfare is often accompanied by complaints about the burden of welfare expenditure, such complaints disappear when welfare is not residual³⁰; or that because arguments about targeting and incentives are used by the political right to oppose benefits, there are not arguments that can be made about targeting and incentives from the left in order to support them. If we want to protect the vulnerable, to redistribute income or to eliminate forms of social disadvantage, we may want to target particular groups. If we want to promote collective action or solidaristic arrangements, or to deter adverse selection, it is entirely appropriate to use incentive or disincentive arrangements to achieve these aims. These are methods - tools, if we will - and what we do with them is up to us.

²⁹ P Spicker, 1984, *Stigma and social welfare*, Beckenham: Croom Helm.

³⁰ M Andries, 1996, *The politics of targeting: the Belgian case*, *Journal of European Social Policy* 1996 6(3) pp 209-223.